



MEDIA RELEASE

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Regnan welcomes Remuneration Inquiry

“The Productivity Commission Inquiry into executive remuneration should shine a light on the importance of aligning executive remuneration with the sustainable performance of the company,” said Erik Mather, Managing Director of Regnan – Governance Research & Engagement.

Mr. Mather was commenting on the announcement by Treasurer Wayne Swan and Minister for Superannuation and Corporate Law, Nick Sherry that the Productivity Commission will inquire into the structures and operation of executive remuneration in Australia.

On the Government’s announcement of a binding shareholder vote for executive termination payments over one year’s base pay, Mr. Mather said: “Excessive termination payments are part of the executive remuneration problem and so the Government’s announcement is welcome.”

“However we must ensure that changes to termination payments do not discourage company boards from awarding equity based remuneration that vests over the long term.”

Mr. Mather also urged vigilance from boards and shareholders during the nine months before the Productivity Commission handed down its recommendations.

“The nine month Inquiry timeline should not be an excuse to wait to improve executive remuneration arrangements,” Mr. Mather said.

“Boards and shareholders should be vigilant to ensure executive remuneration and the sustainable interests of the company are aligned in any new contracts agreed before the Inquiry recommendations are known.”

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About Regnan

Regnan – Governance Research & Engagement Pty Ltd was formed in 2007 out of the proven engagement model and resources of BT Financial Group’s Governance Advisory Service. Regnan is owned by eight major institutional investors: ARIA; BT Investment Management; Hermes UK; HESTA Super; NSW Local Government Superannuation Scheme; Vanguard; VicSuper; and VFMC. Regnan provides company engagement services to institutional investors and quantitative data on company Environmental, Social and Corporate Governance performance for mainstream funds management.