

Media Release

Boards must be more accountable for CEO and senior management remuneration packages

Melbourne, 15 April 2009 - Board Benchmarking and Insync Surveys have today released a study called *CEO remuneration: A boardroom perspective*, based on the views of 625 directors who sit on 79 different and New Zealand boards.

Mr Nicholas Barnett, Insync Surveys Chairman, said: "Boards of all shapes and sizes need to do more to recalibrate the remuneration, including bonus expectations of their CEO and senior management, to ensure they are appropriate, and properly linked to sustainable organisation performance."

The report shows that only around half of the directors surveyed (55%) consider their CEOs remuneration packages to be appropriate. Only (50%) say senior management packages are appropriate.

Just last week the Federal Government launched a Productivity Commission inquiry into executive pay.

"The poor structuring of some remuneration packages has been highlighted by large bonuses and termination payments for departing executives, even during a period of significant loss in shareholder value," Mr Barnett said.

"The pay culture that built up in many organisations during the previous period of economic growth often treated a performance bonus as a right and as a part of normal remuneration.

"The global financial crisis has had a silver lining in terms of switching the focus from short term returns to long term value creation. This has given organisations and boards the opportunity of recalibrating CEO and senior management expectations by ensuring bonuses aren't seen as a right, but something that's earned through outstanding performance that adds long term organisational value," he said.

On a brighter note, the report shows that the large majority of directors (71%) consider that their CEO is highly effective.

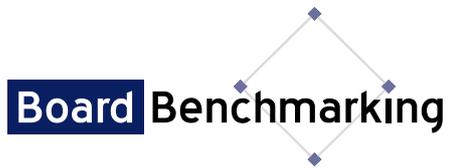
"As the selection, remuneration, development, assessment and where appropriate, replacement of the CEO, is one of the board's most important tasks, this research finding is encouraging," he said.

The report, however, shows that the majority of directors (56%) have a neutral view, or consider that the performance appraisal of their CEO is not handled well.

"Most CEOs appreciate and benefit from a constructive, transparent and thorough performance appraisal process.

"Boards that have done our Board Effectiveness Survey know if they are in the group that haven't ensured the remuneration packages for the CEO and senior management are appropriate. Being made conscious of that information enables those boards to take appropriate remedial action," Mr Barnett said.

"Unfortunately, not enough boards are conscious of their shortcomings in this important area," he said.



About the sample

Around 20% of the 79 boards are ASX listed, including in the top 10. Aside from ASX listed organisations, the boards included in this study also represent a cross section of organisations ranging from associations, not-for-profits and government entities. As for director gender, 25% of responses are from females and 75% are from males. The majority of directors in the sample are non-executive. Director age revealed the biggest contrast of views compared to the other demographic splits.

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About Board Benchmarking

Board Benchmarking has two world class measurement tools: its Board Effectiveness Survey and Audit Committee Effectiveness Survey. Both are available globally and are distributed via authorised distribution partners, which include: KPMG Australia, Insync Surveys, Oppeus, Westlake Consulting and Gerard Daniels.

Board Benchmarking has carried out over 100 board and audit committee surveys for organisations ranging from large public companies and government organisations to private companies, associations and not-for-profit entities. Board Benchmarking's surveys are powered by integrated benchmarked stakeholder survey specialists, Insync Surveys.

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About Insync Surveys

Insync Surveys has a range of leading edge integrated benchmarked stakeholder surveys. Its surveys are distributed in over 40 countries and in over 15 languages and include surveys for employees, customers, boards, board committees and many other organisation stakeholders.

Insync Surveys has carried out surveys for some of the largest organisations in Asia Pacific and has offices or representatives in Australia, Asia, North America and the United Kingdom. Insync Surveys' technology also powers the surveys of Board Benchmarking.

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