

THE CHARTERED INSTITUTE FOR BUSINESS ACCOUNTANTS NPC

REGISTRATION NUMBER: 1990/005364/08

("CIBA")

REMUNERATION POLICY

Reference number	REMPOL-007
Accountable Manager	Chief Finance Officer
Initial approval	Social and Ethics Committee
Final approval	Board of Directors
Amendments	Various cosmetic and grammar updates Updated definitions sections Updated to the latest CIBA branding Updated Clause 7.1 to bring context to the remuneration of NED's
Date of amendments	June 2023
Review date by the Committee	June 2023
Review date by the Board	June 2023
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Next review date	June 2024

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## 1. DEFINITIONS

Unless the context indicates otherwise, the following words or terms of expression have the meanings subscribed to them as set out hereunder –

**“Board”** means the Board of Directors from time to time;

**“CIBA Representative”** means an employee, Director, member of a committee, volunteer or officer of CIBA and anyone else who is authorised by CIBA to act on its behalf;

**“Cost to Company package”** is defined as the total amount that CIBA pays for the employee and includes all benefits and costs associated with an employee’s employment;

**“Executive Management”** means the top-level leaders within CIBA who are responsible for managing the day-to-day operations and implementing the strategic vision set by the Board;

**“Exceptional Skills”** are those skills that are above and beyond the norm;

**“Limits of Authority”** means limits of authority document as reviewed, approved, amended or replaced by the Board from time to time;

**“Percentile”** is a measure used in statistics in which a set of data is sorted, smallest to largest, and is divided according to the distribution of values in that data set;

**“Policy”** means this Remuneration Policy of CIBA;

**“Remuneration Band”** is the pay range applicable to a position and is based on various factors, including experience, qualification and responsibility.

## 2. INTRODUCTION

The Chartered Institute of Business Accountants NPC (“CIBA”) is a professional body established during 1990. The initial Remuneration Policy consisted of the Board of Directors (the “Board”) determining the annual budget. For the period 1990–2010, CIBA did not employ or remunerate staff members and relied on Board members to voluntarily commit their time to the management of CIBA, except for out of pocket expenses.

During 2010, CIBA adopted a new business model that placed a strong emphasis on member growth. During this time, a managing director and administrative assistant were appointed. Staff members, together with Board members, continued to manage the day-to-day operations, with the CIBA Board setting the annual budget which included staff remuneration. The Remuneration Policy was based on expediency and utility applicable to a small professional body.

CIBA rebranded in 2012 and further entrenched the growth focused business model. In line with this model, CIBA adopted a lean and agile operation strategy and a flat management structure. The Remuneration Policy adopted during this period focused on strong performance incentives with the Board setting the annual budget, the total amount allocated for staff remuneration, and determining bonuses based on CIBA’s performance. Board members

were also remunerated due to their involvement in the management of CIBA and the then small staff component. Annual bonuses were based on staff performance reviews, conducted by external consultants and approved by the Board, taking into consideration CIBA's solvency and liquidity.

In 2014 CIBA continued to grow and develop its operational model. New staff members were appointed in key roles, and this necessitated a reconsideration of the then-applicable Remuneration Policy. At this time the Board concluded that non-executive director Board positions should revert to being non-remunerated and that staff remuneration should be based on industry benchmarks, to be performed every second year whilst taking into consideration the financial position and performance of CIBA.

At the Annual General Meeting that took place in 2018, members approved the remuneration of the non-executive director Board members for their service, which was linked to functions performed during the year.

Each and every subsequent review to the Remuneration Policy, seeks to build on the past policies whilst introducing improvements and alignment with the professional body sector.

To achieve its mission and strategic objectives, CIBA ensures that it adopts a suitable Remuneration Policy, which ensures that all Executive Management and employees are remunerated fairly and are treated consistently throughout CIBA. Remuneration is the most tangible reward provided to employees. To be effective, it requires an assessment of the employee's contribution to CIBA in a way that is perceived to be fair and equitable by most employees.

### **3. PRINCIPLES OF REMUNERATION**

- 3.1. Support remuneration objectives: the Policy is designed to: i) attract and retain individuals with the right talent, skills, knowledge and experience; ii) remunerate fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term; and iii) promote ethical culture and responsible corporate citizenship;
- 3.2. Internal equity: CIBA will remunerate all directors and staff fairly in terms of their roles and different levels of responsibility within CIBA. Positions will be formally evaluated to determine their relative weight in relation to other positions within CIBA and consequently their Paterson grade on which the remuneration will be based.
- 3.3. External equity: refers to the parity between the Remuneration Bands and market-related remuneration.
- 3.4. Performance-driven remuneration: CIBA will entrench a culture of performance driven remuneration through the implementation of a Performance Incentive System.
- 3.5. Affordability and sustainability: CIBA will ensure that remuneration is affordable on a sustainable basis by considering solvency and liquidity.

- 3.6. Disclosure of payments to directors: All payments, including remuneration or other payments due or made to directors, in their capacity of director or otherwise, whether directly or indirectly, will be fully disclosed to members at the AGM.
- 3.7. Contracts with directors: CIBA may enter into contracts with directors to further the objectives of CIBA. Such contracts should be evaluated in terms of the Procurement Policy as such contracts and related payments are not viewed as employment or remuneration. Contract to supply essential or critical services in the context of the CIBA business model and strategy are excluded from this provision. The eligibility of such directors to serve or continue serving on the CIBA Board may be affected in terms of the Board Nomination, Election and Appointment Policy.

#### 4. SCOPE

The Policy will apply to the Board and all CIBA Representatives.

#### 5. POLICY PROVISIONS

##### 5.1. Approach to remuneration

To attract, retain, motivate and incentivise the best and most suitable candidates, CIBA aims to offer competitive Cost to Company Packages.

##### 5.2. Job evaluation

Job evaluation is the technique used for comparing and evaluating positions rather than employees. Patterson is the job evaluation method which categorises positions based on the nature and complexity of the decision-making required in that particular position. All positions will be evaluated every 2 (two) years or sooner if the content has changed significantly.

##### 5.3. Remuneration structure

###### 5.3.1. Market positioning

Skills are a limited resource in a finite labour market and thus CIBA must make remuneration decisions in the context of the market from which it draws its skills. CIBA will compare the remuneration of positions against the annual guaranteed remuneration of similar positions in the national market.

###### 5.3.2. Review of Remuneration Bands

Remuneration Bands for all employees will be reviewed annually by the Social and Ethics, Remuneration and Nominations Committee (the "**Committee**"), to ensure that the remuneration objectives are being achieved. All remuneration adjustments to align existing Cost to Company Packages with chosen benchmarks will be based on the performance of the affected employee and the requirements of the position. Positions that fall within Remuneration Bands D and up will be submitted to the Committee for recommendation to the Board for approval.

###### 5.3.3. Remuneration Band adjustments

- 5.3.3.1. If an employee's Cost to Company package is above the applicable Remuneration Band for the position the employee occupies, such employee will only qualify for 75% of the annual cost-of-living adjustment as approved by CIBA, until such time that the employee's Cost to Company package is within the applicable Remuneration Band for the position.
- 5.3.3.2. If an employee's Cost to Company package is below the applicable Remuneration Band for the position which the employee occupies, an in-band salary adjustment will be recommended for such an employee. CIBA may approve an adjustment up to 20% of the employee's Cost to Company package or in line with the applicable Remuneration Band, whichever is greater.
- 5.3.3.3. Where a position has been re-graded to a higher level, the employee's current Cost to Company package must be aligned to the Remuneration Band applicable to the new position.
- 5.3.3.4. CIBA strives to remunerate employees between a pay range of between the 25<sup>th</sup> and 75<sup>th</sup> percentiles which is generally accepted practice. All employees will be reviewed in terms of their work history, competence levels, and performance history.

#### 5.4. Remuneration mix

##### 5.4.1. Variable remuneration

Variable remuneration is any ad hoc remuneration not included in the Cost to Company package which relates to other forms of remuneration that are not guaranteed.

- 5.4.1.1. Discretionary bonus – payment of discretionary bonuses is not a right, and is not a term or condition of employment, but is solely at the discretion of Executive Management. Employees are strongly advised to not rely on custom and practice as a reason to expect the payment of a discretionary bonus in any year, and to not include the amount of any discretionary bonus or expected bonus into household budgeting calculations;

##### 5.4.1.2. Non-pensionable market allowances/awards

Market allowances provide CIBA with a mechanism to remunerate employees above the applicable Remuneration Band in certain circumstances. This enables CIBA to respond to, and compete with, the market for key staff.

##### 5.4.1.3. Performance Incentive System

- The criteria against which Executive Management will be measured will be determined and reviewed annually by the Committee.
- The incentive value will be calculated and paid annually based on the results of Executive Managements' performance reviews, budget allocation and CIBA's financial performance. A performance incentive is not part of the individual's Cost to Company package. There is, therefore, no expectation of continuity and it may be withdrawn. Total performance incentives of Executive Management cannot be more than 50% of the annual Cost to Company package for Executive Management.

#### 5.4.2. Acting allowances

Situations that require appointing an individual in an acting capacity at a higher level represent an ideal opportunity to utilise employees from the designated employment equity groups, as well as other existing employees, in positions of increased responsibilities for both evaluative and professional developmental purposes. An acting appointment is therefore seen as beneficial to the employee. An acting allowance is payable when an employee is required to undertake the full duties and responsibilities of a higher-level position for more than 30 days and for a maximum of 6 (six) consecutive months. The employee will be remunerated at a rate determined by management and capped at 50% of the difference between the basic monthly Cost to Company package of the employee and the basic monthly salary of the employee for who the employee is acting. Should the acting capacity be required for longer than 6 (six) months, for whatever reason, the Committee, will at its sole discretion decide on the process to follow and the acting employee will have no automatic right to remain in the position.

#### 5.4.3. Travel and subsistence allowance

CIBA will pay subsistence and reimbursement for local travel to employees at such rates and on such conditions as determined by the South African Revenue Service (“SARS”). Advances for travel will be paid in accordance with the SARS guidelines. The payment of travel and subsistence allowance is subject to the rules and conditions set out in CIBA's Travel and Accommodation Policy.

#### 5.4.4. Overtime

- Employees may be required to work overtime, subject to the provisions of the Basic Conditions of Employment Act, 75 of 1997 (as amended) (the “BCEA”). Overtime is payable for all hours worked exceeding 45 in any work week below the remuneration threshold as stipulated by the BCEA. No employee will be remunerated for overtime worked unless authorised by the line manager. Remuneration for overtime worked in terms of the Policy will be in terms of the section 10 of the BCEA.
- Time off in terms of the BCEA is subject to approval of the Chief Financial Officer, considering operational requirements at the time of intended time off, who may not unreasonably refuse to approve time off in terms of this policy.

## 6. REMUNERATION INCREASE AND REVIEW

### 6.1. Annual cost-of-living increase

6.1.1. A cost-of-living increase will be considered and effected on the first day and month each year, having regard to the prevailing financial conditions of CIBA, as well as individual performance and merit. An increase is not a right, or a term or condition of employment, but is solely the discretion of CIBA.

6.1.2. If an employee's Cost to Company package is above the applicable Remuneration Band for the position the employee occupies, such employee will only qualify for 75% of the annual cost-of-living adjustment as approved by CIBA until such time that the employee's Cost to Company package is within the applicable Remuneration Band of the position.

## 6.2. Commencing Cost to Company packages

6.2.1. New external and internal appointments will be offered a Cost to Company package linked to the applicable Remuneration Band for the position, having regard to the assessment performed by CIBA. This may be 10% below the applicable Remuneration Band for the position.

6.2.2. A commencing Cost to Company package should be recommended in accordance with the guidelines above. Such a recommendation should be based on a careful consideration of: i) a candidate's qualification, experience and responsibility level; and ii) the candidate's position relative to existing staff on the same level.

6.2.3. Candidates who have Exceptional Skills, as determined by the Committee, may qualify for a variation of up to 50% above the applicable Remuneration Band

## 7. REMUNERATION OF THE BOARD

### 7.1. Non-executive Board members

CIBA Board and Board Committee members play a vital role in the governance of CIBA. Directors should serve CIBA in a fiduciary capacity on a voluntary basis with no remuneration. However, in recognition of their valuable contributions, directors are entitled to receive a nominal fee to compensate them for their time and involvement in Board and Committee meetings. Furthermore, reasonable and allowable expenses incurred by Board members in fulfilling their duties will be reimbursed. This nominal fee and expense reimbursement is intended to acknowledge the dedication of Board members in diligently preparing for and actively participating in Board meetings.

### 7.2. Board Chairperson

The Chairperson of the Board is paid a monthly nominal payment for fulfilling the role of a representative of CIBA.

## 8. CASUAL AND TEMPORARY EMPLOYEES

### 8.1. Casual employees

A casual employee is an employee engaged on a day-to-day basis and works for less than 24 hours in any calendar month. Casual employees will be paid an hourly rate in line with the applicable Remuneration Band for the position.

### 8.2. Temporary employees

Temporary employees are those employees who are appointed on a temporary basis (either for a limited duration of time or for a specific project or task). Temporary employees will be appointed on a Cost to Company package approach based on the applicable Remuneration Band for the position.

## 9. RELATED DOCUMENTS

The Policy is to be read in conjunction with the Companies Act, 71 of 2008 (as amended), Memorandum of Incorporation, Limits of Authority, any other relevant laws and charters as determined from time to time; and job grading and Remuneration Bands as approved from time to time.

## 10. DEVIATIONS FROM THE POLICY

Any deviations from the Policy are subject to the approval of the Board on recommendation by the Committee.

## 11. REVIEW OF THE POLICY

The Committee will annually review the Policy to ensure optimal effectiveness and recommend any changes it considers necessary for Board approval.

## 12. APPROVAL OF THE POLICY

The Policy is effective from the date on which it is approved by the Board.

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Name

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Signature

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Position

\_\_\_\_\_

Date