

## **Report Leadership group launches initiative to help lessen the furore surrounding executive pay reporting**

London – 6/12/07 – Given that few topics in the field of corporate reporting generate as much interest and debate as executive remuneration, multi-stakeholder group Report Leadership today launches an initiative designed to help companies draw the sting from the reporting of executive rewards.

Based on an iterative process of investor consultation and built on existing company best practice, representatives from CIMA, PricewaterhouseCoopers LLP and Radley Yeldar have developed some ideas to enhance how companies present this sensitive information.

David Phillips, senior corporate reporting partner at PricewaterhouseCoopers said:

“Executive remuneration is one of the most heavily-scrutinised parts of the annual report. Going into the AGM season, enormous and disproportionate debate surrounds it, fuelled largely by complexity, opacity and sometimes a touch of envy. This needn’t be the case.

“Getting it right isn’t easy, but all too many remuneration reports default to explaining no more than the law requires and the effect of that may be to convey with unintended eloquence a defensive tone or a lack of concern for investors’ interests. But companies can improve their executive remuneration reporting without changing the rules and can draw investors’ focus to an understanding of what is really behind the numbers.”

Charles Tilley, chief executive of CIMA said:

“Corporate reports should be used to showcase a company’s strategy to current and potential investors. This picture would not be complete without showing how executive reward is linked to the delivery of that strategy.

“Clearly picking the KPIs and linking them appropriately to executive remuneration is very important but, when done effectively and reported clearly and transparently, should help to remove the aura of mistrust that surrounds this emotive subject.”

According to the group, fundamental to good reporting of executive remuneration is an explanation of how the executive remuneration committee has spent its time during the year, how it has arrived at its decisions and most importantly, how it is continuing to refine the alignment of executives’ interests with those of shareholders.

To bring these ideas alive, the group demonstrated how these elements of reporting could be applied in an executive remuneration report for fictitious company “Generico”.

The report includes a suggested outline of the critical elements that investors indicated need to be present:

- A clear articulation of the overall reward policy and the principles and purpose behind each element of pay
- A prominent display of the main elements of pay and how they are calculated
- An explanation of how the company’s strategic aims are reflected in the reward incentives that drive executives’ behaviour
- An understanding of the key decision during the year that challenged the remuneration committee and how it was addressed.

Crucially, investors also need to understand how underperformance will affect executives’ rewards and the potential downsides for executives, and where appropriate, comparison with practice across a relevant peer group.

## **Notes to Editors:**

### **1. About Report Leadership**

Report Leadership is a multi-stakeholder group that aims to challenge established thinking in corporate reporting. The contributors to this initiative are the Chartered Institute of Management Accountants (CIMA), PricewaterhouseCoopers LLP and Radley Yeldar. Individuals can help shape the way the Report Leadership project evolves by giving comments, actively participating, or adopting elements of the proposed blueprint. On-going developments can be seen at <http://www.reportleadership.com>.

Journalists requiring a copy of the corporate reporting guidance document “Executive Remuneration: simple, practical proposals for better practice in reporting executive reward” and the Generico executive remuneration report, please contact Natasha Davies on 020 7212 3343 or [natasha.davies@uk.pwc.com](mailto:natasha.davies@uk.pwc.com)

### **2. About CIMA**

The Chartered Institute of Management Accountants is a leading membership body with 158,000 members and students in over 161 countries, that offers an internationally recognised professional qualification in management accountancy, which focuses on accounting in business. <http://www.cimaglobal.com>.

CIMA is pleased to note that the launch of Report Leadership’s most recent work coincides with IFAC’s World Accountancy Week (2 – 8 Dec).

### **3. About Radley Yeldar**

Radley Yeldar is a creative communications consultancy offering both on and offline services including brand identity, corporate reporting, corporate responsibility, digital media, internal communication, marketing communications, moving image and online investor relations. <http://www.ry.com>.

### **4. About PricewaterhouseCoopers**

The member firms of the PricewaterhouseCoopers network provide industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 146,000 people in 150 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

Unless otherwise indicated, 'PricewaterhouseCoopers' refers to PricewaterhouseCoopers LLP ([www.pwc.com/uk](http://www.pwc.com/uk)) a limited liability partnership incorporated in England.

PricewaterhouseCoopers LLP is a member firm of PricewaterhouseCoopers International Limited.

## **For more information contact:**

### [Natasha Davies](#)

Assurance PR Senior Manager, PricewaterhouseCoopers LLP Media Relations  
Tel:020 7212 3343  
Mobile:07709 019290

### [Katie Scott-Kurti](#)

CIMA press office  
Tel:020 8849 2347

### [Camilla Berens](#)

CIMA press office  
Tel:020 8849 2347

### [David King](#)

PR Manager, Radley Yeldar  
Tel:020 7033 0700

### [David Phillips](#)

Partner, PricewaterhouseCoopers  
Tel:020 7804 5055

[Charles Tilley](#)

Chief Executive, Chartered Institute of Management Accountants (CIMA)  
Tel:020 7663 5441

[Richard Carpenter](#)

Development Director, Radley Yeldar  
Tel:020 7033 0700