Sustainable remuneration framework - activation

Linking principles of responsible remuneration with sustainable remuneration guidelines

**Sustainable remuneration guidelines**

1. **Link ESG KPIs (key performance indicators) within variable pay**
   - Incorporate ESG KPIs in variable pay (either by means of balanced scorecards, multiplier or underpin/threshold).

2. **Prioritize ESG KPIs within LTI (long-term incentives)**
   - Emphasise LTI within executive remuneration mix to reinforce ESG's long-term and strategic implications.

3. **Select material ESG metrics**
   - Develop ESG KPI/metric materiality thresholds for incorporating ESG into variable pay programs - STI (short term incentives) and LTI plans.

4. **Identify impact-focused ESG metrics**
   - Establish short-term ESG KPIs that are based on output assessments in support of long-term ESG goals and KPIs that are based on impact assessments.

5. **Align corporate ESG and total remuneration**
   - Align corporate ESG strategy with total remuneration strategy to support organization purpose and strategy.

6. **Include ESG competence for Remuneration Committee selection criteria**
   - Prioritise ESG as a core competency for Remuneration Committee membership selection criteria.

7. **Link ESG metrics to reporting standards**
   - Align ESG remuneration KPIs/metrics with reporting standards to support transparency and comparability.

8. **Harmonize ESG disclosures and align with purpose**
   - Harmonize and simplify all corporate ESG disclosures (i.e., strategic, sustainability and remuneration reports).
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