

Pillar of value creation

Reward

We present a snapshot of how remuneration is used to encourage value creation, discourage behaviours leading to value destruction and how we go about embedding these practices.



Our Remuneration Policy and our 2018 Implementation report page 49.

What we do	What we don't do	How we embed these practices
<ul style="list-style-type: none"> • Define, measure, review and reward performance supportive of the achievement of our strategy, within risk appetite. • Assess an individual's performance through objectives as well as the Values and expected behaviours. • Align remuneration outcomes to the value we create for shareholders and other stakeholders, in the short, medium and long term. • Link pay and performance using a primarily formulaic approach, with appropriate discretion to mitigate for unintended outcomes. • Ensure accountability in achieving the balance between risk and reward. • Support the efforts of our employees in delivering our strategy which in turn creates sustainable value to our stakeholders. • Deliver fair and responsible remuneration, with continued emphasis to address differentials in reward considering job grade, role, diversity and other objective factors, within the context of affordability and market relativity. 	<ul style="list-style-type: none"> • Reward excessive or inappropriate risk taking or other negative conduct, such as mis-selling. • Reward short-term performance at the expense of sustainable longer-term performance. • Award short-term incentives to individuals in instances of underperformance in terms of their personal performance rating. 	<ul style="list-style-type: none"> • Effective internal communication – improving the transparency of reward outcomes through effective communication of overall performance, as well as individual reward outcomes linked to this. • Performance management – individuals set their objectives aligned to their team and businesses objectives and Group ambitions. Employees and managers have regular performance and development conversations through both our structured performance assessment cycle as well as on an ongoing basis through informal and formal engagements. • Recognition programmes – we have a diverse range of recognition programmes, structured in accordance with the business' needs, to enhance employee engagement in the respective business/function. • Responsible business – we drive ethical behaviour and clearly communicate the impact of inappropriate conduct by emphasising Absa Values and through the use of malus and clawback mechanisms to underpin sustainability of performance outcomes. • Variable pay – takes into account i) performance and risk appetite; ii) appropriate allocation of profit between shareholders, capital and employees, based on performance to business plan; and iii) affordability and market relativity.