

Executive and CEO Remuneration Policy

Category: Operational and Procedural

Ratified: June 2022

1. Purpose

1.1. Otago University Students' Association ("OUSA") is committed to providing a remuneration strategy to attract and retain high performing individuals to the CEO position. and ensure the Executive remuneration process is transparent and fair.

1.2. The purpose of this *policy* is to outline how the remuneration process for Executive Officers and the Chief Executive Officer (CEO) shall be conducted. OUSA has a separate remuneration policy for other staff that is administered and approved by the CEO.

2. Interpretations

2.1. In this policy, unless the context otherwise requires:

2.2. OUSA means the Otago University Students' Association;

2.3. Association means the Otago University Students' Association;

2.4. Executive means the OUSA Executive;

2.5. Executive Officer means a member of the OUSA Executive;

2.6. CEO is the Chief Executive Officer of the Association;

2.7. Non-Executive members of the Advisory Board means the members independently appointed to the Advisory Board who are not Executive Officers.

3. Remuneration Approach for Executive Officers

3.1. The Executive are paid an annual honorarium, distributed through the Association's payroll.

3.2. Procedures for the approval of remuneration of Executive Officers are set out in the Constitution and are governed by the Incorporated Societies Act 1908 and the Charities Act 2005.

3.3. Every two years, the Executive honorarium shall be reviewed.

3.4. This review shall be conducted by the non-Executive members of the Advisory Board, with assistance from any independent advisors deemed relevant or necessary.

3.5. This review shall include justification and result in a recommendation of the appropriate level of remuneration, to the Finance, Expenditure and Strategy Committee for consideration.

3.6. Where the Finance, Expenditure and Strategy Committee agrees that the Executive remuneration shall be changed, they shall recommend this to the Executive who may pass a motion for consideration of the remuneration change at a Student General Meeting.

3.7. The proposed changes shall be passed by ordinary resolution at a Student General Meeting (SGM).

3.8. Any change shall come into effect after the SGM, set by the Executive and included in the resolution.

3. Remuneration Approach for the CEO

3.1. The CEO is employed by the Executive to lead and manage OUSA towards the achieving of the Association's vision, strategy and goals.

3.1.1. The remuneration process shall be considered in conjunction with the CEO Employment Agreement.

3.2. The following will be considered when reviewing the remuneration of the CEO:

3.2.1. Alignment with the strategic and annual business objectives;

3.2.2. Alignment with the mission and values of OUSA;

3.2.3. Balancing competitive pay with affordability; and;

3.2.4. Providing flexibility to reward individuals for outstanding contribution.

3.2.5 External market trends, and at least every three years utilising a review system that compares the Association's fixed remuneration against the median remuneration in the non-profit sector levels across various geographies in New Zealand or with other similar sized entities;

3.2.6. Individual performance: based on an individual's experience, skill and knowledge relevant to the job and their performance and potential contribution to the organisation;

3.2.7. Internal relativities;

3.3. OUSA takes a total cash approach to remuneration.

4. Remuneration Structure for the CEO

4.1. The total cash approach to remuneration for the CEO, includes the dollar value of base pay (annual salary) and "benefits".

4.2. For the CEO, the total cash approach includes the following components:

4.2.1. Fixed remuneration: being a salary which is inclusive of all benefits

4.2.2. Annual short-term variable "at risk" pay: as defined within the CEO's employment agreement under Section 3.3 'At Risk' payment.

4.3. The assessment of the 'at risk' pay is based around key performance and behavioural indicators which describe annual performance objectives (KPIs) which are directly related to the performance area under the CEO's control and overall organisational performance.

4.3.1. Overall organisational performance is measured through a suite of measures consisting of achievement of strategic objectives and KPIs, commercial return, health and safety compliance, regulatory performance and operational performance and best practice.

4.3.2. The objectives are reviewed each year by the Advisory Board and Executive and amended, as required, to ensure appropriate alignment with OUSA's business strategy and constitutional objectives.

4.3.3. Variable "at risk" pay rewards are not entitlements and must be re-earned each performance period as defined in Section 3.3 in the CEO's employment agreement

4.4. On occasion, one-off payments may be made to recognise exceptional performance, usually associated with large projects.

4.5. All incentive schemes are reviewed annually by OUSA's Advisory Board.

5. The process for reviewing the CEO's salary

5.1. The CEO's annual review is defined in the CEO's Employment Agreement under Section 3.2.

5.2. The process for review is outlined in the table below:

As defined in CEO's EA, Section 3.2	Policy process	Key activities
<p>3.2 (a). Annual review of the CEO completed by the 1st October each year. This 'initial review' is completed between the CEO and OUSA president.</p>	<p>To assist with completing the initial review, a remuneration panel is appointed consisting of the CEO, OUSA President and at least 1 independent member of the Advisory Board (usually the Chair) to oversee the 'initial review'. The most recent Remuneration Report, will be taken into consideration. This report must be reviewed and updated by an independent HR consultant every 3-4 years to ensure OUSA has current information. (The most current report was issued in 2019 by Strategic Pay).</p>	<p>The annual review of the CEO's performance includes reviewing the CEO's activity against KPIs and may include other measures which have been agreed to by the CEO and Executive beforehand, such as;</p> <ul style="list-style-type: none"> • 360 and 180 feedback; • Desktop review of a range of reports • Professional practice and development <p>Throughout the whole review process, the CEO's privacy will be protected, and all relevant employment law will be complied with and the review will be held in a respectful manner consistent with the values of OUSA and professional practices.</p>
<p>3.2 (b) The OUSA President will make recommendations to the OUSA Executive relating to the CEO's performance and remuneration</p>	<p>In developing recommendations about the CEO's performance, remuneration and professional development, a clear, transparent and professional report will be produced by the remuneration panel.</p>	<p>Before the report is shared with the wider Executive, the CEO will have an opportunity to include comments on the draft which will be clearly noted. The report will be based on an agreed template that also considers the most recent</p>

		Remuneration Report and any other independent advice sought. The recommendations made by the Remuneration panel to the Executive will be delivered in writing and presented in person so any questions can be responded to.
3.2 (c) The OUSA Executive must reasonably consider the recommendations and must by majority vote, decide to accept or decline those recommendations.	As detailed in 3.2 (f) Whether or not the OUSA Executive accepts or declines the recommendations, reasons will be communicated to the CEO in writing via the President. The CEO will be invited to respond to the Executive following this report if the CEO is not satisfied with the rationale provided.	If there is a matter that cannot be resolved between the Executive and the CEO following the review, the Executive may ask the Remuneration Panel for further advice, or seek independent, external HR support before making their final decision.
3.2 (h) The review of the CEO's salary (and 'bonus/at risk payment') will be carried out promptly and any increase will be effective from 1 November, of that year.	The President will ensure that the appropriate changes to the CEO's salary are made in line with the due dates outlined in the CEO's EA.	Following a performance review, the Remuneration panel may recommend to OUSA's Policy Committee edits or changes to the Remuneration policy or Remuneration Panel's terms of reference.

6. Disclosure of Executive and CEO Remuneration

6.1. OUSA ensures that the remuneration of the Executive, the CEO and Senior staff (where applicable) is disclosed in each Annual Report, as required by the Charities Act 2005 and Financial Reporting Act 1994.

6.2. The disclosure of Executive remuneration includes a total of honorarium paid per annum.

6.3. The disclosure of CEO remuneration includes the base salary "at-risk" pay and benefits and the performance criteria used to determine performance-based payments.