



Technical Accounting Alert

Remuneration Reports – Better Disclosure Required

Introduction

The purpose of this alert is to bring attention to the recent media announcement from ASIC requiring better disclosure in preparing remuneration reports as required by s.300A of the Corporations Act..

Summary of ASIC Media Release

The Australian Securities and Investment Commission (ASIC) called on companies to provide more clarity on the remuneration arrangements for their directors and executives in the upcoming 30 June 2011 financial reporting season.

Based on ASIC's review of 60 remuneration reports in listed companies for the year ended 30 June 2010, they identified the following areas that required further attention:

- The board's policy on the nature and amount of remuneration of the key management personnel;
- The non-financial performance conditions in short-term incentive plans;
- Why performance conditions have been chosen; and
- The terms and conditions of incentive plans.

Within this media release, ASIC has included an attachment which provides further guidance around the expected disclosures within these areas, and illustrative examples of companies that provided better disclosure.

Listed companies need to be mindful of the identified areas in the preparation of their 30 June 2011 financial report, and in the end ensure that the overriding principle of transparency is apparent. Boards will need to bear this in mind, with the recent passing of the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011*, which has given shareholders additional power over the boards, with the new "two strike" rule emulating from the non-binding vote on the remuneration report.

For further details on these identified areas and illustrative example, please click on the following hyperlink to take you to this ASIC media announcement:-

[AD11-130: ASIC calls for better disclosure in remuneration reports](#)

Further information

For further information on any of the information included in this TA alert, please contact your local Grant Thornton Australia contact or a member of the National Audit Support team at NAS@grantthornton.com.au

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