

## Remuneration Discussion – Practice with a Coach

Scenario 3: Team member may challenge the decision; expecting STIP of 125% yet receiving 100%

### Your practice session

Please prepare for the practice conversation in the same way as you would for a real-life conversation, as this will enable you to get the most out of the session. The PRO coach will provide feedback, helping you to refine your style and content to increase your effectiveness in your upcoming remuneration discussion.

This conversation will focus on the Short-Term Incentive Plan (STIP) component of the Performance 6 & Annual Remuneration Review (ARR), however you can tailor the learnings from this session (as required) for discussions on the base salary and Long-Term Incentive Plan (LTIP) components.

### Your Approach

In supporting you to frame and structure these conversations, we have suggested an approach and structure below. Your PRO coach will be able to provide feedback on how you execute these skills.

You will find information below on Kim's performance outcome and STIP outcome, and what they may be expecting below. Please review this to prepare for the conversation.

## Background to the remuneration discussion

Remuneration outcomes are expected to be discussed with individuals from 1 March, which has prompted you to call this meeting. You will take the lead in the conversation.

Your team member works in a role that makes them eligible for STIP. Our Group STIP outcome is based on one scorecard for everyone, to encourage all of us to work together for our collective success. The scorecard is made up of 50% financial measures, and 50% strategic measures. Individuals can influence their STIP if they deliver exceptional outcomes against their Performance 6 objectives (i.e., the what) and deliver them in line with our values (i.e., the how). In these instances, an individual multiplier can be applied to the Group STIP outcome, and they may receive 25% more for their own STIP. Conversely, if an individual does not meet their Performance 6 objectives, or there is misalignment to our values, then the individual may receive 25% less than the Group STIP outcome, or no STIP outcome.

### Kim's Situation: employee is expecting a STIP score of 125%

You are meeting with Kim. Throughout 2024, Kim achieved their Performance 6 objectives and contributed to the delivery of immediate team objectives. They consistently demonstrated a commitment to their development. Kim's performance and the outcomes delivered are considered aligned to expectations. As a result, Kim is receiving a STIP score of 100% but you are aware Kim is anticipating a higher STIP score of 125% (i.e., the individual multiplier).

In the Performance 6 end of year review, you gave Kim feedback they had achieved their objectives. Encourage Kim to think about how they can maintain their level of performance to continue to achieve the Group STIP this year. Additionally, encourage Kim to think about their strengths, how they can strive towards collective success with increased impact, and support our progress towards Best Operator. Below are some of the things you can mention:

#### Feedback from 2024 Performance objectives and future focus

- Provide monthly updates to the team on the progress of Project Alpha and seek feedback. Explore with Kim how they could share future project learnings with broader stakeholders groups to influence decisions, streamline processes and help drive simplification.
- Support the Product Group / Function priorities by identifying and delivering simplification initiatives [e.g., safety/process/financial/systems]. Explore with Kim how they could partner with [e.g., other teams / sites / cross-functional teams] to leverage learnings from others and deliver impactful future outcomes which driving progress towards Best Operator and our collective success.
- To improve [e.g., operational efficiency / safety performance]. Explore with Kim how they could create awareness of their future deliverables and impact to influence more senior stakeholders [e.g., Supervisor / Senior Leadership Team) and drive collective success.

## Your Approach and Structure

### Part 1 – Set the scene

Skills to practice:

- Build rapport
- Confidently recap Performance 6 and STIP outcomes

Goals:

- Check the employee's understanding of the Performance 6 & ARR process and how STIP operates.
- Be clear what you are going to cover and not as part of this ARR conversation.

### Part 2 – Discussing STIP outcome

Skills to practice:

- Dealing with challenge
- Managing emotional responses to the situation (both your own and theirs).

Goals:

- Give Kim a moment to reflect on their STIP outcome and encourage them to share their thoughts
- Acknowledge how Kim might be feeling, showing their aspirations are heard and understood
- Help Kim understand most people receive 100%, that this is difficult to achieve and is considered an excellent accomplishment in line with expectations
- Remind Kim that we are all expected to deliver high performance if we want to achieve high results against our Group strategic scorecard
- Explore with Kim their areas of strength, where they can reach for higher achievements and strive for collective success in support of our progress towards Best Operator.

### Part 3 – Looking forward

Skills to practice:

- Communicating clear areas for improvement
- Develop an action plan
- Set clear expectations for monitoring progress
- Closing with a positive outcome.

Goals:

- Recap the main points of the conversation
- Discuss focus areas and actionable steps for Kim to strive towards collective success and drive our progress towards Best Operator
- Discuss resources available to support Kim's growth in role and their preferences
- Discuss and agree how frequently you and Kim will check-in to discuss their performance progress and if any support is needed
- Reassure Kim their contribution is valued
- Close on a positive note.