

## Remuneration Discussion – Practice with a Coach

Scenario 4: Discuss calibrated STIP outcome with team member; communicate the outcome with ownership

### 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 Joe'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.

### Joe's Situation: Communicate adjusted performance outcomes with ownership

Your employee is Joe. Throughout 2024, you considered Joe's performance to be exceptional and submitted a STIP score of 125% during the leader planning phase. However, during the calibration process, Joe's performance was assessed against peers and their STIP score was adjusted to 100%. You understand why the outcome was adjusted and have discussed with your leader opportunities to avoid this in the future.

In the Performance 6 end of year review, you had given Joe feedback they had met their objectives and had an exceptional performance year. You may have even given the impression Joe would be receiving a STIP score of 125%. You would have preferred to give Joe 125%, and while you understand why the outcome was adjusted, you know it's important as part of the remuneration discussion with Joe that you take ownership of the adjusted STIP outcome (i.e., not deflect to this having been adjusted as part of the calibration approach) and deliver this in a way that aligns to our values.

#### Remuneration discussion planning:

It's crucial to communicate the STIP outcome as a balanced and fair assessment of Joe's performance, and that we all need to work together to deliver high results against Group STIP. Before meeting with Joe, reflect on the insights you've gained into Joe's performance. Consider what you can do differently to gain a broad perspective of Joe's performance and how this differs to others, as well as the actions you need to take to give better feedback [e.g., closer communication with your Manager Once Removed (MOR) / feedback from other stakeholders]. Leverage your insights from the calibration discussion and further explore your thinking with your leader. Consider whether you want to share your actions with Joe.

Plan how you will use the discussion to motivate Joe to maintain their level of performance to continue to achieve the Group STIP this year. Additionally, inspire Joe to be thinking about how they can strive towards collective success in support of Best Operator with increased impact. Below are some of the things you can mention:

#### Performance Objectives:

- Simplify the process of [e.g., handover at the end of shift, reporting]. Explore with Joe how they could partner with stakeholders in different areas (e.g., different crews / teams / sites / Product Groups / countries) to seek feedback and deliver future outcomes that drive progress towards Best Operator.
- Support the Product Group / Function priorities. Explore with Joe how they could share future knowledge and insights from their [e.g., analysis / research / project] with different stakeholders to influence [e.g., tasks / processes / operations / strategy] and support collective decisions and outcomes.

## 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 Joe a moment to reflect on their STIP outcome and encourage them to share their thoughts
- Acknowledge how Joe might be feeling. Empathise with any disappointment but maintain a firm stance that the decision is fair and in line with guidelines.
- Reconfirm to Joe that most people receive 100%, that this is difficult to achieve and is considered an excellent accomplishment in line with expectations.
- Remind Joe that we are all expected to deliver high performance if we want to achieve high results against our Group strategic scorecard.
- Explore with Joe 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 Joe to strive towards collective success and drive our progress towards Best Operator
- Discuss resources available to support Joe's growth in role and their preferences
- Discuss and agree how frequently you and Joe will check-in to discuss their performance progress and if any support is needed
- Reassure Joe their contribution is valued
- Close on a positive note.