



**Senior Management Team - Remuneration Review**

**Discussion Paper for Remuneration Committee**

13<sup>th</sup> February 2014

# 1, Introduction

- Towers Watson were asked by the Remuneration Committee to conduct a review of reward and benefit arrangements for the senior management at Rehab Group.
- Towers Watson also carried out a similar review in 2011.
- The purpose of this report is to provide an analysis of the pay levels provided to Rehab's senior management team compared to similarly sized roles in the Irish market.
- Market commentary has also been provided in relation to annual bonus arrangements and key benefits.
- For the purpose of this report we have referred to data from 2013 Towers Watson General Industry Executive Reward Survey. This survey covers executive and senior management data from 58 companies across general industry in Ireland.



## 2, Summary of Rehab Executive Reward Policy

- The following factors are also considered by the Remuneration Committee in interpreting and using market pay information to guide decision making regarding the appropriate positioning of actual, individual base pay levels versus this market median. These factors include:
  - Desired Rehab pay policy and philosophy,
  - Desired Rehab position versus the general industry and executive pay market (a median position suggests, for example that 50% of the peer group is paid more, 50% being paid less)
  - Relative nature, scope, skills and responsibilities of the role and the sector in which the role operates
  - Relative positioning of the role versus internal comparators taking into consideration reporting structure and overall autonomy
  - Appropriate positioning of the job holder relative to the median market rate for the role taking into consideration their experience, proficiency and performance
  - Consideration of the competitiveness of other elements of the package as well as base pay such as pension, variable (bonus) pay and other benefits
  - Consideration of other pay policy and cost pressures

## 4. Summary of Main Findings

Below are the main findings of the 2014 market review for the CEO and the senior management team.

Element reviewed	Rehab position for the senior management team versus the general industry market (median practice)	Rehab position for the CEO versus the general industry market (median practice)
Base salary	Overall base pay for the executive team is 92% of market median.	
Variable (bonus) pay levels	Bonus policy maximum levels for Rehab senior management as compared to similarly sized roles in general industry are below market median levels. Actual payout levels are also behind market median given the limited if any payout in recent years.	
Total Annual Cash (base pay plus bonus)	When base pay and bonus are combined, the actual total cash position for the executive team in 2013 was 74% of the market median.	
Car related benefits	Generally in line with market median practice	
Pension	The Rehab Defined Benefit pension plan was closed in 2013 with senior management transferring to a DC plan. The current employer contribution to the DC plan of 6% of salary is at the lower end of the market.	
Private Healthcare	Not provided.	
Annual Leave	In line with market median	



## 5. Compensation Analysis - Base Pay

The table below provides an overall analysis of market base pay levels by Rehab position and job size.

### Base Pay

Job Title	Job Size (TW Global Grade)	Rehab Base Salary	Market Median 2011	Compustat 2011 Mkt Median	2011 Market Lower Quartile	2011 Market Median	2011 Market Upper Quartile	Compustat 2011 Mkt Median
Chief Executive		██████████	██████████	██████████	██████████	██████████	██████████	██████████
Director of Finance		€ 152,667	██████████	██████████	██████████	██████████	██████████	██████████
Director of Health and Social Care Services		€ 157,000	██████████	██████████	██████████	██████████	██████████	██████████
Director of Training and Employment Services		€ 174,000	██████████	██████████	██████████	██████████	██████████	██████████
Director of Commercial Enterprises		██████████	██████████	██████████	██████████	██████████	██████████	██████████
Director of Human Resources		€ 141,552	██████████	██████████	██████████	██████████	██████████	██████████
Director of Fundraising and Marketing		€ 130,000	██████████	██████████	██████████	██████████	██████████	██████████
Director of Policy and Service Compliance		€ 130,000	██████████	██████████	██████████	██████████	██████████	██████████
Director of Public Affairs & Communications (including IT)		€ 130,000	██████████	██████████	██████████	██████████	██████████	██████████
			94%					
					92.0%			

## - Performance Related Pay arrangements

- | <b>Global Grade</b> | <b>Average of Target Bonus/STI % of Base Salary</b> | <b>Average of Actual Bonus/STI % of Base Salary</b> |
|---------------------|-----------------------------------------------------|-----------------------------------------------------|
| [REDACTED]          | [REDACTED]                                          | [REDACTED]                                          |
| [REDACTED]          | [REDACTED]                                          | [REDACTED]                                          |
| [REDACTED]          | [REDACTED]                                          | [REDACTED]                                          |



## Base Pay & Actual Total Compensation Analysis

Rehab Group Job Title: Director of Fundraising & Marketing

Match:

Global Grade:

	Rehab	LQ	Median	UQ	Compa-Ratio
Base salary	€ 130,000				
Actual bonus (as % of salary)	-				
Target Bonus (as % of salary)	30%				
Actual Total Compensation	-				

Rehab Group Job Title: Director of Policy & Compliance

Match:

Global Grade:

	Rehab	LQ	Median	UQ	Compa-Ratio
Base salary	€ 130,000				
Actual bonus (as % of salary)	-				
Target Bonus (as % of salary)	15%				
Actual Total Compensation	-				





## Base Pay & Actual Total Compensation Analysis

Rehab Group Job Title: Director of Health & Social Care Services

Match:

Global Grade:

	Rehab	LQ	Median	UQ	Compa-Ratio
Base salary	€ 157,000				
Actual bonus (as % of salary)	-				
Target Bonus (as % of salary)	15%				
Actual Total Compensation	-				

Rehab Group Job Title: Director of Training & Employment Services

Match:

Global Grade:

	Rehab	LQ	Median	UQ	Compa-Ratio
Base salary	€ 174,000				
Actual bonus (as % of salary)	-				
Target Bonus (as % of salary)	15%				
Actual Total Compensation	-				