

Short Term Incentive Framework Guidelines 2020-21

1. Introduction

This document provides a general overview and guidelines for the ACC Short Term Incentive (STI) Framework. These guidelines replace any guidelines previously issued and apply to all participating employees from 1 July 2020.

2. Purpose of Short Term Incentives

ACC's STI framework, administered on a twelve-month (financial year) cycle, pays a nominated percentage of fixed remuneration for the achievement of agreed organisational and personal goals.

Established against tangible and measurable business targets and significant improvement initiatives, the STI framework aims to:

- reward participants for the achievement of agreed business goals, allowing for differentiated reward based on the outcomes achieved;
- provide participants with an opportunity to share in the success of the business;
- reinforce participants' personal accountability for both delivering business outcomes and demonstrating required leadership behaviours; and
- align individual and team efforts to agreed business goals and strategic priorities.

Short term incentives are not intended to reward average performance or maintenance of the status quo.

3. Participation in Short Term Incentive

Participation in the STI framework is by invitation only, to senior roles where the role has the ability to significantly impact the performance of the organisation.

Recommendations for participation in the framework can be made by Executive team members to be endorsed by the Chief Talent Officer and approved by the Chief Executive. In general, ACC is not looking to increase participation in STI beyond the roles currently participating.

Roles currently participating in the STI framework include:

Category	Roles included	Target STI

- Fixed Remuneration for STI purposes is calculated as at the beginning of the financial year (ie 1 July) or at the time of appointment if appointed to an eligible role during the financial year.
- Appointment to a role during a financial year, including secondment arrangements, will be factored into STI target calculations on a pro-rata basis (i.e. 6 months = 50%), as is any change in STI framework participation level.
- Individuals commencing a role, that includes a short-term incentive component, in the last 3 months of the financial year (i.e. between 1 April and 30 June) will commence their participation in STI framework from the beginning of the new financial year (i.e. 1 July). This will ensure that sufficient time is available to set appropriate goals and allow time for their achievement.

- Measures and objectives will be set with “target” (equating to 100%) being aligned to the agreed ACC Statement of Intent or Service Agreement targets for the year.
 - For quantitative measures, performance outcomes associated with 80% achievement and 120% achievement can also be defined. Performance below 80% achievement will result in zero payment.
 - For qualitative or milestone objectives, only the 100% level is generally defined, and the objective operates as a binary measure (i.e. achieved or not achieved). For complex qualitative measures the manager may recommend partial payment for partial achievement where the overall outcomes are still at least commensurate with planned improvement or outcomes.

4. Satisfactory Performance a Prerequisite

- Satisfactory performance in discharging the full range of duties in the role is a prerequisite to STI participation.
- Participation may be suspended or reduced where a staff member has fallen substantially short of performance expectations or has failed to demonstrate minimum required leadership behaviours commensurate with their position.
- Regular in-business performance planning and management processes should be used to ensure performance standards and required behaviours are communicated, understood and managed.

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5. Objectives

STI outcomes will be measured based on personal and organisational performance in the following areas.

Dimension	Measures	Weighting
Operational	Organisational targets and measures around <ul style="list-style-type: none">Injury Prevention (5.0%)Rehabilitation Outcomes (7.5%)Customer Experience (4.5%)Financial Performance (6.5%)Org Health & Capability (6.5%)	30%
Benefit	Benefit Delivery <ul style="list-style-type: none">Non-financialFinancial	20%
Delivery	Delivery of change	10%
Personal Goals	<ul style="list-style-type: none">Delivery of specific initiatives	40%

- Operational, Benefit and Delivery objectives will be set annually and approved by the ACC Board Chair. These will apply to all STI participants. Percentage weightings above may be modified from year to year by the ACC Board Chair for Executive and CE for SROs and Enterprise Leaders.
- Personal Goals will be set as part of the individual's Performance Development Cycle planning and documented by 30 September at the latest.

6. Personal goals

- STI participants should have 3-5 personal or team objectives which reflect key operational, financial or business improvement outcomes for which they have a direct responsibility or to which they will make a substantial contribution.
- These objectives should, as far as practicable, be quantified and reflect demonstrable business improvement required in business plans.
- Personal objectives and proposed STI outcomes may be subject to review by the Executive team on completion of the STI year. This review will consider whether reported results genuinely reflect the delivered performance and that there has been consistent application across the business.

7. Payment

- The target date for STI payments is the last pay date in August, after the end of the review cycle to which the payment relates, in line with ACC's payment of annual remuneration outcomes.
- Consistent with salary review principles, two-up approval is required for payment. This will also involve the Board Governance and Remuneration Committee endorsing organisational outcomes and Executive payments.
- STI payments are eligible for employer superannuation contributions, in line with relevant employment agreements. Calculations for superannuation on STI payments are calculated in line with the percentage calculations for base salary superannuation contribution.

- STI participants who leave ACC of their own accord at any time are not entitled to any STI payment for the (incomplete) STI year in which they leave.
- STI participants with more than 3 months service, who are made redundant by ACC, will receive a pro-rata STI payment subject to meeting personal performance criteria outlined above. Payment will generally be made at the time of termination with the CEO/Board Chair having discretion to approve an appropriate level of payment, considering business and personal performance. At the discretion of the CEO/Board Chair payment may be made at the conclusion of the performance year using actual performance results.
- Where an individual has an extended absence from work greater than 3 months in any financial year (regardless of whether this absence is paid or unpaid), the individual will not participate in STI framework for the period during which they are on leave. This recognises that those on extended leave are not contributing to the business outcomes during this period and hence, participation in STI framework to recognise individual and business outcomes for this period is not appropriate.

ACC may modify or cancel the STI scheme at any time, and payments may be suspended due to unsatisfactory business performance and/or other significant changes in business operating conditions or assumptions.

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