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MEDIA RELEASE

AIRA INVESTOR RELATIONS REMUNERATION & RESPONSIBILITIES IN AUSTRALASIAN LISTED ENTITIES 2020

IR REMUNERATION - A STUDY DURING COVID

During COVID-19 the importance of investor relations has become even more apparent which is reflected in the fact that total fixed remuneration (TFR)* and IR teams have remained relatively stable according to a survey conducted by the Australasian Investor Relations Association during October 2020. The median TFR reported by investor relations officers (IROs) in Australasia was \$301,000 to \$325,000.

Whilst TFR remained in-line with results reported in the previous survey, 42% of respondents said their short-term incentive had been temporarily reduced, in some cases by up to 90%. In addition, 12% of respondents also indicated a temporary reduction to long term incentives as a result of the COVID pandemic. It was also pleasing to note that the median TFR amongst New Zealand IRO's increased by over 10%, as pay there catches up with their Australian counterparts.

Not surprisingly the survey reported the number one challenge for IROs was *"balancing information and relationship needs of the company and the market within the regulatory environment"*. This can largely be attributed to the increased demands being placed on listed entities for a greater level of disclosure as a result of the uncertain operating environment. In addition, the increased need for companies to stay abreast of regulatory change as it was adapted to the COVID environment.

The most important KPI according to the survey was the *"accuracy of analyst and media reports on the company"* and the most essential attribute of the role was *"being trustworthy by acting with integrity at all times"*. With the uncertainty around the impact of the pandemic on company revenues and profits, a majority of companies withdrew their guidance and likewise many analysts withdrew their forecasts which made it more important than ever this year for IROs and listed entities to more actively manage the expectations of the market by appropriate market disclosures.

“There were many important regulatory changes implemented this year, some temporary, which drove a lot of change in the practice of investor relations and investor communications. These changes allowed companies to communicate more effectively with investors, to raise additional levels of equity capital, hold virtual AGMs and use electronic notices of meeting”, AIRA’s Chief Executive Officer Mr Ian Matheson said. “Companies needed to adapt quickly and decisively.

Strong and honest relationships between Investor Relations, the Board, senior management and the investment community were key to the successful implementation of these transformative changes during the pandemic.”

While IR teams continue to grow, as to be expected during the pandemic year, a decline in companies recruiting investor relations resources was also reported, with 23% of respondents recruiting new team members compared to 38% at the same time last year.

Other notable findings from the survey included:

- Respondents from ASX 50 companies reported a median TFR of \$376,000-\$400,000 in line with 2019.
- Respondents from ASX 51–100 companies, the TFR was \$301,000-\$325,000. This was also in line with 2019.
- Respondents from ASX 101-150 companies TFR increased again in 2020 to \$301,000-\$325,000 (\$276,000-\$300,000 in 2019) (\$226,000-\$250,000 in 2018).
- Respondents from ASX 151-200 companies median TFR was \$201,000-\$225,000 in line with 2019.
- Respondents from ASX 201-250 companies median TFR increased to \$276,000-\$300,000 (\$251,000-\$275,000 in 2019).
- Respondents from NZX 40 companies median TFR increased to \$251,000-\$275,000 (\$201,000-\$225,000 in 2019 and 2018).

The study was the 14th annual review of IROs in Australia and New Zealand. It was based on the results of questions sent in August to 165 IROs across a broad range of companies listed on the Australian Securities Exchange and New Zealand Securities Exchange. Responses were received from 86 listed entities. Some 30 percent of respondents were from ASX 50 companies, 49 percent were 40-49 years old, and 36 percent of them were female. Respondents had worked as an in-house IR for a median of 5-10 years.

Footnote:

* Total fixed remuneration (TFR) comprises annual salary plus superannuation and fringe benefits excluding any short-term and long-term incentive payments (such as cash bonus, shares, options or share performance rights).

End.

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About AIRA

The Australasian Investor Relations Association (AIRA) was established in 2001 to advance the awareness of and best practice in investor relations in Australia and New Zealand and thereby improve the relationship between listed entities and the investment community. The Association's 160 corporate members now represent over A\$1.2 trillion of market capitalisation, over 80% of the total market capitalisation of companies listed on ASX.

PLEASE BE ADVISED

1. The Executive Summary is available free of charge to all AIRA Members.
2. Full Survey Results are only available to Members who have completed the survey.

You will need to log-in to the AIRA website - www.aira.org.au - to download both documents.