

Appendix

Remuneration approach:

We operate and compete in a number of very different markets for our talent. From a remuneration and reward perspective, we need to balance:

- **The need for a common framework and approach that inclusive of all employees**
- **The need to avoid “paying more than is necessary”, which means that our Reward plans should reflect the different external Reward practices in the different talent markets**

We bring these two aspects together through frameworks that are consistent in driving the same strategic performance objectives, charitable objectives, culture, mission and plans with common design features, but tailored on a role/job family basis both in terms of quantum (how much we pay) and shape (e.g. the balance between base and bonus) dependent on the external talent market. To keep our frameworks simple, we minimise the number of different reward structures as far as possible.

Our approach is inclusive and the frameworks apply across all areas and all levels of Which? Over the first year of this approach we will be working systematically on extending the principles throughout the employee population and implementing a new approach to Reward.

Total remuneration approach

We adopt a total remuneration approach, (i.e. the total of base salary, variable pay, benefits and other market related payments where appropriate) and aim to be around the median of the relevant market for a role at Total Remuneration level.

We benchmark roles using a variety of established and robust market data sources that enable us to select the right comparator group for our range of roles. We are currently using a combination of benchmarks including not-for-profit, private, public sector and commercial enterprises that are similar either in nature or size, scale and complexity. The match for all roles is based on an assessment of the talent market against which we would compete for talent and where we would seek to source our talent from.

Remuneration elements

Our Reward approach considers three main elements, applied across the employee population, differentiated by role and level and defined as follows:

- 1. Base Pay:** to reflect the skills, expertise, experience and profile of the individual performing the role. A fixed component of reward that pays for contribution that is consolidated and does not fluctuate substantially from year to year.
- 2. Pension and Benefits:** these provide short and long-term security for employees, in line with market practice, legislative requirements and organisational culture.
- 3. Variable pay:**

- **Short-term: to reward in-year performance against targets and goals in support of company success**
- **Long-term: an element to reward for the movement towards the achievement of strategic goals, through the delivery of significant milestones, which span a time horizon longer than one year.**

We currently combine short and long term success measures into one annual variable pay plan for simplicity.

Target setting philosophy

We need to ensure our total remuneration approach is competitive in the market place and while we have made a conscious decision to pay market competitive fixed pay, we have also chosen to provide an element of variable pay that drives performance above and beyond what is expected to just "do the job" both in the short and long term. By having this combination of fixed and variable pay, if performance against agreed targets for the variable pay element is not delivered the organisation does not have an obligation to pay, thus reducing the overall fixed cost and risk to the organisation.