

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY S.M. AHIER OF ST. HELIER
QUESTION SUBMITTED ON MONDAY 13th SEPTEMBER 2021
ANSWER TO BE TABLED ON MONDAY 20th SEPTEMBER 2021**

Question

Will the Minister, as shareholder representative, state what action, if any, she has taken to ensure she is satisfied that the payment of bonuses to Executive Directors of Subsidiary Companies (as outlined in the respective 2020 Annual Reports) is justified; and is it her intention to review all such bonus payments – as well as the levels of emoluments – before the end of this term?

Answer

Each of the wholly-owned States-owned Entities (“SOEs”) operate in accordance with the Principles of the 2018 UK Corporate Governance code, especially in the area of remuneration. The remuneration of the Executive Directors of these SOEs is also a subject addressed in the respective Memorandum of Understandings (“MoUs”). The new MoUs provide that changes to either the structure or quantum of remuneration paid to Executive Directors for their executive responsibilities, including those relating to bonus payments, are to be approved by the Shareholder in advance of them taking effect.

In practice, each SOE has a Remuneration Committee (“RemCom”), comprised of independent non-executive directors, that sets the KPIs and objectives on which Executive Director performance will be measured for the ensuing year. The KPIs are specific to each individual executive and are usually a combination of personal and company objectives and targets. That same Committee will be responsible for the assessment of performance during and following the end of the company’s financial year-end.

The Assistant Minister for Treasury and Resources meets with and agrees the Executive Director KPIs and objectives with the RemCom, under his delegated authority. The Assistant Minister discusses Executive Director performance on an ongoing basis with the RemComs and then finally at the year-end when the RemComs have completed their assessments of the previous year. All of this supports the final decision of the Assistant Minister, on behalf of the Shareholder, to approve or otherwise the Executive Director bonuses on an annual basis. In considering requests for approval for bonus payments and changes to the structure or quantum of the remuneration of the Executive directors, research is undertaken, and independent advice is sought, as appropriate, to ensure that the proposed award or change is commensurate with market levels.

Accordingly, in view of the existing robust review and approval process, it is not my intention to review the bonus payments and levels of emoluments outlined in the respective 2020 Annual Reports of the SOEs. This would be a repetition of the work already undertaken throughout the year through open and honest dialogue between the SOEs and the Assistant Minister.

However, work has commenced on commissioning a professional advisor to assist with the formulation of a Remuneration policy which will provide principles and a framework within which SOE RemComs will be required to design their remuneration strategies. It is intended that this policy will be adopted in the first half of next year.