

Orchestrating business success
Executive compensation
solutions



Executive compensation solutions

Why your company should be interested in executive compensation?

- How best to retain, motivate and incentivize top management is an issue of increasing focus. This is an area that generates a lot of attention in Russian companies, operating both on the domestic market and globally;
- To ensure that the overall package is aligned with the interests of owners and the business strategy and is structured appropriately;
- In order to design and implement annual bonus and long-term incentive plans with an aim to enhance the motivation and effectiveness of key employees;
- To revise existing annual bonus and long-term incentive plans (including calibrating Key Performance Indicators) in order to adjust them to fit the changing economic environment, stakeholders' expectations and the evolving business strategy;
- The implementation of best practice corporate governance standards is a key priority for companies planning to go public and attract new investors;
- To support the independent directors in fulfilling their legal responsibilities as members of the Compensation Committee of the Board of Directors.

Structuring compensation

- We will work with the Company, including the HR, finance and company secretarial teams and the Compensation Committee of the Board as appropriate to develop compensation solutions that support your business strategy.

Independent advisory services to the Compensation Committee

The Compensation Committee advisory element of our practice provides a full service to independent directors enabling them to fulfil their responsibilities as members of the Compensation Committee of the Board of Directors:

- Supporting the Compensation Committee through the annual cycle, including preparing papers and attending meetings as appropriate.
- Providing training sessions and materials to new or existing Compensation Committee members.
- Review of the effectiveness of the Compensation Committee.
- We will review or assist with drafting the Compensation Report in the annual report and accounts to ensure that this is compliant, meets investor expectations on transparency and communicates the compensation philosophy and strategy clearly and effectively.

Strategic compensation	<ul style="list-style-type: none"> • We help you to develop a compensation strategy which is fully aligned with the business strategy, identifying the key strategic objectives and looking at how these will result in the delivery of shareholder value. • We will conduct a review of the existing compensation arrangements and help in the design of new policies.
Structuring compensation	<ul style="list-style-type: none"> • We benchmark both executive and independent director compensation, looking at the markets in which you compete for talent and where you are positioned against that market for all elements of compensation. • We look at the balance of fixed and variable compensation and whether it is appropriate to your business.
Performance measurement	<ul style="list-style-type: none"> • We help you align your incentives to the achievement of your key performance indicators by advising on performance measurement and choosing both financial and, where appropriate, non-financial measures which fully support the business objectives.
Impact	<ul style="list-style-type: none"> • We ensure that arrangements are structured in the most tax effective manner. • We look at the compensation of senior executives within the wider context of the company and its impact on the wider employee population. • We advise on the commercial impact of proposed arrangements and likely shareholder reaction, where relevant.
Governance	<ul style="list-style-type: none"> • We will provide a corporate governance health check. • We advise on investor relations issues and assist with shareholder consultations, communication and meetings.

Advising on share plans

Our practice provides a complete service in relation to share plans, from design through to drafting and implementation. Our team can advise on all aspects of share plan implementation, including legal, tax, accounting / funding, regulatory considerations and communication, and continue to provide on-going support and advice where needed.

Plan design	<ul style="list-style-type: none">• We design business focused solutions which meet your commercial needs from the legal, tax, accounting / funding and corporate governance perspectives.• Ensure share plans are tailored to fit with your business strategy, the market in which you operate, your culture and existing compensation framework.
Commerciality	<ul style="list-style-type: none">• We have access to business and industry specialist skills within the wider Deloitte firm allowing us to analyse business issues as they arise and assess the influence they may have on your share plans and overall compensation framework.• We address the detailed aspects of share plans in the context of your organisation to ensure that the technical details do not derail the commercial imperatives.
Cost effectiveness	<ul style="list-style-type: none">• We work with your treasury and finance teams to establish the most effective way to fund share plan arrangements and mitigate the expense of the plans by the realisation of identifiable efficiencies. These may include corporate tax deductions and effective financing arrangements.• This way we can reduce dilution costs while taking into account the wider business considerations.
Technical issues	<ul style="list-style-type: none">• We provide specialist advice on employer and employee tax accounting, funding issues, legal issues, financial issues and commercial fit and communication.
Implementation	<ul style="list-style-type: none">• We have extensive expertise on all aspects of the implementation and operation of incentive plans both in Russia and globally, including:<ul style="list-style-type: none">– Drafting plan documentation– Implementing plans which maximise tax efficiencies in the group– Preparing user friendly employee guides explaining how plans operate and the tax implications for individuals– Conducting international tax and legal reviews
Administration	<ul style="list-style-type: none">• Effective administration is crucial and we can assist you in the process of administrator selection and the preparation of administrative guides.



Why Deloitte

Breadth and depth	<ul style="list-style-type: none"> • We are renowned for leading the market in the field of executive compensation and share scheme implementation. • We are an integrated team made up of lawyers, tax advisers, actuaries, HR and compensation specialists – and are able to deliver expert advice across all areas. • We can provide assistance in relation to share plans, from initial stages of design through to implementation and also the preparation of legal and tax correspondence. • Our size and global reach enables us to work closely with our colleagues across different departments and geographies to deliver a comprehensive offering tailored to your business needs.
Experience with Russian Companies	<ul style="list-style-type: none"> • Deloitte specialists have a deep understanding of the Russian market and possess the significant experience in consulting with state-owned, private and public companies in various economic sectors. • We have significant experience of assisting Russian and CIS companies with listings in foreign stock exchanges (including the London Stock Exchange and New York Stock Exchange).
Bespoke service	<ul style="list-style-type: none"> • We pride ourselves on providing a bespoke service to each client, regardless of their size, to meet their circumstances and needs in a cost-effective way.
International experience	<ul style="list-style-type: none"> • We have significant international expertise in executive compensation, with reward and share scheme contacts in over 100 countries.

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