
From: Richard Jeffrey
Sent: 04 November 2009 18:01
To: Steven Bell; Stewart McGarrity; Alastair Richards; Susan Clark; Mandy Haeburn-Little
Cc: Claire Logan
Subject: bonuses
Attachments: Consultation Queries Oct 09 FINAL (2).docx

Dear all,

Please see attached the final Q&A in relation to the bonus consultation.

Please ensure that this is discussed with your teams ASAP, in any event before close of play Tuesday.

Any questions to me or Claire please, thanks to Claire for pulling this together.

I have summarised the key points that underline the key themes..

This bonus scheme looks tougher than the last one

*In short it is. This scheme means that we will need to achieve higher standards of personal **and** corporate performance to achieve a given level of bonus. We want to focus people on the reason they are here, and the contribution they can make to the overall success of the project, not just on their individual efforts. The key objectives of the project are cost and time therefore they have a strong weighting in both the annual and deferred scheme. We also need to make sure that the bonus is more closely linked to the outcomes achieved for the shareholders, and this is done by linking bonuses to overall company performance.*

Trust

*Some feedback has been sceptical about the role of the remcom and 'management'. This is understandable after the reduction of the bonus payments last year, and the proposed changes to the bonus scheme which set higher thresholds. This scheme aims to bring greater transparency to the linkage between bonus payments and company performance. The scheme also allows for feed back to everyone on how we are doing against corporate objectives and how the remcom and board arrived at their score. The objective of the remcom is to monitor and ensure that **tie** has effective remuneration and reward packages and not to control salaries or bonus awards which are in line with agreed policies. There needs to be trust between employer and employee and we ask that people look at the transparency that is in this scheme in comparison to the previous scheme.*

Confidentiality of Targets

Again it was raised about the cost and time being kept silent in the scheme, I think most people are aware of the requirement to do this due to the commercial situation we are in. I have reassured you that the targets are tough but not impossible.

*Please ask people to speak to you or their rep with any further feedback or questions by **Tuesday 11th November 2009** for them to pass onto Claire. If there any questions you think are useful then please take a note and we can share them with everyone else.*

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