



Global Equity Insights **2021**

Equity-based compensation and company performance – a consistently tight link

Well established as an essential component of compensation packages for both employees and managers around the globe, the importance of equity-based compensation continues to be growing throughout the globe.

As the global pandemic carves a new landscape for the world of work everywhere, the findings of this year's Global Equity Insights Survey contribute to a growing body of research around the impact of COVID-19 and its aftermath. Still in 2021, more successful companies tend to apply equity-based compensation and to a wider extent. As an effective instrument for attracting, motivating and retaining the right talent during times of uncertainty, it also fosters the alignment of stakeholder interests

by enabling both executives and employees to act like owners to skillfully and intelligently react to new situations.

This unique survey presents the best market practice in terms of plan design, administration and communication of long term incentives (LTI) and share purchase plans (SPP). It furthermore focuses on new topics of current interest such as equal pay, Environment Social and Governance (ESG) targets, and "say on pay." In addition, an entire section is dedicated to equity-based compensation during the global pandemic.


The survey provides insights for companies seeking to maximize the full potential of their global equity programs as well as for companies considering the introduction of new programs.

Key highlights


Sample & company information:  196 companies  21 countries  8 industries

Long term incentives

 **High performing companies** grant a larger portion of LTI, tend to apply more plan types and more often settle in actual equity.

 Most companies paid **above 100%** over last 5 years (53%); Relative to target amounts, actual LTIs are highly attractive and more significant in their weighting than target amounts.

 SOGs **mostly remain fixed** despite volatility in share price; no further shares need to be purchased to fulfill SOGs.


 **ESG targets on the rise**, but not yet main priority and large regional differences exist.

 Equity programs are at least moderately impacted by **"Say On Pay"** requirements from e.g. proxy advisors and institutional investors.


Share purchase plans

 **High performing companies** tend to operate an SPP more often than low performing companies.


 **Nearly half of participating companies** are currently operating an SPP (49%).

 **Employee investment** amounts are most often determined by a percentage of employee salary (56%), but **maximums** are mostly a fixed amount (59%).

 Employee investments are mostly conducted **regularly** (72%) through payroll deductions (monthly or biweekly).

 Companies reported **local regulation** (79%) and **headcount** (61%) as main criteria for implementing their SPP in a given country, with **no replacements** (95%) in countries without SPPs, **reduction of complexity** key for decision.

Communication

 **Specific communications plans** as a result of COVID-19 are rather uncommon.

 High performing companies **prioritize financial education**.







 On average, **6% of the administration budget** is spent on communications in companies with a given communications budget.

 You've still got mail: Emails are still the **number one** communications method. Other electronic methods are gaining ground.









 Nearly half (42%) of companies have initiatives to increase **perceived value** of their equity programs: Higher perceived value tends to promote **higher participation**.

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Equal pay

-  Most companies have already conducted a **gender pay** (75%) analysis and **equity awards** are often taken into consideration.
-  Most companies have also conducted an **equal pay analysis** (62%), and both **target and actual compensation** are taken into consideration, providing a full picture of pay gaps.
-  **High performing companies** tend to **conduct more analyses**: For both **gender pay** as well as **equal pay**, companies that conduct more analyses tend to perform better.
-  Nearly half of companies (43%) have **taken concrete measures** following the results of the analysis.
-  **Compensation and benefits** is most often responsible for undertaking the assessment: **Data protection** and sensitivity key for conducting thorough analysis.
-  **Multiple parameters** in addition to gender are common for analysis: Company grade, age, seniority, years of relevant professional experience most common analysis parameters.

Equity and the pandemic

-  Few corrections will be made to **already granted tranches**: Retroactive changes to plan conditions remain uncommon.
-  **Changes to future** tranches are primarily for LTIs, not SPPs: Focus on performance and strategy shifts.
-  Few changes to occur to compensation structure, but if so, **more equity**. Few companies will adjust variable compensation.
-  No changes to KPIs, target calibration or vesting periods: The pandemic perceived as a **one-time exogenous shock**.
-  Some companies have granted a **special grant** (20%) as a recognition of extraordinary efforts as a result of the pandemic.
-  Equity not a preferred instrument for **preserving liquidity**: Equity settlement can be an effective tool for preserving short term liquidity, though few companies considered this approach.
-  No changes to plan types **as a result of COVID**: Stock options and other performance-oriented instruments remain common.
-  The pandemic will likely **increase administrative effort**. Companies reported a perceived increase in necessary administrative effort.

Why participate?

GEO, hkp///group and the survey sponsors have been trusted by private sector companies and public organizations for their research efforts to understand compensation practice and trends as well as to get industry and country specific insights in equity-based compensation.

Responses are confidential and will be combined with other responses to be reported as an aggregate group. Privacy and data security are very important.

- ✓ Free survey
- ✓ Invitation to global webinars
- ✓ Complete access to detailed report



Danyle Anderson
GEO

“GEO’s Global Equity Insights Study, now in its ninth year, delivers a one-of-a-kind look at global share plan trends, including important results on how the use of equity differs between high performing and low performing companies. For organizations offering equity as a long-term incentive to employees around the world, these insights have proven to be invaluable year after year.”

 [Click here to see videos.](#)



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