

HEALTH WEALTH CAREER

MERCER WEBCAST

EUROPEAN EXECUTIVE REMUNERATION TRENDS 2016

29 JUNE 2016



TODAY'S SPEAKERS



MARK HOBLE
European Executive
Rewards Practice Leader

+44 20 7178 5725
mark.w.hoble@mercer.com



CYRILLE VANOYE
Executive Rewards
Consultant

+44 20 7178 5104
cyrille.vanoye@mercer.com

? Questions

Please type your questions in the Q&A section of the toolbar and we will do our best to answer as many questions as we have time for.

To submit a question while in full screen mode, use the Q&A button on the bottom right-hand side of your screen.

To submit a question while in half screen mode, use the Q&A panel on the bottom right-hand side of your screen.



Click here to ask a
question to "All
Panelists"

↻ Feedback

Please take the time to fill out the feedback form at the end of this web briefing so we can continue to improve. The feedback form will pop-up in a new window when the session ends.

www.mercer.com/webcasts

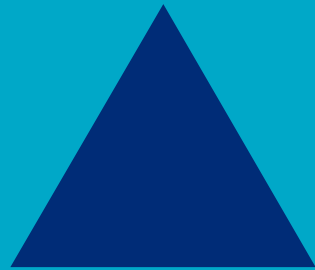
View past recordings and sign up for upcoming webcasts

AGENDA

WHAT WE'LL COVER TODAY

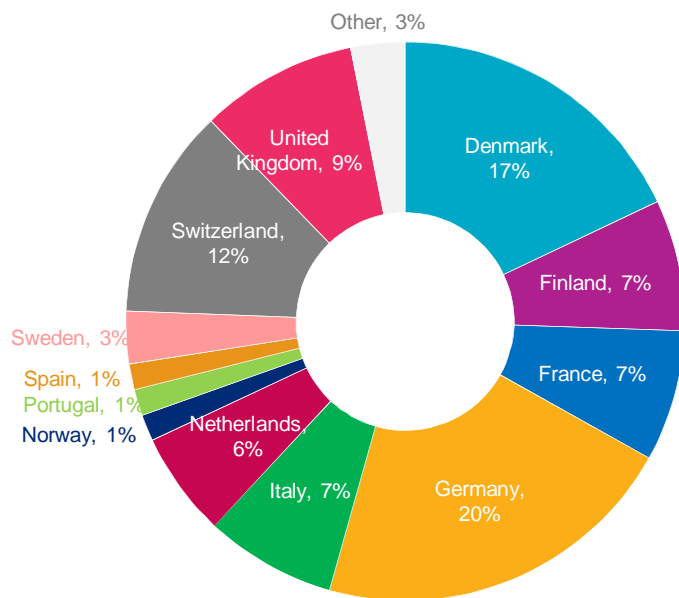
- 1 Pulse Survey Participant Profile**
- 2 Base Salary Reviews**
- 3 Short Term Incentives (STI) Programs**
- 4 Long Term Incentives (LTI) Programs**
- 5 Pay Mix and New Models**
- 6 Q&A**

2016 MERG PULSE HIGHLIGHTS PARTICIPANT PROFILE

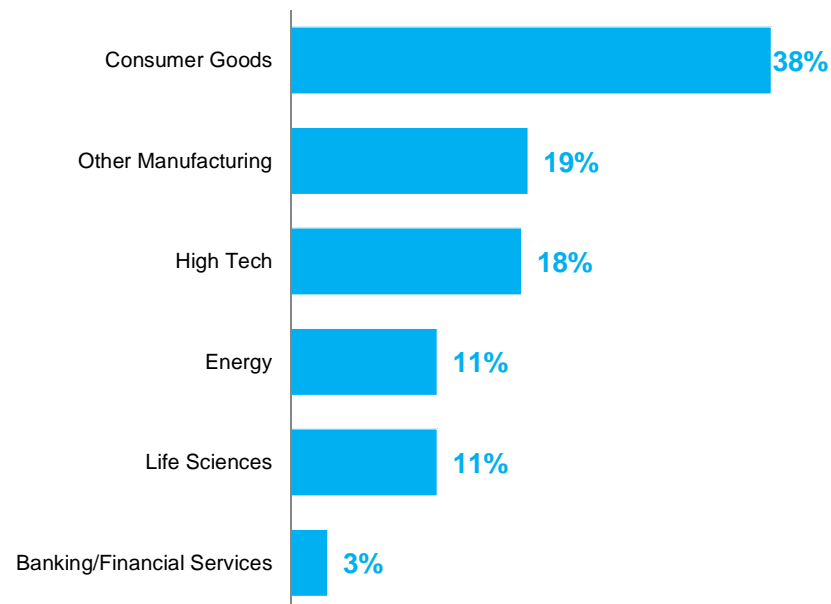


71 participants from 55 unique organizations took part in Mercer's 2016 Executive Remuneration Pulse Survey ("MERG Survey")

Participation Breakdown, by Country

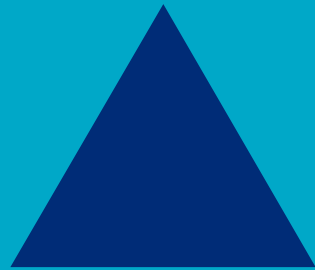


Participation Breakdown, by Industry

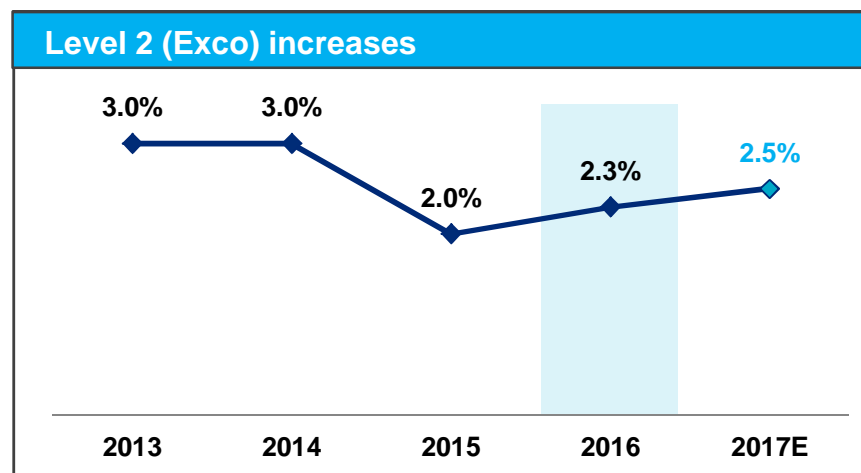
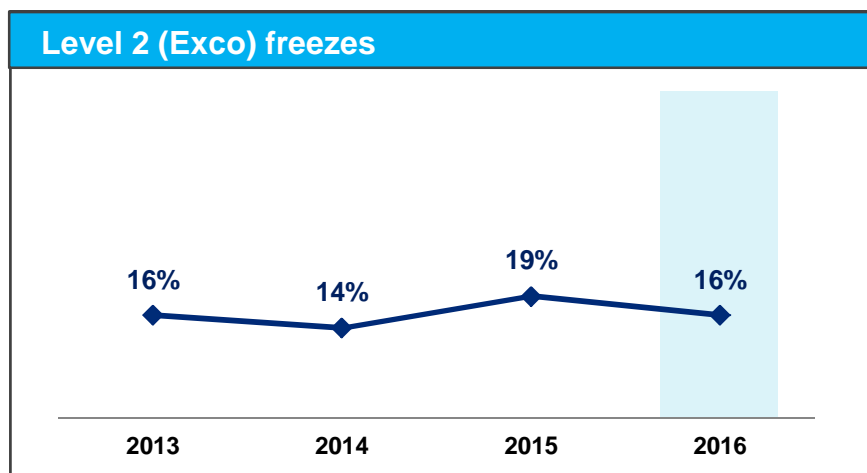
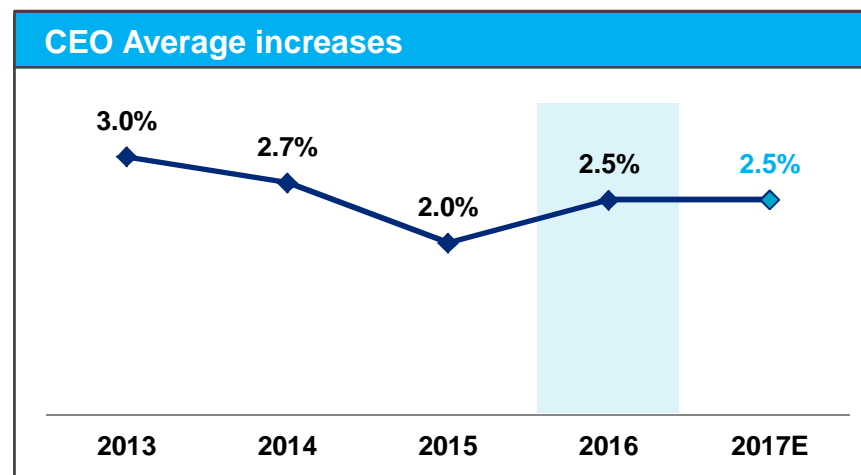
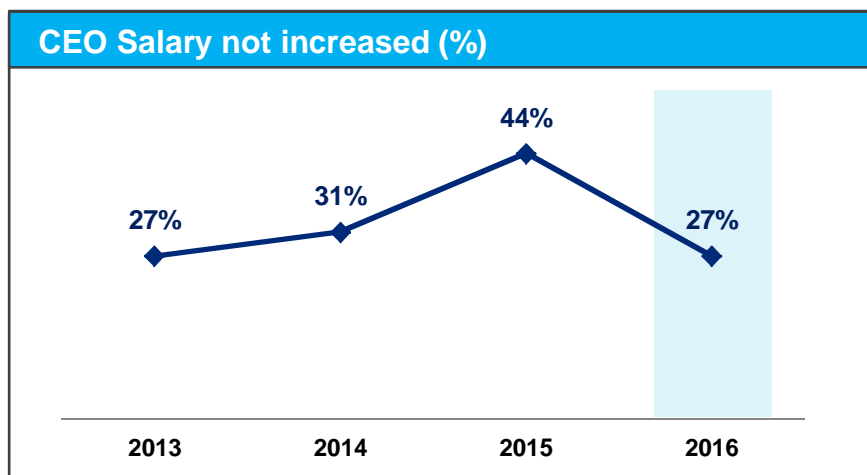


Source: Mercer Executive Remuneration Pulse Survey 2016

2016 MERG PULSE HIGHLIGHTS BASE SALARY REVIEW



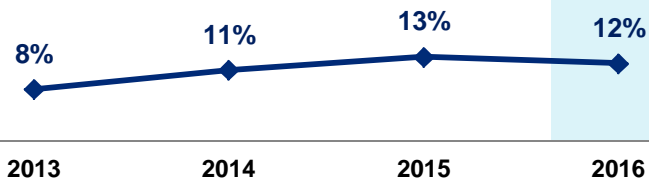
2013-2016 SALARY TRENDS, CEO & LEVEL 1 (EXCO)



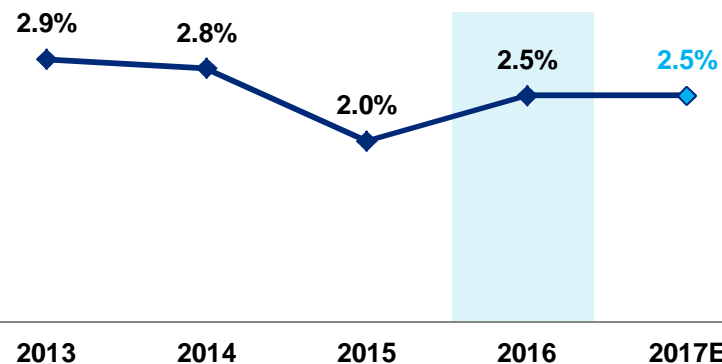
Source: Mercer Executive Remuneration Pulse Survey 2013-2016

2013-2016 SALARY TRENDS, BELOW EXCO

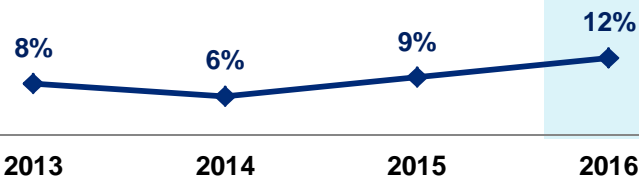
Level 3 freezes



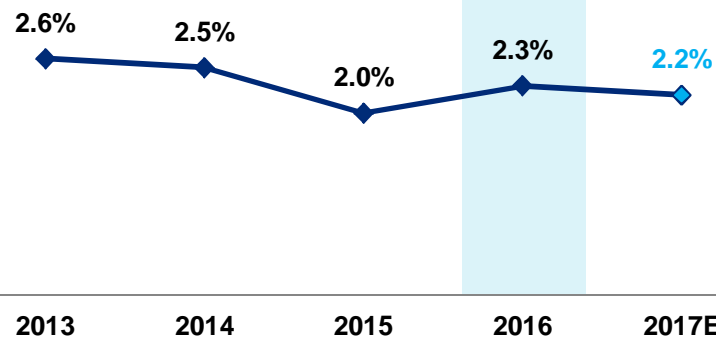
Level 3 Increases



Level 4 freezes

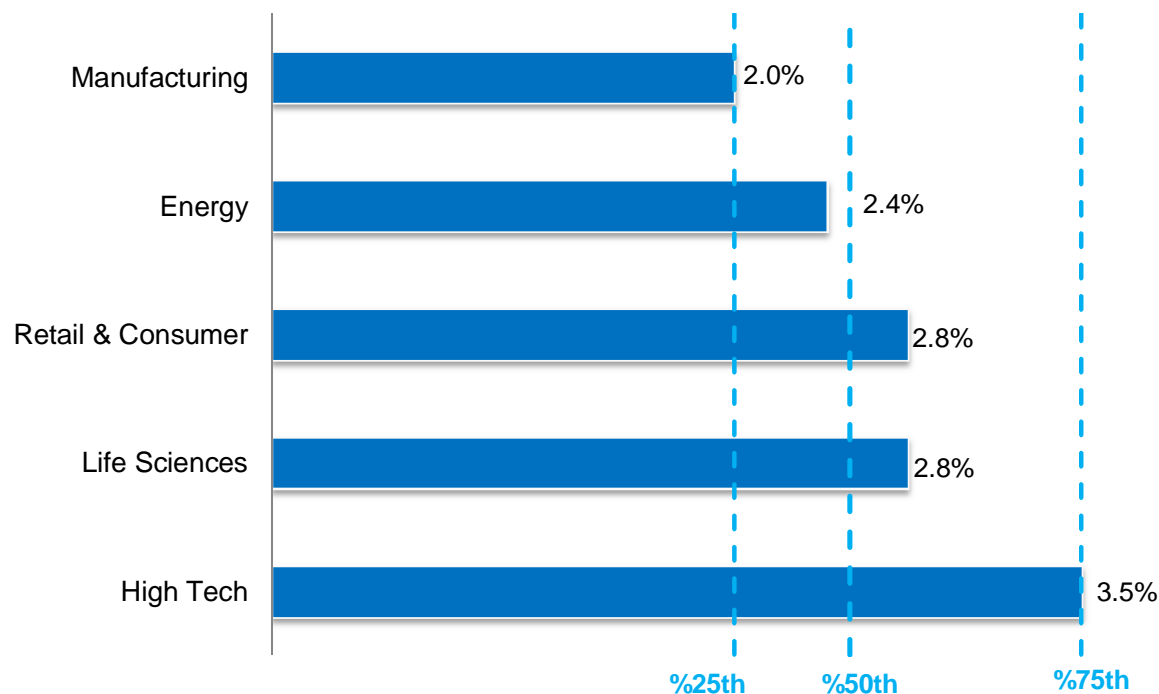


Level 4 increases

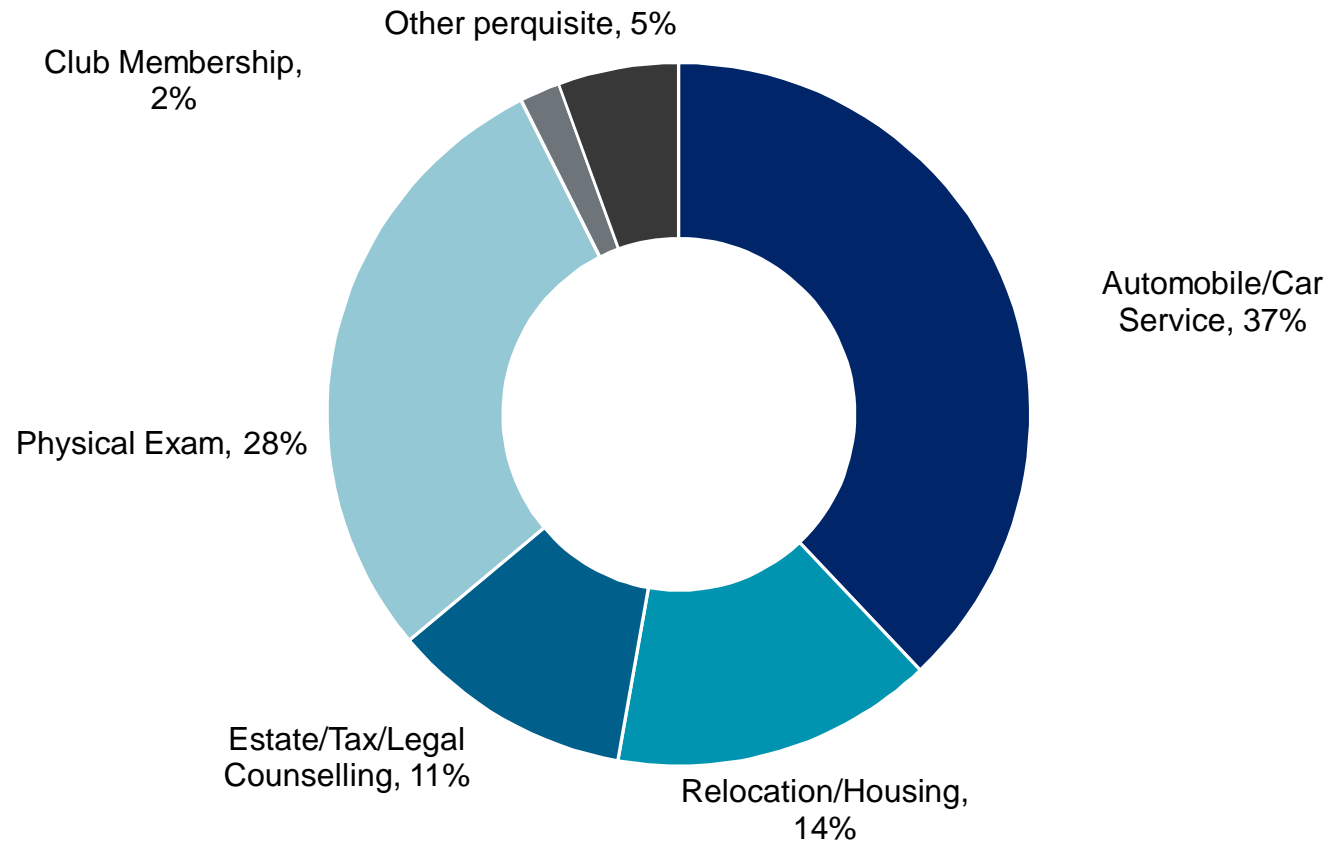


Source: Mercer Executive Remuneration Pulse Survey 2013-2016

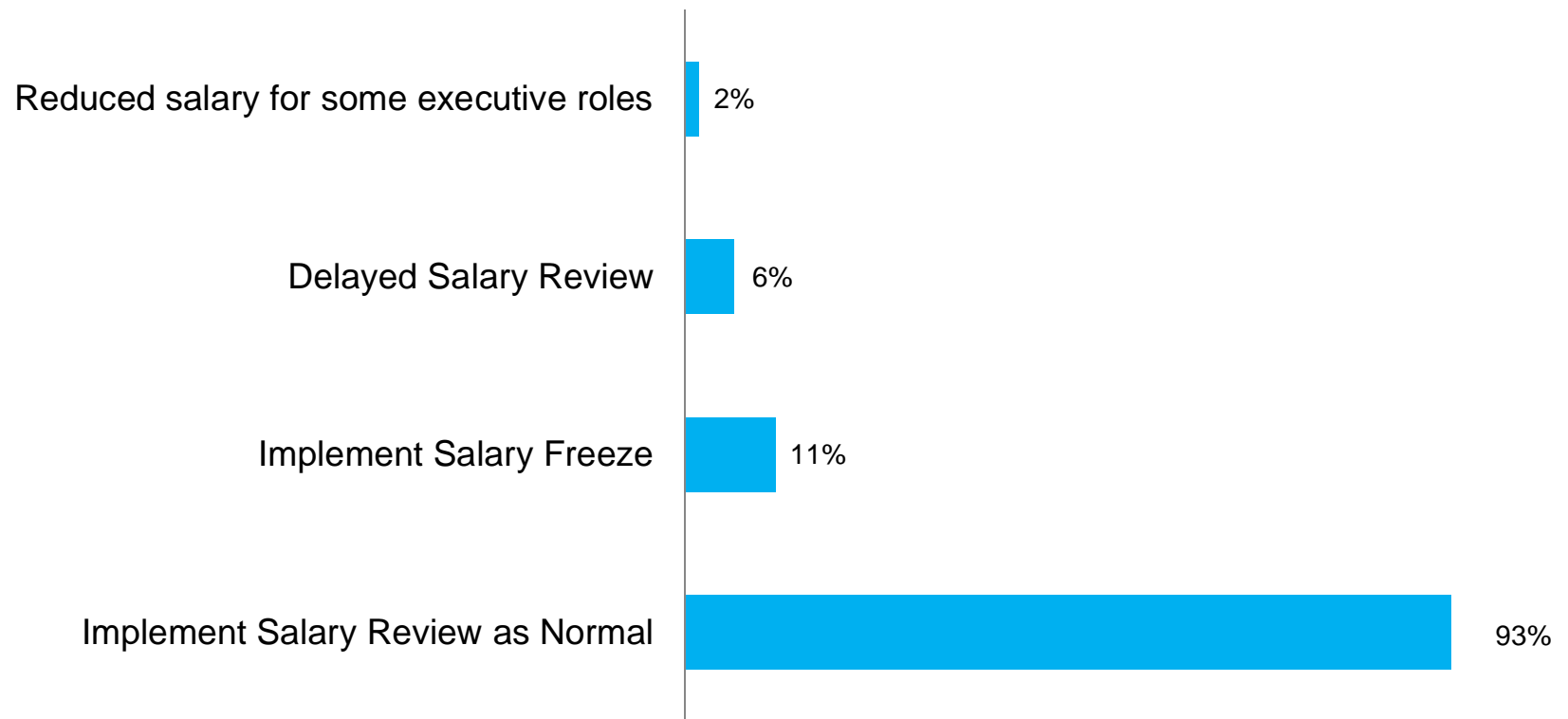
2016 CEO SALARY INCREASES BY SECTOR VS SURVEY MEDIAN AND QUANTILES



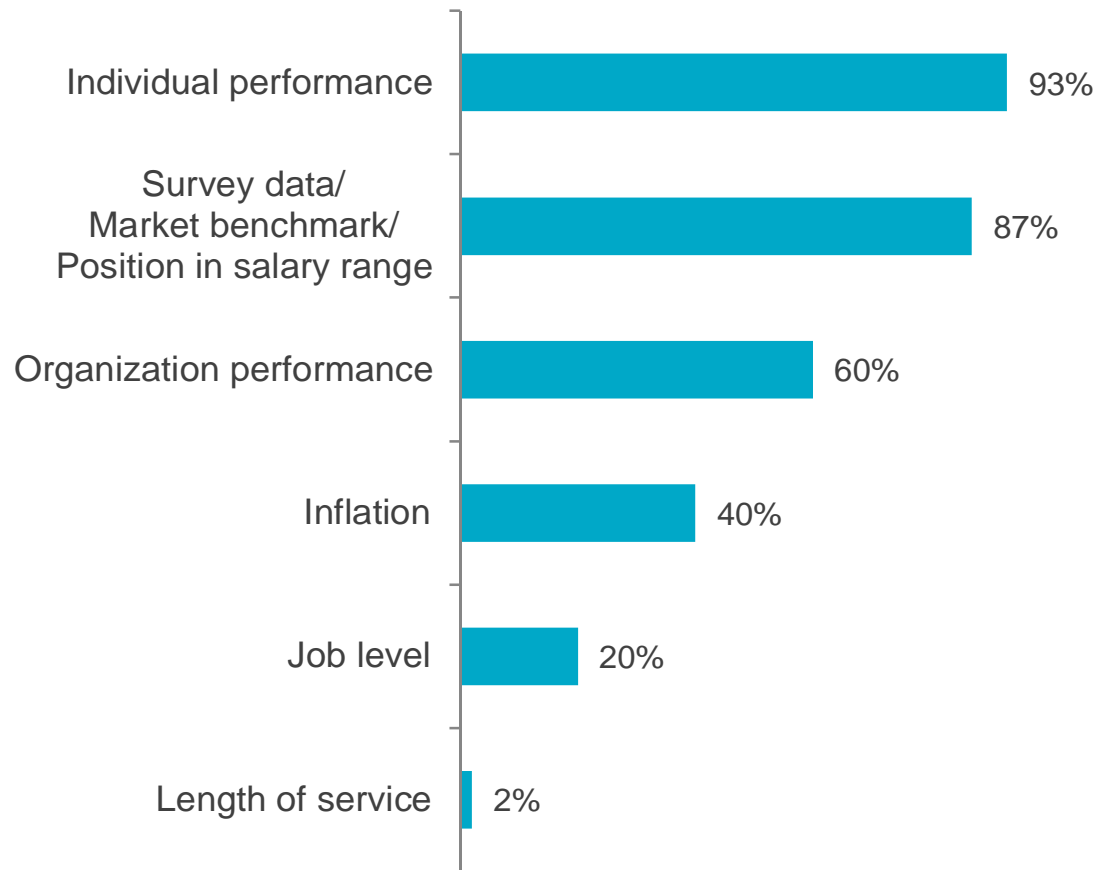
BREAKDOWN OF PERQUISITES PROVIDED TO EXECUTIVES



ACTIONS TAKEN BY ORGANIZATIONS FOR EXECUTIVE SALARY REVIEWS

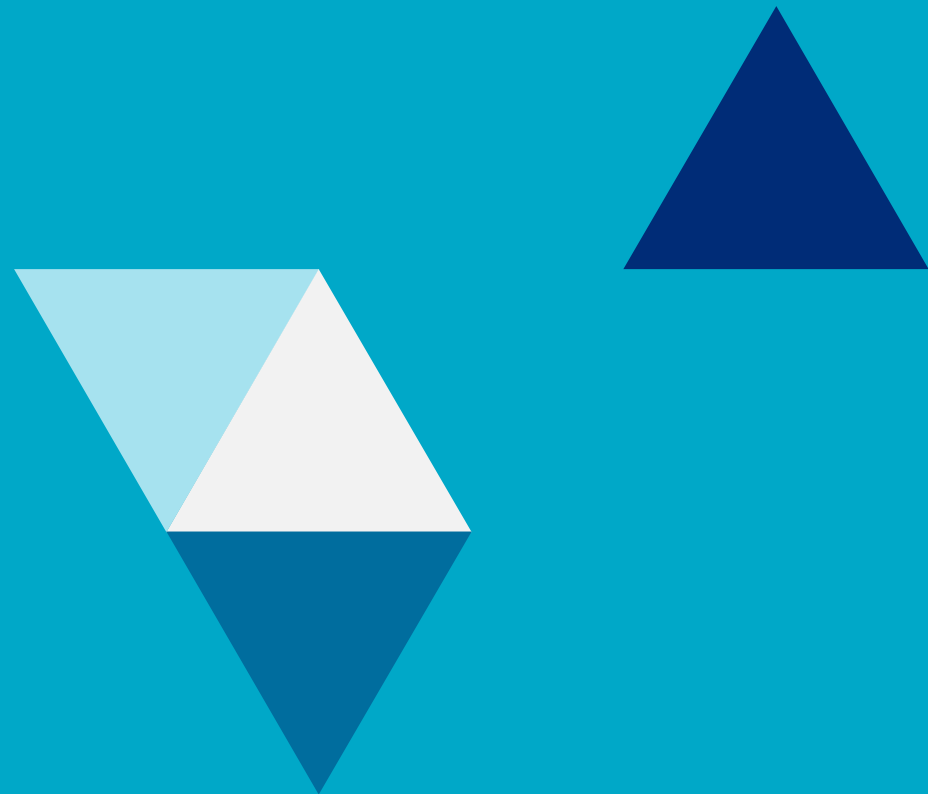


FACTORS DETERMINING SALARY INCREASES

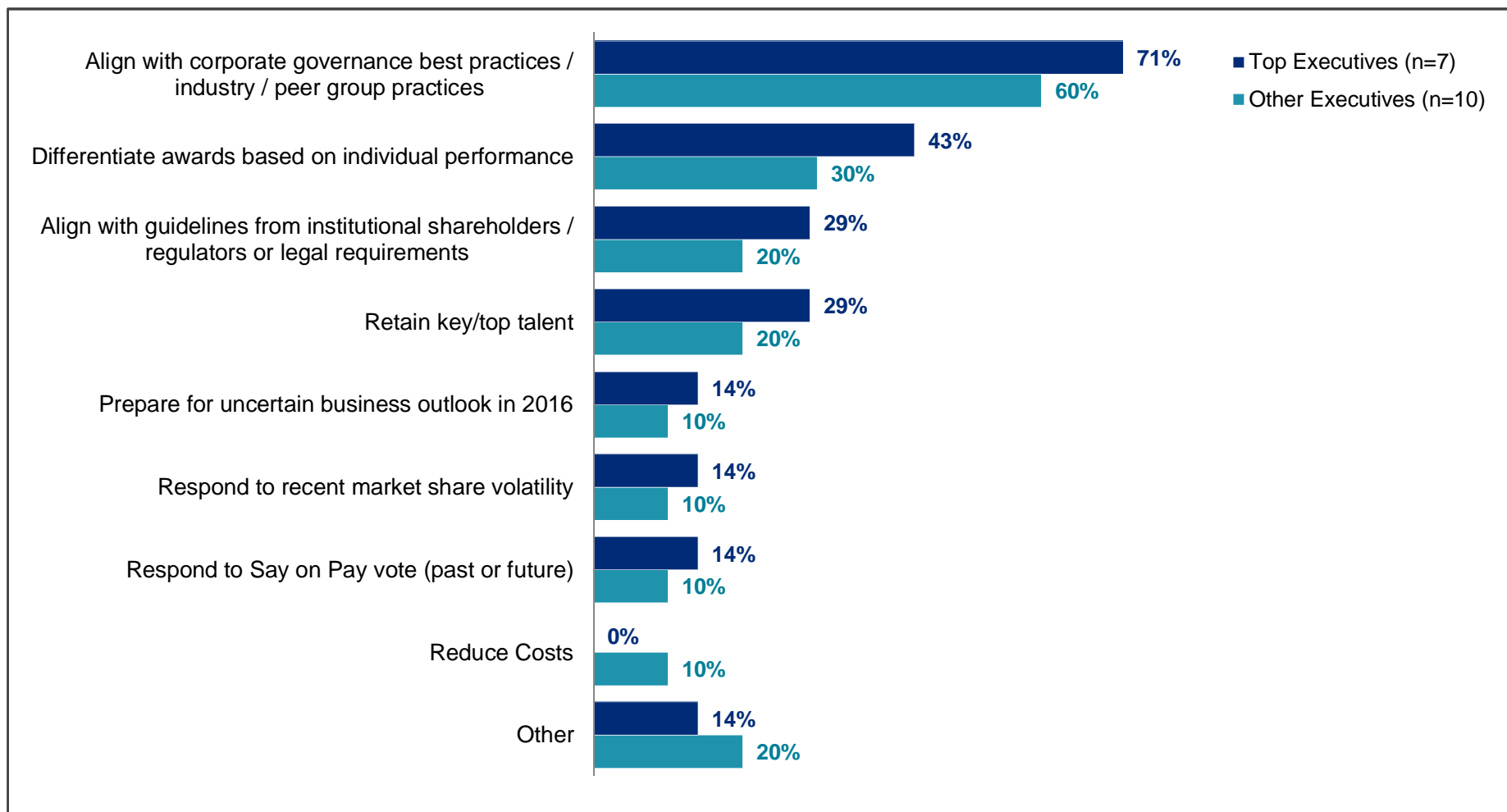


Source: Mercer Executive Remuneration Pulse Survey 2016

2016 MERG PULSE HIGHLIGHTS STI PROGRAMS



DRIVERS FOR MAKING CHANGES TO STI PROGRAMS



Source: Mercer Executive Remuneration Pulse Survey 2016

METHODS TO DETERMINE STI AMOUNT FOR 2016

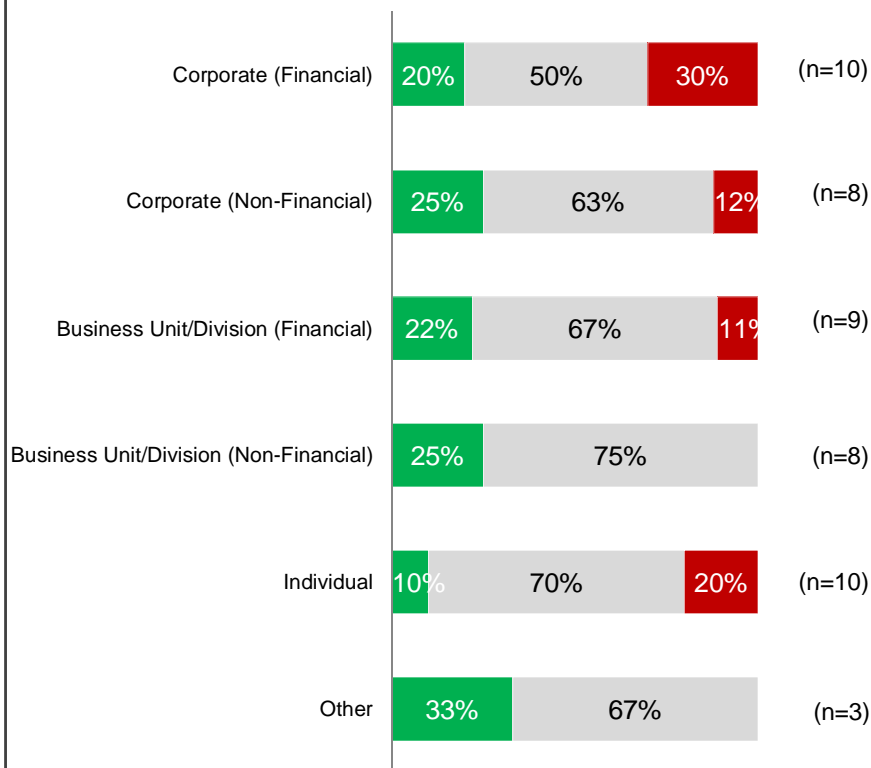
How do companies determine STI payment?	Top Executives			Other Executives		
	2014	2015	2016	2014	2015	2016
Payout will be determined solely by performance / results	86%	71%	92%	88%	74%	90%
Discretion (upward) may be used to determine actual payout	5%	13%	4%	4%	11%	0%
Discretion (downward) may be used to determine actual payout	3%	11%	4%	3%	11%	8%
Uncertain	7%	5%	0%	5%	5%	2%

Source: Mercer Executive Remuneration Pulse Survey 2014-2016

CHANGES TO PERFORMANCE MEASURES WEIGHTING 2016 VS. 2015

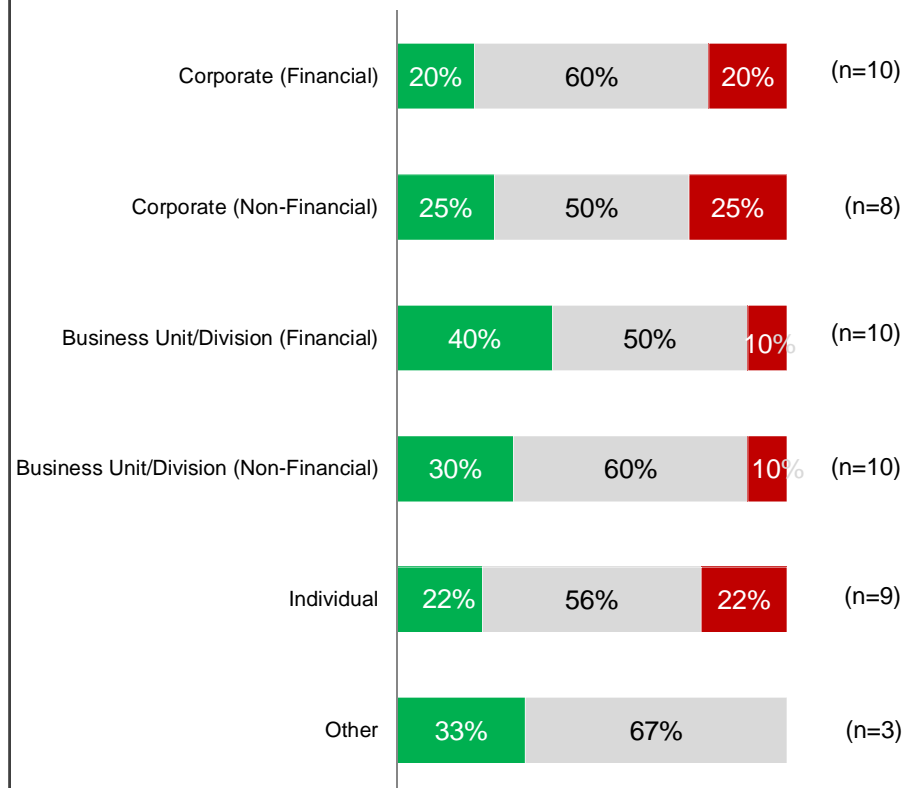
Top Executives

■ Increase ■ No Change ■ Decrease



Other Executives

■ Increase ■ No Change ■ Decrease



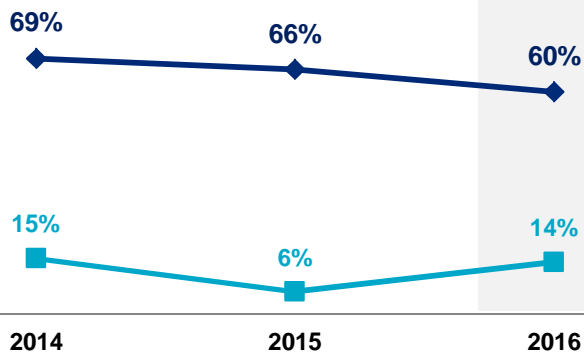
Source: Mercer Executive Remuneration Pulse Survey 2016

CHANGES TO THE FORM OF PAYOUTS UNDER STI PROGRAMS

Form of Payouts

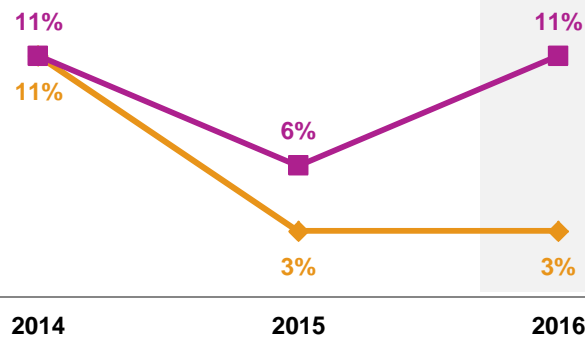
STI Payouts in Cash...

- Fully in Cash
- Partially in Cash



STI Payouts in Shares or Share Units...

- Voluntary Deferral of STI
- Mandatory % of STI Paid in Shares/Share Units



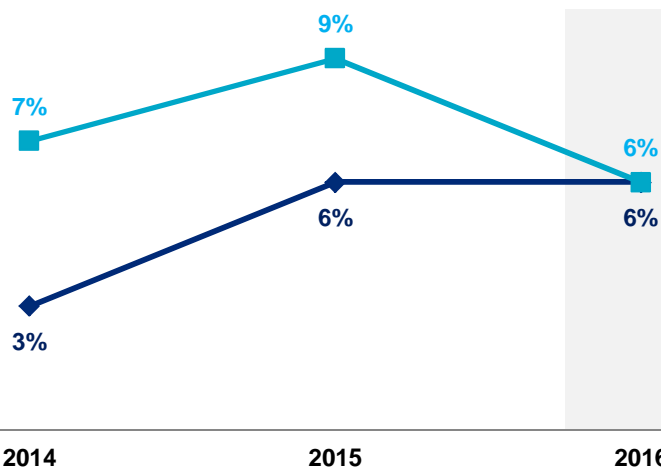
Source: Mercer Executive Remuneration Pulse Survey 2014-2016

CHANGES TO THE CONDITIONS OF PAYOUTS UNDER STI PROGRAMS

STI Payout Conditions

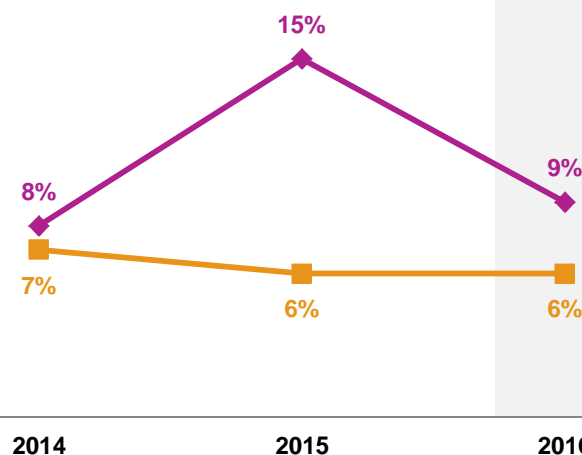
Performance Considerations in Conjunction with Mandatory Deferral

- Mandatory Deferral + Payout Subject to Future Performance
- Mandatory Deferral Only, Payout Not Subject to Future Performance



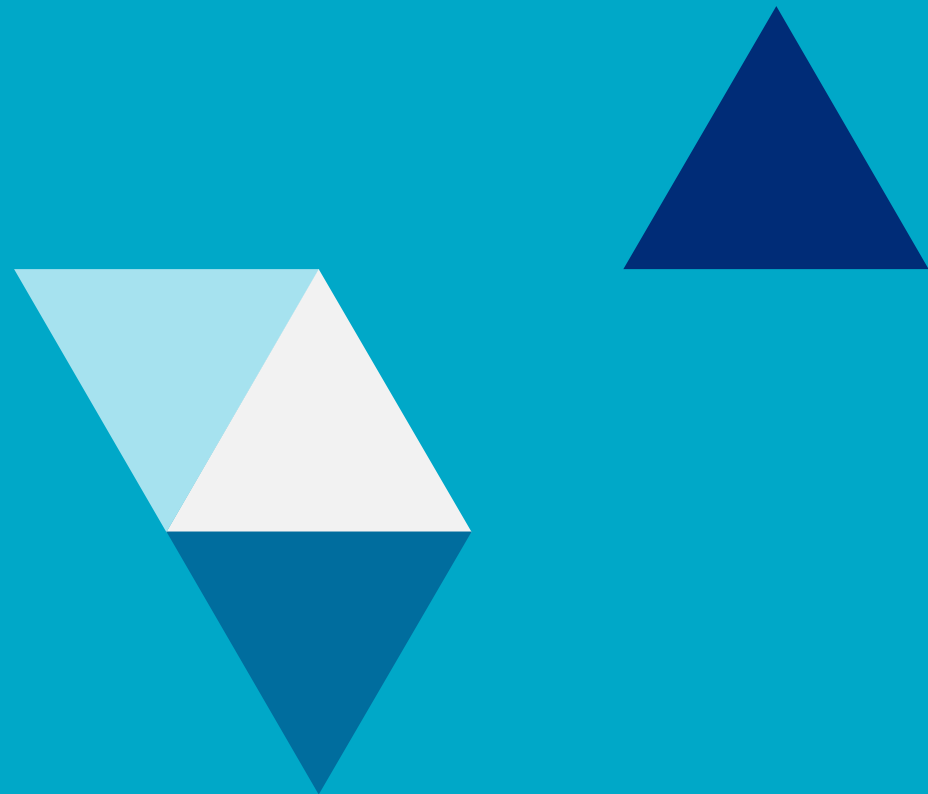
Malus and Clawback Provisions

- Introduction of Clawback Provision (after vesting)
- Introduction of Malus Conditions (prior to vesting)

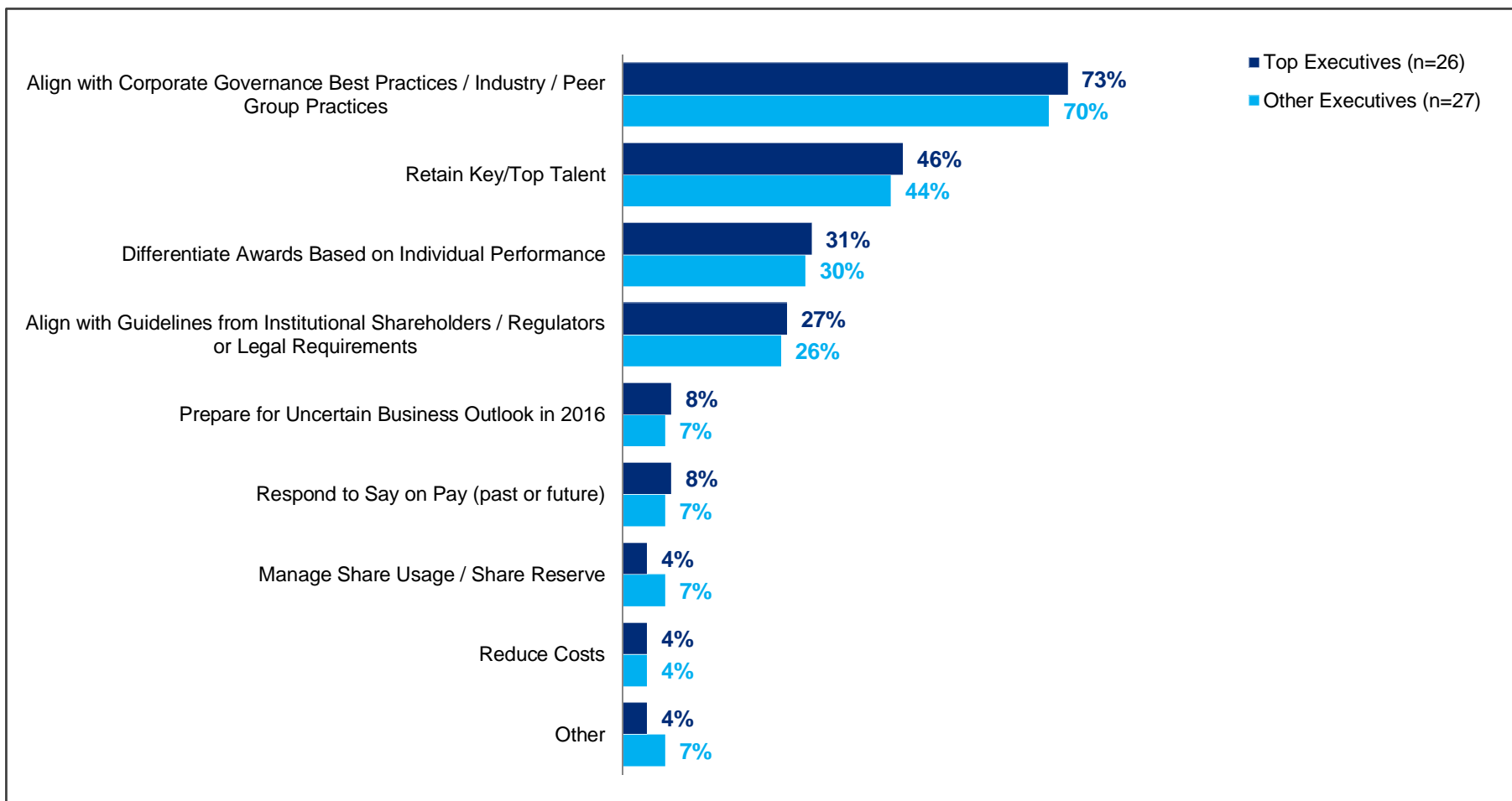


Source: Mercer Executive Remuneration Pulse Survey 2014-2016

2016 MERG PULSE HIGHLIGHTS LTI PROGRAMS










DRIVERS FOR MAKING CHANGES TO LTI PROGRAMS



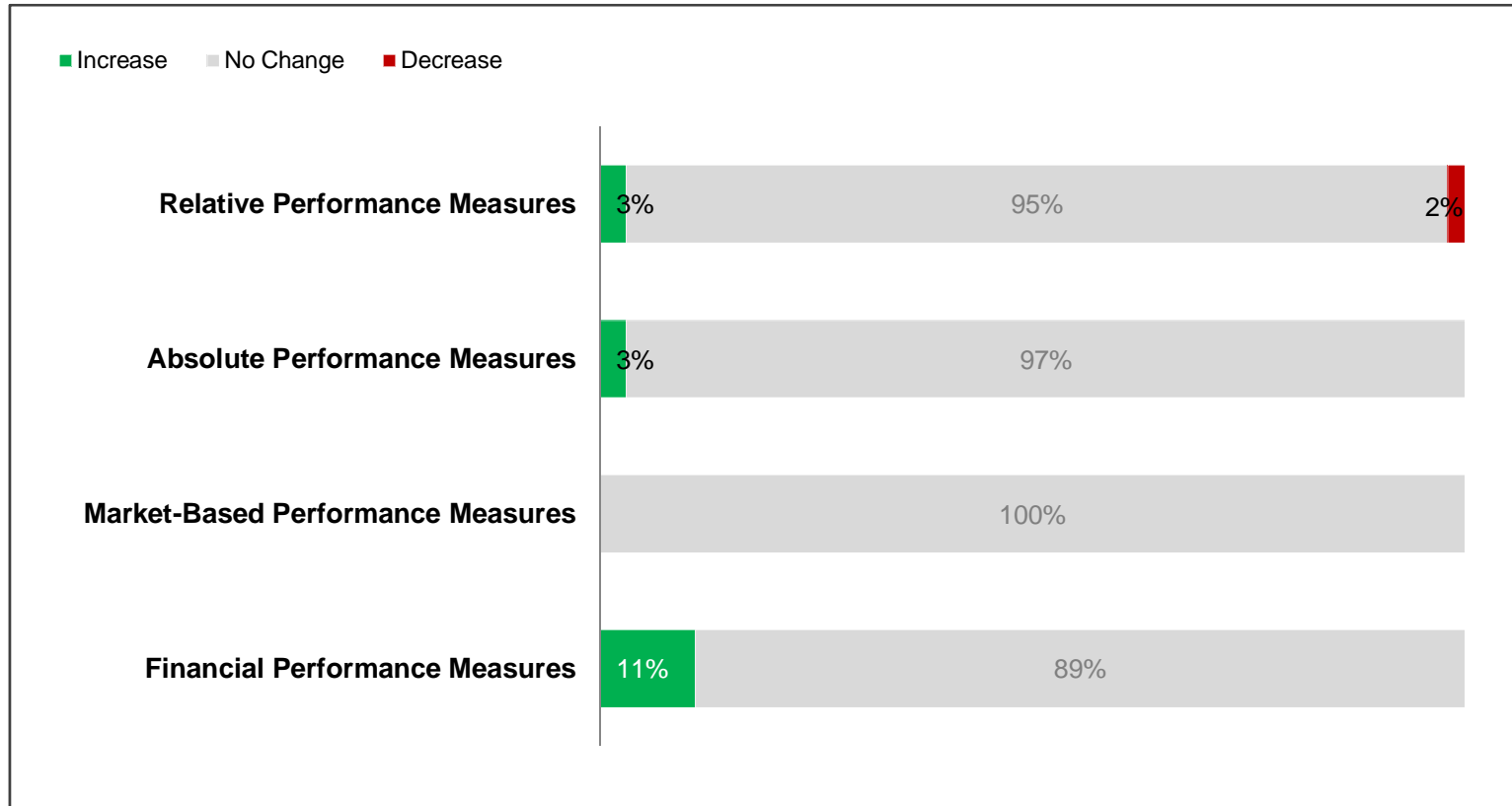
Source: Mercer Executive Remuneration Pulse Survey 2016

ACTIONS FOR MEASURES AND GOAL-SETTING IN PERFORMANCE SHARE/UNIT OR CASH LTI PROGRAMS

How are goals set for LTI programs?	2014	2015	2016	YoY Trend
Use 1 or 2-year performance goal(s) followed by time-based vesting to the end of the full performance cycle	15%	8%	14%	
Use a series of 1-year performance goals that are set each year , with payouts at the conclusion of the full performance cycle	14%	9%	3%	
Use multi-year performance goal(s) that is (are) fixed for the duration of the performance cycle	21%	37%	24%	
Use a mix of 1-year and multi-year performance goals	7%	9%	0%	
Change measures used (e.g., add, subtract or refine)	32%	5%	13%	
Extend performance cycle (e.g. increase from 3 to 4 years)	5%	9%	6%	
Other	6%	6%	8%	

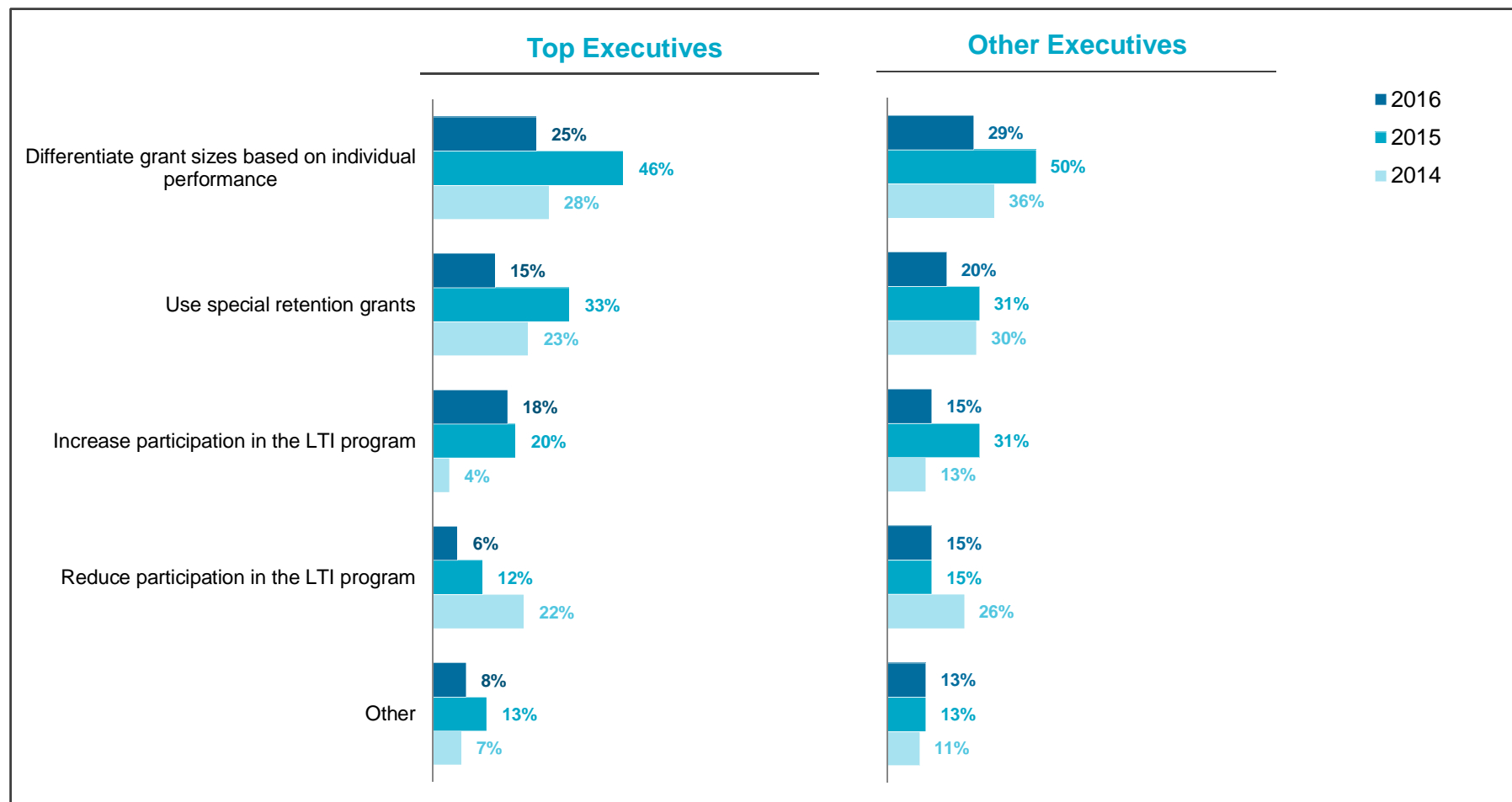
Source: Mercer Executive Remuneration Pulse Survey 2014-2016

CHANGES TO PERFORMANCE MEASURES WEIGHTING 2016 VS. 2015



Source: Mercer Executive Remuneration Pulse Survey 2016

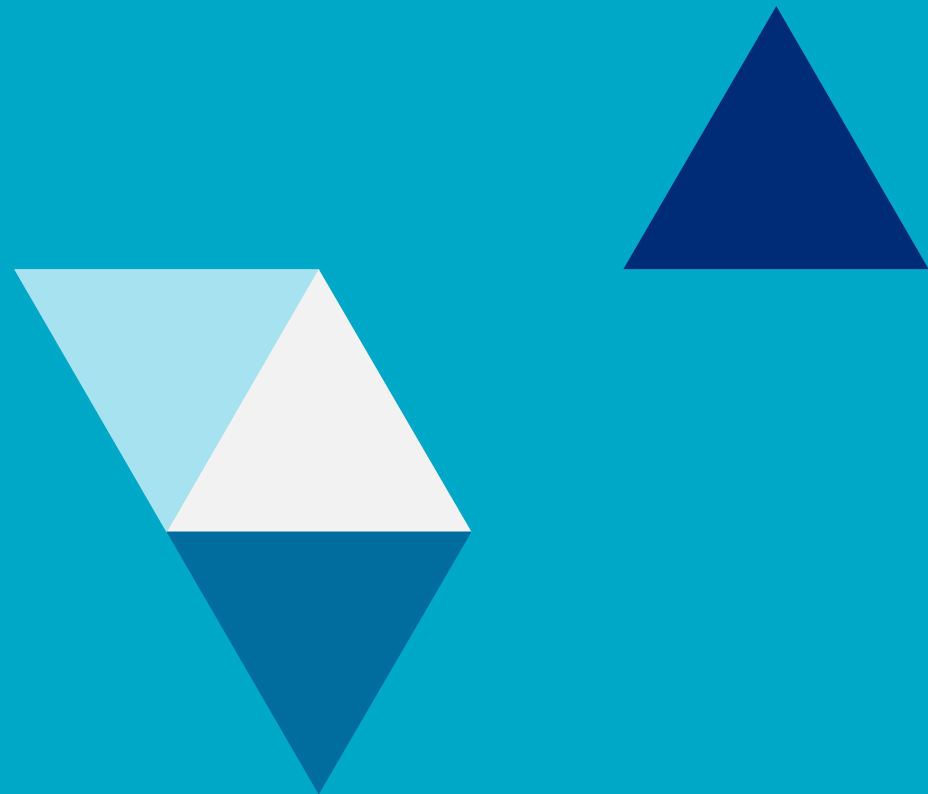
ACTIONS TAKEN BY ORGANIZATIONS WITH RESPECT TO LTI GRANTS IN 2016



Source: Mercer Executive Remuneration Pulse Survey 2016

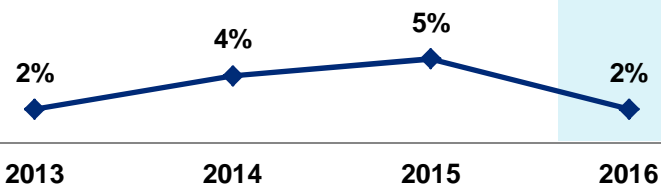
2016 MERG PULSE HIGHLIGHTS

PAY MIX AND NEW MODELS

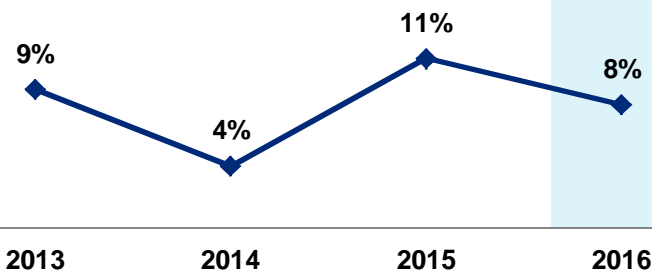


CHANGES OF PAY COMPONENTS' SHARE IN TOTAL REMUNERATION

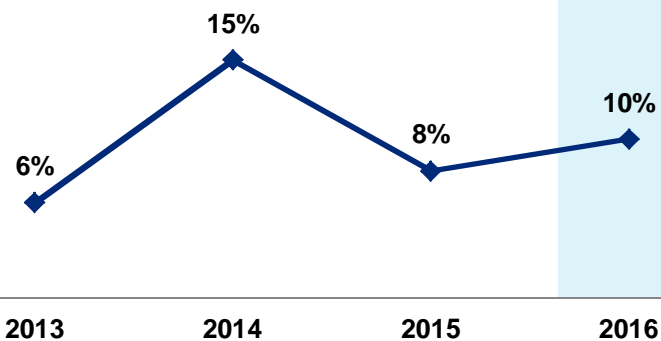
Increased the weight of base salary



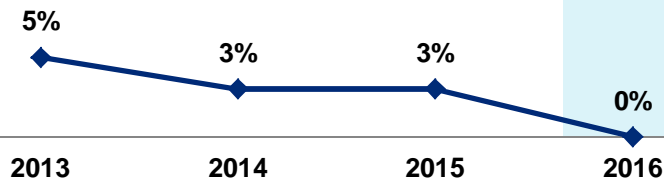
Increased the weight of bonus



Increased the weight of LTI

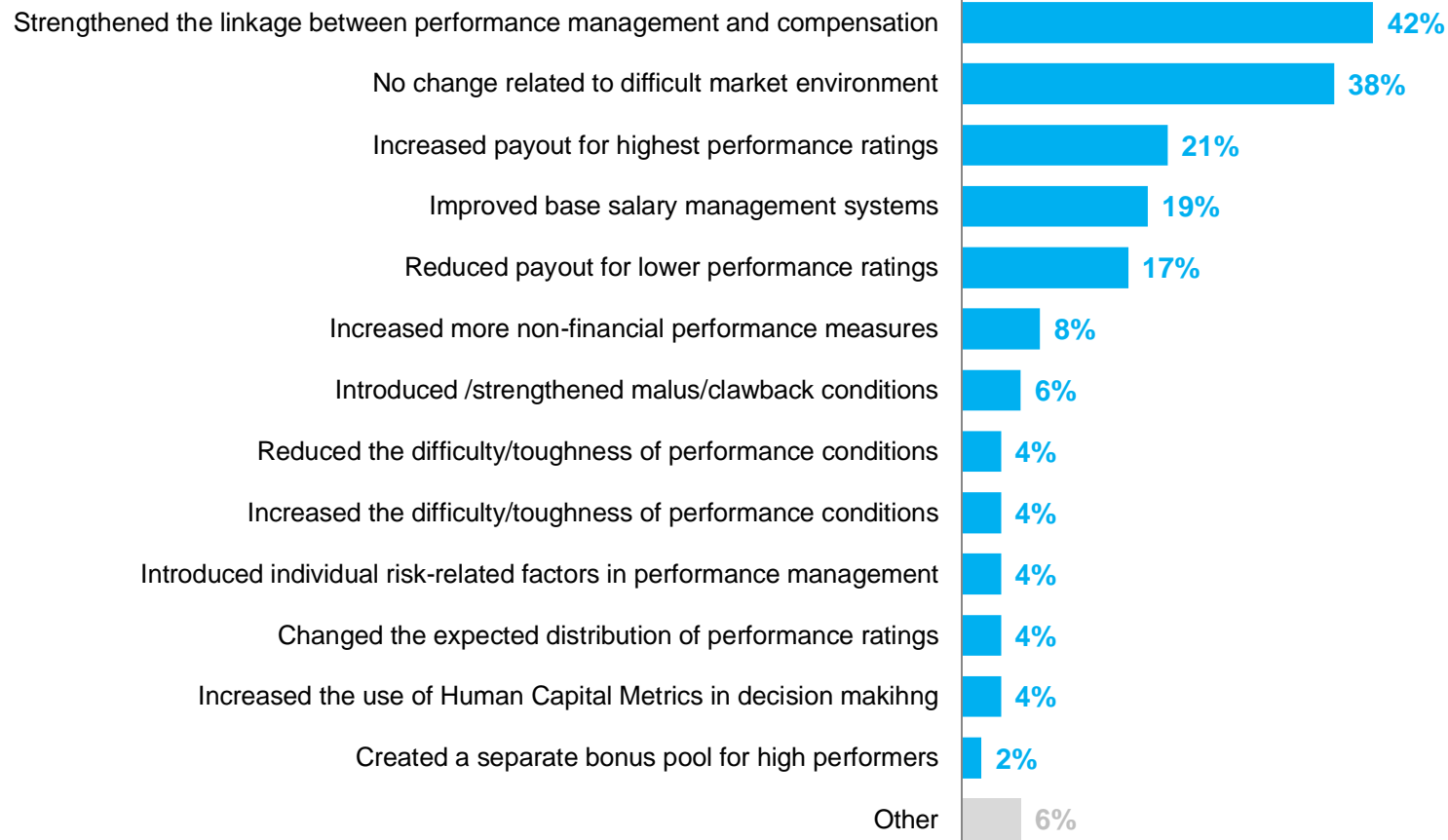


Increased the weight of benefits



Source: Mercer Executive Remuneration Pulse Survey 2013-2016

NEW MODELS USED TO DEAL WITH EXECUTIVE COMPENSATION



Source: Mercer Executive Remuneration Pulse Survey 2016

QUESTIONS?



MARK HOBLE
European Executive
Rewards Practice Leader

+44 20 7178 5725
mark.w.hoble@mercer.com



CYRILLE VANOYE
Executive Rewards
Consultant

+44 20 7178 5104
cyrille.vanoye@mercer.com

Questions

Please type your questions in the Q&A section of the toolbar and we will do our best to answer as many questions as we have time for.

To submit a question while in full screen mode, use the Q&A button on the bottom right-hand side of your screen.

To submit a question while in half screen mode, use the Q&A panel on the bottom right-hand side of your screen.



Click here to ask a question to "All Panelists"

Feedback

Please take the time to fill out the feedback form at the end of this web briefing so we can continue to improve. The feedback form will pop-up in a new window when the session ends.

**MAKE
TOMORROW
TODAY**

