

# EXECUTIVE COMPENSATION 2020: Topics Arising from Recent Disruptions

October 29, 2020

WEBINAR  
SERIES

# ICD



Institute of Corporate Directors  
Institut des administrateurs de sociétés

HUGESSEN  
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## AGENDA

1. 2020 - What has happened so far?
2. Discussions Boards should be having now: preparing for year-end
3. Stakeholder Communication
4. Goal setting for FY21
5. ESG and Diversity & Inclusion
6. Q&A

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## Joanne Ferstman

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Chair of Board, DREAM  
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Lead Director, Member of HRCC,  
Osisko Gold Royalties

Chair of Audit Committee,  
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Member of HRCC, ATS  
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## Jennifer Koury

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Chair of Compensation  
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Global Innovation Coalition  
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Ex-Executive at  
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2020 – what  
actions have  
taken place so  
far?

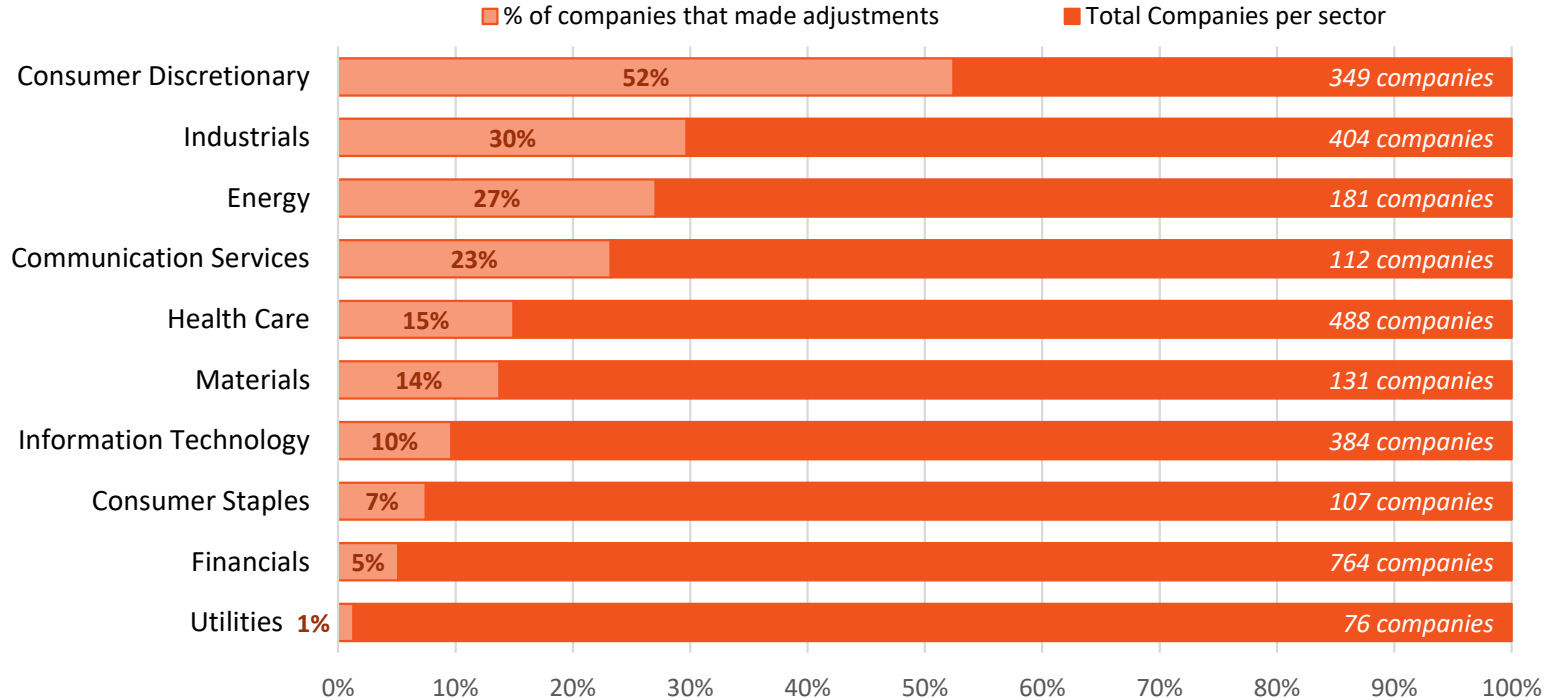




## What conversations have already happened?

- Context matters – wide range of impacts across the economy, with consequent breadth of actions to date across industries
- Mostly ‘wait & see’ – here’s why
- Exceptions: for example, a non-December year-end perspective

# Compensation Adjustments Across Industries



CGLytics study of the Russell 3000 and adjustments made to executive and director compensation (as of May 31, 2020)



## What actions has your company taken in 2020?

- a) Cut salaries – 28%
- b) Cut pay for board members – 24%
- c) Adjusted in-year bonus program – 22%
- d) Adjusted in-year LTIP - 7%
- e) “Wait and see” – 38%
- f) Did nothing – 27%



## What conversations have already happened?

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Discussions  
Boards should  
be having  
now



## Preparing for Year-end

- Wait & See period is nearing an end – soon it's time for decisions
- More robust year-end process, including
  - More deliberate planning of meetings between CC and management
  - More than typical information and analyses needed
- Key principles and other factors/considerations
  - Balancing pay-for-performance in a highly disrupted environment
  - Possible use of discretion or informed judgement
  - For whom? And mechanisms?



With respect to the possible use of discretion at year-end for incentive payouts (STIP or LTIP), which best describes your company's current position?

- a) Too early to tell – 42%
- b) Not likely to exercise any discretion – 13%
- c) Likely to exercise positive discretion – 23%
- d) Likely to exercise negative discretion – 21%



For those where positive discretion may get exercised, which of the following is more likely?

- a) One team approach (i.e., all executives will be eligible in proportion to their respective pay framework) – 22%
- b) Differentiated approach (i.e., middle and lower level executives may get proportionately more of the benefit from positive discretion) – 17%
- c) n/a – 61%

## Stakeholder Communication

- Proxy advisors and shareholder sentiment
- Importance of internal messaging
- Shareholder engagement
- Building trust and transparency between Board and Management

## Goal Setting for FY21

- Disruption will continue for many, but not all
- If and how to adjust incentive plans?
- Principles and practicalities at play:
  - Affordability
  - Landing zones, and same multipliers as ‘normal’?
  - Metrics – inclusion of non-financial metrics?
  - Re-thinking program STIP and LTIP designs; when?



# 4

Given the impacts of 2020 on compensation, is your organization contemplating any change to:

- a) STIP formula/scorecard/framework – 36%
- b) LTIP mix for C-suite – 15%
- c) LTIP vehicles (e.g., options, PSU's, RSUs, etc.) – 13%
- d) Peer group – 6%
- e) Overall compensation philosophy – 32%
- f) N/A – 39%



# Evolution of ESG, D&I, etc.







## ESG and Diversity & Inclusion

- ESG
- Diversity and Inclusion

# Question & Answer



FOR MORE INFORMATION, PLEASE CONTACT:

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