



**BUSINESS
SCHOOL**



CEO REMUNERATION STUDY 2016

EXECUTIVE REMUNERATION RESEARCH CENTRE

WHAT'S NEW ABOUT THIS YEAR'S EDITION?


- Sweden included
- Banks & financial services included
- Market capitalisation as measure of firm size (instead of total assets)
- Bonus deferral operationalised and included
- CEO remuneration in high performing firms: what is different?

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SAMPLE

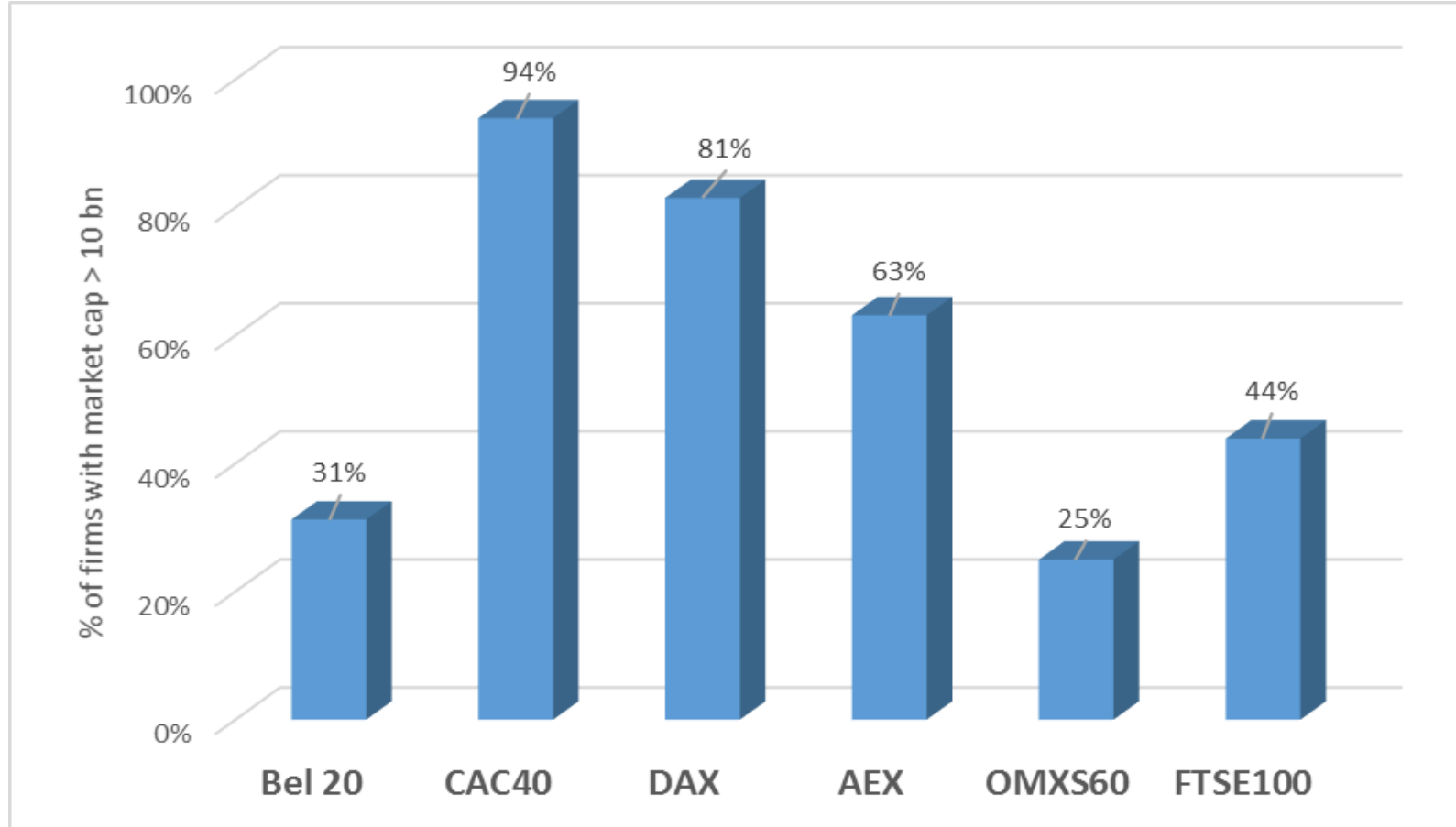
SAMPLE – NUMBER OF FIRMS PER STOCK MARKET INDEX

Belgium	Bel 20	20
	Bel Mid	32
	Bel Small	28
France	CAC 40	39
	CAC Mid	59
	CACS	184
Germany	DAX	30
	MDAX	45
	SDAX	50
Netherlands	AEX	24
	AMX	22
	AScX	25
Sweden	OMXS60	55
UK	FTSE100	100



Nano cap:	< 50 m
Micro cap:	50-300 m
Small cap:	300 m – 2 bn
Mid cap:	2 bn – 10 bn
Big cap:	10 bn – 200 bn
Mega cap:	+200 bn

FIRM SIZE IN LARGEST STOCK MARKET INDEXES PER COUNTRY – MARKET CAP > 10 BN



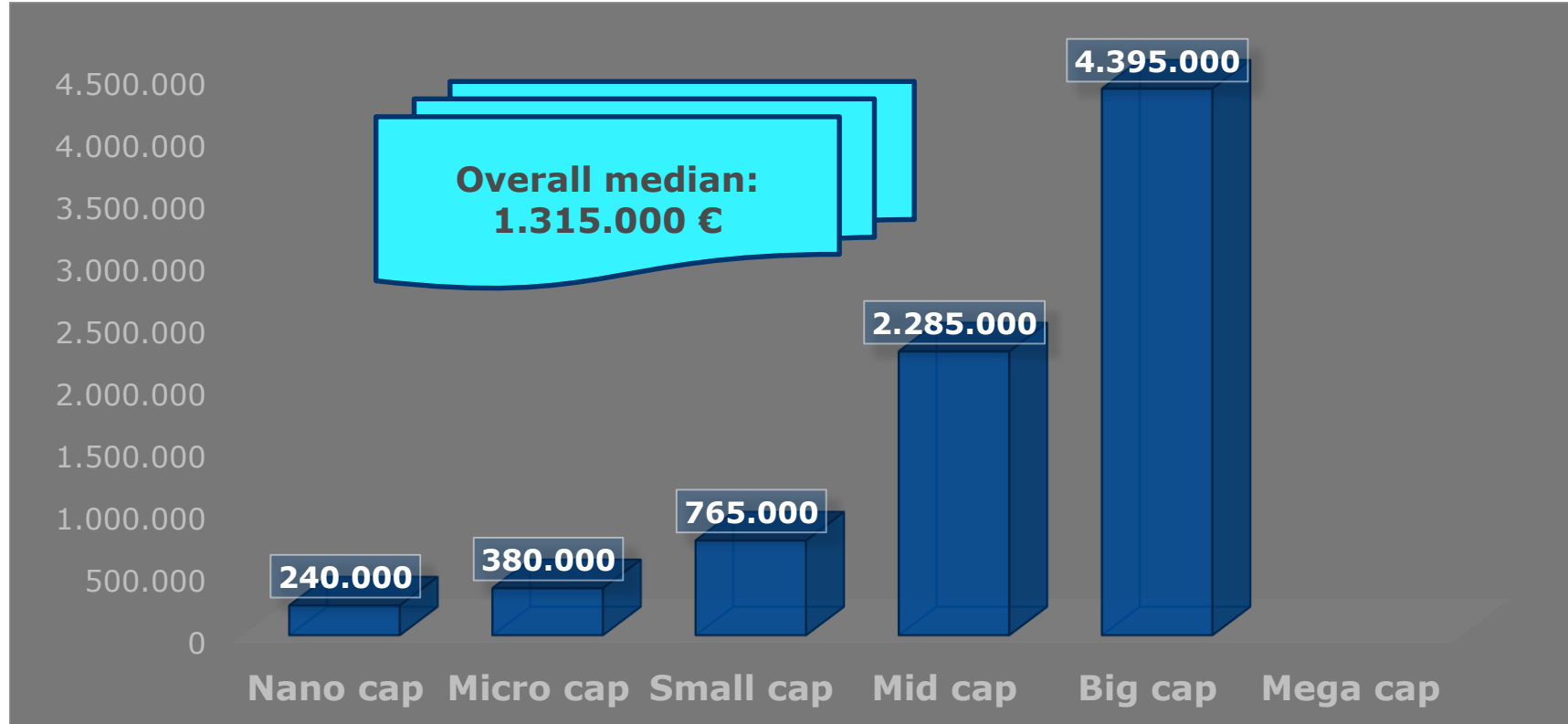
DEFINITIONS

- **Total remuneration =**
 - Fixed remuneration +
 - Short-term incentives ('bonus') +
 - Long-term incentives
- **Contribution in pension plan**

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TOTAL REMUNERATION AND ITS COMPOSITION

TOTAL REMUNERATION – MARKET CAP



THE DATA:

TOTAL REMUNERATION & PENSION CONTRIBUTION

		Total rem.	Fixed rem.	Short-term incentives	Long-term incentives	Pension contribution
<u>Belgium</u>	Bel 20	1.655.000	710.000	422.000	910.000	170.000
	Bel Mid	675.000	440.000	285.000	140.000	80.000
	Bel Small	575.000	405.000	145.000	65.000	40.000
<u>France</u>	CAC 40	4.180.000	1.100.000	1.395.000	1.945.000	220.000
	CAC Mid	1.965.000	707.000	640.000	1.060.000	15.000
	CACS	355.000	250.000	130.000	308.000	15.000
<u>Germany</u>	DAX	3.960.000	1.300.000	1.310.000	1.735.000	640.000
	MDAX	2.075.000	765.000	630.000	595.000	315.000
	SDAX	1.090.000	500.000	350.000	410.000	70.000
<u>Netherlands</u>	AEX	2.965.000	930.000	920.000	1.310.000	185.000
	AMX	1.105.000	600.000	350.000	400.000	65.000
	AScX	645.000	375.000	180.000	150.000	50.000
<u>Sweden</u>	OMXS60	1.740.000	995.000	510.000	440.000	335.000
<u>UK</u>	FTSE100	4.440.000	1.170.000	1.430.000	2.250.000	152.000

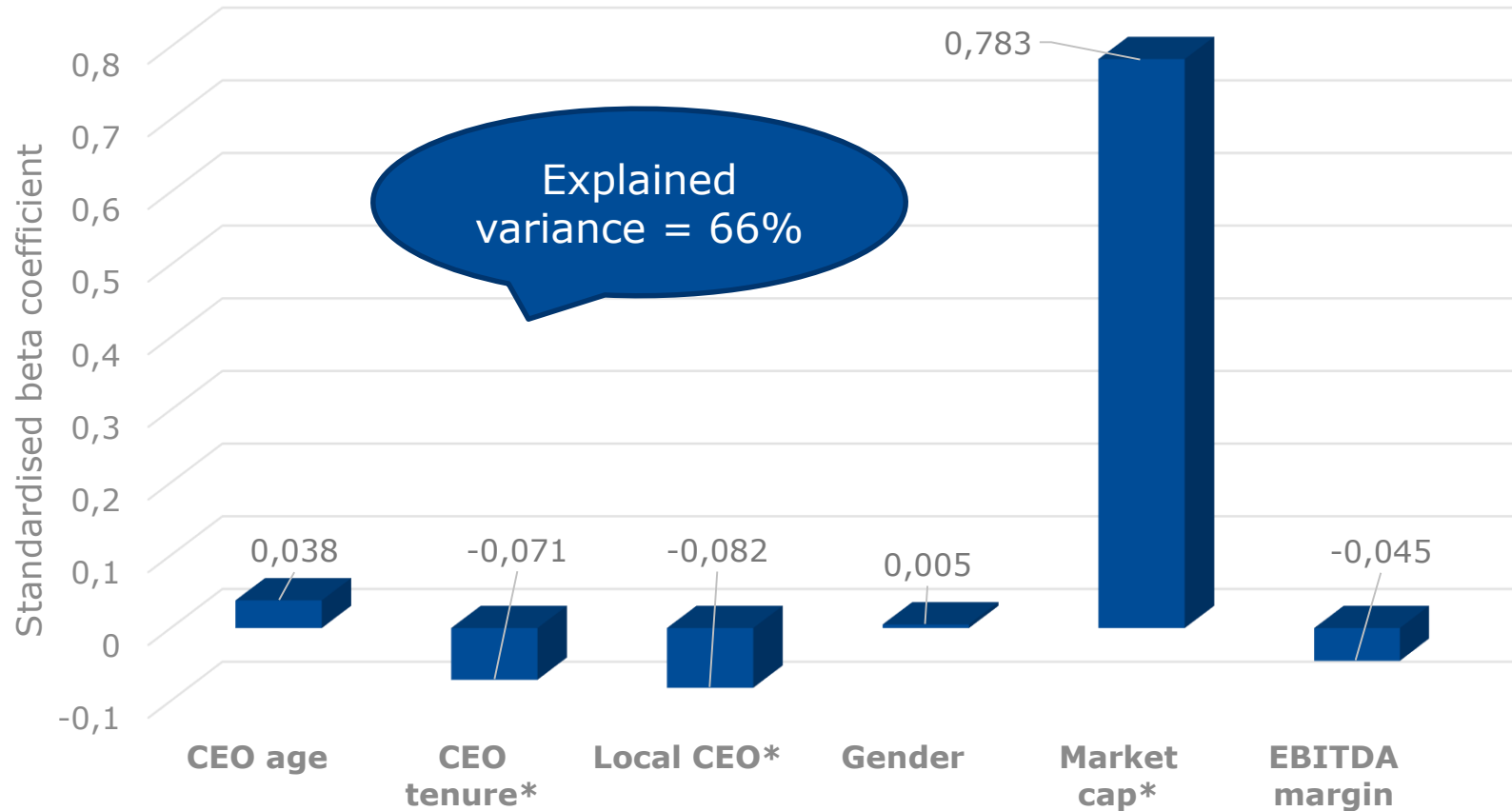
TOTAL REMUNERATION – MARKET CAP

	2014	2015	Delta
Bel 20	1.610.000	1.655.000	+
Bel Mid	755.000	675.000	-
Bel Small	605.000	575.000	-
CAC 40	3.510.000	4.180.000	++
CAC Mid	1.790.000	1.965.000	++
CACS	330.000	355.000	+
DAX	4.790.000	3.960.000	--
MDAX	2.010.000	2.075.000	+
SDAX	980.000	1.090.000	+
AEX	3.360.000	2.965.000	--
AMX	1.020.000	1.105.000	+
AScX	625.000	645.000	+
OMXS60		1.740.000	
FTSE100	4.050.000	4.440.000	++

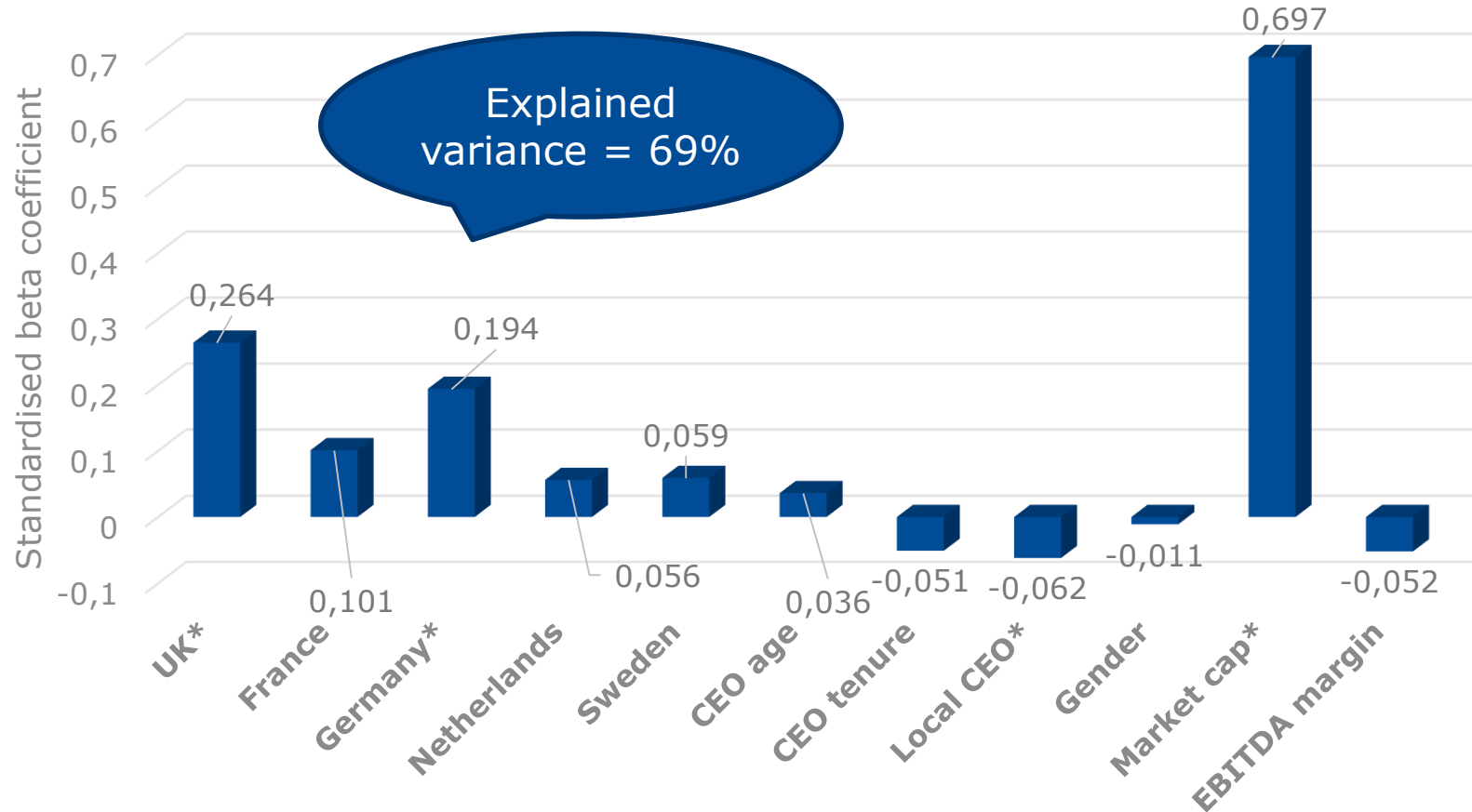
COMPARING TOTAL REMUNERATION – 3 GROUPS BASED ON MARKET CAPITALISATION

	300m–1 bn Small cap	1 bn–3 bn Small-Mid cap	3bn-10bn Mid cap	10 bn–50 bn Big cap
B	670.000 (24)	725.000 (18)	1.850.000 (7)	3.655.000 (5)
F	565.000 (57)	1.465.000 (26)	2.330.000 (29)	3.860.000 (29)
D	1.000.000 (21)	1.520.000 (34)	2.110.000 (28)	4.145.000 (20)
NL	760.000 (10)	1.170.000 (17)	2.130.000 (9)	3.040.000 (10)
S		890.000 (14)	1.910.000 (20)	2.545.000 (11)
UK			3.620.000 (45)	6.175.000 (25)

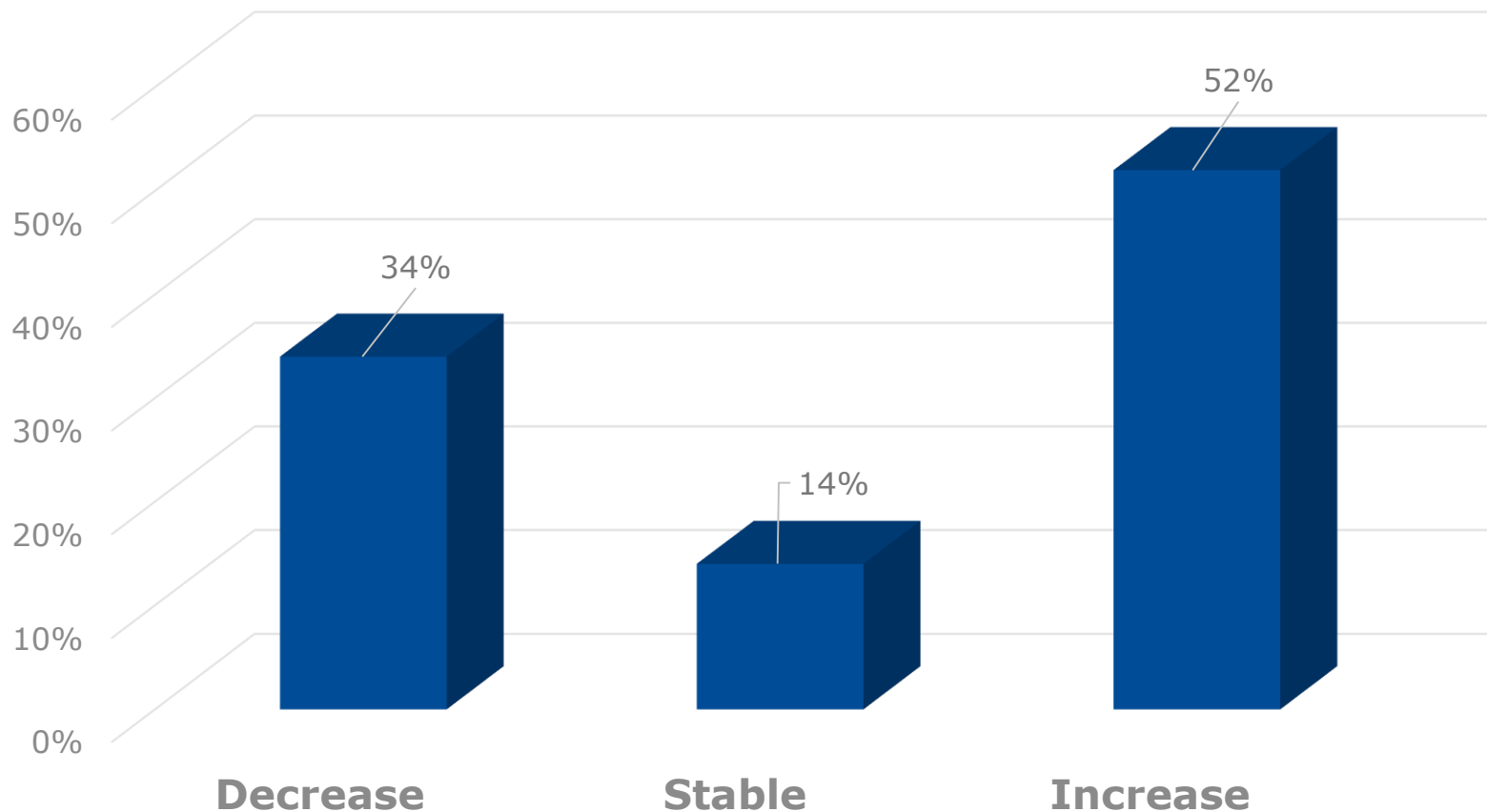
WHAT DRIVES TOTAL REMUNERATION?



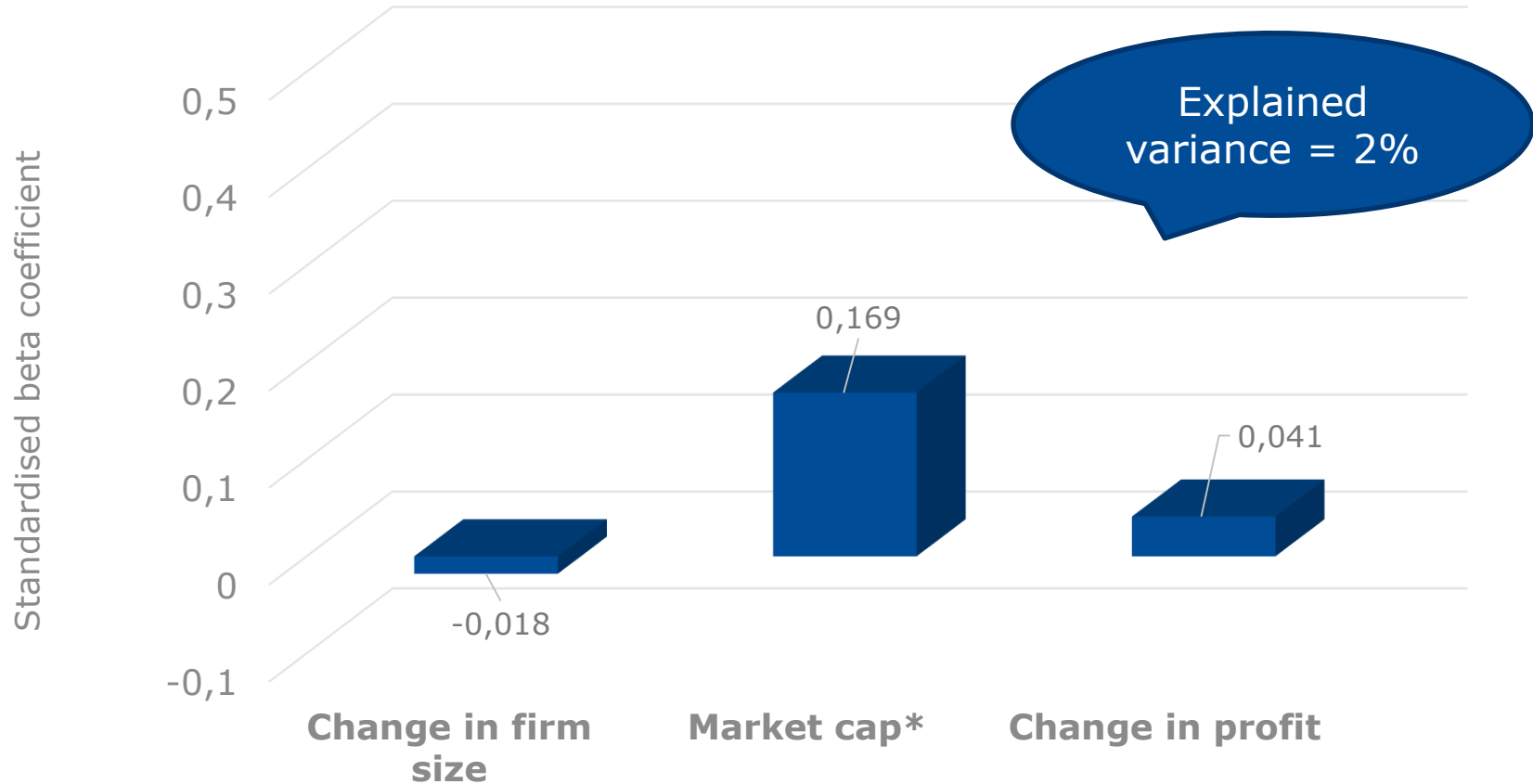
WHAT DRIVES TOTAL REMUNERATION? A VIEW FROM BELGIUM



EVOLUTION IN TOTAL REMUNERATION

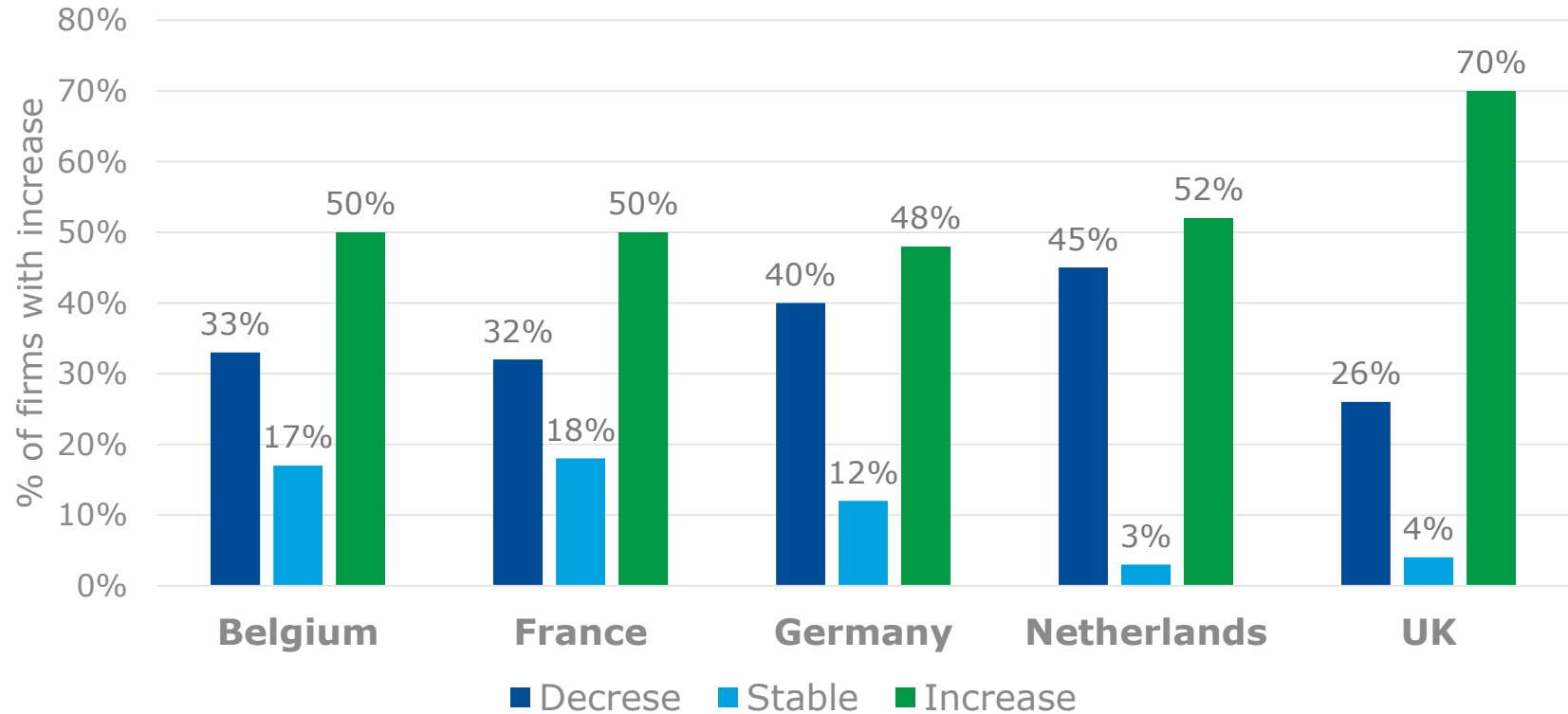


WHAT DRIVES EVOLUTION IN TOTAL REMUNERATION?



EVOLUTION IN TOTAL REMUNERATION

COUNTRY DIFFERENCES – MATCHED SAMPLE



CEO REMUNERATION STRUCTURE

PERCENTAGE FIXED IN TOTAL REMUNERATION

Belgium

(67%)

France

(65%)

Sweden

(59%)

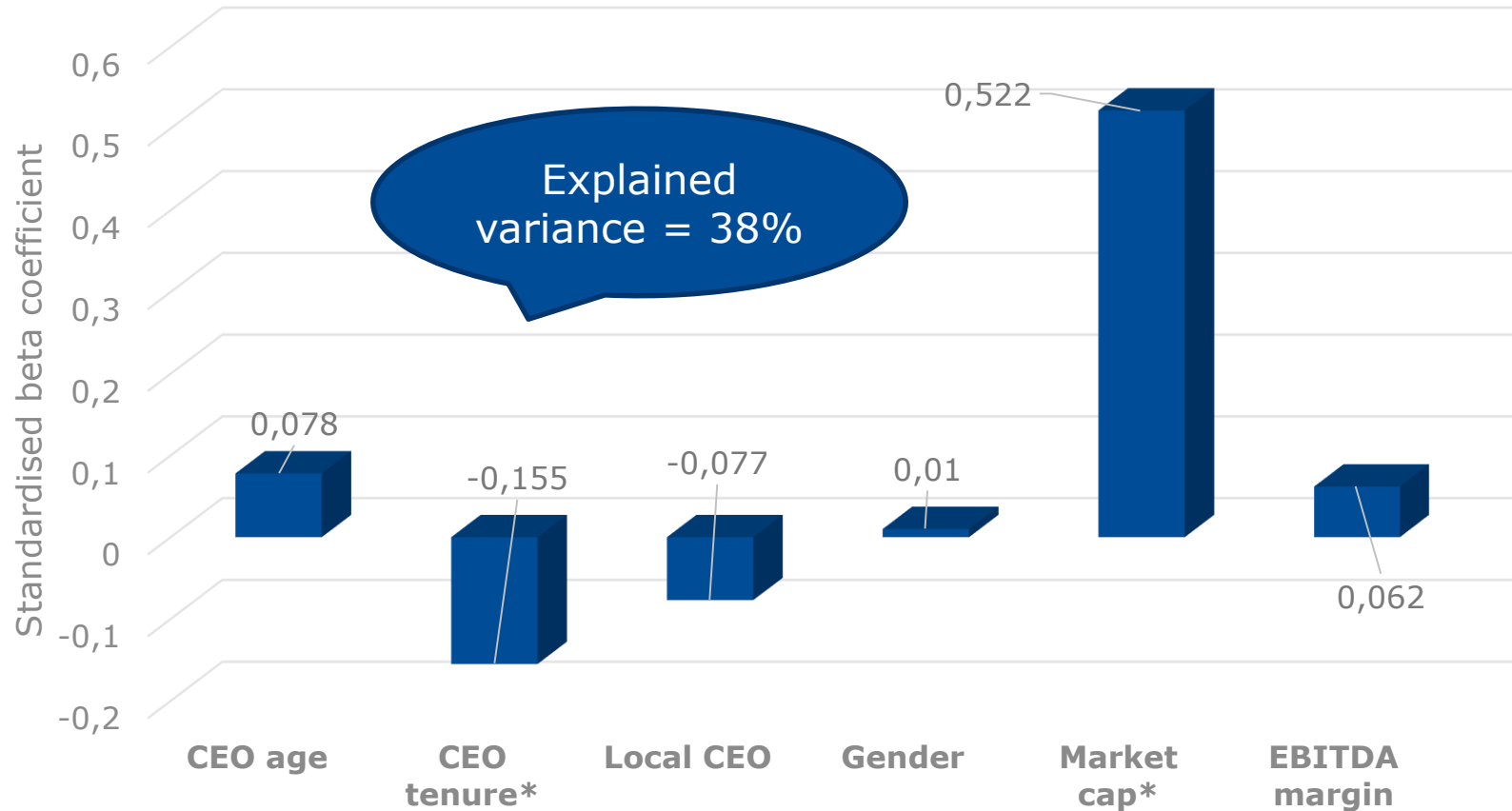
**Nether-
lands** (47%)

Germany

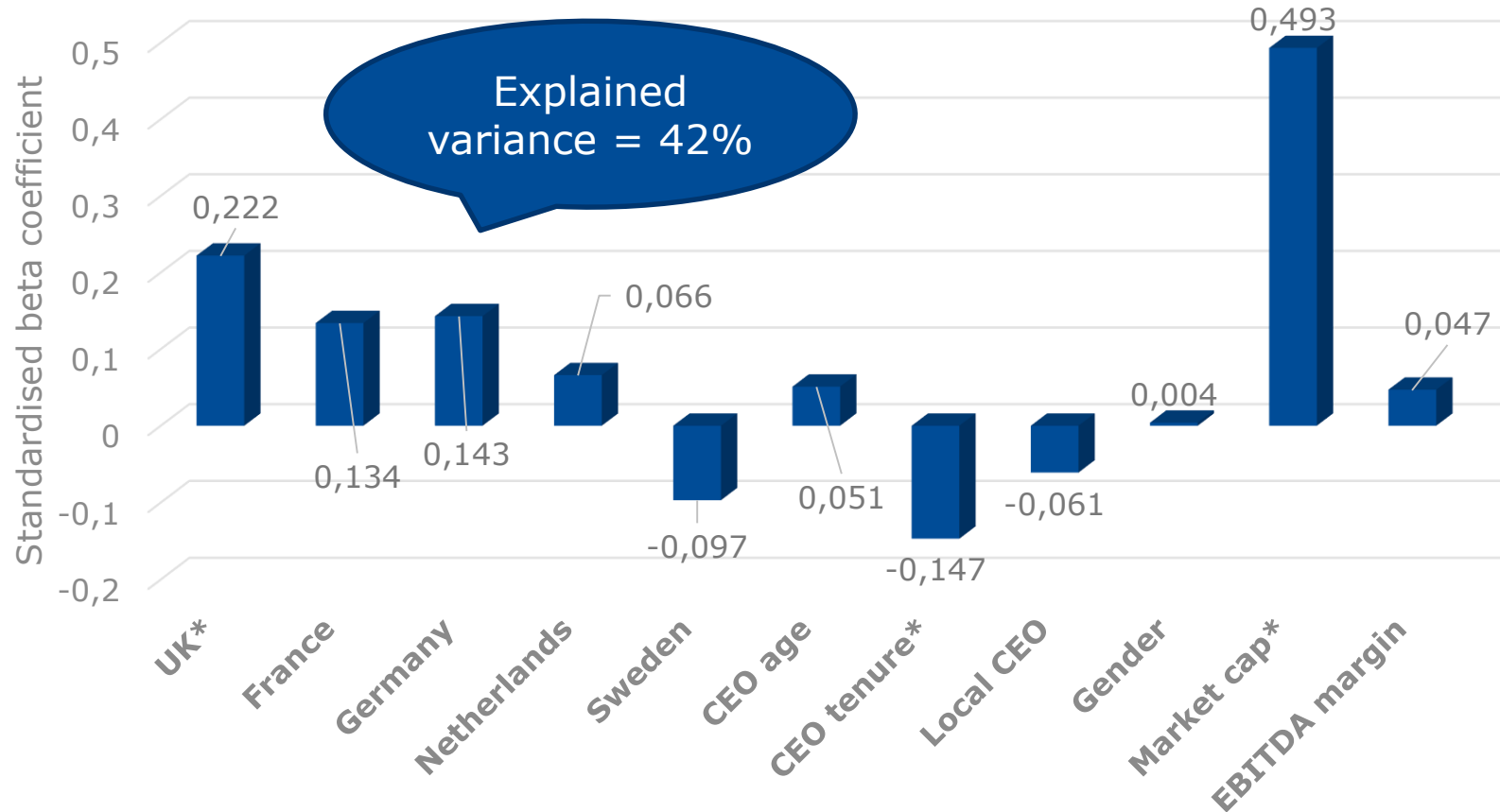
(41%)

UK
(25%)

WHAT DRIVES THE PROPORTION OF VARIABLE REMUNERATION?



WHAT DRIVES THE PROPORTION OF VARIABLE REMUNERATION? A VIEW FROM BELGIUM



CEO REMUNERATION STRUCTURE

% OF TOTAL REMUNERATION

	Fixed	STI	LTI
Bel 20	48%	24%	28%
Bel Mid	54%	30%	15%
Bel Small	68%	22%	11%
CAC40	29%	33%	38%
CACMid	39%	26%	35%
CACS	52%	21%	27%
DAX	33%	33%	34%
MDAX	41%	33%	27%
SDAX	44%	28%	28%
AEX	32%	29%	39%
AMX	44%	27%	29%
AScX	53%	25%	22%
OMXS60	53%	23%	24%
FTSE100	27%	31%	42%

CEO REMUNERATION STRUCTURE

% OF FIXED REMUNERATION

	STI	LTI	STI+LTI
Bel 20	56%	82%	138%
Bel Mid	59%	30%	89%
Bel Small	33%	16%	49%
CAC40	125%	163%	288%
CACMid	88%	165%	253%
CACS	49%	84%	133%
DAX	96%	120%	216%
MDAX	87%	84%	171%
SDAX	67%	77%	144%
AEX	102%	149%	251%
AMX	57%	66%	123%
AScX	42%	34%	76%
OMXS60	49%	42%	91%
FTSE100	126%	200%	326%

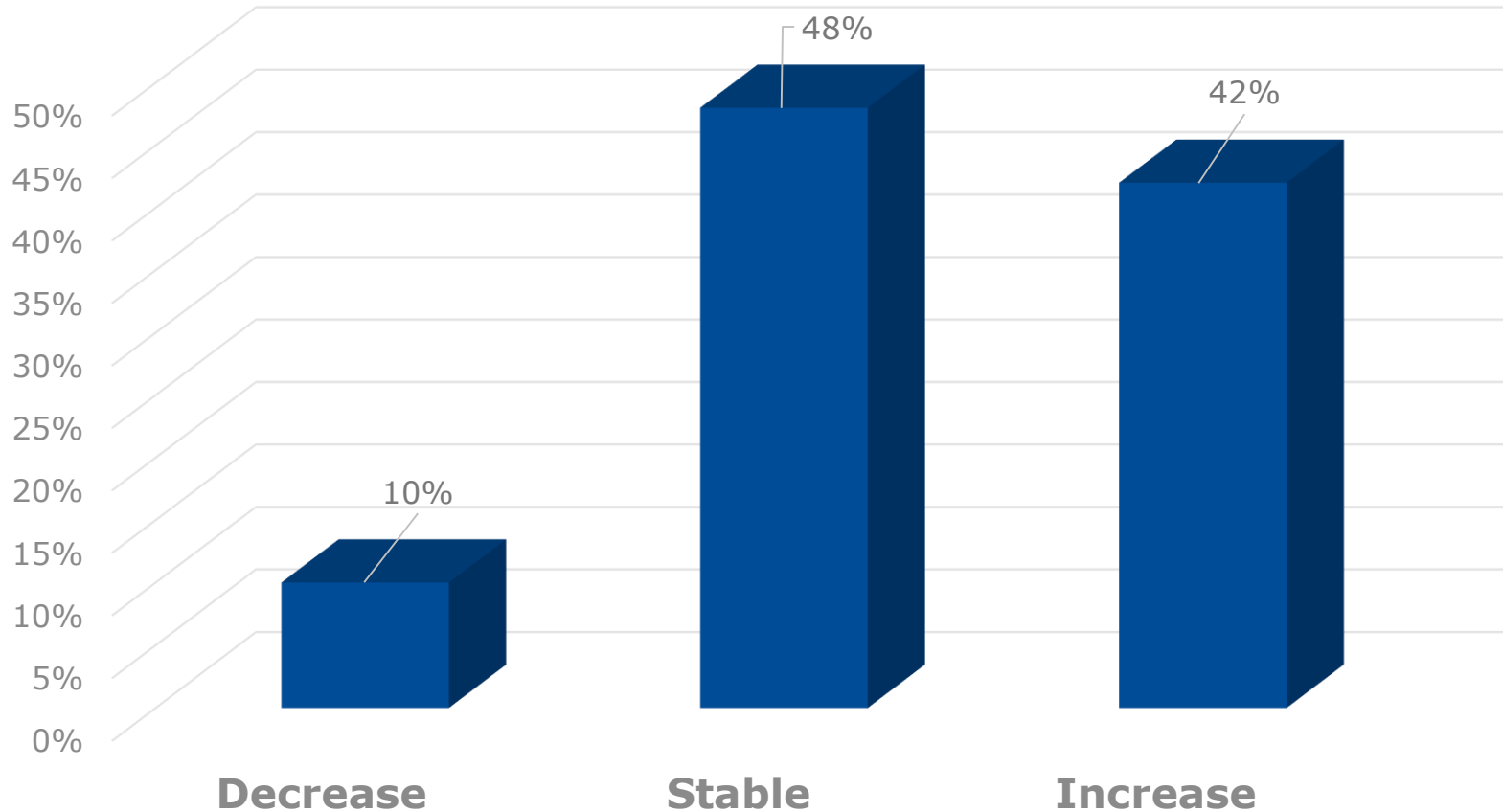
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FIXED REMUNERATION

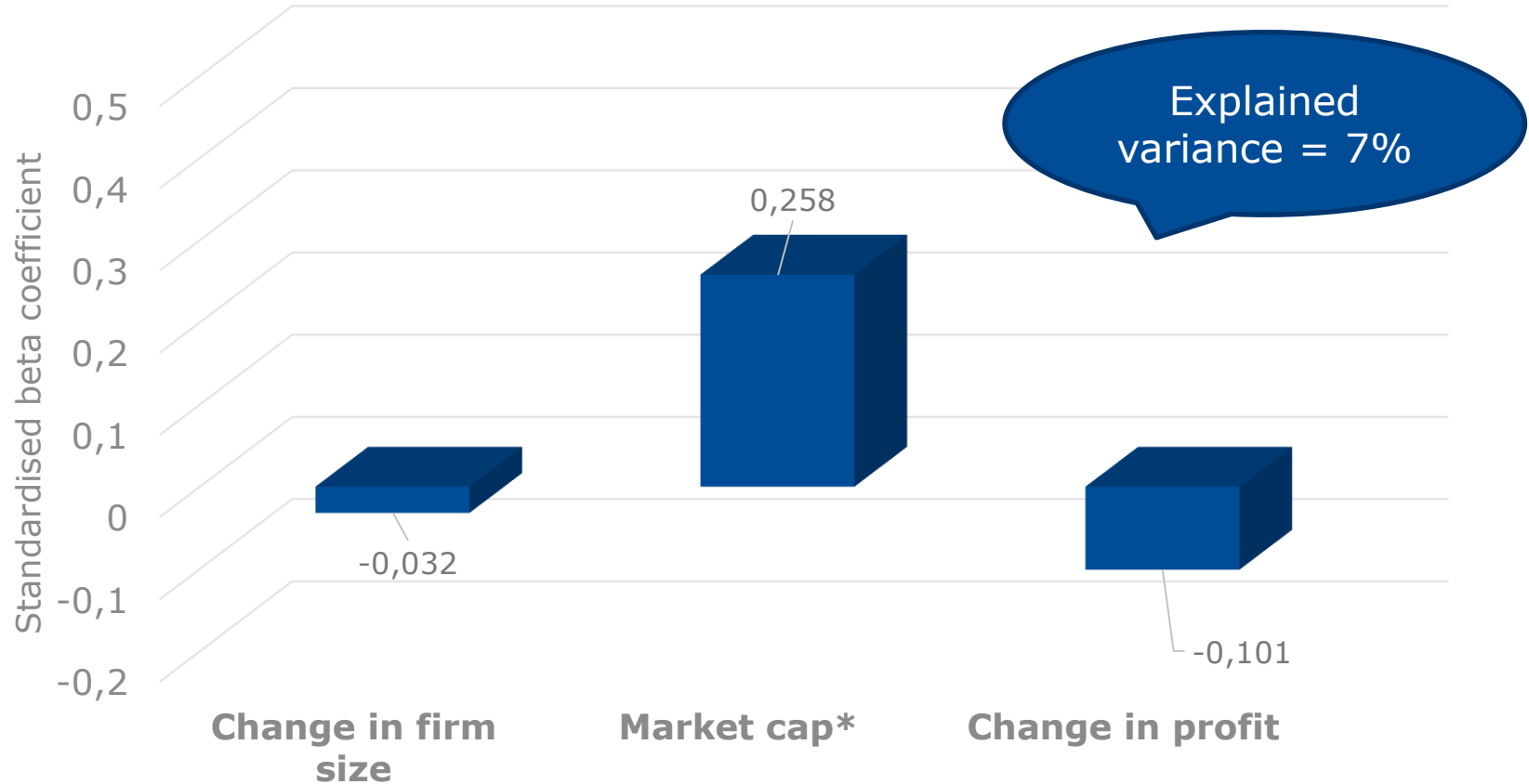
COMPARING FIXED REMUNERATION – 3 GROUPS BASED ON MARKET CAPITALISATION

	300m–1 bn Small cap	1 bn–3 bn Small-Mid cap	3bn-10bn Mid cap	10 bn–50 bn Big cap
B	485.000 (24)	395.000 (18)	625.000 (7)	1.045.000 (5)
F	350.000 (57)	600.000 (26)	790.000 (29)	1.000.000 (29)
D	500.000 (21)	570.000 (34)	800.000 (28)	1.245.000 (20)
NL	465.000 (10)	600.000 (17)	775.000 (9)	910.000 (10)
S		595.000 (14)	1.085.000 (20)	1.495.000 (11)
UK			1.030.000 (45)	1.328.000 (25)

EVOLUTION IN FIXED REMUNERATION

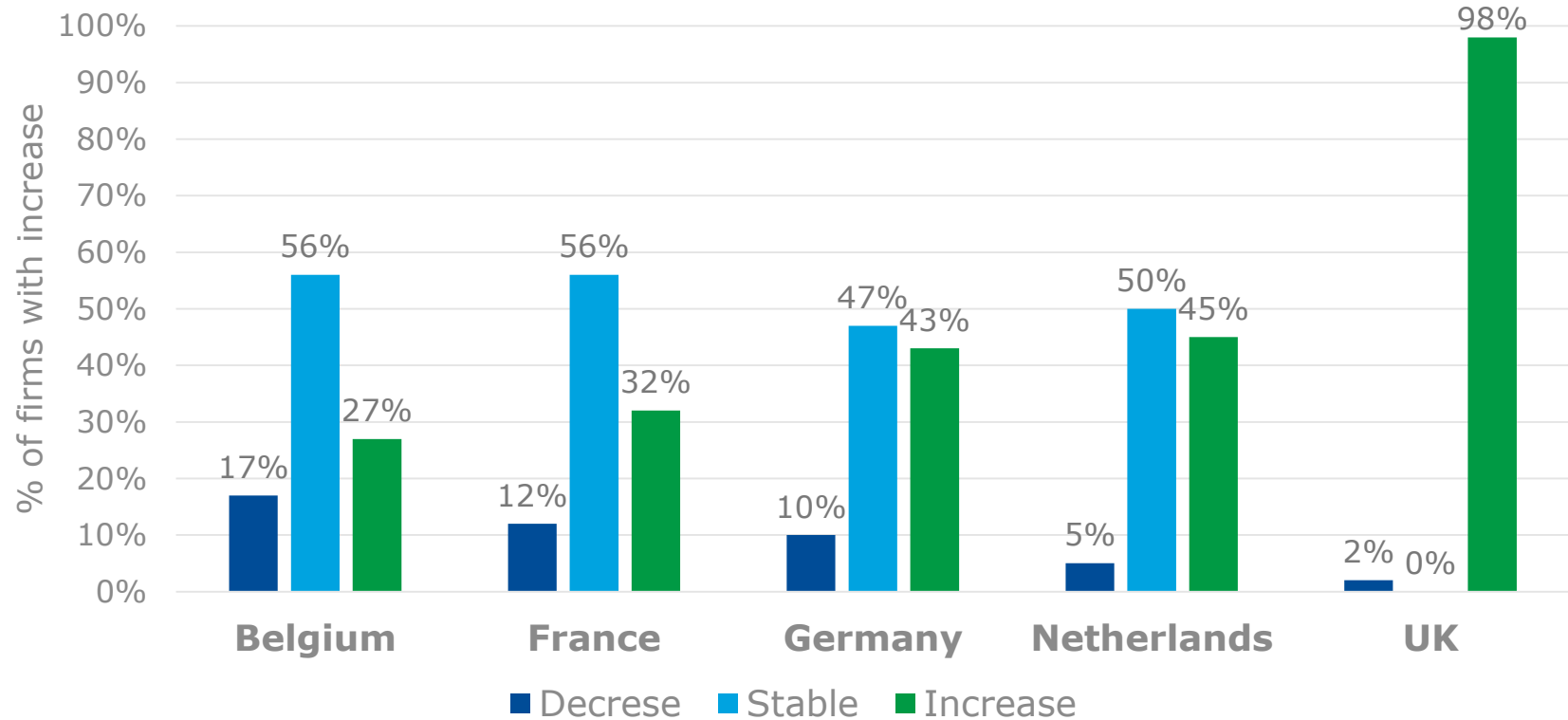


WHAT DRIVES EVOLUTION IN FIXED REMUNERATION?



EVOLUTION IN FIXED REMUNERATION

COUNTRY DIFFERENCES – MATCHED SAMPLE



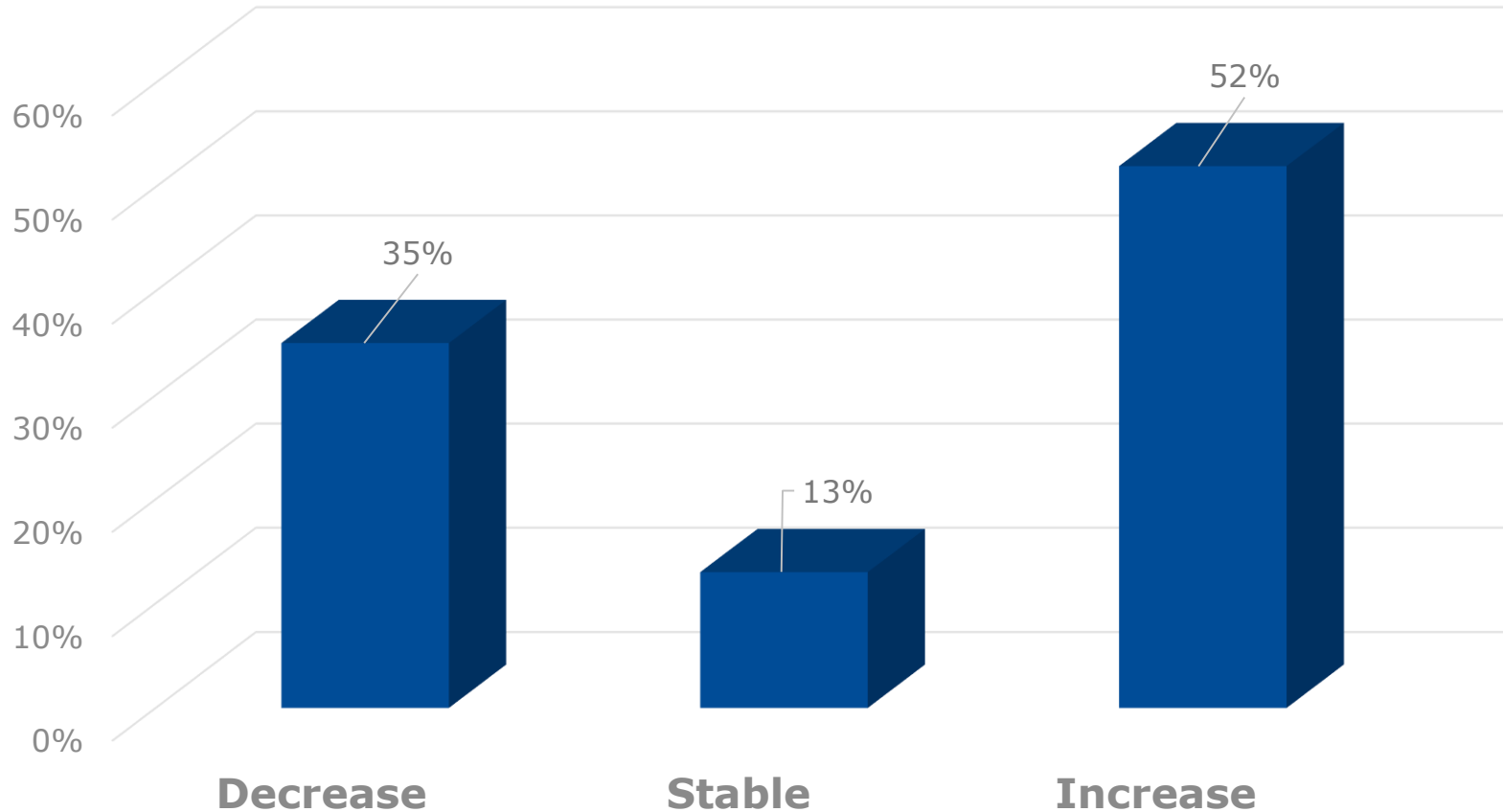
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SHORT-TERM INCENTIVES

COMPARING SHORT-TERM INCENTIVES – 3 GROUPS BASED ON MARKET CAPITALISATION

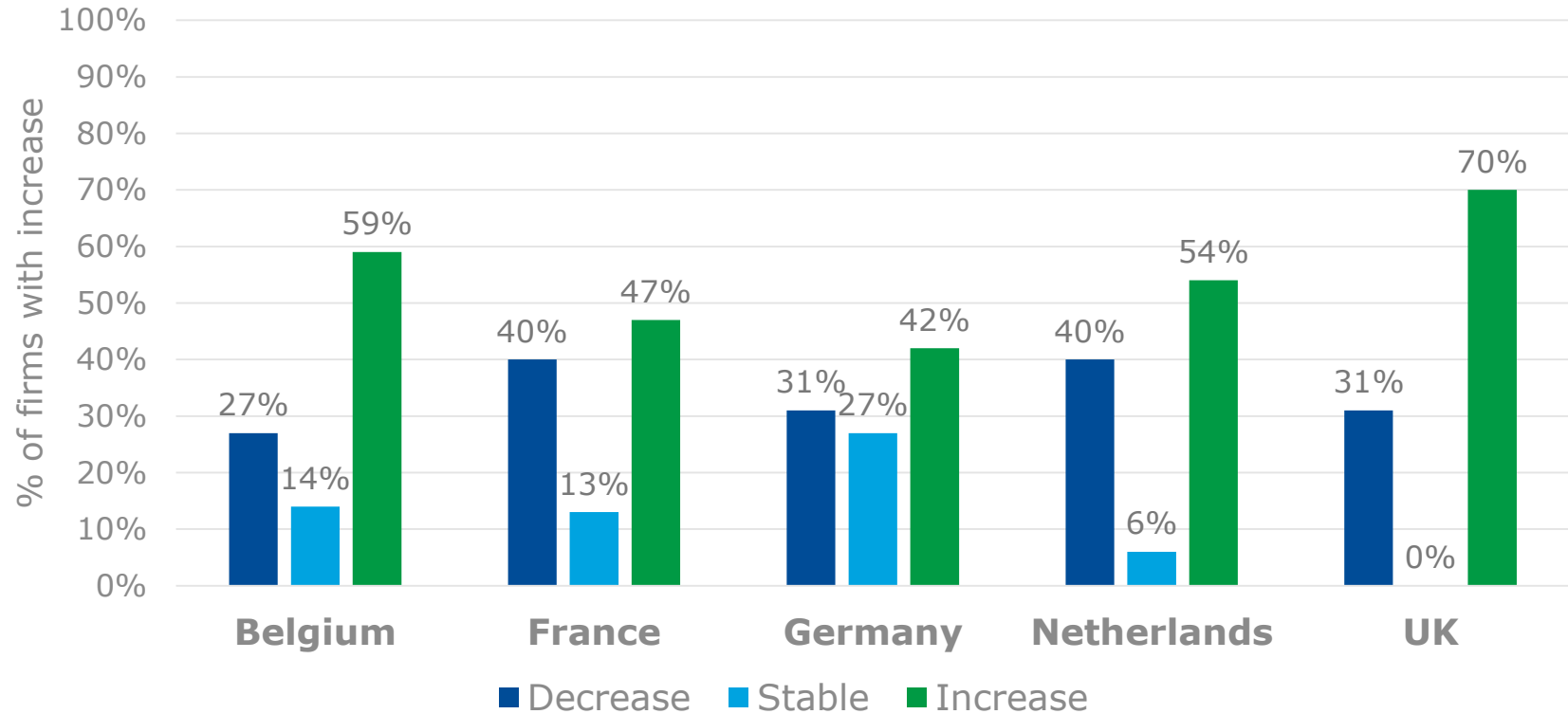
	300 m–1 bn Small cap	1 bn–3 bn Small-Mid cap	3bn-10bn Mid cap	10 bn–50 bn Big cap
B	160.000 (24)	320.000 (18)	595.000 (7)	1.230.000 (5)
F	170.000 (57)	590.000 (26)	885.000 (29)	1.300.000 (29)
D	255.000 (21)	590.000 (34)	655.000 (28)	1.175.000 (20)
NL	180.000 (10)	385.000 (17)	505.000 (9)	980.000 (10)
S		285.000 (14)	600.000 (20)	365.000 (11)
UK				1.910.000 (25)

EVOLUTION IN SHORT-TERM INCENTIVES

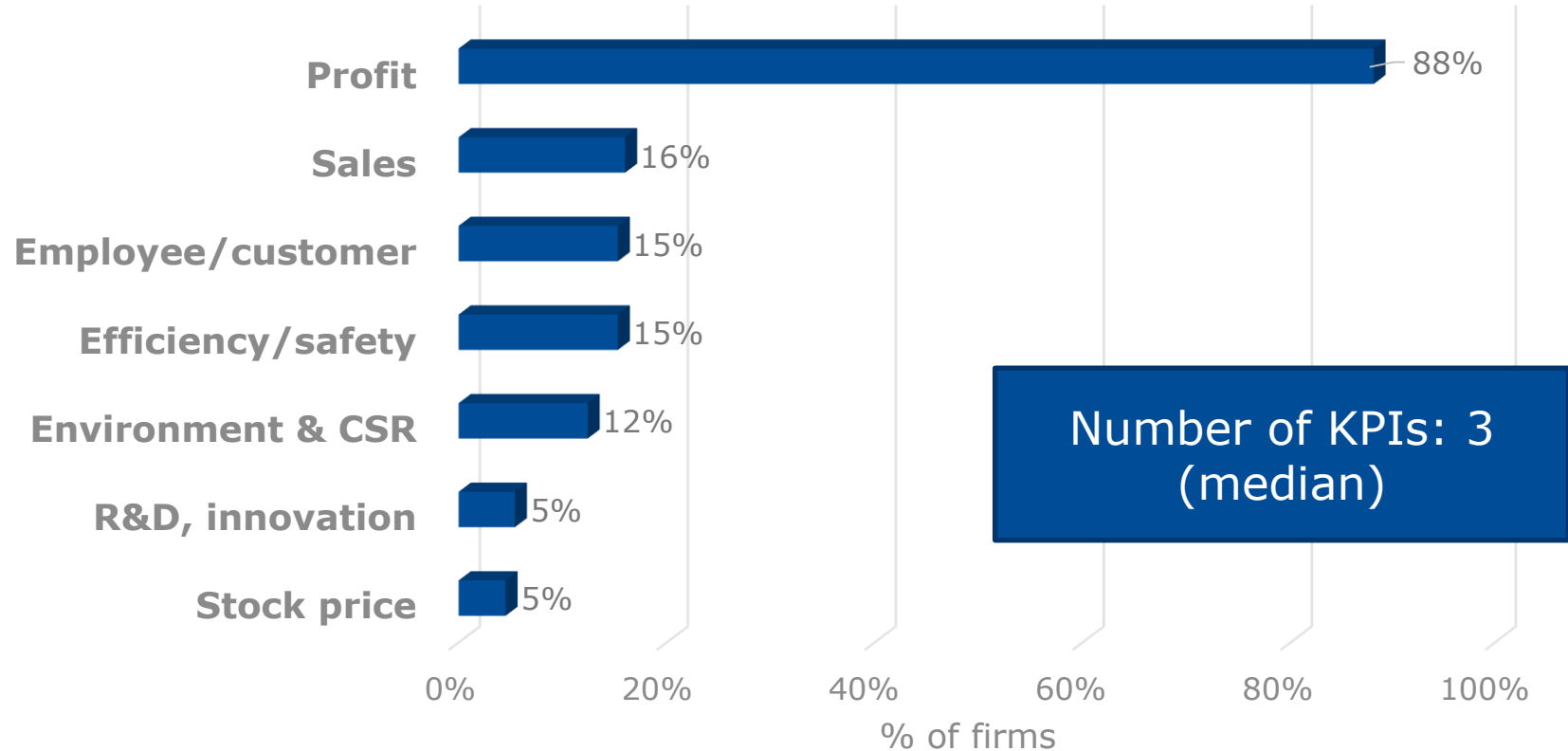


EVOLUTION IN SHORT-TERM INCENTIVES

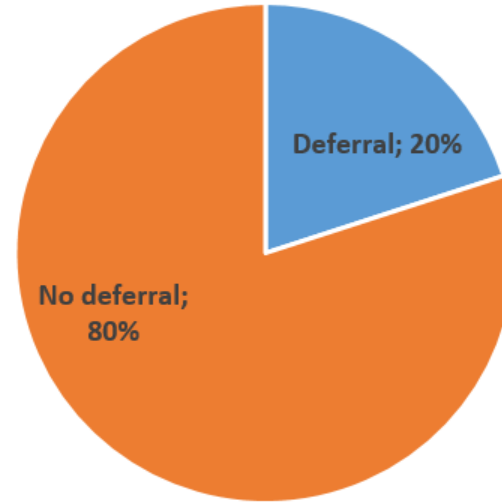
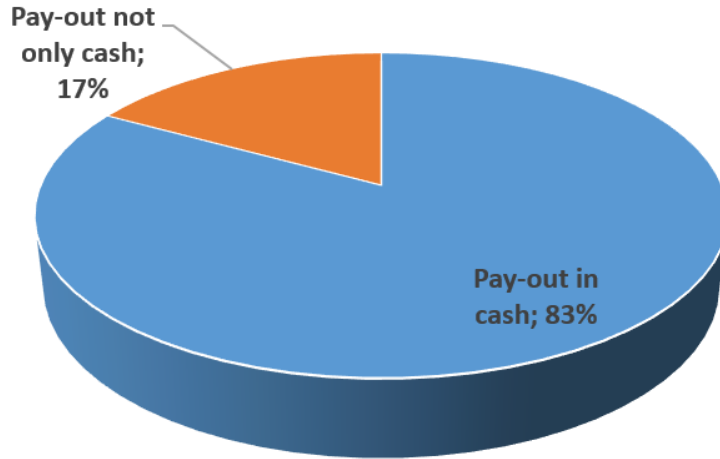
COUNTRY DIFFERENCES – MATCHED SAMPLE



KPIS UNDERLYING VESTING OF SHORT-TERM INCENTIVES



SHORT-TERM INCENTIVES DESIGN



Type: shares (75%), cash (17%), options (5%), mix (3%)

Term: 3y

% deferral: 33-50%

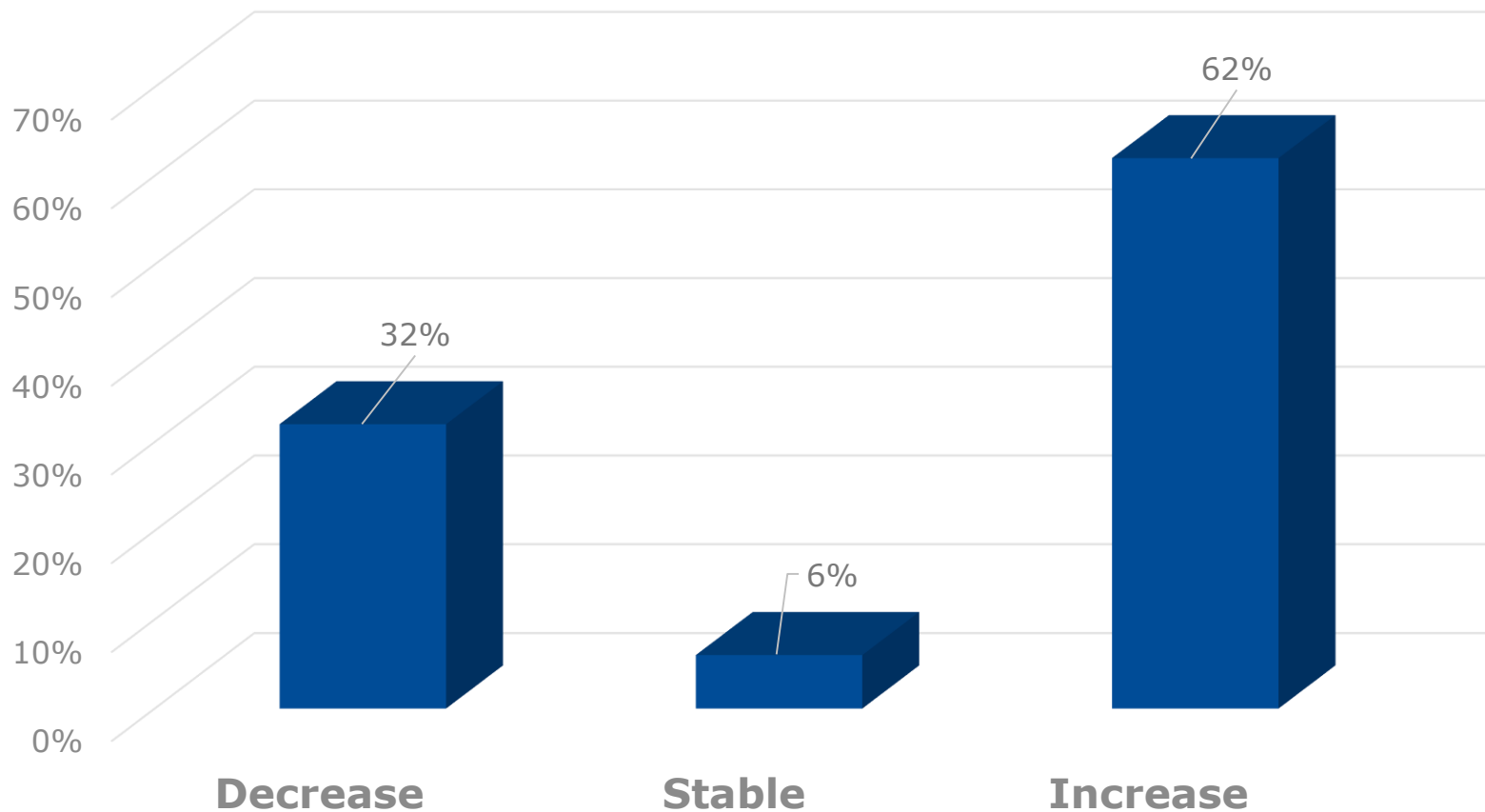
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LONG-TERM INCENTIVES

COMPARING LONG-TERM INCENTIVES – 3 GROUPS BASED ON MARKET CAPITALISATION

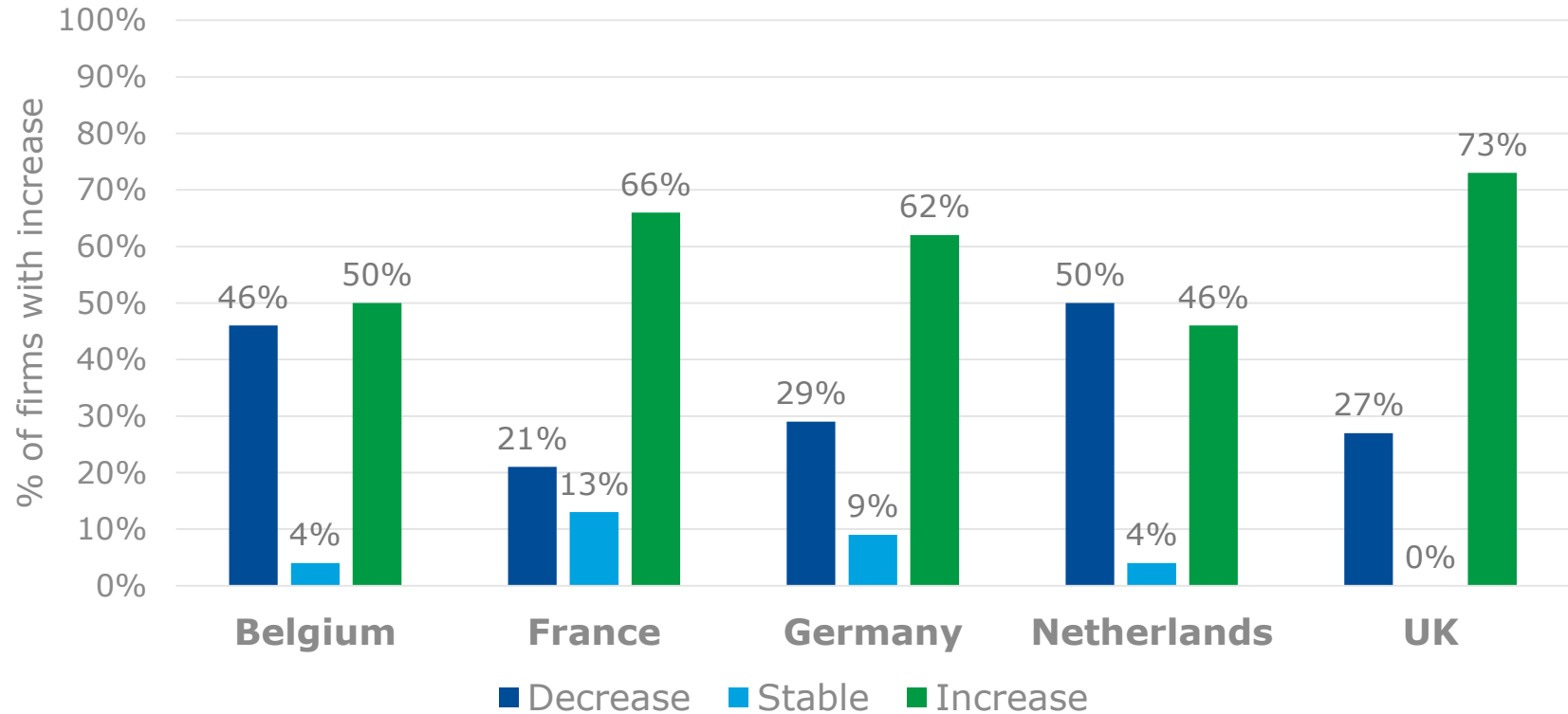
	300 m–1 bn Small cap	1 bn–3 bn Small-Mid cap	3bn-10bn Mid cap	10 bn–50 bn Big cap
B	85.000 (24)	140.000 (18)	855.000 (7)	1.405.000 (5)
F	275.000 (57)	425.000 (26)	1.385.000 (29)	1.505.000 (29)
D	460.000 (21)	400.000 (34)	805.000 (28)	1.560.000 (20)
NL	225.000 (10)	400.000 (17)	770.000 (9)	1.445.000 (10)
S		185.000 (14)	330.000 (20)	440.000 (11)
UK			1.470.000 (45)	3.105.000 (25)

EVOLUTION IN LONG-TERM INCENTIVES



EVOLUTION IN LONG-TERM INCENTIVES

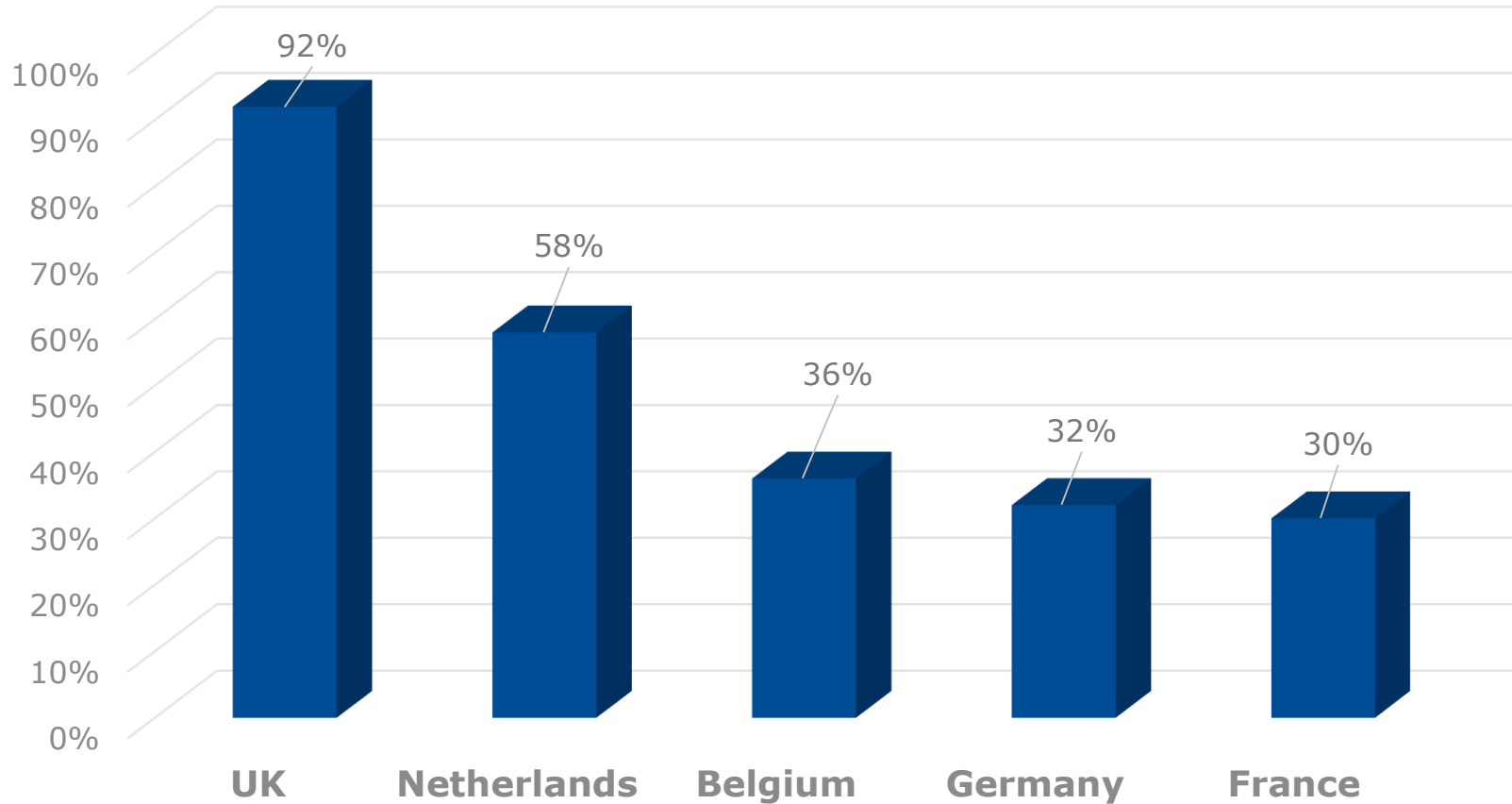
COUNTRY DIFFERENCES – MATCHED SAMPLE



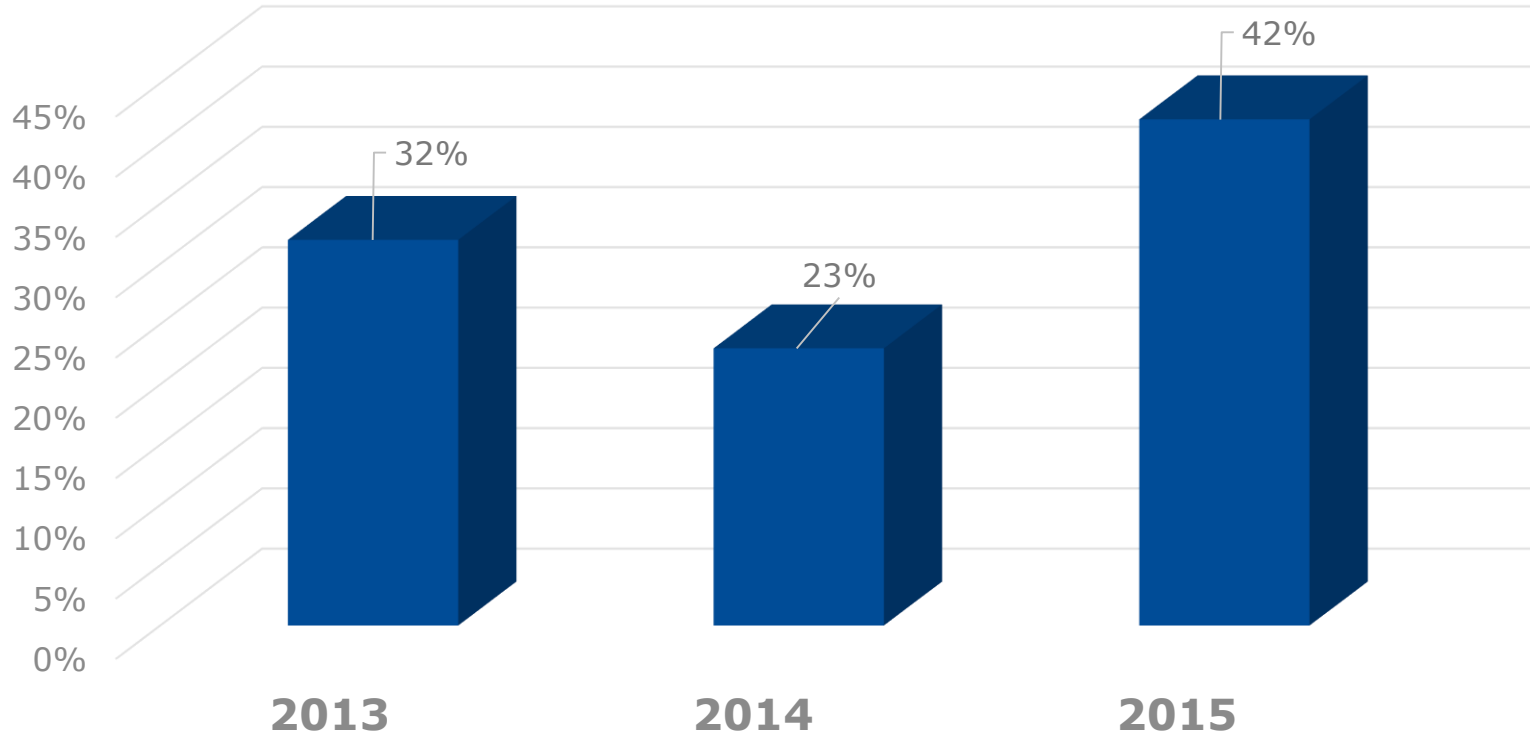
LONG-TERM INCENTIVES TYPOLOGY

LTI type	% firms
Performance shares	30%
Options – performance vest	9%
Cash LTI	8%
Phantom stock	4%
Options – time vest	4%
Free shares	3%
Restricted shares	2%

OCCURRENCE OF SHARE-BASED REMUNERATION



OCCURRENCE OF SHARE-BASED REMUNERATION



OCCURRENCE OF SHARE-BASED REMUNERATION

	% granting share-based remuneration
Bel 20	65%
Bel Mid	28%
Bel Small	25%
CAC40	77%
CACMid	51%
CACS	13%
DAX	43%
MDAX	42%
SDAX	14%
AEX	71%
AMX	68%
AScX	36%
OMXS60	29%
FTSE100	91%

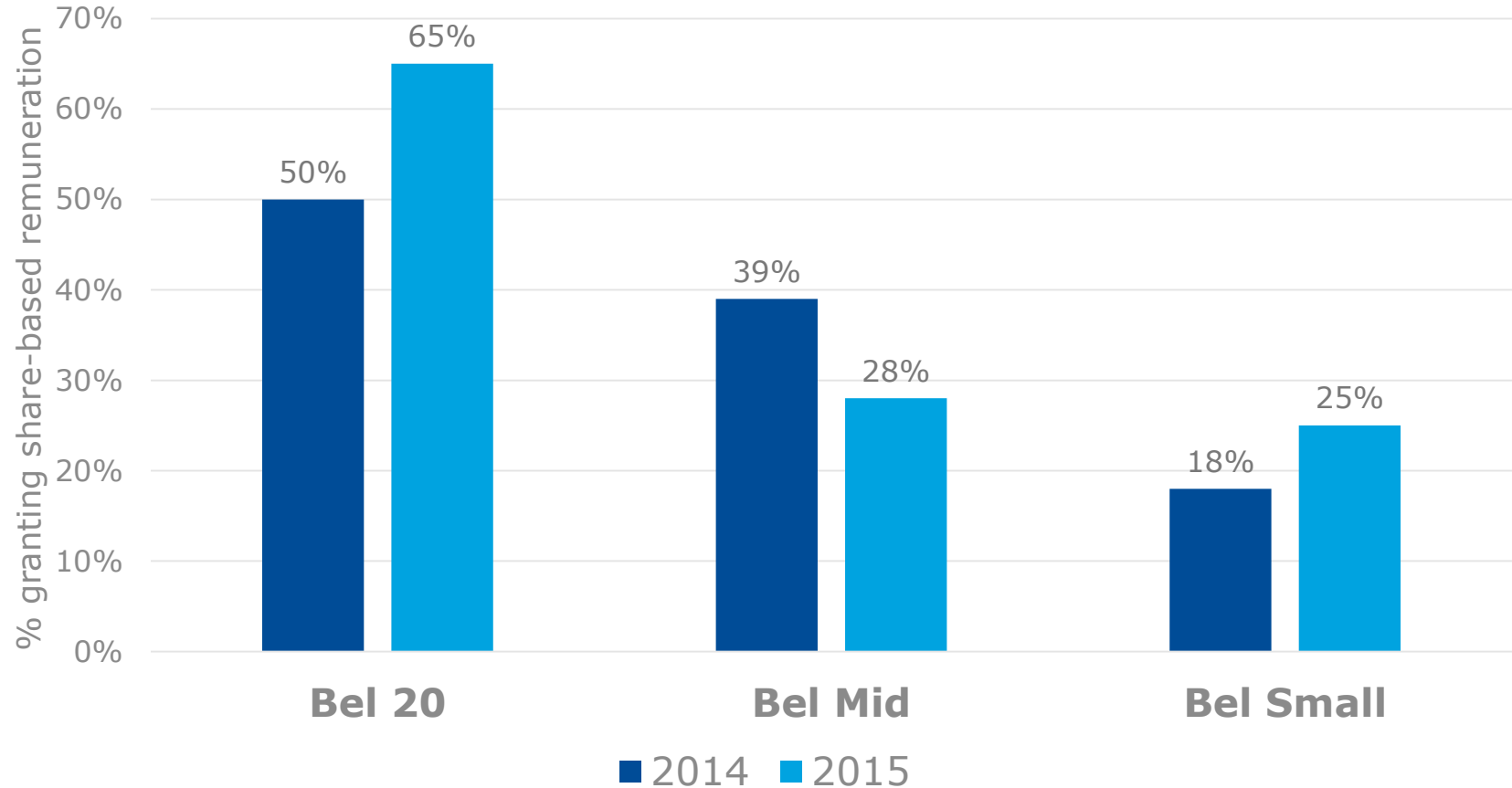
TYPOLOGY OF LONG-TERM INCENTIVES

	B	F	D	NL	UK
Options – time vest	26%	1%	0%	6%	2%
Options – performance vest	9%	7%	6%	9%	24%
Restricted shares	3%	1%	2%	0%	3%
Performance shares	10%	21%	23%	51%	73%
Phantom stock	1%	2%	14%	4%	0%
Cash LTI	4%	1%	37%	4%	0%
Free shares	1%	5%	0%	1%	5%

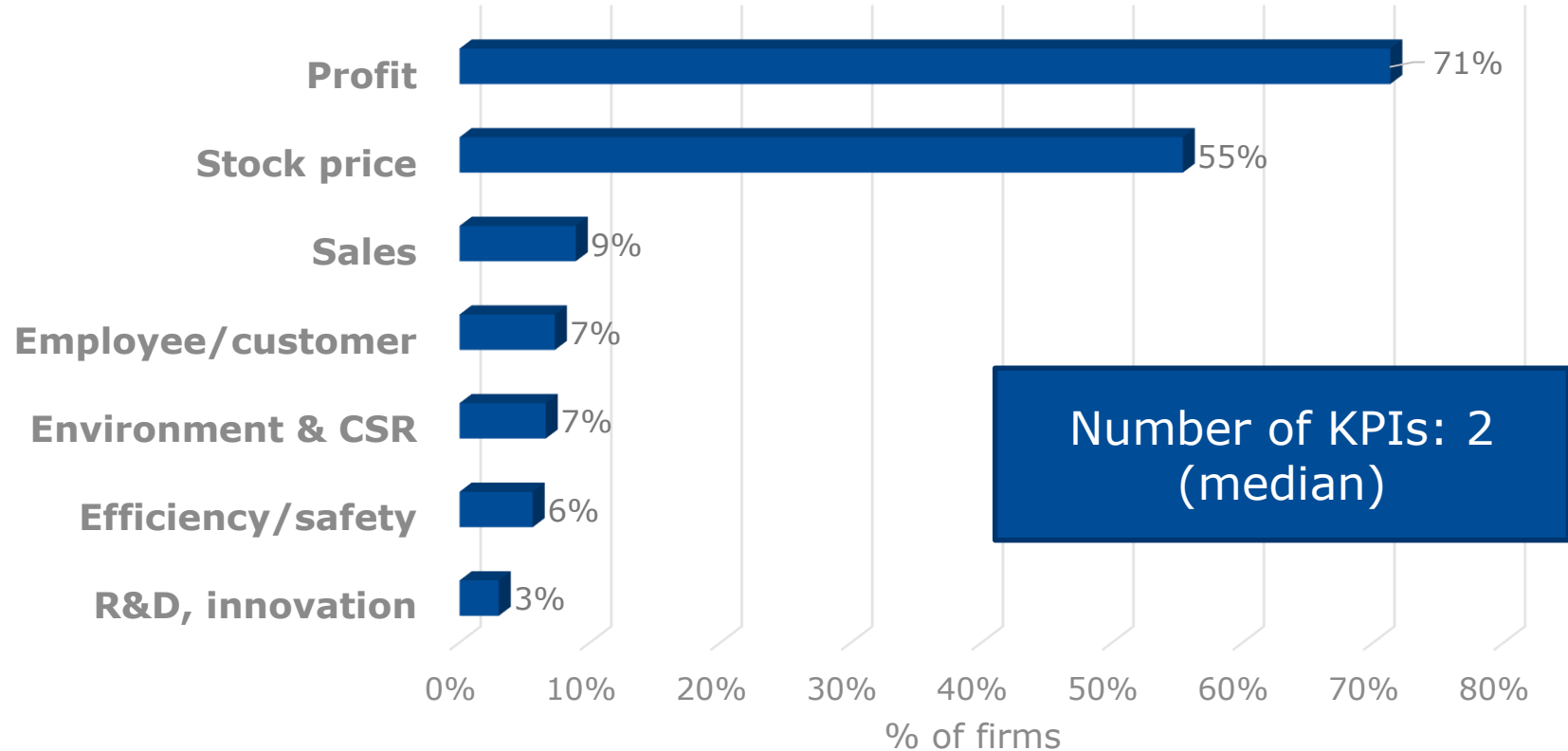
TYPOLGY OF LONG-TERM INCENTIVES

	Bel20	Bel Mid	Bel Small
Options – time vest	30%	13%	21%
Options – performance vest	20%	9%	0%
Restricted shares	0%	6%	4%
Performance shares	30%	6%	0%
Phantom stock	5%	0%	0%
Cash LTI	5%	6%	0%
Free shares	5%	0%	0%

SHARE-BASED REMUNERATION EVOLUTION IN BELGIUM



KPIS UNDERLYING LONG-TERM INCENTIVES



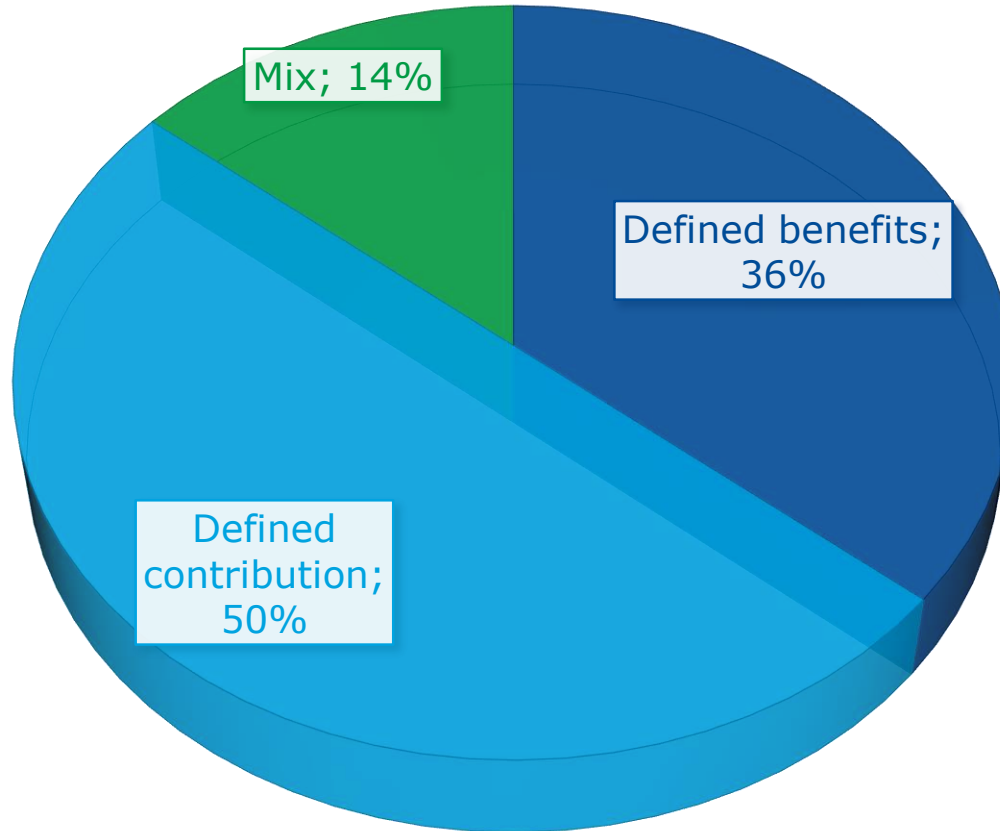
KPI TYPOLOGY FOR STI AND LTI

	STI	LTI
Financial	98%	99%
Non-financial	49%	21%

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PENSIONS

TYPE OF PENSION PLAN



TYPE OF PENSION PLAN PER COUNTRY

	Defined benefits	Defined contri- bution	Mix
Belgium	12%	79%	9%
France	40%	32%	27%
Germany	50%	34%	16%
Netherlands	24%	76%	0%
Sweden	15%	79%	6%
United Kingdom	46%	49%	5%

PENSION PLAN CONTRIBUTION IN TERMS OF FIXED REMUNERATION

Country	Pension contribution (% fixed rem.)
Germany	43%
Sweden	34%
Belgium	16%
Netherlands	16%
UK	16%
France	5%

PENSION PLAN CONTRIBUTION IN TERMS OF FIXED REMUNERATION

	Pension in % fixed remuneration
Bel 20	19%
Bel Mid	16%
Bel Small	12%
CAC40	22%
CACMid	2%
CACS	4%
DAX	48%
MDAX	43%
SDAX	19%
AEX	23%
AMX	13%
AScX	16%
OMXS60	34%
FTSE100	16%

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CEO REMUNERATION IN HIGH PERFORMING FIRMS

WHAT IS A HIGH PERFORMER?

EBITDA

Total revenue

\geq

20%



2013
2014
2015

EBITDA MARGIN IN RELATION TO COUNTRY

	EBITDA margin (median)	% high performers
Belgium	17%	10%
France	10%	16%
Germany	15%	21%
Netherlands	8%	0%
Sweden	13%	11%
UK	22%	34%

WHAT MAKES HIGH PERFORMING FIRMS DIFFERENT IN THE FIELD OF CEO REMUNERATION?

Remuneration aspect	High performing firms	Other firms
Remuneration level		
• Positioning (% positioned above stock market index median)	43%	50%
Remuneration structure		
• Proportion variable remuneration	59%	45%
Remuneration design		
• % of firms granting share-based LTI	48%	40%
• % of firms granting performance shares	42%	28%