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# Global Equity Insights Survey 2019— Looking Back to the Future

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# Survey Information

# Global Equity Insights Survey – a success story for market intelligence since 2013

- The Global Equity Insights Survey is the seventh edition in a row:

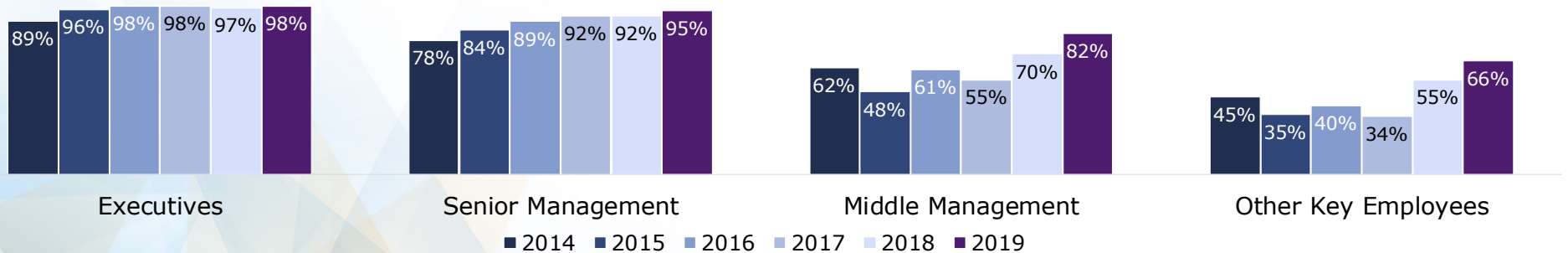
Global Equity Insights							
Year	2013	2014	2015	2016	2017	2018	2019
Topics	LTIP	LTIP	LTIP	LTIP	LTIP	LTIP	LTIP
	ESPP	ESPP	Broad-based LTIP	Equity Admin	SPP	SPP	SPP
	SOG	SOG		Admin & Communication	Administration	Individualization & flexibility	
	Equity Admin	Equity Admin	Communication	Regulation	Communication		
Questions	204	117	34	50	71	67	82
Participants	133	169	144	148	163	154	148

# Long-Term Incentives (LTI)

# LTI spreads further

- In middle management, over 80% (compared to 70% in 2018) are now eligible for LTIs.
- We also observe a further increase in the key functions, with over 65% in 2019 compared to 55% in 2018:

**LTI eligibility**  
 (in % of companies)



## LTIP portion (pay mix)

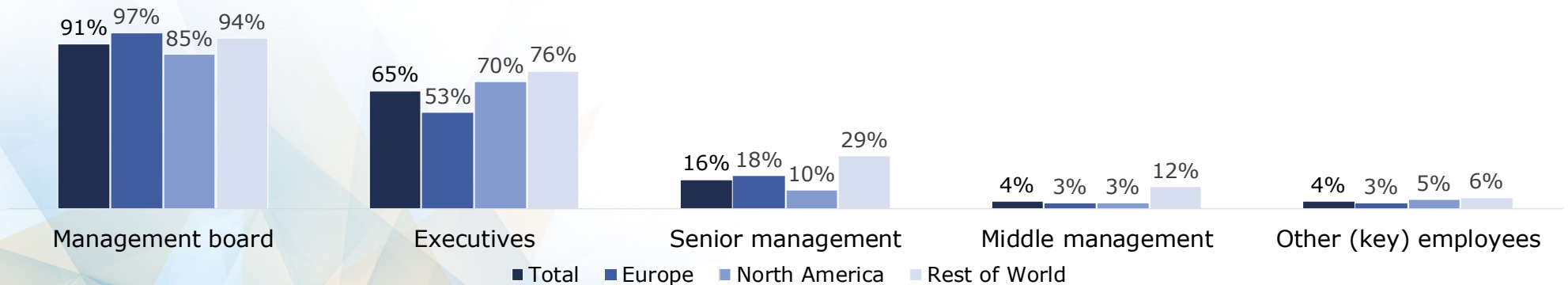


Which cultural changes and positive effects from higher LTIP do you expect?

# SOGs mandatory for Management Board

- Almost all companies have implemented SOGs for their Management Board (over 90%), and a majority also for executives (65%).
- At the senior management level, 16% of companies have implemented SOGs:

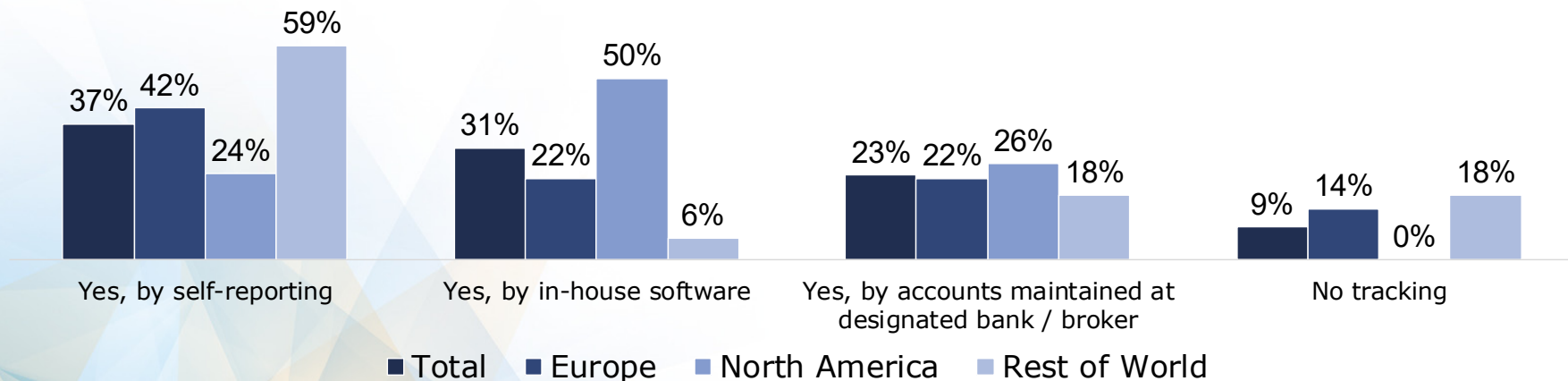
**Prevalence of Share Ownership Guidelines**  
 (in % of companies)



# The majority tracks the SOG's through employee responsibility or software

- SOG fulfillments are usually checked by self-reporting / in-house software or by the external banking provider.

**Tracking of Share Ownership Guidelines (SOGs)**  
 (in % of companies)

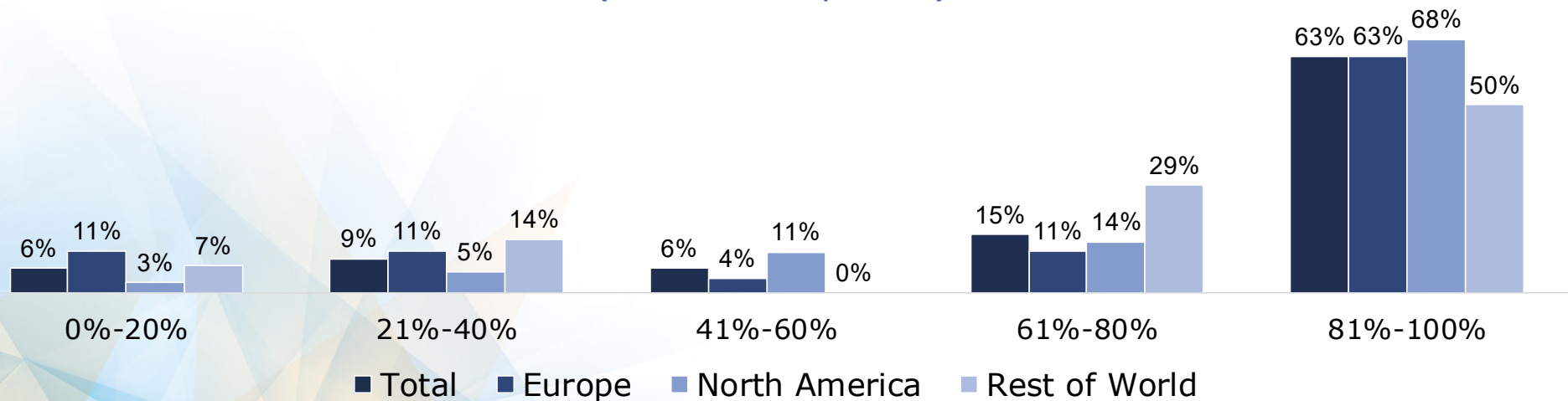




# Compliance with SOGs is not quite at target

- While 63% of companies reported a fulfillment rate of over 80%, 37% of companies reported an SOG fulfillment rate at significantly lower levels:

**Fulfillment of Share Ownership Guidelines (SOGs)**  
 (in % of companies)



## SOGs



Why aren't SOGs consistently defined for all LTI-eligible employees

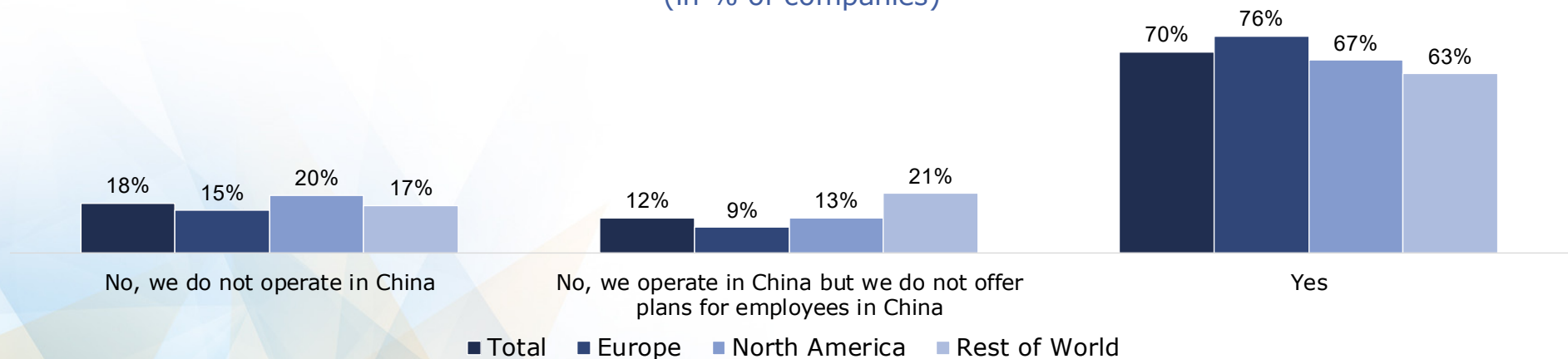


Would you rather trust self-reporting or software to track SOG fulfillment?

# Offering LTIs in China is seen as important

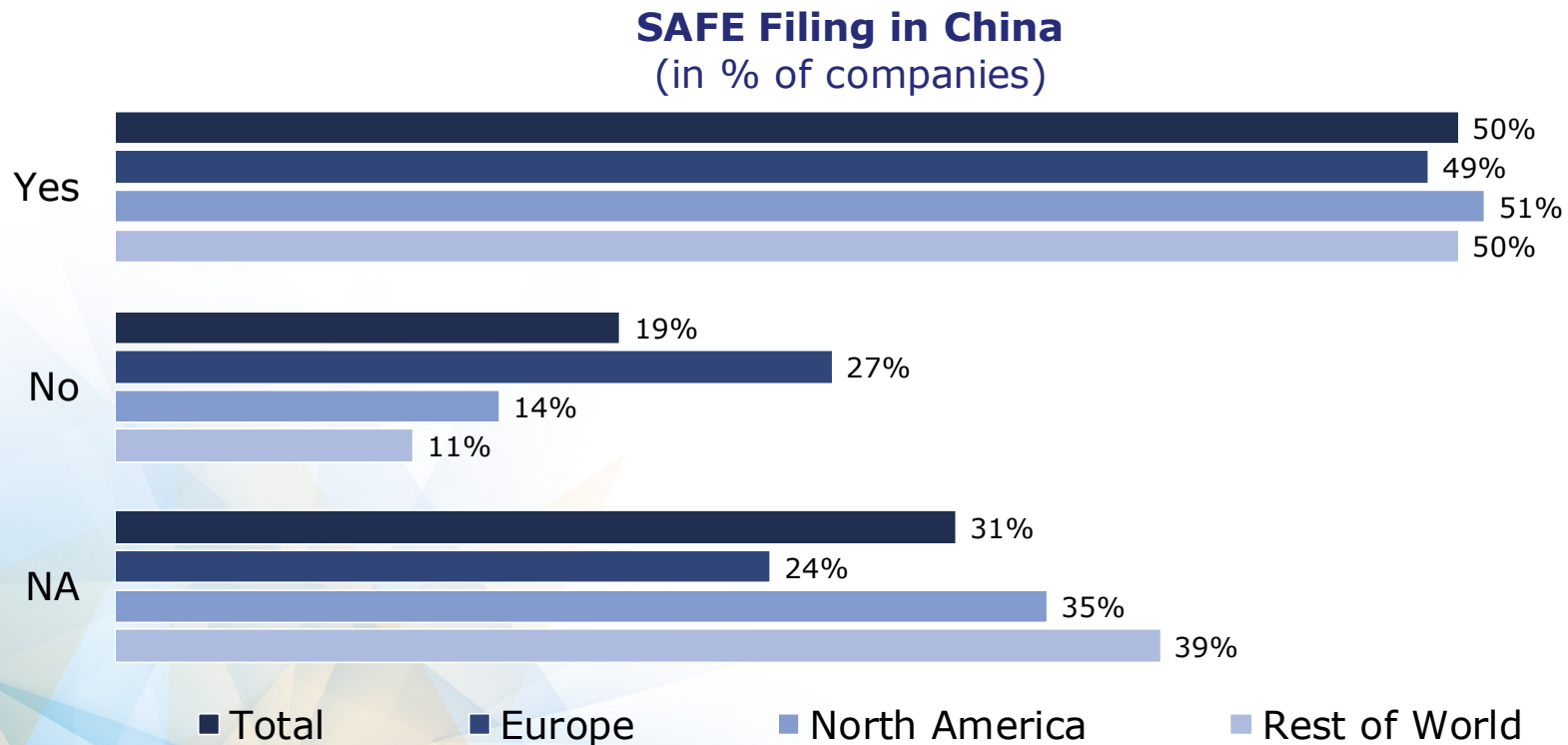
- Only 12% of the active companies in China have decided not to proceed with offering their LTI to employees in China.
- This increases to 21% for companies in other economic regions (ROW):

**LTIP in China**  
 (in % of companies)



# Save with SAFE?

- Across all economic regions, roughly half of all companies reported having submitted a SAFE Filing in China:



## LTIPs in China



What key considerations from your experience can you share for successfully implementing an LTIP in China?



Why are LTIPs so important for Chinese employees?



All the hassle with SAFE – is it worth the effort?



How many issuers in the room are active in China?  
How many consider entering China with their plans?

# Share Purchase Plans (SPP)

# European companies seem to consider local requirements more often

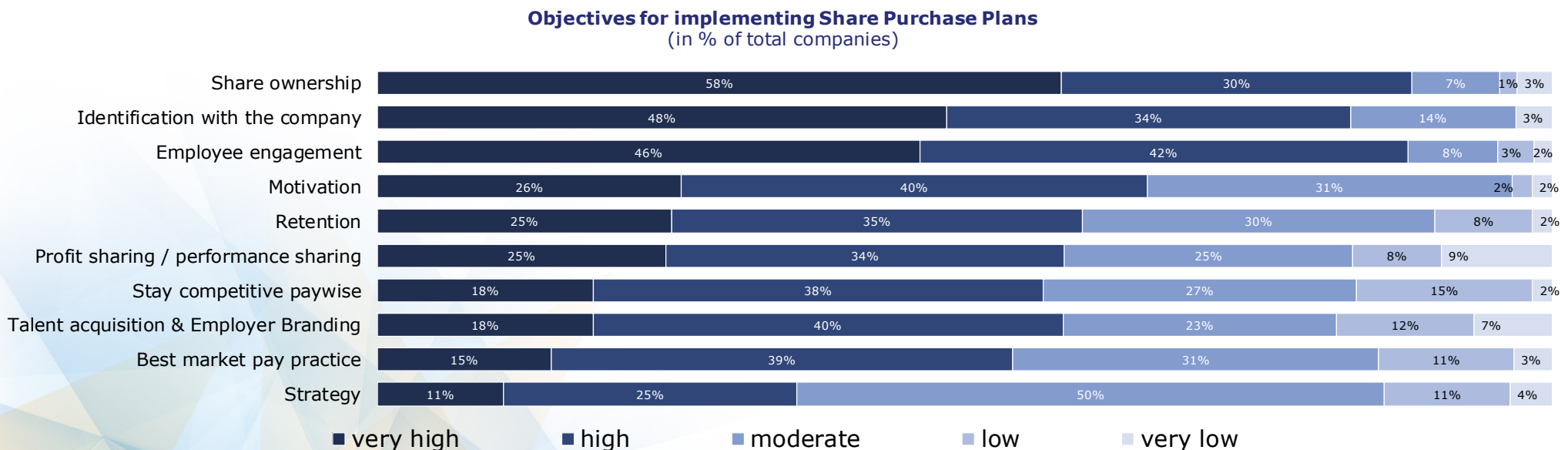
- Over 60% of European companies adapt SPPs based on local requirements or tax qualifications, whereas only about 30% of American companies do this:

**Country-specific Share Purchase Plans**  
 (in % of companies)



# “Make your employees entrepreneurs” is a main objective for companies worldwide

- SPPs are most often introduced in order to promote various forms of entrepreneurship ("Share ownership" / "Employee engagement", etc.):





## Objectives for implementing SPPs



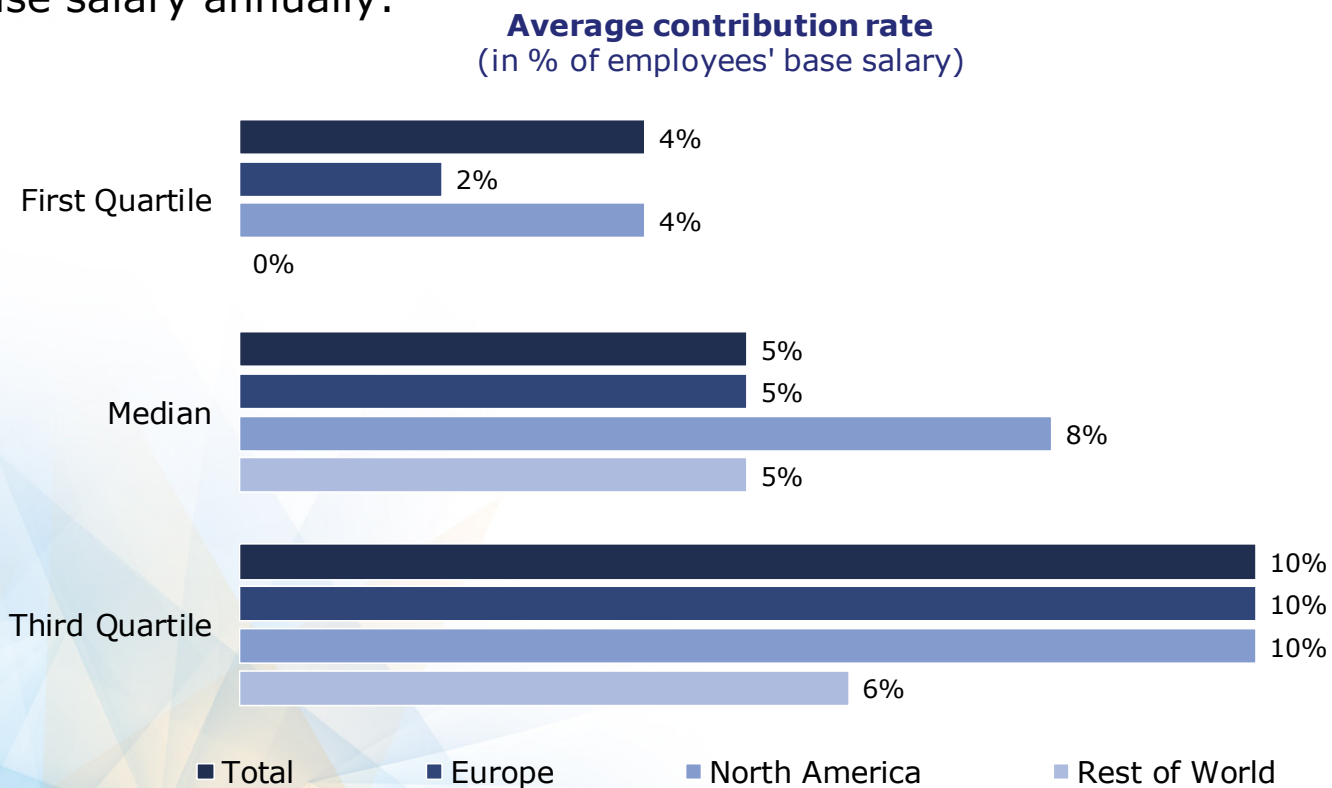
Can you see a difference in companies / BUs with and without SPPs?



Is adaptation to local requirements appreciated by local employees?

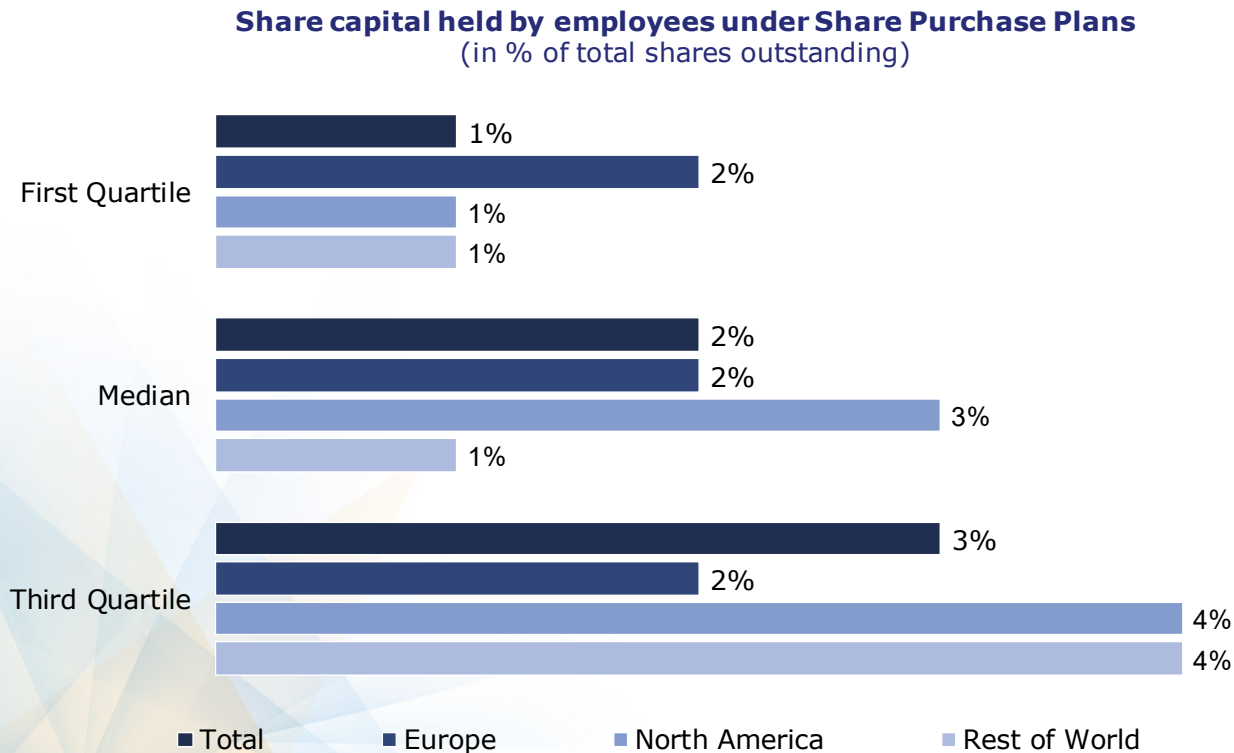
# North American employees invest the most

- At the median, employees in North American companies contribute on average 8% of their base salary annually:



# Employees of North American companies hold more share capital of their company

- While 2% of the share capital is employee-owned from SPPs at the median, employees of North American companies tend to hold even more share capital (3%):



## SPP contribution rates & share ownership



What factors drive the average contribution rate for your SPPs?



Is having a certain amount of the market capitalization held by employees a strategical target of companies?



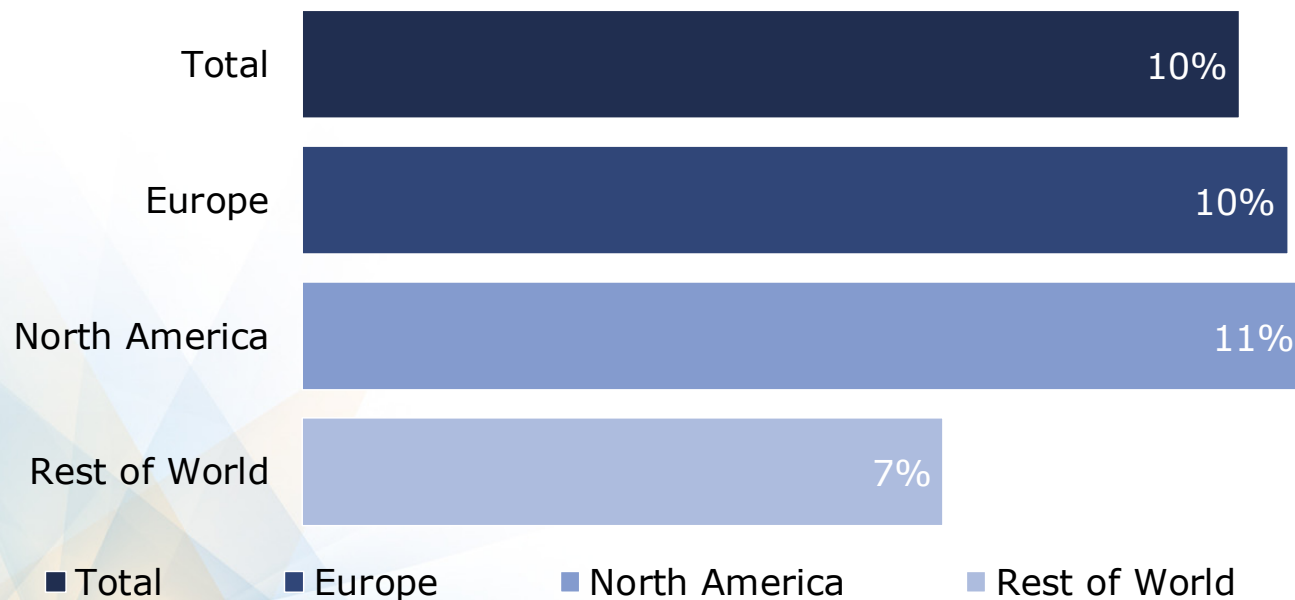
Is having a certain amount of the market capitalization held by employees a strategical target of your company?

# Individualization & Flexibility

## LTI – Make it your choice?

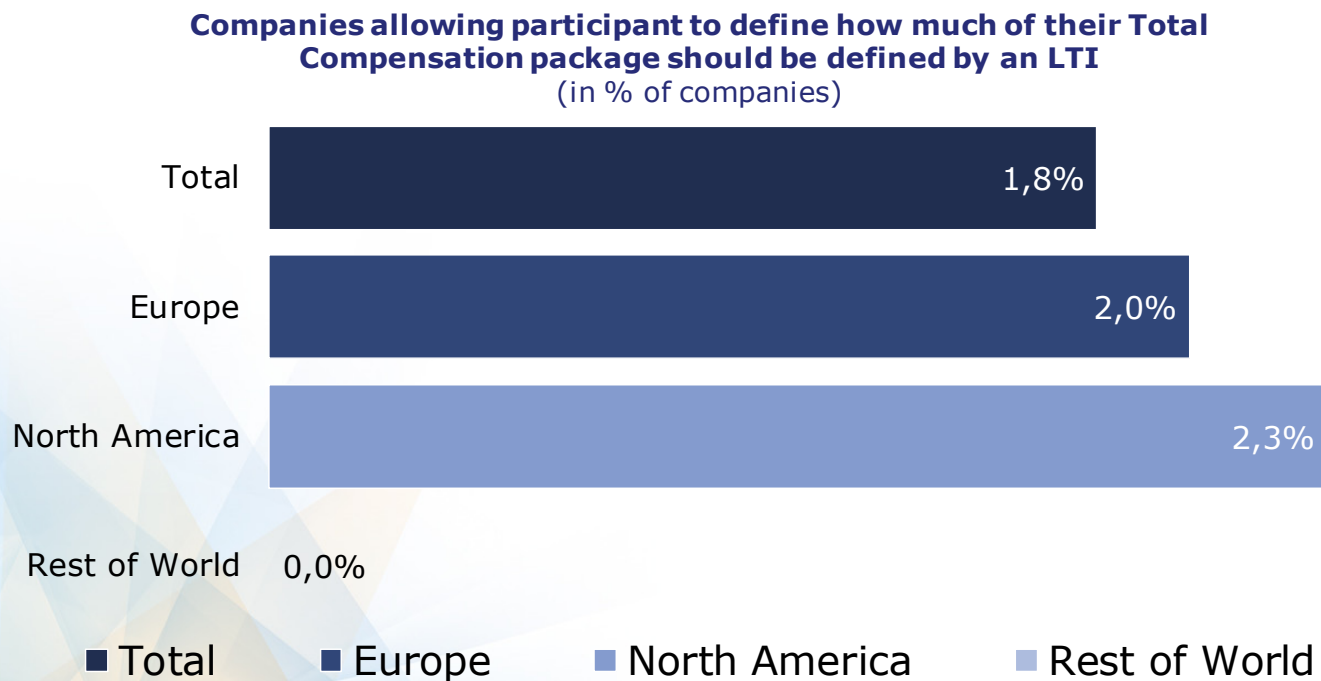
- Of companies that operate more than one LTI Plan, 10% of companies reported allowing their participants to choose their LTI plan:

**Companies allowing participants to choose between different LTI plan types**  
(in % of companies with more than one LTI plan type)



## Pay mix is not a choice

- Less than 2% of all companies allow LTI participants to define for themselves the amount of the LTI share in their Total Compensation package:



## LTIP choice



If there is a choice:  
What are the results, what are the advantages?



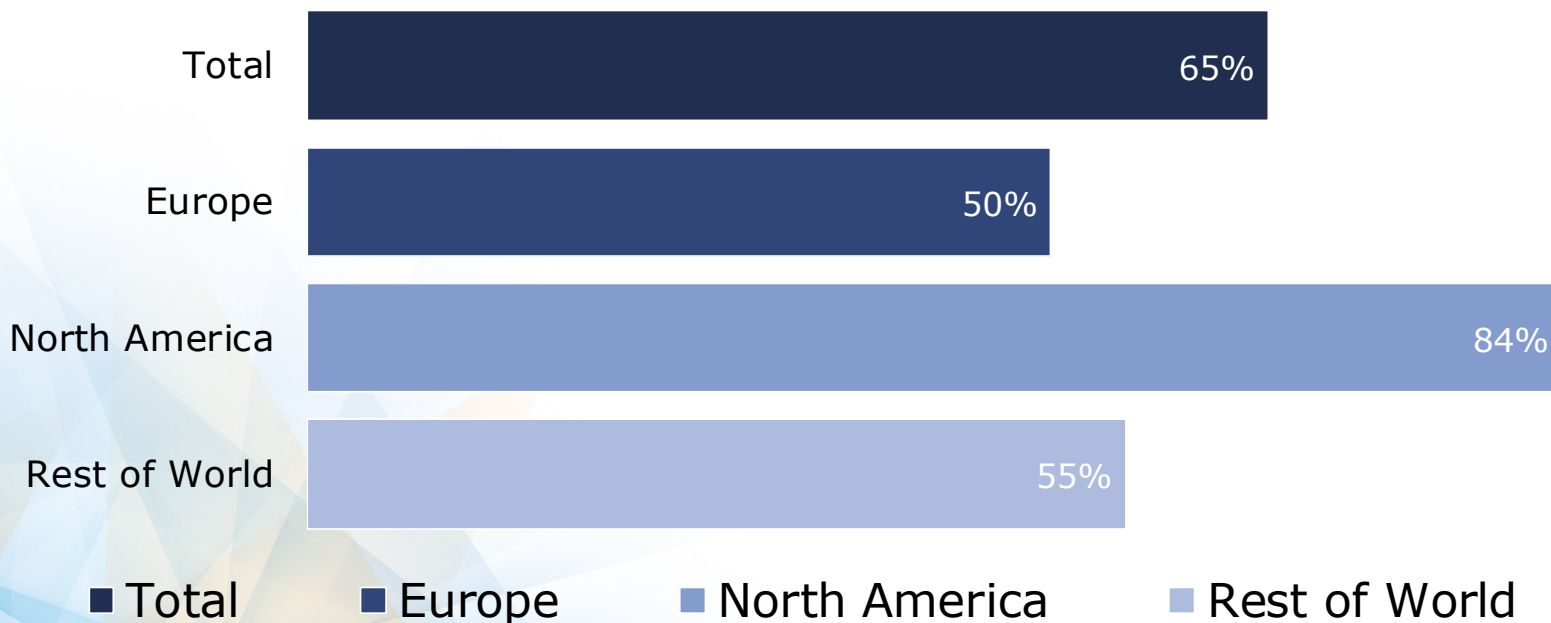
Who in the room would like to give employees a choice  
when it comes to LTI-plans?



# LTIPs are used as more than just another compensation element

- 65% of all companies apply LTI grants outside the normal annual compensation package, and the vast majority of companies in North America does so:

**Companies allowing LTI grants outside of annual compensation**  
(in % of companies)



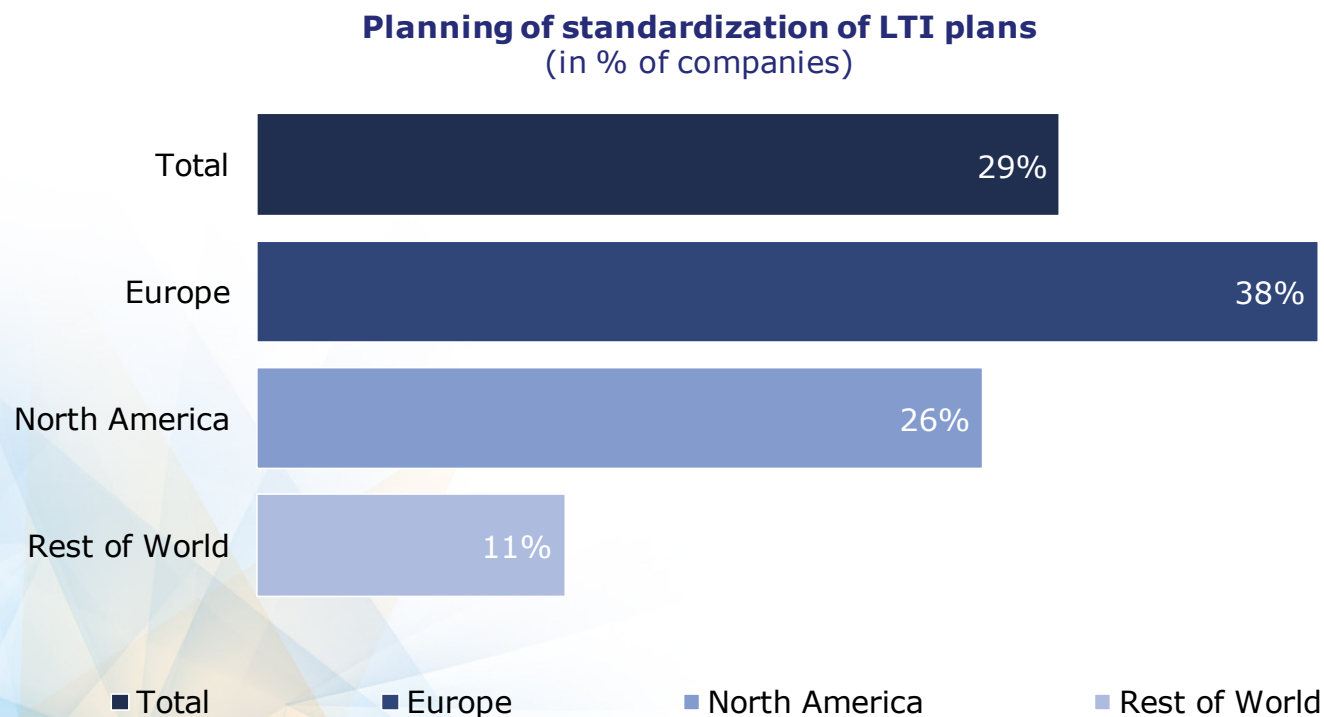
## Extraordinary LTI grants



What are the most prevalent reasons for applying grants outside of the normal compensation cycle and have they been successful?

# More European companies plan to further standardize their Equity plans

- Nearly 40% of European companies plan to further standardize their equity plans, while only 26% of North American companies plan to do so:



## LTIP Standardization



More standardization or more individualization – what is the future?

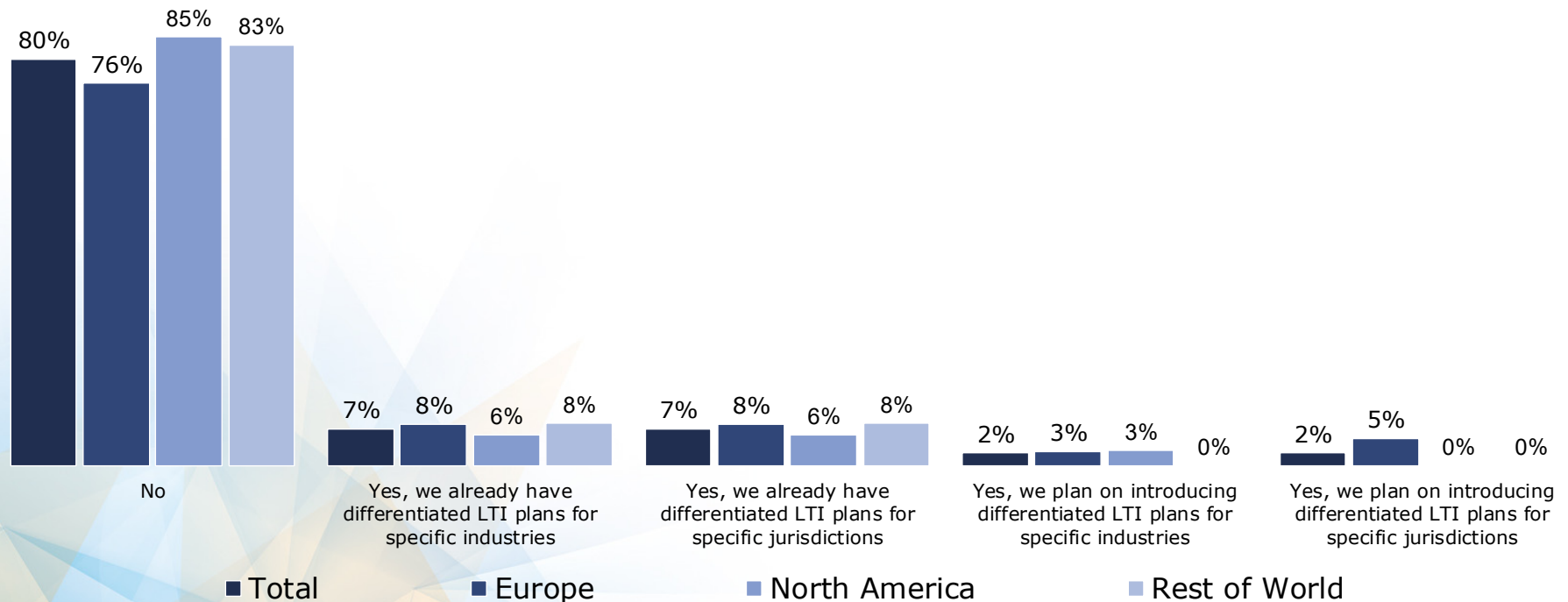


Is your company planning more standardization of equity plans (LTI and/or share purchase plan) due to digitalization?

# Most companies do not distinguish between industry and jurisdiction

- About 20% of the participants distinguish between different industries (and jurisdictions) with regard to LTI plan design.

**Differentiation by industry / jurisdiction**  
 (in % of companies)





## LTIP Differentiation



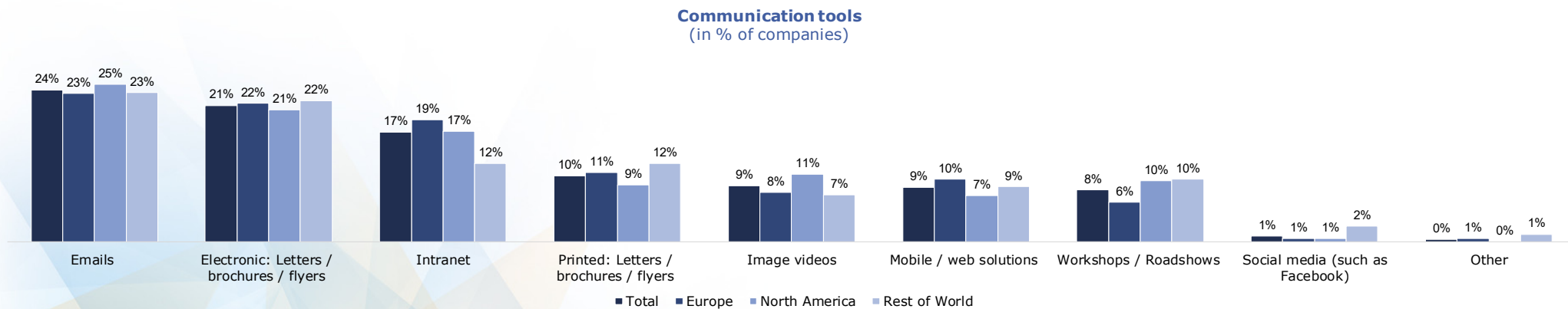
Why do so many companies maintain a standardized approach to their LTIPs?

# Communication



# “You’ve got mail” is still the most used communications tool

- While e-mails are still the most important means of information, other digital means of information are becoming increasingly important.
- This includes digital brochures or flyers as well as the intranet.



## Communication tools



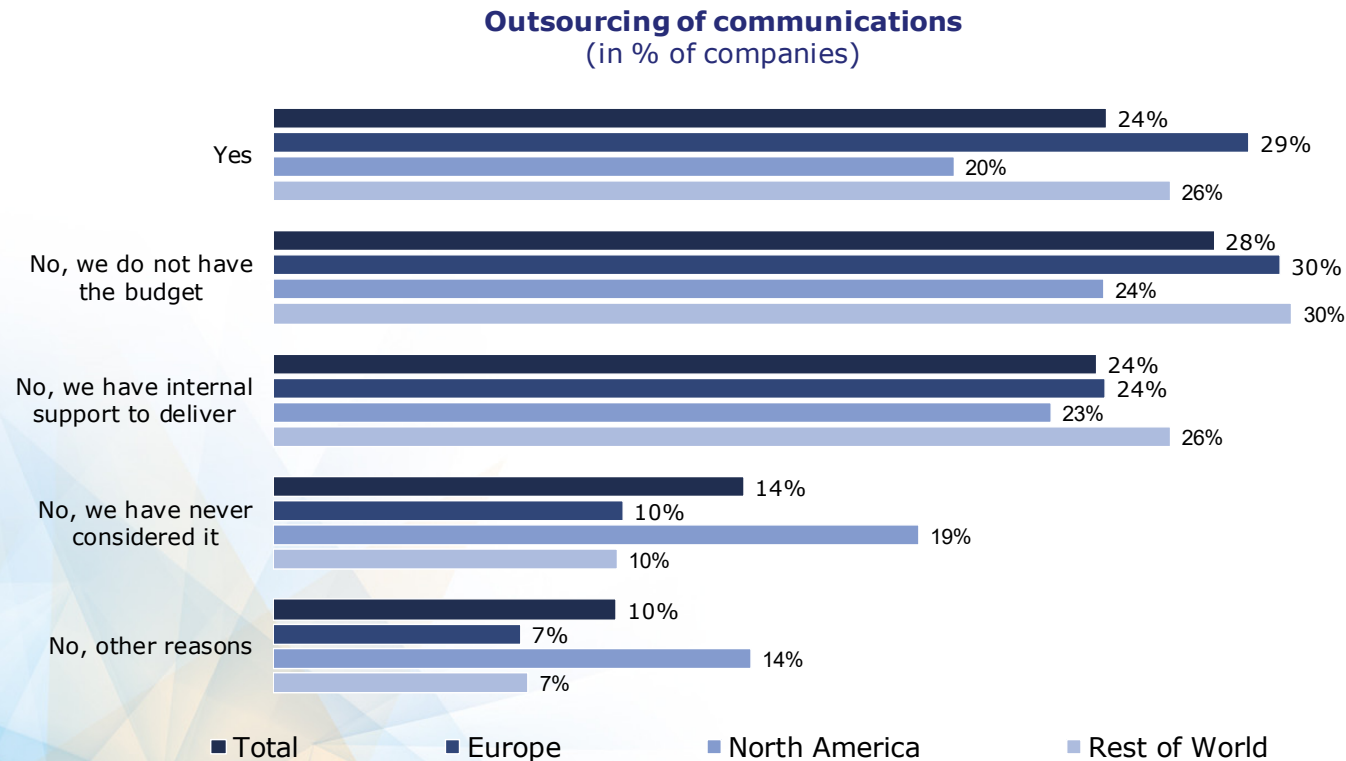
How has the equity communications landscape changed over the past years and which generates the most added value today?



Who is using “social media” for communication purpose?

# Outsourcing communications can be seen in the market

- One fourth of all companies reported leaving the creation and implementation of communication campaigns to external providers.



## Outsourcing of Communication

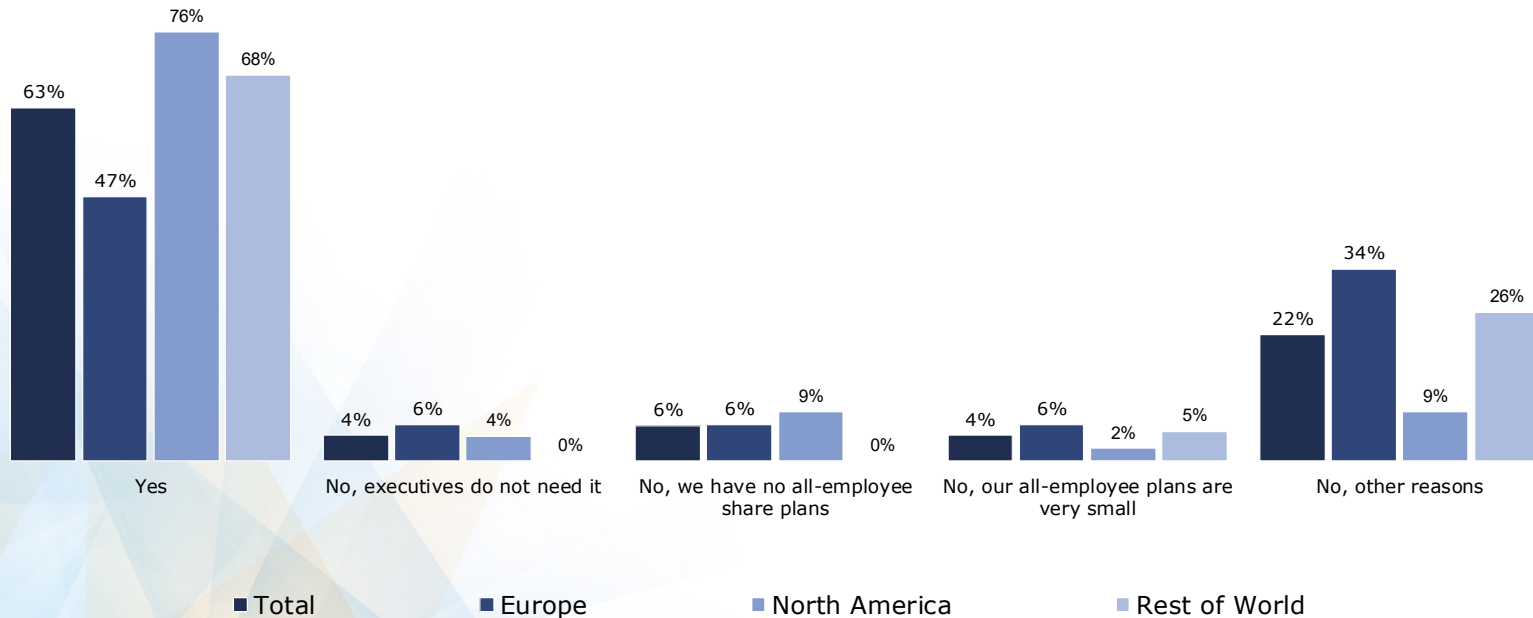


When would it make sense to at least partially outsource equity communications?

# Financial education is an important topic in America

- In the context of communication, financial education continues to be much more important in the North America than in Europe.

**Priority of financial education**  
 (in % of companies)



## Priority of financial education



Why is financial education so important?

# Thank You

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# Thank You

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