



Sustainability in Executive Compensation

ICN Business School

17 May 2021

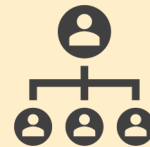
Executive Compensation



Shareholders



Board of Directors

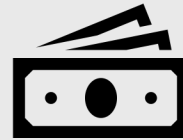


Executive Management

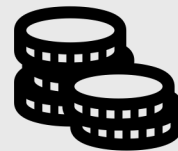
executive compensation framework



Long Term
Incentive



Short Term
Incentive



Base Salary

Variable:

**pay for
performance**

Fix pay



measuring performance

Executive management
performance is reflected in
Company Performance



the triple bottom line

Companies that promote sustainable business practices often outperform those that do not





sustainability in executive incentive plans

48%

all aspects of their
business

63%

short-term incentive plans

41%

long-term incentive plans

most common performance metrics

E	S	G
<ul style="list-style-type: none">• Decarbonization• Energy reduction• General environmental• Plastic reduction• Water usage	<ul style="list-style-type: none">• Diversity & Inclusion• Employee engagement• Safety• Societal	<ul style="list-style-type: none">• Strengthening or remediating governance• Risk

what is a good performance indicator?

S.M.A.R.T.





SoftwareOne

Performance indicators used in the executive short-term and long-term incentive plans

Short-term plan	performance indicators
Financial 90%	EBITDA
	Cost
Personal goal * 10%	Individual target

* 2021: will include ESG and weight will increase to 15%

Long-term plan	performance indicators
Financial 75%	Gross Profit
Shareholder return 25%	Total shareholder return (TSR) compared to stock index



Danone

Performance indicators used in
Emmanuel Faber' short-term and
long-term incentive plans

Short-term plan	performance indicators
Financial 60%	Sales growth
	Operating margin growth
	Free cash flow
Social, societal, environmental 20%	Employee engagement
	Fulfillment of climate ambition
Managerial 20%	Leadership

Long-term plan	performance indicators
Economic 80%	Sales growth compare to food industry
	Free cash flow
Environment 20%	Climate change program rating

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“The Board believes in the necessity of combining high economic performance and the respect of Danone’s unique model of a purpose-driven company.”

Danone Press Release – Paris, March 15th, 2021



FRANCE
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multiple stakeholders and influencers



**to link or not
to link ?**





Thank you

Anne Béguin-Van Wallegghem

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