

HEALTH WEALTH CAREER

EUROPEAN EXECUTIVE REMUNERATION TRENDS 2016

13TH SEPTEMBER 2016
ATHENS

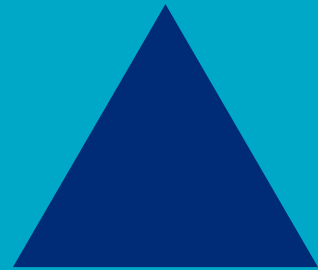


AGENDA

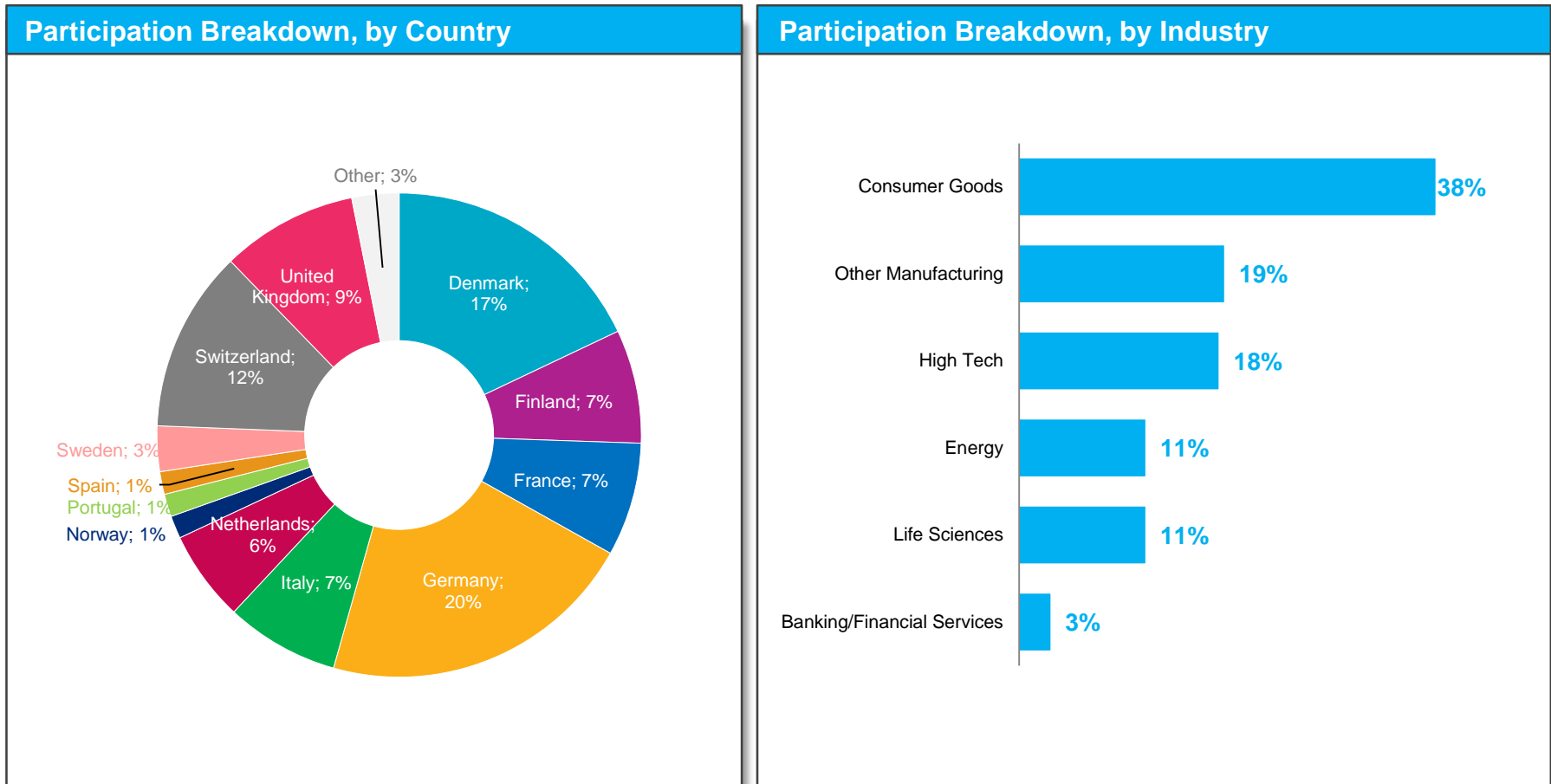
WHAT WE'LL COVER TODAY

- 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**

2016 HIGHLIGHTS PARTICIPANT PROFILE

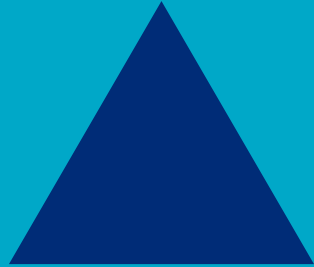


71 participants took part in Mercer's 2016 Executive Remuneration Pulse Survey ("MERG Survey")

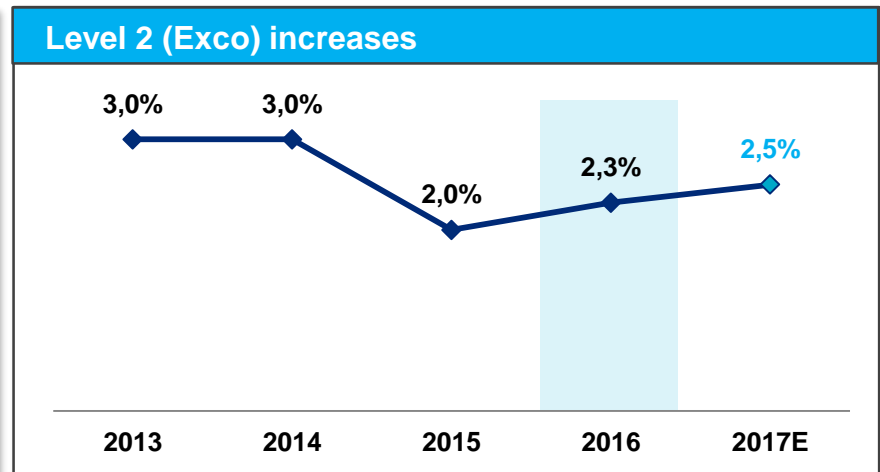
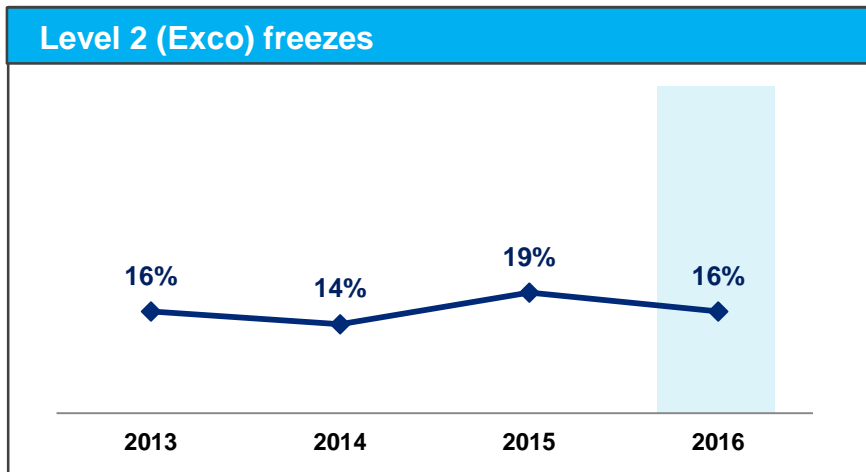
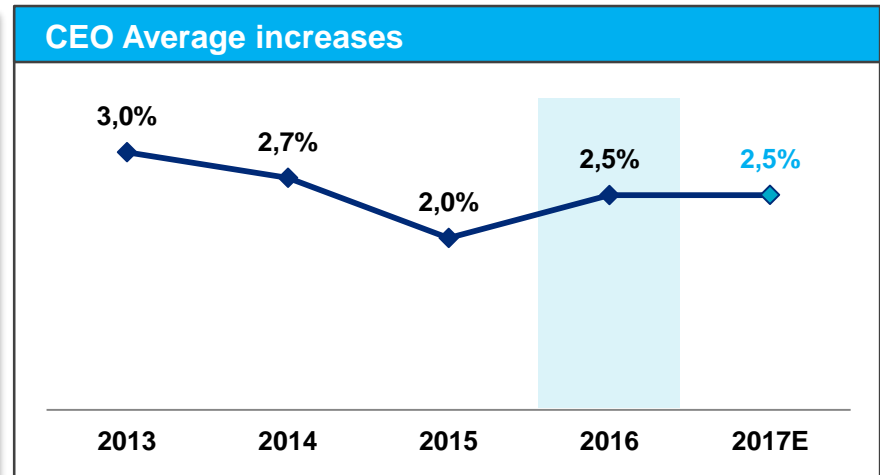
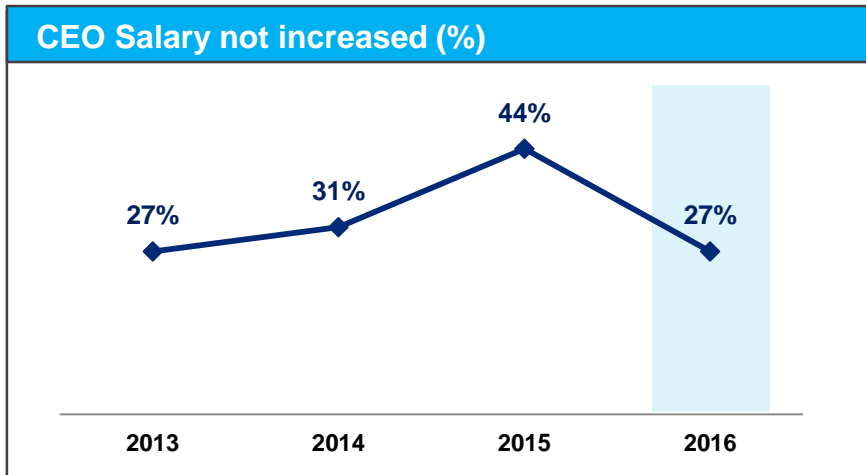


Source: Mercer Executive Remuneration Pulse Survey 2016

2016 MERG PULSE HIGHLIGHTS BASE SALARY REVIEW

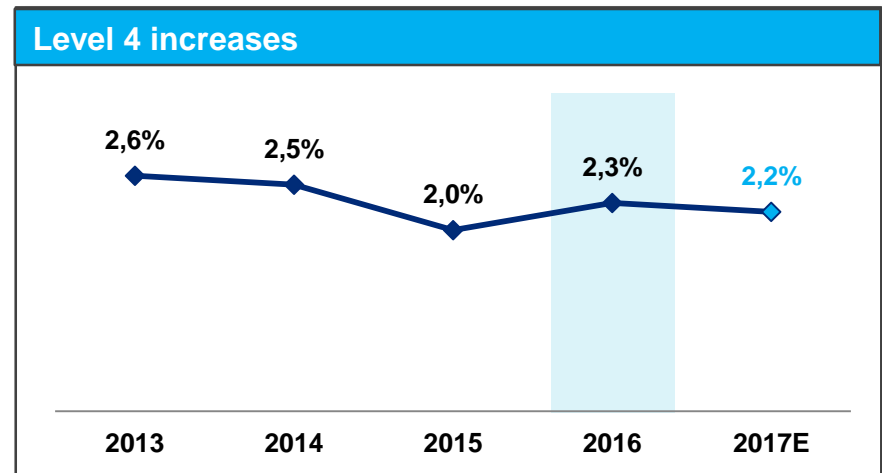
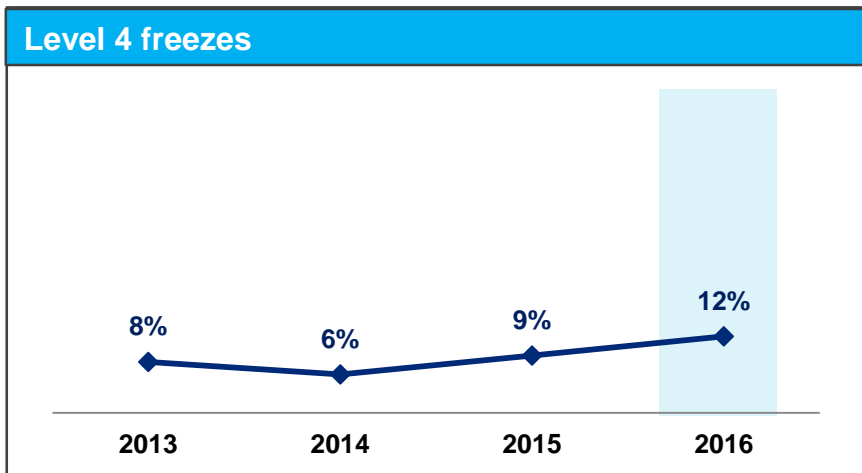
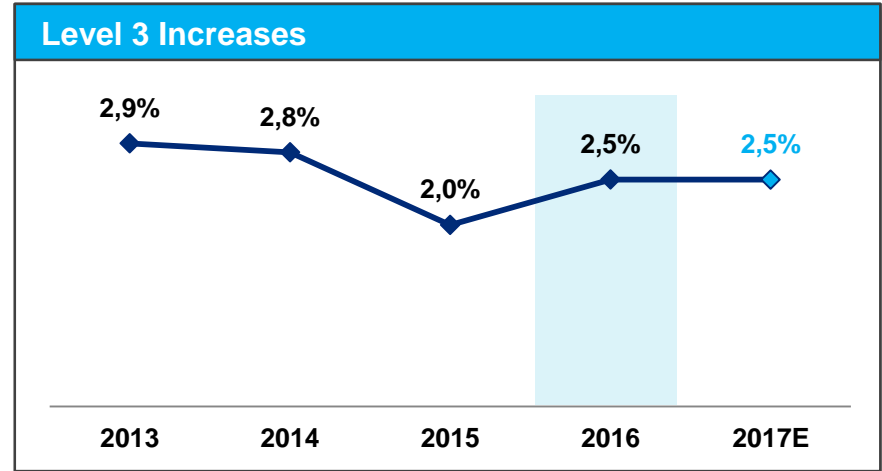
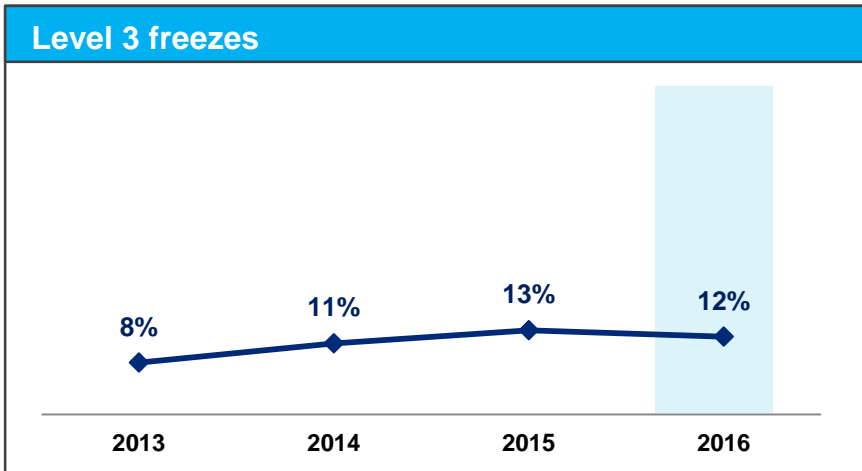


2013-2016 SALARY TRENDS, CEO & LEVEL 1 (EXCO)



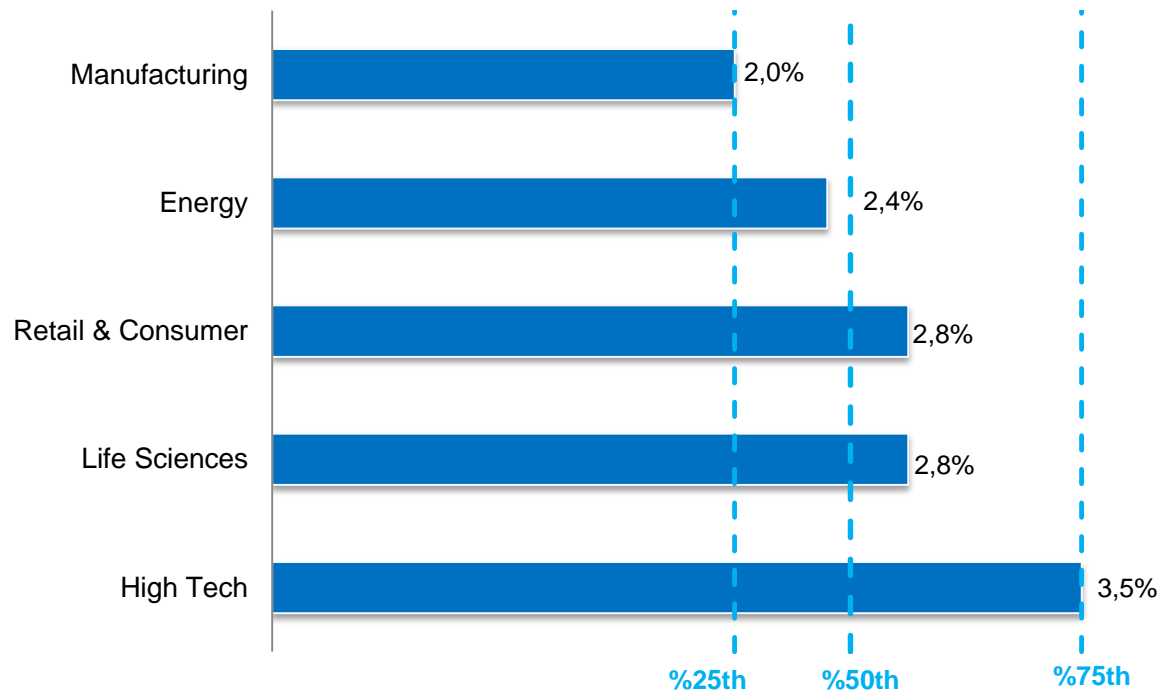
Source: Mercer Executive Remuneration Pulse Survey 2013-2016

2013-2016 SALARY TRENDS, BELOW EXCO

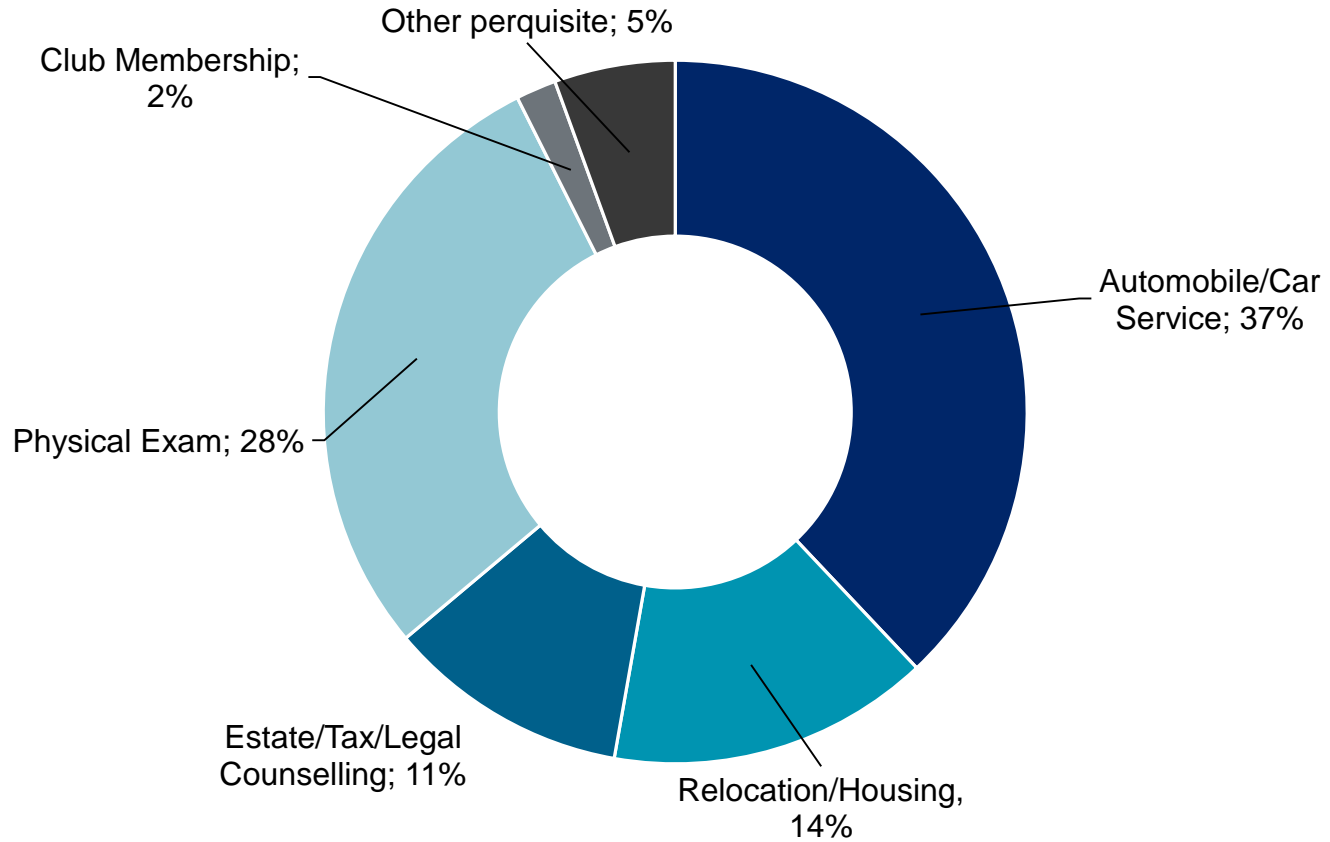


Source: Mercer Executive Remuneration Pulse Survey 2013-2016

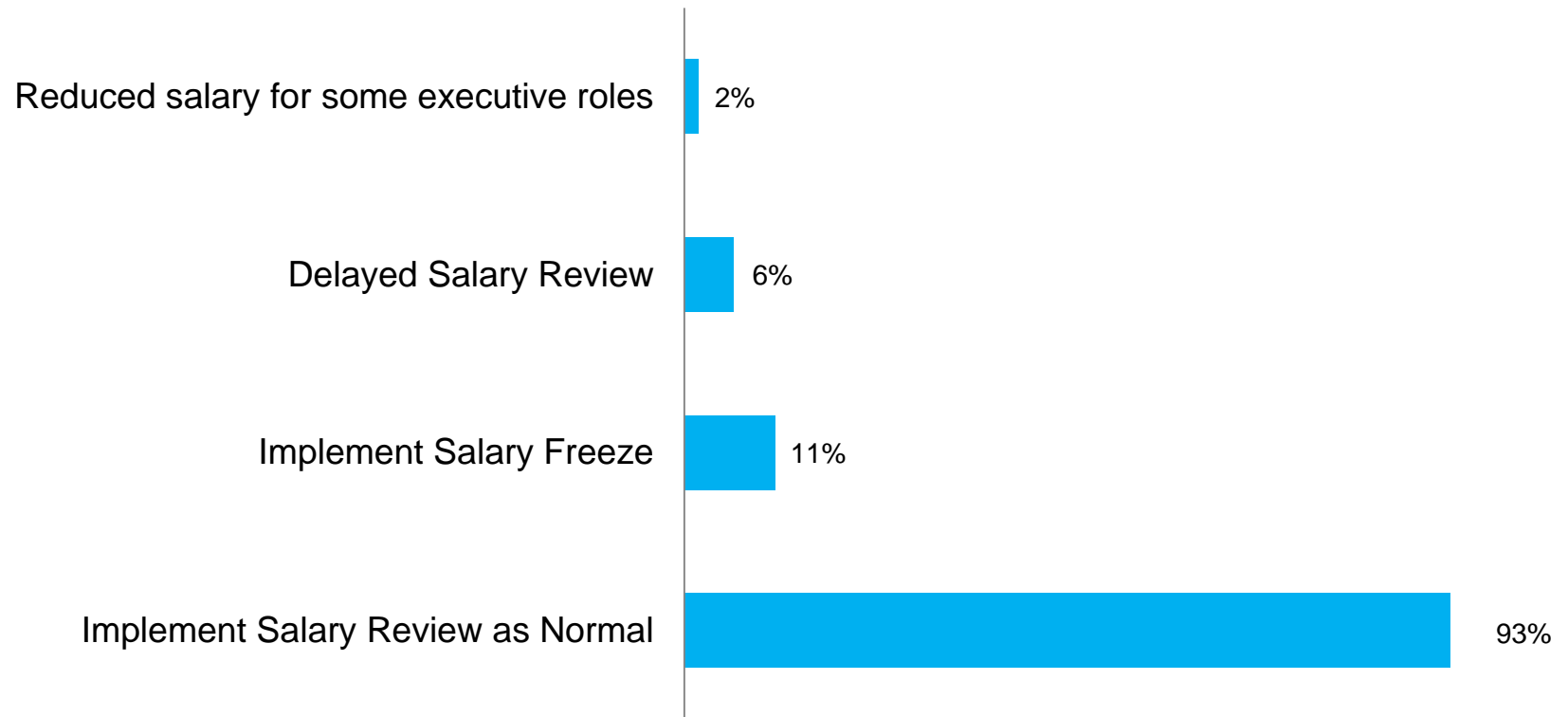
2016 CEO SALARY INCREASES BY SECTOR VS SURVEY MEDIANS AND QUARTILES



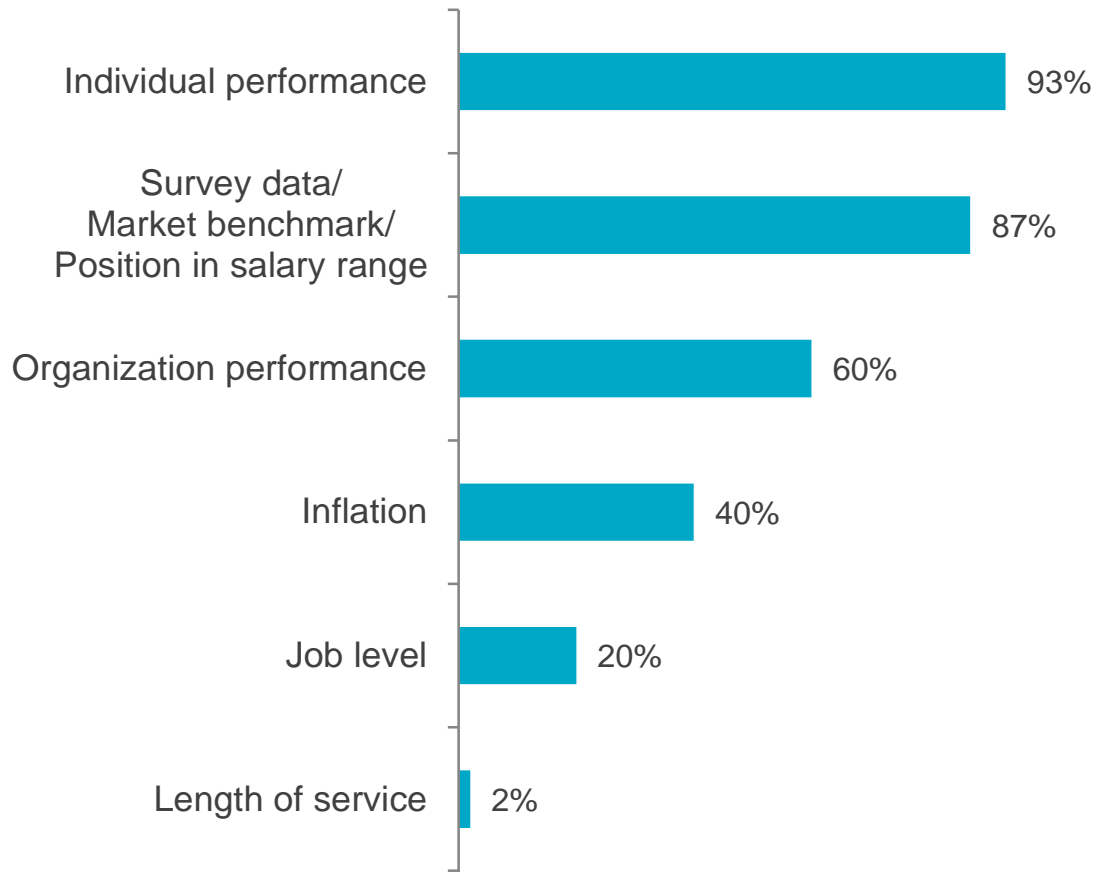
BREAKDOWN OF PERQUISITES PROVIDED TO EXECUTIVES



ACTIONS TAKEN BY ORGANIZATIONS FOR EXECUTIVE SALARY REVIEWS



FACTORS DETERMINING SALARY INCREASES



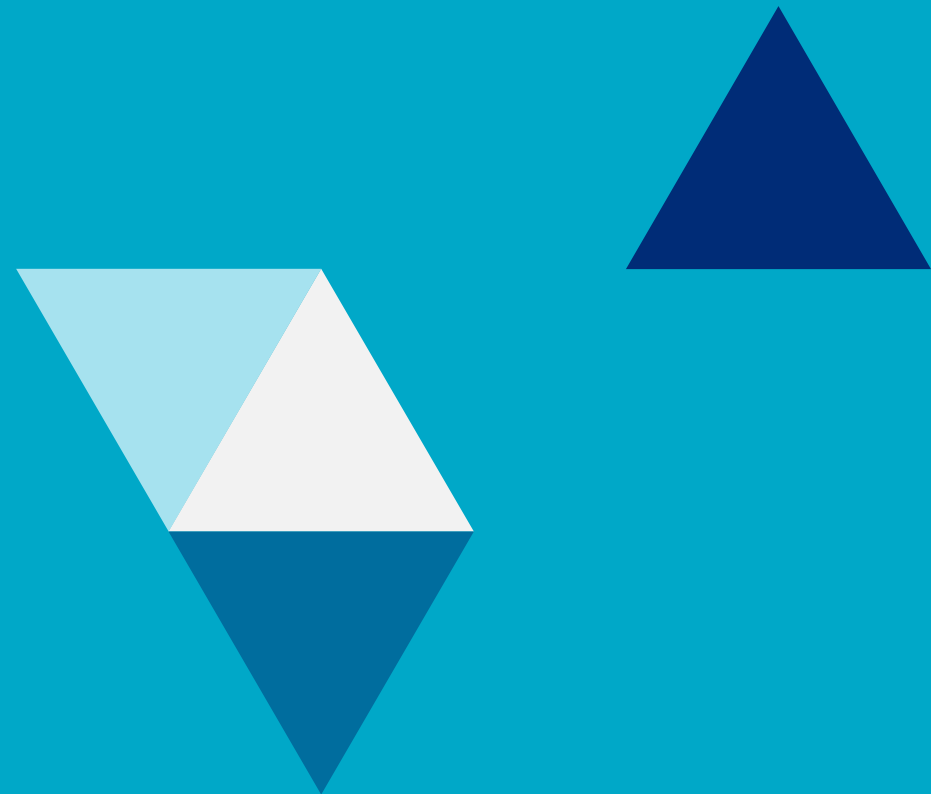
Source: Mercer Executive Remuneration Pulse Survey 2016

INDUSTRY DIFFERENTIALS

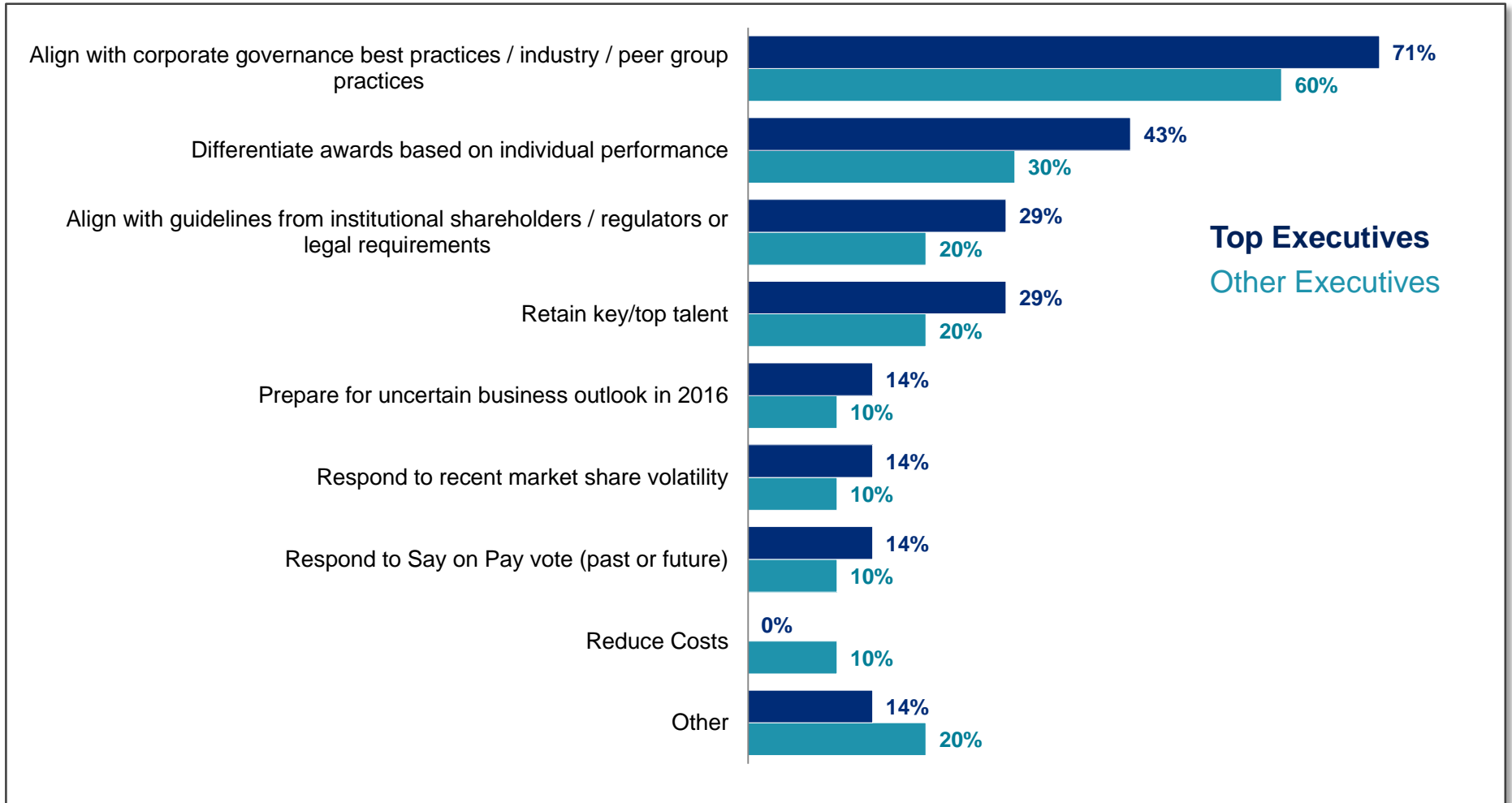


Source: Mercer Greece Total Remuneration Survey 2016

2016 HIGHLIGHTS STI PROGRAMS



DRIVERS FOR MAKING CHANGES TO STI PROGRAMS



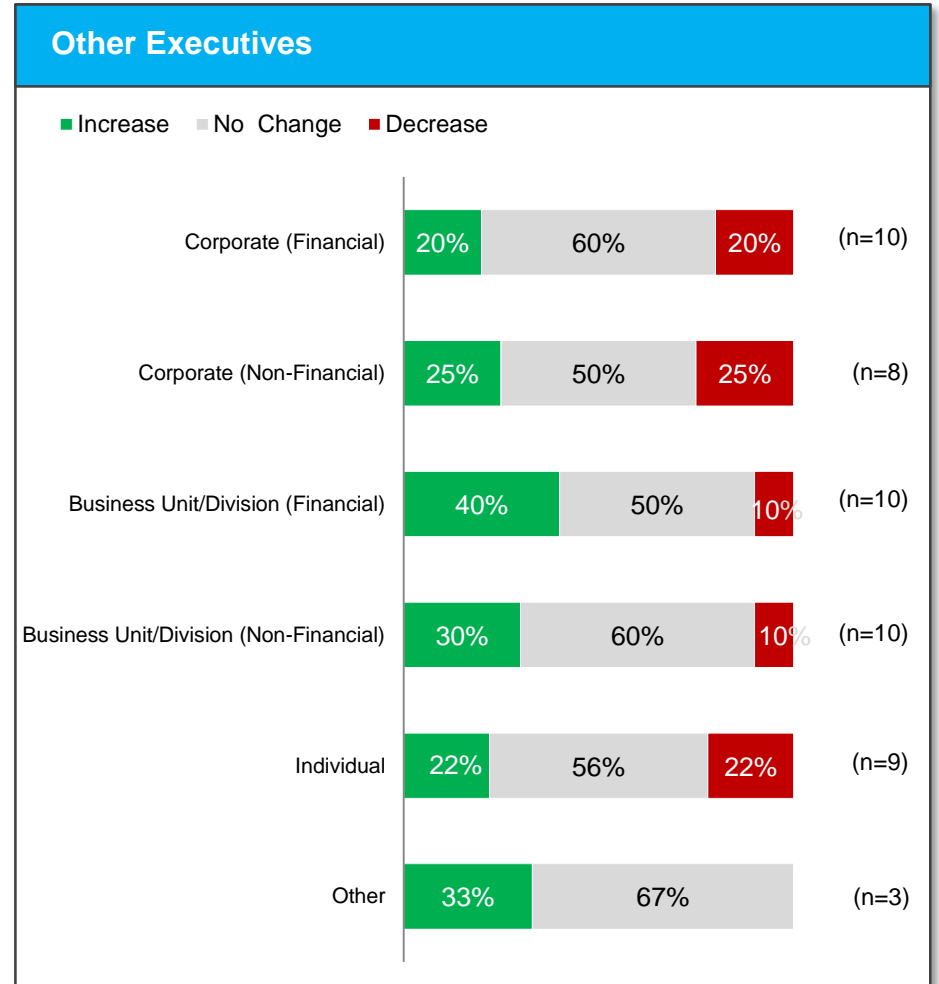
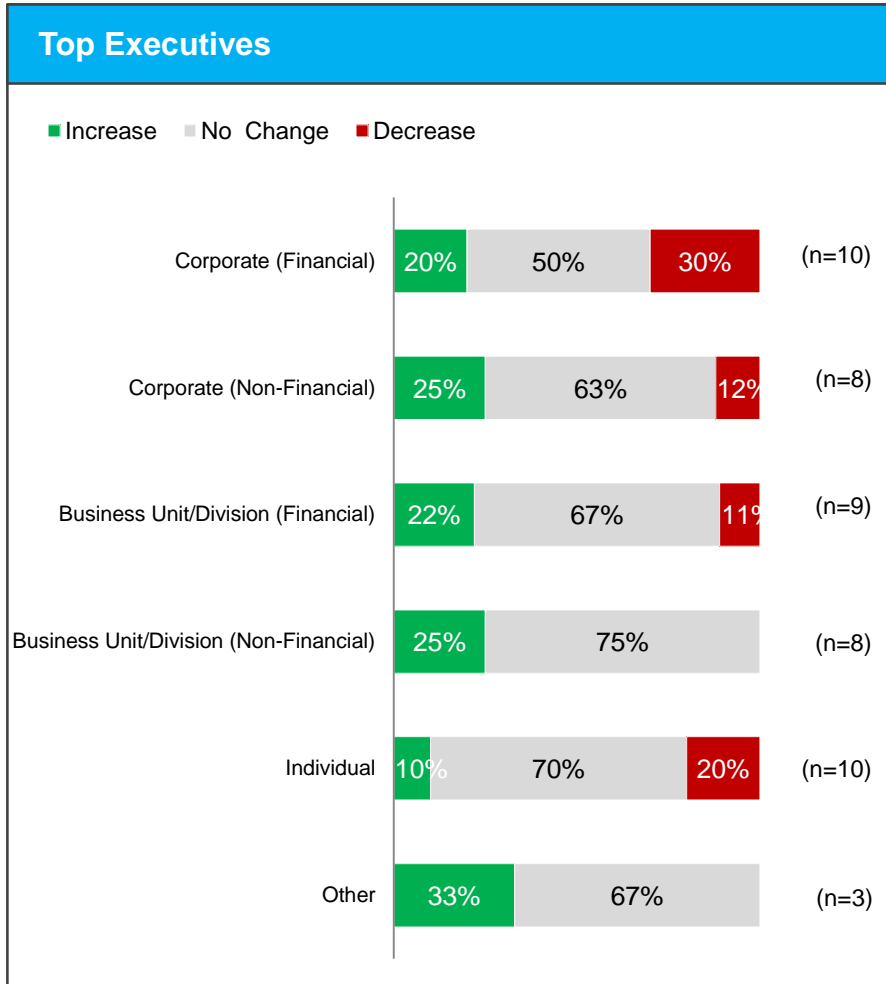
Source: Mercer Executive Remuneration Pulse Survey 2016

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%

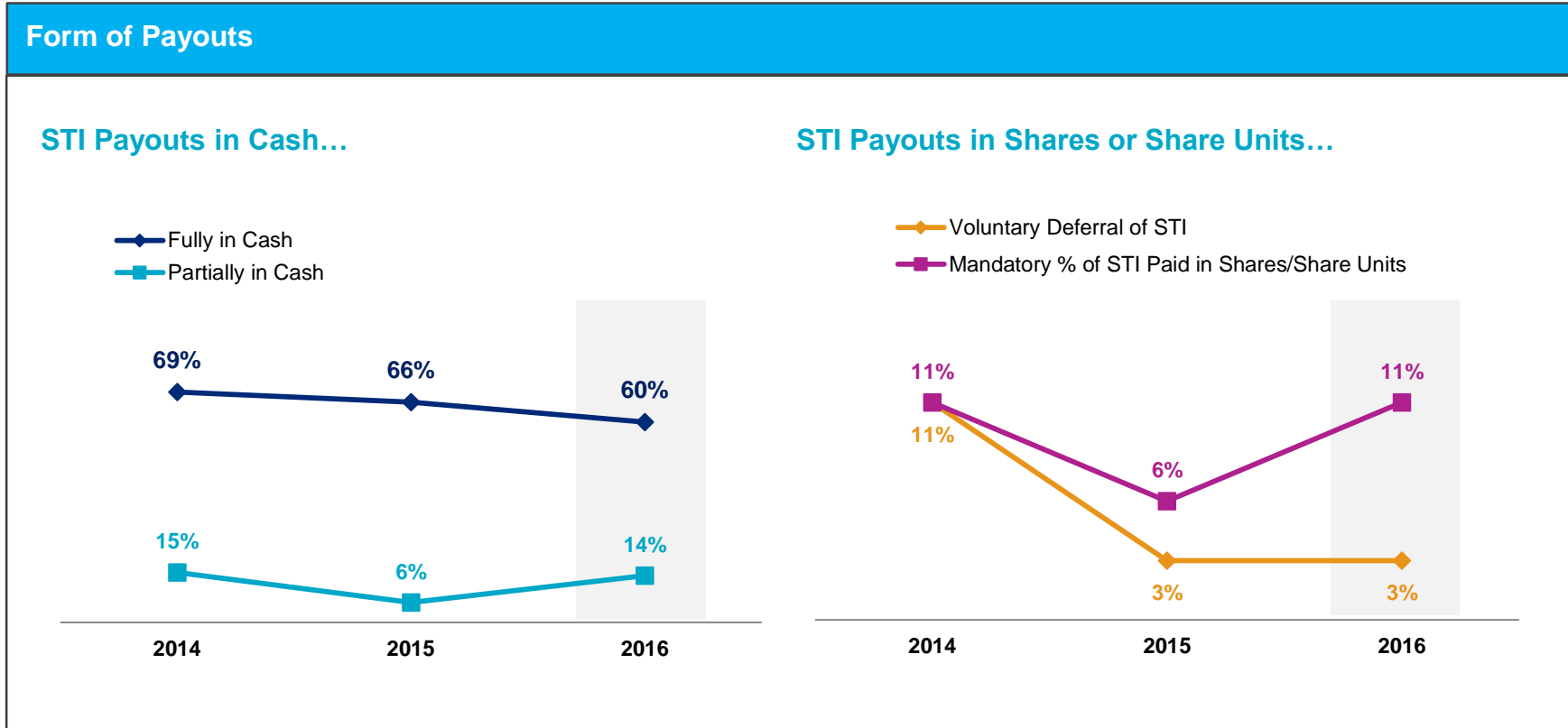
Source: Mercer Executive Remuneration Pulse Survey 2014-2016

CHANGES TO PERFORMANCE MEASURES WEIGHTING 2016 VS. 2015



Source: Mercer Executive Remuneration Pulse Survey 2016

CHANGES TO THE FORM OF PAYOUTS UNDER STI PROGRAMS



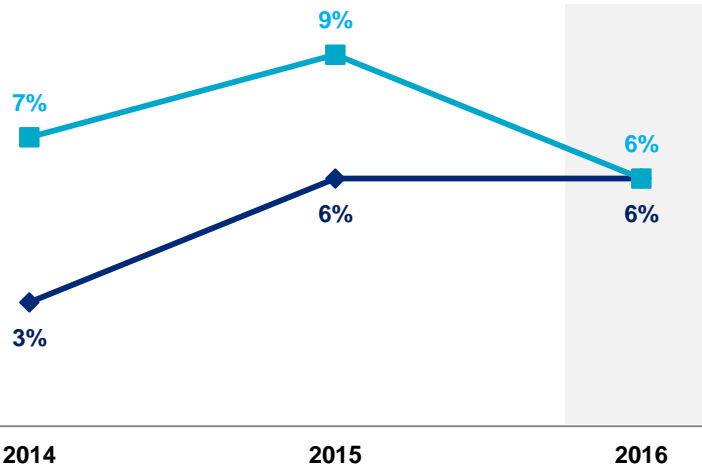
Source: Mercer Executive Remuneration Pulse Survey 2014-2016

CHANGES TO THE CONDITIONS OF PAYOUTS UNDER STI PROGRAMS

STI Payout Conditions

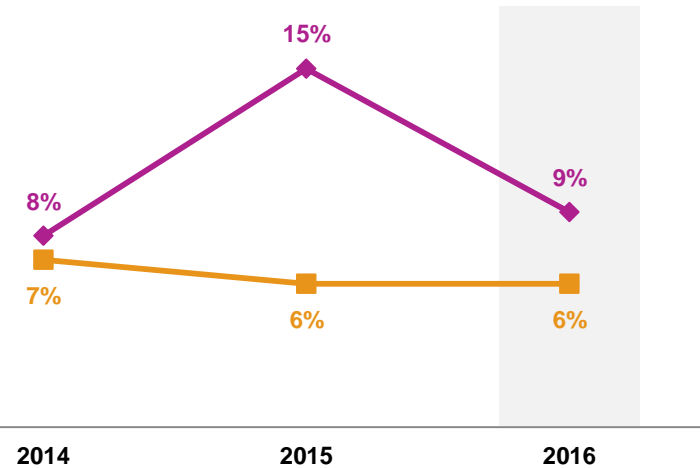
Performance Considerations in Conjunction with Mandatory Deferral

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



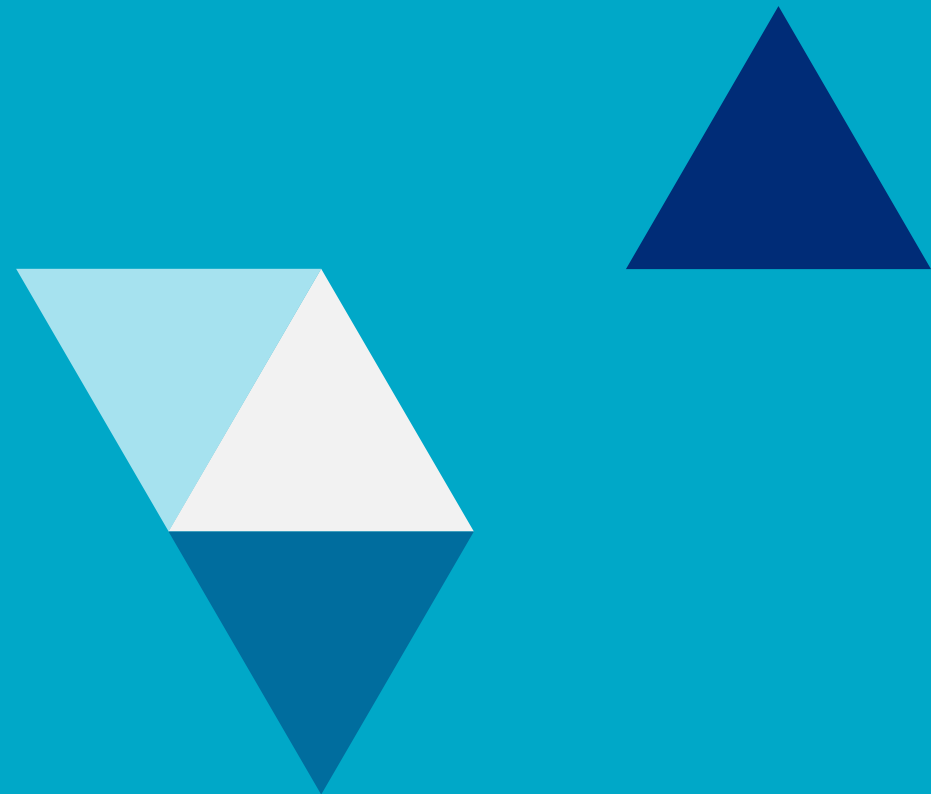
Malus and Clawback Provisions

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

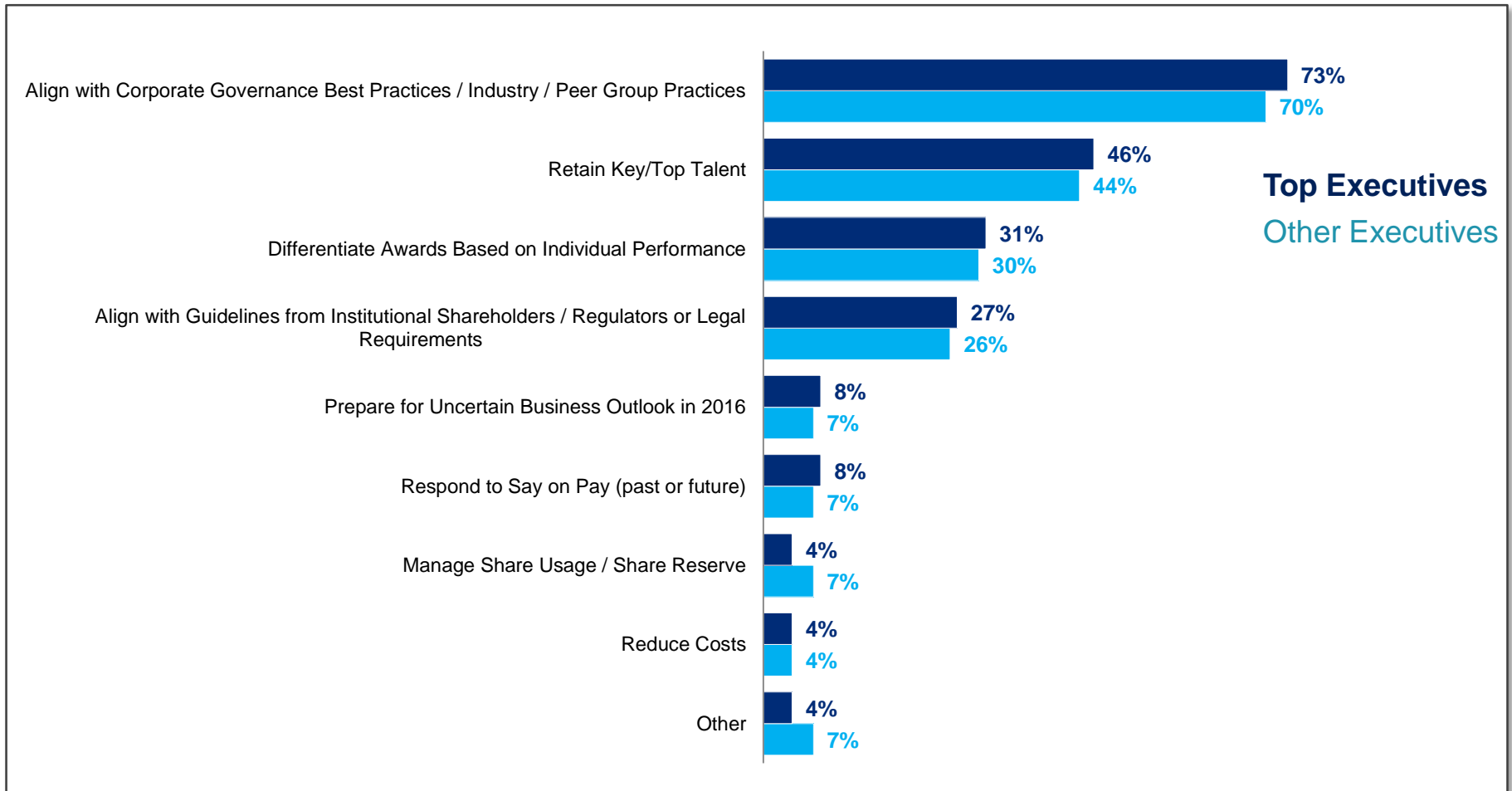


Source: Mercer Executive Remuneration Pulse Survey 2014-2016

2016 HIGHLIGHTS LTI PROGRAMS










DRIVERS FOR MAKING CHANGES TO LTI PROGRAMS



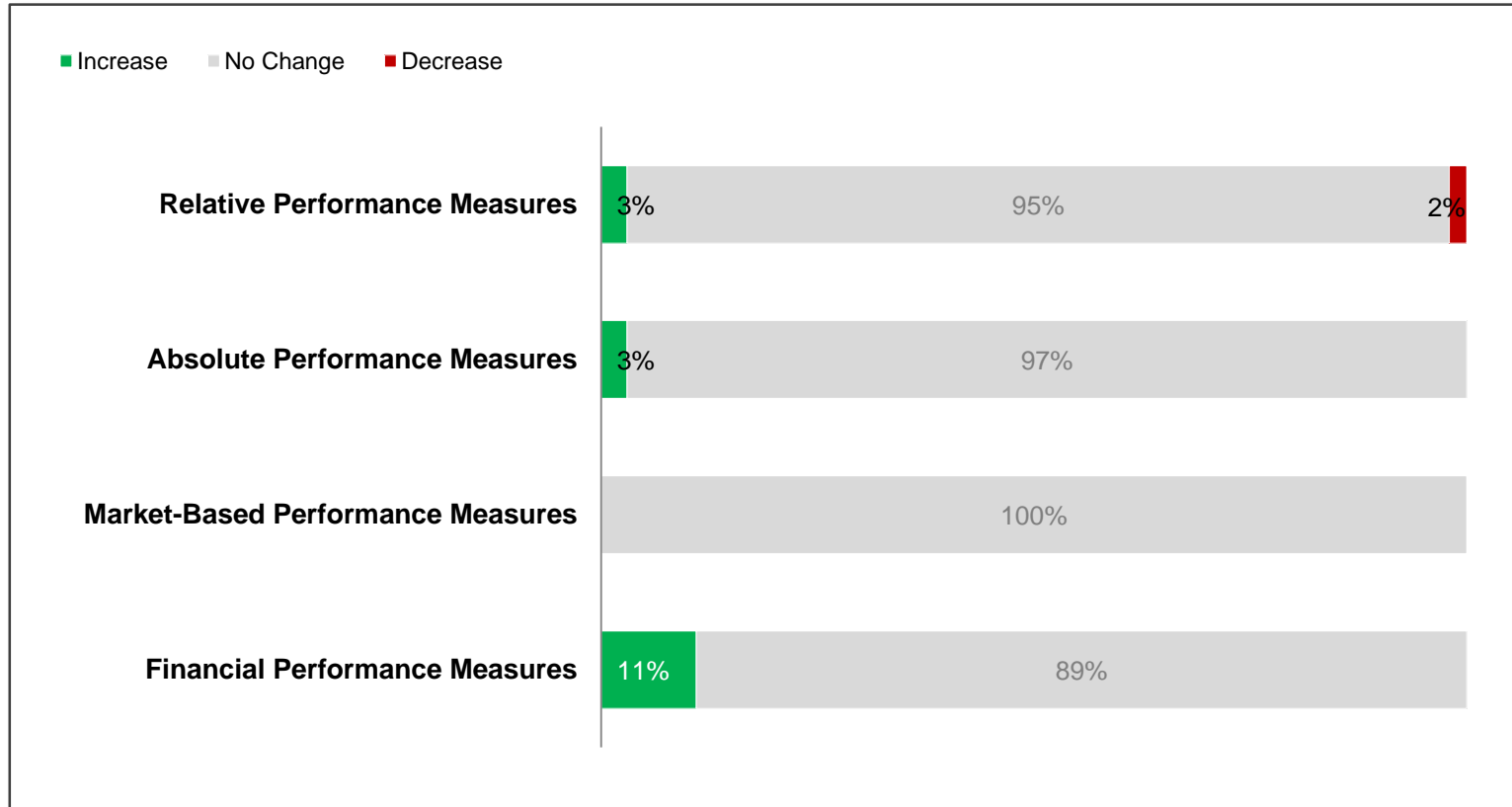
Source: Mercer Executive Remuneration Pulse Survey 2016

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%	

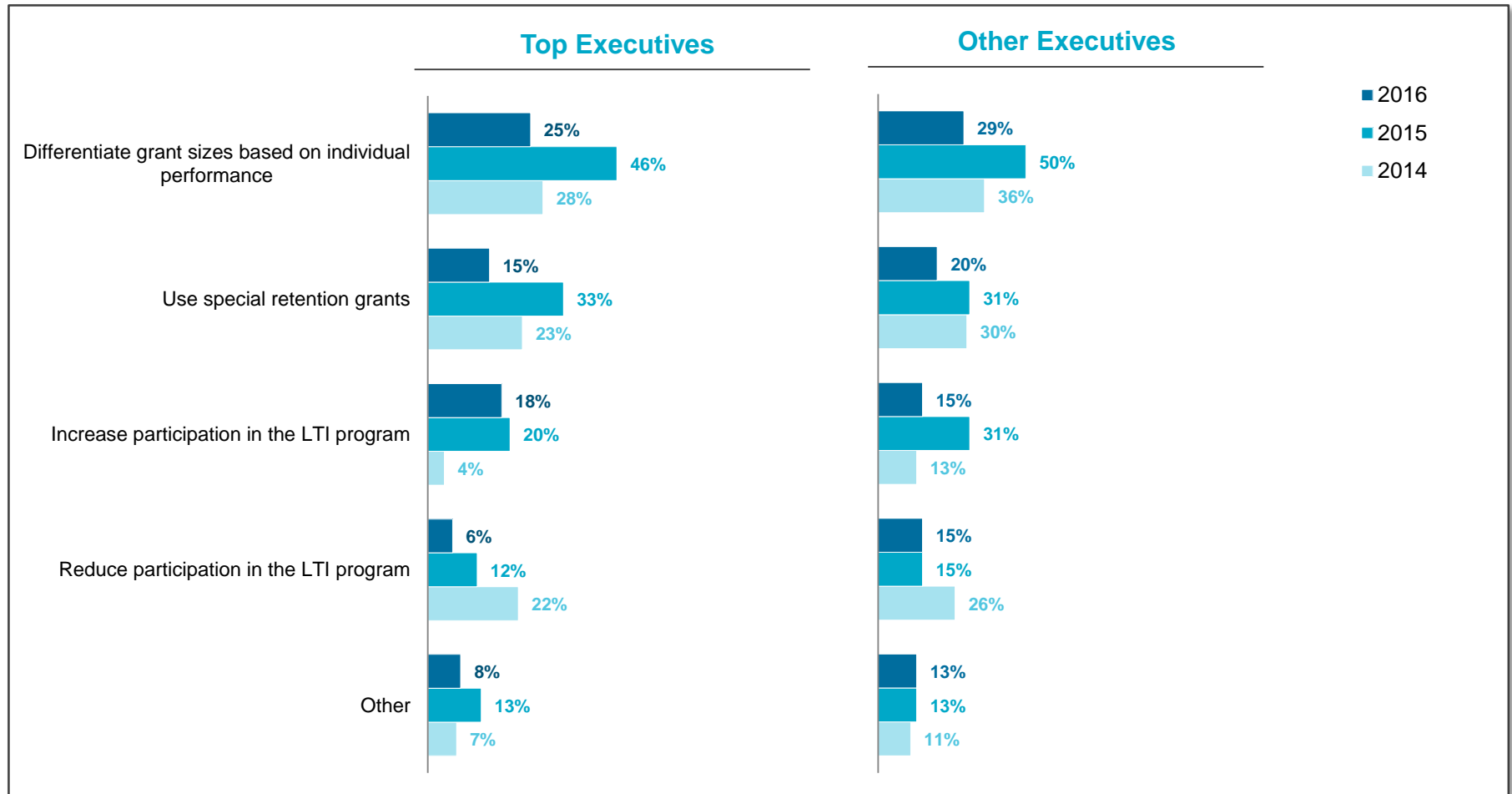
Source: Mercer Executive Remuneration Pulse Survey 2014-2016

CHANGES TO PERFORMANCE MEASURES WEIGHTING 2016 VS. 2015



Source: Mercer Executive Remuneration Pulse Survey 2016

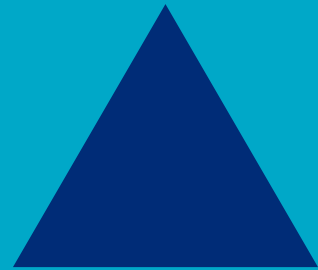
ACTIONS TAKEN BY ORGANIZATIONS WITH RESPECT TO LTI GRANTS IN 2016



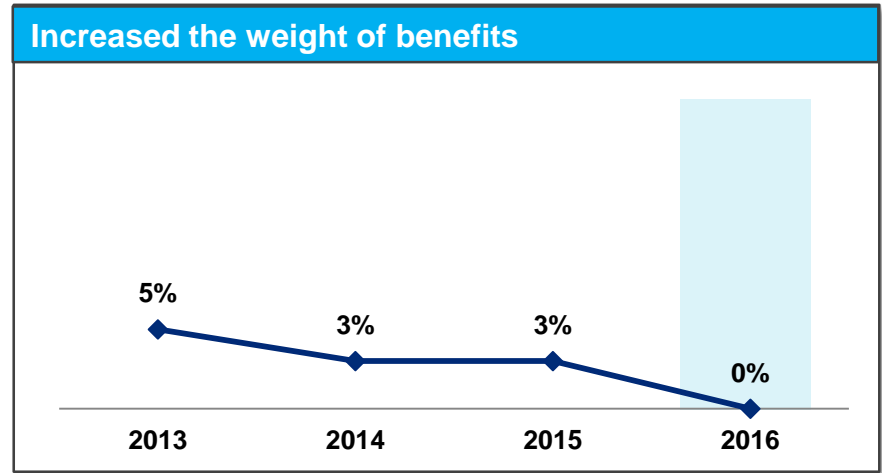
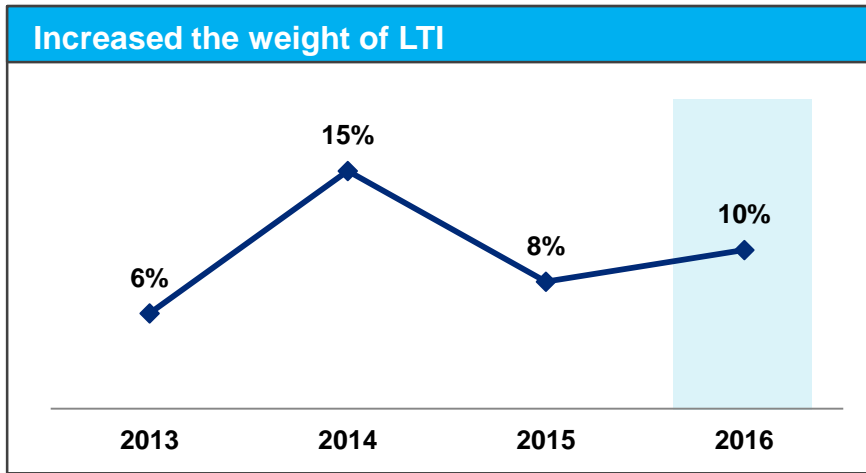
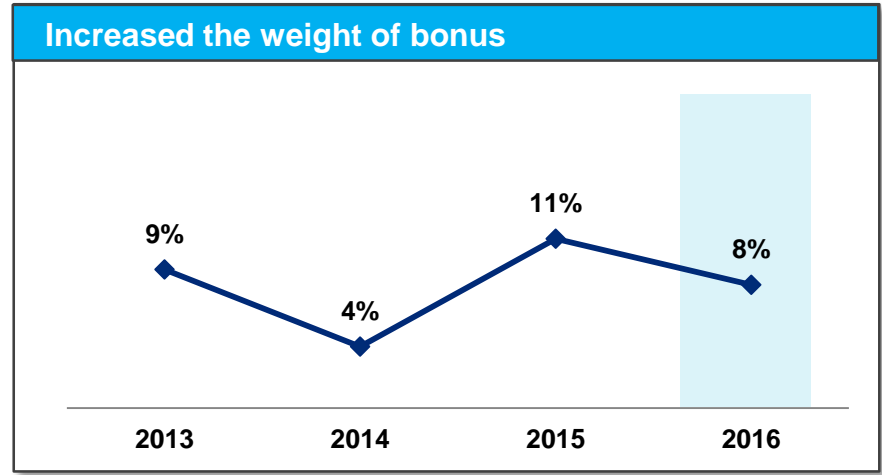
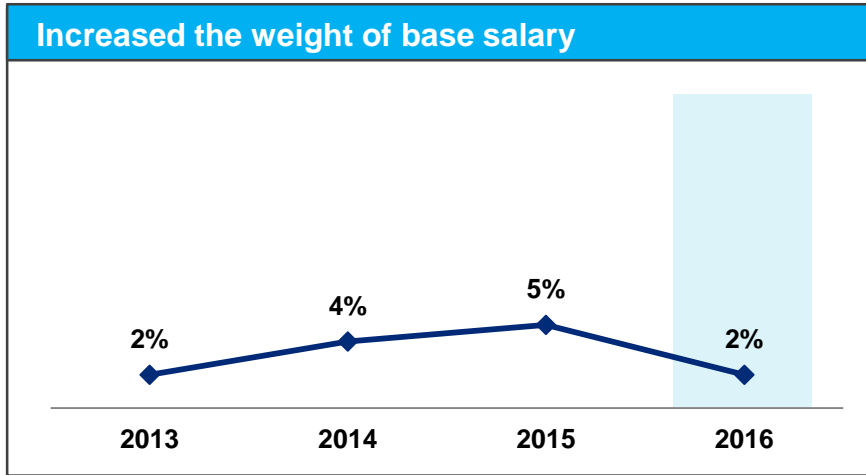
Source: Mercer Executive Remuneration Pulse Survey 2016

2016 MERG PULSE HIGHLIGHTS

PAY MIX AND NEW MODELS

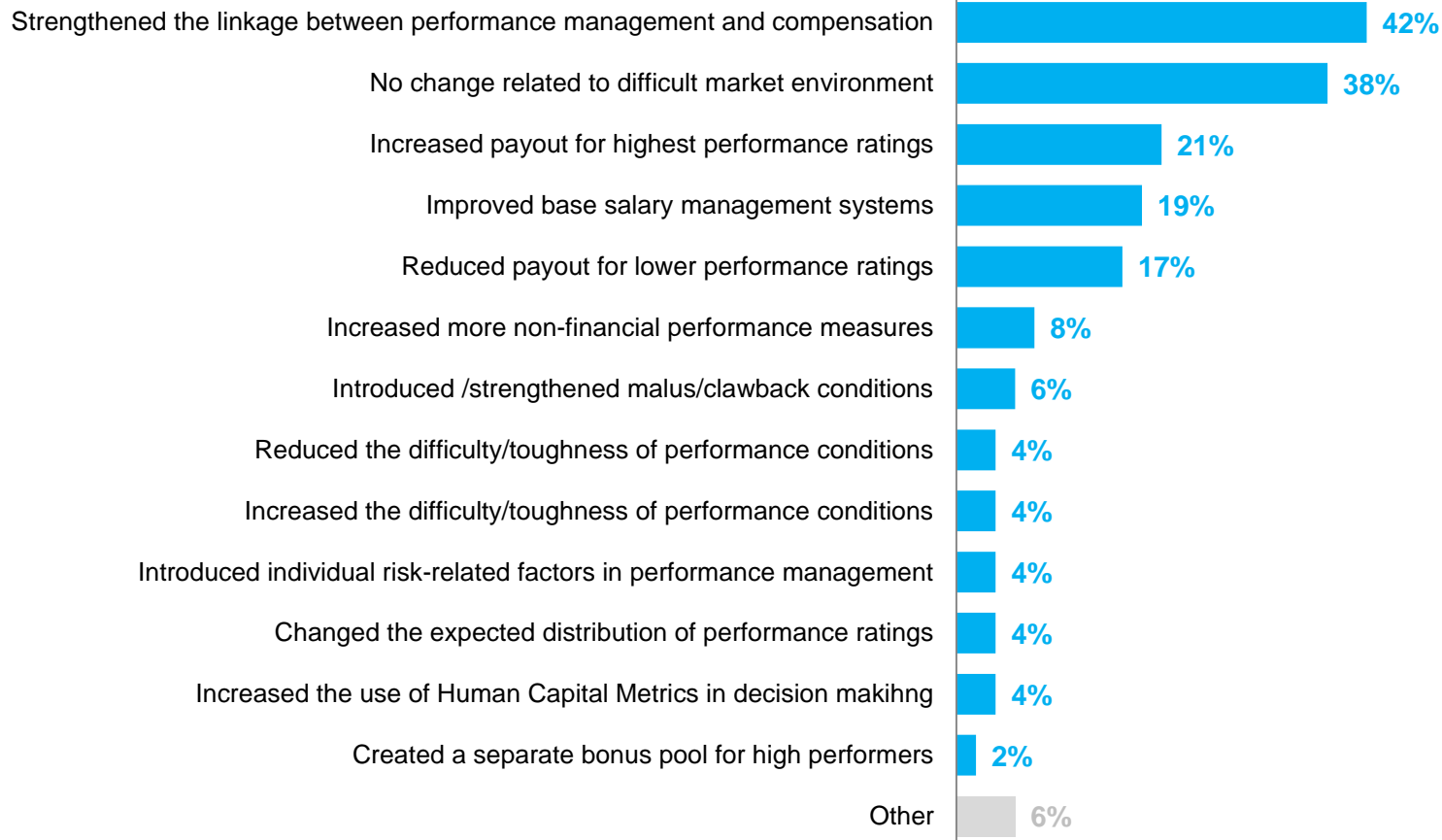


CHANGES OF PAY COMPONENTS' SHARE IN TOTAL REMUNERATION



Source: Mercer Executive Remuneration Pulse Survey 2013-2016

NEW MODELS USED TO DEAL WITH EXECUTIVE COMPENSATION



Source: Mercer Executive Remuneration Pulse Survey 2016

DISCOURAGE RISK

REWARD PERFORMANCE

- Corporate governance: are boards sufficiently independent?
- Stricter definitions of independence and separation for audit, compensation and nomination functions
- But there is an elephant in the room
- US vs Nordics

BOARDS **SHAREHOLDERS**

- More frequent engagement with shareholders
- Shareholder representative bodies
- Type of shareholder base: pension funds vs VC
- US vs UK

OBJECTIVES

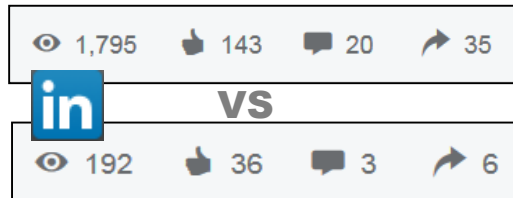
ALINGMNET

WEALTH

CONSIDERATIONS

**MORE
BONUS**

**BIG
SALARY**



CONTINUOUS
NO LONGER A "PROCESS"

ANY WAY GOES

SELF MANAGEMENT

PURPOSE VS PERCEPTION
VS PERFORMANCE



QUESTIONS?



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MAKE



**TOMORROW
TODAY**