

Global Rewards Update: 2013 Global Share Plan Survey – Sharing Success

August 2013

Background

There continues to be an enormous level of interest in share plans throughout the world, as evidenced by the very high level of participation in our 2013 Global Share Plan Survey which was run earlier this year. The survey covered all aspects of global share plans, looking at the features of the plans operated by global companies, at how the plans are implemented and operated on a global basis, how companies ensure they remain compliant everywhere and more.

130 companies participated. These companies were headquartered in 21 different countries, which make our survey a truly global survey. The participants operated, between them, 340 different share plans and these share plans extended to over 90 countries around the world.

The full results of the survey are only available to participants and we would therefore encourage you to participate to have access to these.

Highlights

Encouragingly share plans continue to be recognised by global companies as an effective remuneration tool. At the executive level our participants reported that share plans not only can be used to help drive performance, but they can also help with retention. Also, when combined with clawbacks and maluses, they can help contribute to the management of risk. From our participants' feedback it is clear that the purposes behind broad-based plans are more nuanced. This is a consequence of the smaller amounts that are involved per person, which are then extended to a very broad population. For most companies broad-based plans are about creating "a culture of ownership" and helping to forge a feeling of "group identity".

In the last twelve months there has been a significant amount of noise from the media, politicians and the general public, about the failings of some executive remuneration structures. What there has been a lot less coverage of, has been the success story of broad-based employee share ownership. What we therefore found particularly encouraging in this year's results is the prevalence of broad-based arrangements. Of the respondents to our survey, 66% operated such arrangements and over 45% extended them to over 75% of the countries in which they operate.

In terms of interesting findings, this year's survey has many but here are three that do deserve a special mention.

The first is the very noticeable regional differences in share plan operations between the United States and the rest of the world. US companies tend to operate more plans per company, and at the executive level tend to operate both performance related and non-performance related awards. Outside the US, executive plans without performance conditions are far less common. Secondly is the share purchase plans, overtaking the

share options by some margin, as the vehicle of choice for broad-based plans. Thirdly, is the interest in China. Not many years ago China was virtually a closed shop for global share plans. This year 47% of the respondents of the respondents present in China had extended at least one share plan there.

Other topics remain on the agenda for many companies, such as how to achieve tax compliance for the internationally mobile employees participating in global share plans. Our survey shows that tax authorities around the globe are focused on share plans as a number of respondents had tax inquiries recently. If needed be, this is a good reminder that the risk is not only academic and companies need to ensure they have processes in place, not only to calculate what the correct amount of tax to be withheld in each country would be, but also work with their local payroll teams to loop the loop and ensure the reporting and payments to the tax authorities happen.

To get a copy of the full results

- The full results of the survey are only available to participants. You can still participate – contact Vic Brading (vbrading@deloitte.co.uk) and we will send you the details.

People to contact

For assistance with this matter, or any other issue related to the operation of your global rewards plans, please contact your local Deloitte global rewards consulting services adviser or email us at globalequity@deloitte.com, and a global rewards consultant will contact you.

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