

Pearl Meyer

On Point

TIMELY, ACCURATE, INSIGHTFUL

**Pearl Meyer On Point:
Looking Ahead to Executive
Pay Practices in 2022**



Table of Contents

Results Displayed By Primary Role & Form of Ownership	18
Ongoing Impact From the COVID-19 Pandemic and Working From Home (Table 1a).....	19
Ongoing Impact From the COVID-19 Pandemic and Working From Home (Table 2a).....	20
Compensation Committee Governance and Executive Pay Philosophy (Table 3a).....	21
Compensation Committee Governance and Executive Pay Philosophy (Table 4a).....	24
Actual/Contemplated Changes to Incentive Award Payouts and Use of Discretion (Table 5a)	26
Actual/Contemplated Changes to Incentive Award Payouts and Use of Discretion (Table 6a)	27
Actual/Contemplated Changes to Incentive Award Payouts and Use of Discretion (Table 7a)	28
Pay Projections (Table 8a).....	30
Pay Projections (Table 9a).....	32
Short-Term Incentives (STI) (Table 10a).....	34
Short-Term Incentives (STI) (Table 11a).....	36
Long-Term Incentives (LTI) (Table 12a).....	38
Long-Term Incentives (LTI) (Table 13a).....	40
Long-Term Incentives (LTI) (Table 14a).....	42
Current Labor Environment: Special Bonuses/Considerations for Recruiting and Retention (Table 15a)	44
Current Labor Environment: Special Bonuses/Considerations for Recruiting and Retention (Table 16a)	46
Demographics (Table 17a).....	49
Results Displayed By Firms Reporting Revenue	51
Ongoing Impact From the COVID-19 Pandemic and Working From Home (Table 1b).....	52
Ongoing Impact From the COVID-19 Pandemic and Working From Home (Table 2b).....	53
Compensation Committee Governance and Executive Pay Philosophy (Table 3b).....	54
Compensation Committee Governance and Executive Pay Philosophy (Table 4b).....	57
Actual/Contemplated Changes to Incentive Award Payouts and Use of Discretion (Table 5b)	59
Actual/Contemplated Changes to Incentive Award Payouts and Use of Discretion (Table 6b)	60
Actual/Contemplated Changes to Incentive Award Payouts and Use of Discretion (Table 7b)	61
Pay Projections (Table 8b).....	63
Pay Projections (Table 9b).....	65
Short-Term Incentives (STI) (Table 10b).....	67
Short-Term Incentives (STI) (Table 11b).....	69



Long-Term Incentives (LTI) (Table 12b).....	71
Long-Term Incentives (LTI) (Table 13b).....	73
Long-Term Incentives (LTI) (Table 14b).....	75
Current Labor Environment: Special Bonuses/Considerations for Recruiting and Retention (Table 15b)	77
Current Labor Environment: Special Bonuses/Considerations for Recruiting and Retention (Table 16b)	79
Demographics (Table 17b).....	82
Results Displayed By Primary Industry	84
Ongoing Impact From the COVID-19 Pandemic and Working From Home (Table 1c).....	85
Ongoing Impact From the COVID-19 Pandemic and Working From Home (Table 2c).....	87
Compensation Committee Governance and Executive Pay Philosophy (Table 3c).....	89
Compensation Committee Governance and Executive Pay Philosophy (Table 4c).....	92
Actual/Contemplated Changes to Incentive Award Payouts and Use of Discretion (Table 5c).....	94
Actual/Contemplated Changes to Incentive Award Payouts and Use of Discretion (Table 6c).....	96
Actual/Contemplated Changes to Incentive Award Payouts and Use of Discretion (Table 7c).....	98
Pay Projections (Table 8c)	101
Pay Projections (Table 9c)	103
Short-Term Incentives (STI) (Table 10c).....	105
Short-Term Incentives (STI) (Table 11c).....	107
Long-Term Incentives (LTI) (Table 12c).....	109
Long-Term Incentives (LTI) (Table 13c).....	111
Long-Term Incentives (LTI) (Table 14c).....	113
Current Labor Environment: Special Bonuses/Considerations for Recruiting and Retention (Table 15c)	116
Current Labor Environment: Special Bonuses/Considerations for Recruiting and Retention (Table 16c)	118
Demographics (Table 17c).....	122
About Pearl Meyer	124



Introduction

Pearl Meyer's "Looking Ahead to Executive Pay Practices" is an annual, online survey and valuable compensation planning tool. This year's survey was conducted in late August and September of 2021, with total participation of 255 companies, including 140 publicly traded, 76 private-for-profit, and 39 not-for-profit (NFP) organizations. As with prior surveys, responses are broken out separately by respondent role (board member vs. employee), ownership type, industry, and company revenue size.

This year's survey addresses key topics associated with the current environment, including compensation actions taken or contemplated in response to working from home, the ongoing COVID-19 pandemic, and current labor environment, as well as anticipated use of discretion for incentive awards. It also covers subjects such as compensation philosophy, compensation committee oversight, expected pay outcomes for Fiscal 2021, projected pay opportunities and mix for 2022, recent or anticipated incentive plan design changes, and long-term incentive award prevalence and participation. While the use of environmental, social, and governance (ESG)-related metrics within executive incentive plans continues to receive a lot of attention, this topic was recently addressed in a separate Pearl Meyer study entitled "[Tracking and Reporting on Diversity, Equity, and Inclusion.](#)"

This year's survey includes the following eight industry groups:

- 1) Business/Other Services
- 2) Consumer
- 3) Energy/Utilities
- 4) Financial/Insurance
- 5) Healthcare/Life Sciences
- 6) Industrials/Materials/Transportation
- 7) Real Estate
- 8) Technology

Certain industry categories in the online questionnaire were combined to allow for more meaningful sample sizes. Statistics are based on the number of responses for each question, and sample sizes vary. We believe this information will serve as a useful tool as your organization prepares for year-end pay determinations and Fiscal 2022 compensation planning.

Please feel free to contact me with any questions.

Bill Reilly
Managing Director
bill.reilly@pearlmeyer.com
770-261-4082



Ongoing Impact From the COVID-19 Pandemic and Working From Home

Table 1a	All Firms	Primary Role		Form of Ownership		
		Total	Outside Director	Employee of the Firm	Public	Private for profit
Number of Companies	255	47	208	140	76	39
How does projected overall company-wide financial performance for the current year compare to actual prior year performance?						
About the same	20.2%	10.6%	22.4%	15.9%	22.7%	30.8%
Moderately better (e.g., +5% to +19%)	45.2%	57.4%	42.4%	50.7%	37.3%	41.0%
Significantly better (e.g., 20%+ improvement)	19.0%	21.3%	18.5%	21.7%	18.7%	10.0%
Moderately worse (e.g., -5% to -19%)	8.3%	10.6%	7.8%	3.6%	18.7%	10.0%
Significantly worse (e.g., 20%+ decline)	0.8%	0.0%	1.0%	0.7%		
Don't know	5.6%	0.0%	6.8%			
Other	0.8%	0.0%	1.0%			
Is there a scheduled/anticipated date by which most or all employees will return to the office?						
Most or all employees are already back in the office	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%
Yes	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%
No, we have not yet determined the date when most employees will be required to be back in the office	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%
No, we expect to maintain our current approach going forward	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%
Other	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
Has your company implemented any measures to support employee return to the office?						



Pay Projections

Table 8a	All Firms	Primary Role		Form of Ownership		
	Total	Outside Director	Employee of the Firm	Public	Private for profit	Private not-for-profit/mission-based
Number of Companies	255	47	208	140	76	39
In percentage terms, what is your anticipated average base salary increase (excluding promotional increases) for the upcoming year for each of the following employee categories?						
CEO - Average Expected Salary Increase % for Next Year	3.6%	4.5%	3.4%	2.7%	5.1%	3.8%
CEO Direct Reports - Average Expected Salary Increase % for Next Year	3.5%	3.8%	3.4%	2.9%	4.7%	3.8%
Other Employees - Average Expected Salary Increase % for Next Year	3.4%	3.9%	3.3%	3.3%	3.9%	3.3%
How do average expected salary increase percentages for 2022 compare to those actually provided in 2021?						
Higher	36.2%	44.7%	34.3%	35.7%	40.3%	30.8%
About the same	57.7%	47.4%	60.0%	57.1%	53.9%	63.2%
Lower	6.1%	7.9%	5.7%	6.2%	6.8%	5.0%
Based on current forecasts, how do you expect short-term incentives and award opportunities?						
Above 150% of target	11.7%	13.8%	10.1%	10.7%	12.9%	8.7%
126% to 150% of target	11.7%	13.8%	10.1%	10.7%	12.9%	8.7%
101% to 125% of target	11.7%	13.8%	10.1%	10.7%	12.9%	8.7%
At target (100%)	11.7%	13.8%	10.1%	10.7%	12.9%	8.7%
75% to 99% of target	11.7%	13.8%	10.1%	10.7%	12.9%	8.7%
50% to 74% of target	11.7%	13.8%	10.1%	10.7%	12.9%	8.7%
1% to 49% of target	11.7%	13.8%	10.1%	10.7%	12.9%	8.7%
None	11.7%	13.8%	10.1%	10.7%	12.9%	8.7%



Current Labor Environment: Special Bonuses/Considerations for Recruiting and Retention

Table 15a	All Firms		Primary Role		Form of Ownership		
	Total	Outside Director	Employee of the Firm	Public	Private for profit	Private not-for-profit/mission-based	
Number of Companies	255	47	208	140	76	39	
Is your company fielding more direct requests for improved pay, benefits, and/or flexibility at the c-suite level?							
Yes, for base pay increases	14.8%	21.7%	13.8%	12.5%	21.4%	10.0%	
Yes, for more long-term incentive awards	12.1%	8.7%	12.6%	11.5%	16.1%	6.7%	
Yes, for more benefits/perquisites	6.6%	0.0%	7.5%	6.3%	8.9%		
Yes, for more flexible working arrangements (e.g., more remote working opportunity)	11.5%	8.7%	11.9%	8.3%			
No	58.8%	65.2%	57.9%				
Not sure	13.7%	13.0%	13.8%				
Other	0.0%	0.0%					
Is your company fielding more direct requests for improved pay, benefits, and/or flexibility at the (senior management/c-suite) level?							
Yes, for base pay increases	27.5%						
Yes, for more long-term incentive awards							
Yes, for more benefits/perquisites							
Yes, for more flexible working arrangements (e.g., more remote working opportunity)							
No							
Not sure							



About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management on the alignment of executive compensation with business and leadership strategy, making pay programs a powerful catalyst for value creation and competitive advantage. Pearl Meyer's global clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private companies to the Fortune 500 and FTSE 350. The firm has offices in Atlanta, Boston, Charlotte, Chicago, Houston, London, Los Angeles, New York, Rochester, and San Jose.



Pearl Meyer

ATLANTA

(770) 261-4080
atlanta@pearlmeyer.com

BOSTON

(508) 460-9600
boston@pearlmeyer.com

CHARLOTTE

(704) 844-6626
charlotte@pearlmeyer.com

CHICAGO

(312) 242-3050
chicago@pearlmeyer.com

HOUSTON

(713) 568-2200
houston@pearlmeyer.com

LONDON

+44 (0)20 3384 6711
london@pearlmeyer.com

LOS ANGELES

(213) 438-6500
losangeles@pearlmeyer.com

NEW YORK

(212) 644-2300
newyork@pearlmeyer.com

ROCHESTER

(585) 713-1349
rochester@pearlmeyer.com

SAN JOSE

(669) 800-5074
sanjose@pearlmeyer.com

**For more information on
Pearl Meyer, visit us at
www.pearlmeyer.com or
contact us at (212) 644-2300.**