



ASSOCIATION OF EUROPEAN BUSINESSES

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Reward for recovery

Introduction

In March 2009, the Compensation and Benefits Sub-Committee hosted a round-table event at which companies discussed how they were changing remuneration packages in reaction to the economic downturn. For many employees, this involved no (or a minimal) base pay increase, reduced or deferred bonuses, and changes to the benefits packages on offer and also many employees were affected by the devaluation of long-term incentive plan awards due to share price reductions.

A year on, the global economy is starting on the road to a fragile recovery and some companies are starting to see their fortunes improving.

The purpose of this round-table session is to discuss and explore different strategies for shaping reward packages for the recovery. It will be an interactive session in which all participants will be expected to participate.

The following questions will be used as a basis for discussion at the round table. Please consider your responses to these questions in advance of the round table.

Base Pay

- did you increase base pay in 2010? If yes, by what percentage?
- are you changing the balance between base pay and bonus? e.g. more cash is variable?
- have you made any other changes as the company grows out of the crisis, which could impact total base pay costs (for example grading structure changes)?

Bonus

- have you changed the eligibility criteria for your bonus plan?
- have you changed the KPIs? If so, what changes have you made?
- have you made any other changes to your bonus plan?

LTIPs

- have any new awards been made in the last year?
- has compensation been paid in any way for any value decrease in LTIP awards as a result of the crisis?

Other general points

Are there any changes you are making to benefits packages?
What other changes have to be made to your remuneration packages?
Are there any changes being made to expat packages?

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