



**BUSINESS
SCHOOL**

BUILDING THE FUTURE OF REWARDS

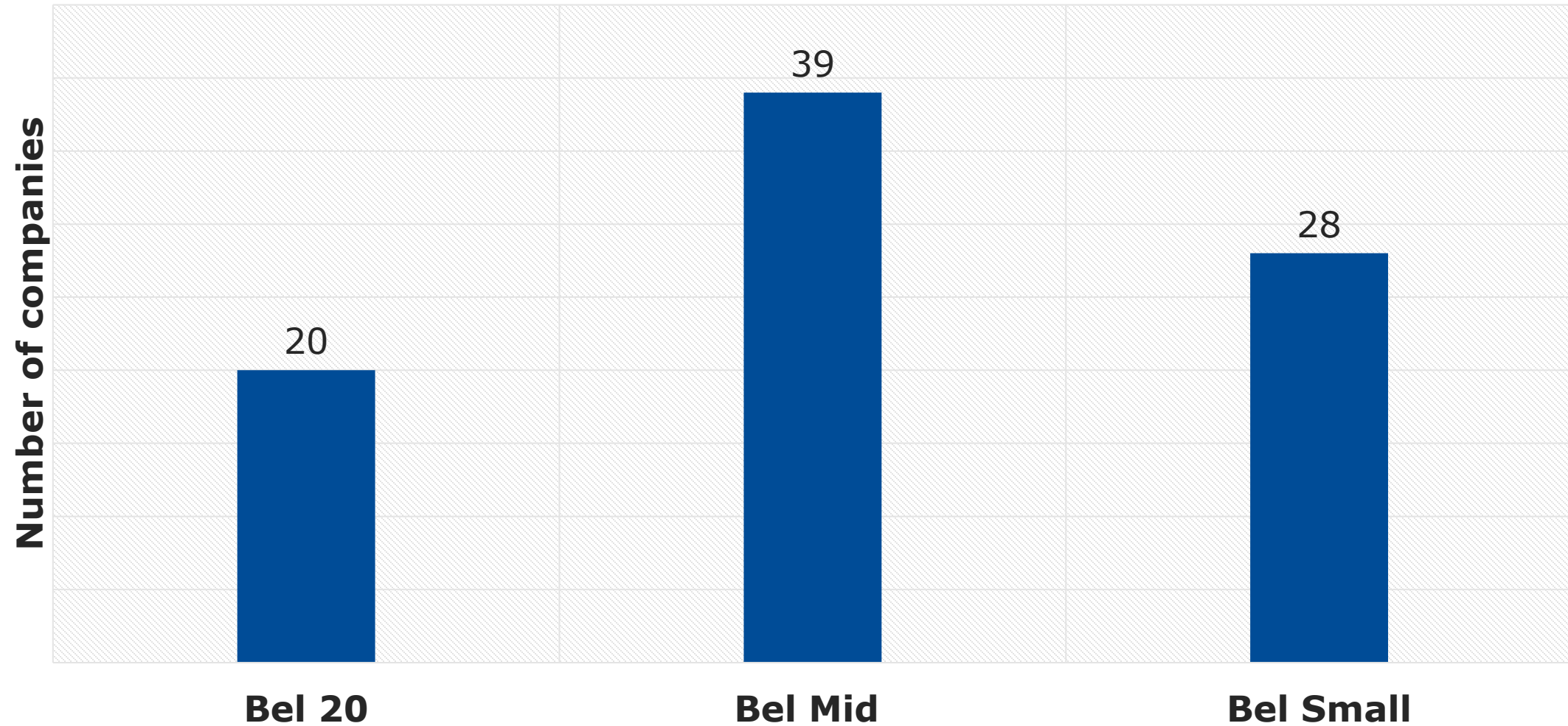
Executive Remuneration Research Centre

ADDITIONAL INFORMATION

- Spread data
 - Q25: value below which 25% of the data falls
 - Median: value below which 50% of the data falls
 - Q75: value below which 75% of the data falls

- All values are in €

NUMBER OF OBSERVATIONS BELGIUM



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CEO REMUNERATION LEVELS

EVOLUTION TOTAL REMUNERATION BY STOCK MARKET INDEX

Total rem	2018	2019	2020	2021	2022
Bel 20	2.254.136	2.234.894	1.937.197	2.430.492	2.701.215
Bel Mid	756.795	740.042	804.131	908.115	868.303
Bel Small	452.422	557.000	620.716	587.482	579.692

* Total remuneration = base pay + STI + LTI grant

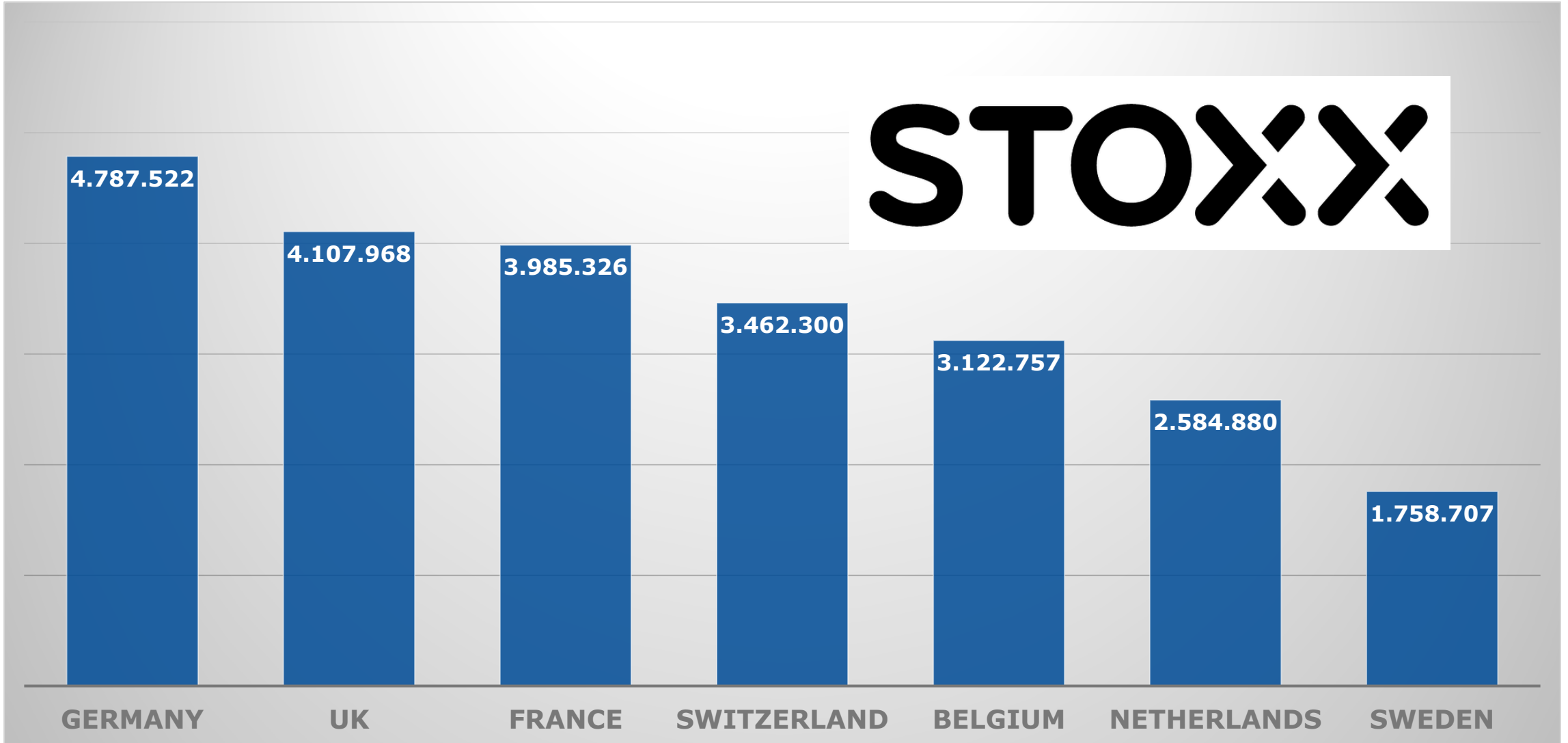
EVOLUTION TOTAL REMUNERATION 2022-2021 BY STOCK MARKET INDEX

	Increase	Decrease
Bel 20	58%	42%
Bel Mid	66%	34%
Bel Small	50%	50%
Total	59%	41%

SPREAD TOTAL REMUNERATION BY STOCK MARKET INDEX

Total rem	2021			2022		
	Q25	Median	Q75	Q25	Median	Q75
Bel 20	1.442.900	2.430.492	5.096.308	1.376.985	2.701.215	5.330.778
Bel Mid	453.034	908.115	1.407.936	558.000	868.303	1.531.689
Bel Small	321.000	587.482	979.250	373.649	579.692	855.417

CEO REMUNERATION LEVELS TOTAL REMUNERATION

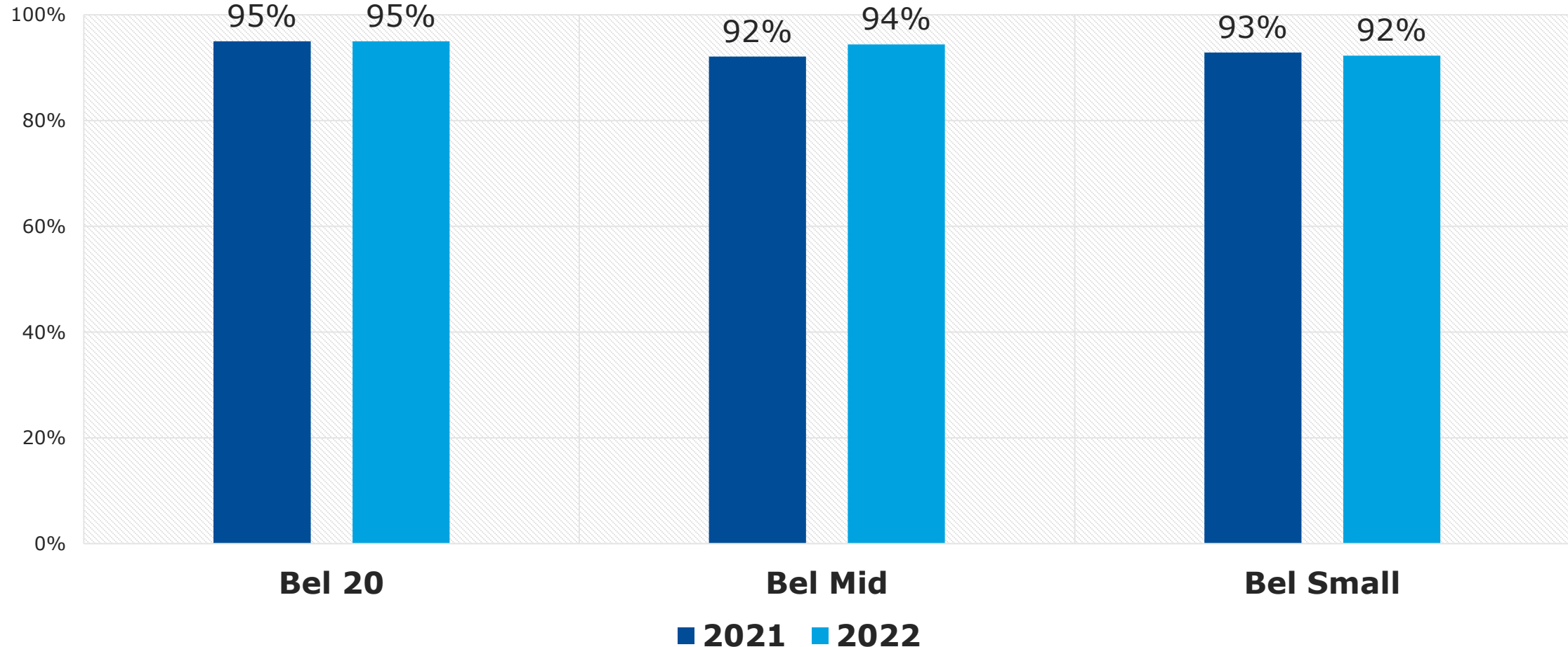


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CEO REMUNERATION STRUCTURE

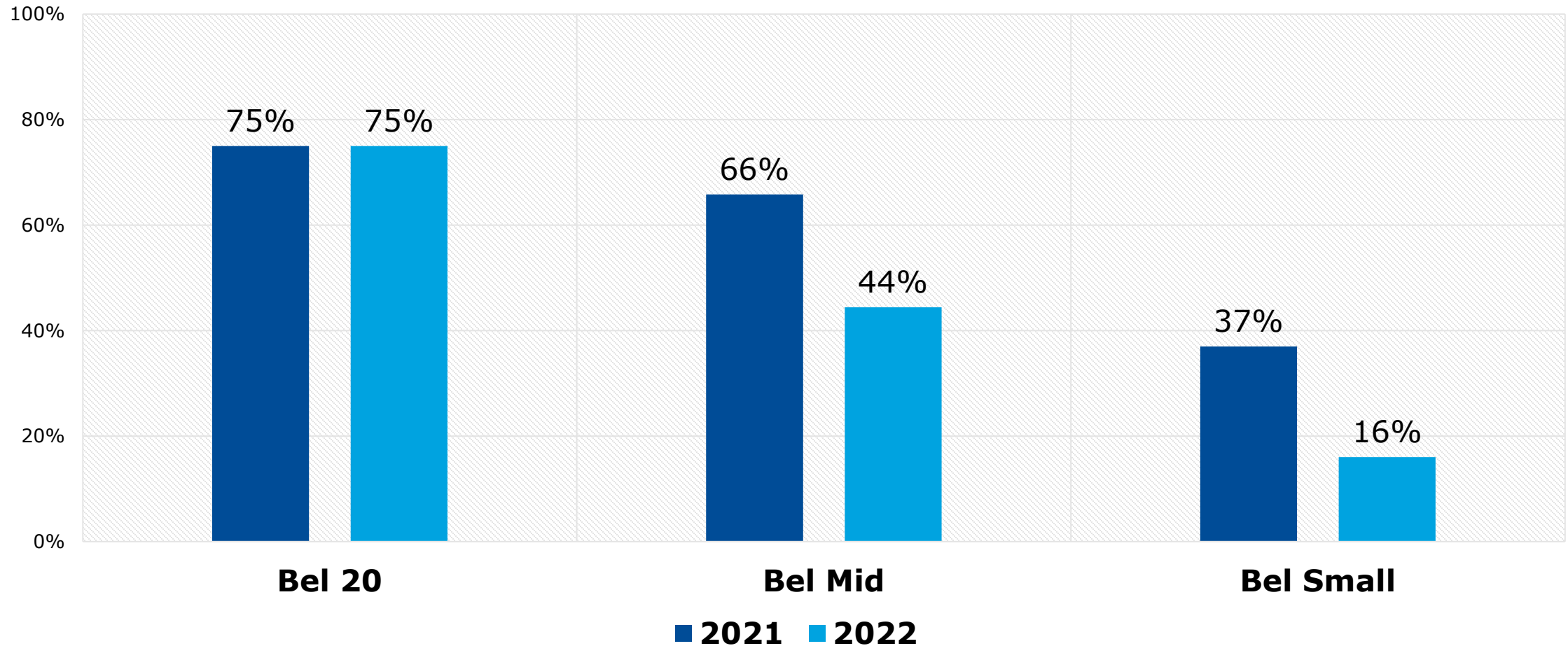
COMPANIES OFFERING SHORT-TERM INCENTIVES (STI) BY STOCK MARKET INDEX

% of companies offering STI



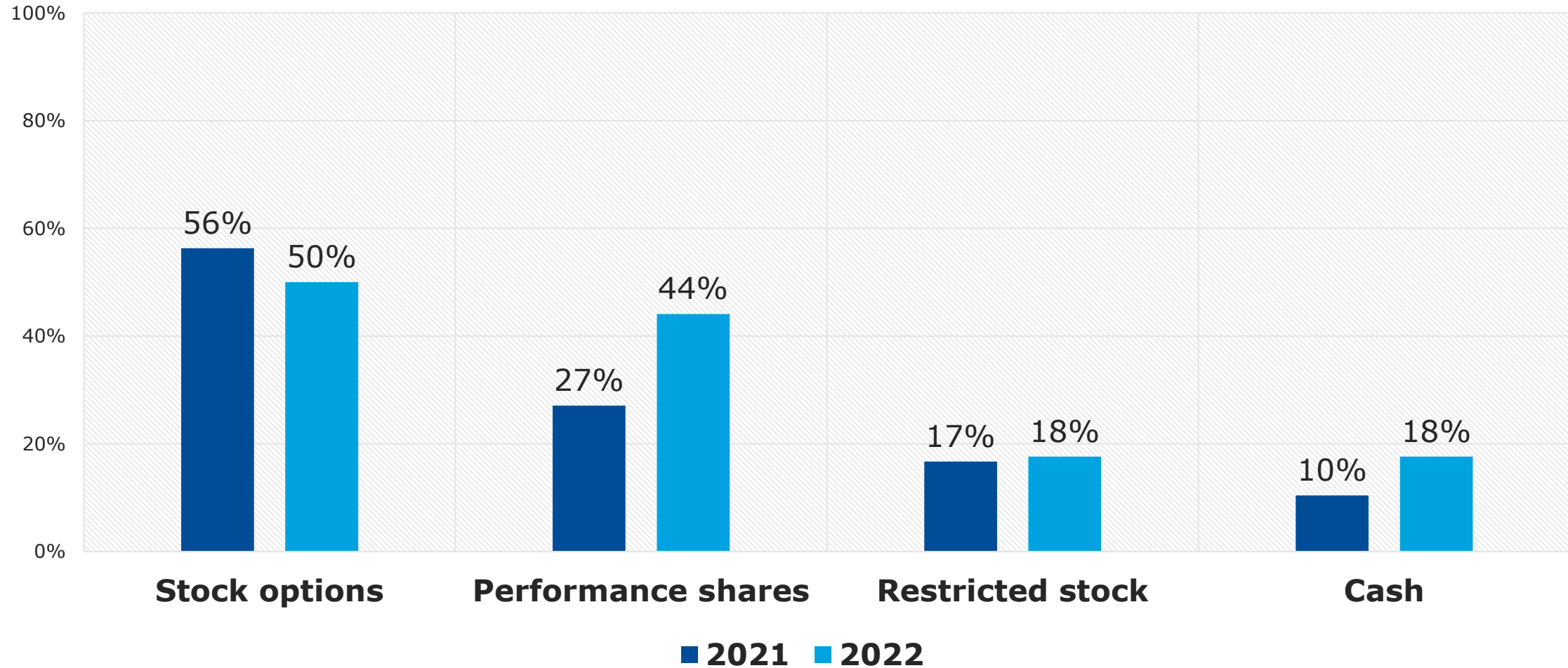
COMPANIES OFFERING LONG-TERM INCENTIVES (LTI) BY STOCK MARKET INDEX

% of companies granting LTI



TYPE OF LONG-TERM INCENTIVE GRANT BELGIUM

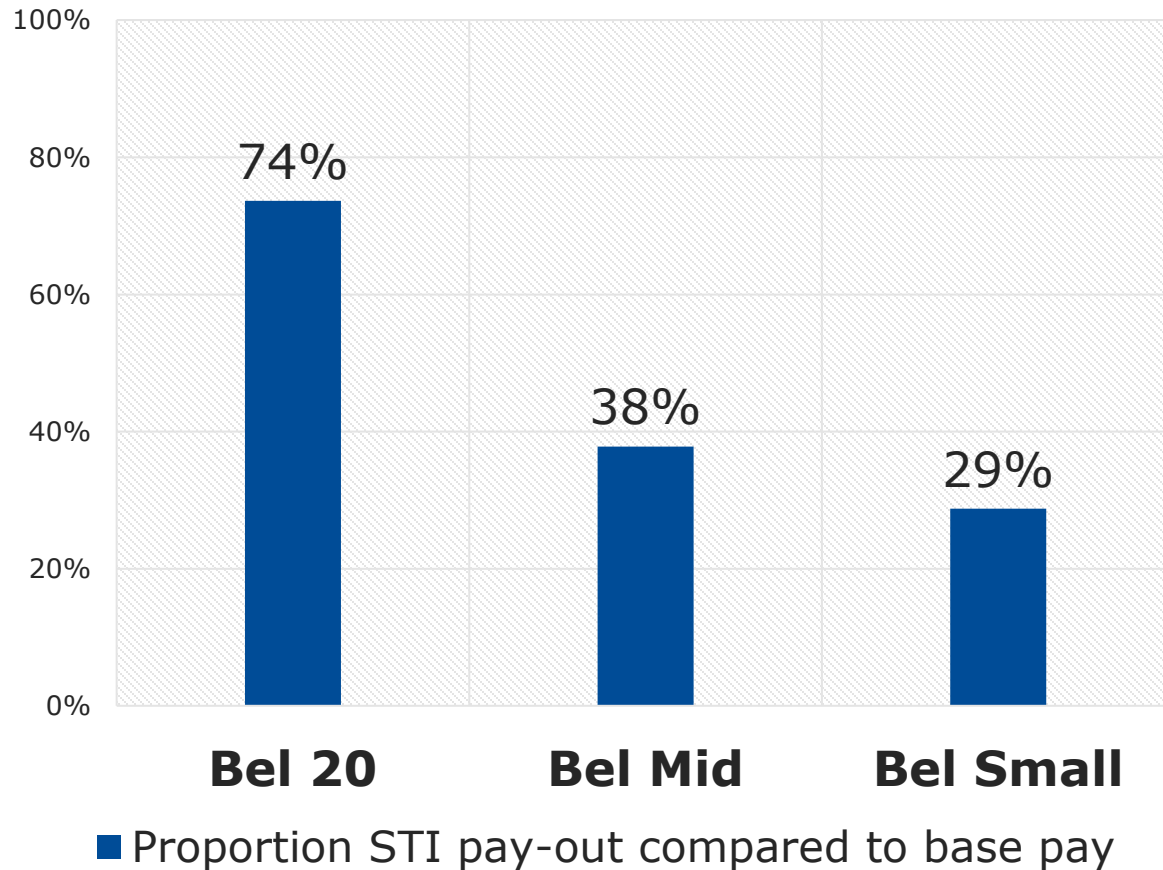
Type of LTI grant



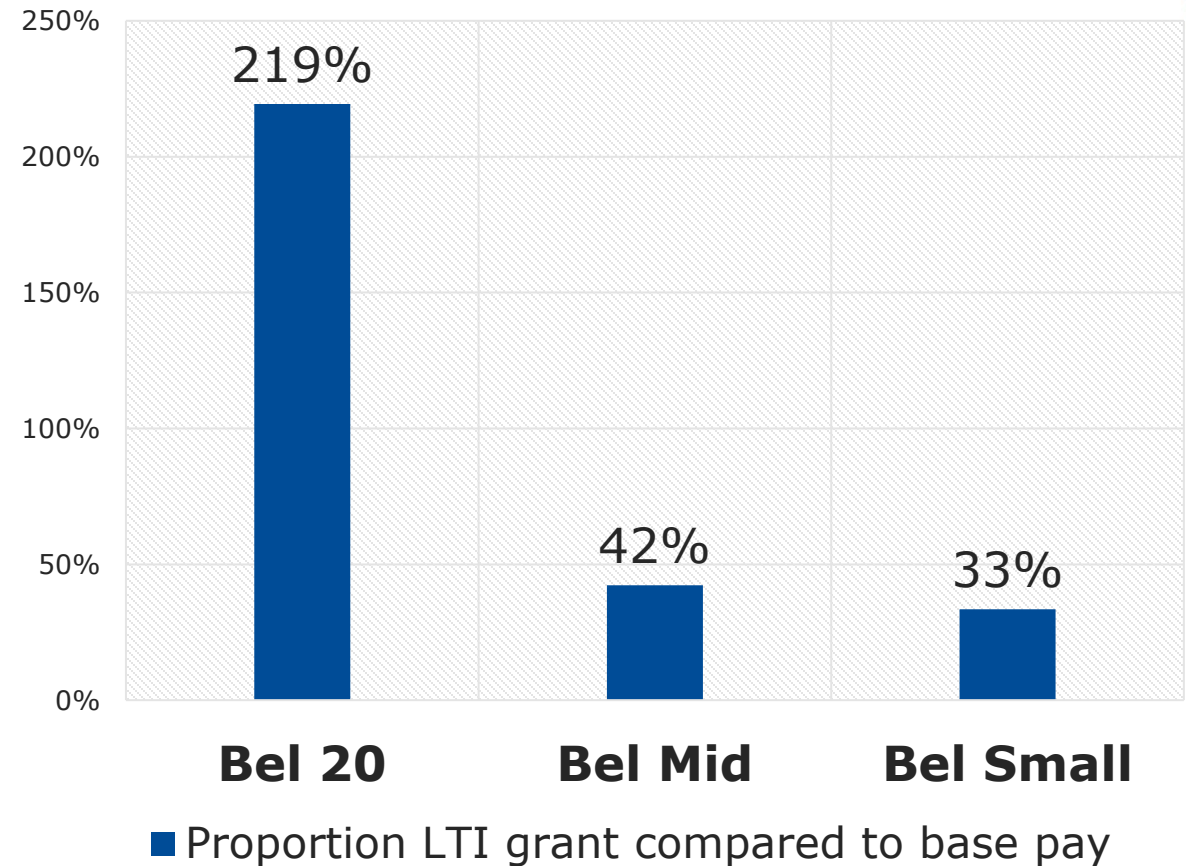
For companies granting LTI
Sample: Belgium (Bel 20, Bel Mid, Bel Small)

CEO REMUNERATION STRUCTURE BY STOCK MARKET INDEX

Proportion STI pay-out compared to base pay



Proportion LTI grant compared to base pay



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CEO REMUNERATION CRITERIA USED IN SHORT-TERM INCENTIVES

KPI TYPOLOGIES

Financial	Environment	Social	Governance
<ul style="list-style-type: none">• Sales• Cash flow• Profit• Relative return• Cost• Share price	<ul style="list-style-type: none">• Emissions• Resource use• Biodiversity• Circularity	<ul style="list-style-type: none">• Customer engagement: customer experience, retention, centricity• Employee-related: engagement, DEI, health & safety, development, attraction & succession• Culture• Community• Supply chain	<ul style="list-style-type: none">• Top management: leadership, DEI, attraction & succession• Board• Compliance & ethics• Investor relations• Risk

Key performance indicator	%
Sales	52%
Cash flow	39%
EBITDA (profit)	35%
Relative return	25%
EBIT (profit)	20%
Employee engagement	17%
Customer engagement	12%
Health & safety	9%
Compliance & ethics	9%
Culture	8%
Emissions	6%
Resource use	6%
Diversity (employees)	5%
Leadership	5%
Diversity (top management)	5%
Total shareholder return	3%
Investor relations	3%
Supply chain (social)	2%

% companies using KPIs in short-term incentives
Financial year 2022
Sample: Belgium (Bel 20, Bel Mid, Bel Small)

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PAY COMPLEXITY



PAY COMPLEXITY SCORECARD

Components	Characteristics	Complexity score
Pay instruments	Base pay	
	STI	
	Bonus deferral	
	# LTI grant(s)	
Performance measures	# measures in STI	
	# measures in LTI	
ESG dimensions	# E S G dimensions	
Holding period	Yrs holding period in LTI	
Total		

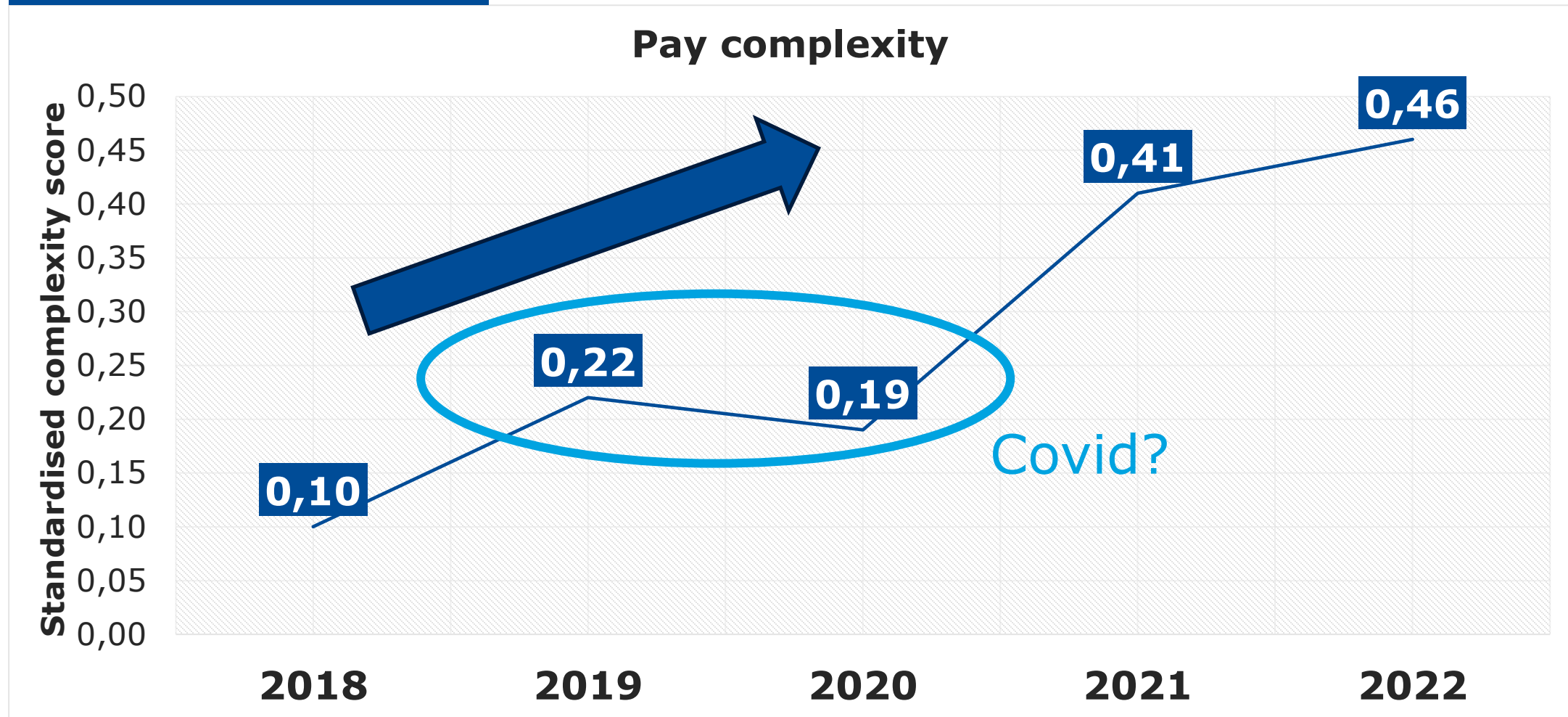
PAY COMPLEXITY SCORECARD EXAMPLE

Components	Characteristics	Complexity score
Pay instruments	Base pay	1
	STI	1
	Bonus deferral	0
	# LTI grant(s)	0
Performance measures	# measures in STI	4
	# measures in LTI	0
ESG dimensions	# E S G dimensions	1
Holding period	Yrs holding period in LTI	0
Total		7



EVOLUTION IN PAY COMPLEXITY

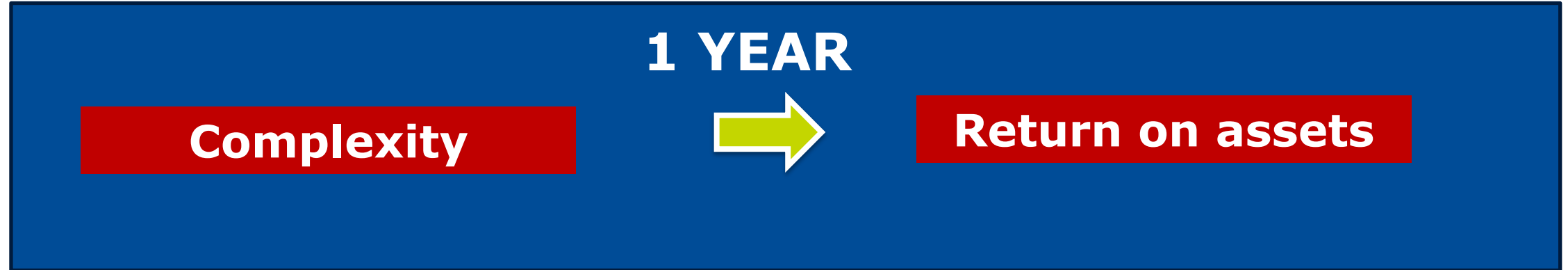
We standardise all components before calculating the aggregate measure to give equal weighting to each component



ANALYSING THE INTERPLAY RESULTS

Characteristic	In firms with pay complexity above median, we find....
Pay practice	<ul style="list-style-type: none">• Higher bonus payment relative to target• More overpaid CEOs• A higher proportion of variable pay
Share ownership structure	<ul style="list-style-type: none">• A larger proportion of shares in the hands of institutional investors• More share ownership dispersion
Board composition	<ul style="list-style-type: none">• Shorter average board tenure• Larger boards

IMPACT PAY COMPLEXITY ON FINANCIAL PERFORMANCE



No immediate effect



Negative effect after 3 years