

**Pearl Meyer**

**On Point**

TIMELY, ACCURATE, INSIGHTFUL

**Pearl Meyer On Point:  
Looking Ahead to Executive  
Pay Practices in 2021**



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## 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 2020, with total participation of 273 companies, including 165 publicly traded, 81 private-for-profit, and 27 not-for-profit (NFP) organizations. As with prior surveys, responses are broken out separately by respondent role (board member versus 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 the COVID-19 pandemic and use of diversity & inclusion (D&I) metrics within executive compensation programs. It also covers subjects such as compensation philosophy, peer group development, expected pay outcomes for Fiscal 2020, projected pay opportunities for 2021, recent or anticipated incentive plan design changes, and prevalence of and emphasis on environmental, social & governance (ESG) incentive plan metrics.

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

- 1) Business/Other Services
- 2) Consumer Staples/Discretionary
- 3) Energy/Utilities
- 4) Financial/Real Estate
- 5) Healthcare/Life Sciences
- 6) Industrials/Materials/Transportation
- 7) 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 2021 compensation planning.

Please feel free to contact me with any questions.

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### COVID-19 Pay Actions Taken or Contemplated in 2020

Table 5b	All Firms	Firms Reporting Revenue					
		Under \$100 million	\$100 million to less than \$300 million	\$300 million to less than \$1 billion	\$1 billion to less than \$3 billion	\$3 billion to less than \$10 billion	\$10 billion or greater
<b>Number of Companies</b>	273	26	22	55	66	65	39
<b>Did your organization temporarily reduce base salaries in 2020 in response to the COVID-19 pandemic?</b>							
Yes, but only for the CEO	3.7%	4.0%	9.1%	5.5%	1.5%	0.0%	7.7%
Yes, but only for the CEO and direct reports	8.5%	8.0%	9.1%	14.5%	6.1%	9.2%	2.6%
Yes, for senior executives and other employees	17.6%	24.0%	27.3%	16.4%	18.2%	16.9%	
No salaries were reduced for any employees	70.2%	64.0%	54.5%	63.6%	74.2%		
<b>If salaries were temporarily reduced this year in response to the COVID-19 pandemic, specify the average percentage decrease in base salary and expected duration for each of the following employee categories:</b>							
<b>Average Temporary % Decrease in Base Salary Due to COVID-19 (% Cut)</b>							
CEO	33.2%	36.4%	24.1%				
CEO Direct Reports	19.5%	17.9%					
Other Employees	13.6%	25.0%					
<b>Actual (or Anticipated) Duration of Cut (# of Months)</b>							
CEO							
CEO Direct Reports							
Other Employees							







## 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, Baltimore, Boston, Charlotte, Chicago, Houston, London, Los Angeles, New York, Raleigh, and San Jose.





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