

Pearl Meyer

Quick Poll



**Will Coronavirus Affect Executive
Base Salary Planning?**



Introduction

Our Quick Poll survey series provides organizations with timely information on emerging topics to provide context for discussion and decision-making around executive pay and governance.

This survey was open from 3/24/2020 to 3/27/2020 and reflects responses from 389 participants, including 86 directors and 303 employees. The data indicate that, like the COVID-19 pandemic itself, executive pay decision-making remains very fluid.

Roughly half of respondents indicated that 2020 pay actions have already been made. For the other half, 45% of 2020 pay actions are effective in April or May with the other 55% occurring later in 2020.

As we approach April 1st, many companies that typically adjust executive pay in April and May are still unsure as to how the pandemic will affect executive salary actions. 25% of respondents indicated that they will freeze executive salaries and just 3% considered salary freezes but have elected not to and plan to make executive salary adjustments as scheduled, meaning that more than 70% of companies have not finalized plans on this issue.

For those where pay decisions are made later in the year, more than 60% of respondents indicated that it is too early to tell whether the pandemic will affect executive salary actions.

Although the longer-term impact of COVID-19 on the economy is unclear, companies are beginning to inventory the impact and are considering a range of people actions to ensure that companies can effectively navigate this massive disruption.

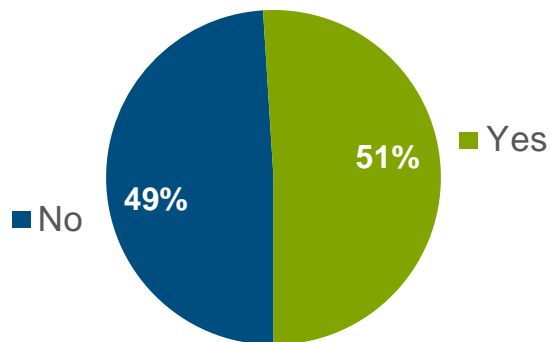
We hope you find this information useful. Questions or wish to discuss further? Please contact:

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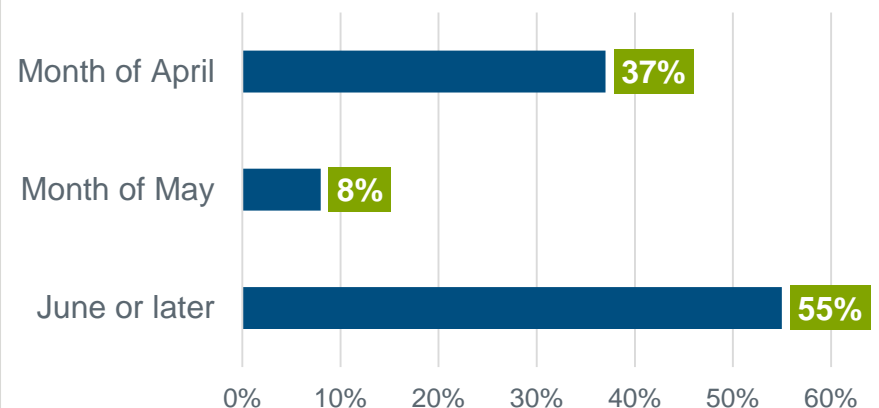
Have 2020 Executive Base Salary Adjustments Been Made?

- 51% of respondents indicate that 2020 executive base salary actions have already occurred while 49% indicated that salaries have not yet been adjusted in 2020
- For those where pay actions have not yet occurred:
 - 45% of respondents indicate that executive pay actions are typically made in April or May
 - 55% of respondents indicate that executive pay actions are typically made later in June or later

Have you already made base salary adjustments in calendar year 2020 for your executive team?

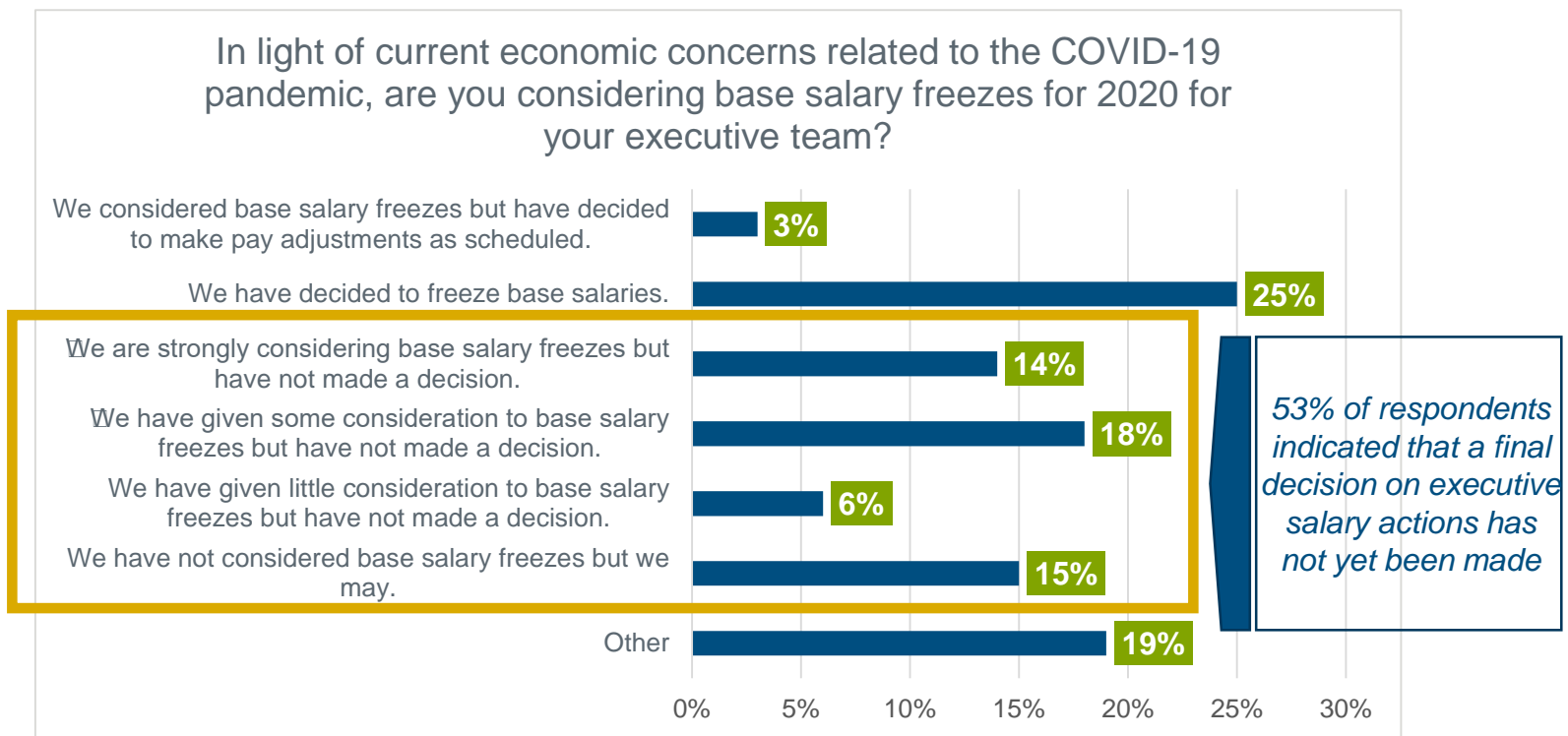


If pay actions have not yet been made, when are pay actions normally effective for your executive team?



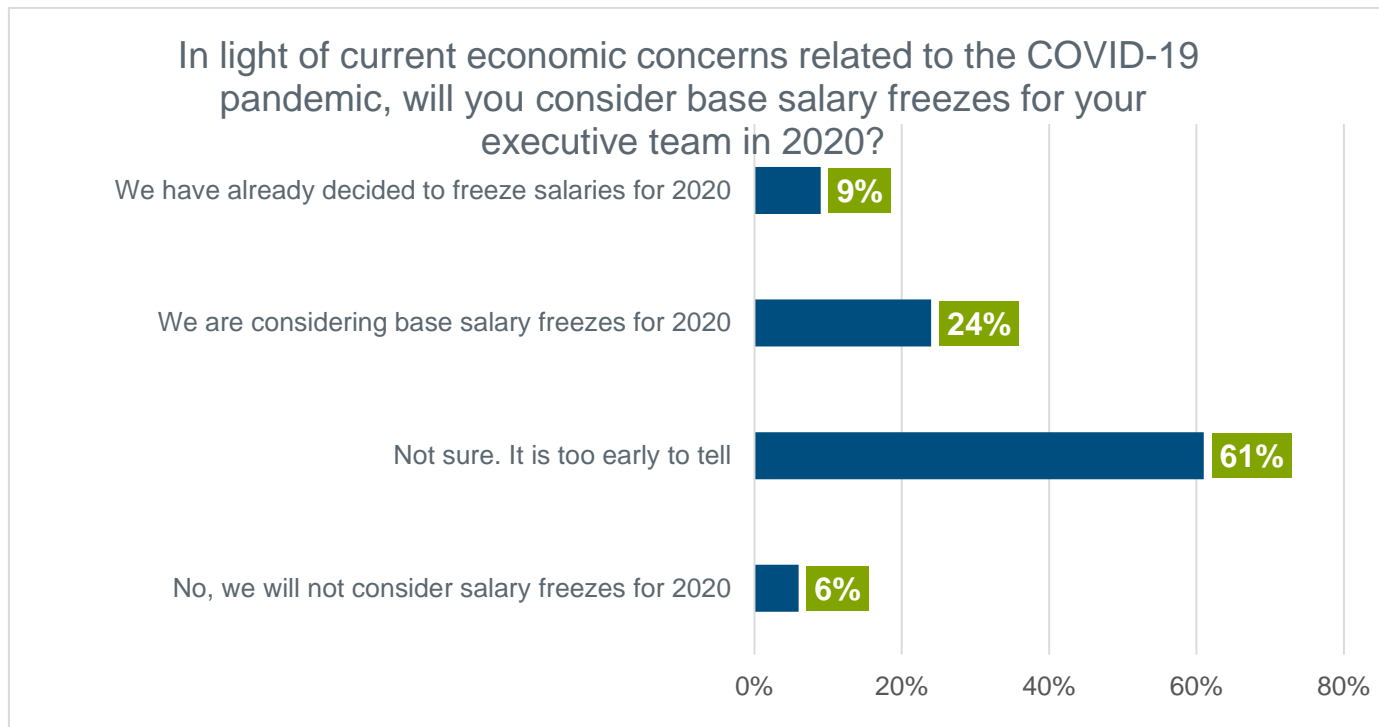
Executive Salary Actions Typically Effective for April or May

- As April 1st approaches, the data show that more than 50% of companies have not formally decided whether COVID-19 will lead to executive salary freezes, again reinforcing the fluid nature of the pandemic.
- 28% of respondents have reached a decision on this question, with 25% indicating that executive salaries will be frozen and just 3% indicating that salary adjustments will move forward as scheduled.



Executive Salary Actions Typically Effective in June or Later

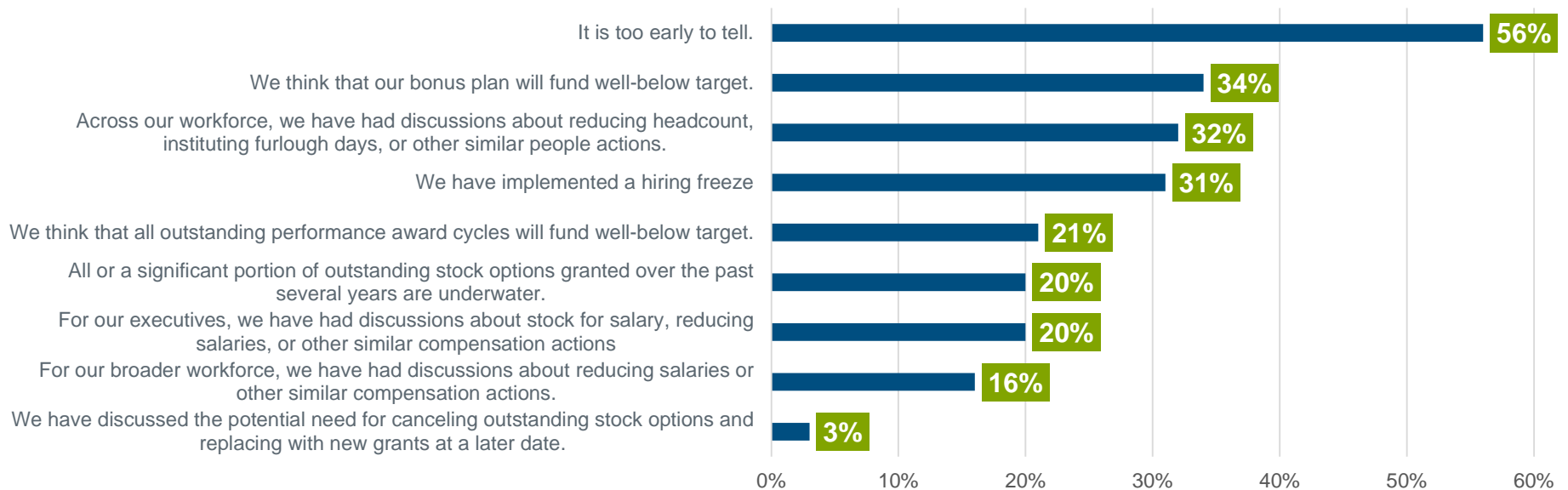
- The companies where salary actions are typically effective in June or later benefit from time to understand the COVID-19 trajectory, the impact on company finances, and other relevant factors.
- As such, more than 60% of respondents indicated that it is too early to tell whether the pandemic will affect executive salary actions scheduled for later in 2020.



The Various Impacts on Pay and People Plans

- Public health officials suggest the pandemic remains in its early stages and the impact of social distancing and other mitigation strategies remains unknown.
- In that sense, 56% of respondents indicated it is too early to fully understand the pay and people impact of the pandemic.
- Nonetheless, it is clear that companies are beginning to inventory and track the impact of the pandemic and are considering various people actions to conserve cash and ensure that companies can effectively navigate the disruption.

How are you thinking about the impact on your pay and people plans for the operating period expected to be most affected by COVID-19? (check all that apply)





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, Raleigh, and San Jose.