

An aerial photograph of a rugged coastline with white and grey rock formations. The water is a deep blue, with some areas appearing greenish, possibly due to algae or shallow water. Several kayakers in colorful gear are visible in the water. The image is partially obscured by a white text box on the left and decorative purple and pink bars at the bottom.

# ESG & Executive Compensation

Hearing from board members in Europe

June 2022

# Introduction

Environmental, social and governance (ESG) issues are top priorities in the boardroom. To supplement existing academic and business research in this area, we seek to provide a unique perspective by directly projecting the voices of board members from Europe.

We will be reporting on a limited number of key questions and build trends over 2020 to current stage



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# 2020 survey findings summary

**While practices and philosophies vary by geography, industry and organization type, we observed some universal themes:**



Board members generally see a well-articulated purpose as a competitive advantage and that considering for all stakeholders' interests (e.g., employees, suppliers, customers) creates sustainable long-term value for shareholders.



2020 events shaped ESG priorities, social issues have gained momentum.



At that time in 2020, looking ahead into 2021, climate and climate transition priorities were becoming an increasingly important focal area for Boards.



Most of the largest companies in North America and Europe already incorporated ESG metrics into executive pay plans.



Human capital was seen as a critical business asset, and boards expected to play an oversight role on issues such as culture; succession planning; and diversity, equity and inclusion (DEI).



**Back in 2020, 4 in 5 companies were planning to change ESG measures in executive pay plans within 3 years**

[Link](#) to 2020 survey key highlights

**2022 ESG ecoDa /  
WTW survey will  
address 3 key areas**

**ESG Strategy and  
Priorities**

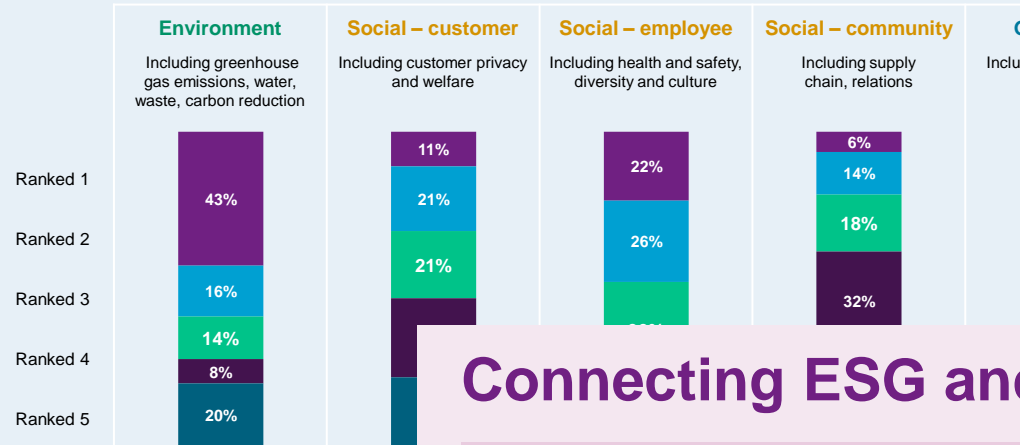
**ESG and Executive  
Compensation**

**ESG and Human  
Capital**

# Sample outputs

## Board's ESG focus

What is the relative importance of the following ESG priority areas for your organization in the next three years (rank in order of importance from 1 to 5)?



Which of the following topics does your board (or a specific committee) oversee? Which do you anticipate your board (or specific committee) overseeing within the next 3 years?

Succession planning, diversity, equity and inclusion and culture are the three human capital topics that most often get the full board's attention.

Compensation issues such as pay equity and total rewards for broad-based employees typically fall under the compensation (or remuneration) committee's remit.

	Full board	Compensation or remuneration committee	Other (e.g., ESG or CSR or sustainability) committee
Culture	65% 20%	47% 15%	49% 18%
Diversity, equity and inclusion	66% 18%	52% 14%	51% 18%
Succession planning	77% 17%	60% 10%	37% 15%
Fair/gender pay	45% 19%	55% 23%	36% 9%
Training and reskilling	35% 19%	33% 14%	43% 14%
Wellbeing (financial, physical, emotional and social)	41% 21%	34% 25%	38% 21%
Broad-based Total Rewards	46% 15%	60% 22%	22% 14%
Human capital risk	55% 19%	45% 22%	33% 26%
None of the above – not a priority	3% 5%	7% 4%	20% 15%

■ Add within 3 years

## Connecting ESG and executive compensation

What challenges have you experienced when considering the incorporation of ESG metrics into your executive incentive plans?



# This survey will only take around 15 minutes:

- Minimum of 6 questions, up to 13
- You can take it on PC or mobile
- You can stop and continue later

**Fielding:  
June-September**

**Analyses: Europe wide,  
country, industry\***

**Reporting:  
October-November**

\*30 data points minimum for an independent cut

Thank you for your time and participation



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