

EQUITY COMPENSATION OUTLOOK

Grant Guidelines:

The Flexible, the Fair, the Future



Speakers



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About Syneos Health

Shortening the distance from lab to life

A leading global biopharmaceutical solutions organization providing clinical and commercial services to customers in the pharmaceutical, biotechnology, and healthcare industries



Founded: 1984 in Princeton, NJ



IPO: 2014 at \$18.50 per share
Current Stock Price: Over \$90 per share



HQ: Morrisville, NC



Employees: 27,000 in 71 countries

Equity Awards



RSUs and PSUs
ESPP with 15% discount and lookback

Plan Participants



Awards: Director level and above (~2.6% of employees)
ESPP: 23.2% of employees participate

Grant Events



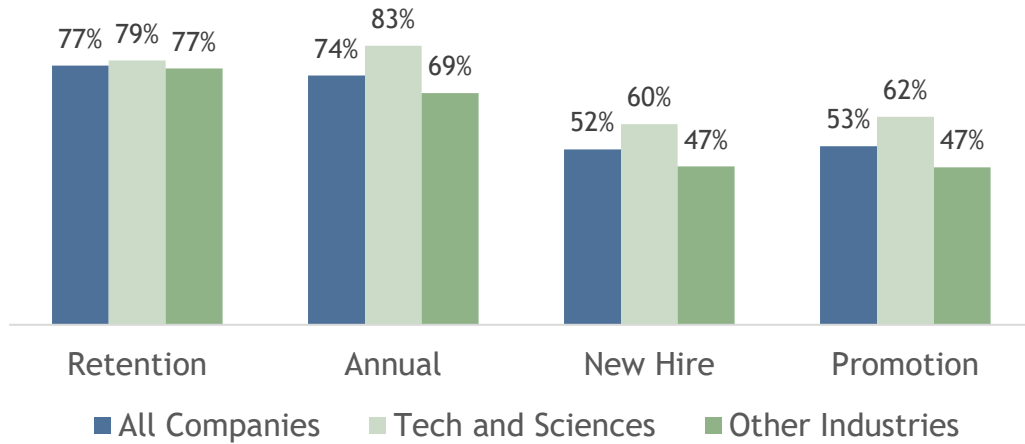
Annual grants
Retention grants
Promotion grants
New hire and buyout grants

EQUITY COMPENSATION OUTLOOK

The Flexible: Manager Discretion Over Equity Awards



Awards Subject to Manager Discretion:

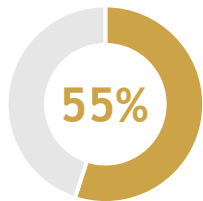


● Manager discretion is common

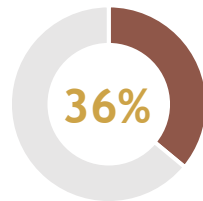
82% of companies give managers discretion over at least one type of award

● Multiple awards subject to discretion

Two or more



Three or more



Manager Discretion

Necessary for a flexible award program

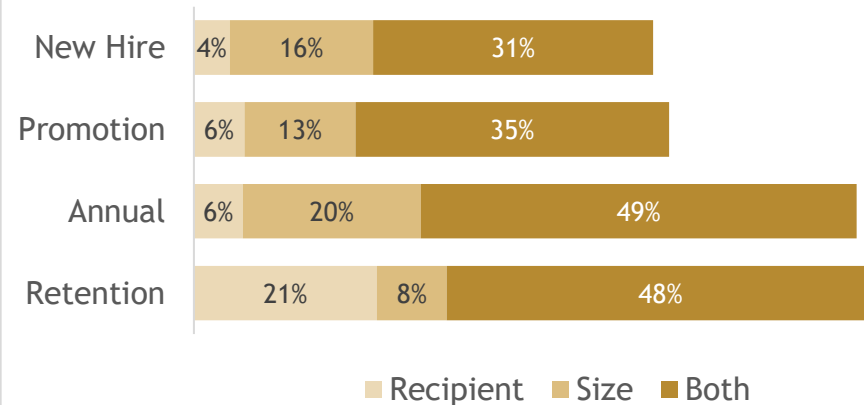
Provides managers with an important tool to incentivize and retain high performers

● Award recipients vs. size

Managers are most likely to have discretion over the size of the award

For retention awards, managers also often have discretion over the recipients.

Managers Have Discretion Over:



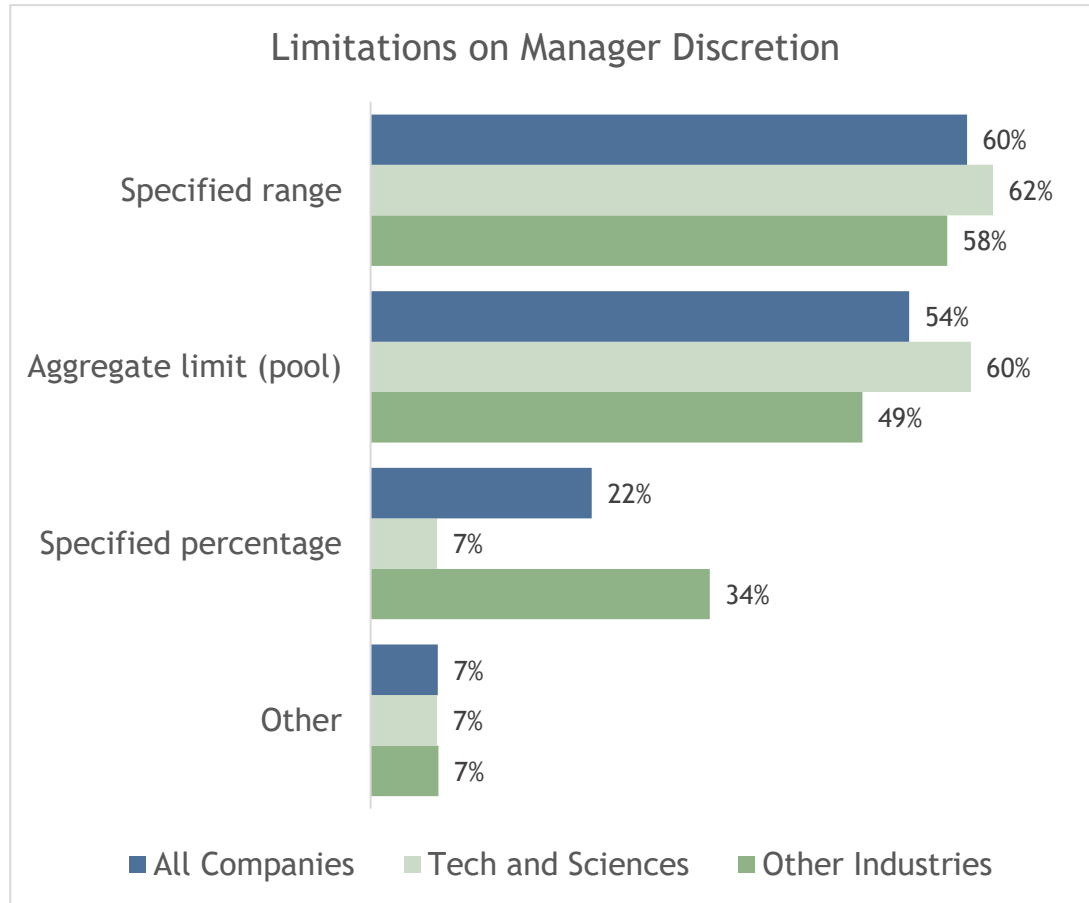
EQUITY COMPENSATION OUTLOOK

The Fences: Limits on Manager Discretion



Limits and Controls

How do companies ensure that managers use discretion appropriately?



Manager training

87% of provide training on how to use discretion (95% of tech/sciences)



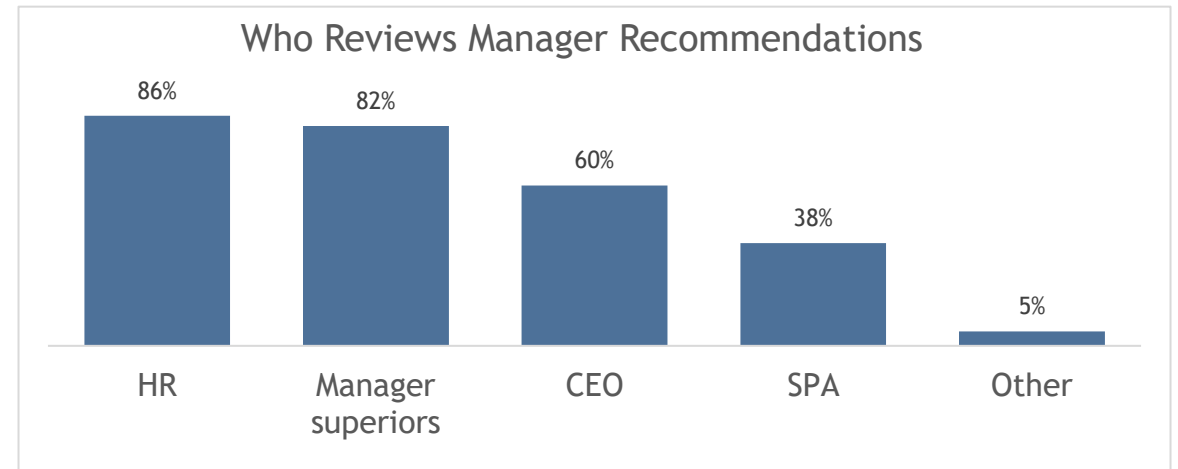
Presentations

48% of companies use presentations to train managers (59% of tech/sciences)



Two or more methods

46% use two or more methods to training managers





AUDIENCE POLL

When managers request grants that in excess of target/guidelines amounts, are they required to prepare a business case to support the recommendation?

- A. Yes
- B. No
- C. We don't allow grants in excess of guidelines
- D. Not applicable

A group of business professionals in a meeting, looking at a laptop screen. The image is faded and serves as a background for the text.

GROUP DISCUSSION

How do you train managers to ensure they are using their discretion appropriately?

EQUITY COMPENSATION OUTLOOK

The Fine Print: Grant Policies



Retention Grants

Are companies putting the fox in control of the henhouse?

Retention grants are highly discretionary



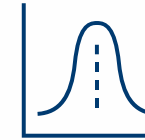
Reliance on Managers

83% of companies rely on managers to determine who receives retention awards



Recipients + Shares

Managers commonly have discretion over both grant recipients and award sizes



Statistical Analysis Is Rare

Only 14% of companies use statistical analysis to identify at-risk employees

Managers are a top reason employees leave their jobs¹, yet have significant control who receives retention awards and how large the awards are

¹ One in two employees have left a job to get away from a manager and improve their overall life at some point in their career, according to [Gallup's State of the American Manager report](#)
According to a [CareerAddict](#) study, 79% of employees would seek new employment because of bad leadership and 43% would return to their former job if their boss was replaced

Leaves of Absence

Women take more leaves and longer leaves than men¹

Leave Policies

Overwhelmingly, companies do not adjust vesting for leaves²

But do employees on leave miss out on annual grants?

The answer may be yes at nearly half of all companies



Do employees on leave receive an annual grant?

42% Receive same grant at same time

12% Receive grant upon return from leave

36% Case-by-case or manager decides

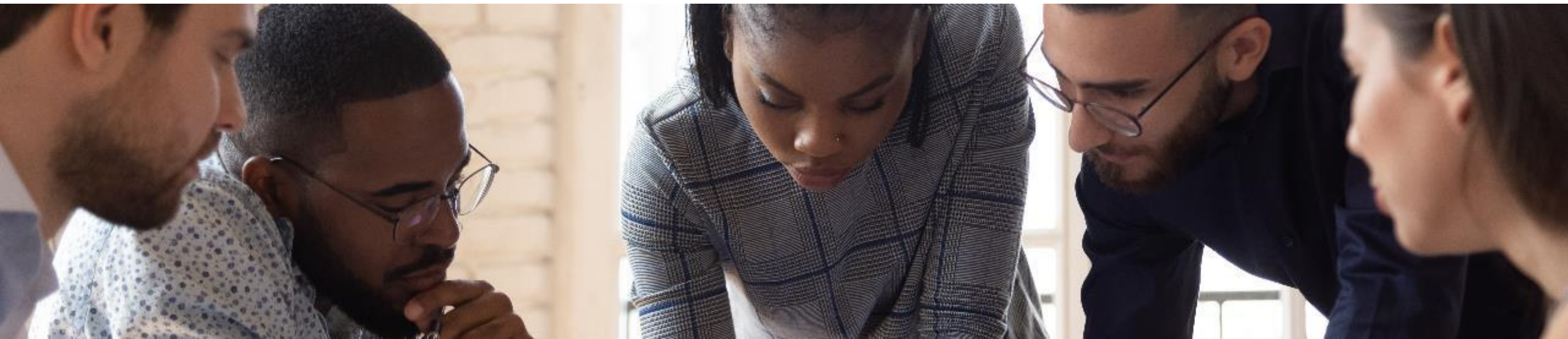
10% No grant or only where required by law

¹ [2018 survey](#) by the Department of Labor highlighted in "[Gender Differences in Needing and Taking Leave](#)," Abt Associates, November 2020

² According to the 2019 NASPP/Deloitte Consulting Domestic Stock Plan Design Survey, over 90% of companies do not adjust vesting for leaves of absence

EQUITY COMPENSATION OUTLOOK

The Fair: Pay Equity Analysis



Pay Equity Analysis

Reviewing equity awards for fairness

Overall compensation

Over 90% of companies have reviewed overall compensation for pay equity (less than 60% review regularly)

Equity awards

Less than 60% included equity awards in the analysis

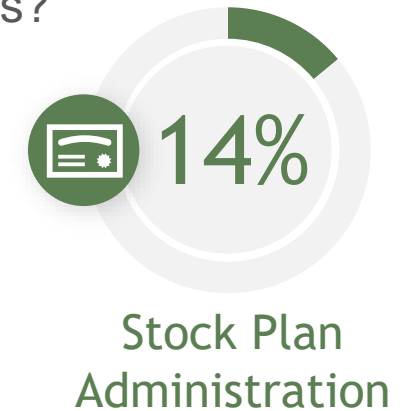
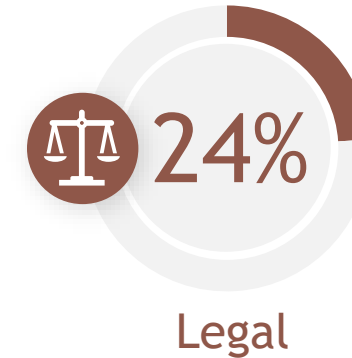
Re-Balancing

15% of companies have issued additional equity awards as a result of their pay equity analysis

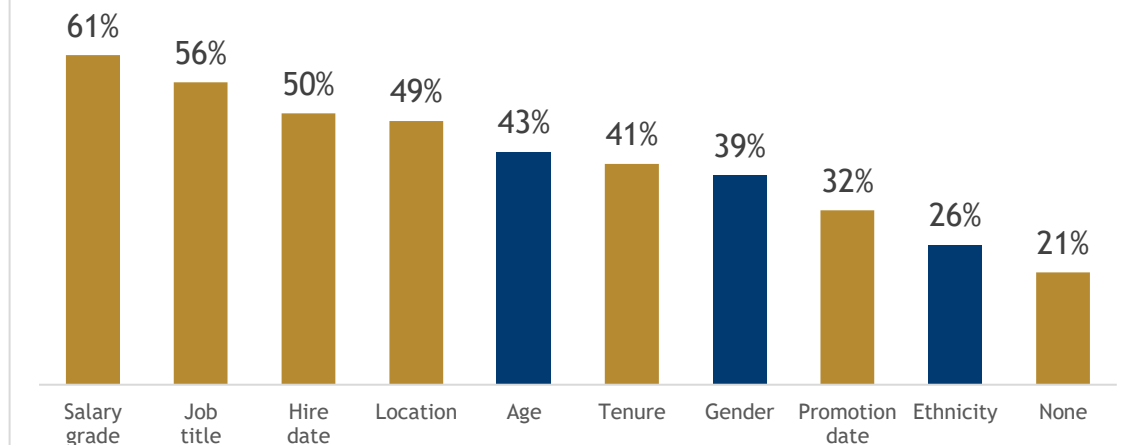
Tech/Sciences

Tech/sciences companies are less likely to have evaluated overall compensation for pay equity but are more likely to include equity awards in the analysis

Who Evaluates Equity Grants for Fairness?



Demographic Data Tracked for Grant Recipients



AUDIENCE POLL

Do you provide specialized training to HR representatives who assist managers with grant recommendations and review their decisions?

- A. Yes
- B. No
- C. Not applicable

GROUP DISCUSSION

What approval process is in place for manager grant recommendations?



EQUITY COMPENSATION OUTLOOK

The Future: Key Takeaways





Amount of Discretion

How many awards do managers have discretion over?



Manager Training

How well are managers trained?



Controls

How rigorously are manager decisions evaluated?



Policies

Are policies fair to all employees?



Demographics

Do you have the data necessary to assess pay equity?



Pay Equity

Do you review pay equity regularly? Do you include equity?

Equity Compensation Outlook

Are your equity strategies future-proof?

Your 360-degree outlook on the current and future state of equity compensation. Proudly brought to you by the NASPP and Fidelity Investments—two leaders in stock plan education and practices.



Mobility

Open for participation



Performance Awards

June



Grant Policies

August



Participant Education

November



Rapid
Results



Expert Thought
Leadership



Turnkey
Reporting



Hands-on
Benchmarks



EQUITY COMPENSATION OUTLOOK

THANK YOU.

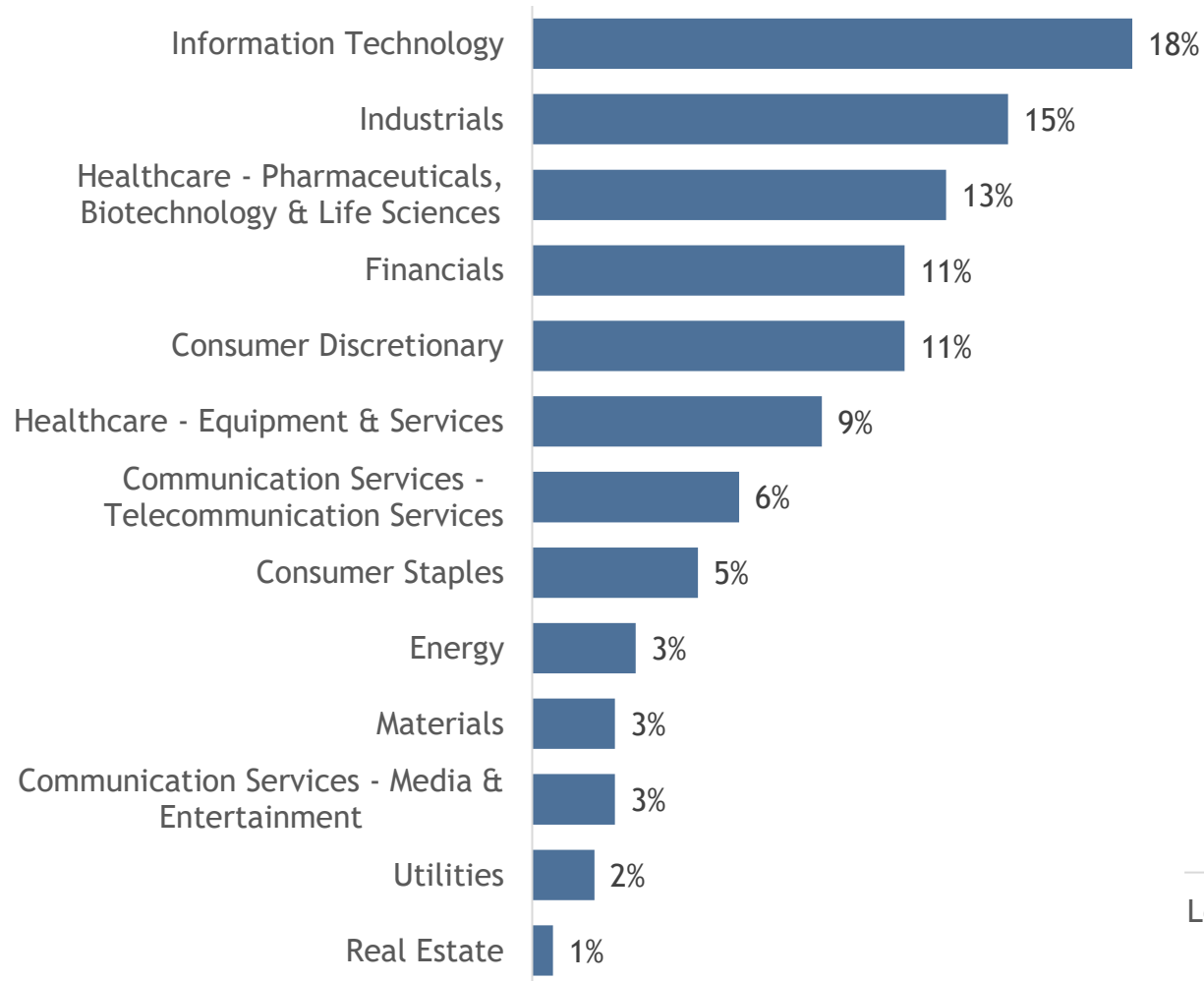
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Appendix: Respondent Demographics

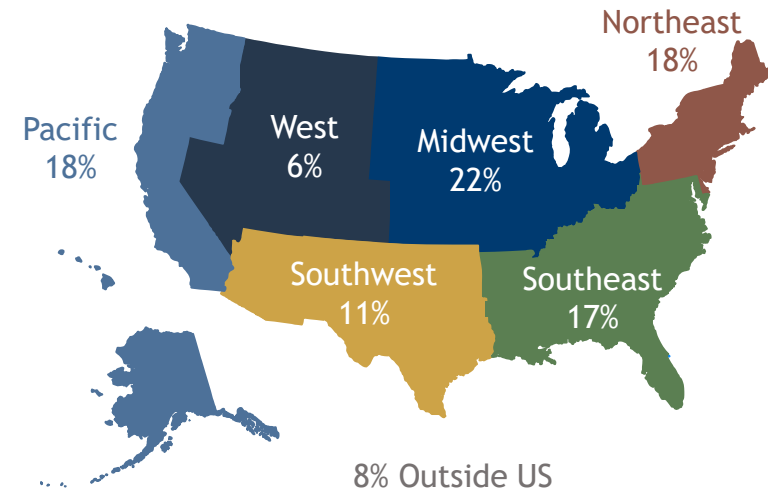


Respondent Demographics

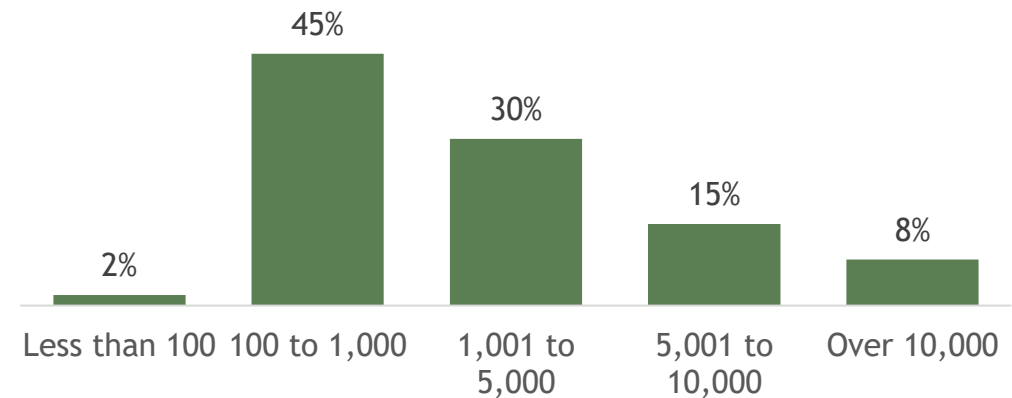
Industry



HQ Location



Number of Stock Plan Participants



Respondent Demographics

Types of Awards Granted Below Senior Executive Level

