CONCEPT

Executive Compensation and Long-Term Incentive Plans (LTIPs): Pay Mix, Vesting and Clawback

11 – 15 October 2027
Paris - Right Bank business hotel



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Introduction:

Executive compensation decisions draw more scrutiny from shareholders, employees and the public than any other pay decision, yet many boards receive long-term incentive proposals with weak performance conditions, unclear vesting rules and no view of accounting cost or dilution. This Core Concept course trains the specialists who prepare executive pay papers to design pay mix, annual bonus scorecards and long-term incentive plans LTIPs that a remuneration committee can defend. Participants build an Executive Pay and LTIP Design Proposal for a case company board.

Course Objectives:

- Define an executive pay philosophy and target pay mix across salary, annual bonus and long-term incentives for each executive tier
- Construct a comparator peer group and interpret market data on executive pay levels and pay mix
- Design annual bonus scorecards with financial and strategic measures, threshold, target and stretch levels and payout curves
- Select and structure long-term incentive vehicles, performance conditions, vesting, holding and deferral terms for a given company situation
- Estimate the fair value, accounting charge and share dilution of proposed awards and apply malus and clawback provisions
- Prepare remuneration committee papers, shareholder engagement material and pay disclosure that explain the executive pay proposal

Target Audience:

- Reward specialists who model senior executive pay packages and incentive outcomes
- Company secretarial staff who run remuneration committee agendas, minutes and charters
- HR leads who draft executive employment terms and incentive plan rules
- Finance staff who account for share-based awards and forecast incentive accruals
- Investor relations and governance staff who prepare pay disclosure and shareholder engagement

Course Outline:

Day 1: Executive Pay Philosophy, Pay Mix and Peer Benchmarking

- Executive Pay Philosophy Statement Linked to Business Strategy and Ownership Structure
- Target Pay Mix Chart: Salary, Annual Bonus and LTIP Weighting by Executive Tier
- Comparator Peer Group Construction: Size, Sector and Talent Market Screens
- Market Data Interpretation: Quartile Positioning, Regression by Company Size and Data Outliers
- Current-State Executive Package Audit Against Pay Philosophy

Day 2: Annual Bonus Scorecards and Long-Term Incentive Vehicles

- Annual Bonus Scorecard: Financial, Strategic and Individual Measure Weighting
- Threshold, Target and Stretch Calibration with Payout Curve Design
- Performance Share Plans and Restricted Share Units: Structure and Trade-Offs
- Share Options and Share Appreciation Rights: Exercise Price, Term and Leaver Rules
- Phantom Shares and Cash LTIPs for Unlisted, Family and State-Owned Companies

Day 3: Performance Conditions, Vesting, Holding and Deferral

- Performance Condition Selection: Total Shareholder Return, EPS Growth and Return on Capital
- Relative TSR Ranking Against Peer Index with Sliding-Scale Vesting Schedule
- Cliff Versus Graded Vesting and Post-Vesting Holding Periods
- Bonus Deferral into Shares and Executive Shareholding Guidelines
- Leaver, Change-of-Control and Double-Trigger Acceleration Provisions

Day 4: Valuation, Accounting, Malus and Clawback, and Committee Governance

- Award Fair Value Using Black-Scholes and Binomial Lattice Option Pricing Models
- Share-Based Award Expensing over the Vesting Period and Liability Remeasurement for Cash-Settled Awards
- Dilution Headroom, Run Rate and Overhang Monitoring
- Malus and Clawback Triggers: Misconduct, Restatement and Risk Failures
- Remuneration Committee Charter, Independence, Discretion and Say on Pay Voting

Day 5: Modelling Build: Executive Pay and LTIP Design Proposal

- Case Company Briefing: Strategy, Share Price History and Shareholder Profile
- Executive Package Model: Pay Mix, Bonus Payout and LTIP Vesting Scenarios
- Pay-for-Performance Stress Test Under Upside, Base and Downside Outcomes
- Remuneration Report Disclosure Draft and Shareholder Engagement Letter
- Executive Pay and LTIP Design Proposal Defence to a Mock Board Committee

Skills You Will Gain:

- Executive Pay Mix Design
- Peer Group Benchmarking
- Bonus Scorecard Calibration
- LTIP Vehicle Selection
- Performance Condition Design
- Share Award Valuation
- Malus and Clawback Drafting
- Remuneration Committee Reporting

Why Attend This Course:

- Return with an Executive Pay and LTIP Design Proposal modelled under upside, base and downside scenarios
- Answer board and shareholder questions on why each performance condition and vesting term was chosen
- Show finance and the board the accounting charge and dilution of every proposed award before approval
- Compare executive incentive practice with peers from listed, family-owned and state-owned companies across sectors

Conclusion:

Executive compensation earns trust when pay mix, bonus scorecards and long-term incentives are tied to measurable performance, costed in advance and explained openly. The course moves from pay philosophy and peer benchmarking, through bonus and LTIP vehicle design, performance conditions, vesting and deferral, to valuation, malus and clawback and remuneration committee governance. On the final day participants model a case company package, stress test it and defend an Executive Pay and LTIP Design Proposal before a mock board committee.