The case for sustainable remuneration

With sustainability at the top of global corporate agendas, progressive organizations are exploring ways to leverage their executive remuneration frameworks to align with their corporate Environmental, Social and Governance (ESG) commitments and drive ESG program outcomes that enhance stakeholder engagement and long-term value creation.

Incorporating sustainability into remuneration frameworks will help enable organizations to elevate the prioritization of their ESG commitments, while operationalizing the ESG agenda and encouraging positive societal change.

EY teams, along with Reward Value Foundation and Chief Sustainability Officers from market leading global organizations, have developed Sustainable Remuneration Guidelines to enhance the linkage between sustainability, purpose and pay, while attracting, retaining and engaging employees and enhancing business outcomes.

The journey to sustainable remuneration

EY teams have developed a Sustainable Remuneration maturity assessment to evaluate the alignment of current ESG practices, policies and programs with our Sustainable Remuneration Guidelines and develop a roadmap for potential intervention, activation and transformation, via the following phases:

01 Understand
Establish design principles
Assess ESG ambition and appetite for change based upon:
- Stakeholder interviews
- Analysis of existing ESG commitments
- Remuneration frameworks and disclosures

02 Evaluate
Conduct current state
- Alignment with sustainable remuneration principles and guidelines
- Benchmarking of current and desired remuneration practices

03 Activate
Identify enhancements
- Develop prioritized list of enhancement ideas to support meaningful ESG alignment across remuneration mechanisms, disclosures and governance
- Articulation of phased approach (spanning now, next and beyond) of enhancement opportunities

04 Embed
Roadmap for change
Develop a roadmap of interventions to help deliver sustainable remuneration framework, including:

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