



Total Rewards Webinar

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# Managing Equity in a Volatile Market

August 10, 2022



Alpine Rewards

Newfront



# Today's Topics

1. How to identify potential risks relating to your equity plan amidst market volatility
2. Strategies to address these risks and/or maintain a competitive position in an unpredictable market, including potential retention alternatives
3. Considerations for your forward-looking equity strategy and guideline development

## Meet the Presenters



**Rob Surdel**  
Founder & Managing Director  
Alpine Rewards

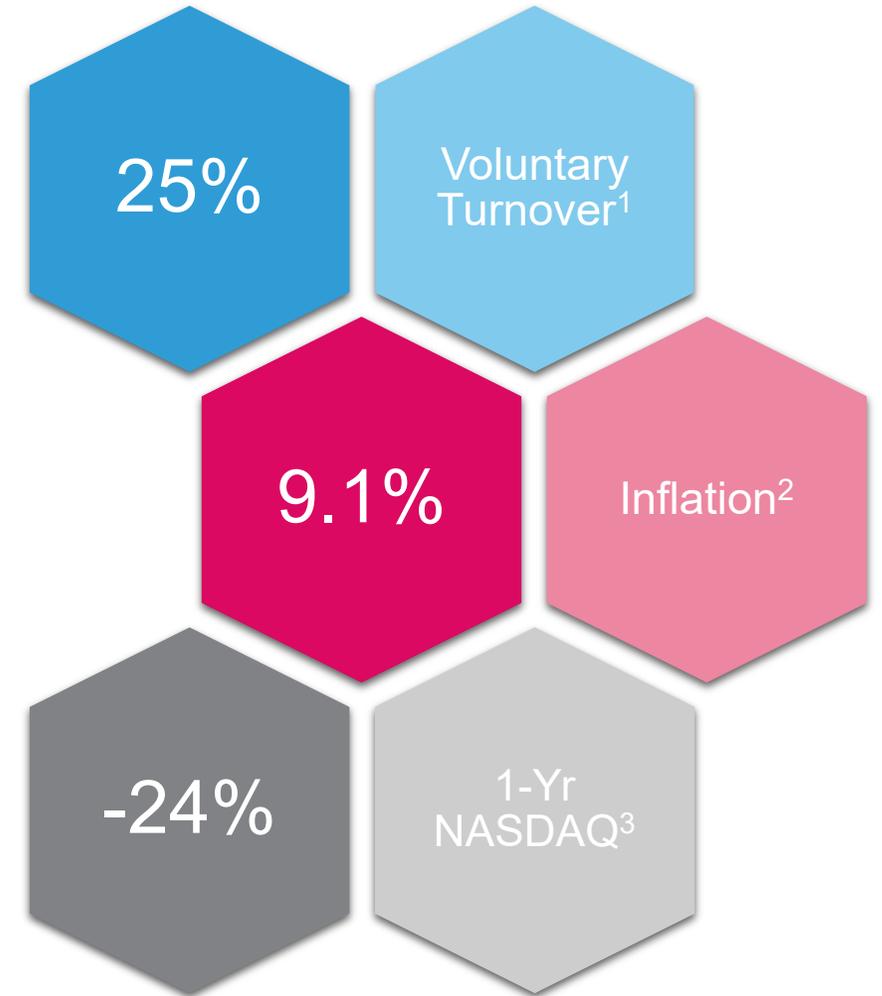


**Kaitlyn Sawyer**  
Vice President  
Alpine Rewards



**Andrea Trudeau**  
Executive Vice President  
Newfront

## Our Current (Volatile) Reality



<sup>1</sup> Voluntary turnover as disclosed in the 2021 Bureau of Labor Statistics report, the overall turnover rate is 57.3%

<sup>2</sup> Per U.S. Department of Labor, published 8/13/22

<sup>3</sup> Yahoo Finance (7/1/2019 – 6/30/2022)

## Identifying Risks to your Equity Plan



Does your organization have low (<2%) equity plan share availability?



Are there any "Underwater" stock options?



Has your company's valuation meaningfully decreased?

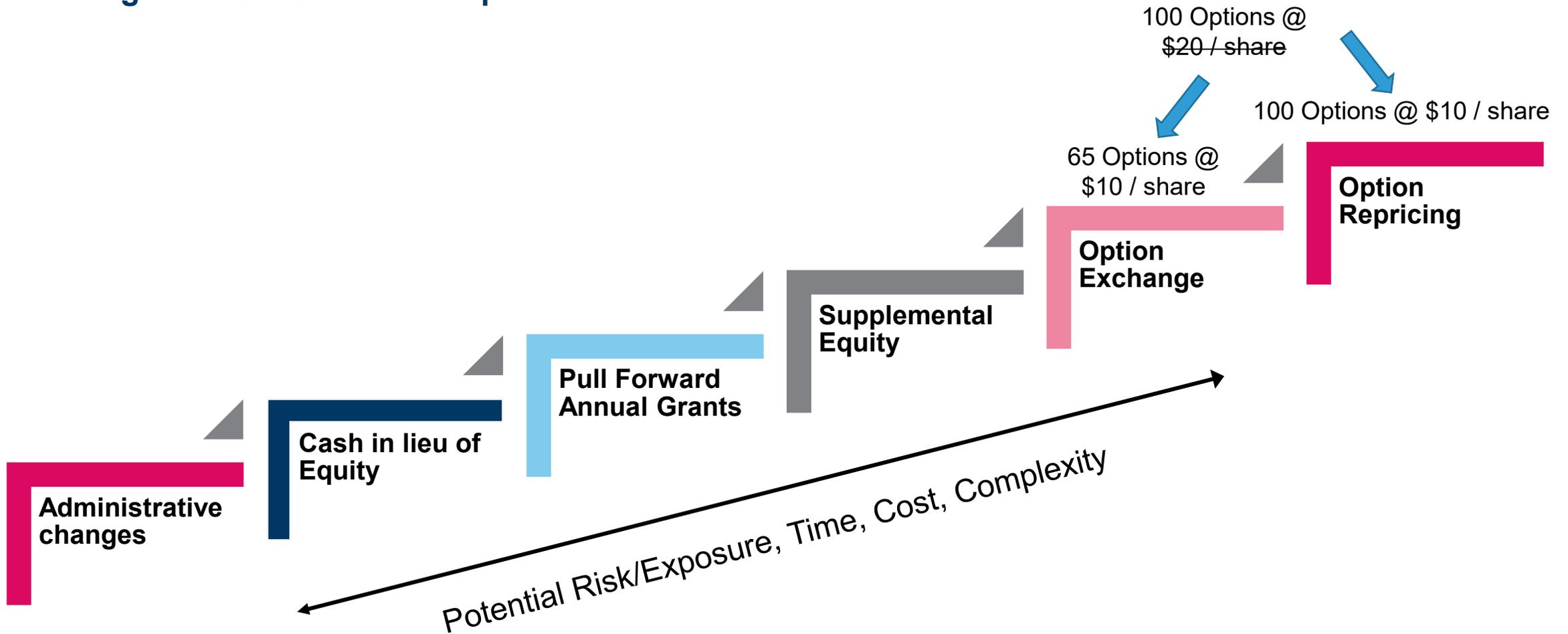


Are you running a top quartile burn rate and/or equity overhang?

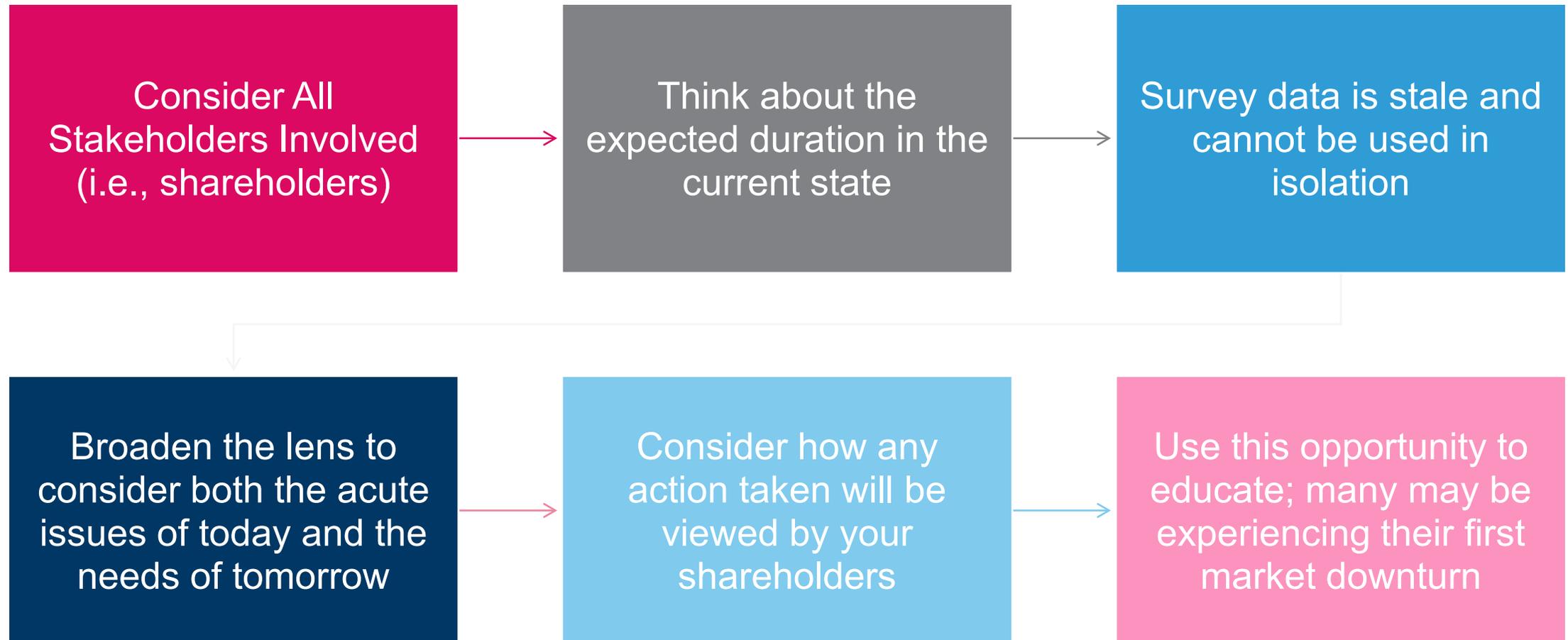


Do you anticipate meaningful change to your equity plan consumption?

## Strategies to Establish a Competitive Position



## Equity Strategy Considerations for H2-2022 & Beyond



## Suggested Approach to Guideline Development

- Determine the **“right” data cut** to benchmark against
- Establish a **market-adjustment factor** to apply to the market data
- Consider **year-over-year change** in value and units
  - For value-based guidelines, consider a price floor to manage overall spend
  - Determine the maximum level of acceptable change (e.g.,  $\pm 25\%$ )
- **Estimate total equity use** for the upcoming year (i.e., guidelines x participation rates x headcount for the equity-eligible population)
  - Do we have enough shares in the plan?
  - Is the projected burn rate within an acceptable level?
  - Will next year’s spend create unintended limitations in 2024+
- **Prioritize adjustments** if total spend must be trimmed

# Q&A



## Upcoming Total Rewards Webinars

- **Session 2: How to Evolve Your Compensation Programs as a Private Company**
  - Wednesday, August 31, 2022 – 10am PST
- **Session 3: Rethinking Total Rewards in the Midst of the Great Resignation**
  - Wednesday, September 21, 2022 – 10am PST
- **Session 4: IPO Planning**
  - Wednesday, September 28, 2022 – 10am PST
- **Session 5: Building a Modern-Day Job Architecture with a Remote Workforce**
  - Wednesday, October 19, 2022 – 10am PST
- **Session 6: Prepping for 2023 Comp Planning**
  - Wednesday, November 2, 2022 – 10am PST

# Thank You!



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