



2023 ESPP Survey

Presented by the National Association of Stock Plan Professionals and Deloitte Tax LLP

Table of contents

Executive Summary	02
Introduction and Methodology	02
Guidelines and Notes for This Year's Survey	02
Highlights of the 2023 Survey	03

Executive Summary

Introduction and Methodology

The 2023 Employee Stock Purchase Plan (ESPP) Survey reports on the design and administration of ESPPs offered in respondents' headquarter countries and worldwide. The survey has over 200 participants providing market insights on more than 75 questions covering six areas:

- Plan Objectives, Eligibility, and Pricing
- Contributions, Plan Limits, and Other Provisions
- Plan Administration and Communication
- Multinational Plan Features
- Country-Specific Features
- Participant Profile

The 2023 ESPP Survey was developed jointly by the National Association of Stock Plan Professionals (NASPP) and Deloitte Tax LLP (Deloitte Tax) and administered from April 2023 to May 2023 by Deloitte Tax. Members of the NASPP and Deloitte Tax clients were invited to participate.

The ESPP Survey is part of a trio of surveys that examine trends in the design and administration of global equity compensation, including full value awards, stock options and SARs, and ESPPs. This survey series is one of the most comprehensive sources for benchmarking equity compensation programs, providing data that is relevant to both issuers and practitioners.

The ESPP survey was last included as a section of the 2020 Domestic Stock Plan Administration survey but given the increased focus on ESPPs and their importance in reinforcing culture and providing competitive rewards programs, Deloitte Tax and the NASPP decided to dedicate an entire survey to ESPPs. This is the first stand-alone global employee stock purchase plan survey that NASPP and Deloitte Tax have conducted and anticipate being conducted again in 2026. The survey on global equity stock plan administration practices was conducted last year and will be surveyed again in 2025, and the survey on global equity incentive design practices is up next and will be conducted in 2024.

Guidelines and Notes for This Year's Survey Include

- Companies must be currently offering an ESPP to employees to participate in the survey.
- Only public company ESPPs are eligible to be included in the survey.
- Participants must have completed at least two sections of the survey to be included in the report.
- We received 209 responses during the survey period (April 2023 to May 2023).
- Survey summary statistics include the number of respondents ("N") for each response.
- Due to rounding, the total percentage of respondents may not add up to exactly 100% for some questions.
- For some of the questions, we report the data by industry group or other demographic data (for example, number of employees).

Customized cuts of the data

Deloitte Tax may be able to provide special cuts of the results for an additional fee. If you are interested in a customized cut of the data, please contact Miriam Krawiec at mikrawiec@deloitte.com or Megan Lazarek at mlazarek@deloitte.com.

Highlights of the 2023 Survey

Plan design trends

The most significant takeaway from this year's study is that plans have become more generous over the past three years, with employers using ESPPs as one tool to drive culture, talent, and rewards goals. Key results from the study that led us to this observation include:

- Eighty-five percent of the 2023 survey companies provide a 15% discount, up from 70% in 2020,
- Eighty-three percent of the 2023 survey companies utilize the lookback feature, up from 62% in 2020, and
- Fifty-seven percent of the 2023 survey companies utilize a 6-month offering period, up from 49% in 2020. Interestingly, while still a minority practice, 13% of the survey companies are using a 24-month offering period.

Encouragingly, 92% of the survey companies rate their plan effectiveness from satisfactory to successful; 42% of the survey companies state that their plan is successful and 50% believe their plan performance is satisfactory. Only 8% of the survey companies believe their plan performance is below average or unsuccessful.

The top three drivers of a successful ESPP reported by the survey respondents are (1) purchase price discount, (2) use of the lookback feature, and (3) plan design that is simple and easy to understand. Reinforcing the key design principles of making compensation meaningful and easy to understand.

Despite the perceived successes, there are opportunities for improvement even among the most successful plans, with employee communications and education being the most reported priority for the upcoming year.

- The study found that median employee participation rates increase with the number of methods of communication utilized by the survey companies (for up to four methods of communication). The median participation rates, surprisingly, decrease at five or more methods of communication.
- The second most reported priority among the survey participants

is to increase participation rates followed by improving plan administration

There are also plan design features that we expected to be more common, which can increase participation and the employee experience:

- Fractional shares are only used by 33% of the survey companies impacting the amount of equity that can be purchased by employees, particularly in organizations with higher stock prices.
- Cashless participation is offered by only 1% of the survey companies, with a modest 12% considering it or open to considering it in the future, also having an impact on participation and contributions rates.

About the survey participants

Survey respondents represent a wide variety of industries, regions, and company sizes (by revenue, market capitalization, and number of employees). In this year's survey:

- Forty-one percent of respondents identified as non-high-tech companies
- Fifty-nine percent are high-tech companies

The five largest industries represented in the survey were:

- Technology services (19%),
- Biotechnology/life sciences/chemicals (13%),
- Computer software and services (12%),
- Durable goods manufacturing (10%), and
- High technology manufacturing (7%)

All survey participants are publicly traded companies, and a majority are listed on the New York Stock Exchange (53%).

We hope that you will have benefited from participating in the survey and gaining insights into market practices and initiatives and measuring how your plan stacks up against the peers.

We appreciate your participation in this survey and look forward to observing and measuring the trends over the next three years when we anticipate study ESPPs again.

Thank you again for your participation in the survey.



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