STIP 2025 calculation method: the system is becoming surreal...

April 10th 2025

Created in 2018 following the overachievement of targets which would have enabled employees to have a good variable share (STIP), the Management Call was deemed illegal following legal action by the CFTC. (find out more)

Management was required to propose a replacement solution for the STIP 2025 payable in 2026.

The positive Management Call of the last 6 years was a clever way of fooling employees.
By systematically setting targets for the overall share of STIP that were much higher than those announced to the markets, management ensured that they would very rarely be achieved. The result of the STIP calculation was then too low, and mangement had no problem announcing a positive management call.

For 2025, the targets are finally almost consistent with the market announcements.

In order to keep the variable pay budget under control, management has introduced a scheme in which one criterion is limited by another!

The communication sent to employees states: "*a new **sales overperformance condition** has been added. If the STIP target for Organic Adjusted EBITA Margin Improvement is not achieved, then the STIP Group Sales Organic Growth KPI achievement is capped at 100%* "

While the STIP is intended to motivate employees, **this new gas factory is appalling!**

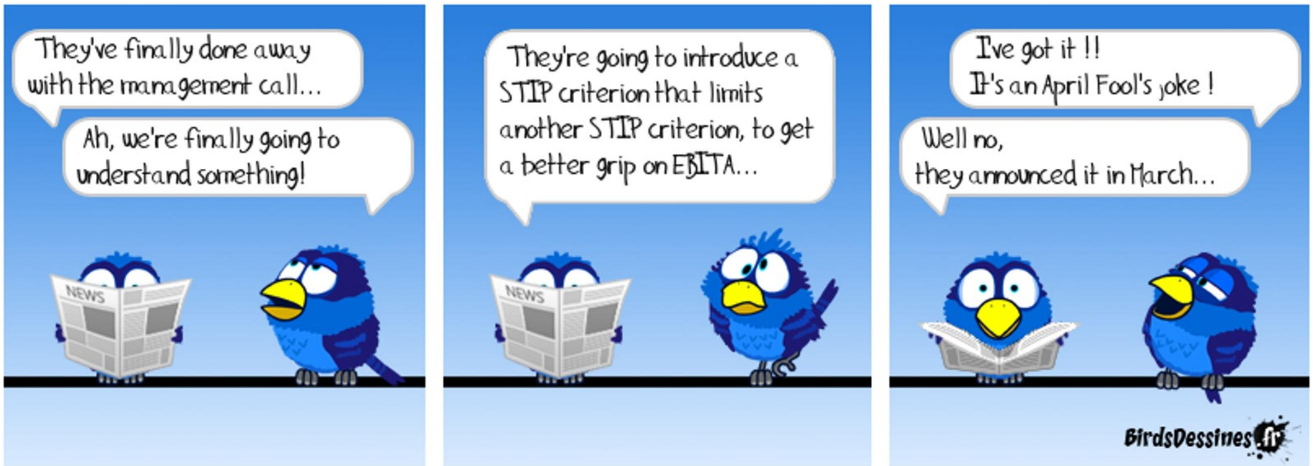
What's more, this new method is potentially a source of a bug!

If "organic growth in adjusted Group EBITA is not achieved", then the STIP calculation will limit the redistribution to employees, which will increase the EBITA calculation. Then, no one knows what will happen if this recalculation of EBITA enables it to achieve its "growth targets" again, which would mean that "organic growth in Group sales" is not capped at 100%, and that the STIP would therefore increase, causing EBITA to fall below the targets....

An infinite feedback loop... more commonly known as a bug!

For information: 10 points of STIP correspond to 0.2 points of EBITA. Hence management's interest in limiting the impact of STIP to improve the company's profitability.

For the CFTC, making the calculation of the STIP even more complex so as not to exceed the budget is nonsense.
Either the COMEX wants to comply with its forecasts and does away with the STIP by including it in the salary.
Or it is a real variable component and the COMEX is responsible for any overruns.



Your CFTC representatives : Sylvie RESTANI - François SOENEN - Xavier MERLINI - Ludovic LAMBERT