



PwC's Nordic Equity Incentive Study

Insights from the Largest Nordic Listed Companies

A man in a dark suit stands with his back to the camera, looking out a large window. The window offers a view of a city with buildings and greenery. In the foreground, there are orange chairs and a table, suggesting a meeting or office environment. The word "Content" is overlaid in a large, black, serif font.

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Aligning interests, creating value

Foreword

At the heart of modern corporate governance lies a fundamental challenge: how to align the interests of those who manage a company with those who own it. Share-based compensation has long served as the principal mechanism for bridging this divide, transforming managers into owners by linking their personal wealth directly to corporate performance.

Clients frequently ask us about the equity incentive programmes of their competitors: what types of share-based payments do they use, how are programmes structured, who participates, and over what time horizons? While programme design is partly driven by local tax considerations, there are notable commonalities across the Nordic markets. This publication brings together our research from Sweden, Norway, Denmark, and Finland into a single resource—examining the types of share-based compensation in use and the key terms governing these programmes in the largest publicly listed companies in the Nordics.

We also explore the evolving role of ESG in executive pay. Environmental, social and governance factors are increasingly viewed as integral drivers of long-term financial performance. In a world where attitudes toward ESG vary

sharply, one truth has emerged with striking clarity: investors care, with approximately 68% believing that pay should be tied to ESG targets.

Key takeaways from the study

- Share-based incentive programmes are now the norm, with 93% of Nordic large-cap companies having at least one such programme.
- Performance shares dominate the market.
- TSR remains the leading performance metric, while ESG is now firmly embedded in the design of Nordic LTI programmes.
- Tax efficiency is not the only driver of programme design; simplicity, governance and shareholder alignment often take precedence over tax disadvantages.
- Local market practice continues to matter, and programme design differs meaningfully across Sweden, Norway, Denmark and Finland.

Country update (1 of 2)

Sweden

Equity-based compensation is very common among listed companies in Sweden, particularly among the largest firms. Market practice primarily features four types of equity-based incentive programmes: warrants, employee stock options, performance shares (e.g., PSUs/RSUs with performance criteria), and share savings plans (with performance and/or matching shares).

Among OMX Stockholm 30 (OMXS30) companies with an international or global presence, it is standard practice to design programmes to be workable and compliant in most jurisdictions where participants are located, by adapting to local legal, tax and administrative requirements. In practice, share savings plans and performance shares form the core of these programmes, with employee stock options used to a lesser extent. Warrants, by contrast, are particularly common among smaller listed companies in Sweden, where administrative simplicity is often regarded as an advantage.

Tax treatment differs by programme type. Warrants are typically defined as securities and, for Swedish resident employees, gains are taxed as capital income. Employee stock options, performance shares, and share savings plans are typically taxed as employment income upon vesting, exercise, or delivery, as applicable, and therefore also trigger employer social security contributions.



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Norway

Norway offers considerable flexibility in designing attractive share-based incentive schemes. This is reflected in the high prevalence and variety of programmes: 24 of the 25 OBX-listed companies operate at least one share-based programme, with 59 programmes identified in total. At an average of 2.5 programmes per company, Norway has the highest programme density in the Nordics, compared with a Nordic average of 1.6.

Share programmes account for 73% of Norwegian programmes, including significant use of discounted share-savings plans. Discounts reflecting value-reducing share features may be recognised by the tax authorities and, when combined with favourable acquisition financing - such as a very high gearing at favourable interest rate (around 5%) - and synthetic elements, can generate attractive leveraged returns taxed at a low tax rate.

This flexibility comes with a need for careful design and communication. With an average programme duration of 3.9 years - the longest of the four Nordic markets - management should have a clear understanding of the performance and value drivers underpinning the arrangement. Companies should balance tax and financial optimisation with transparency, line of sight and explainability.



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Country update (2 of 2)

Denmark

Denmark's equity pay landscape is limited compared to other Nordic countries. This is primarily because relatively few Danish companies are publicly listed. This makes it more complex to design and implement effective equity-based LTI programmes with clear market pricing and liquidity. The default tax treatment adds to the challenge as most equity compensation is taxed as ordinary income.

In Denmark we have a preferential tax regime that is available for equity compensation up to a capped amount. With Denmark introducing a new top marginal tax rate of 60.5% in 2026, this preferential scheme is becoming increasingly attractive for companies seeking to maximise after-tax value for participants. Careful structuring is required to ensure plans qualify and remain within the applicable limits.

A notable trend in the Danish market is a shift away from warrants and options toward PSUs and RSUs. This reflects a broader preference for simplicity and perceived value, with instruments that are easier for participants to understand and that deliver more predictable outcomes. While options can offer significant upside in the right circumstances, Danish companies increasingly favour equity structures that balance tax efficiency with clear, straightforward communication to employees.



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Finland

All OMX Helsinki large-cap companies have a top-level share-based incentive plan. The vast majority of these plans are performance share units (PSUs), with only two exceptions. Most LTI plans have a three-year performance period, with a new cycle commencing annually.

Total shareholder return (TSR), either relative or absolute, is the most commonly used performance metric, applied by 48% of large-cap companies. The use of ESG metrics has increased steadily and is now incorporated by approximately 80% of large-cap companies. In addition, restricted share units (RSUs) are commonly used in large-cap companies. Only one Finnish large-cap company offers a matching plan for the CEO, although such plans are more common in other market caps. Small-cap companies, in particular, also use stock option plans.

Executive team members are typically subject to shareholding requirements, often requiring ownership equivalent to 50–100% of annual base salary. In Finland, income from share-based plans is generally taxed as earned income.

Employee share savings plans (ESSPs) have become widespread in Finland and are used by listed companies across all market caps.



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Share-based incentives
are no longer a
differentiator – but a
baseline expectation.

93%

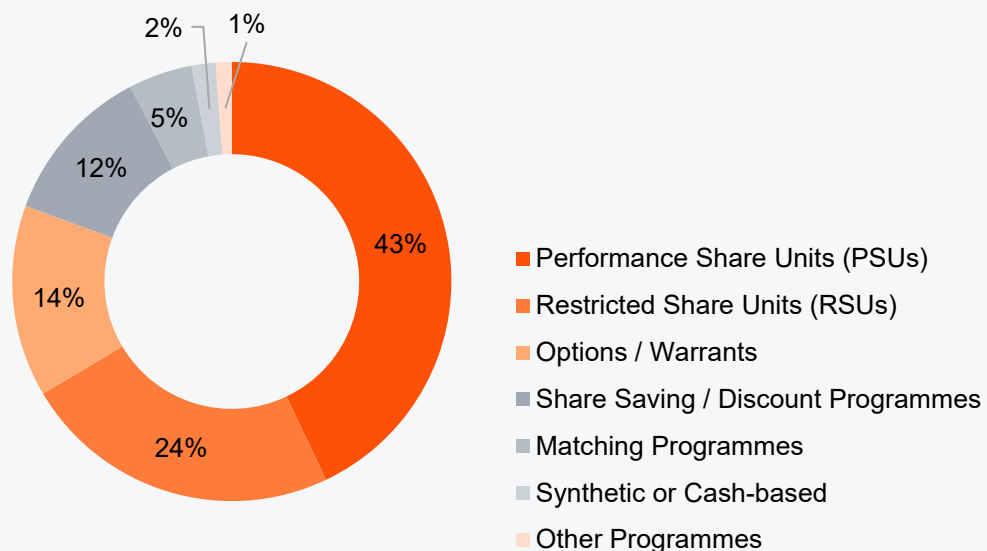
of the largest publicly listed companies have share-based incentive programmes

This study is based on the largest publicly listed companies across the Nordic equity markets, defined as the constituents of the principal large-cap indices on each exchange. For Norway, this includes companies in the OBX universe on Oslo Børs; for Sweden, companies in the OMX Stockholm 30; for Denmark, the OMX Copenhagen 25; and for Finland, the OMX Helsinki Large Cap. Collectively, this Nordic Large Cap cohort covers the most significantly publicly traded firms in each market. This 2026 publication is based on multiple country-specific data sources. As a result, the reference period may vary between countries and between different sections of the report.

Across this sample, 93% of companies have at least one share-based incentive programme, with an average of 1.6 programmes per company. This varies by country, with Sweden and Denmark averaging 1.1–1.2 programmes, while Norway averages 2.5 programmes per company and Finland averages 1.8 programmes per company.

Deferred and contingent programmes dominate the landscape

Type of programmes



Prevalences of deferred and contingent structures

Among Nordic large-cap companies, the most common share-based incentive structures are deferred and contingent awards, including Performance Share Units (43%), Restricted Stock Units (24%), traditional stock options/warrants (14%) and matching programmes (5%).

However, in many Nordic countries, most of these awards (PSUs, RSUs, and matching programmes) are typically taxed as ordinary salary rather than capital income, making them less tax-efficient for recipients. Despite this, their widespread popularity suggests that other factors, such as simplicity in communicating the programmes to participants and strong alignment of interests between employees and shareholders outweigh the tax disadvantage.

Regional differences

At the same time, there are clear regional differences in programme design. In Denmark, PSUs are the dominant structure, used by 70% of companies. In Finland, most companies offer both PSUs and RSUs, but rarely any other variants. In Norway, option programmes are popular (25% of companies) in addition to RSUs and PSUs, despite all being tax-inefficient for recipients. Norway is also the only Nordic country with significant use of share savings programmes with discounts. These differences suggest that although equity incentives are broadly institutionalised across the Nordics, local governance traditions and market norms still play a significant role in shaping how programmes are designed.

Shareholder return sit at the heart of Nordic LTIP design. Sustainability and financial metrics complete the picture.

TSR dominate, but sustainability and financial metrics also highly present

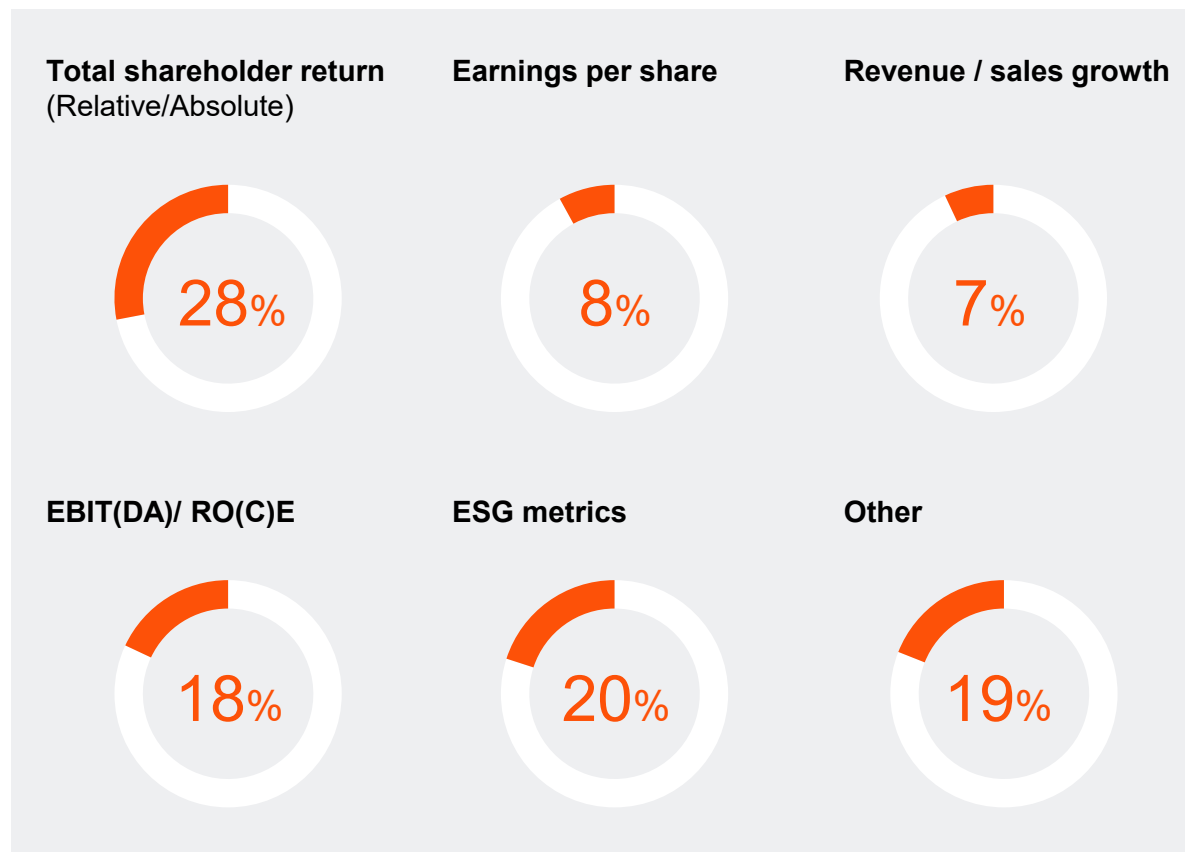
Across the LTI plans in our dataset, we have identified 187 metrics, reflecting that most plans employ multiple metrics. The distribution reveals clear priorities in how the companies define long-term success.

Total Shareholder Return (TSR), both absolute and relative, is the most prevalent metric at 28%. This reflects a strong preference for tying executive reward directly to shareholder returns.

ESG and sustainability metrics rank second at 20% of all metrics, with weights of total grants typically found in the relatively modest range of 10%-20%. While this still represents a meaningful commitment to ESG performance, it is worth noting that the adoption is higher in markets such as the UK, suggesting that there remains room for Nordic companies to further embed sustainability into their long-term incentive frameworks.

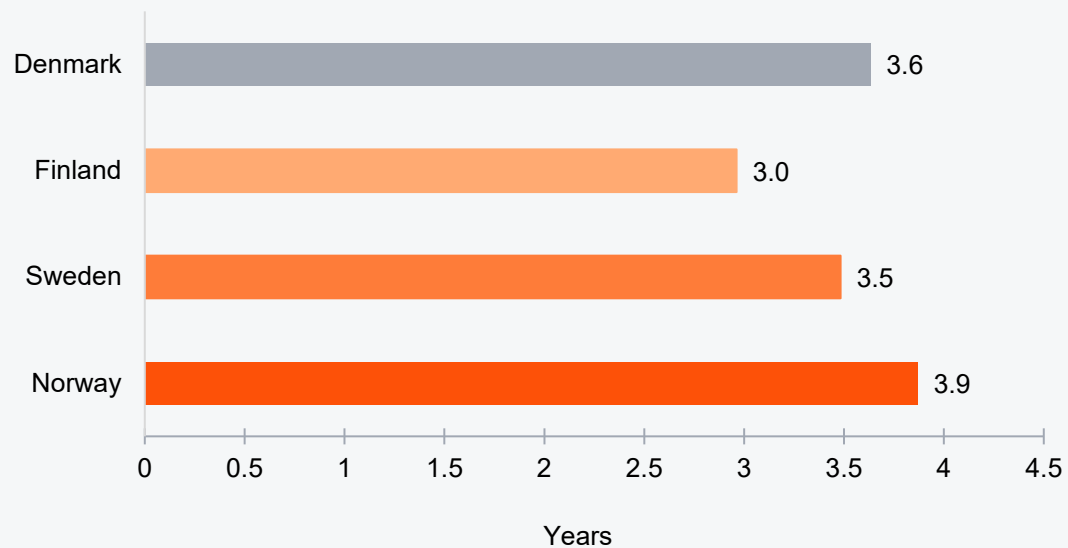
As stakeholder expectations around sustainability continue to strengthen, and as regulatory requirements drive improvements in sustainability reporting and data quality, we expect Nordic companies to continue closing this gap.

Traditional internal financial measures, including EPS (8%), Revenue / sales growth (7%) and EBIT(DA)/RO(C)E (18%), together account for roughly 33% of metric slots. While collectively significant, their use is spread across several distinct measures, indicating that no single internal financial metric has achieved the same degree of market consensus as TSR. A further 19% are allocated to other metrics aligned to company-specific strategic objectives.



Term (duration)

Average Programme Duration by Country



Regional differences

The average programme duration across the Nordic markets is 3.5 years. Norway reports the longest average term at 3.9 years, while Denmark follows at 3.6 years, both above the Nordic average. Sweden sits closely in line with the overall average at 3.5 years. Finland has the shortest average duration just below 3.0 years, approximately 0.5 years below the Nordic average and the only market where the average programme term falls below three years.

The spread between the longest and shortest average duration across the four markets is approximately 0.9 years.

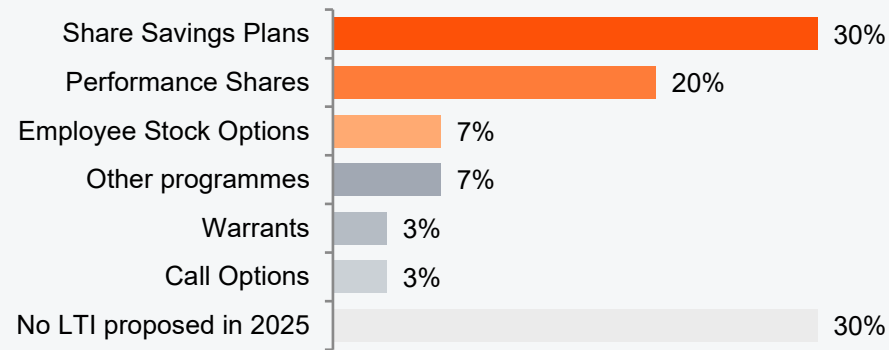


Country deep-dive

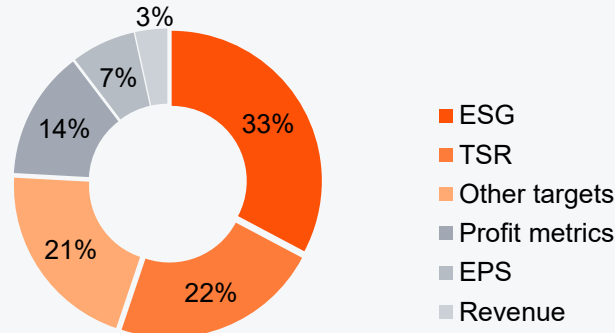
Sweden

Programme Types and Performance Metrics

LTI instruments in OMXS30 companies (2025)



LTI Metrics in OMXS30 companies (2025)



Based on equity-based incentive programmes proposed at annual general meetings in 2025, excluding outstanding programmes initiated in prior years, share savings plans are the most widely used LTI instrument among OMXS30 companies, accounting for 30% of all programmes, followed by performance shares at 20%. Together, share-based programmes represent nearly 80% of all LTI plans within the index. This stands in contrast to the broader Swedish market, where warrants still account for 40% of all approved programmes, driven primarily by their popularity among smaller listed companies on First North and NGM, where administrative simplicity and favourable tax treatment make warrants particularly attractive.

Only one warrant programme exists within the OMXS30 (3%), illustrating a stark divergence between large-cap and smaller listed companies. Warrants are taxed as capital income in Sweden, which gives them an advantage over share programmes taxed as employment income.

The largest companies clearly favour share-based structures for their alignment with long-term shareholder interests and ease of cross-border implementation. It should also be noted that purely cash-based long-term incentive programmes fall outside the scope of this study; however, cash-settled LTI plans, including programmes linked to TSR or sustainability targets, remain in use among several OMXS30 companies, and represent a notable feature of the broader Swedish incentive landscape.

In terms of performance metrics, ESG-related targets represent 33% of all performance conditions among OMXS30 companies. As such, it makes up the single most prevalent metric category (though in terms of weighting, ESG metrics are typically relatively modest at 10%-20%). TSR accounts for 22%, followed by other targets at 21% and profit-related metrics (EBITDA, EBIT, etc.) at 14%. Environmental ESG targets are the most prevalent ESG sub-category at 21% of all conditions, followed by governance (5%) and social targets (5%).

Deep-dive into programme types and performance metrics

87%

of OMXS30 companies have proposed new programmes in 2025 and/or have outstanding programmes.

Share-based remuneration remains the norm among Sweden's largest companies. Of the 30 OMXS30 constituents, 26 have at least one active or newly proposed equity incentive programme. This is broadly consistent with the Nordic average of 93% among all large-cap indices, though Sweden's figure reflects a somewhat more concentrated index where a handful of companies, such as holding companies do not operate traditional LTI programmes. Across the broader Swedish market, 81% of all large-cap companies have new or outstanding programmes, and a record 65% launched a new programme in 2025 alone.

62%

of OMXS30 companies with LTI programmes include at least one ESG-related performance condition.

ESG integration in Swedish large cap LTIPs has grown significantly. Among the 21 OMXS30 companies with performance-based programmes, 13 include at least one sustainability metric. Environmental targets are the most common ESG sub-category, followed by governance and social targets. However, while adoption is widespread, the weighting of ESG metrics relative to financial targets typically remains modest. Companies tend to prioritise profit-related and TSR measures when determining the bulk of the payout. By comparison, approximately 80% of Finnish large-cap companies now incorporate ESG metrics in their LTIPs, and the typical weighting for ESG in Finland is around 20%. Sweden's 62% adoption rate places it ahead of Denmark (56%) and Norway (30%), but below Finland among the Nordics.

64%

of warrant and call-option programmes among large-cap companies were fully or partially subsidised in 2025.

A notable feature of the Swedish market is the strong propensity among the largest companies to subsidise participants' acquisition costs for option-type instruments. In 2025, 64% of all warrant and call-option programmes across Swedish large-cap companies were subsidised and when looking at the OMXS30, all programmes (2 out of 2) were subsidised. The trend reflects a desire among the largest companies to maximise participation and ensure that option programmes deliver meaningful incentive value to participants, even where employees are required to make an upfront investment. On the broader Swedish market, subsidisation rates are lower, 36% on Mid Cap and 50% on Small Cap, suggesting that large-cap and OMXS30 companies are leading the way in making equity participation more accessible.



Country deep-dive

Norway

LTI Programme Overview

96%

with share-based payments

24 of the 25 OBX-listed companies have at least one share-based payment programme, with a total of 59 programmes identified, an average of 2.5 programmes per company - and the highest programme density in the Nordics.

More than 90% of the programmes are targeted at the C-suite, while broader management and all-employee programmes also feature - the latter accounting for around one in three programmes.

73%

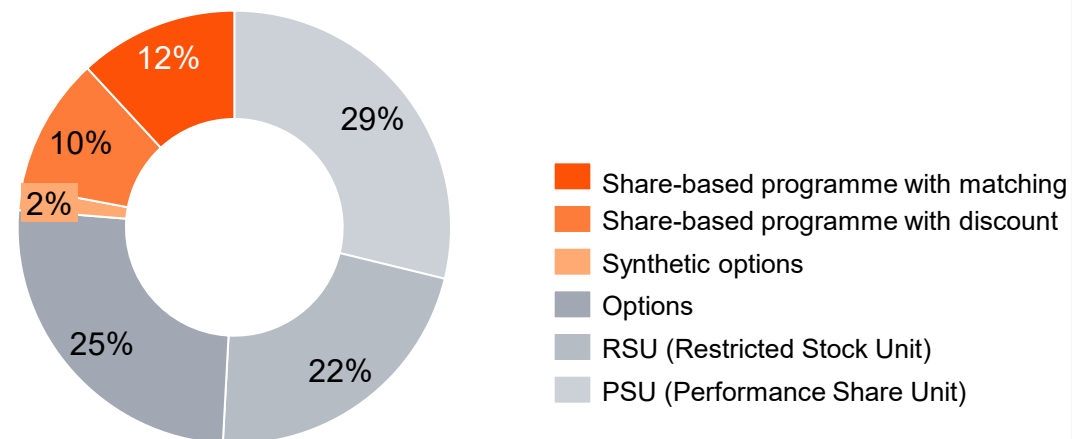
share programmes

Share programmes account for 73% of Norwegian programmes. As these programmes are generally taxed as salary, their design is clearly driven by more than tax efficiency alone.

In performance-based programmes, profitability and total return metrics are commonly used, often alongside ESG criteria.

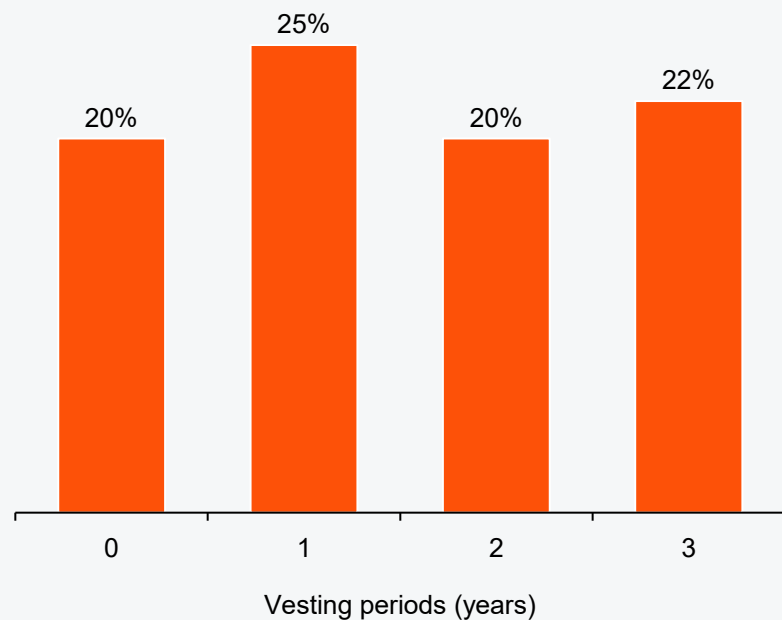
Looking ahead, we expect greater use of synthetic share programmes, driven by greater certainty regarding their tax treatment and the potential to achieve more tax-efficient outcomes.

Programme types



Discounts for lack of marketability

Discounts



Share purchases with restrictions account for 10% of the incentive programmes among large-cap companies on Oslo Børs and are even more prevalent across the broader listed market, where they represent 17% of programmes. Their direct ownership model and relative ease of communication make them particularly suitable for broad-based programmes offered to all employees.

These programmes are a distinctive feature of the Norwegian market, supported by clear guidance from the Norwegian tax authorities that genuine restrictions - such as lock-in periods and limitations on resale - may reduce the fair market value of management shares. The resulting value adjustment must reflect the actual economic effect of the restrictions and be assessed and documented for each programme.

The observed median value adjustment for a three-year restriction period is 22%. However, the appropriate adjustment depends on the programme terms and prevailing market conditions and should therefore be reassessed whenever management or employees are invited to participate.

Any additional discount not supported by genuine value-reducing restrictions will generally be taxed as employment income. Robust documentation is therefore important to achieve the intended tax treatment and manage potential tax exposure.

ESG metrics in LTIPs

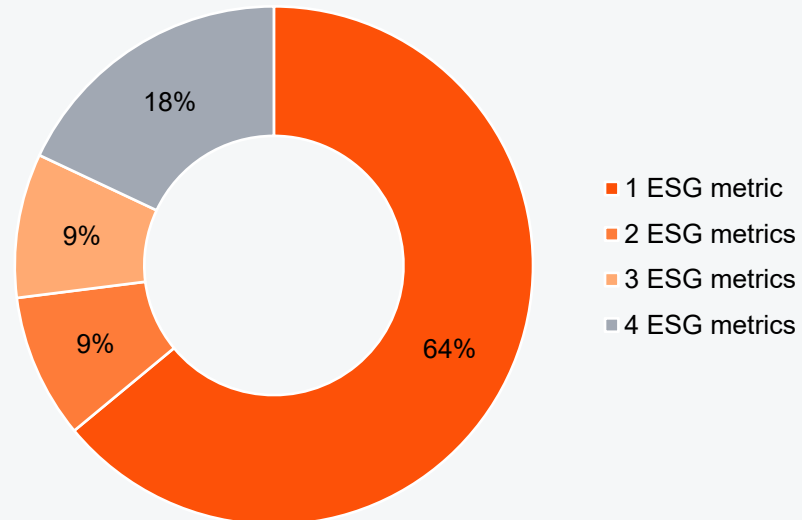
20%

of the largest companies on Oslo Børs have ESG targets incorporated in their Long-Term Incentive Programmes (LTIPs).

Even though many of the programmes include only one ESG metric, it is very common to combine ESG metrics with other metrics connected to financial performance or shareholder value.

The weight of ESG criteria in LTIPs ranges from 8% to 30%, with an average of 18% and a median of 20%. According to PwC's Paying for Good for All study, investors typically expect ESG targets to hold a weight of 10%-20%. Among companies with ESG LTIP metrics, nearly all meet or exceed this threshold ($\geq 10\%$), demonstrating significant commitment to sustainability goals.

Norwegian large cap companies with ESG in LTIP, split by number of ESG metrics



A vibrant photograph of a Danish harbor scene. In the foreground, a red and white boat is docked. Behind it, a white sailboat with a large red and white Danish flag is visible. The background features a row of colorful, multi-story buildings with red-tiled roofs. The sky is blue with scattered white clouds.

Country deep-dive

Denmark

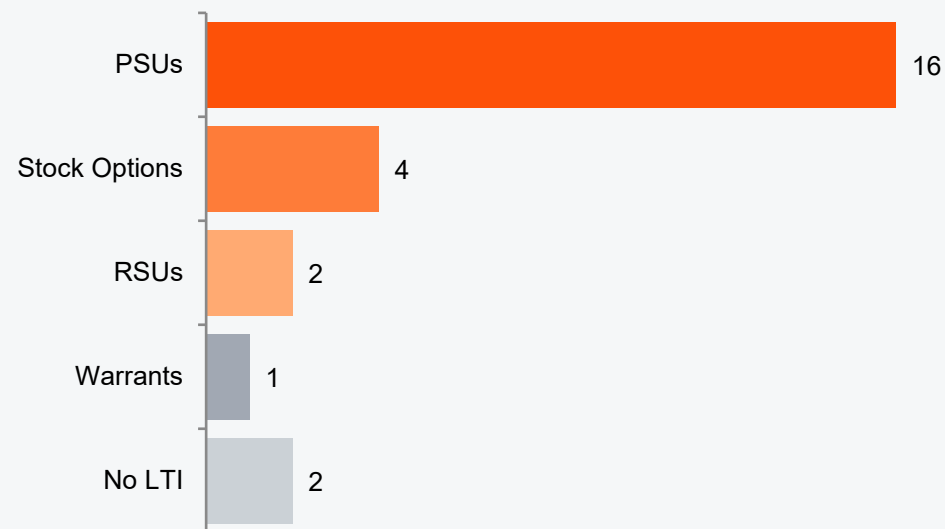
Programme types and KPIs

The LTI programs among the OMX C25 companies demonstrate a diverse range of instruments. Of the 25 LTI instruments identified among OMX C25 companies, PSUs are the most common, accounting for 16 (64%). Stock Options are the second most common at 4 (16%), followed by RSUs at 2 (8%) and Warrants at 1 (4%). 2 (8%) are categorised as No LTI.

Combined, PSUs and Stock Options account for 20 out of 25 (80%) of the instruments identified. The remaining instruments, RSUs and Warrants, account for 3 out of 25 (12%).

Among Danish Large Cap companies, vesting periods are typically around three years, while holding periods and exercise windows vary depending on instrument type. Performance conditions in LTI programmes often combine internal financial metrics such as EBIT(DA), organic growth and ROIC/ROCE with shareholder-linked measures such as relative or absolute TSR. ESG metrics are also used in Danish LTI programmes, although less frequently than in STI; 38% of Danish Large Cap companies include ESG metrics in LTI, with an average weighting of 19%.

LTI instruments in OMX C25 companies (2024)



Other LTI practices

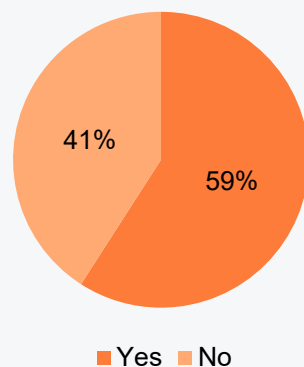
Shareholding Requirements in OMX C25 Companies (2024)

In today's dynamic corporate landscape, aligning the interests of executives with those of shareholders is crucial. Shareholding requirements have emerged as a key strategy to ensure this alignment, playing a vital role in effective governance and long-term value creation. By requiring executives to hold a stake in the companies they lead, these rules foster accountability and drive sustainable performance.

Currently, 59% of companies have implemented shareholding requirements for their executive management teams, underscoring their commitment to aligning leadership with shareholder interests. Out of those companies, 92% have incorporated a Shareholding build-up period, which typically lasts for 5 years. This build-up period allows executives more time to accumulate the required level of shareholding gradually.

On the other hand, 41% of companies have not adopted such measures, highlighting a diversity of approaches in corporate governance. This balance reflects the ongoing debate about the best ways to motivate executives while considering the unique circumstances and strategies of individual companies.

Implemented Shareholding Requirements



LTI Value Caps in OMX C25 Companies (2024)

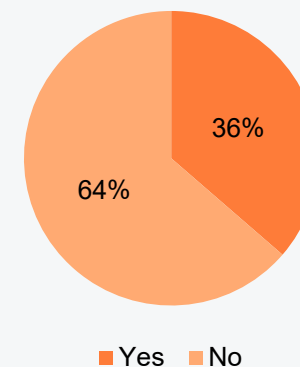
Companies implement Long-Term Incentive (LTI) value caps (%) to ensure alignment with shareholder interests and adherence to market standards. A value cap can help manage executive compensation by setting limits on LTI payouts, thereby balancing rewards with effective risk management.

By doing so, it can prevent excessive compensation resulting from unforeseen market shifts, ensuring that executive rewards remain fair and aligned with sustainable company performance.

Despite these benefits, 64% of OMX C25 companies have not implemented LTI value caps. This hesitation may be due to a preference for flexible compensation structures that attract top

talent and avoid potentially limiting executives' motivation for exceptional performance. Additionally, the complexity of designing and managing value caps can be a hindrance.

Implemented Value Caps





Country deep-dive

Finland

Programme types and earning periods

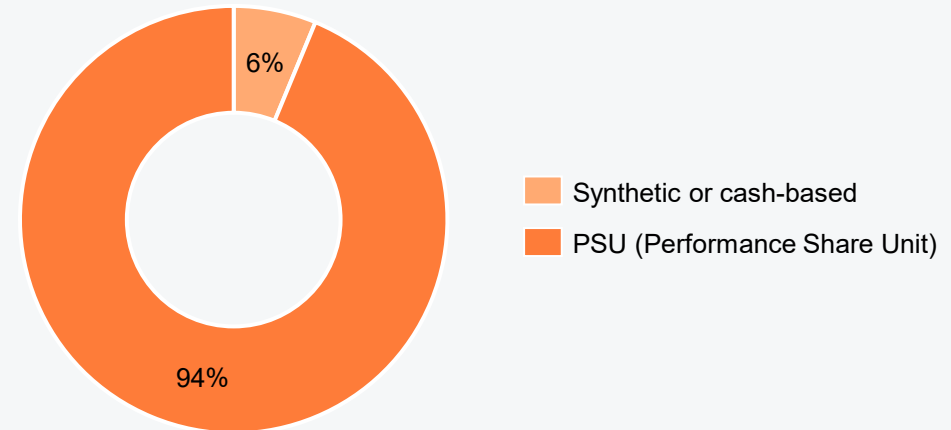
LTIPs in large-cap companies are homogenous

The LTIPs in Finnish large-cap companies are highly uniform. Almost all the large-cap companies use PSUs as their primary long-term incentive instrument. The usual structure of the PSU is a three-year earning period with the earnings paid on the following year. New earning periods start every year. All the large-cap companies have LTIPs for the top executives.

The three-year PSU is also a common structure in smaller listed companies. However, matching plans and options are more widely used outside the large-cap. The majority of Mid and Small Cap companies also provide LTIPs, but they are not as widely used as in Large Cap and usually they have smaller participant groups.

RSUs are not used as the primary long-term incentive instrument for executive teams in large-cap companies and serve as the primary LTIP only in a handful of mid- and small-cap companies. RSUs are commonly used for targeted purposes, such as retention and new hires.

Programme types



Metrics in LTIPs

48%

% of companies with TSR metric

TSR is the most common metric used in LTIPs in Finnish large-cap companies. TSR is not as common in smaller companies. Typical weight for the metric is approximately 40-50% in large-cap companies.

80%

% of companies with ESG metrics

ESG metrics have become a market practice in Large Cap companies and smaller companies are increasingly adopting similar practices. Typical weight for ESG metrics is approximately 20% in LTIPs in large-cap companies and environmental metrics are used most often.

“

Four out of five large-cap companies use ESG metrics in LTIPs.

Glossary

Term	Definition
Call option	Provides the holder with the right to buy existing shares.
Dilution	A measure of the proportional decrease of current shareholders' influence and ownership resulting from the issuance of new shares. Dilution is calculated as the number of shares that can be issued through the exercise of convertible bonds, employee stock options, and/or warrants, divided by the total number of shares after the issuance.
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
Employee stock option	A right, under certain conditions at a later point in time, to acquire shares at a predetermined price. A condition often applied to employee stock options is that the employee must remain employed during a specified period, the so-called vesting period.
EPS	Earnings per share
ESG metrics	Environmental, social, and governance performance indicators used as conditions or targets in incentive programmes to align long-term incentive outcomes with the company's sustainability objectives.
Exercise price	Predetermined price at which the holder of an option may purchase shares.
Matching programme	An incentive programme in which the participant invests in company shares and, after a predetermined vesting period, receives additional matching shares free of charge, typically subject to continued employment and, in some cases, the fulfilment of performance conditions.
Option	Provides the holder with the right but not the obligation to buy or sell something at a predetermined price and at a later point in time
Other programmes	Various types of share-based incentive programmes that do not fit into other categories, e.g. programmes where employees are offered to acquire shares in subsidiaries.

Glossary

Term	Definition
Performance share programme	Shares are allotted free of charge after a vesting period. The number of shares allotted is normally dependent on the company's financial performance during the vesting period or on the development of the company's share price (absolute or compared to other companies).
PSU (performance share unit)	A share-based award that entitles the holder to receive shares (or the cash equivalent) upon vesting, typically subject to continued employment during a predetermined vesting period.
ROCE	Return on capital employed
ROE	Return on equity
RSU (restricted stock unit)	A Restricted Stock Unit (RSU) is a commitment by the company to deliver shares (or the cash equivalent) to the participant after a specified vesting period, typically subject only to continued employment.
Share saving programme	The employees are invited to acquire company shares at market price and retain the shares for a predetermined vesting period. Usually, the employees are then granted the right to receive additional shares for free or at a discount, provided the employment remains and any performance criteria are met.
Stock option	A right, under certain conditions at a later point in time, to acquire shares at a predetermined price. A condition often applied to employee stock options is that the employee must remain employed during a specified period, the so-called vesting period.
Synthetic option	Provides the holder with the right at a later point in time to receive the difference between the future share price and a predetermined exercise price in cash, given that the difference is positive.
Term	The time period from the issuance of an option or convertible bond until the right to exercise the option or convertible bond expires
TSR	Total shareholder return
Warrant	Gives the holder the right to purchase newly-issued shares at a later point in time at a predetermined price.

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