SEC Reporting Skills Workshop

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Drafting Effective CD&A and HCM Disclosures

Agenda

- Compensation Discussion & Analysis (CD&A)
  - CD&A Basics
  - CD&A Disclosure and Say-on-Pay
  - Hot Button CD&A Issues
  - CD&A Drafting Trends
  - Practical Tips for Proxy Season
- Human Capital Management (HCM) Disclosures
  - Basics
  - Evolution of Disclosure

CD&A Basics

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What is the CD&A?

- Flexible, principles-based discussion of compensation policies and objectives
- Narrative explanation of quantitative disclosures about named executive officer (NEO) compensation—the “**how**” and “**why**”
- Not all reporting companies are subject to CD&A rules
  - For EGCs/SRCs, scaled disclosure required regarding what was paid (with limited narrative), not how and why the pay decisions were made
  - Companies anticipating LAF status in near future may choose to begin including “CD&A-like” disclosure—<u>do not</u> call it a CD&A
  - May need to maintain CD&A when transitioning to SRC per proxy advisor policy
- Has become a tool to educate investors about pay and performance

Material Elements of NEO Compensation

- Objectives of compensation programs
- What the compensation program is designed to reward
- Each element of compensation
- Why the company chooses to pay each element
- How the company determines the amount to pay (and, where applicable, the formula) for each element
- How each compensation element and the company's decisions regarding that element fit into the overall compensation objectives and affect decisions regarding other elements
- Whether and, if so, how the company has considered the results of the most recent Say-on-Pay advisory vote in determining compensation policies and decisions and, if so, how that consideration has affected the registrant's executive compensation decisions and policies

SEC Examples of Material Elements

- **Policies for allocating** between long-term and currently paid-out compensation; and for allocating between cash and non-cash compensation, and among different forms of non-cash compensation
- For long-term compensation, the **basis for allocating** compensation to each different form of award (such as relationship of the award to the achievement of the company's **long-term goals**, management's exposure to downside equity performance **risk**, **correlation** between cost to the company and expected benefits to the company)
- **How the determination** is made as to **when awards are granted**, including awards of equity-based compensation such as options
- What specific items of **corporate performance** are taken into account in setting compensation policies and making compensation decisions
- How specific forms of compensation are **structured and implemented** to reflect these items of the company's **performance**, including whether **discretion** can be or has been exercised (either to award compensation absent attainment of the relevant performance goals or to reduce or increase the size of any award or payout), **identifying** any particular exercise of discretion and stating whether it applied to one or more specified NEOs or to all compensation subject to the relevant performance goals
- How specific forms of compensation are structured and implemented to reflect the NEOs individual performance and/or individual contribution to these items of the company's performance, describing the elements of individual performance and/or contribution that are taken into account

SEC Examples of Material Elements (cont'd)

- Company policies and decisions regarding the **adjustment or recovery of awards or payments** if the relevant company performance measures upon which they are based are restated or otherwise adjusted in a manner that would reduce the size of an award or payment
- Factors considered in **decisions to increase or decrease compensation** materially
- How compensation or amounts realizable from prior compensation are considered in setting other elements of compensation (e.g., how gains from prior option or stock awards are considered in setting retirement benefits)
- With respect to any termination or change-in-control agreement, plan or arrangement, whether written or unwritten, the **basis for selecting particular events** as triggering payment obligations (e.g., the rationale for providing a single trigger for payment in the event of a change in control)
- Impact of the **accounting and tax treatments** of the particular form of compensation, including Section 162(m) of the Internal Revenue Code
- The company's **equity or other security ownership requirements or guidelines** (specifying applicable amounts and forms of ownership), and any company policies regarding **hedging** the economic risk of such ownership
- Whether the company engaged in any **benchmarking of total compensation**, or any material element of compensation, identifying the benchmark and, if applicable, its components (including component companies)
- The **role of executive officers** in determining executive compensation

What Compensation Is Covered?

- CD&A generally covers compensation information for the most recently completed fiscal year
- Need to discuss other years if material to an investor's understanding of compensation for the most recent fiscal year—post-employment arrangements, multi-year compensation plans
- Forward-looking disclosure may be advisable
  - How company is addressing poor performance for the prior year—e.g., adjusting or freezing salaries, changing performance metrics, reducing equity grants
  - Getting ahead of criticism from proxy advisor/investors

Compensation Philosophy

- Elements of compensation
- Weight of each element
- Setting target compensation levels
- Choice of equity vehicles and mix
- Time- vs. performance-based compensation
- Link between pay and performance
  - Metrics vs. strategy and operating plan
  - Rigor of metrics
  - Actual achievement

CD&A Disclosure and Say-on-Pay

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Proxy Advisory Firms

- CD&A factors into say-on-pay recommendations by proxy advisors (ISS, Glass Lewis)
- Quantitative and qualitative pay-for-performance evaluation
  - Strength of performance-based compensation and rigor of goals
  - Financial and operational results
  - Realized and realizable pay
  - Executive transitions
  - Peer group benchmarking
  - Responsiveness to receipt of low support for say-on-pay proposal
- Focus on one-time awards—repeated use is problematic
  - Rationale, magnitude, structure—“retention concerns” not sufficient
  - How they further investors’ interests

Say-on-Pay: Russell 3000 and S&P 500 Trends

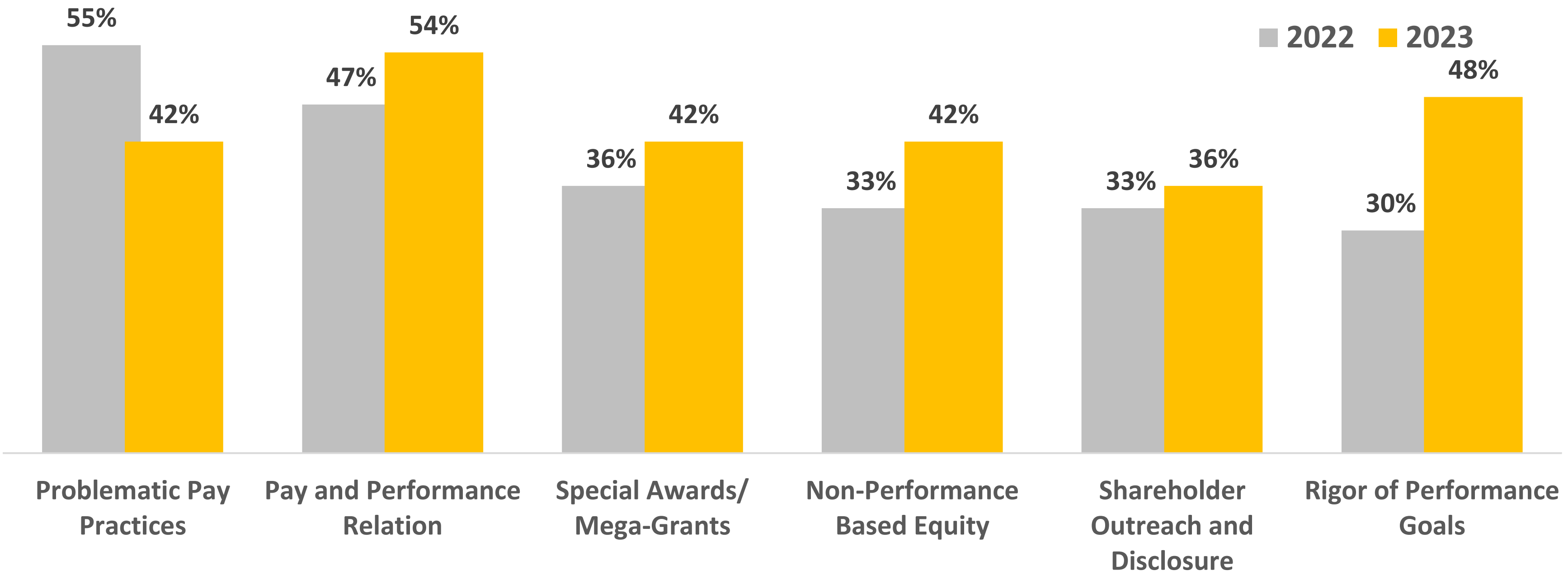
	Russell 3000				S&P 500			
	2021	2022	**2023**	YOY Trend	2021	2022	**2023**	YOY Trend
Average Support	90.5%	89.5%	**90.2%**	⇧ 0.7%	88.1%	87.1%	**88.5%**	⇧ 1.4%
Percentage with ≥ 70% Support	93.0%	91.0%	**93.1%**	⇧ 2.1%	91.7%	89.5%	**93.1%**	⇧ 3.6%
Failure Rate	2.7%	3.5%	**2.1%**	⇩ 1.4%	4.0%	4.9%	**3.0%**	⇩ 1.9%
Negative ISS Vote Recommendation Rate (%)	11.2%	13.6%	**12.3%**	⇩ 1.3%	11.0%	12.3%	**9.5%**	⇩ 2.8%
Average Support with Positive ISS Vote Recommendation	94.0%	93.8%	**93.4%**	≈	92.3%	91.9%	**91.8%**	≈
Average Support with Negative ISS Vote Recommendation	66.6%	62.7%	**69.0%**	⇧ 6.3%	57.1%	53.4%	**59.0%**	⇧ 6.0%

Source: ISS Voting Analytics as of January 20, 2024

Positive Trend for Companies | **Negative Trend for Companies** | **No statistically meaningful trend**

Negative ISS Recommendations and Low Vote Support in 2023 Were Driven by the Usual Suspects

- Common reasons for low say-on-pay support:
  - Pay-for-performance disconnect (dominant reason is relative misalignment of CEO pay and TSR)
  - Problematic pay practices (e.g., mega-grants, one-off awards, excessive CIC/severance packages)
  - Lack of shareholder responsiveness (triggers: for ISS, < 70% support, and for Glass Lewis, ≤ 80% support)



Source: Semler Brossy, *2023 Say on Pay & Proxy Results* (January 19, 2024)

Hot-Button CD&A Issues

Common SEC Comments & Hot-Button Issues

- Disclosure of **performance goals** and targets for annual bonus plan
  - Actual target goals and extent to which goals achieved must be disclosed (except under limited circumstances)*
  - If non-GAAP financial measures are included, additional disclosure necessary
  - If goals have been adjusted or waived, disclosure must be provided
- **Peer group** & **benchmarking** practices
  - If company truly benchmarks, must explain the benchmark, why it was chosen as appropriate, how individual compensation compared to benchmark and any discrepancies
  - Must disclose companies in the peer group and how group was chosen/ why it is appropriate
  - Note that using compensation surveys or peer data as a "market check" is not benchmarking

* Information may be omitted if the goals are not material or if the company can demonstrate if challenged by the SEC that disclosure would result in competitive harm for the company; both standards are difficult to meet

CD&A Drafting Trends

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Going Beyond the Legal Requirements

- Focus on telling the compensation story effectively—not just *what* is being disclosed, but *how* it is being disclosed
  - Contextualizing executive pay with business strategy and the macro environment
  - Explain rationale behind pay decisions
- Desire to avoid failed/low-support say-on-pay votes
- Influence of peer companies, compensation committee members serving on other public company boards, company performance/economic climate
- CD&A is a shareholder engagement tool and reflects shareholder engagement efforts

Drafting Trends: TOC and Executive Summary

- Help shareholders quickly locate key compensation information using a table of contents and/or executive summary
- Provide brief overview and highlights of company performance and compensation decisions
- Topics for summary may include:
  - Financial and operational results for last completed fiscal year—alignment between performance and pay outcomes
  - Key NEO compensation decisions
  - Shareholder engagement efforts with focus on rationale and outcome
  - Summary of changes to compensation governance, policies, and practices
- Order/prioritization depends on company's circumstances

TOC and Executive Summary – Example

Executive compensation

Compensation discussion and analysis
Invesco's executive compensation program is designed to align executive compensation with the long-term interests of our shareholders. We refer to certain non-GAAP measures throughout this section that are used in compensation decisions. Please refer to **Appendix A** of this Proxy Statement for information regarding these measures.

Contents

This Compensation Discussion and Analysis ("CD&A") provides shareholders with information about our business, 2022 performance, our disciplined approach to compensation and 2022 compensation decisions for our Named Executive Officers ("NEOs") listed below.

Martin L. Flanagan
President and Chief Executive Officer ("CEO")

L. Allison Dukes
Senior Managing Director and Chief Financial Officer ("CFO")

Andrew T.S. Lo
Senior Managing Director and Head of Asia Pacific

Gregory G. McGreevey
Senior Managing Director, Investments

Andrew R. Schlossberg
Senior Managing Director and Head of the Americas

Executive summary

When setting the 2022 company scorecard, the compensation committee and management set aspirational goals building on 2021 performance, when Invesco delivered some of the strongest financial performance in its history. However, 2022 was a year of significant headwinds and volatility in global financial markets. Most major equity and bond indices declined materially, and coupled with rising interest rates and high inflation, resulted in the worst markets we have experienced in decades. Executive pay for 2022 is aligned with firm and market outcomes given this industry backdrop.

2022 Performance[1]

Net long-term flows	Net revenue[1]	Adjusted operating income[1]	Adjusted operating margin[1]	Adjusted diluted EPS[1]
-$0.5B	**$4,645M**	**$1,615M**	**34.8%**	**$1.68**

- Invesco's net long-term flows were relatively flat for the year, despite the difficult environment, placing Invesco in the upper echelon of asset managers for organic growth as many industry peers experienced significant net outflows.
- Net revenue of $4,645M was 12% lower than 2021, influenced by significant market declines. Additionally, changes in our asset mix accelerated in 2022 as many investors expressed a preference for risk-off strategies and the industry-wide shift toward lower yield passive products continued.
- Passive capabilities generally carry a lower net revenue yield than active equities, where we experienced net outflows that were concentrated in global and developing markets equities. This dynamic further pressured net operating income and earnings per share.
- We achieved an adjusted operating margin of 34.8% as we tightly managed discretionary expenses while continuing to invest in areas of future growth and foundational technology projects that will benefit future scale. Although operating margin declined from 41.5% in 2021, margin contraction was less pronounced than several key peers.

Total CEO incentive pay is **73%** of target	2022 CEO incentive pay is down **36%** from 2021	**93%** of CEO's 2022 pay is variable	**70%** of CEO's total incentive pay is deferred

Progress on corporate strategy
- Sustained organic growth in key capabilities areas such as ETFs, Greater China, Fixed Income and Institutional Channel
- Continued to offer our clients diverse solutions to ensure they can remain financially resilient
- Further strengthened our balance sheet; our total debt is at its lowest level in 10 years, with a credit facility balance of $0 and cash and cash equivalents of over $1.2 billion at the end of the year
- Added depth, experience and further diversity to our Board
- Continued to strengthen our DEI efforts, adding two new BRGs, with increased engagement across all diversity groups and at senior levels

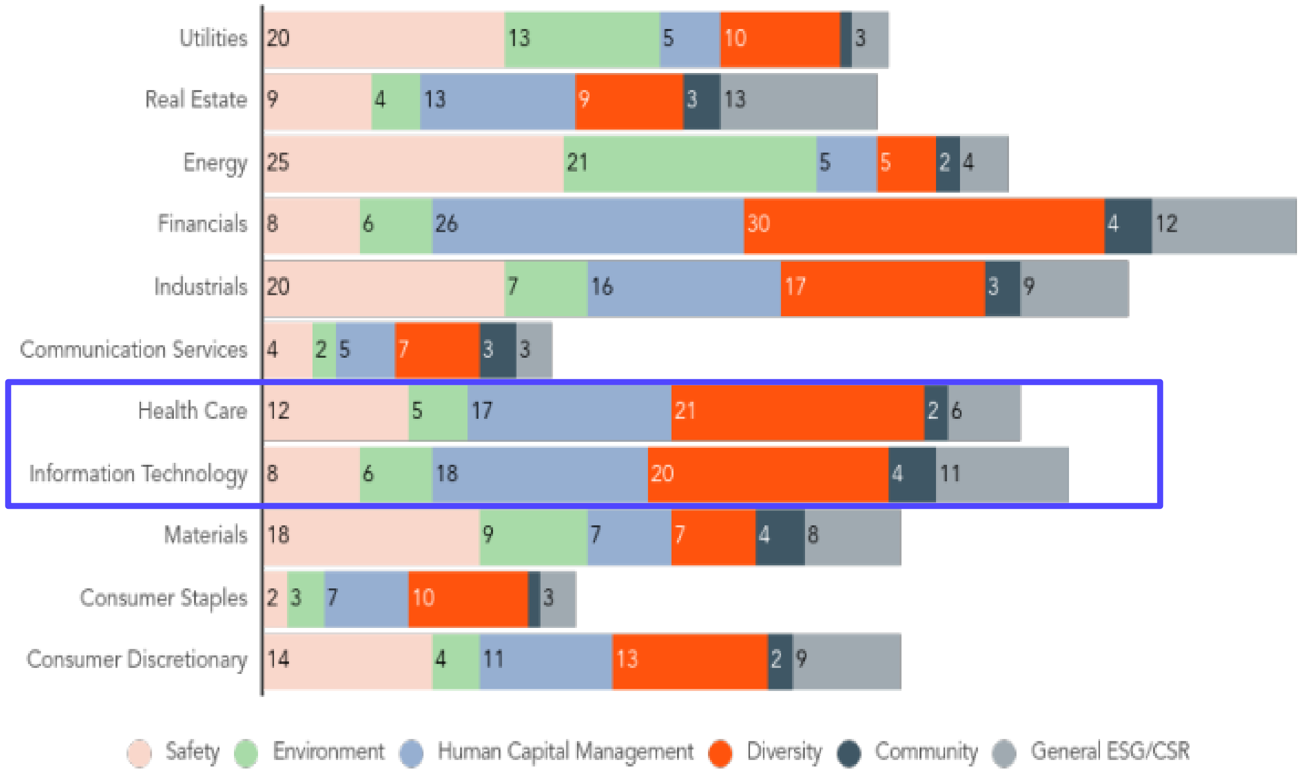
We have sound compensation practices
- Pay practices align with shareholder interests
- 93% of our CEO pay is variable and 86% - 91% of our other NEO pay is variable
- Continued vesting rigor for performance-based awards
- Throughout the year, our compensation committee assesses performance
- Continued use of our company scorecard that focuses on the most relevant metrics and provides transparency on the financial goals and scorecard results

1. Represents or includes non-GAAP financial measures. See the information in **Appendix A** regarding non-GAAP financial measures.

Drafting Trends: ESG Metrics in Compensation Programs

- Based on recent data, approximately 69% of S&P 500 companies have adopted ESG metrics into executive compensation programs
- Investors are increasingly focused on **tying pay to E&S metrics**
  - As part of shareholder engagement efforts, consider views on the role, structure and type of ESG metrics in executive compensation
- Selecting the right ESG metrics is not a “check the box” exercise
  - Is there a clear business case for the ESG metric?
  - Is the ESG metric measurable?
  - Required disclosure regarding the ESG metric could expose the company to litigation and/or public relations risks
- Within the tech and life science industries, diversity and HCM are the most common categories of metrics used compensation programs with environmental and community the least common

E&S METRIC USAGE BY INDUSTRY (S&P 500)



Source: Glass Lewis, *E&S Metric Usage in S&P 500 Executive Compensation* (February 25, 2022)

E&S Metrics – Example

Base Salary

Base salary is the fixed portion of total direct compensation for our executive officers, including the NEOs. Salaries are set at a level to provide competitive fixed pay reflective of an executive's role, responsibilities and individual performance. The Compensation and Benefits Committee periodically reviews salaries as part of total compensation reviews; salary increases are not automatic or guaranteed.

Annual Incentive Award (AIA)

The AIA is structured to reflect specific and measurable Company goals, approved by the Compensation and Benefits Committee at the beginning of the year, including key objectives in four categories: Shareholder, Customer, Colleague and Strategic. The Committee believes each performance metric is a key driver of Company performance. To continue our focus on driving long-term value for shareholders, in 2022, the weight of the Strategic quadrant of the Scorecard was increased while reducing the weight of the Shareholder quadrant, which focuses on in-year financial performance.

The Committee uses the same Company Scorecard to determine annual incentives for all executives to promote an enterprise-wide focus. The Company Scorecard is based on the following metrics:

SHAREHOLDER

KEY METRICS CONSIDERED
- Revenue Growth
- EPS
- ROE

45%

CUSTOMER

KEY METRICS CONSIDERED
- Net Promoter Score
- Retention
- Merchant Locations

15%

COLLEAGUE

KEY METRICS CONSIDERED
- Diversity Representation
- Talent Retention
- Culture

15%

STRATEGIC

KEY METRICS CONSIDERED
- Expand leadership in the premium consumer space
- Build on our strong position in commercial payments
- Strengthen our global, integrated network to provide unique value
- Continue to uplift the control and compliance environment across the enterprise
- Continue to progress on key ESG goals

25%

The AIA is a formulaic program that considers Company goals set at the beginning of the fiscal year, along with individual performance, to determine the final payout. The design works as follows for each NEO:

INDIVIDUAL NEO TARGET AMOUNT × COMPANY PERFORMANCE (Multiplier: 0 - 150%) × INDIVIDUAL PERFORMANCE (Multiplier: 0 - 125%) = ANNUAL AIA PAYOUT (Range: 0 - 187.5%)

<100% Underperform (Committee Discretion) --- 100% Meets Expectations --- 150% Outperform (Maximum)

Actual payout is subject to reduction considering the Compensation and Benefits Committee's assessment of risk taking and risk management results during the year.

KPIs and Weightings for STIP

The Compensation Committee reviewed, and the Board approved, the STIP performance metrics and weightings for each of the NEOs in February 2022. For 2022, the NEOs had the following metrics and weightings.

KPI Measures	Rationale	All Other NEOs
Financial		
Operating Earnings	• Drives shareholder value while providing greater focus on driving the Regulated Distribution and Regulated Transmission businesses • Increases in Operating Earnings indicate growth and efficiency of the business • Provides a consistent and comparable measure of performance to help shareholders understand performance trends	35%
Cash Flow (Cash from Operations less Investment Activity)	• Drives organizational focus on cash flow while optimizing working capital and investment spend	25%
Operational		
Operations Index	• Based on five key operating metrics equally weighted • Focused on customer service, reliability and environmental metrics that drive the Company's long-term success	10%
Safety		
Systemwide DART Systemwide LCEs	• Measured for the Company and each business unit • Based on two key metrics that are equally weighted: systemwide LCEs and DART Rate • Focused on the severity of injuries to drive better conversations and safety performance with employees • Fatality Reduction Rule applies – in the event of a fatality of any employee, other than certain no-fault fatalities, there will be no payout on the Safety KPI as part of the STIP • Infectious Disease Reduction Rule applies – in the event of secondary workplace exposure to COVID-19 infection, there will be no impact to the payout on the Safety KPI as part of the STIP	15%
Diversity, Equity & Inclusion		
Diversity, Equity and Inclusion Index	• Key aspect of delivering exceptional customer service, strengthening operating performance and building an inclusive work environment • Based on three key metrics that are equally weighted • Measures diverse succession planning, diverse hiring, and percentage of "agree" and "strongly agree" responses on the Employee Engagement Survey inclusion index • Racially and ethnically diverse performance gates that must be achieved to trigger payout of diverse succession planning and diverse hiring metrics	15%

Threshold, target, and stretch levels are established for the KPIs based on Operating Earnings, cash flow, and achieving continuous improvement in safety and operational performance. Management and the Compensation Committee strive to set challenging and achievable goals and establish all threshold, target and stretch STIP goals at equal or more rigorous levels compared to the prior year, whenever possible. In 2022, the threshold, target, and stretch levels under the STIP for the NEOs were (dollars in millions):

2022 STIP Goal Ranges(1)

2022 KPI Measures	Threshold	Target	Stretch
Financial			
Operating Earnings	$1,313	$1,370	$1,450
Cash Flow (Cash from Operations Less Investment Activity)	$ (665)	$ (465)	$ (265)
Operational			
Operations Index	2.50	5.00	7.50
Safety			
Systemwide LCE	2	1	0
Systemwide DART Rate	0.67	0.36	0.22
Diversity, Equity and Inclusion			
Diversity, Equity and Inclusion Index	1.50	3.00	4.50

(1) Interpolated for performance between discrete points. Refer to the "Incentive Compensation Payouts for 2022" section below for details regarding 2022 payouts.

LTIP (other than Mr. Somerhalder)

The 2022 LTIP design continues to include Cumulative Operating EPS as a financial goal and a cumulative three-year performance period for measuring goals, as well as a relative shareholder performance measure. The weighting for Cumulative Operating EPS increased from 50% to 65%. Average Capital Effectiveness and the Relative TSR modifier were eliminated and replaced with a standalone Relative TSR metric, weighted at 35%. These performance measures support continued financial improvement and increase focus on earnings across the Company's Regulated Distribution and Regulated Transmission businesses while creating a direct line of sight for executives to drive shareholder value and evaluate the overall performance against the market. See the chart below within this section, which identifies the KPI measures under the 2022 LTIP for more information. For information on Mr. Somerhalder's long-term incentive compensation, see the "Performance-based and Time-based Equity Award for Mr. Somerhalder" section below.

The LTIP is comprised entirely of performance-adjusted RSUs with 2/3 of the earned award payable in Company stock and 1/3 of the earned award payable in cash. Both the stock-settled and cash-settled portions of the performance-adjusted RSU awards have a minimum payout of 0% and a maximum payout of 200% based on a formulaic structure where actual performance results are evaluated against the threshold, target and stretch performance goals over a three-year performance period. Performance results are interpolated on a straight-line basis between the minimum payout and maximum payout. For the 2022-2024 cycle, Relative TSR will be measured against the S&P 500 Utility Index. Threshold performance begins if our performance is at the 25th percentile, while stretch performance, with a maximum payout of 200%, begins at the 85th percentile. This change in design, which puts more emphasis on Relative TSR, more closely aligns with the interests of our shareholders and is similar to metrics used by our utility peer companies. Consistent with the 2021-2023 cycle, the threshold payout for the 2022-2024 LTIP will be at 25% of target, with the maximum payout remaining at 200%. Payout will continue to be capped at 100% of target if our absolute TSR is negative over the three-year performance period.

The Compensation Committee recommended and the Board approved the LTIP grants for the NEOs (other than Mr. Somerhalder) at the Board's meeting on February 3, 2022. For 2022, the grant date for performance-adjusted RSUs for both the stock-settled and cash-settled portions of the awards was March 1, 2022. We use the target LTIP award opportunity by individual and divide by the average of the high and low prices of our common stock as of the date of grant to determine the number of units comprising each participating NEO's award of performance-adjusted RSUs. Any equity grants awarded or vesting near an earnings announcement or other market event are coincidental.

American Express Co.

First Energy Corporation

Drafting Trends: Pay-for-Performance Alignment

- Link between pay and performance is one of the central themes of the CD&A
- Say-on-pay outcomes are dependent in large part on pay/performance alignment
  - Varying approaches to how to define “pay”
  - Selection of performance metrics that tell the story
  - Explaining impact of declining stock prices, other economic challenges
- Use of charts and graphics
- 2023 proxy season was the first with new pay-versus-performance disclosure requirement—no noticeable/widespread impact on CD&A disclosures

Pay-for-Performance Alignment – Examples

against our peer group). Our compensation program rewards our executives for achieving goals set for these financial metrics, as well as provides them a direct incentive to both preserve and create shareholder value and increase the Company's stock price. A substantial majority of the executives' 2022 compensation opportunity was in the form of variable and performance-based awards, including performance-based cash compensation under our LBP, performance shares, stock options, and restricted stock units, all of which provide our executives a strong incentive to drive Company performance and increase shareholder value. Incentive compensation is guided by the following principles:

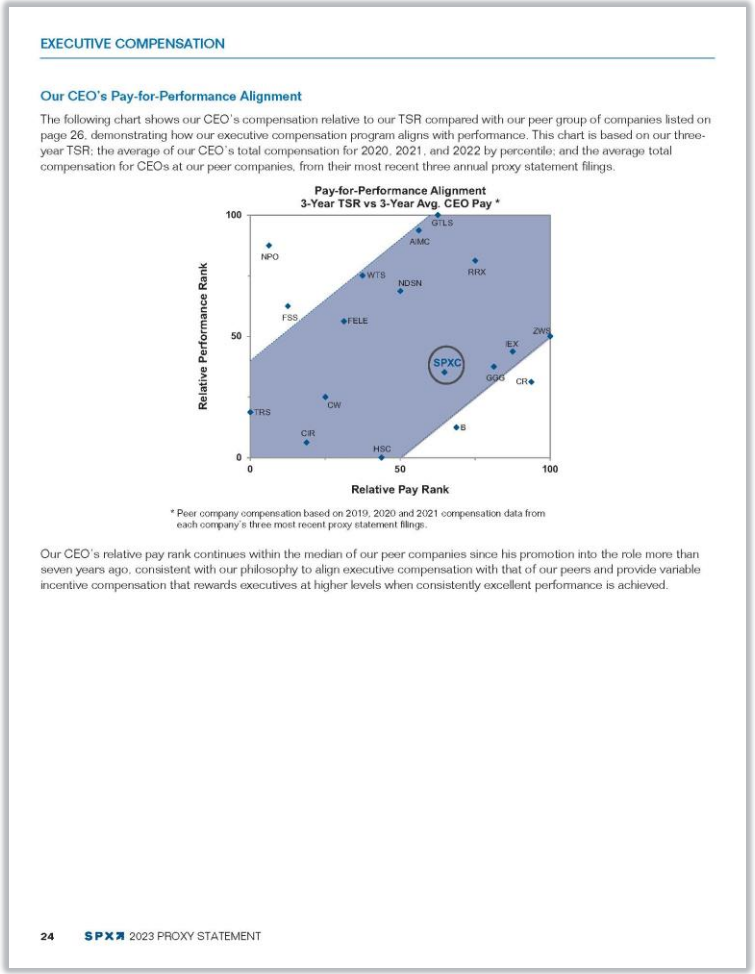
- executives receive payments only if performance goals are met or exceeded;
- payments under the LBP, if any, are based on a mix of (1) Company goals common to all executives, (2) a modifier based on enterprise-wide performance on ESG initiatives, and (3) an individual performance modifier for each executive addressing areas such as leadership and strategic objectives;
- by granting performance shares on overlapping cycles, the Company can adjust multi-year performance goals each year, as appropriate;
- a significant portion of long-term incentive target value (approximately 60%) is earned only if three-year financial performance goals are met; and
- both LBP payouts and the earned number of performance shares are capped at 200% of target.

The CHC Committee believes these programs reflect our strong commitment to a results-driven compensation program and the amounts earned in 2022 by our NEOs reflect this approach. While our long-term performance over the last three years has exceeded expectations, our annual performance in 2022 was mixed with performance exceeding target in our Diagnostics segment and falling below target in our Drug Development segment. As a result of performance of the goals under the LBP and after taking into account the ESG modifier and individual performance, the CEO and other NEOs who received an LBP payout solely on enterprise performance received a payout below target at 85%. Executives who received performance shares in 2020 received a share payout of 134.2% of target, reflecting our strong performance for the three-year performance period ending in 2022.

Our commitment to paying for performance is demonstrated in the graph below, which shows the total payout of the annual non-equity incentive compensation to the CEO of the Company at the time, for each year from 2018 to 2022. During the period from 2018 through 2022, the Company reported significant growth in revenues, adjusted earnings per share, and stock price, driven in part by organic growth and disciplined acquisitions.

The graph above shows the cumulative total return assuming an investment of $100 on December 31, 2017 in the Company's common stock, as well as our annual incentive plan payout to our CEO at the time (for the years up to and including 2019, this was our former CEO). The relationship reflects the Company's commitment to aligning our annual incentive payouts with performance.

Laboratory Corporation of America Holdings



Our CEO's Pay-for-Performance Alignment

The following chart shows our CEO's compensation relative to our TSR compared with our peer group of companies listed on page 26, demonstrating how our executive compensation program aligns with performance. This chart is based on our three-year TSR; the average of our CEO's total compensation for 2020, 2021, and 2022 by percentile; and the average total compensation for CEOs at our peer companies, from their most recent three annual proxy statement filings.

* Peer company compensation based on 2019, 2020 and 2021 compensation data from each company's three most recent proxy statement filings.

Our CEO's relative pay rank continues within the median of our peer companies since his promotion into the role more than seven years ago, consistent with our philosophy to align executive compensation with that of our peers and provide variable incentive compensation that rewards executives at higher levels when consistently excellent performance is achieved.

SPX Technologies, Inc.

Drafting Trends: Governance Best Practices

- Highlight “good” practices that have been adopted and “bad” practices that are not followed—often shown as “what we do/what we don’t do” bulleted list
- May cover hedging/pledging, gross-ups, employment agreements, equity treatment on termination or change in control, stock ownership guidelines
- Include bullet point on adoption of Dodd-Frank clawback policy
- Where a company has decided not to follow a best practice, would typically explain why that is the correct approach

Governance Best Practices – Examples

RESPONSIVENESS TO 2023 SAY ON PAY VOTE

As previously discussed, we conduct shareholder engagement throughout the year and annually provide shareholders with an opportunity to cast a nonbinding, advisory Say on Pay vote. Our shareholders' overwhelming approval of our Say on Pay vote at our 2023 Annual Shareholders' Meeting influenced our decision to maintain our approach to our executive compensation program for fiscal 2023. The Human Capital Committee will continue to consider shareholder feedback and the outcome of Say on Pay vote results in making future compensation decisions.

PAY FOR PERFORMANCE AND COMPENSATION PHILOSOPHY

Our compensation philosophy is to pay for performance over the long term, as well as on an annual basis. Our executive compensation program provides a mix of salary, incentives, and benefits paid over time to align executive officer and shareholder interests. We consider our executive pay program to be instrumental in helping us achieve our business objectives and effective in rewarding our executive officers for their role in achieving financial and operational performance. The Human Capital Committee, which is comprised entirely of independent directors, has primary responsibility for approving our compensation strategy and philosophy and the compensation programs applicable to our executive officers.

WHAT WE DO

- ✓ **Pay for performance,** with 70.3% of our CEO's total compensation performance-based and 61.5% of our other NEOs' total compensation performance-based
- ✓ **Establish threshold, target and maximum awards** under our annual and long-term incentive programs
- ✓ **Use balanced performance metrics** for annual and long-term incentive programs
- ✓ **Use rigorous goal setting** aligned to our externally disclosed annual and multi-year targets
- ✓ **Have stock ownership requirements** for our executive officers
- ✓ **Limit perquisites** to items that serve a reasonable business purpose
- ✓ **Closely monitor risks** associated with our compensation programs and individual compensation decisions
- ✓ **Have a clawback policy** for all incentive-based compensation earned by our executive officers

WHAT WE DON'T DO

- × **Pay tax gross-ups** on any compensation
- × **Allow speculative trading, hedging or pledging transactions** by our colleagues
- × **Enter into employment agreements** with our executive officers (unless standard market practice)
- × **Generally provide executive officer severance payments and benefits** exceeding 2x salary and annual incentive award other than in connection with a change of control
- × **Guarantee salary increases**
- × **Single-trigger for compensation payments** under our change of control employment agreements

Energizer Holdings

EXECUTIVE COMPENSATION HIGHLIGHTS

Compensation Program Best Practices

Our compensation program is market-based and supports our business strategy. We avoid problematic pay practices and have implemented compensation plans that reinforce a performance-based company culture.

What We Do

A significant portion of our executive officers' compensation varies with the Company's performance. For fiscal 2023, 61% of our CEO's target total direct compensation and 60% of our other named executive officers' (NEOs') aggregate target total direct compensation was based on Company performance.

Our LTIP and Change in Control Severance Plan include a "double-trigger" provision for vesting of equity in connection with a change in control. In the event of a change in control where the acquiror assumes our outstanding unvested equity awards, the vesting of an executive officer's awards would accelerate only if the executive officer experiences a qualifying termination of employment in connection with the change in control. Awards that are not assumed will vest in accordance with the terms of the Long-Term Incentive Plan (LTIP) and applicable award agreements.

We have an incentive compensation repayment ("clawback") policy that is applicable to cash and equity incentive compensation. We require executive officers to repay to us earned amounts under our ACIP and PSUs if required by our clawback policy, applicable regulations or stock exchange rules. Effective October 2, 2023, we adopted an enhanced clawback policy in accordance with the latest SEC rules and NASDAQ listing standards, a copy of which is publicly filed with our Annual Report on Form 10-K.

We have a balanced approach to our incentive compensation programs with differentiated measures and time periods, and an ACIP modifier for human capital advancements. Our fiscal 2023 Annual Cash Incentive Plan (ACIP) is based on one year Adjusted Revenues and Adjusted Operating Income, with a modifier for human capital advancements. Performance stock units (PSUs) are based on three-year relative total stockholder return (RTSR) and Adjusted Earnings Per Share (EPS) performance and have a three-year cliff vest. Restricted stock units (RSUs) vest annually over three years.

We have limits on the amounts of variable compensation that may be earned. Earned amounts under our ACIP are limited to 2x target amounts, and earned PSUs are limited to 2x target shares for RTSR PSUs and EPS PSUs. We further limit earned RTSR PSUs to no more than the target shares if absolute TSR is negative over the three-year performance period regardless of the level of RTSR.

We have robust stock ownership guidelines. Our CEO is required to own 10x his salary and our other executive officers are required to own 2x their respective salaries in our common stock. As of December 15, 2023, all of our NEOs met their stock ownership guidelines. Additional information regarding stock ownership of management is contained in the "Stock Ownership of Certain Beneficial Owners and Management" section on page 48.

We manage potential compensation-related risks to the Company. We perform annual risk assessments for our executive compensation program, as well as incentive arrangements below the executive level. This review is supported by Pay Governance, the HR and Compensation Committee's independent compensation consultant.

We engage independent advisors. The HR and Compensation Committee obtains advice and assistance from external legal and other advisors. Its independent compensation consultant, Pay Governance, provides information and advice regarding compensation philosophy, objectives and strategy, including trends and regulatory and governance considerations related to executive compensation.

What We Don't Do

Our executive officers are restricted in certain stock trading activities. Our Insider Trading Policy prohibits our executive officers, including NEOs, and directors from pledging our common stock, engaging in hedging transactions and trading in put and call options and other types of derivative instruments.

Our executive officers do not have employment contracts. All of our executive officers are employed "at will." This permits termination of employment with or without cause.

Our executive officers do not receive unique tax gross-ups. We do not provide tax gross-ups for executive officers' benefits unless they are provided under a policy generally applicable to other U.S.-based employees at the Director and above level, such as relocation.

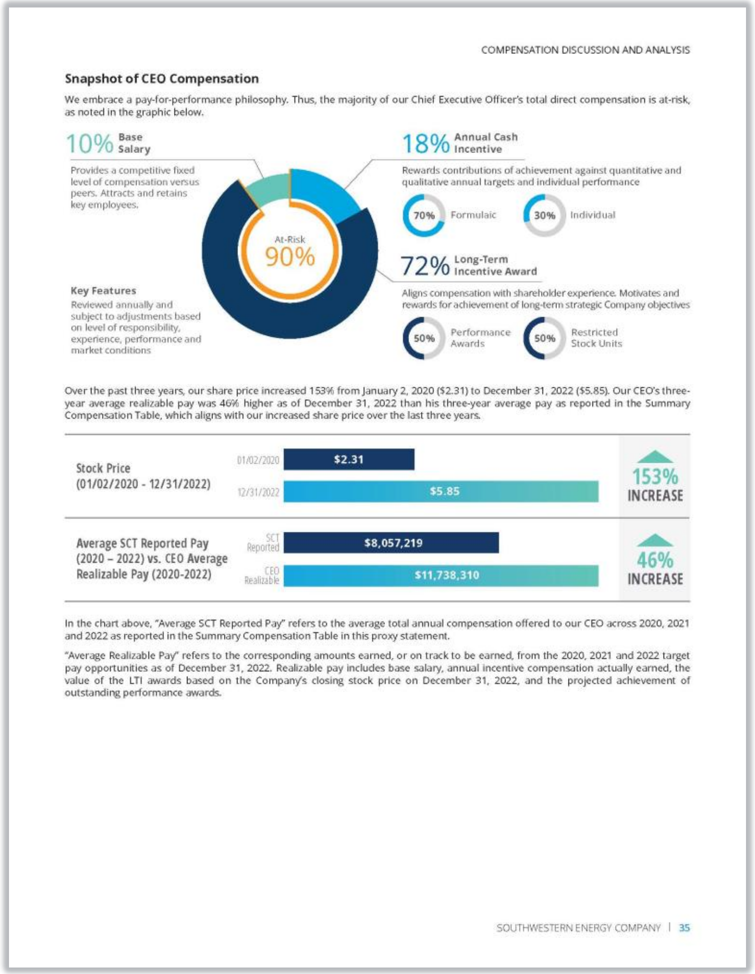
Our executive officers are not covered by "single-trigger" change-in-control provisions. We do not have severance arrangements that trigger solely by virtue of a change in control (i.e., no "single-trigger" payments) or excise tax gross-ups for change-in-control payments.

Qualcomm

Drafting Trends: Pay Mix Comparison

- Typically sets out proportion of compensation elements and a comparison of fixed to at-risk pay, in graphical form
- CEO vs. average of other NEOs
- Pie chart—communicates information quickly and visually
- Be clear about which elements are considered “at-risk” and whether anything (or anyone) is being excluded

Pay Mix Comparison – Examples


COMPENSATION DISCUSSION AND ANALYSIS

Snapshot of CEO Compensation

We embrace a pay-for-performance philosophy. Thus, the majority of our Chief Executive Officer's total direct compensation is at-risk, as noted in the graphic below.

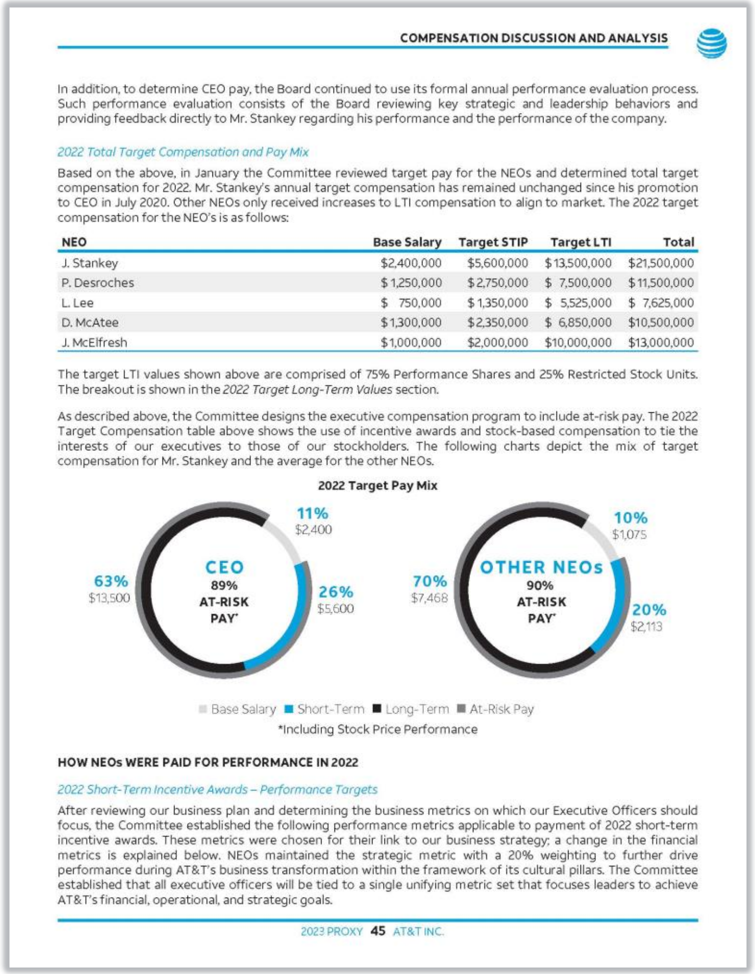
Over the past three years, our share price increased 153% from January 2, 2020 ($2.31) to December 31, 2022 ($5.85). Our CEO's three-year average realizable pay was 46% higher as of December 31, 2022 than his three-year average pay as reported in the Summary Compensation Table, which aligns with our increased share price over the last three years.

In the chart above, "Average SCT Reported Pay" refers to the average total annual compensation offered to our CEO across 2020, 2021 and 2022 as reported in the Summary Compensation Table in this proxy statement.

"Average Realizable Pay" refers to the corresponding amounts earned, or on track to be earned, from the 2020, 2021 and 2022 target pay opportunities as of December 31, 2022. Realizable pay includes base salary, annual incentive compensation actually earned, the value of the LTI awards based on the Company's closing stock price on December 31, 2022, and the projected achievement of outstanding performance awards.

SOUTHWESTERN ENERGY COMPANY | 35

Southwestern Energy Corp.


COMPENSATION DISCUSSION AND ANALYSIS

In addition, to determine CEO pay, the Board continued to use its formal annual performance evaluation process. Such performance evaluation consists of the Board reviewing key strategic and leadership behaviors and providing feedback directly to Mr. Stankey regarding his performance and the performance of the company.

2022 Total Target Compensation and Pay Mix

Based on the above, in January the Committee reviewed target pay for the NEOs and determined total target compensation for 2022. Mr. Stankey's annual target compensation has remained unchanged since his promotion to CEO in July 2020. Other NEOs only received increases to LTI compensation to align to market. The 2022 target compensation for the NEO's is as follows:

NEO	Base Salary	Target STIP	Target LTI	Total
J. Stankey	$2,400,000	$5,600,000	$13,500,000	$21,500,000
P. Desroches	$1,250,000	$2,750,000	$ 7,500,000	$11,500,000
L. Lee	$ 750,000	$1,350,000	$ 5,525,000	$ 7,625,000
D. McAtee	$1,300,000	$2,350,000	$ 6,850,000	$10,500,000
J. McElfresh	$1,000,000	$2,000,000	$10,000,000	$13,000,000

The target LTI values shown above are comprised of 75% Performance Shares and 25% Restricted Stock Units. The breakout is shown in the *2022 Target Long-Term Values* section.

As described above, the Committee designs the executive compensation program to include at-risk pay. The 2022 Target Compensation table above shows the use of incentive awards and stock-based compensation to tie the interests of our executives to those of our stockholders. The following charts depict the mix of target compensation for Mr. Stankey and the average for the other NEOs.

2022 Target Pay Mix

*Including Stock Price Performance

HOW NEOs WERE PAID FOR PERFORMANCE IN 2022

2022 Short-Term Incentive Awards – Performance Targets

After reviewing our business plan and determining the business metrics on which our Executive Officers should focus, the Committee established the following performance metrics applicable to payment of 2022 short-term incentive awards. These metrics were chosen for their link to our business strategy; a change in the financial metrics is explained below. NEOs maintained the strategic metric with a 20% weighting to further drive performance during AT&T's business transformation within the framework of its cultural pillars. The Committee established that all executive officers will be tied to a single unifying metric set that focuses leaders to achieve AT&T's financial, operational, and strategic goals.

2023 PROXY 45 AT&T INC.

AT&T Inc.

Drafting Trends: Forward-Looking Disclosure

- Consider requirement to provide disclosure outside of the prior fiscal year if material to an investor's understanding of that year's compensation
- May voluntarily include disclosure about positive and/or responsive changes to the compensation program going forward
- Say-on-pay vote is generally backwards-looking, but companies leverage forward-looking disclosure to demonstrate responsiveness, given that change is not always immediate
- Examples:
  - Base salary changes
  - New or rebalanced performance metrics (or shift to greater proportion of performance-based compensation vs. time-based)
  - Broader, shareholder-friendly changes to incentive plan design

Forward-Looking Disclosure – Examples

What We Heard from Stockholders	Actions Taken in 2022
A preference for a greater proportion of long-term equity to be subject to performance-vesting requirements	• Increased the proportion of new long-term performance-based equity from 33% to 50% in the annual equity grant.
A preference for a longer performance period	• Extended the performance period of new long-term performance-based equity grants from two years to three years.
Performance metrics used in long-term awards should be more aligned with stockholder returns, with enhanced disclosure of pre-established goals and metrics	• Changed performance metrics of new long-term performance-based equity awards, transitioning from a combination of financial metrics and business, operational and strategic objectives to a relative Total Shareholder Return ("relative TSR") measurement with target performance at the 50th percentile of the peer group (Russell 2000), aligning long-term equity compensation of our named executive officers with total stockholder returns. • Included an Absolute TSR modifier to cap performance-based equity awards at 100% if stock returns are negative, even if we outperform the Russell 2000. • The transition to a relative TSR measurement allows us to fully disclose plan details for the long-term performance-based equity awards without risk of disclosing competitively sensitive details or forward-looking financial metrics.

In our outreach to stockholders, we received positive feedback that these changes address the major areas of stockholder concern on our compensation program at last year's annual meeting.

In addition to these changes, we also took steps to update and strengthen our cash bonus program based on stockholder discussions, including the following changes for 2023:

- we transitioned from a combination of financial metrics and key business objectives to two key financial metrics of revenue and adjusted EBITDA, in order to more directly align incentives with our corporate objectives to increase revenue and improve margins; and
- we transitioned from semi-annual goals that were set twice per year, to annual goals separated into semi-annual targets and payments.

We appreciate the feedback received from stockholders on our compensation program and we intend to continue engagement efforts to ensure our programs continue to remain aligned with stockholder preferences and policies, promote a robust pay-for-performance culture, and align the compensation of executives with the key drivers of long-term stockholder value.

2022 and 2023 Executive Compensation Highlights

Our 2022 executive compensation program emphasizes long-term equity compensation as the most significant component of each named executive officer's compensation, aligning the compensation of our named executive officers with stockholder returns. The only fixed component of our named executive officers' annual compensation is base salary. Short-term cash incentives are tied to our performance and were paid below target at 42% for the first half of 2022 and 0% for the second-half of 2022. Performance goals for our 2020 performance-based equity awards, which were measured over a performance period ended June 30, 2022, were achieved below target at 86.6%.

nLIGHT, Inc.

August 2022 Equity Awards

Russia's invasion of Ukraine had a significant impact on our workforce. Upwork has historically engaged independent talent from Ukraine, Russia, and Belarus on our work marketplace to perform services for us. The invasion created an immediate threat to the lives and safety of many of these individuals and their families. The danger, dislocation, and disruption experienced by our colleagues required our senior leaders to take extraordinary steps to serve and support our workforce and deliver business continuity, including assisting and paying for team members to relocate out of the impacted region.

In recognition of their extraordinary leadership in navigating the crisis resulting from Russia's invasion of Ukraine and its impact on our workforce, in July 2022, at the recommendation of Ms. Brown, the compensation committee approved long-term incentive compensation opportunities in the form of one-time RSU awards with a value of $250,000 each to the members of our leadership team, including Messrs. McCombs and Gilpin (but not Ms. Brown), and granted them effective August 18, 2022. The number of shares of our common stock subject to these RSU awards was determined by dividing $250,000 by the average of the closing sale prices of our common stock as quoted on the Nasdaq Global Market for the 30 calendar days ending on the last trading day immediately preceding August 18, 2022, the date of grant of the RSU awards.

The equity awards granted to our Named Executive Officers on August 18, 2022 were as follows:

Named Executive Officer	Restricted Stock Unit Awards (target dollar value) ($)	Restricted Stock Unit Awards (number of units)
Hayden Brown	—	—
Jeff McCombs	250,000	12,171
Eric Gilpin	250,000	12,171

The RSU awards vest in equal installments of 25% of the award on each quarterly anniversary of the vesting commencement date, August 18, 2022, subject to the Named Executive Officer's continuous service with us on each applicable vesting date, as described in the applicable restricted stock unit award agreement, such that the RSU award will vest in full on the first anniversary of the vesting commencement date. The RSU awards are subject to acceleration as described in "*Potential Payments upon Termination or Change in Control*" below.

The unvested portion of the RSU awards are subject to forfeiture upon the recipient's termination of service with Upwork. Mr. McCombs forfeited 9,129 shares subject to his RSU award upon his separation from Upwork on December 31, 2022.

The equity awards granted to our Named Executive Officers during 2022 are set forth in the "*2022 Summary Compensation Table*" and the "*2022 Grants of Plan-Based Awards Table*" below.

Executive Compensation Program Changes for 2023

To incentivize long-term value creation and strong financial performance, to further align the interests of our Named Executive Officers with those of our stockholders, and to promote retention of our Named Executive Officers, the compensation committee determined that the target number of PSUs granted in 2023 to our Named Executive Officers should represent at least half of their total target long-term incentive opportunity. As a result, in February 2023, the compensation committee increased the percentage allocation of PSUs that comprise Mr. Gilpin's long-term incentive opportunity. Accordingly, the target number of PSUs granted to Mr. Gilpin in 2023 will comprise 50% of his total target long-term incentive opportunity, increased from 40% in 2022. Ms. Brown's target number of PSUs granted in 2023 will remain 60% of her total target long-term incentive opportunity.

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Upwork Inc.

Drafting Trends: Shareholder Engagement

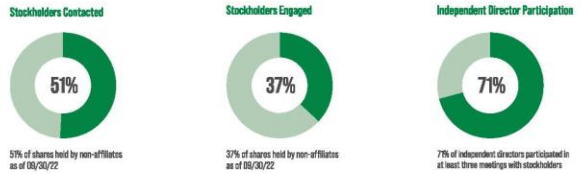
- Discuss how say-on-pay vote outcomes impacted the following year's compensation decisions
- Proxy advisors expect the CD&A to show board responsiveness to poor say-on-pay support (< 70% for ISS, < 80% for Glass Lewis) and enhanced shareholder engagement efforts
  - Details on breadth of engagement—frequency, timing, number of investors, company participants
  - Specific feedback received and specific actions taken—"what we heard," "what we did"
  - Other recent compensation actions
  - Enhanced engagement and corresponding disclosure may also be advisable for companies on the cusp of proxy advisor thresholds

Shareholder Engagement – Examples

Say-On-Pay and Stockholder Engagement

2022 Stockholder Outreach

In response to our 2021 and 2022 say-on-pay proposals receiving 30.2% and 49.2% support, respectively, the compensation committee and the Board of Directors continued to engage with our stockholders. In advance of and following the 2022 annual meeting of stockholders, we contacted 20 of our largest stockholders, representing approximately 51% of our common stock held by non-affiliates. This outreach resulted in meetings with 11 of these stockholders, representing approximately 37% of our common stock held by non-affiliates. In total, we held 15 meetings with stockholders during 2022, as members of our engagement team met with certain stockholders on more than one occasion.



Paycom Participants

Our engagement team included the following participants:

- J.C. Watts, Jr., chairperson of the compensation committee;
- Frederick C. Peters II, Lead Independent Director, chairperson of the audit committee and member of the compensation and nominating and corporate governance committees;
- Jason Clark, chairperson of the nominating and corporate governance committee and member of the audit committee;
- Sharen J. Turney, member of the compensation and nominating and corporate governance committees;
- Felicia Williams, member of the audit committee; and
- Management representatives from legal, investor relations and sustainability teams.

At least one independent director attended each stockholder engagement meeting.

Key Topics Discussed with Stockholders

In these engagement meetings, we discussed a range of topics, including our executive compensation program, board refreshment, corporate governance and our DEI and environmental programs. We gained valuable perspectives from our stockholders, which were conveyed to the full Board of Directors and relevant committees and informed many meeting agenda items through the second half of 2022 and early 2023.

The majority of stockholders, including those who voted against the 2022 say-on-pay proposal, viewed favorably the incentive program design changes implemented by the compensation committee in 2021 and 2022. At the same time, the stockholders shared with us that they voted against the executive compensation proposal in 2022 due to the concerns related to the magnitude of the 2020 CEO Performance Award. Nonetheless, considering the significantly increased rigor of the stock price performance hurdles and uncertain vesting outcome of the award, the compensation committee does not expect to make any modifications to the 2020 CEO Performance Award.

Paycom Software, Inc.

environmental impact of our products and operations, reducing the number of safety incidents in our operations, and enhancing the diversity and inclusiveness of our workforce. For more information on the Company's ESG performance, view our ESG Report at www.lennoxinternational.com.

For 2022, Company performance against the STI earnings goals was approximately at target, however the performance against the STI cash flow goals fell short of threshold achievement, resulting in an STI payout of approximately 59% of target. Certain NEOs with STI goals tied to their business segment performance had higher payouts. Performance goals were not adjusted, and no discretionary payments were made to NEOs.

- **LTI Program:** NEOs receive 50% of their annual LTI grant in the form of performance-based restricted stock units ("PSUs"), which vest after three years. In 2022 the NEOs earned approximately 130% of their target PSUs based on net income and ROIC performance over the 2020-2022 three-year period.

Stockholder Input

The Committee considers input from stockholders, including the result of the annual Say-on-Pay vote, in determining compensation policies and decisions. At our 2022 Annual Meeting, the advisory vote on the compensation of the Company's NEOs received the approval of approximately 75% of the stockholders voting for or against this proposal, well below the average of 96% of shareholder support we have received since 2015. Following the vote, we increased our shareholder engagement efforts to seek feedback and better understand our investors' perspectives on our executive compensation program. We reached out to all top 50 shareholders who voted against our Say-on-Pay proposal.

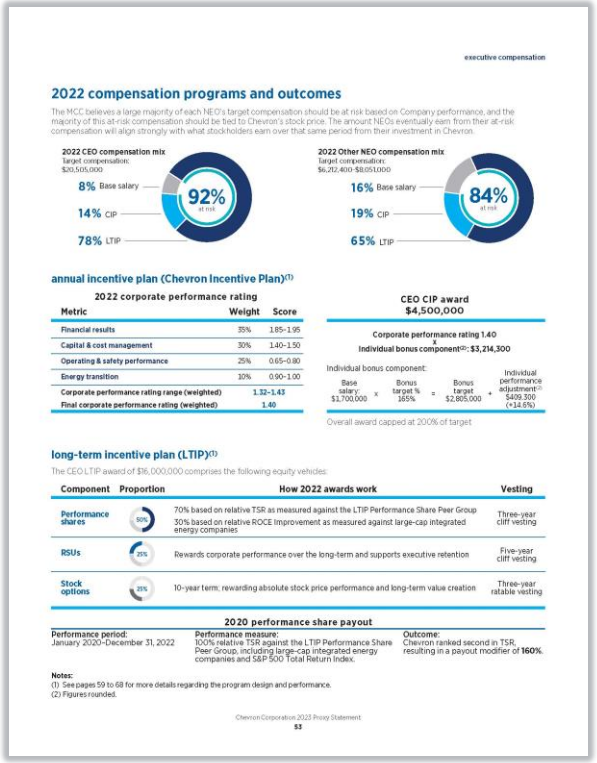
Concerns we heard:	Actions taken:
Retention equity granted in 2021, including lack of performance criteria and shorter vesting provisions.	Amidst the Company's leadership transition in 2021, the Company granted one-time, first-ever retention awards to NEOs. The Company has no plans of granting similar awards in the future.
Single-trigger equity vesting in CIC agreements. Legacy excise tax gross-ups in CIC agreements.	In 2022, the Company terminated existing CIC agreements with NEOs and adopted a CIC severance plan, which included double-trigger equity vesting and eliminated excise tax gross-ups for all employees. The plan also reduced cash severance payable to the CEO & NEOs and eliminated enhanced pension benefits.
Similar metrics for short-term and long-term incentive plans.	The Company added a revenue metric to the 2023 short-term incentive plan.
Lack of formal stock holding requirements.	Effective 2022, the Company revised its executive stock ownership requirements to require NEOs to retain net shares until they have met the ownership requirement. The Company also increased the minimum stock ownership requirement for the CEO to six times annual base salary.

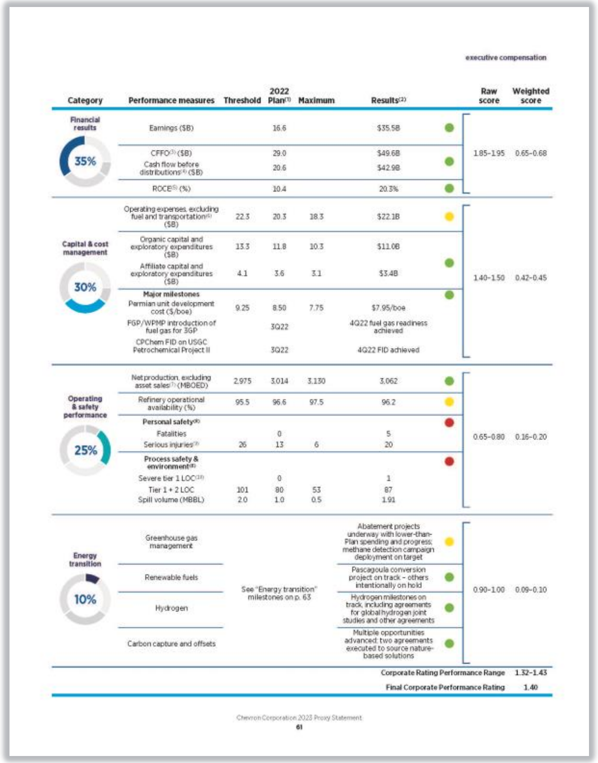
Lennox International Inc.

Drafting Trends: Performance Measures and Results

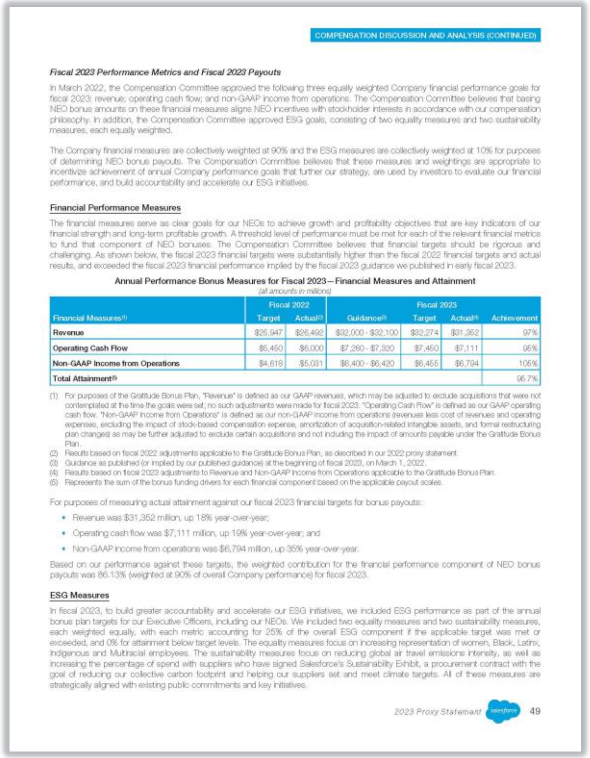
- Heightened interest in specific performance measures used in short- and long-term incentive programs, how actual performance compares to targets, and how payouts are derived based on results
- Level of detail will vary depending on program complexity
- Sensitivity around disclosure of targets—consider materiality and “competitive harm”
- Describe year-over-year changes to pay programs

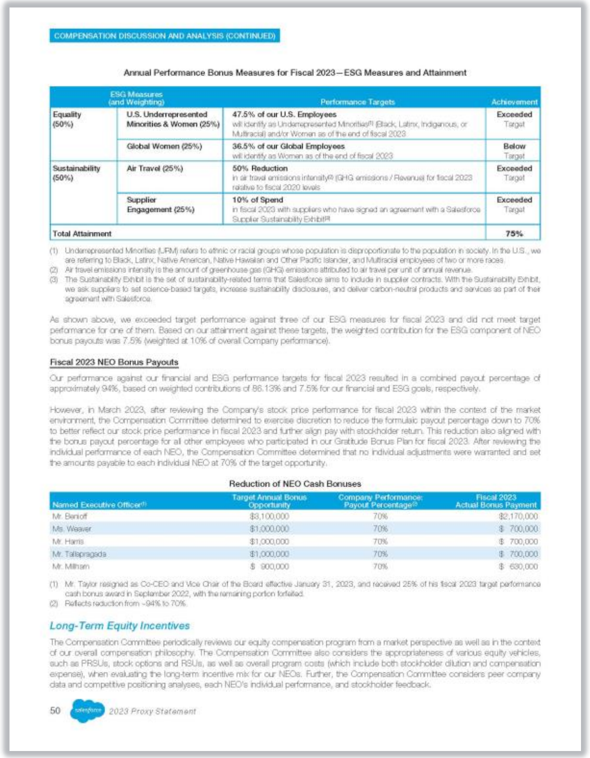
Performance Measures and Results – Examples





Chevron Corporation





Salesforce, Inc.

Drafting Trends: Executive Leadership Changes

- Consider including brief, high-level summary of leadership changes, especially if significant turnover during the fiscal year
  - Determination of compensation levels and elements for newly hired/promoted NEOs
  - Special severance/transition arrangements
- Provide rationale for compensation packages and emphasize alignment with shareholder interests

Executive Leadership Changes – Examples

Compensation Discussion and Analysis 37

CEO Compensation Summary

In July 2022, Ms. Syngal was terminated without cause from the position of President & CEO of the Company. As a result of Ms. Syngal's termination, all of her unvested stock options at the time of termination were canceled, and her unvested restricted stock units scheduled to vest on or after April 1, 2023 were canceled. In addition, her PRSUs for the fiscal 2020-2022, fiscal 2021-2023 and fiscal 2022-2024 cycles under our PRSU program were canceled. Ms. Syngal received separation benefits, as required under her post-termination benefits agreement, which are further described in "2022 Potential Payments Upon Termination".

Bob L. Martin, our Executive Chairman, was appointed Interim CEO of the Company while we conduct a search for a successor to Ms. Syngal. In this role, Mr. Martin receives a monthly salary of $116,667 and a target bonus equal to 100% of salary based on a weighted brand average performance (which is further described in "Annual Cash Incentive Bonus–Financial Performance" below). He also receives $650,000 of time-based restricted stock units per month of service as Interim CEO, which is awarded in quarterly installments. In August 2022, Mr. Martin was granted time-based restricted stock units with a grant date value of $2,600,000, representing his equity award for Interim CEO service during July 2022 and the third quarter of fiscal 2022. In October 2022, Mr. Martin was granted time-based restricted stock units with a grant date value of $1,950,000, representing his equity award for Interim CEO service during the fourth quarter of fiscal 2022. These restricted stock units vest 100% on the first anniversary of the date of grant, given the short-term duration of the Interim CEO role and consistent with the equity awards Mr. Martin received for his service as Executive Chair. In determining Mr. Martin's compensation for Interim CEO service, the Compensation Committee considered competitive compensation benchmarks for CEOs among the Company's compensation peer group, our former CEO's target compensation level, the interim nature of the role, and the lack of traditional CEO long-term incentives due to his interim status. The Compensation Committee also benchmarked Mr. Martin's compensation for Interim CEO service to align his pay package with other interim chief executive officers to ensure alignment with market practice.

www.gapinc.com

Gap Inc.

EXECUTIVE COMPENSATION

Compensation Policy Highlights

WHAT WE DO

- ✓ Pay-for-Performance Philosophy with Large Majority of Pay at Risk
- ✓ Combination of Absolute and Relative Performance Metrics in Incentive Programs
- ✓ Incorporate ESG Goals into our Long-term and Short-term Incentive Plans (including Inclusion and Diversity Goals)
- ✓ Stock Ownership Policy, including Rigorous Share Ownership Requirements
- ✓ Double-Trigger Change in Control Benefits
- ✓ Independent Executive Compensation Consultant
- ✓ Annual Assessment of Risk and Risk Mitigation Practices
- ✓ Regular Review of Share Utilization, Dilution, and Cost
- ✓ Robust Engagement with Shareholders on Governance and Compensation
- ✓ Long-term Incentive Awards Denominated and Settled in Equity and Not in Cash
- ✓ Clawback Policy Covering Cash and Equity

WHAT WE DON'T DO

- × Excise Tax Gross-Ups Upon a Change in Control
- × Excessive Executive Perquisites
- × Tax Gross-Ups on Perquisites or Benefits
- × Repricing or Cash-out of Underwater Stock Options Without Shareholder Approval
- × Stock Option Grants Below 100% of Fair Market Value
- × Fixed Term or Evergreen Employment Agreements; No Severance Agreements
- × Hedging, Short Sales, or Derivative Transactions in Company Stock
- × Same Change in Control Equity Award Benefits as all Employees
- × Executive Pension Plans or Supplemental Executive Retirement Plans

INTERIM CEO COMPENSATION

In connection with his appointment as interim chief executive officer, Mr. Schultz received a base salary of only $1, was not eligible to earn an annual cash incentive award under the Annual Incentive Bonus Plan and did not receive any equity award grants. Mr. Schultz was entitled to receive benefits on the same basis as similarly situated partners, including with respect to personal security as described in more detail below.

CEO-ELECT NEW HIRE PACKAGE

In connection with Mr. Narasimhan's appointment as ceo-elect, we entered into an offer letter with Mr. Narasimhan, which provides for, among things, his compensation and employment terms. The Compensation Committee spent significant time reviewing Mr. Narasimhan's compensation terms with its independent compensation consultant, and in approving the final terms, considered the importance of his role and responsibilities and aligning his compensation with the median compensation of our peer group. The rationale for each of the elements of Mr. Narasimhan's compensation and how each element aligns with our compensation philosophy is summarized in the table below.

Compensation Element	Description	Rationale
Base Salary	$1,300,000	Provides executives with a predictable level of income; reflects role and responsibilities as well as market competitiveness.
Annual Incentive Bonus	200% of base salary	Reflects role and responsibilities as well as market competitiveness and internal equity considerations. Ties additional upside earning opportunity to Company and individual performance results.
Annual Equity Incentives	Annual equity awards with a target value of $13,600,000	Reflects role and responsibilities as well as market competitiveness and internal equity considerations
Replacement Equity Grants	Replacement equity grant with a target value of $9,250,000: 60% in PRSUs, which vest based on performance, and 40% in RSUs, which vest annually over three years Awards are forfeited if Mr. Narasimhan's employment terminates within twelve months of his start date, except in certain limited circumstances as described below under Employment Agreements and Termination Arrangements	The replacement equity grants were made in respect of certain outstanding equity awards that Mr. Narasimhan forfeited when he left his previous employer to join Starbucks, consistent with market practice To provide alignment with the other members of the Company's leadership team, 50% of the PRSUs provide for participation in the Company's in-progress FY2021-2023 PRSU cycle, 25% of the PRSUs provide for participation in the Company's in-progress FY2022-2024 PRSU cycle, and 25% of the PRSUs provide for participation in the Company's FY2023-2025 PRSU cycle, in the latter case for awards granted in November.
Perquisites and Other Executive Benefits	Reimbursement for relocation expenses (including tax reimbursements) and up to $50,000 in legal fees	Supports our objective of attracting and retaining top executive talent; consistent with market practice and the Company's relocation policy. Mr. Narasimhan's relocation benefits are provided for pursuant to the Company's international relocation policy, which applies to all partners at the vice president level and above.
Signing Bonus	$1,600,000 Awards are forfeited if Mr. Narasimhan's employment terminates within twelve months of his start date, except in certain limited circumstances as described below under Employment Agreements and Termination Arrangements	In consideration of Mr. Narasimhan's cash incentive opportunity that was forfeited from his previous employer; consistent with market practice
Severance Benefits	Cash severance and equity vesting benefits in the event of termination without misconduct or resignation for good reason, conditioned on a release of claims against the Company; will be entitled to participate in the Starbucks Severance and CIC Plan upon becoming permanent ceo, which is expected to occur on or before April 1, 2023	Supports our objective of attracting and retaining top executive talent; consistent with market practice. Please see Executive Compensation Agreements and Arrangements below for more information

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Starbucks Corporation

Practical Tips for Proxy Season

Cooley

Establishing a Functional Process

- Especially when drafting a CD&A for the first time—develop process and timeline early on
- Consider internal and external stakeholders
  - Legal
  - HR
  - Accounting/Finance
  - Investor Relations
  - Outside advisors (outside counsel, compensation consultant)
- Who will be responsible for overseeing the process?
- How involved will the Compensation Committee be in the CD&A drafting process? When will the Compensation Committee sign off on inclusion of the CD&A in the proxy statement?

Drafting Notes

- “Plain English” requirement
- Avoid legalese
- Importance of headers, bullet points, and short paragraphs
- Clear, concise, transparent narrative supplemented with tables and charts—streamline
- Anticipate shareholder questions—ask what is missing to understand bigger picture

HCM Basics

Cooley

Current Human Capital Disclosure Requirements

- Item 101(c)(2) of Regulation S-K: To the extent material to an understanding of the registrant's business taken as a whole, provide "*A description of the registrant's **human capital resources**, including the **number of persons employed** by the registrant, and **any human capital measures or objectives that the registrant focuses on** in managing the business (such as, depending on the nature of the registrant's business and workforce, measures or objectives that address the **development, attraction and retention** of personnel).*"
- Principles-based disclosure regime; not prescriptive or quantitative
  - Biggest criticism is that disclosures are hard to compare across companies given that companies determine what is material
- Rule became effective in 2021

More HCM Disclosures Coming?

- SEC has been considering enhanced HCM disclosures since 2021
  - Current reg-flex agenda shows proposed HCM proposal in April 2024
- SEC Investor Advisory Committee September 2023 recommendations:
  - Number of employees, broken down by full-time, part-time and gig workers
  - Turnover or comparable workforce stability metrics
  - Total cost of workforce, broken down by components of compensation
  - Workforce demographic data
  - Narrative disclosure in MD&A, including how labor practices, compensation incentives and staffing fit within overall strategy

Tips for Drafting Effective HCM Disclosure

- Crafting human capital management disclosure is an industry- and company-specific exercise
- Process should be cross-functional, starting with management and board view, and involving other departments within the company for input
- Start with a wide view, then narrow in:
  1. Gather input on all possible HCM topics
  2. Scope disclosure to those topics that are considered by multiple groups to be important to the business
  3. Subject disclosure (especially quantitative disclosure) to disclosure controls and procedures that are required to make sure all information is reported accurately and timely
  4. Iterate on the disclosure, as business priorities evolve
- Disclosures should be reviewed with Board or Board committee tasked with HCM oversight

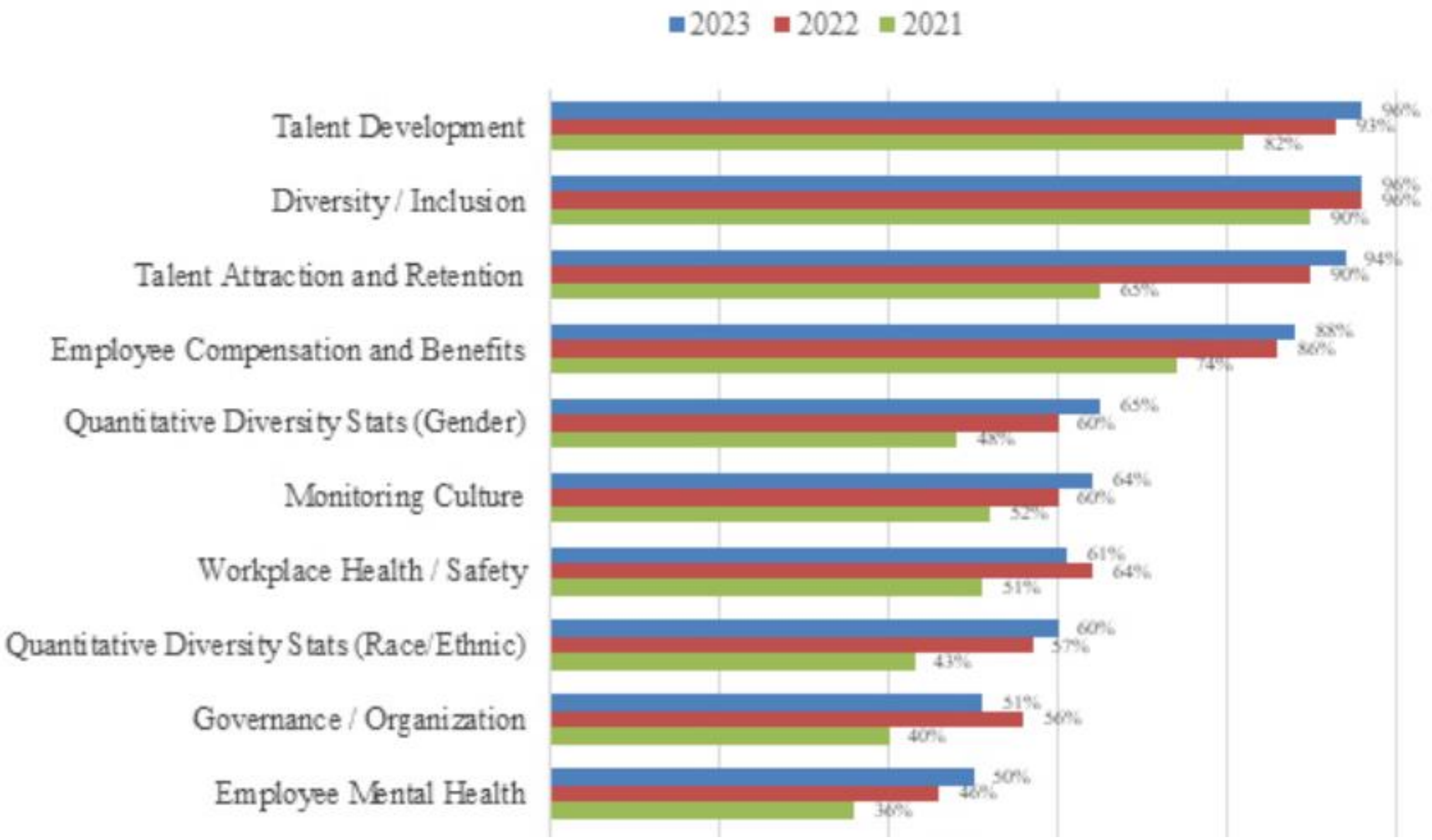
Questions to Inform Possible Disclosure Topics

	Questions to Ask
Management and Board	• What metrics does management track and review with respect to human capital (e.g. attrition, engagement/satisfaction, pay equity, etc.)? • What metrics are reported to the board? • What do management and the board view as the most critical initiatives and practices when it comes to the company's human capital resources? • Has the company reviewed the human capital issues prioritized in ESG reporting frameworks (e.g. SASB) or rankings (e.g. MSCI)? • What areas of focus have been highlighted in shareholder engagement meetings?
Human Resources	• What metrics is HR tracking when it comes to human capital (pay ratios, attrition rates, internal hire rates, engagement/employee survey feedback) • What benefits, programs and initiatives does HR view as the most critical when it comes to the company's human capital?
Existing Disclosure	• What is the company already saying in its public filings (e.g., prior Form 10-K's, proxy statement, etc.) about human capital management, diversity, equity and inclusion, etc.? • What does the company say on its website about benefits, compensation, culture, or otherwise to attract new talent? • Do prior year human capital management disclosures remain relevant? Consider reviewing industry peer disclosures. • What progress has been made against human capital management objectives set and previously disclosed?

Evolution of HCM Disclosures

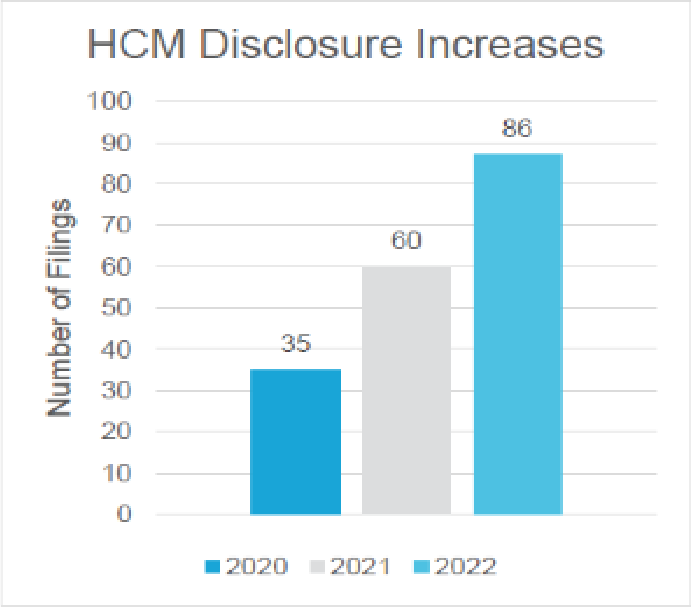
Cooley

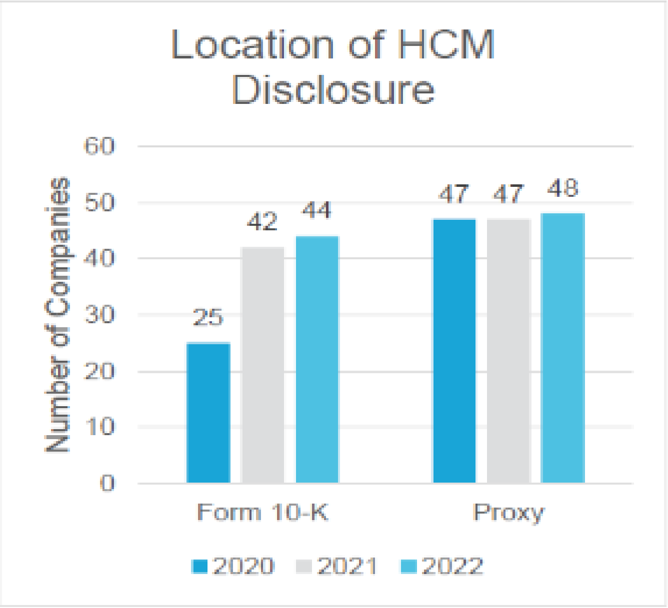
Evolution of HCM Disclosures in Form 10-Ks



Evolution of HCM Disclosure in Proxy Statements

- SEC rule changes mandating disclosure in the 10-K have precipitated additional HCM disclosure in proxy statements
- Increased disclosure included topics such as employee health and safety, talent management and development, employee engagement and pay equity.
- The last several years have also seen an increase in quantitative HCM metrics, including: percentage of employees who are women or people of color; corporate initiatives to improve gender and ethnic diversity in the workforce; and information on employee turnover and retention rates





HCM Disclosure in Proxy Statements

Analog Devices, Inc.

ANALOG DEVICES

Analog Devices, Inc.
One Analog Way
Wilmington, MA 01887

A GLOBAL TEAM

"At ADI, our greatest asset is our people. We offer the most curious problem-solvers career-long opportunities to learn from the best minds and maximize their potential and impact. This environment, when paired with our inspiring mission to solve the world's most complex challenges, creates a unique draw for brilliant people who are passionate about partnering with our customers to make a lasting, positive impact on humanity. And this applies across all functions – their ingenuity and collaborative approach power the innovation engine that is at the root of our customer success and long-term value creation."

ANELISE SACKS
Chief Customer Officer

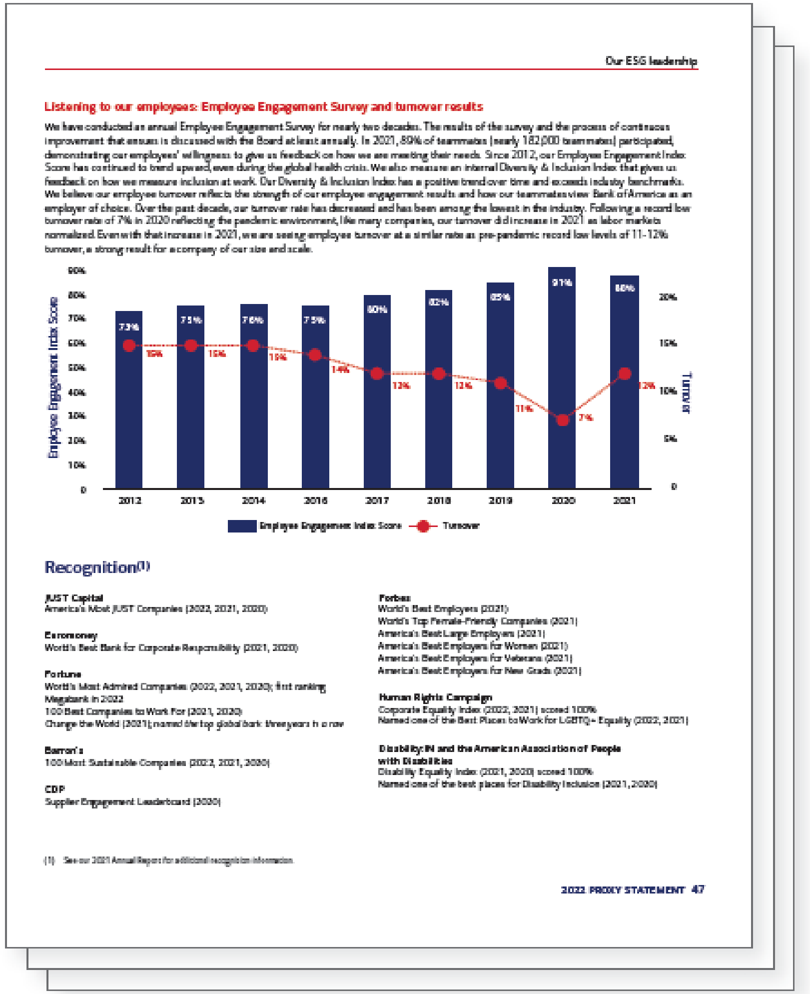
Talent Priorities

We invest in our people so they can engineer the next generation of technology that betters our world. We care about our employees, offering competitive benefits and compensation, as well as fulfilling career opportunities. In support of this, we are continuously looking for ways to evolve our programs and practices to ensure employee satisfaction.

1. Empower Innovation Leadership & Mentoring	Empowering our teams to innovate and learn, across every level & function	Our pandemic-inspired **ADI Ignite Network** "Innovates how we innovate." The network opens up innovation to all employees and expands the impact of mentoring across the globe. Our recently launched **ADI Mentoring Program** makes it easier for mentors and mentees to connect via a digital platform that matches mentors and mentees based on suggestions, personality, and other preferences.	ADI's **Pulse** survey captures employee feedback on 30 cultural dimensions and enables ADI to prioritize actions for positive organizational impact. Employee participation in fiscal 2021 was 87%, with 80% likely to recommend working at ADI and 77% employee satisfaction.
2. Focus on Social Purpose & Employee Engagement	Fostering a collaborative workplace where the best minds can do the best work	**GEEC, or Global Early Employee Challenge**, is a company-wide competition that helps to develop the business skills of employees with five or fewer years of experience. In fiscal 2021, we had 400+ early career participants across [illegible] teams focused on designing solutions that help protect and regenerate the environment, enabling a more sustainable future.	Diversity, equity, and inclusion is a global mission for us. We launched a **Diversity Council and Working Group** to ensure all our initiatives resonate locally while still having a global impact. These teams are currently helping to identify systemic opportunities within their regions so we can address inequity beyond the United States.
3. Building the Workforce of the Future	Evolving our workforce skills to prepare our customers for the future	As the future of the workforce is redefined, ADI continues to prioritize attracting and retaining the world's finest talent to push the limits of what's possible. ADI is focused on creating **an agile, evolving view of the workforce of the future** by developing a more complete understanding of the types of skills, location, and working environment employees prefer.	As **experiential learning** is vitally important to employees' development, we will continue to work to make opportunities and roles available to employees starting early in their careers and at every stage thereafter, preparing them for long, distinguished careers at ADI.

A-3

Bank of America Corporation



Our ESG leadership

Listening to our employees: Employee Engagement Survey and turnover results

We have conducted an annual Employee Engagement Survey for nearly two decades. The results of the survey and the process of continuous improvement that ensues is discussed with the Board at least annually. In 2021, 89% of teammates (nearly 182,000 teammates) participated, demonstrating our employees' willingness to give us feedback on how we are meeting their needs. Since 2012, our Employee Engagement Index Score has continued to trend upward, even during the global health crisis. We also measure an internal Diversity & Inclusion Index that gives us feedback on how we measure inclusion at work. Our Diversity & Inclusion Index has a positive trend over time and exceeds industry benchmarks. We believe our employee turnover reflects the strength of our employee engagement results and how our teammates view Bank of America as an employer of choice. Over the past decade, our turnover rate has decreased and has been among the lowest in the industry. Following a record low turnover rate of 7% in 2020 reflecting the pandemic environment, like many companies, our turnover did increase in 2021 as labor markets normalized. Even with that increase in 2021, we are seeing employee turnover at a similar rate as pre-pandemic record low levels of 11-12% turnover, a strong result for a company of our size and scale.

Employee Engagement Index Score
Turnover
2012 2013 2014 2016 2017 2018 2019 2020 2021
73% 75% 76% 75% 80% 82% 85% 91% 88%
15% 15% 15% 14% 12% 12% 11% 7% 12%

Recognition[1]

JUST Capital
America's Most JUST Companies (2022, 2021, 2020)

Euromoney
World's Best Bank for Corporate Responsibility (2021, 2020)

Fortune
World's Most Admired Companies (2022, 2021, 2020); first ranking Megabank in 2022
100 Best Companies to Work For (2021, 2020)
Change the World (2021); named the top global bank three years in a row

Barron's
100 Most Sustainable Companies (2022, 2021, 2020)

CDP
Supplier Engagement Leaderboard (2020)

Forbes
World's Best Employers (2021)
World's Top Female-Friendly Companies (2021)
America's Best Large Employers (2021)
America's Best Employers for Women (2021)
America's Best Employers for Veterans (2021)
America's Best Employers for New Grads (2021)

Human Rights Campaign
Corporate Equality Index (2022, 2021) scored 100%
Named one of the Best Places to Work for LGBTQ+ Equality (2022, 2021)

Disability:IN and the American Association of People with Disabilities
Disability Equality Index (2021, 2020) scored 100%
Named one of the best places for Disability Inclusion (2021, 2020)

(1) See our 2021 Annual Report for additional recognition information.

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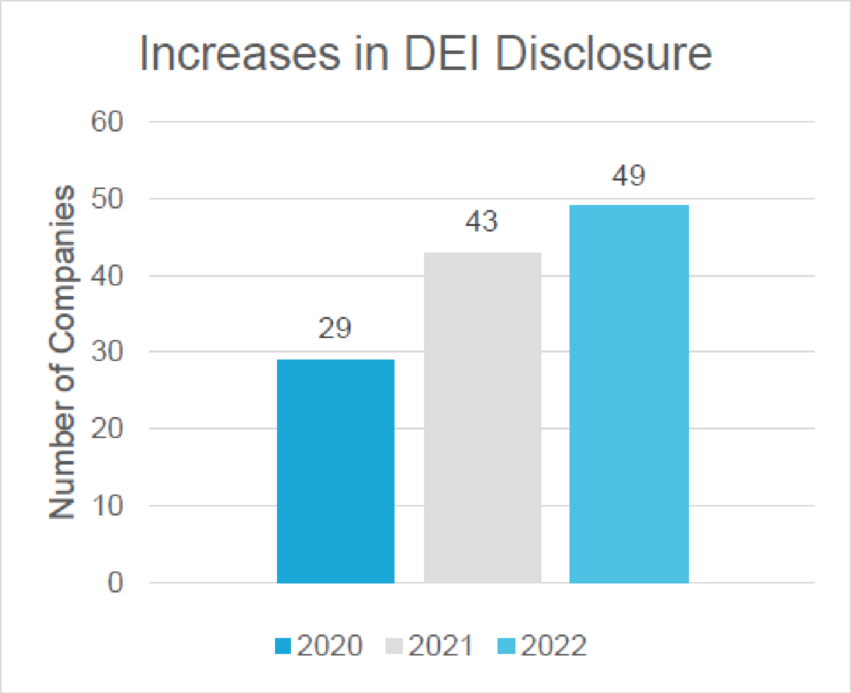
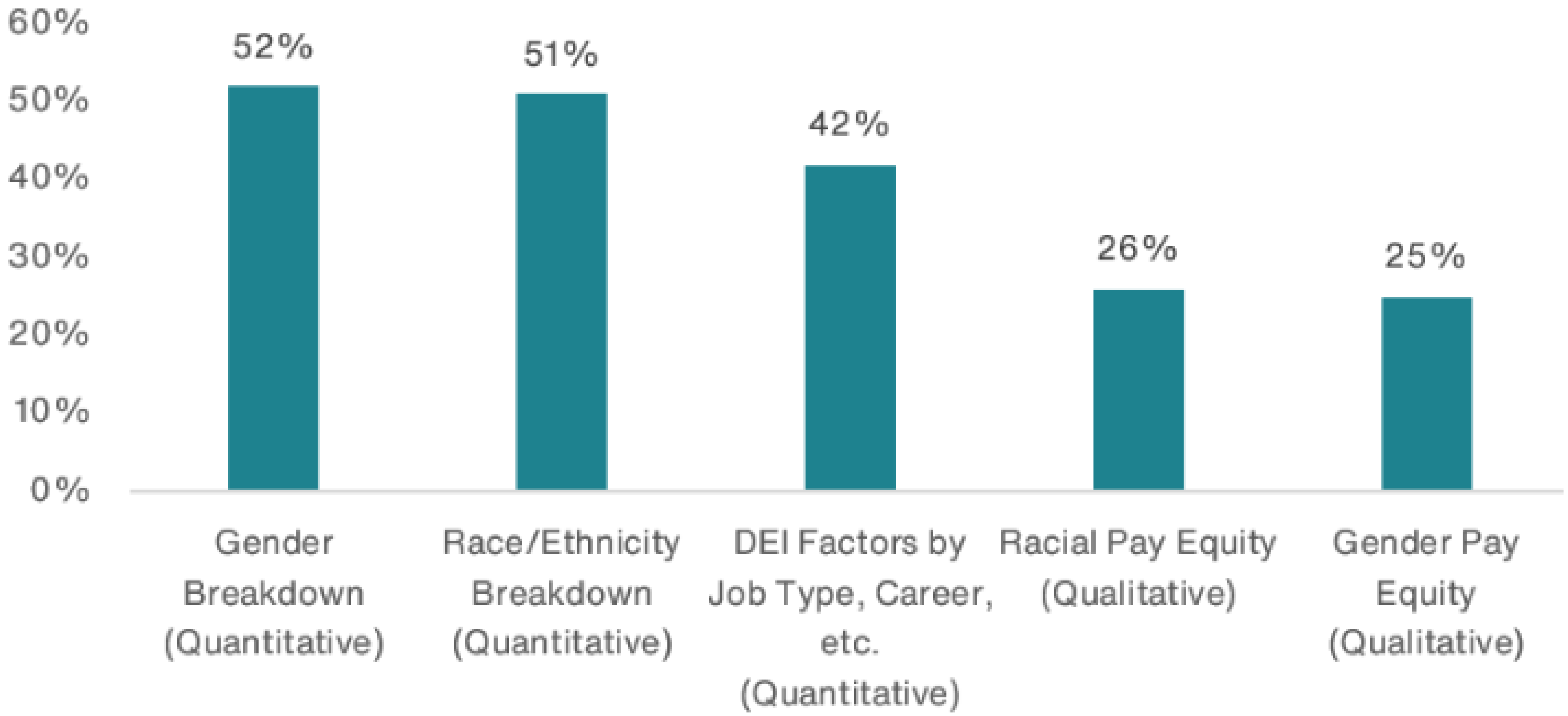
HCM Disclosure Topic: Diversity, Equity & Inclusion

- Disclosure of diversity or related initiatives has become increasingly prevalent, with proxy statement disclosures generally being much more robust than their Form 10-K counterparts

- Renewed investor focus on EEO-1 data has also resulted in an increase in disclosure of such data, either in the proxy statement or in a separate report that is mentioned in the proxy statement.



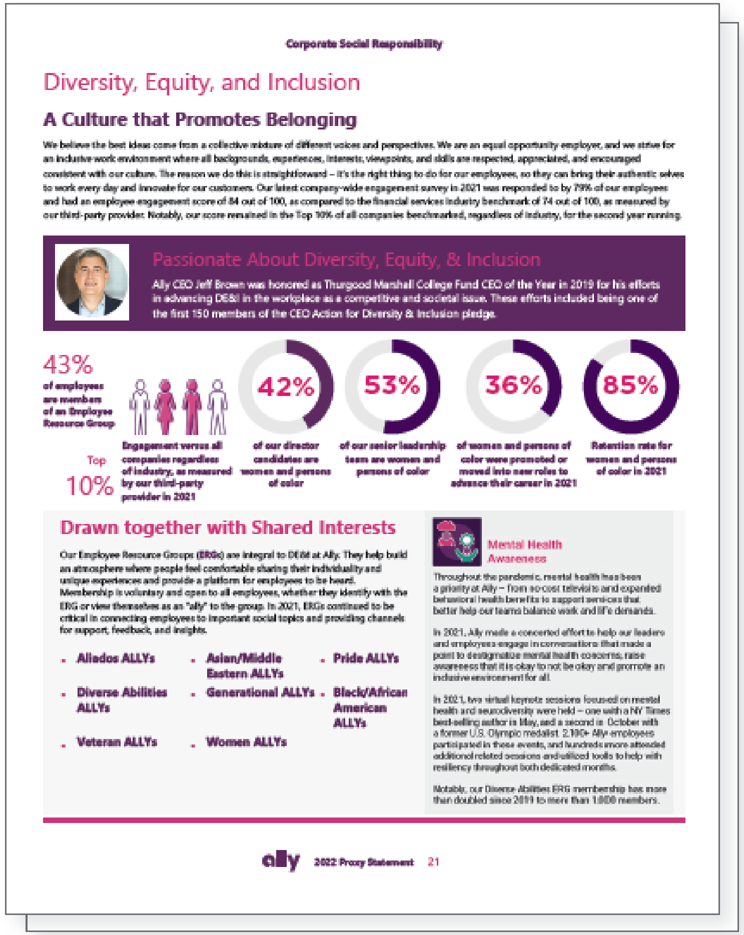
HCM Disclosure Topic: Diversity, Equity & Inclusion



Source: Aon research of 103 10-K filings from S&P 500 companies, April 2021 through March 2022

HCM Disclosure Topic: Diversity, Equity & Inclusion

Ally Financial Inc.



Corporate Social Responsibility

Diversity, Equity, and Inclusion

A Culture that Promotes Belonging

We believe the best ideas come from a collective mixture of different voices and perspectives. We are an equal opportunity employer, and we strive for an inclusive work environment where all backgrounds, experiences, interests, viewpoints, and skills are respected, appreciated, and encouraged consistent with our culture. The reason we do this is straightforward – it's the right thing to do for our employees, so they can bring their authentic selves to work every day and innovate for our customers. Our latest company-wide engagement survey in 2021 was responded to by 79% of our employees and had an employee engagement score of 84 out of 100, as compared to the financial services industry benchmark of 74 out of 100, as measured by our third-party provider. Notably, our score remained in the Top 10% of all companies benchmarked, regardless of industry, for the second year running.

Passionate About Diversity, Equity, & Inclusion

Ally CEO Jeff Brown was honored as Thurgood Marshall College Fund CEO of the Year in 2019 for his efforts in advancing DE&I in the workplace as a competitive and societal issue. These efforts included being one of the first 150 members of the CEO Action for Diversity & Inclusion pledge.

43% of employees are members of an Employee Resource Group

Top 10% Engagement versus all companies regardless of industry, as measured by our third-party provider in 2021

42% of our director candidates are women and persons of color

53% of our senior leadership team are women and persons of color

36% of women and persons of color were promoted or moved into new roles to advance their career in 2021

85% Retention rate for women and persons of color in 2021

Drawn together with Shared Interests

Our Employee Resource Groups (ERGs) are integral to DE&I at Ally. They help build an atmosphere where people feel comfortable sharing their individuality and unique experiences and provide a platform for employees to be heard. Membership is voluntary and open to all employees, whether they identify with the ERG or view themselves as an "ally" to the group. In 2021, ERGs continued to be critical in connecting employees to important social topics and providing channels for support, feedback, and insights.

- Aliados ALLYs
- Asian/Middle Eastern ALLYs
- Pride ALLYs
- Diverse Abilities ALLYs
- Generational ALLYs
- Black/African American ALLYs
- Veteran ALLYs
- Women ALLYs

Mental Health Awareness

Throughout the pandemic, mental health has been a priority at Ally – from no-cost televisits and expanded behavioral health benefits to support services that better help our teams balance work and life's demands.

In 2021, Ally made a concerted effort to help our leaders and employees engage in conversations that made a point to destigmatize mental health concerns, raise awareness that it is okay to not be okay and promote an inclusive environment for all.

In 2021, two virtual keynote sessions focused on mental health and neurodiversity were held – one with a NY Times best-selling author in May, and a second in October with a former U.S. Olympic medalist. 2,100+ Ally employees participated in these events, and hundreds more attended additional related sessions and utilized tools to help with resiliency throughout both dedicated months.

Notably, our Diverse Abilities ERG membership has more than doubled since 2019 to more than 1,000 members.

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Devon Energy Corporation

DEVON AT A GLANCE (cont'd)

OUR PEOPLE AND COMMUNITIES

Our Workforce and Communities

Our corporate culture supports individual, team, and company progress with family-friendly workplace practices, wellness programs, and opportunities to make and be accountable for decisions. Our recent efforts include the following:

- During the COVID-19 pandemic, we have supported employees with flexible working arrangements and responsive wellness programs and incentives for proactive healthcare activities such as annual physicals.
- We focus on communicating with our employees through regular virtual town hall meetings, online resources, one-on-one leader feedback, surveys, and other internal communication channels.
- We have facilitated COVID-19 vaccinations for field employees, hosted a vaccination clinic at our headquarters for employees and their families, and provided financial incentives for employees to obtain COVID-19 vaccinations.
- We have distributed over 10,000 at-home STEM resources for children and teachers in our operating areas who have been forced to utilize virtual learning during the pandemic. Overall, Devon has made more than $1 million in grants to educators in our U.S. operating areas in the past eight years and, in the Oklahoma City area, provided more than 88,000 K-12 students better access to educational opportunities through access to STEM educational opportunities.
- We have made over $26.8 million in social investments in our communities over the past three years.

Diversity, Equity and Inclusion

We strive to cultivate inclusive, diverse, equitable, and respectful communities inside and outside our Company, which is reflected in our DEI programs. Our DEI vision is: Every person contributing to their fullest and making a positive impact every day. To make this a reality, we have active participation from our senior leaders, committed volunteer inclusion and diversity (I&D) leaders and allies, and insightful I&D programming.

What DEI means at Devon

Diversity
We believe it is foundational to Devon's success that our team includes people with a variety of backgrounds, perspectives, experiences, and abilities.

Equity
We believe fairness is at the core of our culture, policies, and practices, and strive for all employees to have equal access to opportunities.

Inclusion
We believe in relationships and will ensure all employees feel seen, valued, heard, and connected.

3 Commitment Runs Deep

HCM Disclosure Topic: Diversity, Equity & Inclusion

Eventbrite, Inc.

ESG at Eventbrite: Diversity, Equity and Inclusion

At Eventbrite, we believe in the value of fostering diversity, equity and inclusion through evidence-based practices across our organization. Doing so is better for the world, and better for Eventbrite.

In 2020, we launched repeatable and measurable commitments to Diversity, Equity and Inclusion at the Company, and we continued to make progress on those commitments in 2021. Our commitments are the following:

Commitment #1: Hire and retain a more diverse, equitable and inclusive team

At the executive and board level, we are working to diversify both areas with a focus on underrepresented communities. At the global Eventbrite team level, we strive to exceed the average representation of female and underrepresented ethnicities in tech. We are also committed to paying and promoting female and ethnically underrepresented Britelings at an equal rate to their majority peers. We review promotion rates during each promotion cycle, and look for a balance across gender and race/ethnicity. We also conduct a pay equity audit each year with a third-party vendor and in 2021 results confirmed pay equity among employees of all races, genders, and ethnicities. Since launching this commitment, we have increased our percentage of Britelings from underrepresented communities in technology from 14.8% in December 2020 to 18.8% as of April 1, 2022. Underrepresented communities in technology comprises all ethnicities except White and Asian employees and employees who did not declare their ethnic identity.

Commitment #2: Cultivate an equitable and inclusive culture

We continue to prioritize cultivating an inclusive culture where Britelings feel a sense of belonging at Eventbrite. In 2021, we hosted a series of programs covering topics across the spectrum of inclusion, launched a mentorship program for employees in our Black and Brite employee resource group to elevate Black Britelings through intentional development, revamped our New Briteling Orientation to emphasize the importance of inclusion and embedded inclusive practices into our leadership development opportunities.

Commitment #3: Support social justice on the Eventbrite platform and beyond

We have to engage with and understand the communities we're in and the challenges they're facing in order to learn and create change. In 2021, we had over 450,000 views on our racial and gender

Eventbrite 2022 Proxy Statement — Page 7

Invesco Ltd

DEI programs and progress

Unconscious Bias training for all employees
86%[1] completion at December 31, 2021

Business Resource Groups
Eleven active BRGs hosted over 70 BRG events globally

Public Goal
To have 35-40% Women in Senior Leadership by 2022. Currently 35%.

Human Rights Campaign
Invesco achieved a score of 100 on the 2020 and 2021 HRC Corporate Equality Index and was named a top employer for LGBTQ+ Inclusion.

Global Data Collection
In 2020, Invesco launched its first demographic data capture campaign to collect voluntary data across several dimensions such as race and ethnicity, sexual orientation, gender identity, disability, neurodiversity, caregivers, military service, workplace returners, and first-generation college graduates.

Public Pledges
Invesco signed new public pledges in 2020 such as the Corporate Call to Action Coalition for Equity, Confluence Belonging Pledge, and CEO Action for D&I.

External DEI Partners

- Diversity Project UK
- NICSA Diversity Project
- Interinvest
- Ford Foundation Coalition for Equity and Opportunity
- Confluence Philanthropy
- PFLAG
- The Return Hub
- The Equity Collective
- Investment 20/30
- The Prince's Responsible Business Network
- CEO Action for Diversity and Inclusion
- Atlanta Committee for Progress
- Human Rights Campaign

Race and ethnicity of US colleagues (%)[2]

- American Indian 0.09
- Asian 15.76
- Black 10.20
- Hispanic/Latino 7.20
- Pacific Islander 0.09
- Two or more races 2.38
- White 60.46
- Any other ethnicity 4.01

1. Percentage is a rolling completion rate that includes new employees who are assigned training.
2. All race and ethnicity data covers US-based employees and is a disclosure of EEO-1 data that was self-disclosed by Invesco employees.

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Questions?

Cooley