

# 2023 Corporate Governance and Incentive Design Survey

Fall 2023



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# Executive Summary

As companies review their executive compensation program designs and related corporate governance policies, it can be helpful to review current market practices and recent trends in order to inform discussions in the boardroom.

Meridian’s 2023 Corporate Governance & Incentive Design Survey shares our findings on various executive compensation and corporate governance topics relevant to companies today.

The survey summarizes market practices at 200 large publicly traded companies across all industries (referred to herein as the “Meridian 200”). These companies have median revenues and market capitalizations of \$22.2B and \$41.7B, respectively, making them a representative sample of the S&P 500.

All information was gathered from annual proxy statements. Meridian has conducted a similar analysis every year since 2011, with minimal changes to the list of reviewed companies (98% of the 2023 Meridian 200 constituents were reviewed in 2022). This consistency allows us to identify emerging trends. For more details, please refer to the Profile of Survey Companies section.

## Highlights of Meridian’s 2023 Corporate Governance & Incentive Design Survey:

Governance Practices	
<p><b>Continued Focus on Corporate Responsibility, Sustainability and Climate Disclosures</b></p> <p>83% of companies disclose internal tracking of long-term sustainability or climate change goals. Additionally, 89% referenced their Corporate Responsibility Report in their most recent proxy.</p>	<p><b>Mandatory Retirement Age is Typical</b></p> <p>78% of the Meridian 200 disclose a mandatory retirement age policy for board members. Nearly all companies define the retirement age between 72 and 75, with a gradual shift to the higher end of this age range in recent years.</p>
<p><b>Focus on Board Diversity</b></p> <p>Virtually all companies (99%) directly address current board diversity (i.e., gender or ethnicity) in their most recent annual proxy statement. All Meridian 200 companies have at least one female board member, with 74% disclosing more than 30% female board members. 98% disclose ethnic diversity statistics for current board membership – these disclosures continue to increase in prevalence.</p>	<p><b>Director Overboarding</b></p> <p>Over one-half (55%) of companies disclose director overboarding policies, limiting the number of public company board seats an incumbent director may hold.</p>
<p><b>Lead Director Pay Continues to Increase</b></p> <p>Among companies that pay additional Lead Director fees, 65% pay between \$30,000-\$50,000. 18% of companies provide premium pay greater than \$50,000.</p>	<p><b>Independent Board Chair Remains Common</b></p> <p>56% of Meridian 200 companies continue to separate the Board Chair (CoB) and Chief Executive Officer (CEO) roles. Of those companies that separate the roles, most (74%) appoint an independent director as CoB.</p>

## Proxy Disclosures

### ***Compensation-Related Shareholder Proposals in 2023***

17% of companies received at least one compensation-related shareholder proposal in 2023, an increase of six percentage points from 2022 levels. However, most compensation-related shareholder proposals received limited shareholder support.

### ***Pay and Performance Disclosure Landscape Changes***

Fewer companies included volitional pay and performance disclosures this year (14% versus 20% last year). This trend coincides with the introduction of the SEC's new mandatory pay versus performance disclosures.

### ***Shareholder Outreach***

Nearly all of the Meridian 200 (95%) disclosed shareholder outreach efforts, with 55% providing specific detail on feedback received and/or actions taken.

### ***Recoupment/Clawback Policy Disclosure***

It is near universal practice (99%) to disclose the details of the company's recoupment/clawback policy. In late 2023, companies will adopt a Dodd-Frank compliant mandatory clawback policy.

## Annual Incentive Plan Design Practices

### ***Financial Metric Use Remains Consistent***

Consistent with previous years, the most prevalent performance metrics continue to be Operating Income, Revenue, Cash Flow and Earnings per Share (EPS).

### ***Non-Financial Measure Prevalence Increases***

Most companies (80%) include non-financial measures in the annual incentive plan. Environmental, sustainability and human capital metrics have continued to increase in prevalence though companies continue to include other strategic and operational measures as well.

## Long-Term Incentive Plan Design Practices

### ***Performance Awards Near Universal Practice***

99% of Meridian 200 companies grant performance-based vehicles as part of the long-term incentive plan. On average, performance awards account for 62% of CEOs' annual target LTI value.

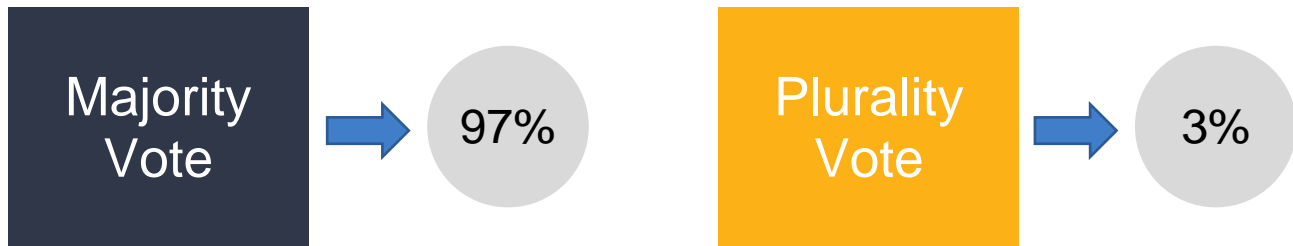
### ***Relative TSR Used by Nearly Four in Five Meridian 200 Companies***

79% of companies include a relative TSR measure in performance awards; most incorporate as a weighted measure, rather than a modifier, and most (90%) pair TSR with at least one other performance measure.

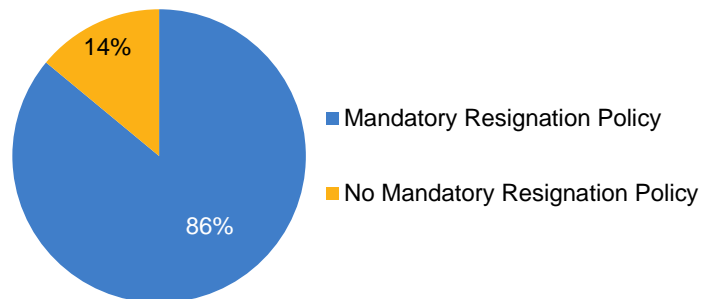
# Corporate Governance Practices

## Board Structure

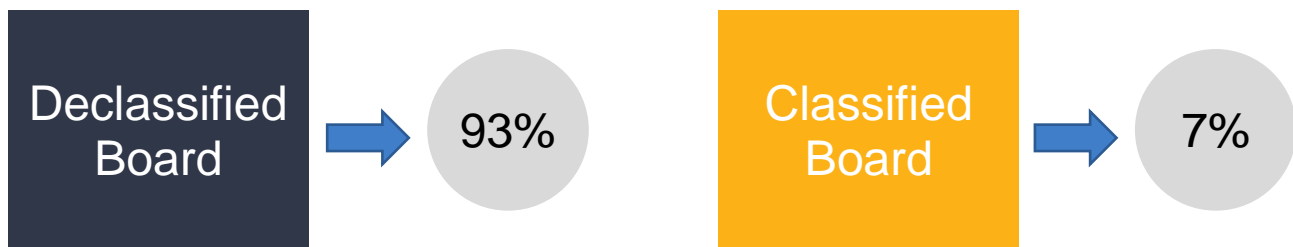
Maintaining a majority vote standard in uncontested elections continues to be a near universal practice (97% prevalence).



Of the companies with a majority standard, 86% have a mandatory resignation policy in place should a director fail to receive majority shareholder support. (Results exclude companies that employ a plurality voting standard.)

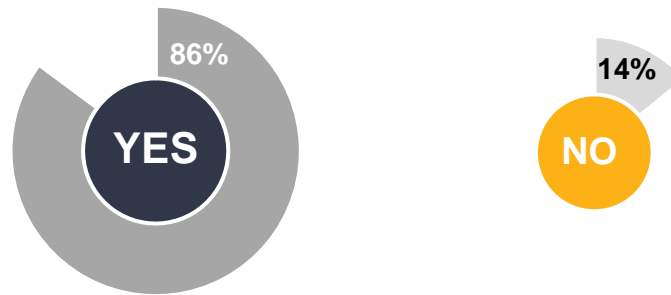


Consistent with recent surveys, 93% of Meridian 200 companies have a declassified board structure, in part due to shareholder advocacy of annual director elections for purposes of accountability and responsiveness.



## Proxy Access

A strong majority of the Meridian 200 companies (86%) have adopted proxy access bylaws. Proxy access prevalence has gradually increased the last several years (i.e., +9 percentage points since 2019).



### Meridian Comment

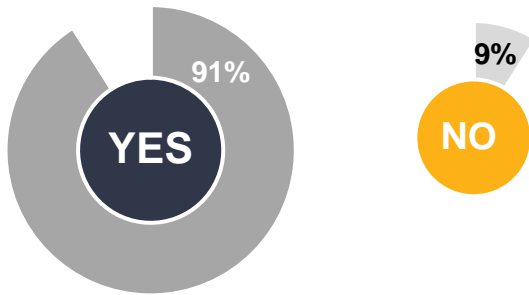
Meridian 200 companies generally continue to adopt and maintain “shareholder friendly” governance practices. Consistent with prior survey results, most Meridian 200 companies have a majority voting standard for director elections, a mandatory resignation policy if directors fail to receive majority support, a declassified board structure and proxy access bylaws.

Since we began conducting the survey in 2011, several reviewed corporate governance items – including majority voting standards and declassified board structures – have increased in prevalence by 20+ percentage points.

While actual utilization of proxy access provisions has been rare, the SEC’s 2022 introduction of the Universal Proxy Card provides a new means for entering into a proxy contest. In year 1 of the new universal proxy structure, the Harvard Law School Forum on Corporate Governance found that “[it] may be increasing the odds of at least some activist success, but it has not opened the floodgates.”

## Director Skills Matrix

The majority of Meridian 200 companies (91%) include a skills matrix in the proxy statement detailing outside directors' key areas of expertise.

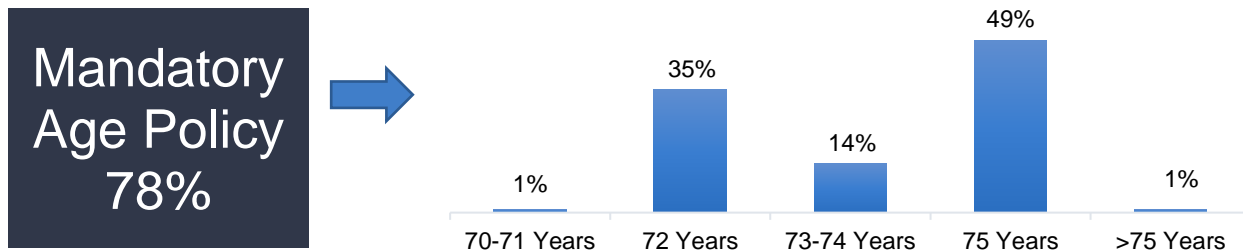


### Meridian Comment

The multi-year trend of increased director skills matrix disclosure prevalence continued in 2023 and now exceeds 90%.

## Mandatory Retirement Age

Over three-quarters of the Meridian 200 (78%) disclose a mandatory retirement age policy for board members, consistent with 2022 disclosures.



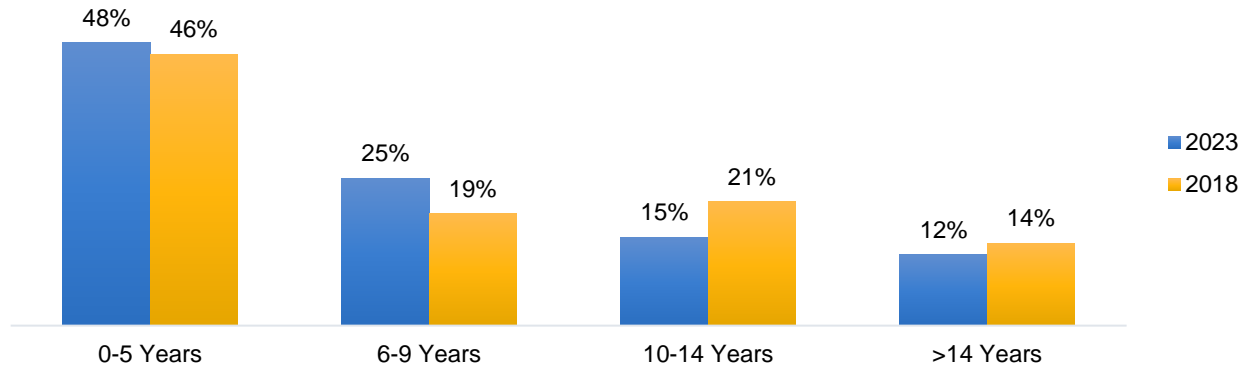
### Meridian Comment

Companies with a mandatory retirement policy typically set the retirement age between 72 and 75. Over the past several years, we have seen an increase in prevalence for an age 75 retirement definition, now maintained by nearly one-half of companies with retirement policies. Since 2020, the prevalence of age 72 definitions has decreased 10 percentage points and the prevalence of an age 75 definition has increased 11 percentage points.



## Director Tenure

The tenure of Meridian 200 independent directors is provided below. Over the last five years, the prevalence of directors with 10 or more years of service has decreased from 35% to 27%.



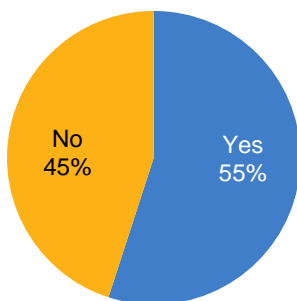
Most companies do not disclose mandatory term limits for directors.



### Meridian Comment

Despite mandatory retirement ages trending higher (i.e., age 75 instead of age 72), Boards still emphasize “refreshment.” Nearly one-half of directors have served on their respective Board for five or fewer years. Though board refreshment has become a focus, only 10% of Meridian 200 companies have gone so far as to implement mandatory term limits for directors.

## Director Overboarding Policies



### Meridian Comment

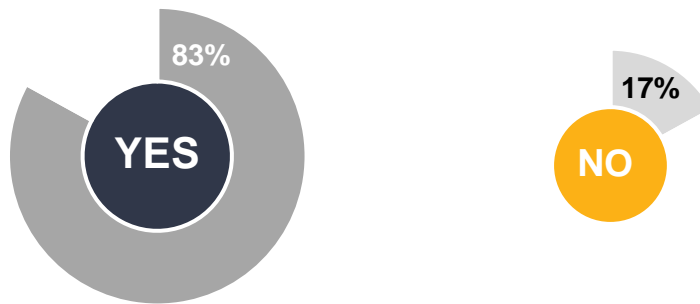
Slightly over one-half of Meridian 200 companies have adopted a director overboarding policy, limiting the number of public company board seats an incumbent may hold.

## Corporate Responsibility

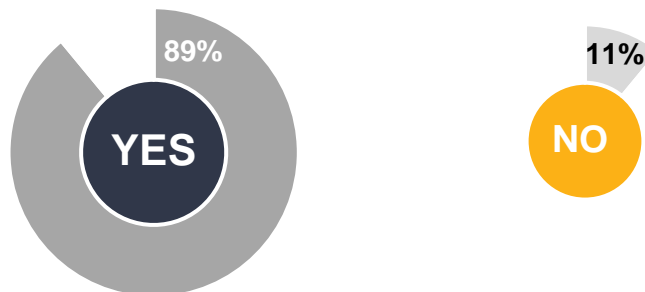
### Meridian Comment

Shareholders and proxy advisory firms continue to be interested in companies' corporate responsibility and management of environmental and sustainability risks. As the focus on these areas increase, many companies are including enhanced disclosure on environmental goals and/or referencing their separate, standalone Corporate Responsibility Report.

Eighty-three percent (83%) of the Meridian 200 currently disclose internal tracking of long-term sustainability or climate change goals.



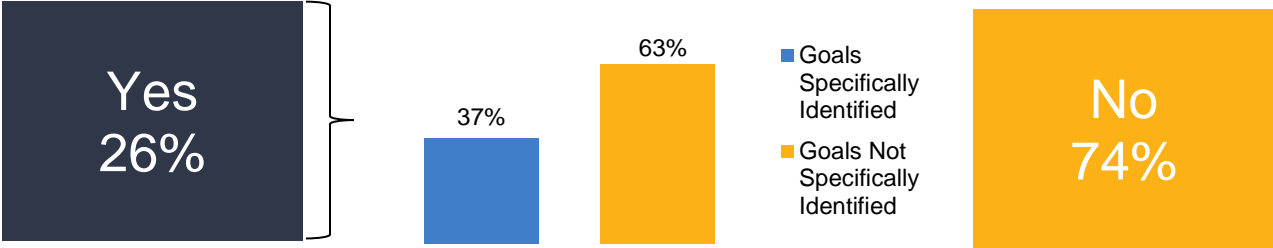
Nearly nine in 10 (89%) Meridian 200 companies referenced their annual Corporate Responsibility Report in the proxy statement.



### Meridian Comment

These reports typically include environmental achievements and future goals toward long-term sustainability initiatives. Often, these reports also include actions the company is taking to address diversity and build an inclusive culture.

Furthermore, only about one-quarter of the Meridian 200 (26%) disclose alignment with the United Nations (“U.N.”) Sustainable Development goals.



**Meridian Comment**

In 2021, Meridian began capturing whether companies disclosed alignment with the 17 distinct U.N. Sustainable Development Goals that were adopted in 2015 by U.N. Member States as part of the “2030 Agenda for Sustainable Development”. The prevalence of companies that disclose alignment with the distinct goals remained consistent with 2022 results.



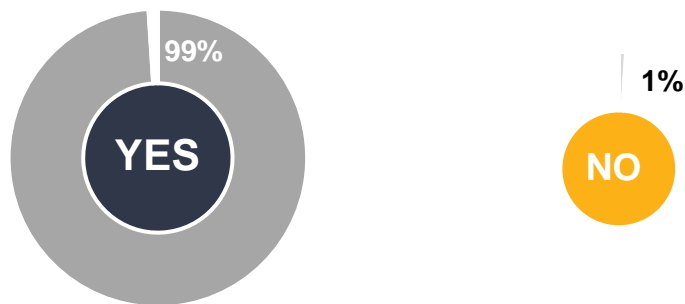
## Diversity

### Meridian Comment

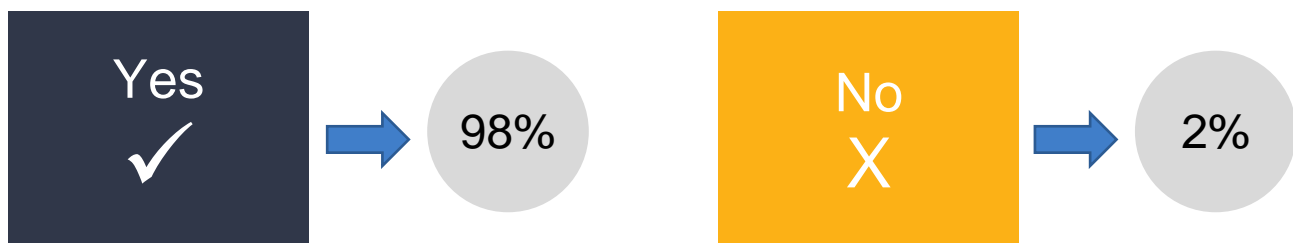
Board member gender and ethnic diversity has been a critical focal point with legislators and proxy advisory firms for more than five years. Phase Three of The New York City Pension Fund “Boardroom Accountability Project” was initiated in 2019 for public companies to adopt a policy requiring consideration of both women and people of color for every open board seat and for CEO appointments (a variation on the National Football League’s “Rooney Rule”). In 2021, the Nasdaq’s “Board Diversity Rule” was approved by the SEC, which requires companies listed on the Nasdaq U.S. exchange to disclose board diversity in the company’s proxy statement and include at least two diverse directors (a female and a director who self-identifies as an underrepresented minority or LGBTQ+) or explain why it does not meet this requirement. Additionally, absent mitigating factors, ISS now recommends an AGAINST vote for the nominating chair at companies that have no apparent ethnically diverse members serving on the board.

### Board Level

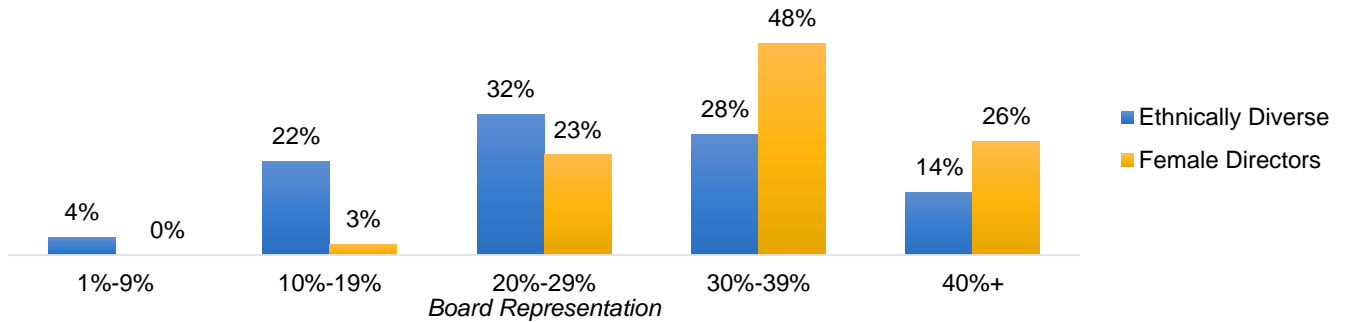
Nearly all (99%) of the Meridian 200 companies include proxy disclosures addressing current board member diversity including age, gender and/or ethnicity.



Nearly all (98%) of the Meridian 200 disclosed ethnic diversity statistics for their current board membership. In 2020, ethnic diversity statistic disclosures were a minority practice – now, nearly all Meridian 200 companies include some level of disclosure.



Representation of ethnically diverse directors and female directors continues to increase among the Meridian 200. Over 40% of companies (42%) disclosed at least 30% ethnically diverse representation. In addition, 74% of the Meridian 200 have at least 30% representation of female directors.

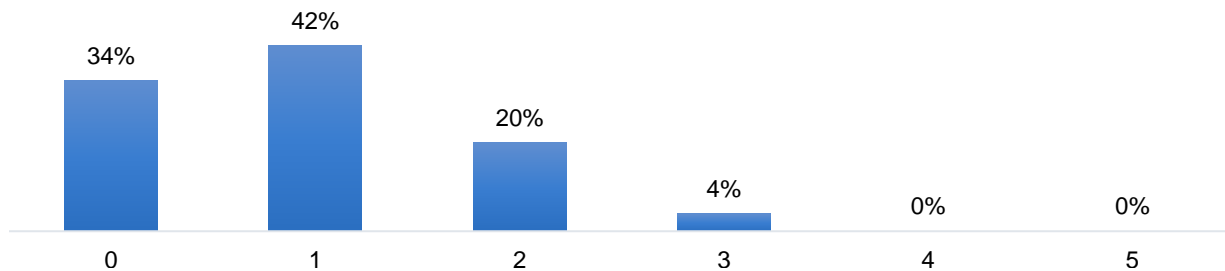


### Meridian Comment

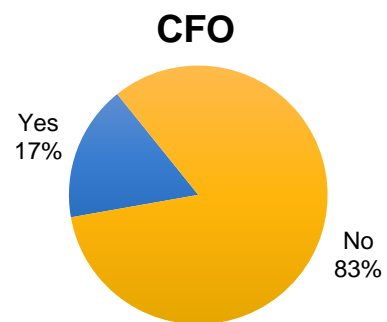
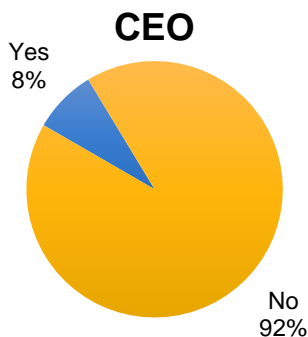
Meridian 200 companies have enhanced ethnic and gender diversity on their boards in recent years. Many boards increase diversity by simply adding a new board member to the existing board rather than waiting for a board member to retire or not stand for re-election.

### Management Level

Female representation among Named Executive Officers (NEOs) has not increased at the same rate as female board representation. 34% of Meridian 200 companies did not disclose a female NEO and only 4% disclosed that a majority of NEOs are female.

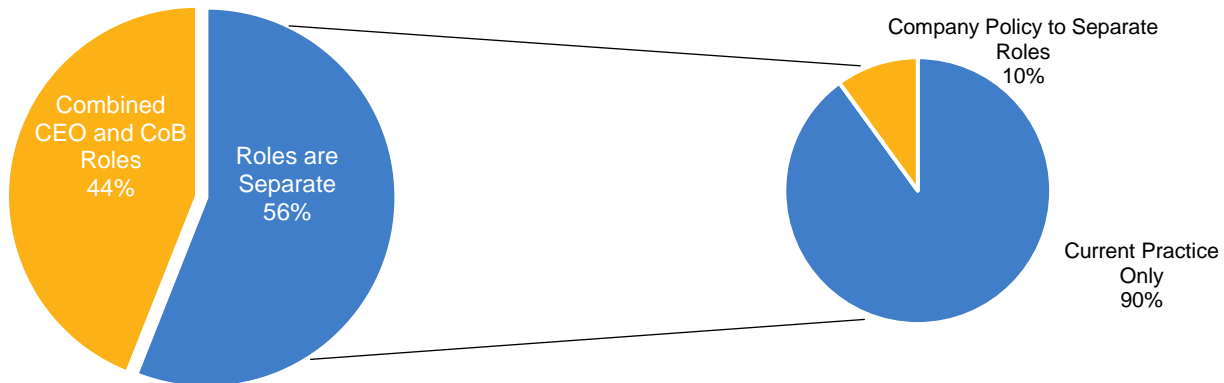


Similarly, a small minority of the Meridian 200 have a female CEO (8%) or CFO (17%).



## Board Leadership

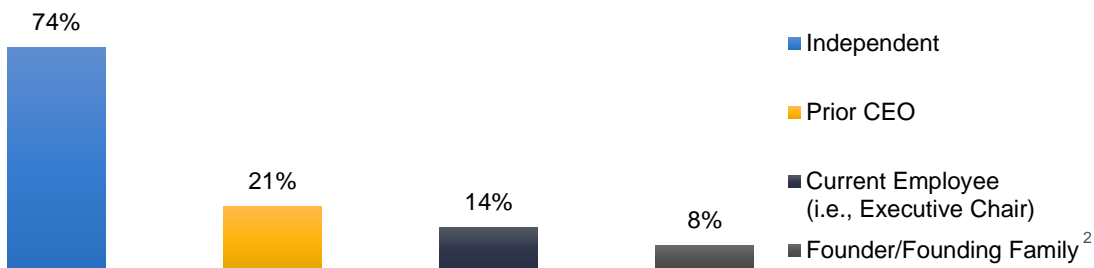
A majority of the Meridian 200 (56%) have a leadership structure in which the roles of the CoB and CEO are separate. 44% combine the two roles.



### Meridian Comment

The prevalence of separating the CoB and CEO shifted to a majority practice in 2020. Since then, Meridian has observed a gradual increase in prevalence.

## Non-CEO Board Chair Relationship to the Company<sup>1</sup>



<sup>1</sup> Incumbents may be included in multiple categories.

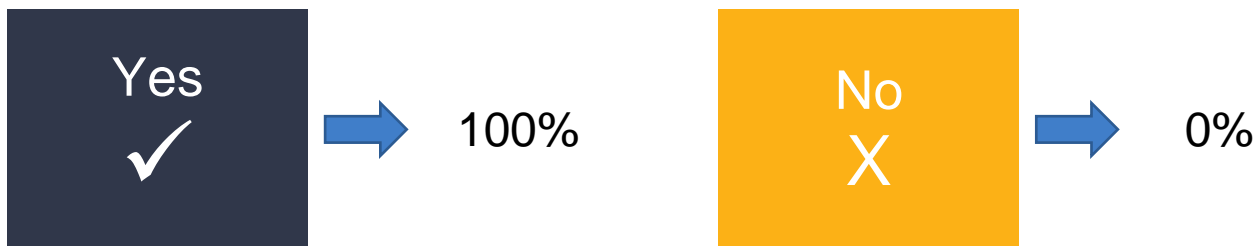
<sup>2</sup> Founding family includes 2<sup>nd</sup> or 3<sup>rd</sup> generation members of the original founder.

### Meridian Comment

Among companies separating the CEO and Chairman roles, most companies appointed an independent chair.

### Lead Director Prevalence

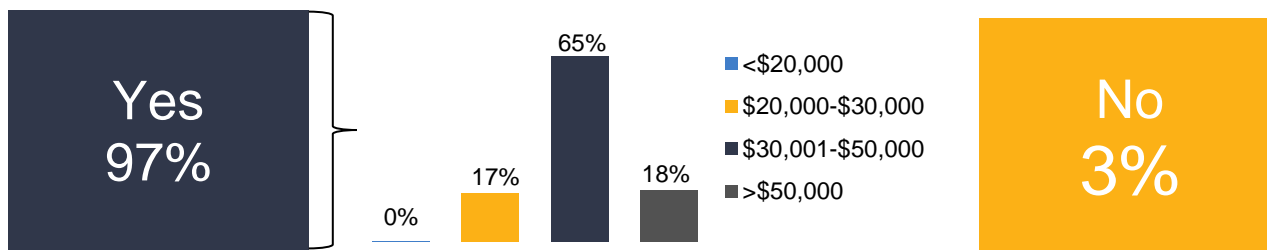
All Meridian 200 companies maintain a Lead Director position when the CoB and CEO roles are combined (Statistics below exclude companies where the CoB and CEO roles are separated.)



#### Meridian Comment

Lead Directors typically preside over meetings of the independent directors, absent a Non-Executive Chair.

A majority (97%) of Meridian 200 companies provide additional fees to designated Lead Directors. Additional annual fees are generally between \$30,000-\$50,000 (65%). (Results only include companies that pay Lead Directors additional fees.)



#### Meridian Comment

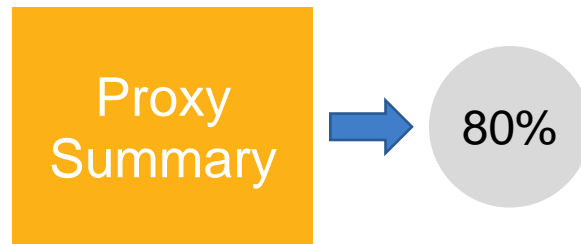
Lead Director premium fees have trended higher in recent years. The percentage of companies paying a Lead Director retainer fee more than \$30,000 has increased 39 percentage points from 44% in 2019 to 83% in 2023. In our experience, the fees for the Lead Director vary depending on actual responsibilities and time commitment, indicating a rising level of responsibility in recent years.

## Proxy Disclosure



## Executive Summary Disclosures

A majority of Meridian 200 companies include a Proxy Summary at the beginning of the full proxy statement.

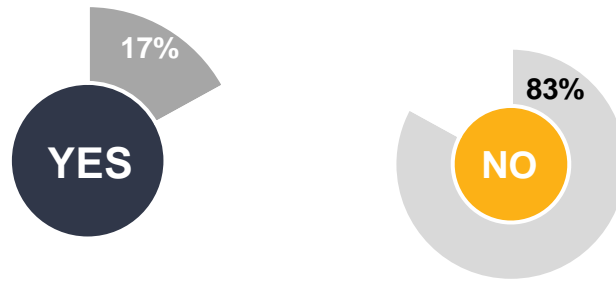


### Meridian Comment

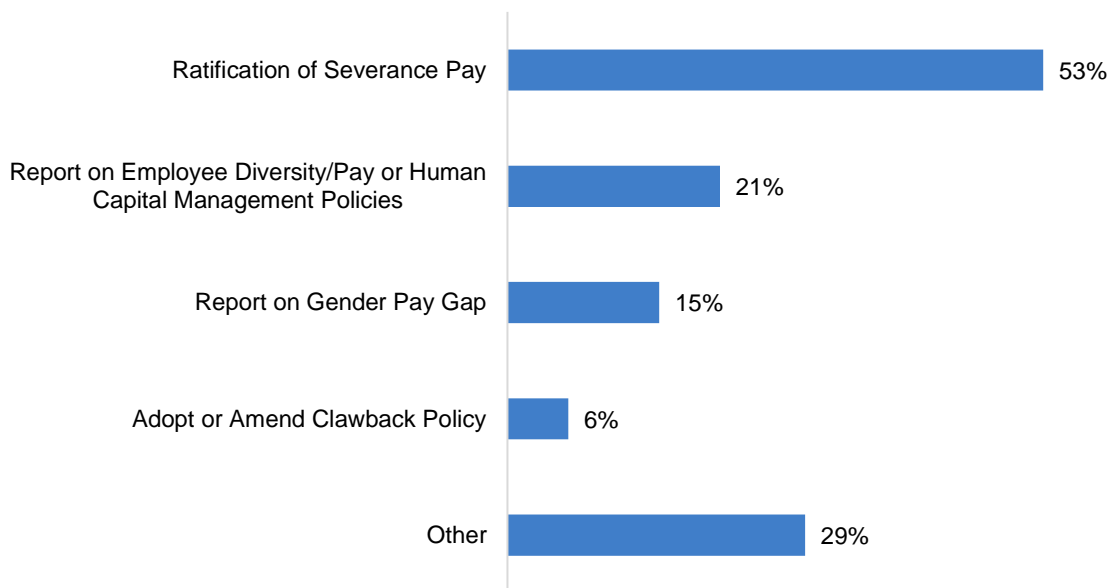
Consistent with prior years, 80% of the Meridian 200 include a proxy summary. Proxy summaries may include highlights of the company's business strategy, letters from the CEO, CoB or Committee Chairs, disclosure on board member diversity, ESG initiatives, important pay messages, financial performance highlights and/or key vote information on management and shareholder proposals.

## Shareholder Proposals

A small minority of companies received compensation-related shareholder proposals in 2023.



For those companies with a compensation-related shareholder proposal, the proposal addressed one or more of the following topics:



“Other” proposals include considering enhanced stock retention requirements for executives and adopting a policy to include legal and compliance costs in incentive metrics.

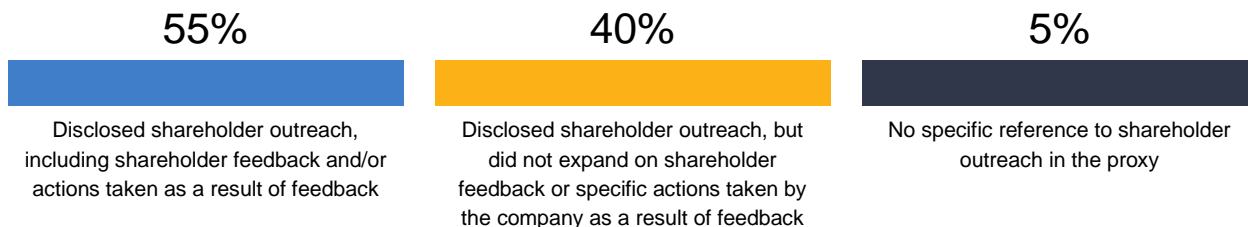
**Note:** Sum of prevalence percentages exceeds 100% as some companies received multiple compensation-related shareholder proposals.

### Meridian Comment

Compensation-related shareholder proposal prevalence increased six percentage points this year, from 11% to 17%. The most common proposal continued to be a proposal asking companies to seek shareholder approval of severance pay that exceeds a certain threshold. Most compensation-related shareholder proposals did not receive majority shareholder support in 2023.

## Shareholder Outreach Disclosures

While regular shareholder outreach has long been a common practice, public disclosure of such outreach efforts has steadily increased in recent years. The overwhelming majority (95%) of Meridian 200 companies disclosed information on shareholder engagement in the proxy statement, up 13 percentage points over the last four years.

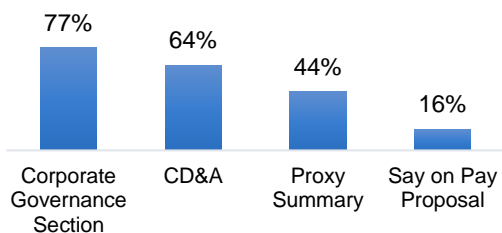


### Meridian Comment

Over one-half of the Meridian 200 (55%) provide details on the feedback received by shareholders and/or the specific actions the company has taken to address shareholder concerns. Institutional investors and proxy advisors encourage this level of detail, especially if the company received low shareholder support on the prior year Say on Pay vote.

In Meridian’s experience, disclosing details of outreach efforts can help demonstrate a company’s responsiveness to shareholders and can provide a strong rationale for compensation program decisions. Engagement disclosures typically highlight efforts to communicate directly with large institutional investors about company performance, business strategy, executive compensation, business risks (e.g., cyber security), human capital management, environmental and social issues and other corporate governance topics.

Meridian 200 companies most commonly disclose shareholder outreach efforts in the corporate governance section (77%) and/or CD&A (64%).

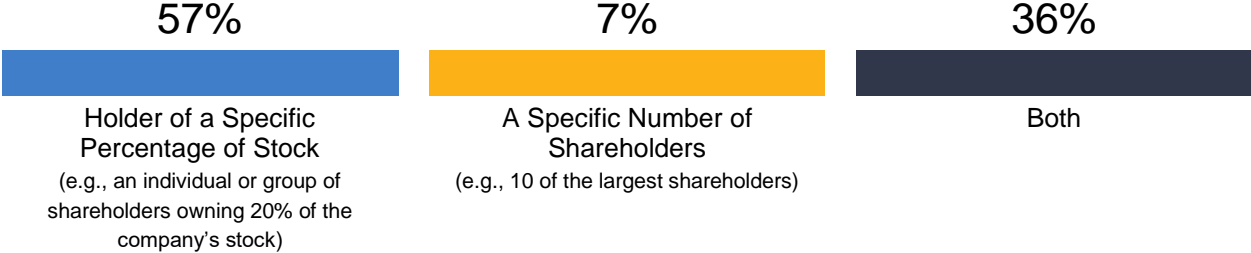


**Note:** Sum of prevalence percentages exceeds 100% due to companies that disclose shareholder outreach in multiple locations throughout the proxy.

### Meridian Comment

Disclosures vary considerably in terms of detail, content and location within the proxy. Additionally, over two-thirds (69%) of companies disclosing shareholder outreach programs discuss their efforts in more than one location within the proxy.

Over three-fourths (77%) of the companies that disclosed shareholder outreach discussed the shareholders they engaged with. Holders of a specific percentage of stock is the most prevalent category (57%).



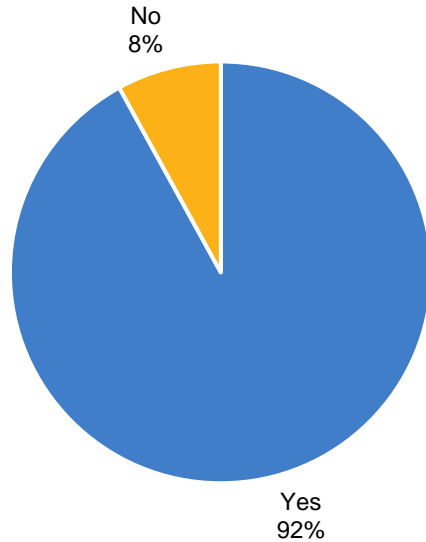
## Performance Disclosure

Most Meridian 200 companies include disclosure summarizing company performance results. Note that this is different from a comparison of pay and performance, for which prevalence data is provided on the following pages. Performance disclosures fall into two general categories:

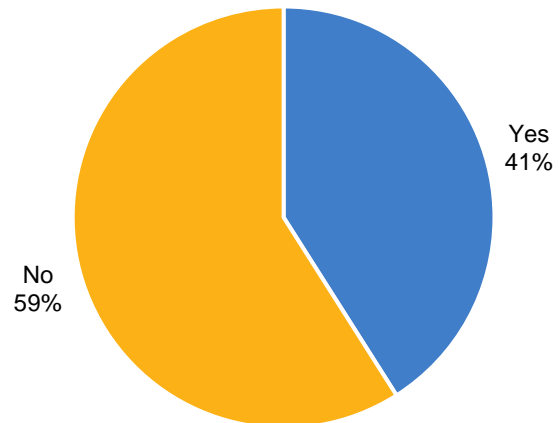
**Absolute Performance** – A disclosure solely depicting the company's financial or stock price/TSR performance (i.e., no relative comparison).

**Relative Performance** – A disclosure comparing the company's financial performance or stock price/TSR to the performance of other companies/index.

### Absolute Performance



### Relative Performance



### Meridian Comment

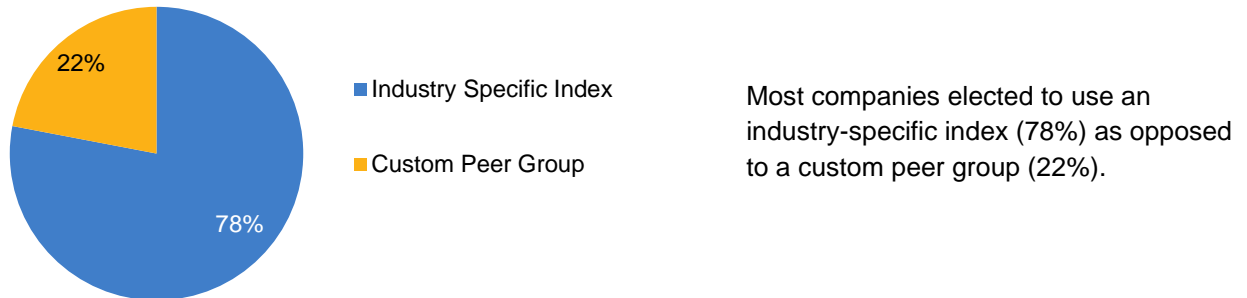
Majority of the Meridian 200 (92%) provide absolute company performance disclosures highlighting recent financial results and business achievements. Companies may provide these disclosures to demonstrate the alignment of performance outcomes and related compensation decisions.

41% of Meridian 200 companies disclose company performance on a relative basis. Relative performance disclosures most often incorporate a broad industry index (62%) such as the S&P 500 and/or an industry specific index (43%).

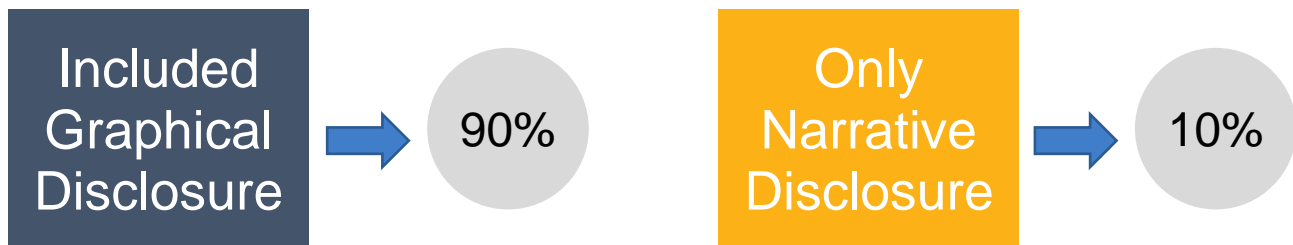
## Mandatory Pay Versus Performance Disclosures

Companies with fiscal years ending on or after December 16, 2022 were required to include the SEC’s new mandatory “Pay Versus Performance” disclosure within the proxy statement. Among other nuances, the rule requires companies to include a table comparing “compensation actually paid” (a new pay definition created by the SEC), Summary Compensation Table pay, TSR (both for the company and a peer group), net income and performance for a “company selected measure.”

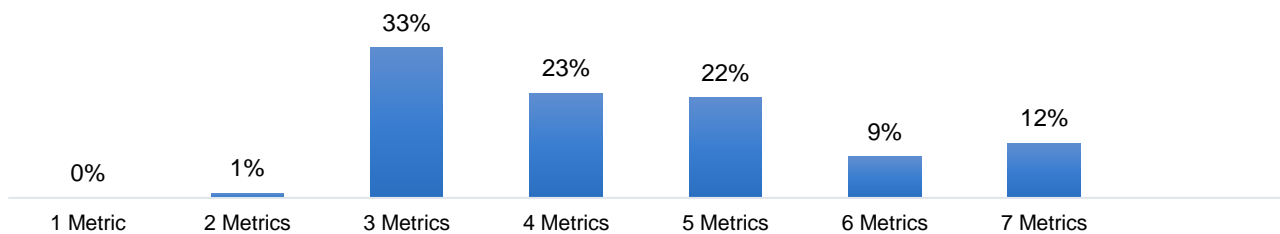
There were several disclosure decisions for issuers to make. One such decision was the peer group against which TSR performance was compared. Issuers could select from an executive compensation peer group (benchmarking or performance comparison) or the peer group/industry-specific index disclosed in its Form 10-K performance graph.



Companies were also tasked with describing the relationship between “Compensation Actually Paid” and company performance. They could make these disclosures graphically or in narrative form – companies favored graphical disclosures and supplemented with only limited narrative explanations.



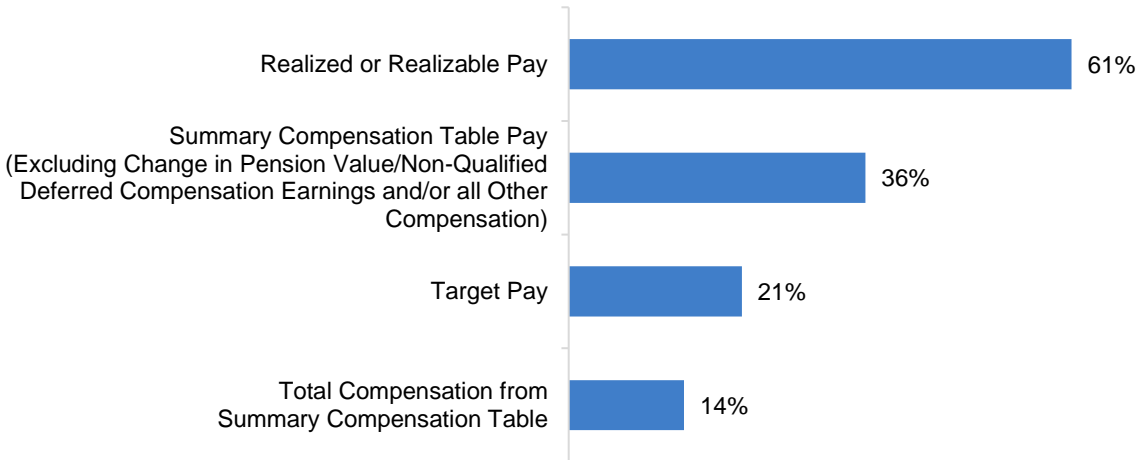
In addition to the tabular disclosure and description of relationship between “Compensation Actually Paid” and company performance, companies were required to list their 3-7 “most important” measures used to link Compensation Actually Paid in 2022 to company performance. Companies typically included 3-5 other “most important” measures.



## Volitional Pay and Performance Disclosures

Only 14% of the Meridian 200 provided additional volitional disclosure (separate from the SEC required disclosure) comparing NEO pay to company performance.

Companies that include a volitional pay and performance disclosure define pay as the following:



**Note:** Sum of prevalence percentages exceeds 100% due to companies that show multiple forms of pay in their pay and performance disclosures. Results only include companies providing disclosures comparing NEO pay to company performance.

### Meridian Comment

Beginning with 2023 proxy disclosures, most public companies were required to include the Dodd-Frank mandated “Pay Versus Performance” disclosure. Consequently, a lower proportion of Meridian 200 companies included a volitional pay and performance comparison (14% prevalence versus 20% prevalence in 2022) in the 2023 proxy.

Despite the flexibility afforded with volitional disclosures (e.g., companies can select definition of pay, definition of performance, etc.), companies may have found it unnecessary, confusing and/or redundant to include two separate pay and performance disclosures within the proxy statement.

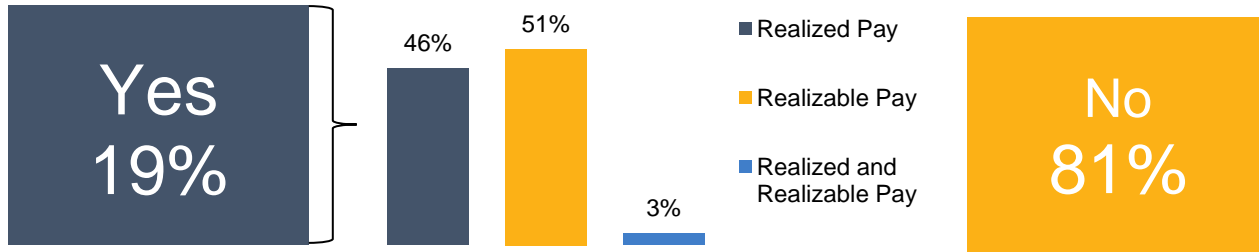
2% of Meridian 200 companies included a volitional pay and performance disclosure *within* the mandatory “Pay Versus Performance” section of the proxy. Most companies that included supplemental disclosure chose to locate it in the Compensation Discussion and Analysis.

Among companies that included a volitional pay and performance disclosure, most defined pay as realized or realizable pay.

## Realized/Realizable Pay Disclosure

Less than one-fifth of the Meridian 200 (19%) provide voluntary disclosures with alternative measurements of pay based on earned (realized) or projected (realizable) compensation. Note that in addition to pay and performance disclosures detailed on the prior page, the data below also includes pay disclosures not presented in relation to performance.

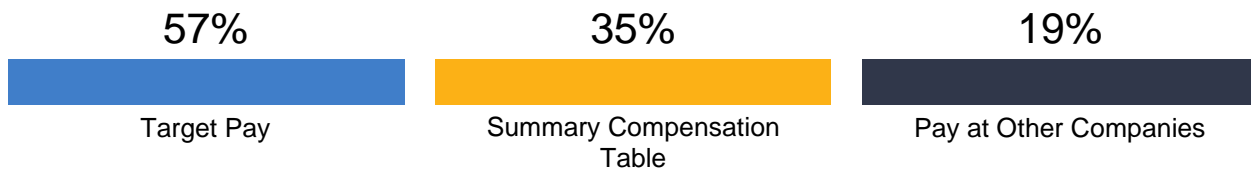
Does the company provide a realized or realizable pay disclosure? If so, how is pay defined?



Whose pay is included in the realized or realizable pay disclosure?

NEO Pay Included in Disclosure	Prevalence
CEO Only	68%
All Named Executive Officers Depicted Separately	11%
CEO and Average of Other Named Executive Officers	11%
Average of All Named Executive Officers	10%

Is realized or realizable pay compared to target pay, Summary Compensation Table pay and/or pay at other companies?



**Note:** Sum of prevalence percentages exceeds 100% due to companies that compare realized/realizable pay to multiple reference points.

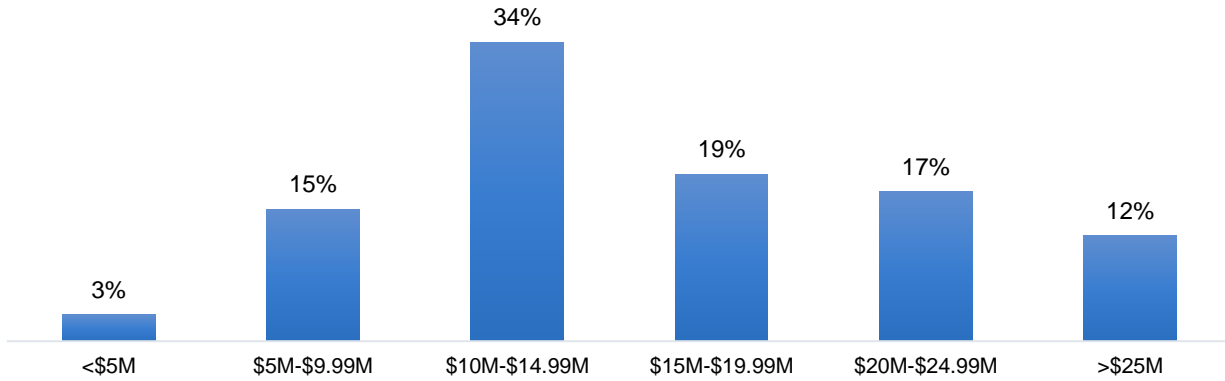
### Meridian Comment

Realized and realizable pay disclosures saw a slight decrease in prevalence this year. This is likely due in part to the decrease in volitional pay and performance disclosures, many of which used realized or realizable pay as the definition of compensation. Despite this slight decrease, reviewing realized and/or realizable pay has remained a key topic for compensation committees.

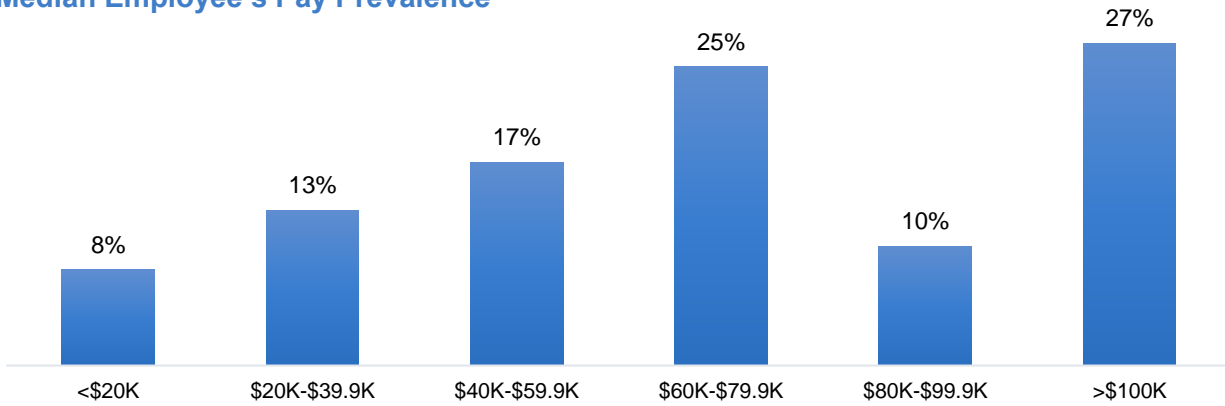


## CEO Pay Ratio

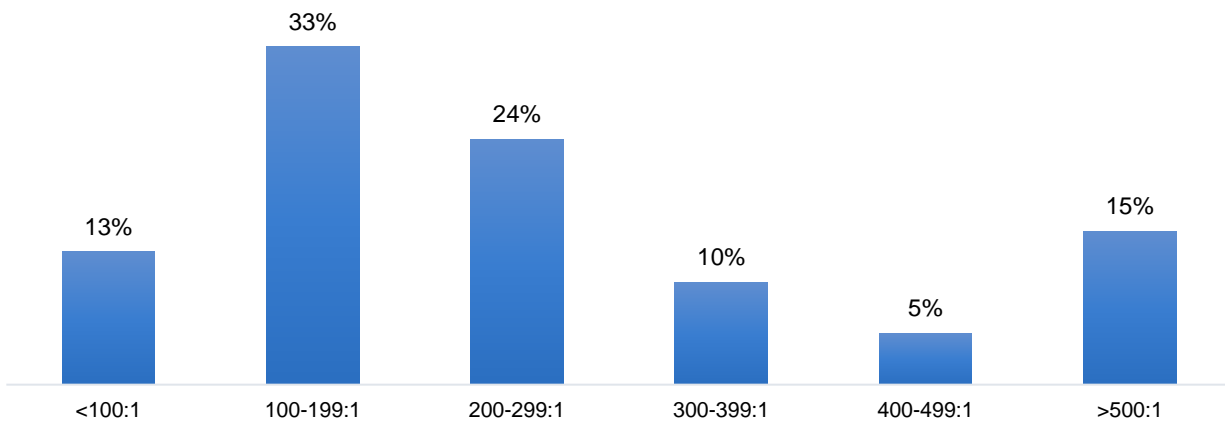
### CEO's Total Pay Levels Among Meridian 200



## Median Employee's Pay Prevalence



## CEO Pay Ratio Prevalence



## Median and Average CEO Pay Ratio by Industry

Pay Definition	Number of Companies	Median CEO Pay Ratio	Average CEO Pay Ratio ▼
Consumer Discretionary	28	484:1	691:1
Consumer Staples	26	314:1	458:1
Information Technology	18	271:1	395:1
Communication Services	11	258:1	276:1
Financials	13	200:1	274:1
Healthcare	22	250:1	267:1
Materials	16	192:1	235:1
Industrials	37	164:1	204:1
Energy	19	101:1	128:1
Utilities	10	85:1	102:1
<b>Total</b>	<b>200</b>	<b>213:1</b>	<b>328:1</b>

### Meridian Comment

The median CEO pay ratio among Meridian 200 companies is 213:1, down from 254:1 in 2022. Over the last several years, the median CEO pay ratio has remained in the low to mid 200s.

While company size (e.g., revenue, market cap, number of employees) is directionally aligned with CEO pay ratios, the largest ratios are observed across industry sectors influenced largely by economic circumstances and global workforces. Among Meridian 200 companies, Utilities have the lowest median CEO pay ratio (85:1) while the Consumer Discretionary industry sector continues to have the highest median CEO pay ratio (484:1).

## Company Policies

## Executive Equity Holdings

### Stock Ownership Guidelines

Nearly all of the Meridian 200 (99%) maintain stock ownership guidelines for their NEOs, with the “multiple of salary” structure continuing to be the predominant practice across the Meridian 200.

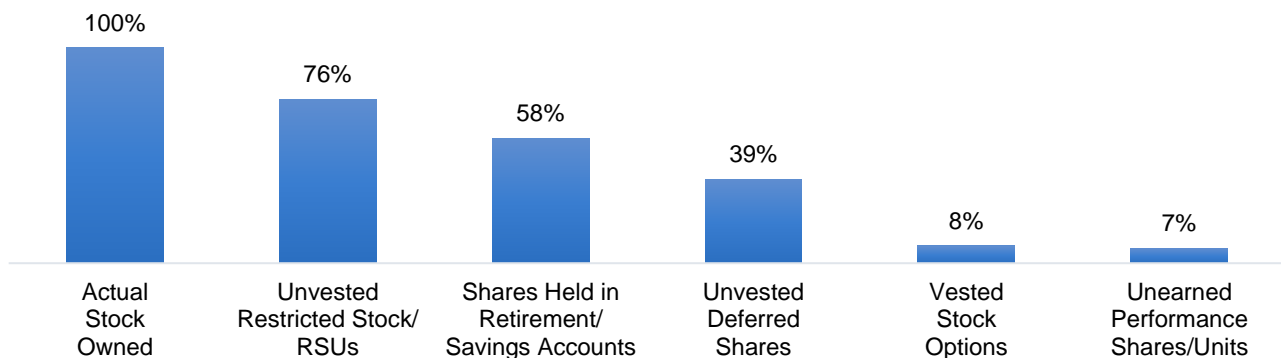
Stock Ownership Guidelines Structure	Prevalence
Multiple of Salary	97%
Number of Shares	1%
Combination of Multiple of Salary and Number of Shares <sup>1</sup>	1%
None Disclosed	1%

<sup>1</sup> Guidelines expressed both as a multiple of salary and a number of shares most often require executives to achieve the lesser of a multiple of salary or a specific number of shares.

The average CEO multiple remained consistent with 2022 results – 6.7x base salary. The most prevalent multiple for the Highest and Lowest Paid non-CEO NEO continues to remain at 3.0x base salary. The table below discloses the average and most prevalent multiple of salary among the Meridian 200.

Multiple of Salary Level	CEO	Highest NEO Multiple	Lowest NEO Multiple
Average	6.7x	3.7x	3.2x
Most Prevalent	6.0x	3.0x	3.0x

The following are defined as “stock” for purposes of achieving stock ownership guideline requirements. (*Prevalence only includes companies that disclose a definition of “stock.”*)



### Meridian Comment

Few companies count vested stock options and unearned performance shares/units toward ownership guideline requirements (8% and 7%, respectively). Under current ISS policy, companies do not receive credit for having executive stock ownership guidelines if its guidelines allow for: (i) the inclusion of unearned performance awards, or (ii) unexercised options (or any portion thereof, such as the current “in-the-money” value) toward meeting the guidelines.

Approximately three-fourths of the Meridian 200 (76%) have a timing requirement to meet ownership guidelines, with five years being the most prevalent. Nearly one-quarter (24%) have a holding requirement in place in lieu of specific timing requirements (see additional details below).



### Holding Requirements

The holding requirement structures are defined as:

- **Hold Until Met** – Requires an executive to retain a specified percentage of shares received from vested/earned share-based awards or exercised options, until ownership guidelines are fully achieved.
- **Hold Only if Non-Compliant** – Requires an executive to retain a specified percentage of shares received from vested/earned share-based awards or exercised options if the ownership guidelines are not met within the allotted timeframe or if an executive falls out of compliance.
- **Hold Until Retirement** – Requires an executive to retain a specified percentage of shares received from vested/earned share-based awards or exercised options until employment ends.
- **Holding Requirement Always in Place** – Requires an executive to retain a specified percentage of shares received from vested/earned share-based awards or exercised options for a specific period of time regardless of whether ownership guidelines are achieved (e.g., hold for one-year post-vesting).

Seventy percent (70%) of the Meridian 200 disclose the use of a stock holding requirement in addition to or in lieu of a required stock ownership level.



If the company discloses a holding requirement, how is it structured?

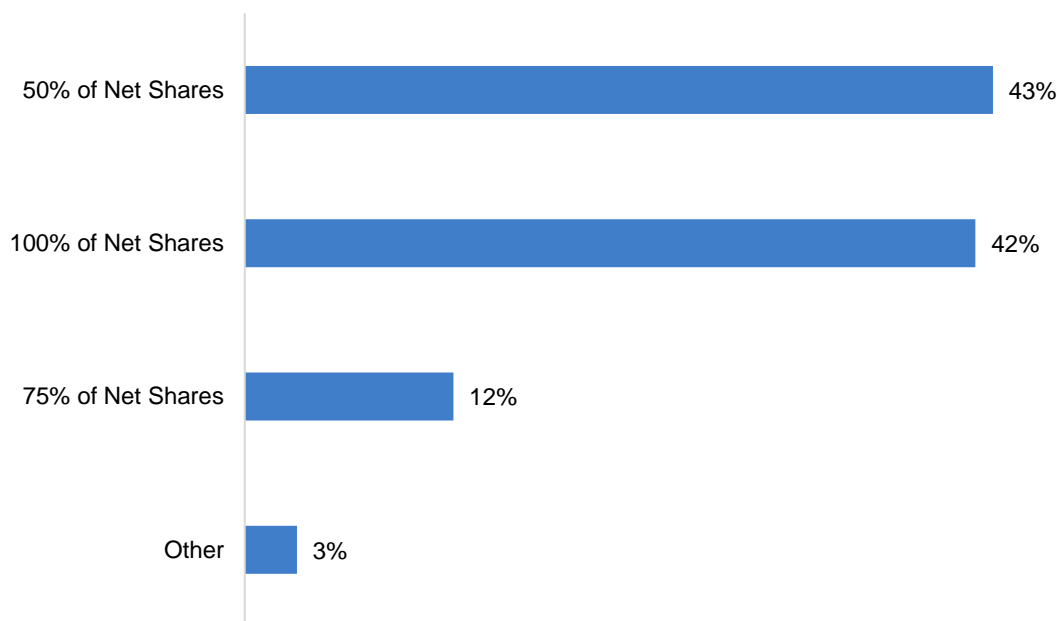
Holding Requirement Structure	Prevalence Among the Meridian 200 <sup>1</sup>	Prevalence Among Companies with a Holding Requirement <sup>2</sup>
Hold Until Met	57%	81%
Holding Requirement Always in Place	5%	7%
Hold Only if Non-Compliant	11%	15%
Hold Until Retirement	3%	4%

<sup>1</sup> Sum of prevalence percentages exceeds holding requirement prevalence (70%) since companies may have multiple holding requirements.

<sup>2</sup> Sum of prevalence percentages exceeds 100% since companies may have multiple holding requirements.

### Hold Until Met Requirement

As noted above, the most common stock holding requirement structure is “Hold Until Met.” The chart below illustrates the percentages of “net of tax” shares that must be held by an executive with a Hold Until Met requirement.

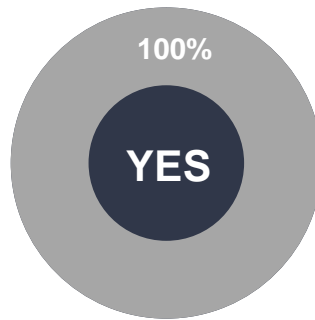


### Meridian Comment

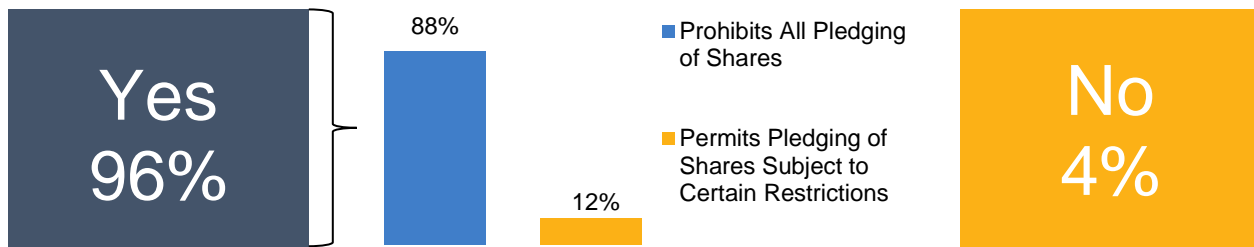
Holding requirement prevalence and design have remained consistent over the past several years. A strong majority of companies with “Hold Until Met” requirements specify that either 50% (43%) or 100% (42%) of net shares should be held. Few Meridian 200 constituents have adopted a holding policy requiring participants to hold shares after the ownership guidelines are met (e.g., “hold until retirement” or “holding requirement always in place”).

## Anti-Hedging and Anti-Pledging Policies

All Meridian 200 companies disclosed the existence of an anti-hedging policy.



A significant majority of Meridian 200 companies disclosed the existence of an anti-pledging policy.



### Meridian Comment

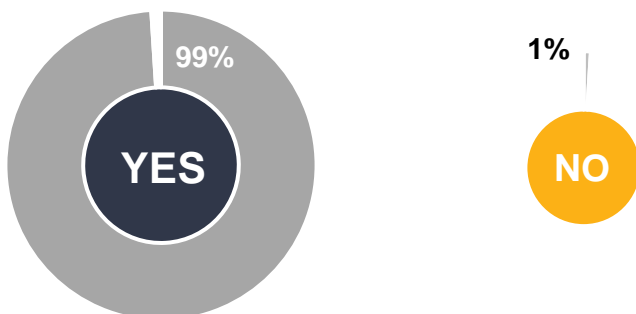
Consistent with 2022, all Meridian 200 companies disclosed an anti-hedging policy.

Nearly all of the Meridian 200 (96%) also disclose the existence of an anti-pledging policy. Among companies that have adopted anti-pledging policies, 88% prohibit all pledging of shares, while the remaining 12% permit pledging of shares subject to certain restrictions (e.g., approval by the board).

## Recoupment (Clawback) Policies

Note that the information in this section captures the design of discretionary policies, not the Dodd-Frank mandatory clawback policies.

Almost all of the Meridian 200 (99%) disclose a clawback policy.



## Clawback Triggers

### Financial Restatement

Only Triggered Upon Fraud/Misconduct

Fraud or Misconduct Not Required (i.e., "No Fault")



### Ethical Misconduct Absent a Financial Restatement

(includes criminal, fraudulent and/or illegal misconduct or violation of company policy)



### Violation of Restrictive Covenant(s)

(includes non-compete, non-solicitation, non-disclosure, non-disparagement, etc.)



### Reputational Risk



### Failure to Supervise



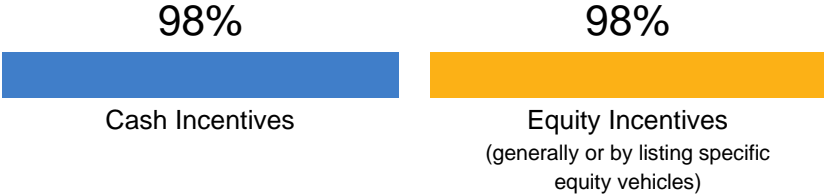
**Note:** Sum of prevalence exceeds 100% since a company's clawback may be triggered by more than one event.

Who is covered under the company's clawback policy?

Roles	Prevalence
Current Key Executives (e.g., Section 16 Officers)	58%
All Incentive (Annual and/or Equity) Plan Participants	26%
Current and Former Key Executives (e.g., Section 16 Officers)	12%
Current Named Executive Officers Only	4%



Strong majority practice is to include both cash and equity incentives under a company’s clawback policy.



**Meridian Comment**

Clawback policies are disclosed by 99% of the Meridian 200. Clawback policy disclosure has become more robust, with companies providing detailed information on triggers, covered employees and applicable compensation elements.

High-profile media coverage of events that have harmed company reputations and shareholder value without a financial restatement have contributed to the trend toward more robust disclosure and more stringent policies. As a result, triggering events such as “reputational risk” and “failure to supervise” are increasing in prevalence (23% and 7%, respectively), though remain a minority practice. Additionally, encouraged by investors and proxy advisors, companies have given boards increased leverage to recoup compensation. Companies are also adding administrative provisions outlining the duties and powers of the compensation committee and/or board in overseeing the clawback policy.

All the clawback-related information in this survey focuses on existing policies prior to the approval of the Dodd-Frank mandatory clawback policy, which is described in further detail below.

On June 9, 2023, the Securities and Exchange Commission approved the New York Stock Exchange and Nasdaq proposed amendments to their respective listing standards, which require listed companies to adopt and implement a mandatory compensation clawback policy.

The SEC’s approval comes nearly 13 years after the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which directed the SEC to write rules on the mandatory clawback requirement.

The SEC-approved listing standards are effective October 2, 2023. As a result, NYSE- and Nasdaq-listed companies must adopt and implement a Dodd-Frank compliant mandatory clawback policy no later than December 1, 2023. The policy must apply to incentive-based compensation “received” by executive officers on, or after, October 2, 2023.

Policies adopted prior to the Dodd-Frank mandatory clawback policy were generally discretionary policies, meaning that boards had the right to recoup compensation but were not required to do so. The Dodd-Frank mandated policy *requires* boards to recoup pay when triggered.

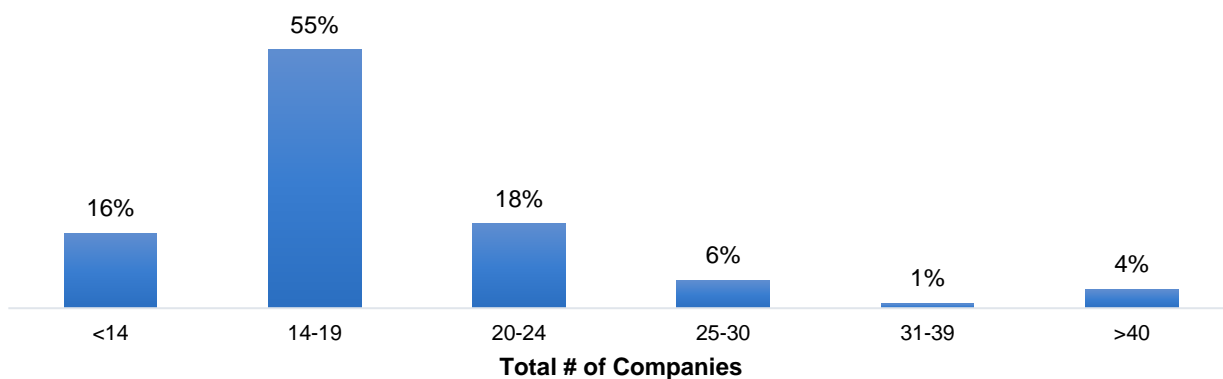


## Peer Groups

Nearly all (97%) of the Meridian 200 disclose the use of at least one custom benchmarking peer group.

Number of Peer Groups	Prevalence
One Custom Peer Group	90%
Two Custom Peer Groups	7%
N/A – Company Does Not Disclose any Benchmarking Peer Groups	3%

It is considered good governance for companies to have a robust peer group, generally comprised of 15-25 companies. The graph below displays the *total* companies used in custom compensation benchmarking peer group(s). **Note:** *The total is based on all companies used in the custom benchmarking peer group(s) that are disclosed.*



### Meridian Comment

Companies generally select peer groups based on multiple criteria including revenues, assets, market capitalization, industry segment, complexity, geographic reach, performance, competitors for talent and competitors for investors.

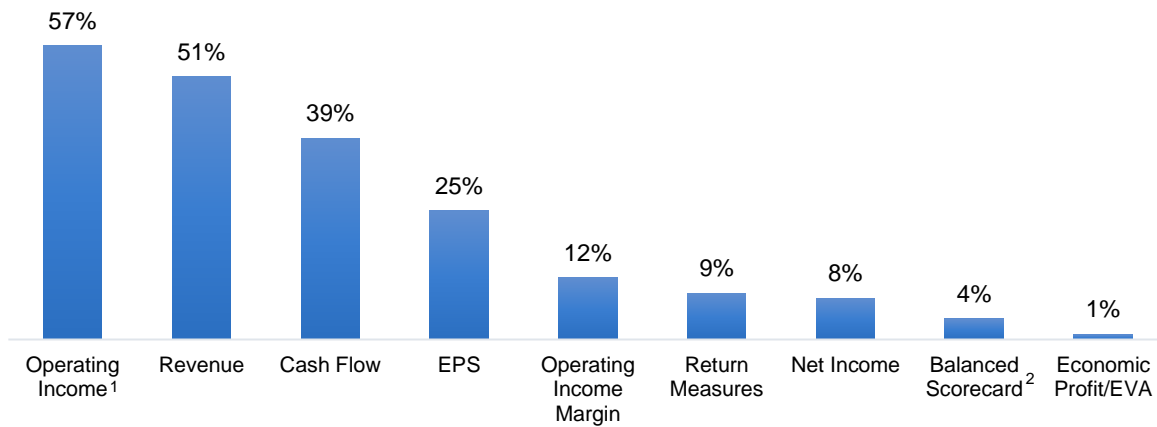
Nearly three in four companies (73%) have at least one custom benchmarking peer group comprised of between 14 and 24 companies; the average Meridian 200 peer group includes 19 companies.

Peer groups are often used for benchmarking executive and director pay levels, incentive plan design practices and share utilization. In addition, many companies use custom peer groups for relative performance comparisons, even if not formally part of incentive plan designs. Compensation committees and outside observers continue to focus closely on peer groups given the influence benchmarking studies may have on a company's pay practices and compensation levels. We recommend that companies annually evaluate their peer group(s) for continued appropriateness and be aware of the policies and perspectives of shareholder advisory groups such as ISS and Glass Lewis.

# Annual Incentive Plan Design Practices

## Annual Incentive Plan Metrics

### Financial Metrics Used to Determine Annual Incentive Plan Payouts



<sup>1</sup> Includes EBIT, EBITDA, Operating Income, Pre-Tax Income, etc.

<sup>2</sup> Represents the prevalence of companies with 5 or more financial metrics in their annual incentive plan

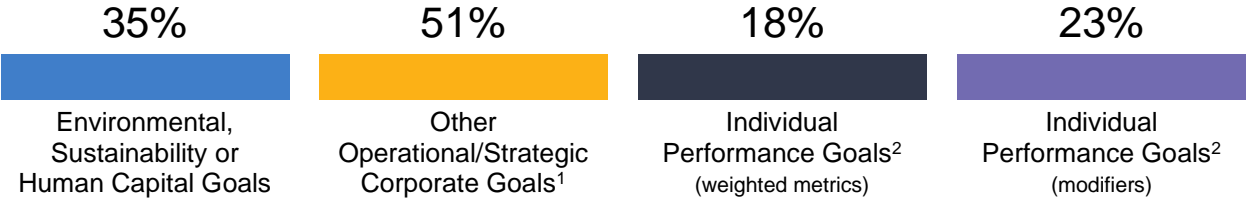
#### Meridian Comment

The most prevalent annual incentive plan metrics used by Meridian 200 companies continue to be Operating Income, Revenue, Cash Flow and EPS, although exact metric prevalence varies by industry. The prevalence of each of the metrics remained generally unchanged in this year's study, though return measures declined by 3 percentage points (12% to 9%).

Earnings-based measures (e.g., Operating Income, EPS or Net Income) continue to be the predominant metric in annual incentive plans, with a strong majority of companies (85%) including an earnings measure in their plan. Revenue is used by a majority of companies, while cash flow metrics remain a strong minority practice.

## Operational and Individual Metrics

Most companies (80%) also incorporate operational goals, strategic goals and/or individual performance objectives in their annual incentive plans, typically as supplements to the financial metrics.



<sup>1</sup> Not related to environmental, sustainability or human capital topics

<sup>2</sup> Performance goals that are established separately for each executive

**Note:** Sum of prevalence percentages exceeds 100% due to companies that include multiple types of non-financial metrics

### Meridian Comment

Most companies continue to incorporate operational/strategic corporate goals into the annual incentive plan. In this year’s survey, we reviewed environmental, sustainability and human capital measure prevalence and found that 35% of Meridian 200 companies incorporated an annual incentive plan metric focusing on of those topics. The use of individual performance goal modifiers and weighted individual performance goals remained consistent with prior year results.



## Annual Incentive Performance Curves

The threshold and maximum performance requirements (as a percentage of the target goal) for companies using five of the financial metrics identified in the chart above is provided below.

Financial Metrics	Threshold Performance Goal as a Percent of Target (Median Values)	Maximum Performance Goal as a Percent of Target (Median Values)
EPS/Net Income	90%	110%
Operating Income	85%	113%
Revenue	95%	105%
Return Measures	85%	115%
Cash Flow	83%	115%

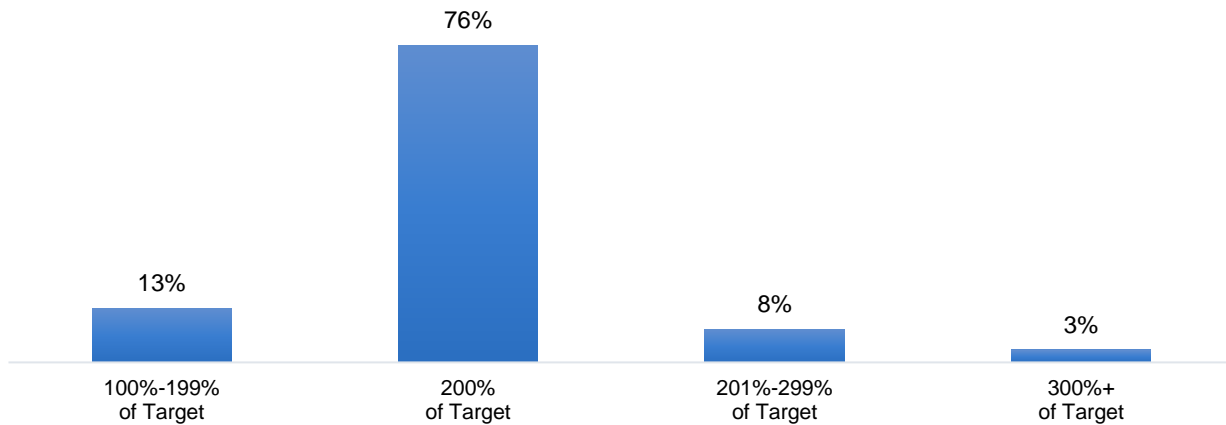
### Meridian Comment

The median threshold and maximum performance goals as a percentage of target remained largely consistent with prior year’s survey results. In setting threshold and maximum performance goals, the Meridian 200 typically develop a tighter performance range for revenue goals than for other financial metrics, reflecting the better line of sight for management to achieving performance goals that are further up the income statement. While market results are informative, in our experience other factors typically influence the structure of performance goal ranges. These factors include internal budget/performance expectations, investor expectations and company-specific factors (e.g., pay philosophy, capital structure, performance, volatility).

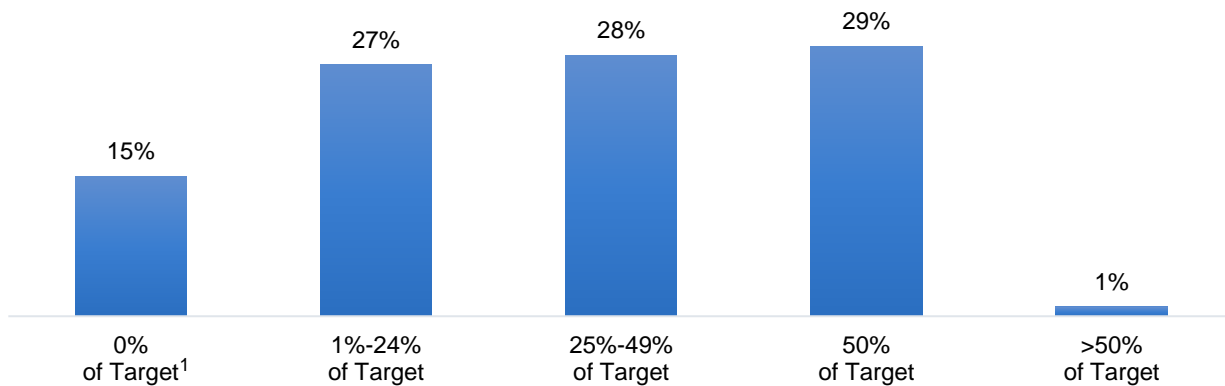


## Payout Curves (Leverage)

### Maximum Potential Payout (as a Percent of Target)



### Threshold Payout (as a Percent of Target)



<sup>1</sup> Payouts start at \$0 for threshold level performance.

### Meridian Comment

The most prevalent annual incentive maximum payout opportunity among the Meridian 200 continues to be 200% of target (76%) and nearly all Meridian 200 companies (99%) set threshold payout opportunity at or below 50% of target.

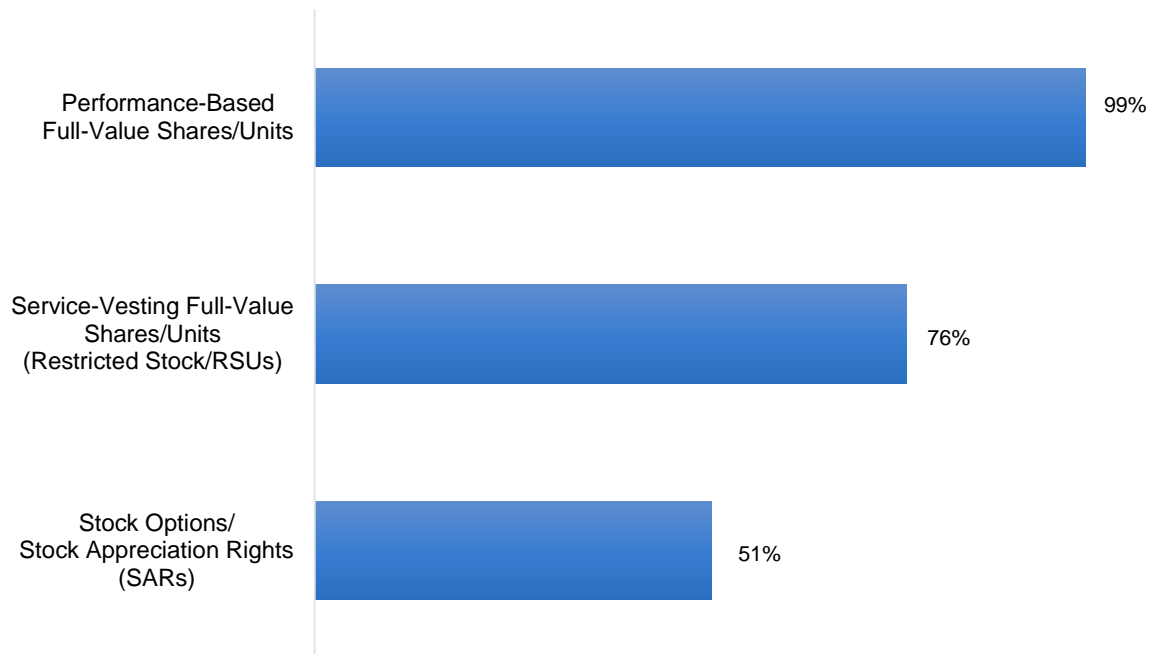
Exact threshold payout opportunities are varied. Setting an overall plan payout threshold of 50% of target is common, but a similar proportion of companies set the total plan threshold payout between 25%-49% or 1%-24%. Numerous companies (15%) interpolate payouts all the way down to 0% (i.e., performance just above threshold earns a \$1 payout).

# Long-Term Incentive Plan Design Practices



## Vehicle Use and Mix

### Prevalence of LTI Vehicles at the NEO Level

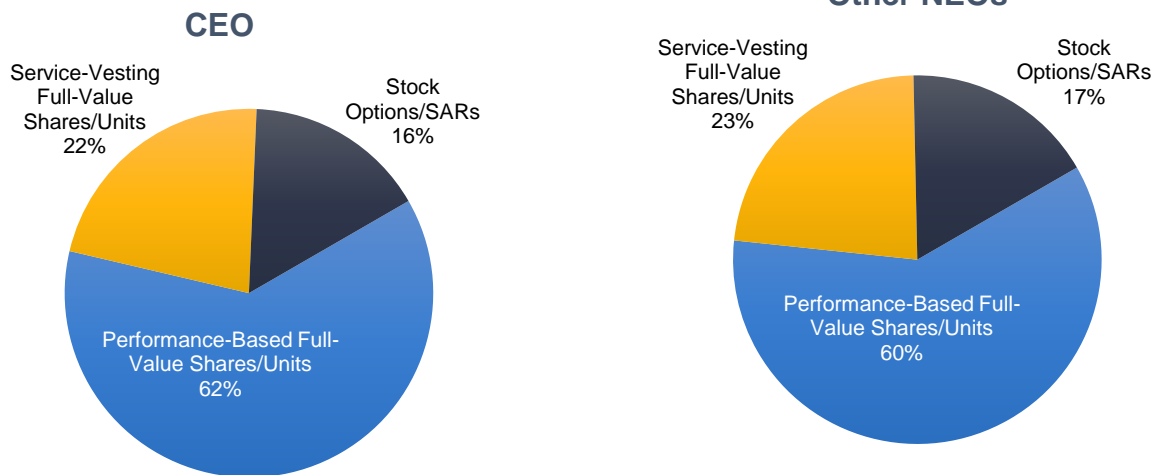


#### Meridian Comment

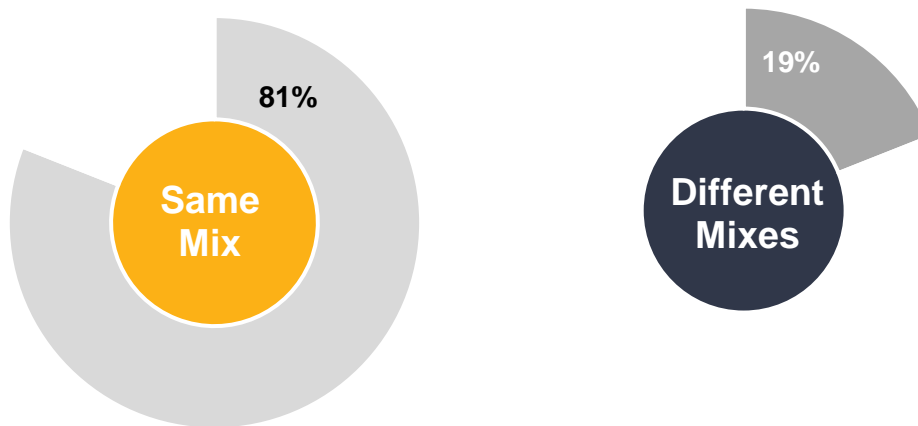
A majority of companies (58%) grant two LTI vehicles annually, 37% grant three or more LTI vehicles annually while only 5% grant one vehicle.

It is a near universal practice among Meridian 200 companies (99%) to grant performance-based full value shares/units, likely in support of a pay-for-performance approach to executive pay. Service-vesting full-value shares (i.e., restricted stock and restricted stock units) are also very common (76%). Stock options, the least prevalent major award type, are still used by approximately one-half of Meridian 200 companies (51%).

## Stated LTI Mix (Based on Value)



For most companies (81%), the stated LTI mix is consistent between the CEO and other NEOs.



### Meridian Comment

Since 2012, performance-based vehicles have comprised at least 50% of total LTI value. The stated LTI mix remains generally consistent with prior year results.

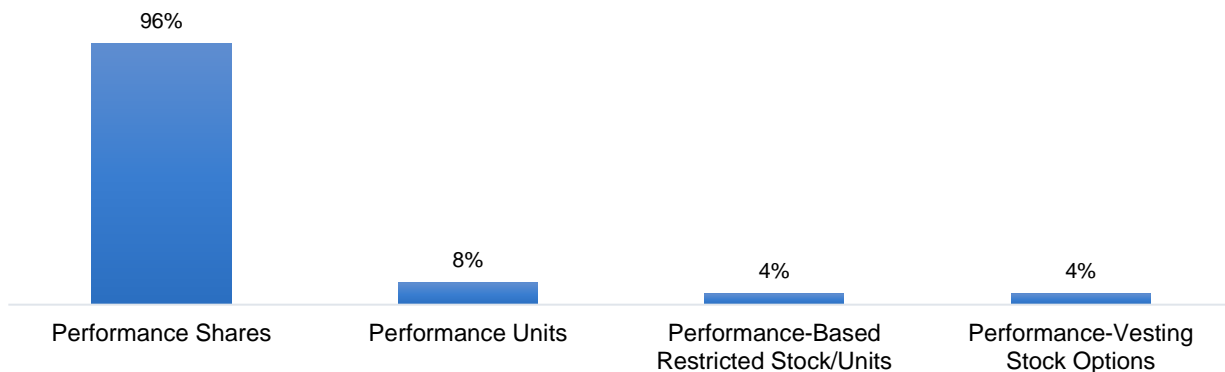
## Performance-Based Long-Term Incentives

### Performance-Based Vehicle Use

Meridian 200 companies incorporate several different types of performance vehicles within the LTI mix, though performance shares are the most prevalent.

The performance-based vehicles are defined as:

- **Performance Shares** – A performance-based award with the same value as a share of company stock that provides a range of potential payouts depending on achievement against goals.
- **Performance Units** – A performance-based award that assigns a notional value (e.g., \$1) to each unit that is not related to the value of a share of company common stock, provides for a range of potential payouts depending on the achievement against goals and is typically paid out in cash.
- **Performance-Based Restricted Stock/Units** – A performance-contingent equity award with no upside payout opportunity (i.e., maximum payout that can be earned is 100% of target).
- **Performance-Vesting Stock Options** – A performance-based stock option award that vests contingent on performance and may offer a range of potential payouts depending on achievement against goals.



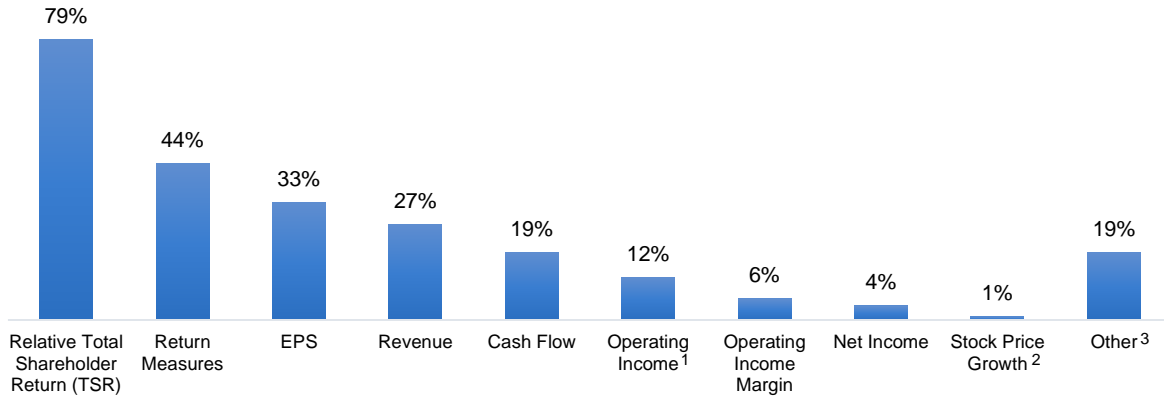
*(Total exceeds 100% as some companies grant more than one type of performance award.)*

### Meridian Comment

Nearly all of the Meridian 200 (96%) companies denominate performance-based vehicles in shares rather than dollars. Companies generally prefer the use of shares to cash as a currency for long-term incentives for several reasons, including: shareholder alignment, additional leverage from stock price growth, compliance with ownership guidelines (most often after the performance cycle has completed), conservation of cash and favorable accounting treatment.

**Note:** *The rest of this section refers solely to performance-based full value share/unit awards (i.e., not performance-vesting stock options).*

## Financial Metrics Used to Determine Performance-Based Award Payouts



<sup>1</sup> Includes EBIT, EBITDA, Operating Income and Pre-Tax Income

<sup>2</sup> Stock Price Growth includes absolute TSR (stock price appreciation + dividends) performance metrics

<sup>3</sup> "Other" includes metrics such as: Economic Value Added (EVA), Economic Profit and operational goals

### Meridian Comment

Relative TSR remains the most prevalent long-term incentive metric (79%) and has a higher prevalence than earnings-based metrics (e.g., EPS, Operating Income or Net Income) combined. Relative TSR measures come in two forms: a discrete weighted metric or a performance modifier (discussed in more detail on the following pages). Among other factors, Relative TSR remains popular because it provides a clear direct link to share price performance without requiring multi-year financial forecasting and target-setting. Relative TSR is also a primary driver of pay and performance testing models for the leading proxy advisory firms.

## Long-Term Incentive Performance Curves

The threshold and maximum performance requirements (as a percentage of the target goal) for companies using the five financial metrics identified is provided below.

Financial Metrics	Threshold Performance Goal as a Percent of Target (Median Values)	Maximum Performance Goal as a Percent of Target (Median Values)
EPS/Net Income	91%	109%
Operating Income	88%	111%
Revenue	95%	105%
Return Measures	88%	118%
Cash Flow	86%	117%

## Goal Setting

Most companies set multi-year goals to determine performance-based award payouts.

Goal Setting Approach	Prevalence <sup>1</sup>
Multi-Year Goals (e.g., 3-year cumulative TSR or EPS)	91%
Multiple 1-Year Goals over Performance Period with Goals set Annually	8%
Multiple 1-Year Goals over Performance Period with Goals set at the Beginning of the Performance Period	4%
1-Year Goals with Additional Service Vesting	3%

<sup>1</sup> Sum of prevalence exceeds 100% as companies may set goals differently for different performance metrics

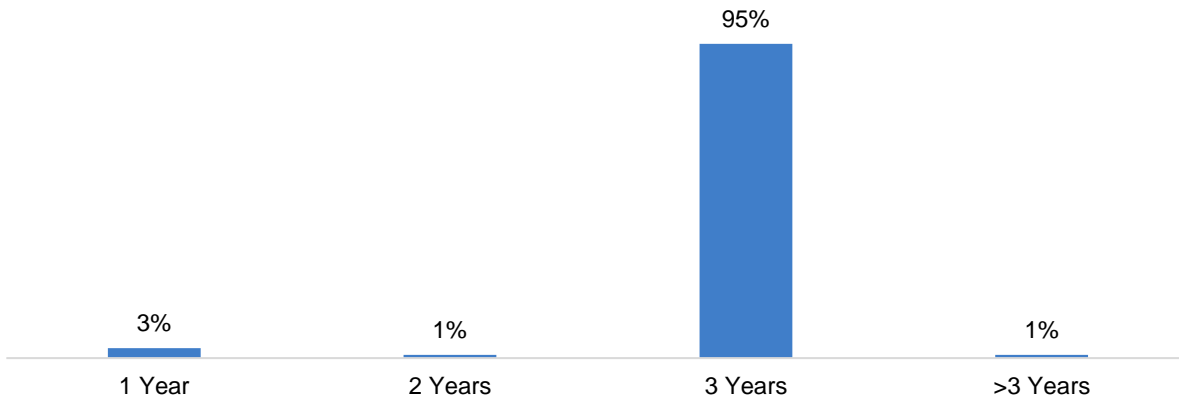
### Meridian Comment

Median long-term goal ranges are set similarly to the annual incentive plan goals. Revenue goals tend to have a tighter performance range from threshold to maximum. As with annual incentive plans, market prevalence is only one input to setting the performance range (i.e., a variety of other factors are typically considered).

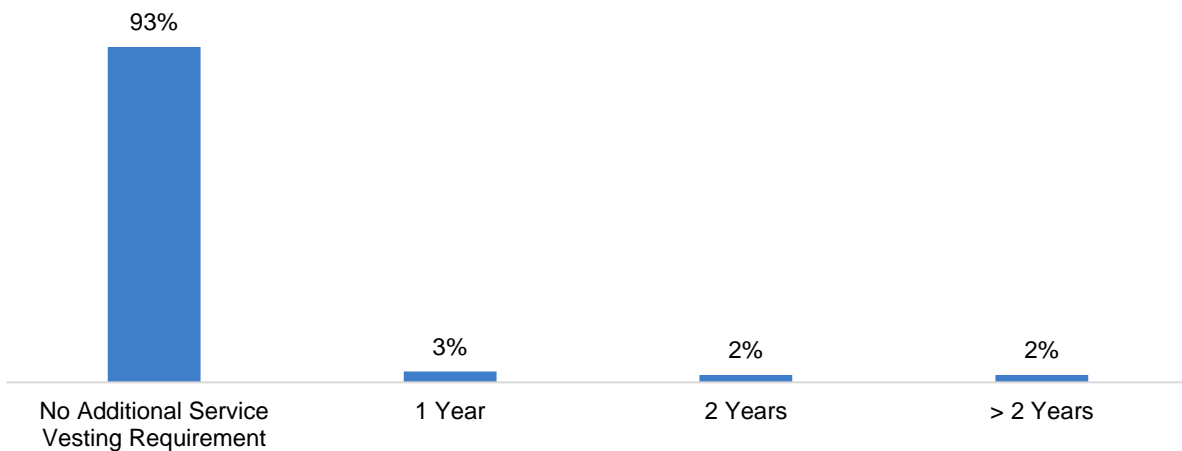
Goal-setting approach prevalence remained consistent with 2022 results. Setting a three-year cumulative goal is the strong majority practice.

## Performance Periods

Most companies have a three-year performance period.



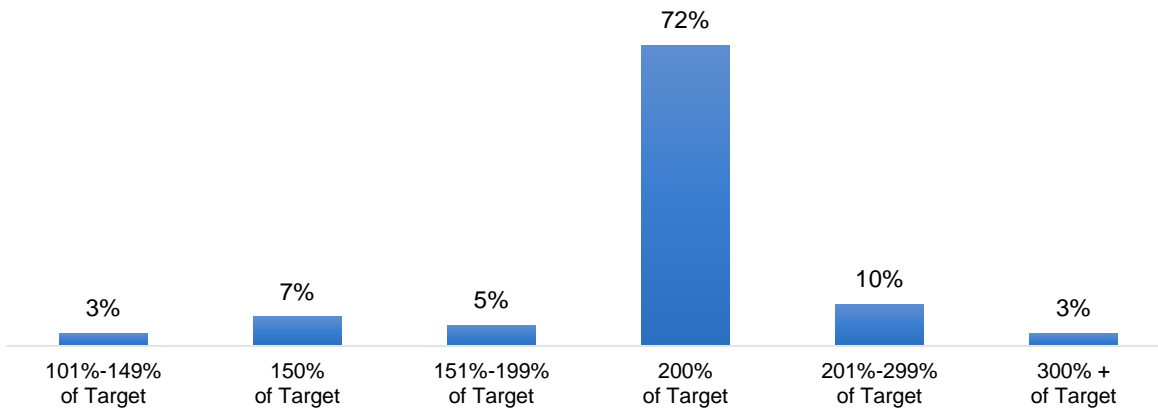
A small minority of companies require additional service vesting after the performance period has been completed.



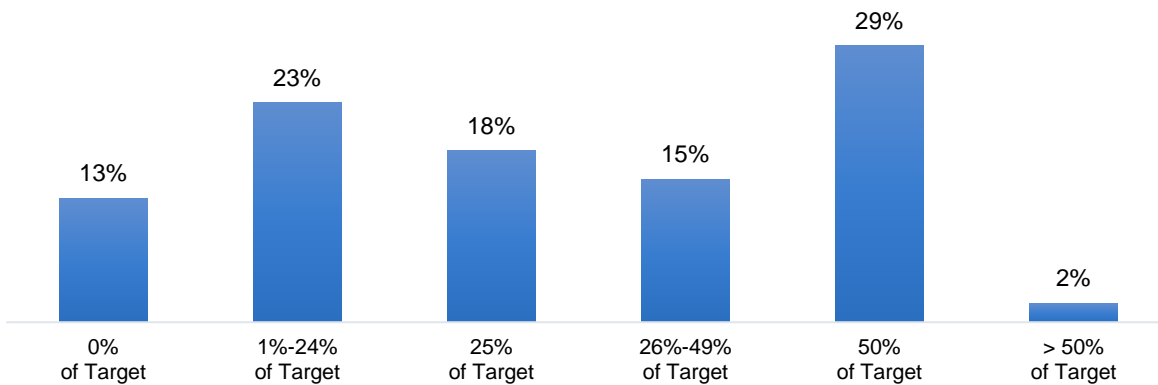
### Meridian Comment

Only 7% of Meridian 200 companies require additional service vesting after the performance period. These companies generally have one- or two-year performance periods and often stipulate an additional service requirement of one to three years (generally after the performance cycle has completed).

**Payout Curves (Leverage)**  
*Maximum Payout Opportunity*



**Threshold Payout Opportunity**

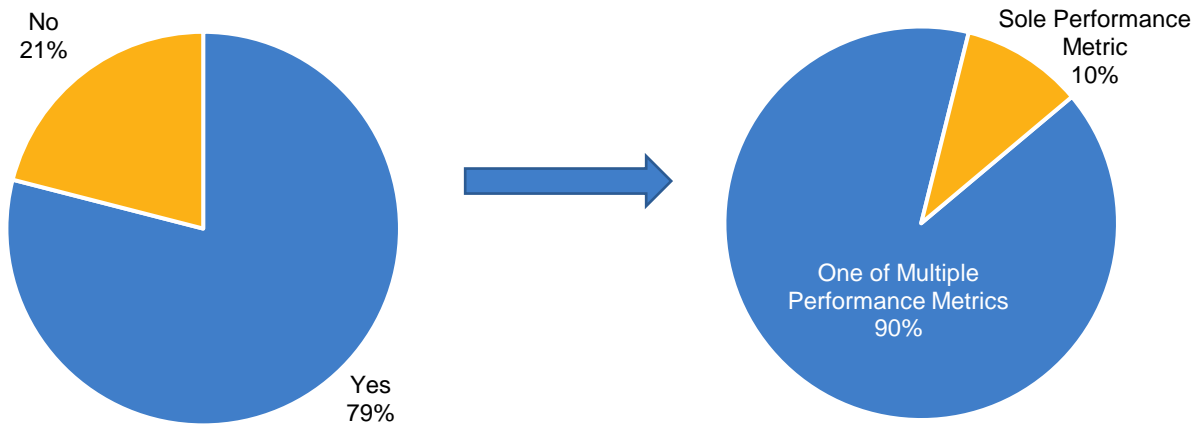


**Meridian Comment**

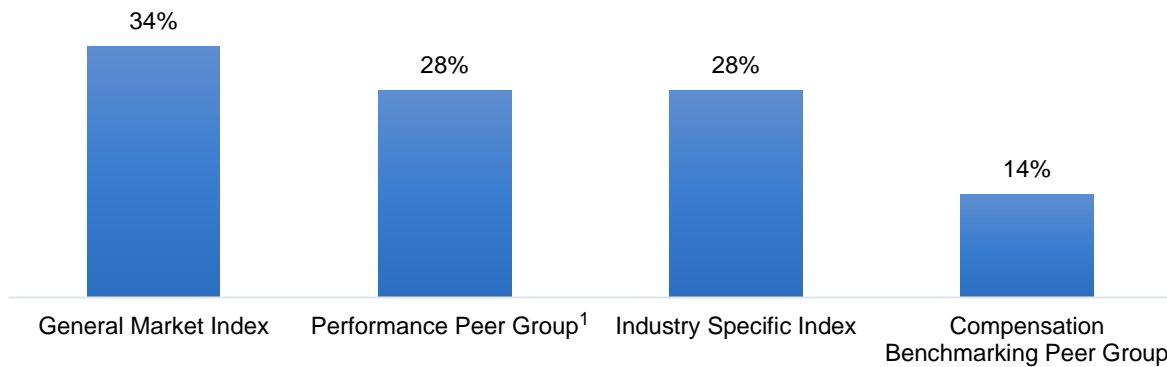
Like annual incentive plans in our study, the most prevalent approach among the Meridian 200 is to set a maximum LTI payout opportunity at 200% of target (72%). Additionally, over two-thirds of companies (69%) set threshold payout in the long-term plan at a level below 50% of target, although a strong minority of companies (29%) set the threshold payout opportunity at 50% of target.

## Relative TSR Performance Metrics

More than three-fourths of the Meridian 200 use Relative TSR as a metric for determining performance-based award payouts (results exclude the use of absolute TSR metrics). Of those companies that use Relative TSR, a strong majority combined it with another performance metric (e.g., 50% EPS, 50% Relative TSR).



Relative TSR is typically assessed against one of the following groups:



<sup>1</sup> Represents peer groups that include at least some variation in companies from the compensation benchmarking peer group (i.e., not simply a subset of the compensation benchmarking peer group). Most often 15-30 companies.

**Note:** Sum of prevalence percentages exceeds 100% due to companies that assess performance against more than one peer group/index.

### Meridian Comment

79% of the Meridian 200 companies incorporate a Relative TSR metric in long-term performance awards, and among those companies, the predominant practice (90%) is to pair it with at least one additional performance metric. Practice is mixed on the type of comparator group used to assess Relative TSR performance. A general market index, a custom peer group or an industry-specific index are all common comparators for Relative TSR awards.



39% of Meridian 200 companies use Relative TSR as a modifier – similar prevalence level to 2022.



**Note:** Sum of prevalence exceeds 100% as some companies use Relative TSR as both a weighted performance metric and a modifier.

### Meridian Comment

Typically, Relative TSR modifiers are designed to ensure long-term performance plan payouts align with value delivered to shareholders. For example, regardless of internal company performance, top quartile Relative TSR results may increase payouts by up to 20%-25% of target, while bottom quartile Relative TSR results may decrease payouts by up to 20%-25% of target.



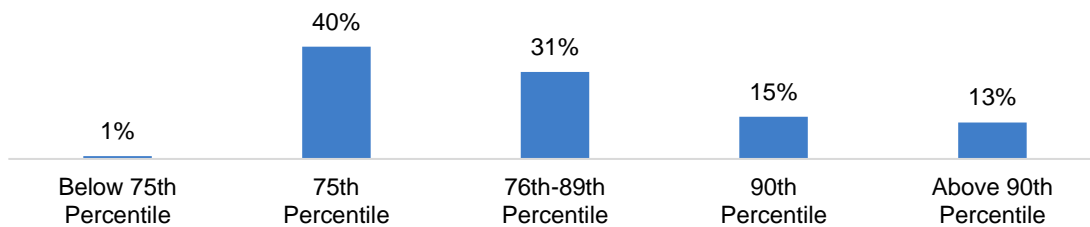
## Relative TSR Performance Goals

### Percentile Rank Relative to the Comparator Group

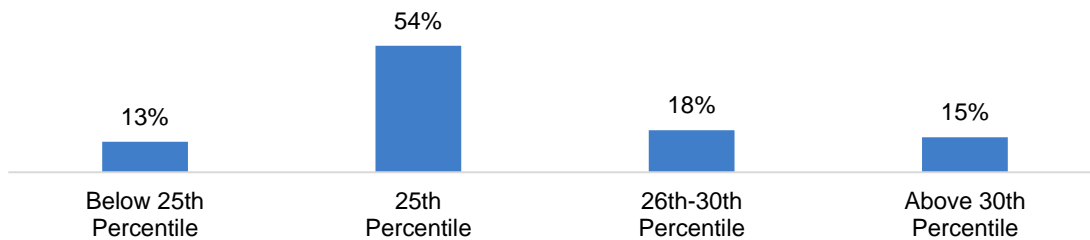
If Relative TSR is used, the majority of companies set *target* performance level at the 50<sup>th</sup> percentile (excludes Relative TSR modifiers).



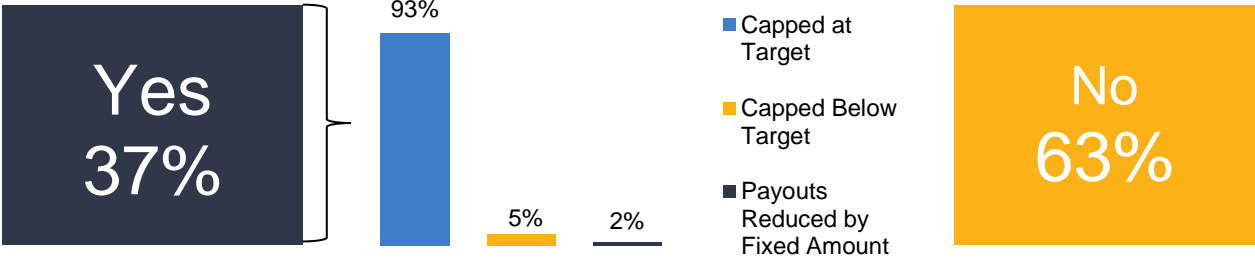
When setting Relative TSR *maximum* performance level, companies set it at one of the following percentiles (excludes Relative TSR modifiers).



A slight majority of companies set *threshold* performance level for Relative TSR at the 25<sup>th</sup> percentile (excludes Relative TSR modifiers).



Negative TSR caps limit payouts in cycles with negative absolute TSR regardless of relative performance. 37% of Meridian 200 companies have a negative TSR cap, while 63% do not have a cap. Of those companies that have a cap, 93% cap the payout at target.



**Meridian Comment**

For companies that use a Relative TSR measure, nearly three-fourths (73%) set target performance at the 50<sup>th</sup> percentile of the comparator group. The most common threshold and maximum performance levels are the 25<sup>th</sup> (54%) and 75<sup>th</sup> (40%) percentiles, respectively. However, a majority of the companies (59%) set the maximum performance goal *above* the 75<sup>th</sup> percentile. Compared to 2022 results, the TSR maximum goals disclosed in 2023 proxy statements were more rigorous.

As with performance ranges for financial targets, market prevalence data is only one input to determining the right performance range for Relative TSR. The width of the range may vary depending on the form of award (equity vs. cash), the maximum payout multiplier, the size of the peer group, etc. Accounting expense may also play a role in setting the performance curve. When calculating the grant date fair value of a market-based award like a Relative TSR plan, the width of the performance range can have a significant impact on the expense that must be recognized (and the compensation value that must be reported in the proxy).

In recent years, the concept of a negative TSR cap has received heightened attention. These caps limit upside payouts of Relative TSR-based plans for periods when shareholders experience negative absolute returns. Over one-third of the Meridian 200 (37%) has a negative TSR cap in place (up six percentage points over the last two years). For those companies with a cap in place, payouts are typically capped at target level. While proxy advisors and some institutional investors favor such negative TSR payout caps, the alternative view is that negative TSR caps negate the incentive of out-performing peers when experiencing challenging macro-economic conditions.



## Profile of Survey Companies

## Methodology

Meridian reviewed the corporate governance and incentive design practices of the Meridian 200 (i.e., 200 large publicly traded companies) through the most recently available publicly filed documents (typically proxy statements). Financial highlights of the companies are provided below, followed by a full listing of the companies used in the survey. All figures shown are as of the end of each company's fiscal year.

	Revenues (\$M)	Market Value (\$M)	Employees	ROIC	Annualized TSR (3-Year)
75 <sup>th</sup> Percentile	\$59,629	\$103,247	94,678	19.6%	18.5%
Median	\$22,193	\$41,729	47,150	11.1%	9.7%
25 <sup>th</sup> Percentile	\$12,666	\$17,668	20,825	5.2%	1.3%

## Survey Companies (n = 200)

3M Company	Colgate-Palmolive Company	Ford Motor Company
Abbott Laboratories	Comcast Corporation	General Dynamics Corporation
Accenture plc	Conagra Brands, Inc.	General Electric Company
Adobe Inc.	ConocoPhillips	General Mills, Inc.
Alaska Air Group, Inc.	Consolidated Edison, Inc.	General Motors Company
Alcoa Corporation	Corning Incorporated	Global Payments Inc.
Altria Group, Inc.	Corteva, Inc.	Halliburton Company
American Electric Power Company, Inc.	Costco Wholesale Corporation	Hanesbrands Inc.
American Express Company	CSX Corporation	Harley-Davidson, Inc.
APA Corporation	Cummins Inc.	Hasbro, Inc.
Apple Inc.	CVS Health Corporation	HCA Healthcare, Inc.
Applied Materials, Inc.	Danaher Corporation	Hess Corporation
Aptiv PLC	Deere & Company	Hewlett Packard Enterprise Company
Archer-Daniels-Midland Company	Delta Air Lines, Inc.	HF Sinclair Corporation
AT&T Inc.	Devon Energy Corporation	Honeywell International Inc.
ATI Inc.	Discover Financial Services	HP Inc.
Automatic Data Processing, Inc.	Dollar General Corporation	Humana Inc.
Avery Dennison Corporation	Dow Inc.	IDEX Corporation
Baker Hughes Company	Eastman Chemical Company	Ingersoll Rand Inc.
Ball Corporation	Eaton Corporation plc	Intel Corporation
Baxter International Inc.	eBay Inc.	International Business Machines Corporation
Becton, Dickinson and Company	Ecolab Inc.	International Paper Company
Best Buy Co., Inc.	Edison International	Johnson & Johnson
BorgWarner Inc.	Elevance Health, Inc.	Johnson Controls International plc
Boston Scientific Corporation	Eli Lilly and Company	Kellogg Company
Brown-Forman Corporation	Emerson Electric Co.	Kohl's Corporation
Bunge Limited	Entergy Corporation	Laboratory Corporation of America Holdings
Campbell Soup Company	EOG Resources, Inc.	Linde plc
Cardinal Health, Inc.	Eversource Energy	Lockheed Martin Corporation
Carnival Corporation & plc	Exelon Corporation	Lowe's Companies, Inc.
Caterpillar Inc.	Exxon Mobil Corporation	Lumen Technologies, Inc.
Cencora, Inc.	FedEx Corporation	Macy's, Inc.
Centene Corporation	FirstEnergy Corp.	
Chevron Corporation	Fluor Corporation	
Cintas Corporation	FMC Corporation	

Marathon Oil Corporation  
 Marathon Petroleum Corporation  
 Marriott International, Inc.  
 Masco Corporation  
 Mastercard Incorporated  
 Mattel, Inc.  
 McDonald's Corporation  
 McKesson Corporation  
 Merck & Co., Inc.  
 MetLife, Inc.  
 Microsoft Corporation  
 Mondelez International, Inc.  
 Morgan Stanley  
 Motorola Solutions, Inc.  
 NCR Corporation  
 Newell Brands Inc.  
 News Corporation  
 NIKE, Inc.  
 NiSource Inc.  
 Nordstrom, Inc.  
 Northrop Grumman Corporation  
 NOV Inc.  
 Occidental Petroleum Corporation  
 Old Dominion Freight Line, Inc.  
 Omnicom Group Inc.  
 ONEOK, Inc.  
 Oracle Corporation  
 Owens Corning  
 Paramount Global  
 PepsiCo, Inc.  
 Perrigo Company plc  
 Pfizer Inc.  
 Philip Morris International Inc.  
 Phillips 66  
 PPG Industries, Inc.  
 Prudential Financial, Inc.  
 Public Service Enterprise Group  
 Incorporated  
 QUALCOMM Incorporated  
 Quanta Services, Inc.  
 Quest Diagnostics Incorporated  
 Republic Services, Inc.  
 Rockwell Automation, Inc.  
 RTX Corporation  
 Schlumberger Limited  
 Seagate Technology Holdings plc  
 Sealed Air Corporation  
 Southwest Airlines Co.  
 Stanley Black & Decker, Inc.  
 Starbucks Corporation  
 Sysco Corporation  
 Target Corporation  
 Texas Instruments Incorporated  
 The AES Corporation  
 The Allstate Corporation  
 The Boeing Company  
 The Cigna Group  
 The Clorox Company  
 The Coca-Cola Company  
 The Estée Lauder Companies Inc.  
 The Gap, Inc.  
 The Goldman Sachs Group, Inc.  
 The Hartford Financial Services Group,  
 Inc.  
 The Hershey Company  
 The Home Depot, Inc.  
 The Interpublic Group of Companies,  
 Inc.  
 The Kraft Heinz Company  
 The Kroger Co.  
 The Mosaic Company  
 The Procter & Gamble Company  
 The Sherwin-Williams Company  
 The TJX Companies, Inc.  
 The Travelers Companies, Inc.  
 The Walt Disney Company  
 The Western Union Company  
 The Williams Companies, Inc.  
 THOR Industries, Inc.  
 T-Mobile US, Inc.  
 Tractor Supply Company  
 Tyson Foods, Inc.  
 Union Pacific Corporation  
 United Airlines Holdings, Inc.  
 United Parcel Service, Inc.  
 UnitedHealth Group Incorporated  
 V.F. Corporation  
 Valero Energy Corporation  
 Verizon Communications Inc.  
 Visa Inc.  
 VMware, Inc.  
 W.W. Grainger, Inc.  
 Walgreens Boots Alliance, Inc.  
 Walmart Inc.  
 Warner Bros. Discovery, Inc.  
 Waste Management, Inc.  
 WESCO International, Inc.  
 WestRock Company  
 Whirlpool Corporation  
 Xerox Holdings Corporation  
 Yum! Brands, Inc.

# Meridian Compensation Partners Profile

Meridian Compensation Partners, LLC is the second largest independent executive compensation consulting firm in North America, providing trusted counsel to Boards and Management at hundreds of large and mid-sized companies. We consult on executive and board compensation and their design, amounts and corporate governance. Our many consultants throughout the U.S. and in Canada have decades of experience in pay solutions that are responsive to shareholders, reflect good corporate governance principles and align pay with performance. Our partners average 25 years of executive compensation experience and collectively serve well over 800 clients. Well over 90% of our engagements are at the Board level. As a result, our depth of resources, content expertise and Boardroom experience are unparalleled.

Our breadth of services includes:

- Pay philosophy and business strategy alignment
- Total compensation program evaluation and benchmarking
- Short-term incentive plan design
- Long-term incentive plan design
- Performance measure selection and stress testing
- Employment contracts
- Retirement and deferred compensation
- Risk evaluation
- Informed business judgments on executive pay
- Pay-for-performance analyses
- Corporate governance best practices
- Institutional shareholder and ISS voting guidelines/issues
- Senior management and board evaluations
- Change-in-control and/or severance protections
- Committee charter reviews
- Peer group development
- Peer company performance and design comparisons
- Benefits and perquisites design and prevalence
- Annual meeting preparation
- Senior executive hiring
- Succession planning
- Outside director pay comparisons
- Clawback and anti-hedging design
- Retention programs and strategies
- Tally sheets

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