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Women**Corporate**Directors
A Foundation Inspiring Visionary Boards Worldwide

Compensation and Human Capital Committee Peer Exchange

Evolving Practices and Lessons Learned

September 12, 2022

Part 1: The Evolving Role of the Compensation Committee

- Panel Discussion #1 – 15 minutes
 - What is changing as compensation committee oversight expands beyond the traditional charter?
- Breakout Discussion – 15 minutes
- Regroup and Recap – 10 minutes

Part 2: The Practical Realities

- Panel Discussion #2 – 15 minutes
 - How is the expansion of committee oversight being implemented?
- Breakout Discussion – 15 minutes
- Regroup and Recap – 10 minutes

Wrap-Up with Panel Members – 10 minutes

- What did you hear and what do you recommend?

Panel/Breakout Questions

Part I: What is changing as compensation committee oversight expands beyond the traditional charter?

1. Has your committee expanded its oversight in the past 3-4 years? If yes, what drove your decision?
 - a. What types of additional oversight responsibility have you taken on (e.g., HCM generally, succession planning beyond the CEO, DE&I, culture/engagement, etc.)?
 - b. Did you formally change the committee name and/or charter to better represent expanding responsibilities?
2. How did you coordinate with other committees and the full board?
3. How have you effectively worked with HR/management to get a better understanding of employee issues beyond the c-suite (e.g., diversity, pay equity, engagement, etc.)?
4. Do any of your companies use ESG/social measures to reinforce priorities or effect change?

Compensation Committees are Changing Their Names

	Compensation Committee	Leadership Development and Compensation Committee	Human Capital/Talent and Compensation Committee
Evaluate CEO performance	X	X	X
Establish pay levels for CEO and senior management	X	X	X
Administer compensation programs, including bonus and LTI measures and manage equity pool	X	X	X
Regulatory oversight (CD&A, say-on-pay, say-on-frequency, risk review, etc.)	X	X	X
Executive retention	X	X	X
Select independent outside advisors	X	X	X
Non-employee director compensation (although sometimes under nom/gov)	X	X	X
Succession planning and focus on “next level” bench strength		X	X
Begin to focus on employee-wide issues (pay equity, diversity, employee engagement)		X	X
Diversity, equity, and inclusion			X
Training and development			X
Talent pipeline down the organization			X
Culture and ethics			X
ESG			X

Part II: How is the expansion of the committee being implemented?

1. Have you increased the frequency and duration of meetings?
2. Do we need new members to support the changing compensation committee responsibilities?
 - What kind of experience best supports the “new” compensation committee?
3. How have you on-boarded new compensation committee colleagues? Do you have an example of a “best in class” onboarding you received as a new compensation committee member?
4. Have you hired internally and/or worked with other advisors beyond your comp consultant?
5. How do we measure our committee’s effectiveness at living the new charter?
 - Annual committee evaluation process
 - Conduct periodic assessment that all charter responsibilities were completed
 - Review compensation committee calendar at each meeting

Good Process for Maximum Effectiveness

Good process – Compensation can be a highly emotional issue. Having open, candid, and objective communication among committee members, senior management, and outside advisors is critical to the board’s working relationship with its CEO and other top executives.

- There is typically a **core** of annual tasks and analyses that are predictable, as illustrated in the calendar to the right
- This calendar allows for **discussion and review** of key topics in meetings prior to when approval is required
- Activities **build** throughout the year – concluding with year-end/beginning decisions
- Best practices for meetings:
 - Sufficient meeting time
 - Materials provided in advance; action items noted clearly
 - Discuss at one meeting, decide at another
 - Meeting minutes include a record of key deliberations and materials reviewed by the committee
 - Meet in executive session at every meeting

