



**BDO Corporate
Governance Matters**

WEBCAST SERIES

2024 Board Compensation Trends

And Year-End Planning
Considerations

NOVEMBER 20, 2024

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Hold for CPE & Support Slide

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Learning Objectives

Upon completion of this session, participants will be able to:

- ▶ Identify trends in compensation for mid-market public companies
- ▶ Describe market conditions shaping executive and board pay
- ▶ Recognize pay practices and corporate governance trends to consider when planning for 2025



Actively participate throughout the session and be in attendance for at least 50 minutes for each CPE credit hour. If you need to leave mid-session, please visit the registration desk prior to leaving.

Our Agenda Today



Trends in Executive Compensation



The Impact of Technology on Human Capital



Human Capital Oversight & Workforce Strategy



Year-End Considerations and Questions

With You Today



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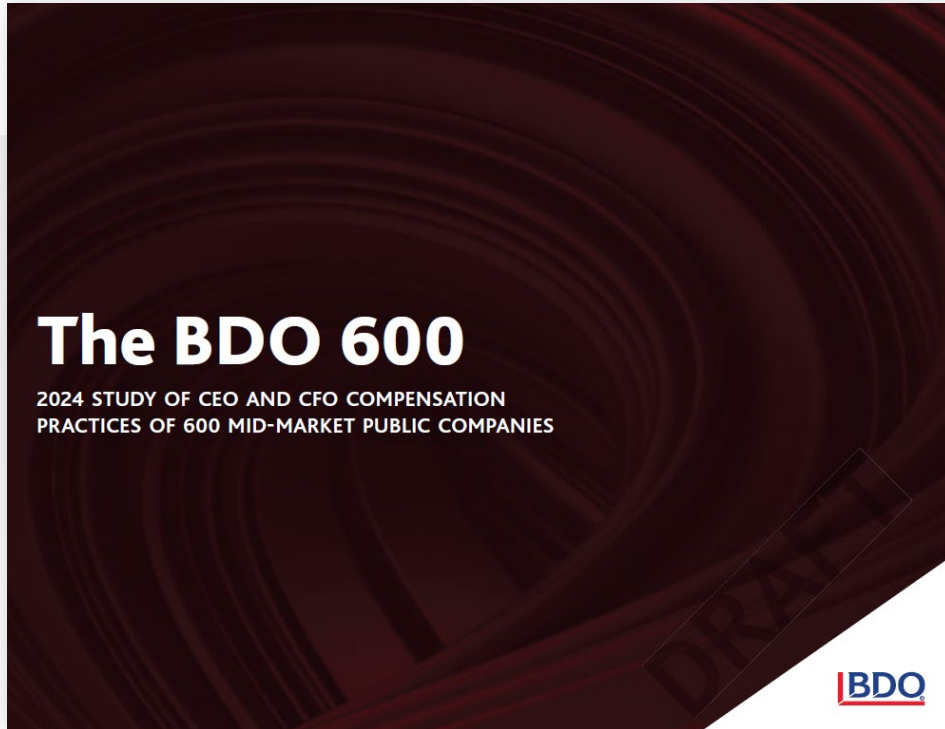


ROBIN FERRACONE

Chief Executive Officer
Farient Advisors LLC;
Compensation Committee
Director

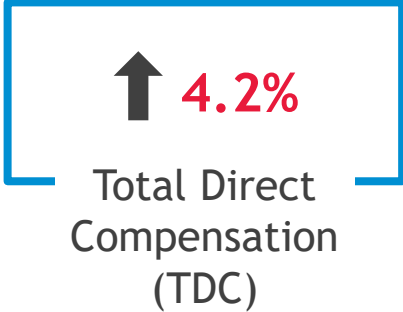
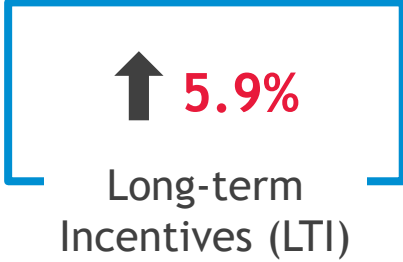
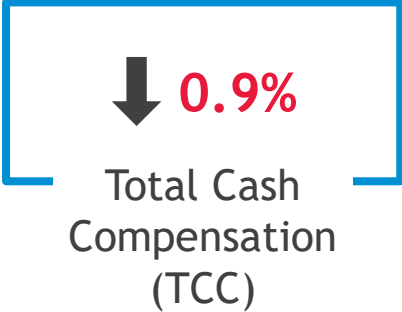
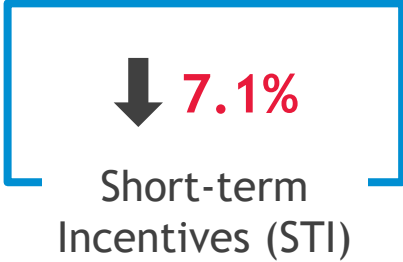
Robin.Ferracone@Farient.com

Mid-Market and Private Company Compensation Data

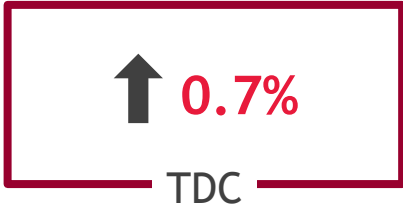
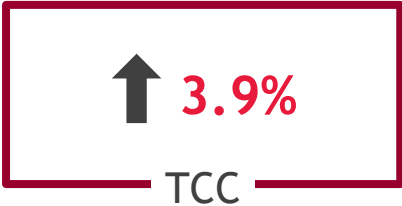
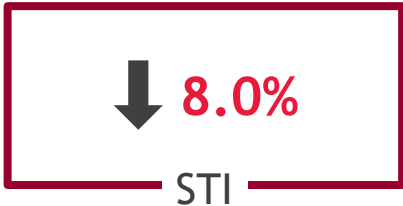


Executive Compensation Trends

FOR THE CEO

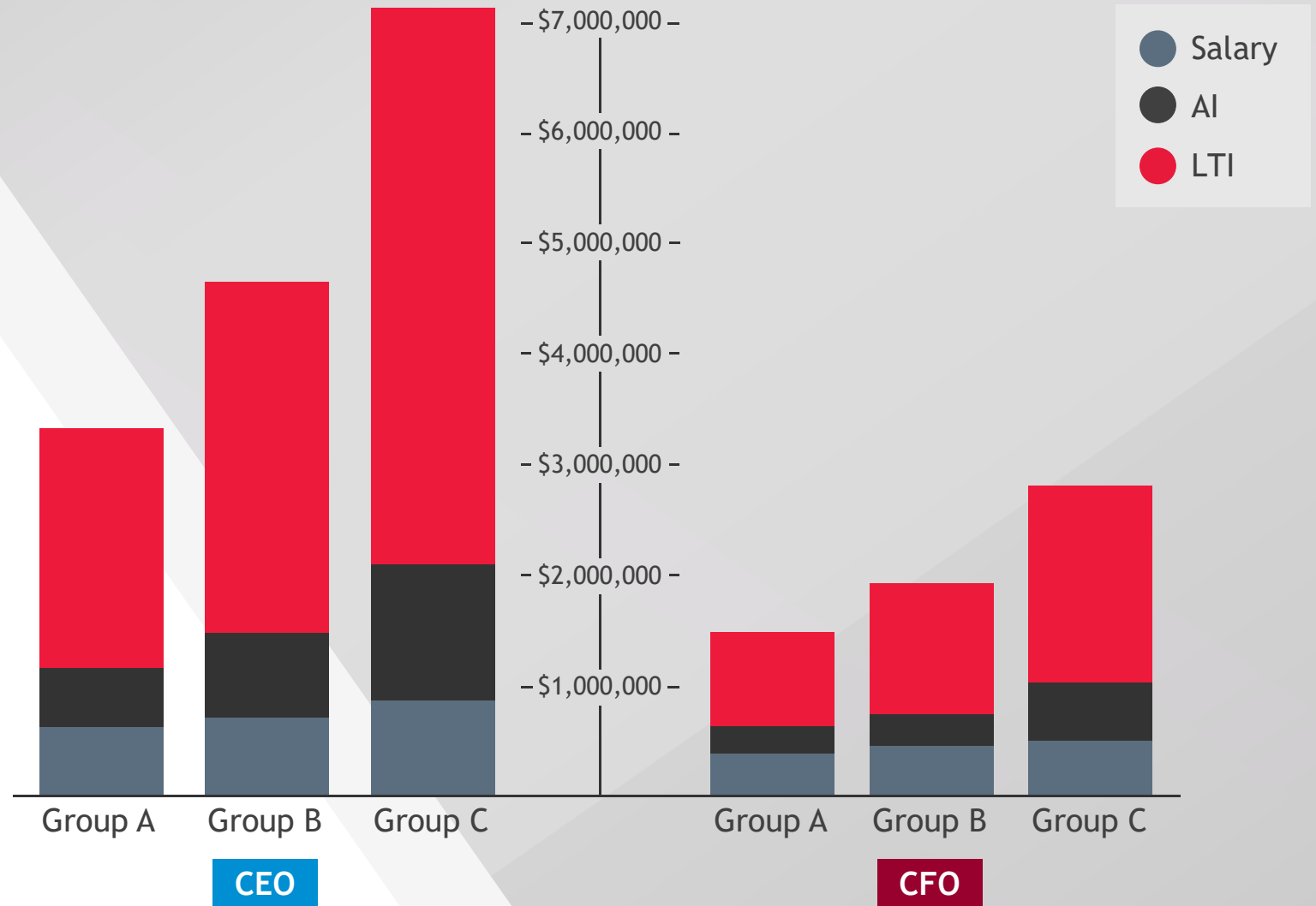


FOR THE CFO



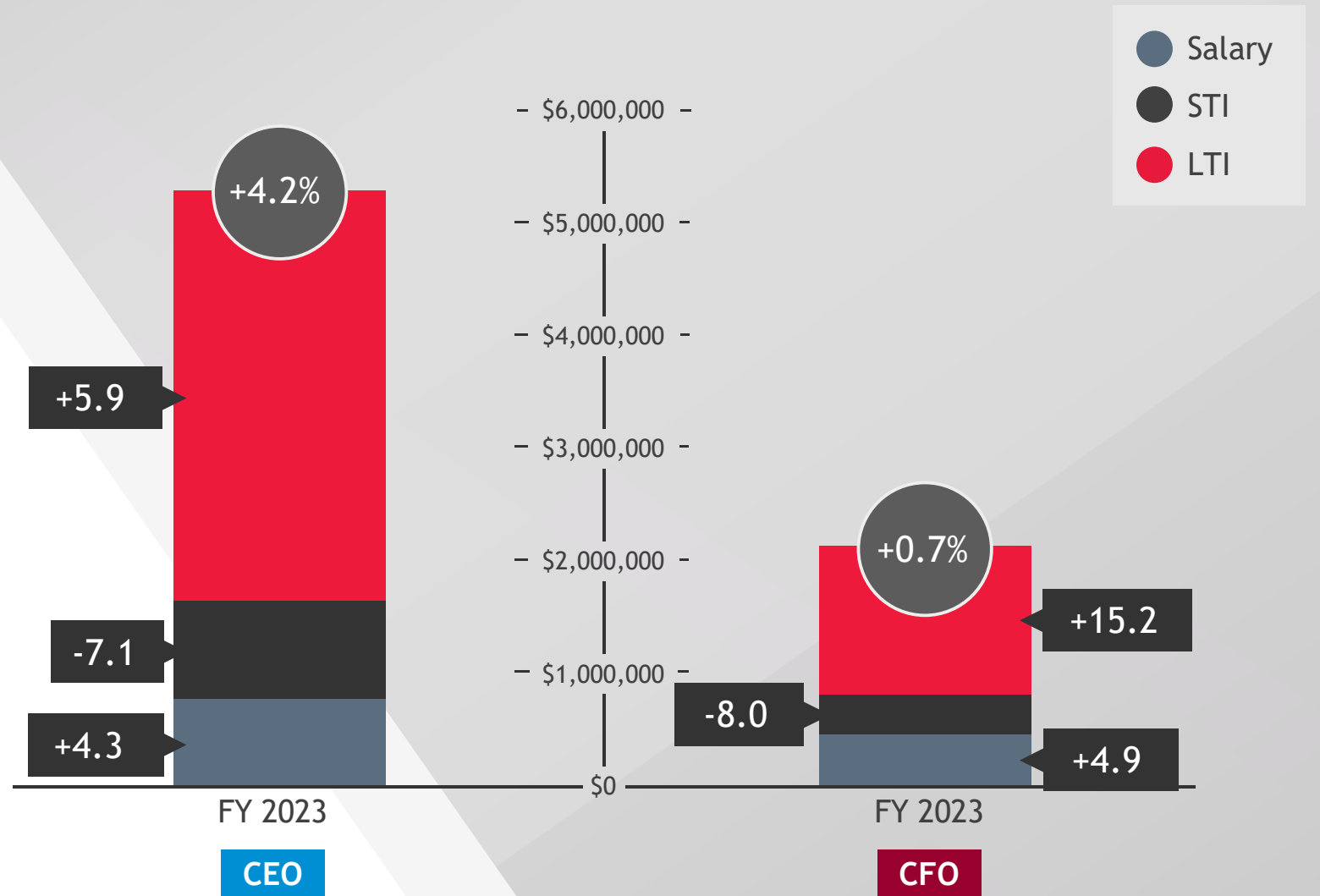
Overall Compensation

OVERALL RESULTS BY COMPANY SIZE



OVERALL RESULTS - TOTAL DIRECT COMPENSATION

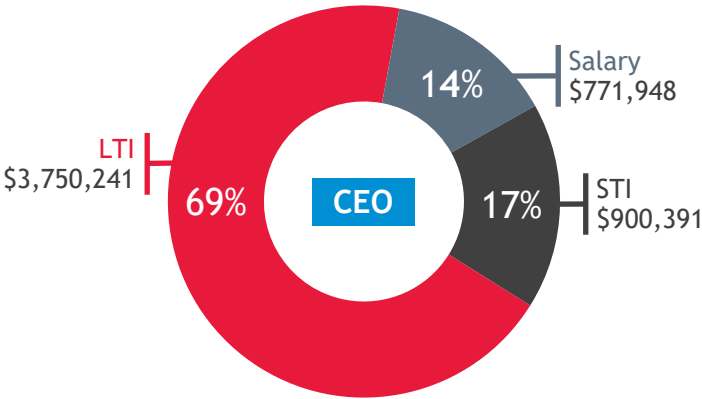
Allocation of Total Direct Compensation



Long-Term Incentives

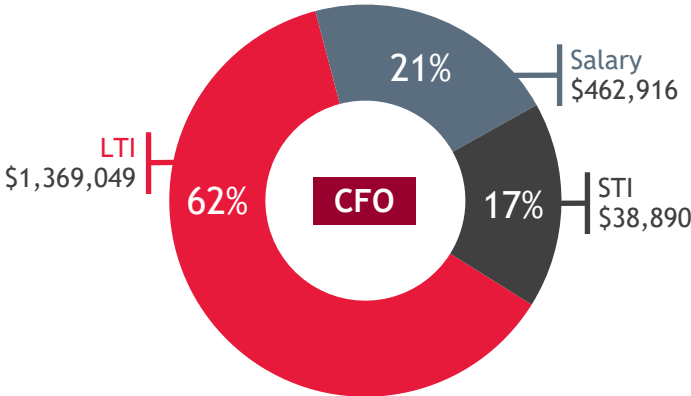
OVERALL RESULTS/CEO

All Companies Combined

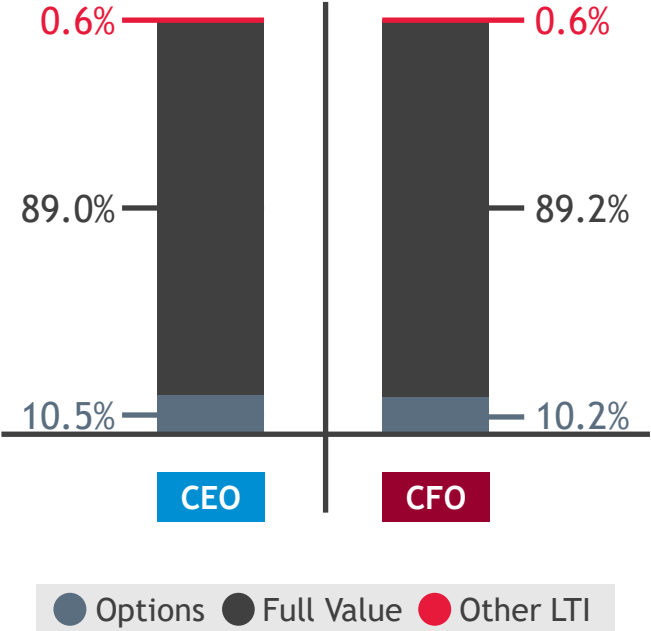


OVERALL RESULTS/CFO

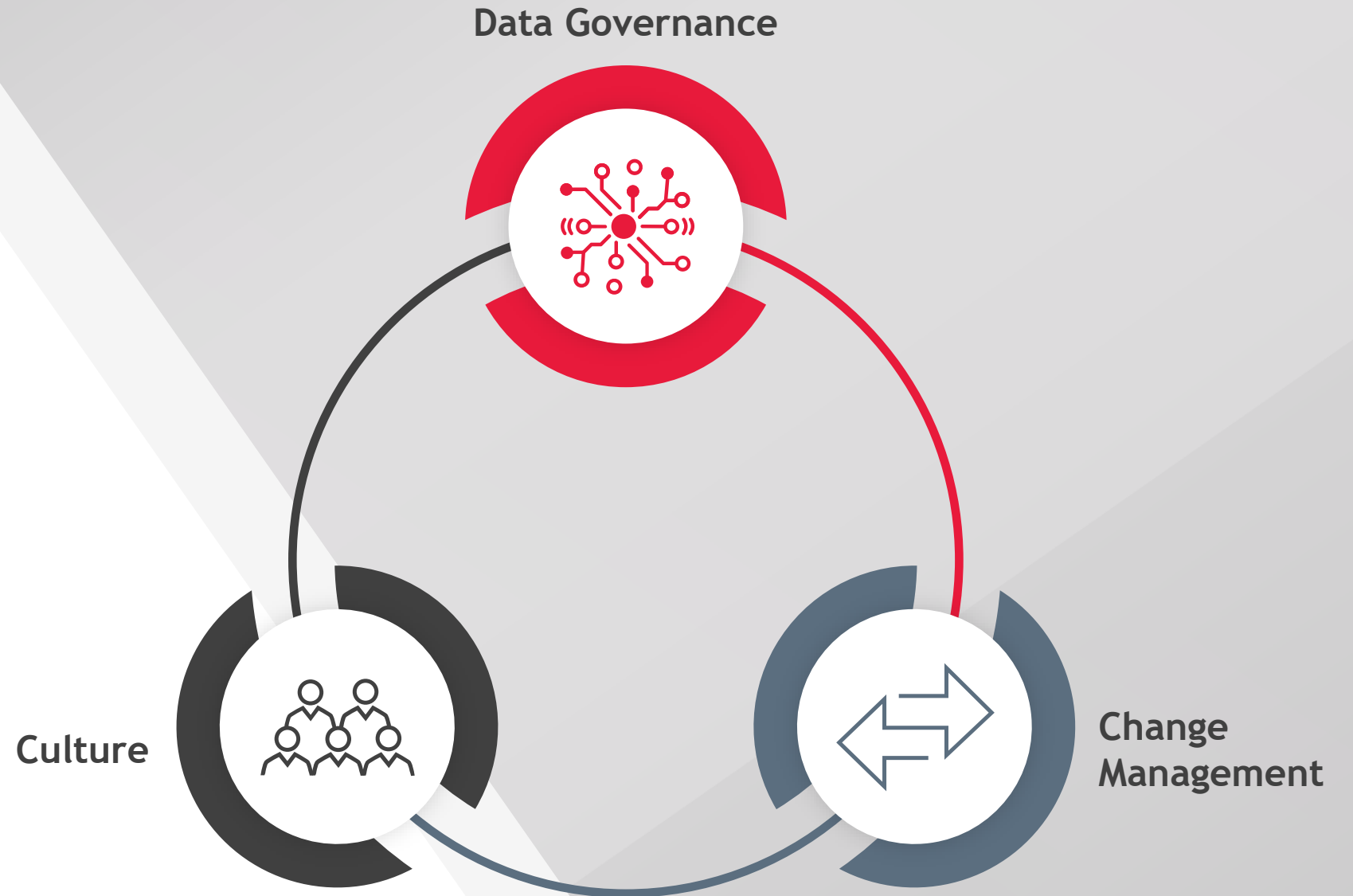
All Companies Combined



MIX OF STOCK AND LTI

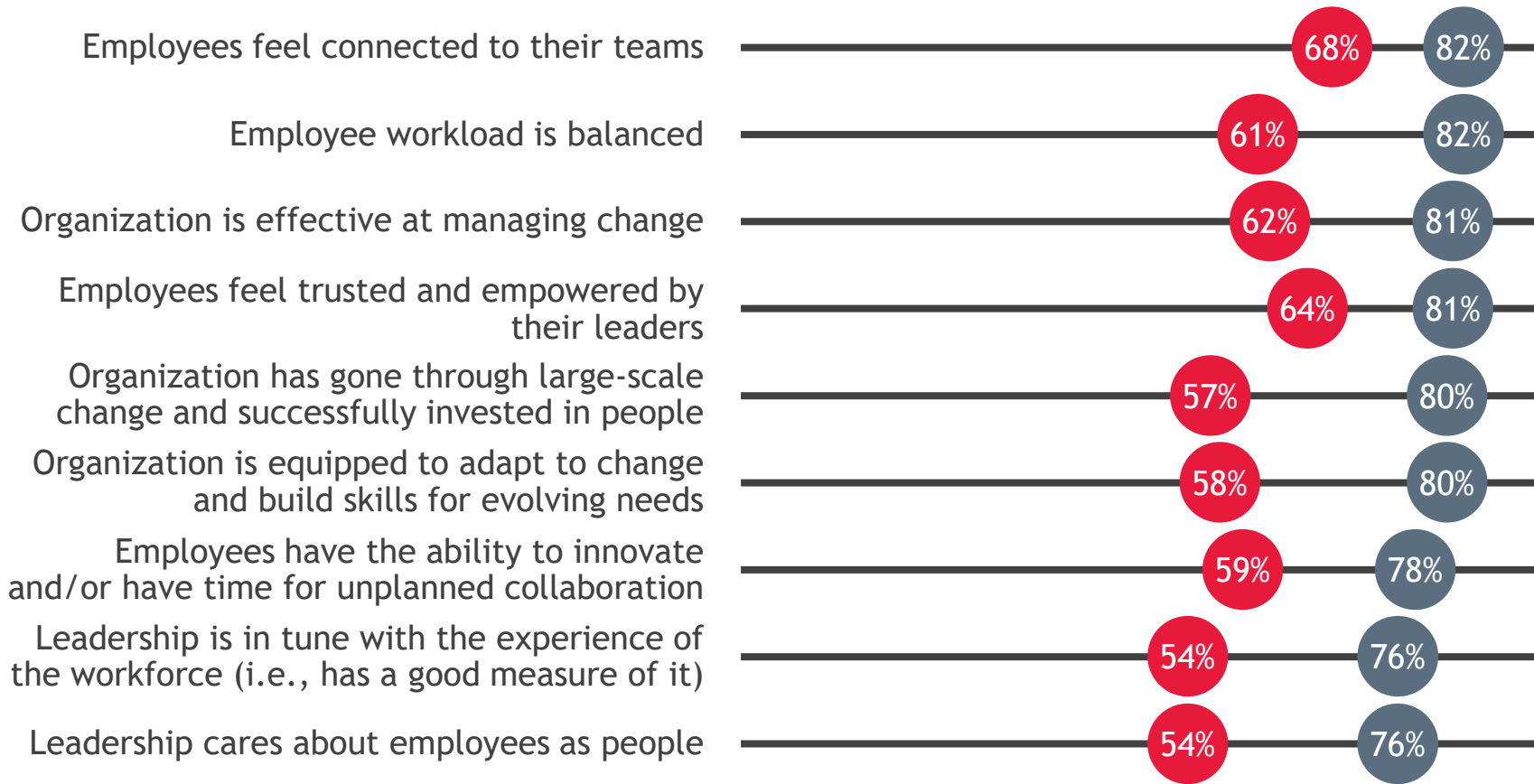


The Impact of Technology on Human Capital



HUMAN CAPITAL

The Broader Boardroom Mandate



Employees and employers have divergent views on talent, culture and leadership (Percentage who agree with each statement)

● Employee
● Employer

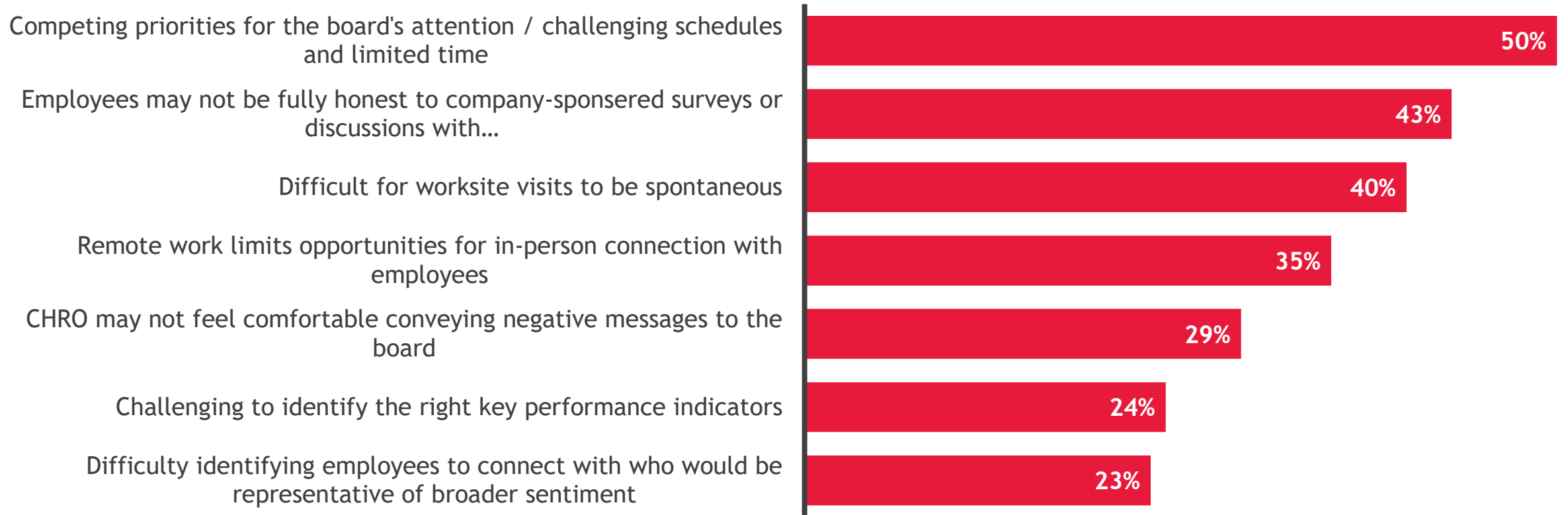
Source: [How Boards Can Champion a Resilient Talent Strategy](#), A Corporate Board Member and EY Research Report

HUMAN CAPITAL

The Broader Boardroom Mandate

Hurdles to Information-Gathering

What barriers have you encountered to implementing practices that enhance understanding of the experiences and perspectives of employees



Source: [For Many Boards, People Are The Priority](#), a CBM & EY 2024 Survey

Questions Directors Should be Asking - Compensation & Human Capital

□ Compensation

- Does our compensation strategy align with our company's mission and values?
- Have we considered sustainability metrics in compensation?
- Are award metrics driving desired behaviors, including retention and key short- and long-term goals?
- What will proxy advisors think of our choices?
- How does our compensation benchmark against our competitors and are we attracting and retaining the talent we want?
- What is our annual payout relative to targets? Are we appropriately demanding?

□ Talent Strategy

- Do we have rigorous and transparent evaluations at the c-suite and beyond?
- Do we have a well-defined talent pipeline together with training the upskilling?
- What are the succession plans for the c-suite?
- How do we evaluate culture?
- How are we evaluating employee sentiment and how often?
- What KPIs are we tracking and are they appropriately indicative of future talent activity (e.g. if employee survey is great but you have high turnover)

□ Economy & Geopolitics

- How will election results impact compensation and human capital? (e.g. legislation, taxes/tariffs, minimum wages)
- How will geopolitical activities impact our workforce? (e.g. international locations, currency fluctuations, safety)

□ Technology

- Have we had any cyber breaches involving employee data?
- What are policies around use of generative AI and how is compliance monitored?
- How are we training our talent in ethical and responsible use?
- Review and check in on change management plans when implementing technology.
- How are we leveraging our data to better inform decision making?

□ Committee

- Is our committee and the directors involved collaborative but independent?
- How is the relationship management between key stakeholders? (e.g. advisors, management, institutional shareholders as appropriate)
- Do our disclosures appropriately communicate our compensation and human talent oversight?

Resources



The BDO Center for Corporate Governance

[BDO's Center for Corporate Governance](#) recognizes board members need easy access to comprehensive information and insights they can rely on. Corporate governance and related risks and opportunities is an evolving landscape encompassing a variety of issues and requires subject matter professionals who engage regularly with stakeholders – including regulators, management, board members and thought leaders – and share information directly with client management teams, the board and its committees. Whether you are new to board service, assuming a new role or a seasoned director who wants to remain up to date, we have you covered.

Our governance team delivers

- ▶ Thought leadership, practice aids, tools, and newsletters
- ▶ Technical updates and insights on emerging business issues
- ▶ [BDO in the Boardroom](#) podcast series for board of directors and those charged with governance
- ▶ A three-pronged evolving curriculum consisting of upcoming webinars and archived self-studies
- ▶ Opportunities to engage directly with BDO thought



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Recent Publications



[How to Retain Mission Critical Talent](#)

Research conducted by *Corporate Board Member* with Farient Advisors found a heightened level of concern about the potential for key executives—including the CEO—to suddenly depart. In fact, 61 percent of directors reported that the recent spike in unanticipated exits has prompted conversations about the increased risk of senior executive turnover, with 40 percent stating that conversations around that particular risk have risen from the committee level to full-board discussions.

[Turnover at The Top](#)

Reaction is costly. Talent vulnerability can derail retention and succession planning. A new study from Farient Advisors and *Corporate Board Member* reveals a potentially daunting challenge for corporate boards: an upsurge in executive turnover. More than half of public company directors surveyed are planning for at least one member of their C-suite to depart suddenly.

[Passing the Torch: The Urgency of CEO Succession Planning](#)

The development of high-potential internal candidates for C-suite jobs takes years to expose them to more expansive and challenging opportunities, writes Farient partner **Angela Moe** and ESG Practice Leader, **Brian Bueno**, in a newly published article in *Directorship* magazine (Fall 2024). CEO departures are occurring at record-high levels, adding new urgency to get succession planning right.

The BDO Center for Corporate Governance

BDO commits significant resources to keep our professionals and our clients up to date on current and evolving technical, governance, industry, and reporting developments.

Our clients' time is valuable, as management must meet all compliance requirements while maintaining lean and efficient teams. This is why our culture guides us to view ourselves as trusted advisors, not merely accountants serving compliance needs. By leveraging the shared knowledge of our top professionals across the country and globe, we develop succinct thought leadership and training programs to help clients stay abreast of emerging trends and requirements. Below are examples of our resource centers, knowledge programming and technical researching tools used by BDO to keep our clients and our professionals current:

- ▶ **BDO Knowledge Webinars, Archives and Self-Study Courses** — BDO continues to develop a broad variety of topical programming via CPE-worthy webinars and self-study courses and non-CPE archives so that participants can build a customized education curriculum to meet their needs. Refer to our Events & Webcasts page.
- ▶ **Technical Research Tools** - BDO uses Thomson Reuters Checkpoint Edge (“Checkpoint”) as a primary source of insightful interpretations on GAAP, GAAS and Securities and Exchange Commission rules. Checkpoint is continually updated and considered to be one of the timeliest and most comprehensive online databases of analytical interpretations of accounting, auditing and SEC matters. Access to Checkpoint, and several other research tools, provide each professional the technical research capability to enable immediate response to client-specific technical issues.

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**2024 Quarterly
Technical Update**
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UPCOMING	DATE
2024 Board Compensation Trends and Year-End Planning Considerations	November 20, 2024
Quarterly Technical Update Q4 2024	January 15, 2024
Q4 2024 IFRS Quarterly Update	January 22, 2025
ARCHIVED	DATE
Q3 2024 IFRS Quarterly Update	October 16, 2024
Quarterly Technical Update Q3 2024	October 9, 2024
The Board's Oversight of ERM	September 25, 2024
Q2 2024 IFRS Quarterly Update	July 17, 2024
Quarterly Technical Update Q2 2024	July 10, 2024
The Board's Oversight of Artificial Intelligence	May 22, 2024
Q1 2024 IFRS Quarterly Update	April 17, 2024
Quarterly Technical Update Q1 2024	April 10, 2024
The Board's Oversight of Fraud	March 27, 2024
2024 Shareholder Meeting Agenda: Setting Expectations for Shareholder Meetings	February 21, 2024

BDO Board Governance PUBLICATIONS



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TITLE	DATE
2024 BDO Board Survey	Oct 2024
Navigating the Future of Tax Policy: A Guide for Corporate Boards	Sept 2024
2023 BDO Audit Quality Report	July 2024
Board Game: 3 Important Questions About Composition & Culture	May 2024
Audit Firm Business Models - What Audit Committees May Want to Know	Apr 2024
BDO Bulletin: SEC Finalizes Climate Rules	Mar 2024
2024 Shareholder Meeting Agenda	Feb 2024
Audit Committee Priorities for 2024	Feb 2024
What Directors Think 2024 Survey	Jan 2024
Compensation Committee Priorities for 2024: Navigating the Latest Compensation Trends	Jan 2024
2023 Conference Recap: Five Themes from the Top Board Governance Events	Dec 2023
Nominating & Governance Committee Priorities for 2024: Excelling in Board Leadership	Dec 2023
2023 Audit Committee Transparency Barometer	Dec 2023
Audit Quality Reminders Through the Lens of the Audit Committee	Oct 2023



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