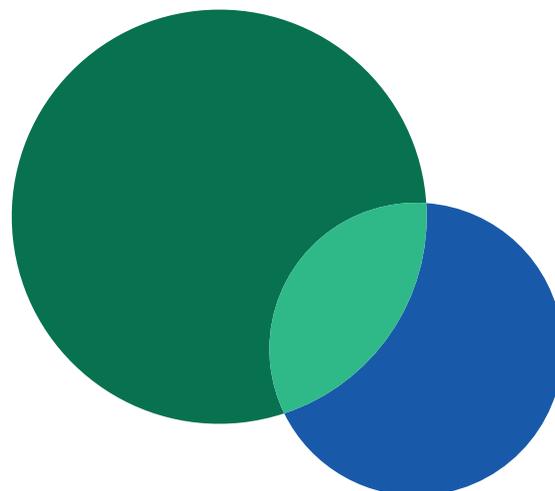
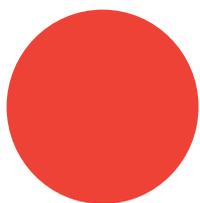


LABRADOR

Transparency by design

2022 Proxy Trends and Analysis

Study based on the top S&P 250 companies



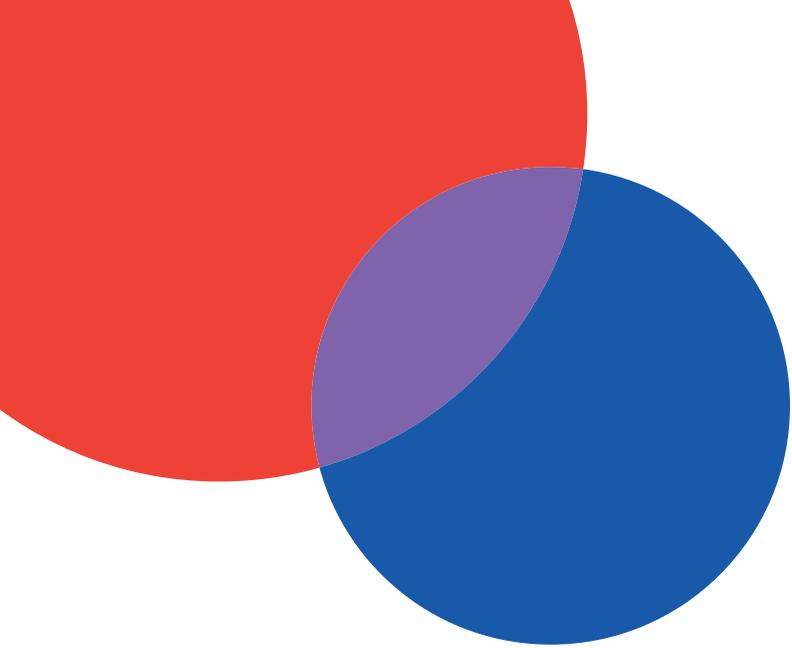
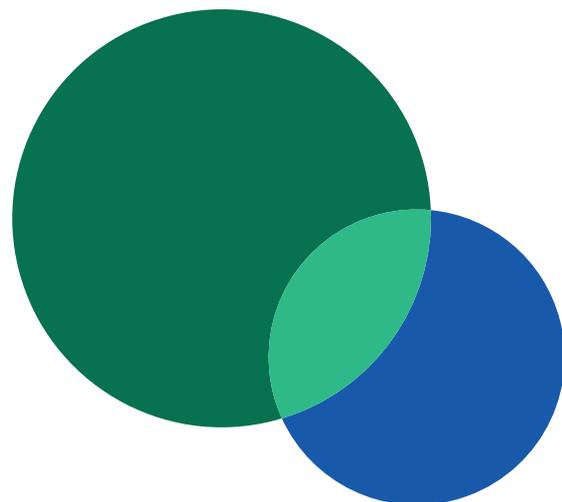
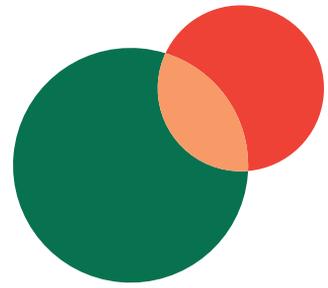


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Introduction

In our 10th annual benchmark, we closely examined the content and design of proxy statements filed by companies in the S&P 250. Most public companies recognize the importance of the proxy statement as a means to share their unique story directly with shareholders. Since the proxy is one of the few communication vehicles that reaches all shareholders—large and small—companies need to cater to a diverse readership. At Labrador, we believe transparency is the best approach.

Transparency benefits companies and their stakeholders in myriad ways. In our view, clear and transparent disclosure is key to establishing investor confidence in a company, its management, and the board. In addition, regulations increasingly demand transparency, and investors and proxy advisors are applying progressively stricter and more comprehensive standards. These trends have heightened scrutiny of proxy statements from ever larger audiences.

Our goal is to offer an overview of the current disclosure landscape and to identify best practices and trends. The results of our study provide insight into how public companies approach their proxy filings and how they can improve disclosure transparency.



Elements of Transparency

Transparency has (at least) two elements: the information must be presented in a way that makes sense, and the document should look like the company wants people to read it. As applied to proxy statements, this means a document that:

- is drafted in plain language,
- follows a logical order,
- avoids repetition and legal or industry jargon,

- incorporates navigational clues like an obvious header hierarchy, and
- offers plenty of white space and informative graphics.

Following these simple rules will signal to stakeholders that you want them to read and understand your proxy statement, and that alone will cultivate trust—especially if your bad news is presented with the same clarity as your good news. Following these rules also sets a baseline for the future, creating a solid starting point for ongoing updates and incremental improvements.

2022 Discoveries

As the 2023 proxy season quickly approaches, let's take a look back. Overall, we remain optimistic that companies are working to publish more transparent documents. The best proxies we reviewed follow the rules set out above, and also anticipate (and answer) questions and strategically incorporate enhanced design features. There were several noteworthy examples of companies following these principles in 2022.

Board Diversity

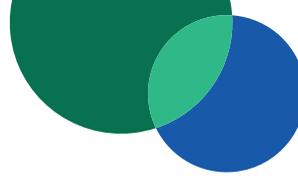
In August 2021, the SEC approved Nasdaq's board diversity rule, requiring Nasdaq-listed companies to have, or to explain why they do not have, at least two diverse directors and to annually disclose directors' self-identified gender, race, and ethnicity in a standardized matrix. Overall, 63% of the S&P 250 companies highlighted ethnicity or other diversity features within a matrix. This number includes many companies that are not listed on Nasdaq.

In addition, the Nasdaq diversity rule (together with the NYC Comptroller's campaign for board matrices) seems to have had some unexpected side effects. We believe the requirement to include a director diversity matrix fueled a significant increase in the number of companies that provided an individualized skills matrix—from 45% in 2021 to 64% in 2022. Many of these companies used the same graphic to also disclose the directors' personal traits. Similarly, the number of companies that include director photos has continued to increase, and now stands at 87%.

ESG is Here to Stay

After a few years of speculation, the SEC finally released its proposed ESG-related regulations in March of 2022. Even though these rules have not been finalized, companies are proactively addressing many shareholder concerns. The proxy is one of many places companies are beefing up ESG-related disclosure, and it hasn't gone unnoticed. To be sure, the proxy statement is not the right place for a full, detailed discussion of greenhouse gas emissions, pay equity, and philanthropic initiatives. Instead, it is the place to give an overview of how the company is thinking about these issues and where various responsibilities lie. With that in mind, we were pleased to see that 97% (86% in 2021) of the S&P 250 proxies talk about ESG oversight. For most of these companies, oversight is distributed among management, the board, and specific board committees, with overlap for certain issues.

Another topic that is increasingly discussed in proxy statements is human capital management, though not with the same level of detail as is required in the 10-K. The number of S&P 250 companies including HCM information in the proxy statement climbed from 70% in 2021 to 83% in 2022.



Pay for Performance

The 2023 proxy season brings a new disclosure requirement: a table, in a format prescribed by SEC rules, to show the compensation paid to the CEO and the average compensation paid to the other NEOs as compared to four performance measures:

- Company total shareholder return (TSR),
- Peer group TSR,
- Net income, and
- A company-selected financial performance measure.

Even though this will be the first time companies are required to provide this information in a fixed format, many have already been disclosing some of the data in their CD&As, and using explanatory graphics to make it more accessible. In 2022, 58% of the S&P 250 disclosed TSR in graphic form, 49% graphically highlighted revenue or sales, and 23% included a graphic depicting their stock price vs. the S&P 500 or their peer group stock price. These disclosures indicate that companies understand the value of using graphics to convey important information. We have always believed that well-designed graphics—either in place of or in conjunction with text—can make complex data easier to understand, and we look forward to seeing how companies use graphics to supplement the required pay-for-performance disclosure during the 2023 proxy season.

Methodology

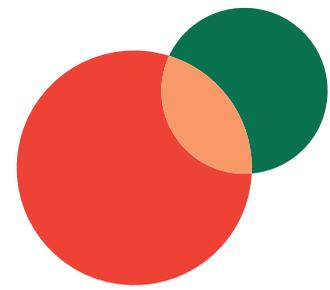
We studied 250 proxy statements (in PDF and HTML format) published by companies in the S&P 250. The S&P 250 list was created on January 26, 2022, and the data was collected from proxies filed between September 1, 2021, and July 1, 2022. See Appendix A for a list of the 250 companies we used in this benchmark.

We conducted our analysis with the idea that transparent disclosure influences reader behaviors, promotes positive views of management,

Proxy Summaries Remain a Priority

Proxy statements contain a wealth of decision-useful information, but some readers need a road map. That's where proxy summaries come in. We were happy that 77% of the 2022 proxy statements we reviewed contain a proxy summary, which is a slight increase from 75% last year. Within those proxy summaries, certain useful features have become common. For example, we noticed a growing trend toward including a company overview or a discussion of company strategy. Of the proxy summaries we reviewed this year, 43% had that type of information—often featuring brand-reinforcing graphics. One practice we want to discourage before it catches on is overloading the proxy summary. One S&P 250 company has a proxy summary that is 27 pages long. We believe this defeats the purpose of the summary: to flag key information in a condensed way and provide cross-references so readers can find the details. A proxy summary that devotes extensive space to content and graphics that are repeated verbatim later in the document does not accomplish that goal.

and can affect investors' voting decisions. Proxy statements have evolved considerably since we began this study in 2011, and we have added (and removed) criteria over the years to reflect those changes. We now look at 140 unique features, from details like the use of headers and footers, to the bigger picture, such as whether a company includes business performance graphics.



Analysis

General Information

We define general information as the elements that fall outside the governance and compensation sections. This includes document attributes like page count, color, and formatting. These are subtle but important elements of transparency that can help ensure clear and accessible disclosure.

Document Structure

Pagination

The average length is **96 pages**, a 5-page increase from 2021

- Berkshire Hathaway continues to have the lowest page count for a proxy at **18 pages**
- Johnson & Johnson has the longest proxy at **166 pages**

We included the Non-GAAP reconciliation and shareholder proposals within the page count, but excluded any additional annexes and appendices.

Table of Contents

- **99%** of companies include a table of contents

General Information About Voting

- **78%** of companies have moved voting information and other administrative details to the back of the proxy, up from **69%** in 2021

We encourage companies to shift the meeting Q&A to the end of the proxy so readers can more readily find the governance and compensation sections. However, companies still convening virtual-only meetings may want to keep select information (how to access the website, how to submit questions, etc.) in the front.

Document Design

Secondary Color

- **89%** of companies use at least one color in their document

Color can be used to make a document more attractive, emphasize key information, and reinforce a company's brand identity.

Page Guides

- **59%** (at least) use navigational page headers. (We could not get the exact figure because some companies only post the Edgar version of their document rather than a PDF that reflects the printed proxy.)
- **64%** include footers, including the company name, the year, and the document title on every page.

Headers and footers—that is, identifiers at the top or bottom of a page—are simple tools that show readers what they are reading and where they are in the document. Their impact can be significant. For example, an investor who is reviewing multiple proxies at a time can quickly identify whose documents they have open. Similarly, someone who has received isolated pages extracted from a proxy will know where the pages came from.

1 or 2 column

Edgar Filing

- **85%** file the proxy using a single-column format

PDF Version

- **88%** offer a print-ready PDF on their website
- **48%** file a print-ready PDF with the SEC
- **21%** format their paragraphs in two columns

While we see both one- and two-column documents for printed versions, we recommend single-column Edgar filings. Formatting documents in one column for Edgar eliminates uneven spacing and the drastically different views that result from varying screen sizes or browser limitations. The readability improvements you get from printing a two-column document are lost on a screen.

Document Covers

Front Cover

- **77%** include a document cover
- **27%** of the companies that include a cover include the time and date of the annual meeting

Since the front cover typically is the first page a reader will see, we believe it should reinforce the company brand—ideally featuring the company logo and signature color(s)—but the most important elements are the title of the document and date of the annual meeting. Some companies even include the link to the virtual annual meeting or the location if the meeting is in person. If you forgo a cover, we recommend starting the proxy with a substantive letter (from the Chair or Lead Director) rather than the Notice of Meeting to attract reader interest.

Inside Front Cover

Contents of the inside front cover vary from company to company. Some companies:

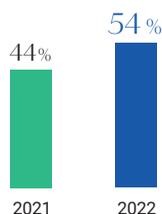
- **12%** present the table of contents
- **17%** present the company's mission or values
- **9%** present a company overview or key figures

We always recommend using this highly visible page for something practical, and definitely not leaving it blank. Often the space is best used for the table of contents, to help readers directly find the information that interests them most. Alternatively, an increasing trend is to use this space to highlight the company's mission and vision (up from 14% last year), or to offer some "fast facts" or highlights about new products or awards (9% last year).

Notice of Annual Meeting

- **12%** provide a QR code to access voting options and information about the Annual Meeting
- **78%** held virtual Annual Meetings
- **22%** held in-person Annual Meetings
- **2%** held hybrid Annual Meetings (in person and online)
- **81%** of companies explain how shareholders can submit questions for the annual meeting
- **54%** include icons representing the different voting methods (mail, phone, internet), up from **44%** in 2021

INCLUDE VOTING ICONS



As virtual or hybrid meetings have become the norm, it is a good sign that 81% of companies explain how shareholders can submit questions electronically. The use of QR codes is a small, but (we believe) growing trend that simplifies shareholder research.

Letters or Messages

- **20 companies** include a letter from the full board
- **73%** of companies include a letter from the Chairman or CEO (or combined roles), but only **78%** of those letters include substantive information (such as governance or compensation highlights)
- **16%** include a letter from someone other than the Chairman or CEO, such as the Lead Independent Director

Including a well-written letter at the beginning of the proxy is an effective way to introduce the reported year, engage shareholders on specific topics, and set the tone. Unfortunately, many companies don't use the prestige of the Chairman or CEO to its full advantage. These letters should convey high-level business highlights, governance decisions, and other company news—not repeat administrative information that appears in the Notice.

Governance

At the heart of a company's investment story is corporate governance—the framework of rules and practices the board establishes to ensure accountability and fairness in its relationship with stakeholders. Some readers want a broad understanding of these rules and practices. Others are looking for more specific data—like why the board thinks its nominees are qualified to oversee management and long-term company strategy and how the board assesses its effectiveness. The criteria we chose to benchmark are those that can enhance the transparency and clarity of the information provided in the governance section of the proxy.

Proxy Summary

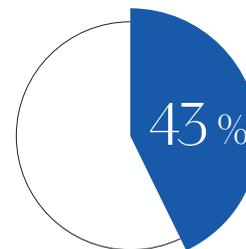
Proxy summaries are useful features that can draw readers in by incorporating attractive and informative graphics. The summary should not repeat information that appears in the governance and CD&A sections. Instead, it should provide an overview of that information and hopefully inspire readers to dive deeper into the disclosure. For example, many companies provide aggregated information about their directors' skills in the proxy summary, but individualized skills information in the governance section.

- **77%** include a proxy summary (slightly up from 75% in 2021)
- The average length of proxy summaries is **7 pages**
- Dow has the longest proxy summary, at **27 pages** (a big jump from the 17-page maximum last year)

Contents of the Proxy Summary

Of the 77% that include a proxy summary:

- **88%** include a table summarizing the proposals and the board's recommendation for each one, up from 82% in 2021
- **82%** include governance highlights
- **80%** include compensation highlights
- **51%** use graphics to highlight company performance
- **43%** include a general overview of the company or company strategy more specifically, up from 37% in 2021



INCLUDE A GENERAL OVERVIEW OF THE COMPANY OR COMPANY STRATEGY IN THE PROXY SUMMARY

Governance Policies

- **62%** include a summary of key governance practices and policies (generally in the form of a "what we do / don't do" table or a list)

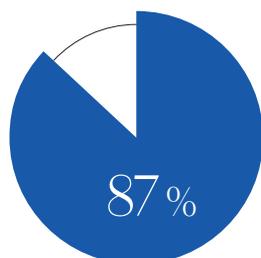
Director Nominees

Board Size

- The average board size is **11.3 directors**
- Truist Financial has the largest board, with **21 directors**
- Air Products and Microchip Technology have the smallest boards, with only **7 directors each**

Director Photos

- **87%** include photos of the board members, up from 82% in 2021



INCLUDE PHOTOS OF THE BOARD MEMBERS

Director photos typically appear in the individual biographies, but we are increasingly seeing them in the proxy summary and the committee descriptions as well.

Director Biographies

Within the director biographies, companies continue to make progress, using subheaders or other design features to ensure that key information stands out.

- **87%** highlight age
- **89%** highlight “director since” information
- **49%** flag director independence (up from 42% in 2021)
- **81%** include committee memberships (up from 73% in 2021)
- **67%** highlight other public directorships (up from 59% in 2021)
- **6 companies** (American Electric Power, Cognizant Technology Solutions, Intel, Microsoft, Otis Worldwide, and Schlumberger) included nationality or birthplace

49%

Flag director independence

81%

Include committee memberships

67%

Highlight other public directorships

It is possible that the increased emphasis on other directorships is a response to investor and proxy advisor concerns about overboarding.

Independence

- The average number of non-independent directors on the board is **1.5**
- **66%** of companies have one non-independent director, typically the CEO
- **49%** include a graphic depicting the number (or percentage) of independent directors on the board

Tenure

- **76%** include a graphic highlighting the tenure of their directors
- **90%** have at least one director with tenure of 10 or more years
- The average number of directors on each board with tenure longer than 10 years is **3.2**

Age

- **41%** include a graphic showing age distributions

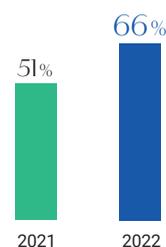
Board Diversity

People have mixed views about the use of quotas to promote diversity on public company boards, but there is no escaping the fact that investors, regulators, lawmakers, stock exchanges, and proxy advisors are pushing for more female and minority representation. Even after courts invalidated the diversity requirements for California-headquartered companies, board diversity continues to be a focus. Companies should use the best available techniques to highlight their current diversity profile and the efforts they are making (if any) to improve that profile.

Gender

- The average number of women on each board is **3.7**
- **80%** include a graphic to highlight director gender and/or ethnicity metrics
- All companies in the S&P 250 have at least one woman on their board
- **66%** have at least 30% women directors, up from 51% in 2021

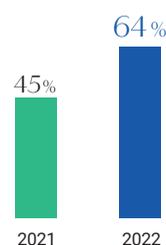
AT LEAST 30% WOMEN



Skills and Qualifications

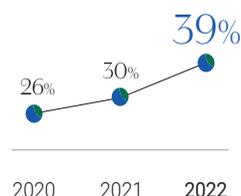
- **64%** include an individualized skills matrix, up from 45% in 2021

INCLUDE SKILLS MATRIX



- **63%** of those companies include at least one row to highlight ethnicity and other diversity features within the skills matrix, up from 51% in 2021
- **40%** include an aggregated skills graphic
- **33%** explain why each particular skill is relevant to the company, up from 12% in 2021
- **39%** use icons to represent skills and qualifications, up from 30% in 2021

INCLUDE ICONS TO REPRESENT SKILLS





Although some companies are still hesitant to add a person-by-person matrix, it is an efficient way to illustrate the range of directors' backgrounds, skills, and experience. It is not surprising that individualized skills disclosure, particularly among Nasdaq-listed companies, increased 42% since 2021. Some companies combined the required personal diversity content with skills and experience diversity content, which provides a more comprehensive picture of the board.

The small but growing use of icons to symbolize particular skills and qualifications is also worth noting. These icons can be repeated in other places (such as the committee membership chart and director biographies) for greater impact.

Board Refreshment

Disclosure on matters like the director nomination and evaluation processes helps readers understand how the board ensures its continued effectiveness. Often these discussions can be synthesized into a useful infographic. For example, some companies use creative flow charts to explain the different steps, timing, and parties involved in the evaluation process of the current and future makeup of the board.

- **20%** use a graphic to illustrate the nomination process
- **33%** use a graphic to illustrate the board and committee evaluation process
- **35%** discuss the results from the board evaluation and, if warranted, the proposed enhancements or actions taken
- **59%** discuss their director onboarding and/or continuing education programs

Board Leadership Structure

Investors want to understand how the board is governed—particularly if the CEO also serves as Chairman. This topic apparently is drawing more SEC scrutiny as well. At companies with a combined CEO/Chair role in particular, clearly listing the responsibilities assigned to the CEO/Chair and to the Lead Independent Director in an infographic can be more useful than providing the same information in paragraph form.

- **12%** include a graphic or table to describe their current leadership structure
- **50%** have an independent director serving as Chairman

Board Responsibilities

Meetings and Attendance

- Boards met an average of **8.3 times** during the year
- **33%** of companies include the exact percentage of board attendance (rather than the requisite "more/less than 75%").

Committees

Committees play an important role in how a company is governed. It is common to have an audit committee, a compensation committee, and a combined nominating and governance committee. However, this year we saw an increase in the average number of committees; two companies actually have 8 committees each. As with the skills and qualifications matrix, a table illustrating which directors serve on which committees is a useful, easily understood communication tool.

A few companies have gone beyond disclosure requirements and added personalized committee disclosure, such as a quote from the committee chair, committee member photos, and meeting attendance figures. These are interesting details, and we think important ones, because they give readers a glimpse into the boardroom.

The average number of committees is 4

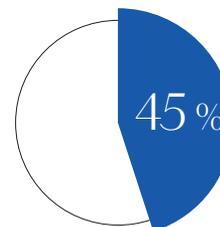
- **14%** have 6 committees
- **21%** have 5 committees
- **38%** have 4 committees
- **24%** have 3 committees
- The maximum number of committees was **8** (American Electric Power and CME Group)
- **72%** include a matrix showing committee assignments per director, either within the governance section or the proxy summary
- **18%** include a summary of the topics discussed during the year within each committee description

Areas of Focus

- **37%** discuss key governance changes or areas of focus for the board during the year
- **64%** explain their approach to cybersecurity

Risk Oversight

- **45%** include a graphic to show how risk oversight responsibilities are allocated between management and the board and among the board's committees, up from 35% in 2021



INCLUDE A RISK OVERSIGHT GRAPHIC

Given the high level of shareholder interest in risk oversight, and increasing focus from the SEC, we expect useful tools such as infographics to be employed more often. In addition, we expect to see more specific information about the major business risks identified by management and how the company is addressing those risks.

Shareholder Engagement

We saw a slight increase in the use of graphics to enhance discussions about shareholder engagement, from 40% in 2021 to 41% in 2022. Ideally, this number would be higher. Well-designed infographics can help draw attention to the details of a company's outreach efforts better than text-only descriptions. Graphics might lay out the timing for engagement activities, introduce the company participants, trumpet the number of shareholders reached, and—perhaps most important—summarize the topics discussed and the company's response. This is a good way for a company to demonstrate it is receptive to shareholder views, and it's useful for readers who aren't involved in the meetings.

- **82%** include a shareholder engagement section (oddly, a slight decline from 84% in 2021)

Of the companies that included a shareholder engagement section,

- **84%** disclose the percentage of shareholders contacted
- **81%** describe how they interacted with shareholders (individual meetings, roadshow, investor day)
- **100%** include the topics discussed with shareholders, at least in general terms
- **41%** include a shareholder engagement graphic

Information about shareholder engagement can be found throughout the proxy, and sometimes in more than one section. For example, of the companies that discuss engagement:

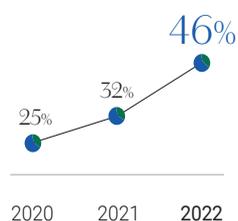
- **32%** include this information in the proxy summary
- **85%** include this information in the governance section
- **51%** include this information in the CD&A

Environmental, Social and Governance Sections

The proxy is not the place for a detailed discussion of a company's ESG metrics, goals, and activities. However, it is perfectly appropriate to offer some highlights to draw attention to key messages and encourage readers to access more specific information on the company's website or in a standalone sustainability report. Graphics are an excellent tool for making those highlights stand out.

- **97%** discuss at what level ESG initiatives are overseen
 - 30% said management
 - 74% said the whole board
 - 82% said a specific committee
- **46%** use graphics to highlight key ESG metrics, up from 32% in 2021

USE GRAPHICS TO HIGHLIGHT ESG METRICS



Sustainability

Within an ESG section, **67%** mention the following frameworks:

- **72%** mention Sustainability Accounting Standards Board (SASB)
- **82%** mention Task Force on Climate-related Financial Disclosures (TCFD)
- **45%** mention Global Reporting Initiative (GRI)
- **30%** mention UN Sustainable Development Goals
- **9%** mention World Economic Forum

Human Capital Management

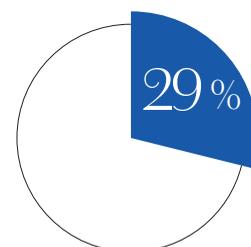
- **83%** include HCM information, up from 70% in 2021

Of those companies:

- **64%** include HCM within an ESG section of the proxy
- **55%** include HCM as a board area of expertise
- **51%** discuss HCM with shareholders
- **77%** define HCM as a company risk or board responsibility

Director Compensation

- **74%** disclose the components of director compensation (including all retainers and equity awards) in a table or other easily understood graphic
- **29%** included a graphic to break down compensation in cash vs. stock, up from 13% in 2021



INCLUDE GRAPHIC TO BREAK DOWN COMPENSATION

This is fairly typical disclosure in the area of executive compensation, but does not seem to be a big concern in relation to directors. On the other hand, the jump in companies including a graphic to show the breakdown of cash vs. equity compensation is significant.

Governance Practices

Diversity Policy

- **84%** discuss the company's position on diversity beyond the board level (such as how it affects employee recruitment)

Retirement Age

- **44%** have a mandatory retirement age for directors
- **30%** of those companies have a retirement age of 72 and **51%** have a retirement age of 75

Code of Business Conduct or Ethics

- **45%** include a direct link to the code or to the code's landing page

Political Spending

- **46%** mention political spending within the governance section

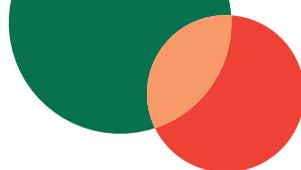
Compensation

The CD&A tells a company's compensation story, and typically is the most read section of a proxy. Companies hoping to garner significant support in say-on-pay votes need to be both informative and accessible, while respecting regulations that require extensive details. This is where color, graphics, and a clearly defined document hierarchy are particularly useful. You can use these tools to emphasize important information and make it easier for readers who prefer not to wade through dense narrative sections to see the big picture.

Letter from the Compensation Committee

- **31 companies** include a personalized letter from compensation committee discussing highlights of (or recent changes to) the program

We hope more companies will consider using this personal form of communication, especially when they want to highlight changes made to their compensation programs in response to shareholder feedback.



Secondary Table of Contents

- **37%** include a table of contents for the CD&A

Executive Summary

Summaries are an important tool in proxy statements because they quickly engage readers who might not have time to read in full, or who may turn to proxy advisor reports.

- **83%** include an executive summary at the beginning of the CD&A

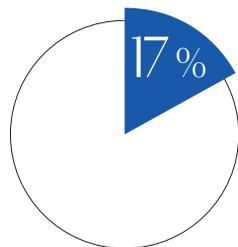
Presentation of NEOs

- **82%** introduce the Named Executive Officers in table format
- **29%** include photos of the NEOs, up from 21% in 2021

Say on Pay

Companies are required to address whether and, if so, how they considered the results of the most recent say-on-pay vote in determining compensation policies and decisions.

- **84%** mention the prior years' say-on-pay vote within the CD&A
- **17%** of companies present their say-on-pay results in graphic form



INCLUDE A GRAPHIC PRESENTING SAY ON PAY RESULTS

Performance Highlights

Graphics showing performance highlights are easier to digest (and more interesting to look at) than straight text, and can help investors quickly understand how the company is performing against targets that affect compensation. There are three things to keep in mind when you use these graphics. First, you should be reasonably consistent with the metrics you highlight from year to year, even if the numbers aren't always rosy. Second, if you provide business highlights in the CD&A, be sure to explain how they affect the pay program. (If there isn't a direct link, maybe the highlights belong in the proxy summary.) Third, if your graphic incorporates non-GAAP figures, the corresponding GAAP numbers should also be in graphic form.

- **59%** incorporate at least two graphics on business performance in the CD&A or the proxy summary
- **58%** present a TSR graphic
- **49%** present a graphic showing revenue or sales
- **23%** present a graphic depicting stock price vs. the S&P 500 or their peer group stock price

Compensation Program Overview

- **88%** include a summary of key compensation practices and policies (usually in the form of a "what we do / don't do" table or a list)

Compensation Decisions and Context

Graphics are a great way to emphasize compensation results. Below is a list of different types of graphics we believe all proxies could include, and the percentage of companies in our benchmark that already use them.

CEO/NEO Pay Mix

- **82%** include CEO (and usually NEO) pay mix graphics

Pay vs. Performance

- **14%** present a graphic comparing CEO compensation to peer group CEO compensation
- **19%** include a graphic showing CEO pay vs TSR
- **12%** use graphics to highlight the difference between realized and realizable pay

We expect these numbers to climb next year as companies endeavor to provide context for the new pay-for-performance table.

Compensation Decisions

Peer Group Disclosure

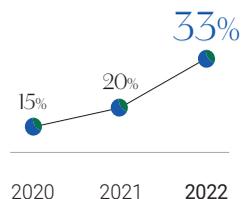
- **68%** disclose the criteria used to identify the companies in the peer group and explain how the company fits into the peer group with respect to those criteria, up from 47% in 2021

Readers (and proxy advisors) want to understand why a company selected a particular peer group. Offering specific details rather than just listing the members of the peer group will inspire confidence that the choice of peers was rational.

Individual Compensation Overviews

- **33%** include a section on each NEO, with individual performance and compensation data, up from 15% in 2020 and 20% in 2021

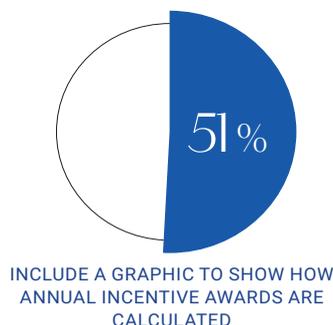
INCLUDE A SECTION ON EACH NEO



These focused sections (often called NEO "snapshots") are helpful, particularly when the NEOs have individual or subjective performance goals for their incentive awards. They are also a good way to present all pay decisions for the individual NEOs in one place.

Annual Incentives

- **42%** include a graphic highlighting the mix of annual incentive metrics, up from 30% in 2021
- **81%** include a table or graphic that summarizes the target and final payouts
- **56%** incorporate diversity or environmental performance metrics into the annual incentive program
- **51%** include a graphic to show how awards are calculated, up from 41% in 2021

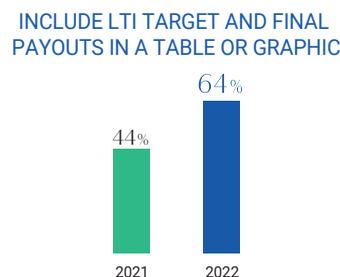


Long-Term Incentives

Long-term incentive awards can seem like a black box. Proxy statements explain the awards granted in the most recent year, but interested readers often need to flip to the summary compensation table to see how awards that theoretically just vested actually paid out. We believe discussing in-flight and recently-vested awards in the CD&A not only improves transparency, but also demonstrates

how executive compensation tracks with business performance and stock price. We are happy to report a large increase in companies presenting this information.

- **52%** include a graphic showing the types of long-term incentive awards
- **37%** present outstanding equity awards and the payout percentages based on performance to date in a table or graphic
- **64%** include a table or graphic that summarizes the target and final payouts of previously-granted LTI awards, up from 44% in 2021



Additional CD&A Information

- **11%** include a graphic showing each Named Executive Officer's actual stock ownership compared to ownership guidelines, if any
- **91%** mention they have a clawback policy

Due to the newly adopted SEC rules regarding clawback policies, disclosure on that topic will most certainly expand in the next two years.

Looking Ahead

After ten years of following transparency trends in proxy statements, it is nice to see that very few companies continue to view the proxy merely as a legal document. Instead, most understand the proxy can communicate meaningful information to the market in compelling ways.

As we look ahead to the 2023 proxy season, one focus area is certain: ESG. Accordingly, we want to highlight a few key points.

First, investors and other stakeholders are expecting detailed information on ESG oversight. We encourage companies to explain the oversight structure and process and the ESG topics that are considered material risk factors. If possible, include this information in graphic form.

Second, companies need to be consistent from one report to the next. ESG reports are typically published after the proxy statement, but the oversight of the ESG program should not change between the proxy filing and publication of the ESG report. Another critical piece of information that should sync up between documents is the link between ESG and company strategy. Not every investor is on board with ESG-related business decisions. To help them understand the company's priorities, consider providing a detailed description of how the ESG program aligns with and directly impacts company strategy and results.

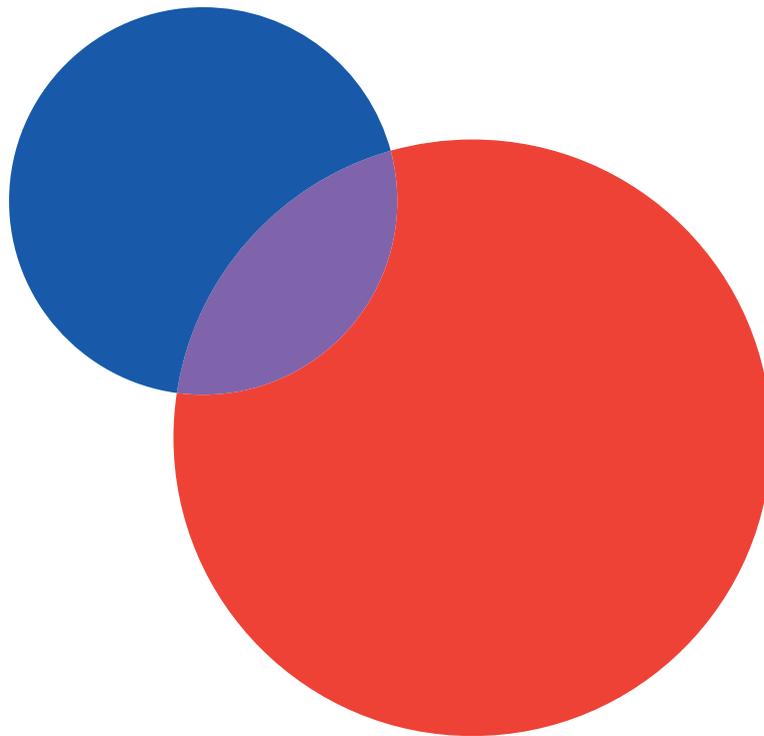
Third, companies should connect their directors' experience and ongoing training with the ESG program and responsibilities.

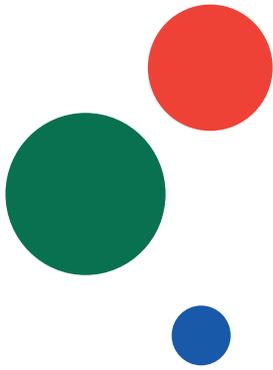
Appendix A

List of proxy statements analyzed

3M COMPANY	CHARTER COMMUNICATIONS	GENERAL DYNAMICS	MORGAN STANLEY
ABBOTT LABORATORIES	CHEVRON	GENERAL ELECTRIC	MOTOROLA SOLUTIONS
ABBVIE	CHIPOTLE MEXICAN GRILL	GENERAL MILLS	MSCI
ACCENTURE PLC	CHUBB	GENERAL MOTORS	NETFLIX
ACTIVISION BLIZZARD	CIGNA	GILEAD SCIENCES	NEWMONT
ADOBE	CINTAS	GLOBAL PAYMENTS	NEXTERA ENERGY
ADVANCED MICRO DEVICES	CISCO SYSTEMS	GOLDMAN SACHS	NIKE
AFLAC INCORPORATED	CITIGROUP	HCA HEALTHCARE	NORFOLK SOUTHERN
AGILENT TECHNOLOGIES	CME GROUP	HILTON WORLDWIDE	NORTHROP GRUMMAN
AIR PRODUCTS AND CHEMICALS	COCA-COLA COMPANY	HOME DEPOT	NVIDIA
ALIGN TECHNOLOGY	COGNIZANT TECHNOLOGY SOLUTIONS	HONEYWELL	NXP SEMICONDUCTORS
ALLSTATE CORPORATION	COLGATE-PALMOLIVE	HP	O'REILLY AUTOMOTIVE
ALPHABET	COMCAST	HUMANA	OCCIDENTAL PETROLEUM
ALTRIA GROUP	CONOCOPHILLIPS	IBM	ORACLE
AMAZON.COM	CONSTELLATION BRANDS	IDEXX LABORATORIES	OTIS WORLDWIDE
AMERICAN ELECTRIC POWER	CORTEVA	ILLINOIS TOOL WORKS	PACCAR
AMERICAN EXPRESS	COSTCO WHOLESALE	ILLUMINA	PARKER-HANNIFIN
AMERICAN INTERNATIONAL GROUP	CROWN CASTLE INTERNATIONAL	INTEL	PAYCHEX
AMERICAN TOWER	CSX	INTERCONTINENTAL EXCHANGE	PAYPAL
AMERIPRISE FINANCIAL	CUMMINS	INTERNATIONAL FLAVORS & FRAGRANCES	PEPSICO
AMETEK	CVS HEALTH	INTUIT	PFIZER
AMGEN	DANAHER	INTUITIVE SURGICAL	PHILIP MORRIS
AMPHENOL	DEERE & COMPANY	IQVIA	PHILLIPS 66
ANALOG DEVICES	DEVON ENERGY	JOHNSON & JOHNSON	PIONEER NATURAL RESOURCES
ANTHEM	DEXCOM	JOHNSON CONTROLS	PNC FINANCIAL
AON PLC	DIGITAL REALTY TRUST	JPMORGAN	PPG INDUSTRIES
APPLE	DISCOVER FINANCIAL SERVICES	KEYSIGHT TECHNOLOGIES	PROCTER & GAMBLE
APPLIED MATERIALS	DOLLAR GENERAL	KIMBERLY-CLARK	PROGRESSIVE
APTIV	DOMINION ENERGY	KINDER MORGAN	PROLOGIS
ARCHER-DANIELS-MIDLAND	DOW	KLA CORPORATION	PRUDENTIAL FINANCIAL
ARTHUR J. GALLAGHER	DUKE ENERGY	L3HARRIS TECHNOLOGIES	PUBLIC SERVICE ENTERPRISE GROUP
AT&T	DUPONT DE NEMOURS	LAM RESEARCH	PUBLIC STORAGE
AUTODESK	EATON	LINDE	QUALCOMM
AUTOMATIC DATA PROCESSING	EBAY	LOCKHEED MARTIN	RAYTHEON TECHNOLOGIES
AUTOZONE	ECOLAB	LOWE'S COMPANIES	REALTY INCOME CORPORATION
AVALONBAY COMMUNITIES	EDWARDS LIFESCIENCES	MARATHON PETROLEUM	REGENERON PHARMACEUTICALS
BANK OF AMERICA	ELECTRONIC ARTS	MARRIOTT INTERNATIONAL	RESMED
BANK OF NEW YORK MELLON	ELI LILLY	MARSH & MCLENNAN	ROCKWELL AUTOMATION
BAXTER INTERNATIONAL	EMERSON ELECTRIC	MASTERCARD	ROPER TECHNOLOGIES
BECTON DICKINSON	EOG RESOURCES	MATCH GROUP	ROSS STORES
BERKSHIRE HATHAWAY	EQUINIX	MCDONALD'S	S&P GLOBAL
BIOGEN	EQUITY RESIDENTIAL	MCKESSON	SALESFORCE.COM
BLACKROCK	ESTEE LAUDER	MEDTRONIC	SBA COMMUNICATIONS
BOEING	EXELON	MERCK	SCHLUMBERGER
BOOKING HOLDINGS	EXXON MOBIL	META PLATFORMS	SEMPRA ENERGY
BOSTON SCIENTIFIC	FASTENAL	METLIFE	SERVICENOW
BRISTOL-MYERS SQUIBB	FEDEX	METTTLER-TOLEDO INTERNATIONAL	SHERWIN-WILLIAMS
BROADCOM	FIDELITY NATIONAL INFORMATION SERVICES	MICROCHIP TECHNOLOGY	SIMON PROPERTY GROUP
CADENCE DESIGN SYSTEMS	FIFTH THIRD BANCORP	MICRON TECHNOLOGY	SOUTHERN COMPANY
CAPITAL ONE FINANCIAL	FIRST REPUBLIC BANK	MICROSOFT	STARBUCKS
CARRIER GLOBAL	FISERV	MODERNA	STATE STREET
CATERPILLAR	FORD MOTOR	MONDELEZ	STRYKER
CBRE GROUP	FORTINET	MONSTER BEVERAGE	
CENTENE	FREEMPORT-MCMORAN	MOODY'S	
CHARLES SCHWAB			

SVB FINANCIAL	THERMO FISHER SCIENTIFIC	UNITEDHEALTH GROUP	WASTE MANAGEMENT
SYNOPSYS	TJX	VALERO ENERGY	WELLS FARGO
SYSCO	TRANE TECHNOLOGIES	VERISK ANALYTICS	WELLTOWER
T-MOBILE	TRANSDIGM GROUP	VERIZON COMMUNICATIONS	WILLIAMS COMPANIES
T. ROWE PRICE	TRAVELERS COMPANIES	VERTEX PHARMACEUTICALS	XCEL ENERGY
TARGET CORPORATION	TRUIST FINANCIAL	VISA	YUM! BRANDS
TE CONNECTIVITY	U.S. BANCORP	WALGREENS BOOTS ALLIANCE	ZOETIS
TESLA	UNION PACIFIC	WALMART	
TEXAS INSTRUMENTS	UNITED PARCEL SERVICE	WALT DISNEY	





LABRADOR

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After eleven years in the U.S. and three decades in Europe, Labrador's mission remains the same: to design and publish reader-centric documents that generate trust with shareholders, reinforcing their investment decisions. Focusing exclusively on corporate disclosure documents, and with 300 clients worldwide, we use our unique insight into industry trends and best practices to help our clients innovate and create award-winning proxy statements, annual reports, sustainability reports, and more. Labrador is the creator of the Transparency Awards and owner of the brand.

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