Pay Governance

VIEWPOINT | NOVEMBER 4, 2026

Less Disclosure, Not Less Information:
Defining Essential Executive Compensation Disclosure



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KEY TAKEAWAYS

- ***The policy question is shifting.*** *If SEC requirements are reduced, companies will need to decide which information remains essential to investors rather than simply defaulting to the new legal minimum.*
- ***The answer is not today's full disclosure framework.*** *The opportunity is to retain the information investors use to evaluate pay and performance while removing duplication, boilerplate and low-value process detail.*
- ***A practical alternative is available.*** *The Essential Executive Compensation Dashboard is a standardized two-page exhibit that works with the Summary Compensation Table to preserve decision-useful information in a shorter, more visual format.*

Introduction

Executive compensation disclosure has expanded with nearly every rulemaking cycle since 2006. Much of the resulting information is useful, but the current framework also contains repetitive narrative, tables with overlapping information, and process descriptions that can obscure the central question: *how did the company link executive pay to performance and strategy?*

Potential SEC reforms create an opportunity to rethink the architecture of disclosure. Our earlier Viewpoint, "Investor Perspectives on SEC Disclosure Reform", summarized the SEC proposal and reported detailed survey findings showing broad investor support for retaining decision-useful executive compensation information. This Viewpoint does not repeat that analysis. Instead, it addresses the next question: *if disclosure requirements are reduced, what should companies continue to provide, how can they provide it more efficiently, and will the reimagined disclosure be allowable under the SEC's disclosure requirements?*

A Better Objective: Less Disclosure, Not Less Information

The objective should not be to preserve every current requirement. Nor should companies assume that reduced requirements justify eliminating information shareholders use to assess compensation outcomes and board accountability. The more durable approach is to separate essential information from the disclosure conventions that have accumulated around it.

- **Preserve the data** needed to understand what executives were awarded, what they earned and why.

- **Condense explanations** of philosophy, process and governance where they do not change materially from year to year.
- **Present pay and performance information** in a consistent sequence using tables, charts and plain-language commentary.

Separating the Essential from the Boilerplate

The distinction below is intentionally practical. It focuses on the information needed to evaluate annual and long-term incentive outcomes, the relationship between pay outcomes and performance, and the principal governance protections surrounding the program.

Essential to investors	Candidates for streamlining
Pay levels and pay mix for each named executive officer	Generic or aspirational descriptions of compensation philosophy
Incentive metrics, goals, actual results, payouts and material use of discretion	Narrative that restates the same information already shown in tables
Rationale for material decisions, special awards and significant program changes	Extended process descriptions that change little from year to year
Relationship between pay outcomes and company and shareholder performance	Lengthy pay-versus-performance narrative and duplicative required measure lists
Outstanding equity value, vesting status and completed performance-cycle outcomes	Multiple equity tables that present the same awards from different perspectives
Stock ownership, clawbacks, risk oversight, severance and change-in-control economics	Inactive-plan tables or governance descriptions with no material current-year relevance

The Essential Executive Compensation Dashboard

We propose a standardized two-page Dashboard designed to accompany the Summary Compensation Table. The Dashboard would not recreate the current disclosure regime in miniature. It would consolidate the most decision-useful information, eliminate overlaps and place board judgment alongside the relevant quantitative results. The scope of the disclosed data, such as Pay Versus Performance, CEO Pay Ratio, and forward-looking performance share targets, may vary based on company-specific factors, including incentive plan complexity and shareholder base.

- **Page 1 - program design and annual decisions.** Headline pay statistics, target pay mix, material program changes, governance safeguards, annual incentive results, and long-term incentive grant design.
- **Page 2 - pay outcomes and accountability.** Multi-year pay and performance, reconciliation of Summary Compensation Table pay to compensation actually paid, completed performance cycles, consolidated equity activity, ownership, severance, and special awards or discretion.

The illustrative Dashboard at the end of this Viewpoint uses hypothetical figures solely to demonstrate structure and presentation. A common order and terminology would improve comparability across companies over time, while a table-based design would support machine-readable tagging.

Why the Dashboard Is Different

It is selective, not additive. The Dashboard is meant to replace duplicative narrative and overlapping tables, not sit on top of the existing framework as another summary.

It connects design to outcomes. Annual and long-term incentive designs appear alongside goals, actual results, payouts, and any discretion, making the Committee's decisions easier to evaluate.

It reconciles different views of pay. A concise bridge from Summary Compensation Table pay to compensation actually paid helps readers understand how grant-date compensation values are adjusted to reflect subsequent changes in equity award values and other required items.

It makes accountability visible. Ownership, clawbacks, risk oversight, severance, change-in-control arrangements and special awards are presented in one place rather than dispersed throughout the proxy.

It supports comparability without eliminating judgment. Standardized categories make disclosure easier to navigate, while brief company-specific commentary preserves context for unusual decisions or outcomes.

Implications for Compensation Committees

- **Treat regulatory disclosure relief as an option, not an instruction.** The Committee should determine which information remains important to shareholders and necessary to understand the company's compensation program.
- **Use the transition to remove clutter.** Start with repetitive narratives, overlapping equity presentations and immaterial process descriptions before removing substantive pay and performance information.
- **Preserve a clear record of judgment.** Concise disclosure should still explain material discretion, special awards, significant design changes and outcomes that may otherwise appear misaligned with performance.
- **Engage major shareholders before materially reducing disclosure.** Investor priorities may differ by ownership profile, and company-specific feedback can identify which elements are truly decision-critical.
- **Design for usability.** A shorter proxy is valuable only if investors can quickly locate consistent, comparable and sufficiently complete information.
- **Consult with legal counsel.** Inclusion of the Essential Executive Compensation Dashboard should be reviewed by legal counsel for compliance with the disclosure rules.

Conclusion

The strongest case for disclosure reform is not that investors need less information. It is that they should not have to work through duplicative tables and boilerplate to find the information that matters. The Essential Executive Compensation Dashboard offers a practical middle ground: retain the quantitative and company-specific information needed to evaluate pay and performance, while materially reducing length, repetition and compliance-driven narrative.

If the SEC provides companies greater flexibility, compensation committees will have an opportunity to improve disclosure rather than merely reduce it. A concise, standardized and decision-oriented presentation can lower burden while preserving transparency and investor confidence.

Disclaimer: This Viewpoint is for informational purposes only and does not constitute legal advice.

General questions about this Viewpoint can be directed to Mike Kesner (mike.kesner@paygovernance.com) or Silvana Nuzzo (silvana.nuzzo@paygovernance.com).

The Essential Executive Compensation Dashboard

[Company Name] | Fiscal Year 2026 | Program Design, Governance & Pay Decisions

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(Illustrative data shown for template purposes)

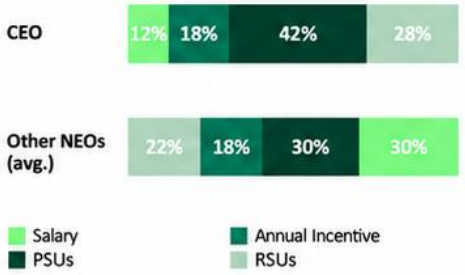
$10.2M	$10.6M	88%	60%	112%	94%
CEO Target Total Direct Comp	CEO Total Comp. (at ~FCT)	CEO Target Pay At Risk	CEO LTI Performance-Based	Annual Incentive Payout (vs. Target)	Peer-Value Pay-for-Pay Support

1. Compensation Philosophy & Key 2026 Decisions

Philosophy: Target pay is positioned near the median of a 16-company industry peer group, actual pay varies with performance. Incentives reward profitable growth, capital efficiency and long-term shareholder returns.

- **Base salary:** CEO salary unchanged at $1.2M; other NEOs 0–5% increase (merit).
- **Annual incentive:** Metrics unchanged; strategic scorecard weighting reduced from 25% to 20% to increase financial focus.
- **Long-term incentive:** PSU weighting increased from 50% to 60% of CEO LTI; relative TSR added as a 50% weighted PSU metric.
- **Peer group:** Two adjusted companies removed; two comparably sized companies added.
- **Shareholder input:** Outreach to holders of ~55% of shares; feedback led to the PSU changes above.

2. Target Pay Mix



At-risk pay: CEO 88% | Other NEOs 78%
LTI share of target pay: CEO 70% | Other NEOs 60%

3. Governance Scorecard

- ✓ Independent compensation committee & advisor
- ✓ SEC exchange-compliant clawback policy
- ✓ Stock ownership guidelines (CEO: 6x salary)
- ✓ Anti-hedging and anti-pledging policies
- ✓ Double-trigger change-in-control vesting
- ✓ Annual compensation risk assessment
- ✓ Caps on incentive payouts (200% of target)
- ✗ No excise tax gross-ups
- ✗ No single-trigger equity vesting
- ✗ No repricing without shareholder approval

4. Annual Incentive Plan: Design and 2026 Results

Metric	Why it matters	Wt.	Threshold (50%)	Target (100%)	Max (200%)	Actual	Payout
Adjusted EPS	Profitability & value creation	50%	$4.40	$5.00	$6.00	$5.18	**130%**
Organic revenue growth	Market share & growth	30%	2.0%	5.0%	8.0%	**4.4%**	**90%**
Strategic scorecard	Safety, talent, customer	20%	Defined	Defined	Defined	**Achieved**	**100%**
Weighted result							**112%**

Executive	Target (% salary)	Target ($)	Formula Result	Discretion	Actual Paid
CEO	160%	$1,920,000	112%	None	**$2,016,000**
Other NEOs (range)	90%–120%	$413K–$665K	112%	None	**$463K–$728K**

Committee commentary: Each metric set above prior-year actual results and within external guidance. Adjusted EPS added $0.12 of nominal to earnings change, consistent with the pre-approved adjustment framework; the basis of payout. No discretion was applied to formulaic results. Non-GAAP reconciliation: Annex A of the proxy statement.

5. Long-Term Incentive Program: 2026 Grants

Vehicle	CEO Mix	Other NEOs	Vesting / Performance Period	CEO Grant Value
Performance share units (PSUs)	60%	50%	3-year cliff; 0%–200% of target	$4,320,000
Restricted stock units (RSUs)	40%	50%	Ratable over 3 years	$2,880,000
Total	**100%**	**100%**		**$7,200,000**

2026–2028 PSU Metric	Wt.	Threshold (50%)	Target (100%)	Maximum (200%)
3-year average ROIC	50%	≥4.0%	≥6.0%	≥8.0%
Relative TSR vs. S&P 400 Industrials	50%	25th pctile	50th pctile	80th pctile

Why these metrics: ROIC reinforces disciplined capital allocation; relative TSR aligns payouts with shareholder experience versus investment alternatives. Payouts capped at 100% of target if absolute TSR is negative in any trailing three-year period.
Burn rate / dilution: 0.9% three-year average burn rate; 6.1% overhang.

SCT = Summary Compensation Table. Target Total Direct Compensation = base salary + target annual incentive + grant-date target value of LTI. Grant values equal a grantee's fair value at target as reported in the SCT. All figures are illustrative and should be replaced with company data. See the Summary Compensation Table and associated footnotes in the proxy statement for complete 2026 pay and performance disclosures.

Framework: Pay Governance LLC

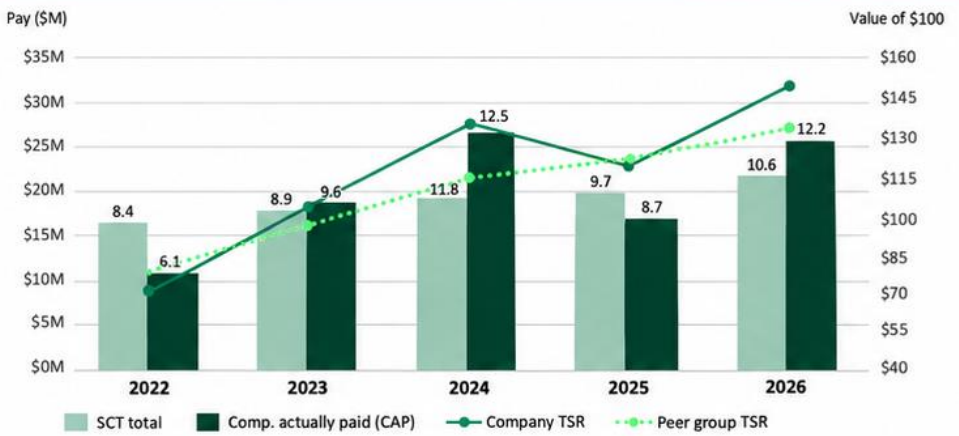
The Essential Executive Compensation Dashboard

[Company Name] | Fiscal Year 2026 | Pay-for-Performance Outcomes & Accountability

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(Illustrative data shown for template purposes)

6. Pay Versus Performance: CEO Compensation Actually Paid vs. TSR



7. Alignment Assessment

Measure	1-Yr	3-Yr	5-Yr
Company TSR	+27.8%	+26.8%	+52.0%
Peer group TSR	+6.9%	+25.0%	+40.9%
Company percentile vs. peers	78th	61st	59th
CEO CAP vs. SCT total	113%	106%	114%

Performance: Five-year TSR outpaced the peer group by 12 points; adjusted EPS grew at a 9% compound annual rate.

Pay outcome: CAP moved with TSR in each year, including a 32% decline in 2025 when TSR fell.

Committee conclusion: Realized and realizable pay outcomes are directionally and proportionately aligned with shareholder returns.

212 : 1 **CEO Pay Ratio**
CEO total compensation: $48,393
Median employee total compensation: $228 (excluding U.S.)

8. Reconciliation: CEO SCT Total to CAP

2026 CEO Compensation	$ (000s)
Summary Compensation Table total	$10,570
Less: grant-date value of stock awards	($7,370)
Plus: year-end value of awards granted in year	$7,859
Plus: change in value of prior-year unvested awards	$620
Plus: change in value of awards vested in year	$330
Pension adjustment (no defined benefit plan)	—
Compensation actually paid	**$12,200**

Ties directly to the SCT, avoiding a separate pay-versus-performance table while retaining the reconciliation investors use.

9. Completed PSU Cycles

Cycle	Metric	Result	Payout
2022–2024	ROIC / EPS growth	Below target	**84%**
2023–2025	ROIC / EPS growth	Above target	**123%**
2024–2026	ROIC / Rel. TSR	Above target	**112%**

2024–2026 CEO PSU	Value
Target value at grant	$3,600,000
Shares earned (112%)	402,320
Value at vesting	$4,036,020
Realized vs. grant value	**138%**

10. Equity Award Activity (Consolidated)

# (000s)	CEO	Other NEOs
Unvested value, beginning of year	$18,400	$14,100
Granted during year	$7,210	$9,800
Vested / earned and settled	($6,900)	($5,300)
Forfeited	—	($200)
Change in stock price / performance	$1,100	$800
Unvested value, end of year	**$19,810**	**$18,500**

Reflects the grant and performance of awards. Option exercises and stock vested, and outstanding equity awards tables with one-roll-forward PSUs values at estimated payout.

11. Stock Ownership

Role	Guideline	Actual	Status
CEO	6× salary	14.2×	**Met**
Other NEOs	3× salary	3.4× – 7.8×	**Met**
Directors	5× retainer	N/A	**Met***

*Or within the 5-year compliance period. 50% net share retention until guideline is met.

12. Severance & Change-in-Control (CEO)

$ (000s)	Cash	Equity	Benefits	Total
Involuntary termination (2×)	$6,000	$6,000	$1,00	**$14,000**
CIC + qualifying term (2.5×)	$7,500	$19,500	$1,00	**$27,400**
Death or disability	$1,800	$19,800	—	**$21,600**

Double-trigger vesting; no excise tax gross-up; best net outlook: 24-month non-compete.

13. Special Awards, Discretion & Risk

- **One-time / off-cycle awards:** None granted in 2026.
- **Committee discretion:** None applied to incentive outcomes.
- **Clawback:** No restatement; no recovery required.
- **Risk review:** Commitment to plans reasonably likely to create material adverse risk.

CAP = compensation actually paid; CIC = change in control; EPS = earnings per share; NEO = named executive officer ; PSU = performance share unit; ROIC = return on invested capital; SCT = Summary Compensation Table; TSR = total shareholder return. See the first page for additional details on measured performance. All figures are in U.S. dollars, in thousands, and are rounded as presented in the Summary Compensation Table.

Framework: Pay Governance LLC