

Human Capital Management Proxy Disclosures

RESEARCH FINDINGS

SAMPLE OF DECEMBER 2020 & JANUARY 2021
PROXY FILINGS



NOTE: Semler Brossy Consulting Group does not provide tax, legal or accounting advice and does not provide regulatory guidance in the jurisdictions being considered. The Company should consult its respective experts in those fields on such matters, as appropriate.

Summary

Given growing stakeholder focus on Human Capital Management (HCM), we sought to understand how companies would approach the HCM disclosure within proxy statements this year. Our study of a sample of proxies filed in December 2020 and January 2021 offers an early proxy season preview of HCM disclosure practices.

BACKGROUND

In 2020 the Securities and Exchange Commission (SEC) amended certain Regulation S-K rules as part of its ongoing initiative to modernize non-financial disclosure. The rules include a new principles-based requirement that companies address HCM details within the 10-K's description of the business, to the extent such details are material to understanding the business. The new 10-K disclosure has pushed companies to develop and refine their strategy for communicating HCM actions, processes, and metrics. The requirement arrives when companies are engaging with stakeholders on social topics like HCM more than ever before, with Covid-19 accelerating the trend. Such engagement typically relies on a range of communications channels to deliver a holistic and harmonic narrative, especially given the conservative approach to disclosure that is appropriate for the 10-K. We speculate that 2021 will be an inflection point for the communication of HCM details, including in filings beyond the 10-K such as the proxy statement.

KEY FINDINGS

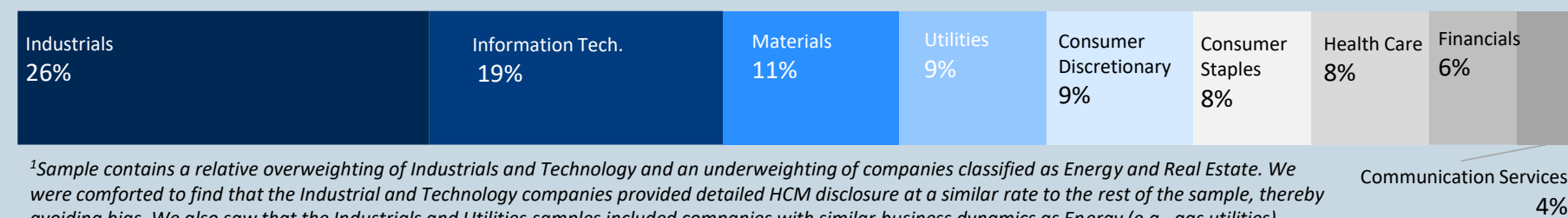
Given the tailwinds behind HCM disclosure, we were not surprised to find that recent proxy statements reflect a surge in the degree and prevalence of HCM details relative to prior years. Specifically, we found:

- 1 62% of recent proxy statements we analyzed included specific HCM-related details that extend beyond “boilerplate” claims; more than 2x the rate of prior-year proxies**
- 2 The companies that provided HCM details in prior proxies materially expanded such disclosures this year**
- 3 HCM disclosures covered a range of topics and degrees of detail, and appeared in a variety of locations within the proxy; no one-size-fits-all approach**

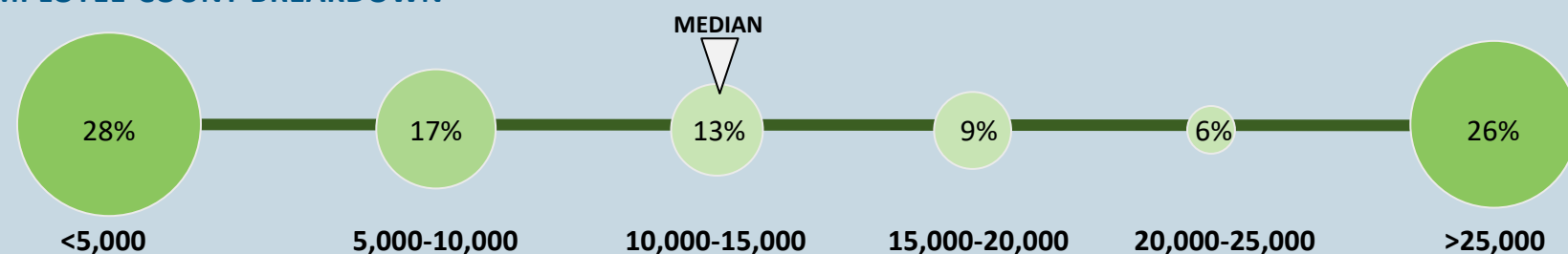
Overview of Study and Sample

N = 53 COMPANIES ABOVE \$3B MARKET CAPITALIZATION (JANUARY 2021)

SECTOR BREAKDOWN

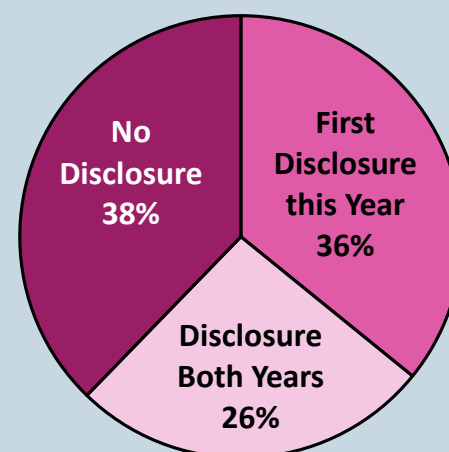


EMPLOYEE COUNT BREAKDOWN



OCCURRENCE OF DETAILED HCM DISCLOSURE BREAKDOWN

- 62% of the proxies filed this December and January contained detailed HCM disclosure
 - Over half of these represent the company's first disclosure of HCM details in the proxy
- Only 26% (14 of 53) provided HCM details in last year's proxy
- 15 of 53 (28%) disclosed the consideration of human capital-related performance within executive pay. Nearly all these companies disclosed HCM details

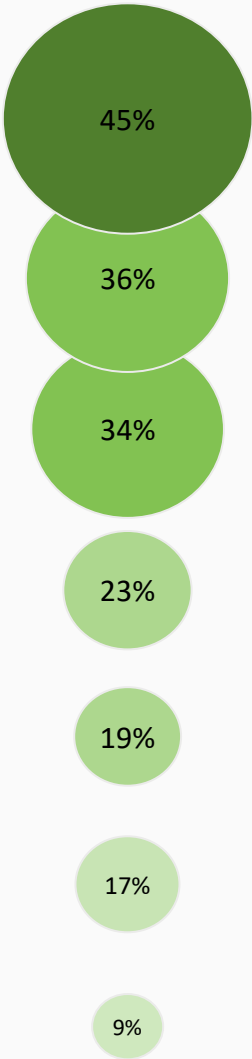


Study Approach

- We analyzed 53 proxy statements filed in Dec. 2020 or Jan. 2021, each from companies with (i) a market cap greater than \$3 billion, and (ii) a 10-K filed after Nov. 9th when the new S-K disclosure rule took effect
 - Analyzed the same companies' proxies from prior years to understand how the disclosures evolved this year
 - Determined that the sector breakdown of our sample has not unduly biased our findings¹
- In each proxy we searched for disclosed details across a range of HCM topics described on the next page
 - Captured only the cases where relevant disclosure described specific data, actions, policies, processes and/or programs (e.g., description of D&I initiatives or workforce demographics)
 - Disregarded broad, commonplace statements (e.g., "we strive for a diverse workforce and inclusive culture, guided by the Board and senior management who are responsible for our D&I strategy")
 - Where detailed HCM disclosure was identified, captured the length of the disclosure and which proxy section the disclosure appeared
- We identified two predictors of HCM disclosure. Companies were more likely to disclose HCM details if they (i) consider HCM-related performance in pay decisions or (ii) employ a larger number of employees

Description and Prevalence of HCM Topics Across Seven Topics

RATE OF PROXIES
CONTAINING TOPIC



HCM Topic	Topic Description	Examples of Disclosure Items That Fit the Topic	
Diversity & Inclusion	Diversity, inclusion, and/or the equitable treatment of employees	- Diversity demographics and quantitative goals - D&I education/training programs - D&I initiatives, strategy, and/or objectives	- Identity-based resource groups - D&I policies (discrimination, recruiting pools, etc.) - Special D&I coalition/council/committee
Workplace Culture & Employee-based CSR	Cultural values and supporting policies; and charitable or volunteer programs driven by employee participation	- Identity-based resource groups - Employee surveys and/or engagement - Employee programs and/or charitable donation initiatives with community impact	- Employee-led CSR coalition/council/committee - Employee benefits (non-Covid) - Cultural values, ethics, initiatives, or external awards detailed
Covid-19	The employee experience through the pandemic, including special benefits, policies, and employee-based community engagement	- Wage, incentive or financial security actions for sub-executive employees - Special Covid-leave policies - On-site safety initiatives or policies	- Employee programs and/or charitable donation initiatives with community impact - Flexible work locations or schedules - Layoffs or furloughs
Employee Safety	Safety and health policies, procedures, and performance unrelated to Covid-19	- Number or rate of recordable injuries or deaths - Safety initiatives, culture or goals described - Lost-time rate or performance trend	- Industry safety awards and/or relative comparison - Description of how safety results are evaluated
Workforce Profile	Breakdowns of employee or new hire demographics and related quantitative goals; excludes disclosure of Board composition	- Identity-based demographics - Other worker demographics (location, age, etc.) - Worker classification (full vs. part time, seasonal, temporary, outsourced, contracted, union etc.)	- Demographics goals or trends - Description of workforce’s professional backgrounds
Human Capital Governance	HCM processes, roles, or succession planning described in an atypical degree of detail	- Board's role in HCM - Management's role in HCM - Succession planning processes or bench strength	
Talent Development	Initiatives to bolster employee professional or personal development or recognition programs for employees that exemplify desired behaviors	- Training/education programs - Description of the skills or values the company tries to instill in the workforce - Internal recognition programs	

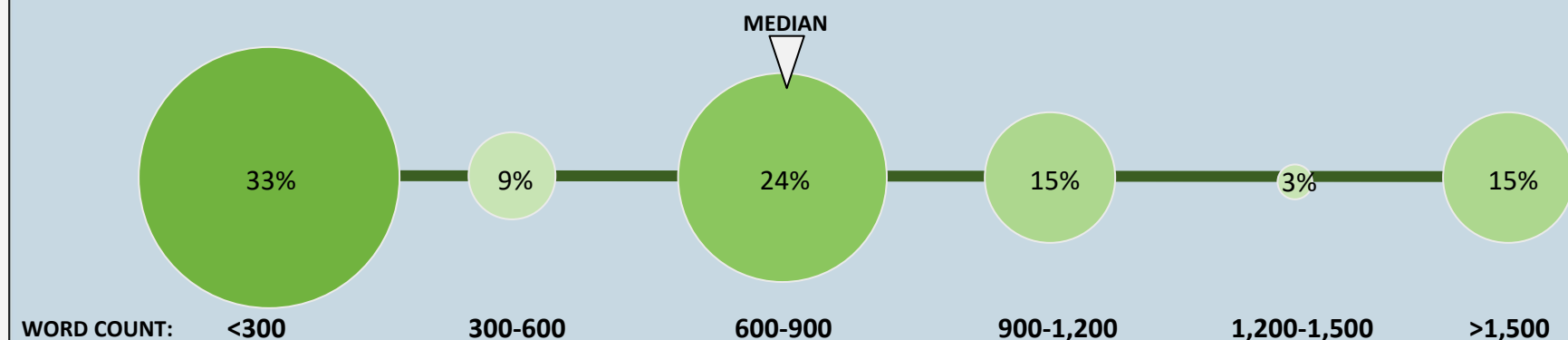
Note: Examples above contain only items that we encountered during our study; additional items could be disclosed in other samples.

Findings: Length of HCM Disclosure

AS MEASURED BY THE SUMMED WORD COUNTS OF PARAGRAPHS RELATING TO HCM WITHIN EACH PROXY STATEMENT

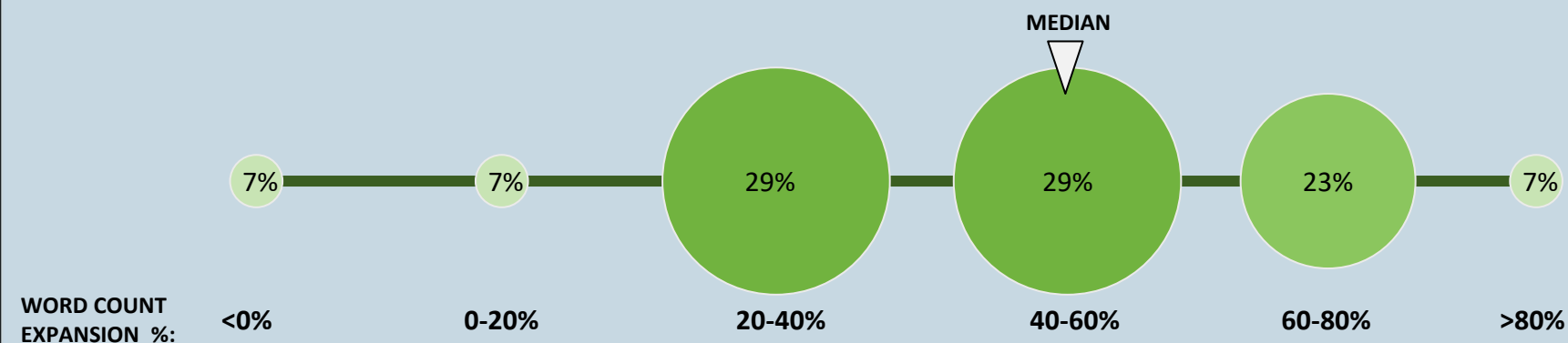
LENGTH OF HCM DISCLOSURES

N=33 COMPANIES THAT PROVIDED HCM DETAILS IN THE PROXY THIS YEAR



YEAR-OVER-YEAR EXPANSION IN LENGTH OF HCM DISCLOSURES (SUMMED WORD COUNTS)

N=14 COMPANIES THAT PROVIDED HCM DETAILS IN THE PROXY BOTH THIS YEAR AND LAST YEAR



Findings

- The proxies that contained any HCM items disclosed varying degrees of detail
 - One-third of the disclosures totaled fewer than 300 words in length, typically representing just a single HCM item or two
 - 600-1,200 words was also common (39% of disclosures), typically in the form of three to six paragraphs and bulleted lists
 - A handful of companies (e.g., Starbucks and Hologic) provided thousands of words of detail that consumed multiple pages of the proxy
- 12 of the 14 companies that provided HCM disclosure last year expanded that disclosure by at least 20% this year
 - Median expansion: 47%
 - These companies (e.g., Visa) were more likely to provide particularly lengthy disclosures this year, with the median length reaching ~1,100 words

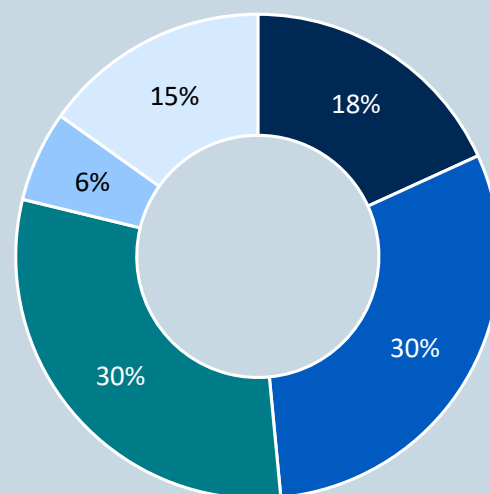
Findings: Location and Scope of Disclosure

APPROACHES TO WHERE HCM DETAILS WERE DISCLOSED AND HOW MANY TOPICS THEY COVERED VARIED

PRIMARY LOCATION OF HCM DISCLOSURE WITHIN EACH PROXY

N=33 COMPANIES THAT PROVIDED HCM DETAILS IN THE PROXY THIS YEAR

- Proxy Summary/Introduction
- Corporate Governance Section
- Human Capital Section
- Letter from Board/CEO/Chair
- CD&A

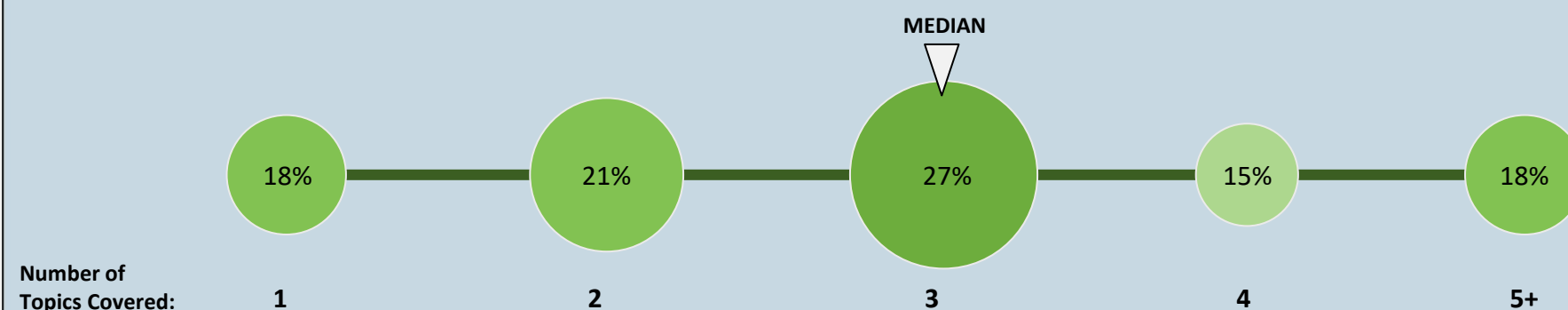


Location Descriptions:

- **Proxy Summary/Introduction:** the summary of business highlights and narrative provided at the start of a proxy
- **Corporate Governance:** dedicated section that provides corporate governance details, typically before the CD&A
- **Human Capital:** dedicated section that provides HCM details, typically before the CD&A, often adjacent to the corporate governance section and containing Covid-19 commentary
- **Letter:** introductory letter to shareholders atop the proxy, generally signed by the Board, CEO, or Chairperson
- **CD&A:** disclosure was provided within the CD&A, most typically in the initial summary or introduction

NUMBER OF HCM TOPICS COVERED WITHIN EACH PROXY (see page 4 for the list of seven topics)

N=33 COMPANIES THAT PROVIDED HCM DETAILS IN THE PROXY THIS YEAR



Findings

- We found no predominant approach for where companies are providing their HCM narrative within the proxy. We did identify the following themes, however:
 - Most commonly, proxies contained dedicated sections for corporate governance and HCM matters. These typically appear after the director election section and before the CD&A
 - Otherwise, HCM highlights were provided within summaries or letters from board members, at the start of either the proxy or the CD&A
- The number of HCM disclosure topics covered within a proxy varied widely and companies covering more topics had longer disclosures
 - Some topics paired naturally with others and were often provided together, such as D&I with Workforce Profile or Covid-19 actions with Culture & CSR

Appendix: Disclosure Excerpts

WE HIGHLIGHT TWO REPRESENTATIVE EXAMPLES OF EACH HCM TOPIC, EACH FROM THIS YEAR’S PROXY STATEMENTS

<u>CONTENTS</u>	
DIVERSITY & INCLUSION	<i>pgs. 8-9</i>
• Disney • Tetra Tech	
CULTURE & EMPLOYEE-BASED CSR	<i>pgs. 9-10</i>
• Visa • Adient Plc	
COVID-19	<i>pgs. 11-12</i>
• Aramark • Scotts Miracle-Gro	
EMPLOYEE SAFETY	<i>pgs. 13-14</i>
• WestRock • Nordson	
WORKFORCE PROFILE	<i>pgs. 15-16</i>
• Starbucks • Oshkosh	
HUMAN CAPITAL GOVERNANCE	<i>pgs. 17-18</i>
• Nuance Communications • Tetra Tech	
TALENT DEVELOPMENT	<i>pgs. 19-20</i>
• Oshkosh • Evoqua	

Disclosure Excerpts – Diversity & Inclusion (*Disney*)

COMPANY

Disney

EMPLOYEES

203,000

INDUSTRY

Communication Services

Key Programs & Initiatives

Some of the programs already launched pursuant to our D&I pillars include:

- The Black Employee and Consumer Experience focused broadly on talent attraction, retention and development and brand affinity with programs such as:
 - The Black Talent Network to advance career progression opportunities and exposure to Company senior leaders for Black U.S. employees who are VP+
 - Support of historically Black colleges and universities
- Two programs to drive action across the Company and support leaders and employees in navigating diversity, inclusion and belonging
- Two internal advisory councils - one focused on D&I efforts, the other on inclusive content practices, led by the CEO and the Executive Chairman, respectively
- Enhanced content inclusion standards for our television studios for inclusive story telling and above and below the line representation in the creative process
- Added Inclusion to Safety, Courtesy, Show and Efficiency, which have been our Parks culture and service foundations for more than 60 years
- Committed to disclose employee race/ethnicity and gender by job category, including EEO-1 data for calendar 2019 and 2020

Disclosure Excerpts – Diversity & Inclusion (*Tetra Tech*)

COMPANY
Tetra Tech

EMPLOYEES
20,000

INDUSTRY
Industrials

Diversity, Equity and Inclusion

We believe our employees are high-performing individuals who reflect the diversity of the communities in which we work and live, while also providing a better understanding of our clients' needs and project objectives. With a highly collaborative workforce of thousands of employees working from hundreds of offices around the world, Tetra Tech truly is a multinational, multicultural organization. Our Diversity and Inclusion Policy guides the Board of Directors, management, employees, subcontractors, and partners in developing an inclusive culture. Our Diversity & Inclusion (D&I) Council monitors Tetra Tech's diversity, equity and inclusion practices and makes recommendations to the Board and CEO for any changes or improvements to our program. The Council includes representatives from across the Company who reflect the diversity and values of our employees.

Tetra Tech values diversity and inclusion and undertakes various efforts throughout our operations to promote these initiatives. Our current efforts are focused in three primary areas:

- **Safe work environment** – We provide training to all employees to improve their understanding of behaviors that can be perceived as discriminatory, exclusionary, and/or harassing and provide safe avenues for employees to report such behaviors. We implement best practices and comply with local regulatory requirements. Our people understand acceptable workplace behavior as covered in our Corporate Code of Conduct
- **Equal employment opportunity** – Tetra Tech ensures that our practices and processes attract a diverse range of candidates and that candidates are recruited, hired, assigned, developed, and promoted based on merit and their alignment with our values
- **Learning and development opportunities** – To support our employees in reaching their full potential, Tetra Tech offers a wide range of internal and external learning and development opportunities. Education assistance is offered to financially support employees who seek to expand their knowledge and skill base

As part of Tetra Tech's commitment to a culture of inclusion in 2020 we launched our global Employee Resource Group (ERG) Program, which broadens and enhances companywide interaction opportunities for our employees. Tetra Tech's global ERG Program support our employees and creates collaborative teams, or ERGs, where all voices are heard, all employees feel safe, and each employee has the opportunity to thrive. Our ERGs are open to all and involve activities for both employees whose background is the focus of the ERG and those who are supportive of the group (also known as allies). These global networks build on and coordinate with the many local networks already active throughout our operations and include groups focused on the experiences of Black, Latino, Women, Veterans, and LGBTQ employees. Our D&I council charters and guides the development of the global ERGs to support our thriving worldwide employee community.

Disclosure Excerpts – Culture & Employee-based CSR (*Visa*)

COMPANY

Visa

EMPLOYEES

20,500

INDUSTRY

Information Technology

We recognize that building an inclusive and high-performance culture requires an engaged workforce, where employees are motivated to do their best work everyday. Our engagement approach centers on communication and recognition. We communicate with our employees in a variety of ways, including weekly CEO video updates, company intranet, digital signage, email newsletters, live events in regional offices and quarterly all staff meetings. Our recognition programs include our Go-Beyond program, where managers and peers recognize employees who exemplify our leadership principles.

We assess employee engagement through a variety of channels, including employee pulse surveys, which provide feedback on a variety of topics, such as company direction and strategy, inclusion and diversity, individual growth and development, collaboration and confidence and trust. Given the extraordinary challenges of COVID-19 and the sudden transition to remote work arrangements, this year's surveys were tailored to understand and respond to employee needs. Through these special employee pulse survey in fiscal year 2020, we learned that 94% of employee respondents feel that employee health and wellbeing is a top priority for Visa, and 96% are pleased with the cadence of communications they received from leadership during this challenging time.

Employee Benefits

We believe our employees are critical to the success of our business and we structure our total rewards and benefits package to attract and retain a talented engaged workforce. We continue to evolve our programs to meet our employees' needs, providing comprehensive health, financial wellness, and quality of life coverage. Our programs vary by location but may include:

 HEALTH	 FINANCIAL	 LIFE
- onsite health center - online wellness portal - onsite fitness centers - seminars on health topics - ergonomic consultations - annual flu immunizations - Employee Assistance Program	- competitive base salary - Visa Incentive Program (annual bonus) - pre-tax contributions to eligible savings accounts - Employee Stock Purchase Plan 2:1 401(k) match, up to 5% of base pay - paid short-term and long-term disability, and life insurance	- family emergency leave - child and elder care services - concierge and errand running - auto and home insurance - paid parental leave - fertility, surrogacy and adoption benefits - discounts program - generous paid time off and holiday pay, paid volunteer time and enhanced time off for voting in elections

Disclosure Excerpts – Culture & Employee-based CSR (*Adient Plc*)

COMPANY

Adient Plc

EMPLOYEES

77,000

INDUSTRY

Consumer Discretionary

- Adient maintains a 24-hour Integrity Helpline whereby suspected violations of its Ethics Policy can be reported via phone or the web anonymously and are investigated.
- Adient embraces a speak-up culture where reporting concerns is strongly encouraged by our trainings, communications, transparency with processes and strict no-retaliation policy.
- Adient is an equal opportunity employer and committed to maintaining workplaces free of unlawful discrimination and harassment or any other behavior that diminishes a person's integrity and self-esteem. We require the management personnel at each facility to ensure implementation of equal opportunity and no-harassment policies
- Adient is committed to advancing diversity and inclusion in the workplace and has implemented measures to ensure accountability through initiatives such as Business Resource Groups, which are employee-led volunteer groups with the goal to improve attraction, retention, inclusion and engagement of a diverse and global workforce by developing programming and initiatives focused in four areas: Career, Commerce, Culture and Community.
- Adient strives to attract and retain engaged employees who work collaboratively to achieve the company goals. We promote positive employee-relations activities that focus on our employees and their families and support a collaborative and communicative environment that provides opportunities for leadership to engage with employees, including town hall meetings, open-door policies, high-performance work teams, and local and global recognition programs.
- Adient respects the rights of employees to organize and engages in bargaining in good faith with the goal of reaching a collective agreement that meets employees' needs and allows Adient to grow and prosper.

Disclosure Excerpts – Covid-19 (*Aramark*)

COMPANY

Aramark

EMPLOYEES

247,900

INDUSTRY

Consumer Discretionary

What we did for our Employees? We implemented the following measures to help our employees:

- Provided up to 21 additional days of sick time at no cost for U.S. employees in locations with a confirmed COVID-19 case or who were quarantined due to COVID-19 related symptoms/exposure
- Extended company-paid medical benefits for employees enrolled in Aramark benefit plans who are dealing with reduced hours or site closures due to the COVID-19 outbreak
- Connected U.S. hourly employees whose jobs had been affected or hours reduced with temporary work opportunities
- Provided all Aramark employees access to Telehealth, a 24/7 resource or people who feel sick and need immediate access to advice and care from a licensed medical professional
- Reinforced availability of our existing Employee Assistant Program (EAP) that is available to all employees and their families at no cost. The EAP provides helpful tools for managing anxiety and fears for employees and their children

Disclosure Excerpts – Covid-19 (*Scotts Miracle-Gro*)

COMPANY

Scotts Miracle-Gro

EMPLOYEES

5,932

INDUSTRY

Materials

Impact of COVID-19 on Our Associates, Operations and Business Results: What Would a Good Company Do to Navigate Through a Pandemic?

Source: 6/29/20

The answer is simple. Prioritize people, all people, above everything else. [...] Because there was no road map or bright-line rules to follow, each of the Company's leaders was guided by the simple question, "What would a good company do?" We decided that a good company would prioritize the health and safety of its associates above everything else, so that is what we did. We quickly formed an advisory group of respected medical professionals and public health officials to advise our leadership and our Board of Directors concerning operational safety protocols and employee safety and health. We were one of the first companies to implement remote work for anyone who was able to do so, which was about one-third of our workforce, and made sure these associates had everything they needed to be productive. We repurposed raw materials and machines to manufacture hand sanitizer and face shields for our front-line associates. We put even more stringent cleaning protocols in place. We eliminated shift overlaps at our manufacturing facilities to limit the number of people in our buildings at any one time and allow for cleaning in between shifts. To minimize contact with others, our field sales associates worked nights to merchandise our products while our retail customers were closed.

[...] We decided that a good company would invest heavily in its people to fairly compensate associates for rising to meet these unprecedented challenges, particularly those working on the front line in our facilities or in the field where they faced heightened risk conditions. For example, the Company implemented a premium pay program in March 2020 equal to 50% of the front-line associate's normal base rate ("Premium Pay"). As a result, approximately 5,000 of our front-line associates received pay equal to 150% of their normal pay level

[...] In addition, we implemented an emergency pay program ("Emergency Pay") whereby any of our associates who became ill, or showed potential COVID-19 related symptoms, could safely isolate at home without the concern of losing pay. In essence, our front-line hourly workers received unlimited sick pay, because we did not want anyone to have to choose between their paycheck and their health and the health of others.

[...] Most importantly, we are proud to say that we have not laid off any non-seasonal associates through this crisis and none of our associates have lost pay as a result of COVID-19.

Disclosure Excerpts – Employee Safety (*WestRock*)

COMPANY

WestRock

EMPLOYEES

49,300

INDUSTRY

Materials

Significantly Improved our Safety Performance

We significantly improved our safety and performance in fiscal 2020.

- We improved our Occupational Safety and Health Administration (“OSHA”) recordable incident rate to 1.52 from 1.68 in fiscal 2019 – a 10% improvement
- We improved our lost work days rate to 11.86 from 14.07 in fiscal 2019 – a 16% improvement
- We reduced the number of life changing events to 14 from 24 in fiscal 2019 – a 42% improvement

These improvements reflect the high value and emphasis that we place on the health and safety of our teammates

Safety Modifier

For fiscal 2020, management evaluated safety results based on OSHA recordable incident rate; lost work days; life changing events; our results compared to those of our peers; and progress made on implementation of a safety management system. If safety results did not meet predetermined performance objectives, the Compensation Committee had discretion to reduce STI payouts by up to 10% and, if they exceeded the objectives, the Compensation Committee had discretion to increase STI payouts by up to 5%. In fiscal 2020, we achieved a lost work days rate of 11.86 compared to a target of 11.86 compared to a target of 14.29 and an OSHA recordable incident rate of 1.52 compared to a target of 1.60, and we suffered 14 life changing events compared to 24 in fiscal 2019

Disclosure Excerpts – Employee Safety (*Nordson*)

COMPANY

Nordson

EMPLOYEES

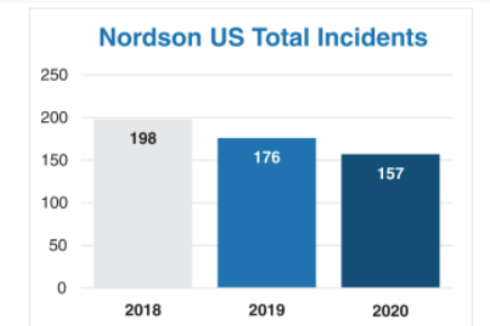
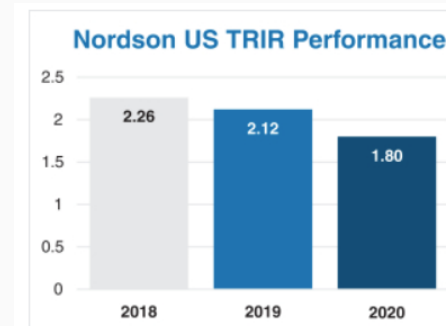
7,555

INDUSTRY

Industrials

Our commitment to safe and healthy working conditions is evident throughout our global operations, as demonstrated by our expansive control systems, constant monitoring and, most recently, our Journey to Zero initiative. Launched in 2020, this initiative centers on our respect for people and communities through our employee health and safety activities. Our Journey to Zero goal is to have zero adverse impact on our employees and zero adverse environmental impact on our community. In executing this goal, we employ a roadmap of key strategies, processes, and tools, to drive the importance of workplace safety [...] A variety of internal and external audits are leveraged to focus on process improvement and hold us accountable to our commitment to zero. Two measures of focus on our Journey to Zero for impacts to employees are the Total Recordable Incident Rate (“TRIR”) and the Total Incidents.

We have reduced our Total Recordable Incident (TRIR) and Total Incident rates over the last three years and are committed to continuing this path toward a safer workplace. We define TRIR as the average number of recordable work-related injuries incurred by 100 full-time workers (40 hours per week, 50 weeks per year) over a one-year period.



Disclosure Excerpts – Workforce Profile (*Starbucks*)

COMPANY
Starbucks

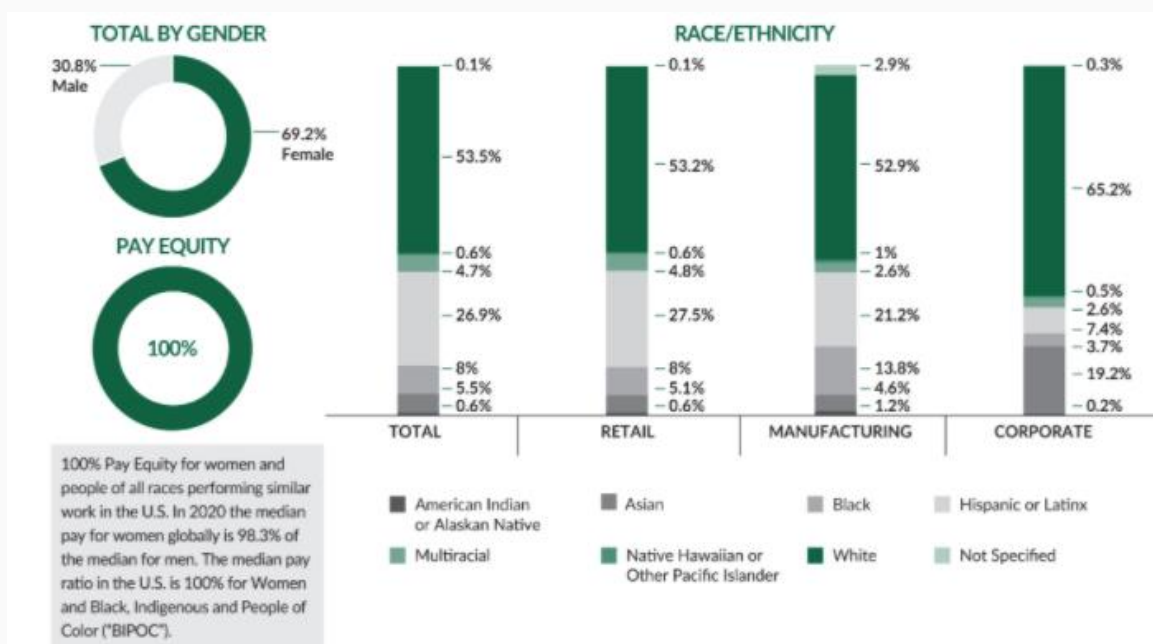
EMPLOYEES
349,000

INDUSTRY
**Consumer
Discretionary**

As of August 23, 2020, the Starbucks U.S. partner base was 69% female and 47% Black, Indigenous, and People of Color (BIPOC). Breaking down our BIPOC representation further, our partners are 8% Black, 27% Hispanic or Latinx, 6% Asian, 5% Multiracial, 0.6% American Indian or Alaskan Native and 0.6% Native Hawaiian or other Pacific Islander. To promote transparency and open dialogue, Starbucks disclosed its EEO-1 data for the years 2016, 2017 and 2018, and we plan to disclose our Consolidated EEO-1 Report for 2019 and 2020 prior to or effective upon our next submission to the EEOC in 2021.

[...] To date we have hired nearly 32,000 veterans and military spouses, more than 2,300 refugees and nearly 67,000 opportunity youth (defined as people between the ages of 18 and 24 who are not in school or working). We will continue to welcome new partners from communities that may experience barriers to employment, continuing our commitment internally to inclusion and equity for all partners.

[...] More than 400,000 Starbucks partners represent the diverse communities they serve around the world. They include working parents, military spouses and students. They include young people for whom putting on the green apron is their first job, and others working to achieve ongoing personal and career goals.



Disclosure Excerpts – Workforce Profile (*Oshkosh*)

COMPANY

Oshkosh

EMPLOYEES

14,400

INDUSTRY

Industrials

As of September 30, 2020, Oshkosh had approximately 14,400 team members, approximately 9,000 of whom were production team members.

[...]We measure diverse hires for full-time U.S. non-production positions, with a goal that 40% of such hires each year should be diverse. Diverse hires include ethnicity, gender, and veteran and disability status. We actively work to attract and recruit diverse candidates, especially from groups that historically have been less well represented in our Company and industry. In fiscal 2020, 42.2% of our hires for full time U.S. non-production positions were diverse. Further, the Company is committed to supporting its diverse team members

Disclosure Excerpts – Human Capital Governance (*Nuance*)

COMPANY

Nuance Communications

EMPLOYEES

7,100

INDUSTRY

Information Technology

Key Programs & Initiatives

The Board plays an active role in overseeing the Company's human capital management efforts. The full Board has worked closed with the executive management team, and in particular the Company's Chief People Officer, in helping to shape the newly defined culture and focus efforts on developing formal human capital management and talent development initiatives to better support our workforce as the Company continues to evolve. The Board and management strive to foster a diverse and inclusive, collaborative environment for all employees and strongly believe that formalizing current and future corporate initiatives that support this vision will further drive positive company performance. The Board oversight activities in this area include review of CEO and executive officer succession planning, review of diversity and other employee metrics, and review of the results of the Company's annual employee engagement survey.

Disclosure Excerpts – Human Capital Governance (*Tetra Tech*)

COMPANY

Tetra Tech

EMPLOYEES

20,000

INDUSTRY

Industrials

Succession Planning

Our Board is involved in the identification and cultivation of our future leaders. We maintain an annual performance review process and leadership development program for our key employees. Management develops leadership at lower levels of our organization by identifying core talent, cultivating the skills and capabilities that will allow identified individuals to become our future leaders, assessing their development, and identifying gaps and developmental needs in skills and experience. At its meetings, the Board has the opportunity to meet with leaders of our Company, including business group leaders and leaders in finance, law, information technology, risk management, strategy health and safety, and human resources. In addition, Board members have freedom of access to key employees.

The NCG Committee is responsible for conducting executive succession planning annually, including progress in current job position and career development in terms of strategy, leadership, and execution. During this review, the CEO and the independent directors discuss future candidates for senior leadership positions, succession timing for those positions, and development plans for candidates with the highest potential. This process ensures continuity of leadership over the long term and forms the basis on which we make ongoing leadership assignments. In addition, the NCG Committee is responsible for conducting director succession planning and the section of director nominees as discussed below.

Disclosure Excerpts – Talent Development (*Oshkosh*)

COMPANY

Oshkosh

EMPLOYEES

14,400

INDUSTRY

Industrials

Growth and development. As part of our People First culture, we provide exciting career development opportunities. With programs like our School to Work initiative, a commitment to internships and apprenticeships and over 500 available courses at Your Oshkosh University, we have made professional development and career opportunity a top priority.

In 2020, we increased Your Oshkosh University training hours to 117,000, a 6.4% increase compared to the previous year. Training delivery agility, prompted by the global pandemic, was the key to increasing Oshkosh team member development during the year. The organization was able to quickly pivot classroom learning offerings to virtual format. During the first three months, nearly 3,000 team members participated in the virtual micro-learnings. This participation represents 11% of the Oshkosh workforce and focused on relevant learning topics such as *Working Virtually, Psychological Safety and Diversity, Equity & Inclusion*. Today, across the globe, Oshkosh offers in excess of 500 courses on a wide range of topics from workplace ethics to business acumen and working effectively in a virtual environment.

Disclosure Excerpts – Talent Development (*Evoqua*)

COMPANY

Evoqua

EMPLOYEES

4,020

INDUSTRY

Industrials

We focus on creating a high-performance culture in which our employees are highly enabled to deliver, highly empowered to succeed and highly accountable to lead. We continually work on programs to foster leadership development, enhance the overall employee experience, and leverage technology and process improvements to enable our employees to perform more effectively. Through these programs, in fiscal 2020 we experienced a lower rate of employee turnover overall and in the first year of employment.

Business Information Technology

Talent Development

Our talent development efforts span across all levels of our organization, including an internship program through which we have developed strong relationships with multiple universities to attract skilled workers and assess future talent, our Leadership Development Program, a 24-month program in which future leaders participate in cross-functional rotations intended to develop their capabilities through organization-wide exposure, and our Leading at Evoqua program, a six-month customized development program in which cohorts of selected leaders throughout our organization interact closely with executive team sponsors and external facilitators to focus on self-awareness, management styles and leadership capabilities.



Are you working on your company's HCM strategy or disclosure and need assistance locating examples of specific disclosure items like those listed on page 4? Reach out to one of our team members listed on the right. We're happy to help.

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