



**ZAYLA**  
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# **Pay V Performance Disclosure**

08.25.2022

# Summary of 2023 Pay Versus Performance Disclosures

- ❖ US registrants filing proxy disclosures after **December 16, 2022**, will have to comply.
- ❖ Summary of the new rules:

## New Table

### Pay for Performance Table

- New table with three prior years (2023), and then up to five years of information on compensation actually paid (“CAP”) to the CEO and other Named Executive Officers (“NEOS”), as well as 3 required performance metrics and up to 4 additional performance metrics.

## New Disclosure

### Pay for Performance Description

- New description explaining the relationship between CAP and the new performance measures disclosed in the Pay for Performance Table. This may be displayed in narrative and/or graphic form.

## New Metrics

### Tabular List of Performance Metrics

- Provide a list of at least three, and up to seven, performance metrics to link CEO and NEO CAP with the performance of the company.

# Pay for Performance Table

Sample Pay for Performance Table:

Covered FY	CEO SCT Total	New CAP to CEO <sup>1</sup>	Average SCT for all other NEOs	Average CAP for all other NEOs <sup>1</sup>	Value of Initial Fixed \$100 Investment Based On:		Covered FY Net Income	Company-Selected Measure(s)
					TSR	Peer Group TSR		
FY 22								
FY 21								
FY 20 *								

\* For reporting year 2023 (FY 2022), companies are only required to disclose the prior 3 years. For reporting year 2024, 4 prior years are required; and for 2025, five prior years are required. For small reporting companies (“SRC”), the requirement is not greater than the prior 3 years.

# Definition of Compensation of Actually Paid (CAP)

**CAP** = total compensation for the CEO and the average NEO as reported in the SCT, adjusted for the following:

Start with the covered FY Summary Compensation Table Total for the CEO or Average NEOs minus the Fair Market Value (“FMV”) of the Equity Awards.

The change in FMV for all equity awards granted during the covered FY that were outstanding at the end of the covered FY. The two measurement dates are the award date used for the original FMV and the end of the covered FY.

The FMV on the date of vesting for equity awards granted in the covered FY and vested in the covered FY.

The change in FMV for all unvested equity awards granted prior to the covered FY. The two measurement dates for each award are the award date used for the original FMV and end of the covered FY.

The change in FMV for equity awards granted in a FY prior the covered FY that vested in the covered FY. The two measurement dates for each award that vested are the award date used for the original FMV and the end of the covered FY.

The dollar value of any dividends or distributions paid prior to vesting during the covered FY.

Deduct the actuarial present value of Defined Benefit (DB) and pension values reported in the SCT and add back the actuarial value of services rendered by the NEOs in the covered FY as well as the prior service costs for all DB and actuarial pension plans reported in the SCT for the covered FY.

# Pay for Performance Descriptive Disclosure

- ❖ Companies must provide the following information by description, graph or both:
  1. **Relationship between financial performance and executive compensation:** A clear depiction of the relationships between each of the three to seven performance measures in the Pay for Performance Table and the CAP disclosed in the Pay for Performance Table.
  2. **Total Shareholder Return (TSR):** A description of the relationship between the registrant's TSR and its peer group's TSR. Note: Peer group can be the performance peer group or index listed in 201(e) in Reg S-K or a compensation peer group listed in the CD&A or 10K purposes.

## Tabular List of Performance Measures

- ❖ Disclose a tabular list of at least three, and up to seven, performance measures that it determines are its most important performance measures for the covered FY.
- ❖ These measures may be non-GAAP metrics and do not have to be compared to a peer group.

## Additional Requirements

- ❖ These new PVP disclosures can be placed anywhere in the proxy statement and are most likely to be disclosed outside of the CD&A.