SEMLER BROSSY

September 26, 2025

Re: Executive Compensation Roundtable
File No. 4-855

Ms. Vanessa Countryman
Secretary
United States Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Executive Compensation Roundtable
Comment Letter

Dear Ms. Countryman:

We appreciate the opportunity to participate in the Commission's Executive Compensation Disclosure Roundtable on June 26, 2025 (the "Roundtable"), and to submit comments informed by our client experience and investor interactions.

Semler Brossy advises public companies across industries and company sizes on executive compensation strategy, disclosure, and investor engagement. This position gives us a unique view into how boards make pay decisions, how investors interpret disclosures, and where the disclosure framework can evolve to better serve both.

We support the Commission's goal of improving the clarity, comparability, and utility of executive compensation disclosure. We have followed the extensive commentary submitted by other market participants and seek to contribute constructively to that dialogue, informed by a balanced focus on issuers and investors. Our recommendations stand out in a couple of important respects:

- **Streamlined SCT/Equity Disclosure:** While many commenters suggest incremental revisions to the existing Summary Compensation Table and related disclosures, we recommend replacing the current patchwork with a coherent framework of five streamlined tables. These tables are designed to reflect how boards set pay, how investors evaluate it, and how issuers already present elements such as pay mix in the CD&A. By building on practices already in use, our suggested approach enhances comparability, reduces redundancy, and makes disclosure more intuitive.
- **Practical Pay Versus Performance Alternative:** Commenters have highlighted the challenges with the "Compensation Actually Paid" (CAP) measure, noting its complexity and limited usefulness. We agree with those observations, and we propose an alternative grounded in compensation actually earned. This approach preserves the intent of the rule while simplifying disclosure and making outcomes easier for investors to interpret.

These recommendations reflect themes we have heard in hundreds of conversations with issuers and investors and are designed to make disclosure more useful and manageable for all parties. We believe they will enhance comparability, simplify complexity, and lead to more meaningful communication between companies and their investors.

1. Executive Compensation Tabular Disclosure

As discussed at the Roundtable, the current approach under the Item 402 disclosure requirements is simultaneously redundant and incomplete, with investors focusing on elements of compensation that are not clearly or directly addressed in the tables as currently presented. As a result, investors typically use their own methodology to assess executive compensation[1]. In addition, current tabular disclosure requirements combine primary elements of compensation with supplemental elements, aggregate compensation earned and received in one year with compensation that will not be earned until future years (or may never be earned), and include compensation earned by executives who are no longer employed and should be considered separately.

For these reasons, we suggest that the Commission revisit the current Item 402 compensation tables, replacing the current tables entirely with five new tables. We believe that these new tables will better achieve the goal of the Summary Compensation Table and the executive compensation disclosure as a whole, providing "clear, concise and understandable disclosure", including by "providing the ability to make comparisons using tables, and calling for material qualitative information regarding the manner and context in which compensation is awarded and earned."[2]

A. Table #1 – Target Direct Compensation

As noted above, the existing Summary Compensation Table (1) mixes realized pay (i.e., cash compensation) with target equity incentives, which have not yet been earned and may never be earned and (2) includes supplemental elements of compensation or values that are not a meaningful consideration when setting compensation for the applicable year.

To address these concerns, we suggest requiring a table that focuses on the target compensation approved by the Compensation Committee (or Board of Directors, as applicable) for the relevant fiscal year, and includes (i) salary, (ii) target short-term and long-term cash incentives, (iii) target equity incentives (i.e., grant-date fair value of equity awards granted), (iv) any additional non-ordinary course cash awards, (v) any additional non-ordinary course equity awards and (vi) the total of all columns. Additional information with respect to target equity incentives reflected in the equity tables under the current disclosure regime, including number of units/options granted and exercise price, if applicable, should be reflected in footnote disclosure to this target direct compensation table.

[1] Remarks by John Roe, Head of Investment Stewardship in the Americas, BlackRock, to the Roundtable.
[2] Final Rules, Executive Compensation and Related Persons Disclosure, dated September 8, 2006.

Including this table will focus investors on the elements of compensation actually taken into consideration when executive compensation is set for each applicable year.[3]

Sample Table 1

Named Executive Officer	Base Salary	Target Annual Cash Incentives		Target Annual Equity Awards	Target Special Awards		Total
		Short-Term Incentives	Long-Term Incentives		Cash	Equity	

B. Table #2 – Compensation Actually Earned Annually

In addition to the first table, with a primary focus on compensation committee decision-making, we propose including an additional table focusing on the compensation actually earned, providing a complete picture by clarifying what portion of the compensation described in the prior table was actually earned. Such a table would include (i) actual base salary, (ii) short-term and long-term earned cash incentives (regardless of payment timing), (iii) the dollar value of equity awards that vested over the relevant year, valued as of the vesting date, (iv) the total of columns (i) through (iii) and (v) an additional column reflecting the dollar value of any remaining outstanding unvested equity, valued as of the last day of the applicable fiscal year. While this table will reflect grants and performance over multiple years, it will provide clarity into amounts received in the relevant year.

Sample Table 2

Named Executive Officer	Actual Earned Base Salary (a)	Earned Cash Incentives		Vested Equity Awards (d)	Total (a-d)	Unvested Equity As of Year-End
		Short-Term Incentives (b)	Long-Term Incentives (c)			

C. Table #3 – Supplemental Compensation and Non-Standard Pay Elements

[3] In proposing adopting a table focused on target pay, we acknowledge that certain issuers do not make compensation decisions on a target pay basis.

As outlined in the prior sections, including tables focusing on the key components of compensation allows investors to more clearly understand the decision-making process and ultimate outcomes. We recognize, however, the valid concern that entirely omitting disclosure of other elements of compensation that are currently included in the Summary Compensation Table along with the remaining compensation tables may result in unintended consequences, including issuers more heavily relying on supplemental and undisclosed compensation. We therefore propose including an additional table dedicated solely to the "supplemental" elements of compensation, including pension and non-qualified deferred compensation and perquisites.

As discussed at the Roundtable and in comment letters submitted by a number of advisory firms, we agree that (i) the approach to pension valuation should be carefully considered (e.g., eliminating the disclosure of change in pension value and including only change in service cost as reflected in the current Pay Versus Performance disclosure) and (ii) the approach to perquisites, including the materiality thresholds as well as the characterization of security benefits, should be reevaluated.

D. Table #4 – Pay Mix

Over the past years, investors and proxy advisors have increasingly focused on understanding a company's pay-for-performance alignment. As part of this focus, investors and proxy advisors have developed various analyses to assess this alignment, and to analyze the relevant pay mix. To address this focus, many companies have already incorporated various "pay mix" tables in the CD&A, as part of the description of the company's compensation design.[4]

Given this focus on pay-for-performance alignment and the move towards including voluntary pay mix tables in the CD&A, we propose incorporating a pay mix table as a required proxy table. Including a standard form of this table will increase comparability and clarity, and streamline disclosure that is already prevalent among many issuers.

E. Table #5 – Compensation for Former Executives

Under the current disclosure regime, certain former executives are required to be included as named executive officers ("NEOs") in addition to the five current NEOs.[5] Requiring such disclosure was intended to provide a full view of the company's compensation practices, and to correct for the potential incomplete picture presented if former NEOs (as a result of mid-year departures) are excluded. In practice, however, including these former executives as NEOs together with current executives suggests that such compensation is as material as the compensation paid to current executives, and is confusing to investors.

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[4] *See*, *e.g.,* Remarks by John Roe, Head of Investment Stewardship in the Americas, BlackRock, to the 2025 Roundtable (noting that investors are looking to see a rationale for the mix chosen and clear disclosure).
[5] Item 402(a)(3)(iv) of Regulation S-K.

Recognizing the above, together with the potential unintended impacts on severance practices that eliminating disclosure of former NEOs entirely may have, we propose excluding former executives from the above discussed tables and instead including a separate table addressing former executives who would otherwise be included as NEOs under the current regime. This table would include any annual compensatory payments provided to such former NEOs as well as any payments or benefits provided in connection with the termination, retirement or resignation of the executives.

In our view, replacing the current compensation tabular disclosure with the above five tables will provide the information relevant to investors while balancing the burden imposed on issuers.

2. Improving Pay Versus Performance Disclosure

Section 953(a) of the Dodd-Frank Act amended Section 14 of the Exchange Act, directing the Commission to adopt rules that would require companies to disclose the relationship between compensation actually paid and the performance of the issuer, including by taking into account any change in value of shares of stock. While the proposed rule was "not intended to be overly prescriptive"[6], the Pay Versus Performance rule adopted by the Commission in 2022 ("PVP") fails to meet this objective, repackaging and duplicating information already presented in the Summary Compensation Table and requiring complex new calculations. In the period since the PVP rules have been adopted, the cost to issuers – both temporal and financial – of preparing executive compensation disclosure has significantly increased, with the majority of issuers finding it necessary to hire additional external advisors to prepare this disclosure. At the same time, investors have continued to use their own proprietary methodologies to assess pay-for-performance alignment and have continued to rely on information already presented elsewhere in the disclosure.

Given the above, while we recognize that the PVP rules are mandated by statute, consistent with the sentiment expressed by many other legal and advisory firms in recent comment letters, we encourage the Commission to reconsider the PVP rules as adopted. We specifically propose the following adjustments, which we believe will (1) simplify the disclosure and reduce costs to issuers and (2) provide a more useful calculation of "compensation actually paid" as contemplated by the statutory mandate.

A. Focus Disclosure on CEO Only

As currently structured, the PVP rules require disclosure with respect to the CEO as well as the average for the remaining NEOs. Disclosure of this average adds complexity without providing useful information, and may be misleading as a result of one-time events and year-over-year changes, including mid-year hires and terminations. Focusing disclosure on only the CEO will reduce the burden to issuers, and will not impact the value of the disclosure to investors.

B. Limit Performance Disclosure to TSR

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[6] Proposed Rule, Pay Versus Performance, dated April 29, 2015.

Consistent with the Dodd-Frank mandate, we propose limiting disclosure of performance metrics in the PVP table to total shareholder return ("TSR") (i.e., eliminating the net income and "Company-Selected Measure disclosure). While disclosing the relationship between TSR and compensation is addressed directly by the Dodd-Frank statutory mandate, the additional performance metrics are not, and provide limited value from a comparability or relevance perspective.

C. Simplify the Compensation Actually Paid ("CAP") Calculation

As noted above, the PVP disclosure has significantly increased the costs of preparing executive compensation disclosure, primarily driven by the requirement to disclose a new calculation of annual compensation, referred to as CAP. While CAP appears intended to capture "realized" compensation, in reality it does not reflect the compensation the board approved or the actual amount realized, but instead mixes actual, potential and estimated pay and effectively requires issuers to mark-to-market the equity awards held by executives prior to vesting. In addition, the calculation is not one that committees have historically reviewed and is often so complex that most issuers hire outside consultants or advisors to perform the calculations, further increasing the costs of the disclosure.

Because of the above, we suggest replacing the CAP calculation and instead relying on the total included in the "Annual Earned Compensation" table described above, which includes include (i) annual base salary, (ii) annual short-term and long-term earned cash incentives and (iii) the dollar value of equity awards that vested over the relevant year, valued as of the vesting date. This would both more accurately reflect compensation earned in any given year and reduce the burden of preparing additional disclosures that may be misleading and are of limited utility to investors.

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We appreciate the Commission's continued engagement with market participants on this important topic and the opportunity to participate in the Roundtable. We would be pleased to discuss our comments or any questions that the Commission or Staff may have, which may be directed to Michelle Garrett, Blair Jones or Todd Sirras of Semler Brossy Consulting Group, at (212) 393-4000 .

Sincerely,

Semler Brossy Consulting Group