

Engaging With the Board: Talent & Succession Planning

NAHR Meeting
October, 2021

Succession Panel... 60+ Years of Collective Senior Executive and Director Experience

- Marcia Avedon (Trane Technologies, Ingersoll Rand and Merck; Generac Power Systems)
 - 18 Years CHRO
 - 6 Years Board Director
- Katy Barclay (The Kroger Co. and General Motors; Five Below and Kontoor Brands)
 - 18 Years CHRO
 - 8 Years Board Director
- Rich Floersch (McDonald's and Kraft Foods International)
 - 15 Years CHRO

Board: CHRO Engagement

Expectations That Board Has For CHRO

- Leads Human Capital Strategy; the “S” in ESG
- Develops Sound Executive Compensation Programs
- Supports CEO to Drive Company’s Culture and Purpose
- Mitigates Organizational Risk
- Operates As A Trusted Advisor and Coach
- Plans/Supports CEO and Executive Succession

Succession Planning

More than 90% of surveyed Board members rate CEO succession as “critical” or “important”

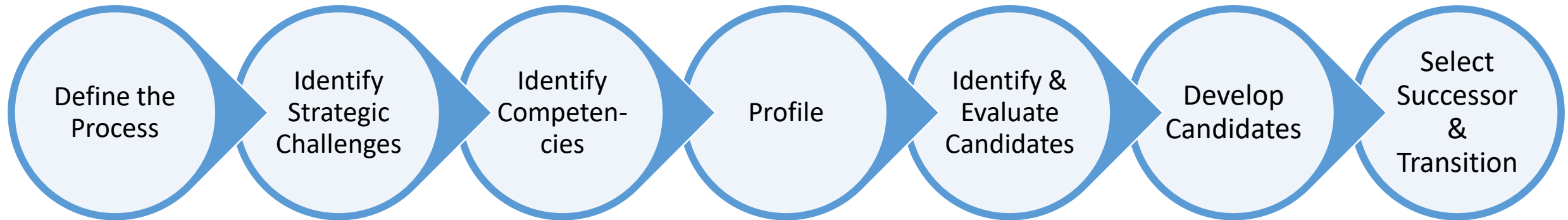
“Succession represents probably 80% of the value Boards of Directors deliver...If the choice of the CEO succession is superb, all subsequent decisions become easier.”

– Ram Charan

CHRO's Role in CEO Succession

<p>Process Expert</p>	<ul style="list-style-type: none"> -Establish criteria based on future needs -Ensure a rigorous assessment of internal candidates -Conduct external benchmarking
<p>Informed, Independent</p>	<ul style="list-style-type: none"> -Provide a balanced point of view -Avoid advocacy -Ensure the honesty and integrity of the process
<p>CEO Advisor</p>	<ul style="list-style-type: none"> -Recognize the emotional nature of the process -Encourage the CEO to let go -Engage others in providing support
<p>Manage Others</p>	<ul style="list-style-type: none"> -Address potential retention concerns -Provide emotional support to internal candidates -Emphasize importance of discretion to the Board
<p>Support Transition</p>	<ul style="list-style-type: none"> -Support new CEO in developing 90 day organizational/personal plan -Orchestrate internal and external communications/compensation activities -Encourage former CEO to exit – gracefully and quickly

Elements of the Succession Planning Process



“Lessons Learned”

- Critical to Have an Emergency Successor for Key Positions... in Particular the CEO
- Importance of Developing Internal Candidates and Managing the Transition Process
- How to Think Broadly About Your Succession Candidates... Both With External and Diverse Candidates