



Meridian Client Update

2021 Meridian Human Capital Management Survey

Meridian Compensation Partners, LLC is conducting a study of a select group of S&P 500 companies' human capital management disclosures that have been included recent Form 10-K filings. The Study's findings to date are discussed below, and will be periodically updated to reflect our review of additional Form 10-K filings.

Background

New Requirement under Regulation S-K

U.S. public companies are required to include a description of their business in their annual report (Form 10-K) and certain other SEC filings. These disclosure rules set forth a non-exhaustive list of topics that a company should cover to the extent they are material to understanding the company's business.

Effective November 9, 2020 ("Effective Date"), the SEC expanded this list of topics to include a description of a company's human capital resources, including any human capital measures or objectives that a company focuses on in managing its business. The final rule identified human capital management ("HCM") measures or objectives that address the development, attraction and retention of personnel, as examples of subjects that may be material, depending on the nature of the company's business and workforce.

However, the final rule is not prescriptive but instead reflects a principles-based approach that leaves the definitions of "human capital," "material" and "focus" largely up to each company's judgment. As a result, public companies are likely to disclose (and have been disclosing) a wide variety of HCM items, including policies and practices related to: company and workforce demographics; diversity, equity and inclusion ("DE&I"); COVID-19; recruiting/retention/turnover; health and safety; pay equity; talent development and training; total rewards; employee satisfaction; corporate culture or values; and other matters.

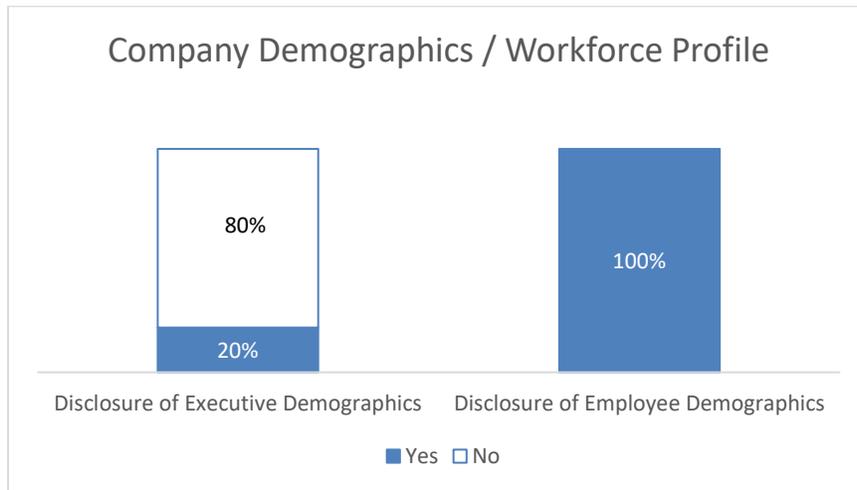
Scope of the Meridian Study

The Study provides high-level insights into the various HCM-related disclosures that 80 S&P 500 companies have made in their respective Form 10-Ks filed after the Effective Date. Periodically, we will be publishing updated Study results to reflect our review of additional Form 10-K filings.

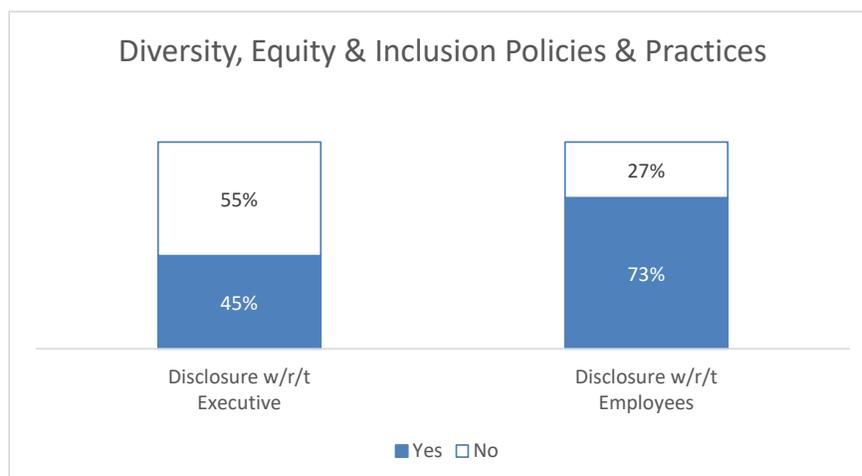
Highlights of Meridian’s 2021 Human Capital Management Study Through March 31, 2021

Prevalence statistics are provided for the 80 S&P 500 companies in the Meridian Study, unless otherwise indicated.

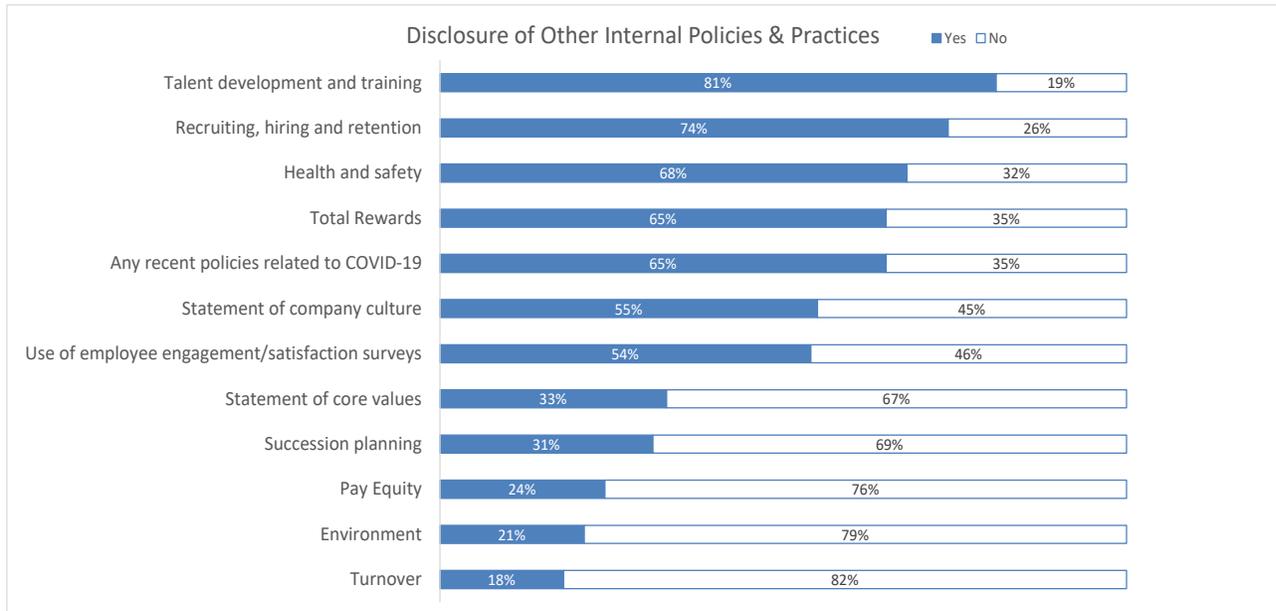
- *HCM Disclosure*: 100% of companies disclosed at least some information on HCM matters.
- *Company Demographics/Workforce Profile*: 100% of companies disclosed demographic information with respect to their employee populations. A much smaller percentage of companies disclosed demographic information with respect to their respective Executive Management teams (20%).



- *Diversity, Equity & Inclusion Policies and Practices*: 73% of companies disclosed information on DE&I policies or practices with respect to their employee populations. A smaller percentage of companies disclosed information on DE&I policies or practices with respect to their respective Executive Management teams (45%).



- **Disclosure of Other HCM-Related Internal Policies and Practices:** Companies disclosed information on a wide variety of additional HCM-related policies and practices.



Meridian comment. Since this is the first reporting cycle where companies are required to disclose material HCM-related policies and practices, we believe many companies’ initial disclosures were, and will continue to be, modest. As companies have more time to assess their HCM practices and policies, and market practice, we would expect this to lead to a significant increase in the scope of HCM disclosures in future reporting cycles.

Companies may wish to consider the following as they continue to evaluate how best to report on HCM policies and practices:

- Forming a cross-functional team to explore which HCM-related metrics are most important to each respective area of the business;
- Determining which HCM-related topics are currently being measured and tracked;
- Identifying current HCM-related communication, emphasis and prioritization;
- Cross-referencing public filings and internal/external communication documents to ensure consistent messaging of HCM policies and practices; and
- Tracking peer disclosures to understand how other companies are approaching required HCM disclosures.

Examples of HCM Disclosures in Recently Filed Form 10-Ks

The following pages include two examples of comprehensive HCM disclosures included in Ball Corporation’s and Starbucks’ recent Form 10-K filings.

Example #1 – Ball Corporation HCM Disclosure

Human Capital and Employees

Ball Corporation’s people are its greatest asset and we are proud to set out the material aspects of our human capital program. At the end of 2020, the company and its subsidiaries employed approximately 21,500 employees, including approximately 10,700 employees in the U.S. Details of collective bargaining agreements are included within Item 1A, Risk Factors, of this annual report.

Our Culture

Embracing our rich 140-year history, we “know who we are”, a company that respects and values each of our employees and their collective desire to deliver value to all our stakeholders. We embrace our diversity and are “one Ball” in valuing:

- Uncompromising integrity;
- Being close to our customers;
- Behaving like owners;
- Focusing on attention to detail; and
- Being innovative.

Diversity and Inclusion

Diversity and Inclusion (D&I) is embedded in our Drive for 10 vision and is key to the sustained success of our business. We established a dedicated D&I function in 2015 to build on our longstanding commitment to D&I across the company. Over the past five years, we have made good progress on D&I, which has been recognized by external organizations, including Forbes, which ranked Ball as number one on its 2019 list of “America’s Best Employers for Diversity” and recognized us again in 2020. Our dedicated D&I function reports directly to our CEO, and we understand that the key to success is shared accountability rather than designating a single owner for this critical area. Our focus to date has been on providing unconscious bias training for our global workforce, expanding our Ball Resource Groups (BRGs) in terms of quantity and geography, and increasing awareness about the importance of D&I and each employee’s role in ensuring that we have a culture where people can bring their authentic selves to work and thrive. While we are proud of our progress, we know there is more work to do.

As we move forward, we are accelerating our D&I efforts with a greater sense of urgency. In June 2020, we instituted a new global cloud-based human capital management platform that will – among many other talent-focused features – enable us to more fully understand employee demographics and identify how we can better enhance our diversity around the world. We continue to evolve our talent acquisition process and focus on diversity for internships, candidate slates, interview panels, talent reviews and succession planning. Each of our business segment leaders has committed to help drive further D&I progress during 2021 and beyond. Currently, 58 percent of our board of directors are either gender or ethnically diverse, including four female board members, and 30 percent of our company’s executive leadership team are either gender or ethnically diverse.

Talent

We seek to attract, develop and retain the best talent throughout the company. During the past decade, we established and expanded our talent management organization with dedicated talent acquisition and development functions that have implemented rigorous hiring and development processes, including standardized assessments for candidate selection, and an embedded “Inspire, Connect, Achieve” leadership framework, which details clear behaviors that we expect from our people leaders to ensure they align with our culture. We have also strengthened our succession planning through a holistic approach to developing key managers that includes challenging assignments, formal development plans and professional coaching.

Training and Development

Our new global human capital management platform will further enable rigorous identification, analysis and development of talent around the world. In conjunction with that platform, the company launched an updated approach to performance management focused on development and continuous improvement. This approach emphasizes ongoing performance conversations between managers and employees and a focus on mitigating bias in performance conversations, resulting in an enhanced employee developmental experience and data points for our talent discussions. In addition, all employees have access to create a personal development plan and we have implemented additional resources to support employees in their personal and professional development, including:

- Continuous education through various tuition reimbursement programs, apprenticeship and instructional programs;

- A new learning management platform that saw significant employee utilization in 2020;
- Instructor-led “think, meet and speak inclusively” training in key geographies;
- A new LinkedIn Learning platform for all corporate and packaging employees who work in an office setting;
- Leadership and personal development coaching opportunities through a partnership with BetterUp;
- On-going education for people leaders around our Inspire, Connect, and Achieve leadership behaviors;
- Annual compliance, antitrust, bribery, corruption and business code of conduct and ethics training for key management level, sales and supply chain employees.

Employee Engagement

As part of our Drive for 10 vision, we seek to ensure that everyone at Ball is motivated to perform their best work every day. To further that objective, our engagement approach focuses on clear communication and recognition. We communicate through quarterly employee town hall meetings, at both the corporate and operating division levels, with business and market updates and information on production, safety, quality and other operating metrics. We also communicate company information through news releases, executive communications, internal management information bulletins, digital signage and our weekly Ball eNews through the new BallConnect intranet, which are available to all employees. We have many recognition-oriented awards throughout our company, including our corporate and divisional awards of excellence. We conduct regular company-wide engagement surveys, as well as periodic pulse surveys, which have generally indicated high levels of engagement and trust in Ball’s leadership, key strategies and initiatives.

Total Rewards

We have steadily upgraded our total rewards function over the past decade with the objective of acquiring, rewarding and retaining the best talent by providing total rewards that are competitive and performance based. Our compensation programs, including our long-standing EVA® based incentive plans, reflect our commitment to reward performance that drives shareholder value. Total direct compensation is positioned in a competitive range of the applicable market median in each jurisdiction, differentiated based on tenure, skills and performance, and designed to attract and retain the best talent.

Health, Safety and Wellness

The health, safety and wellness of each of our employees has been one of Ball’s top priorities for many years. Our environmental, health and safety function and our operations executives partner to consistently reinforce policies and procedures that are designed to reduce workplace risks and ensure safe methods of plant production, including through regular training and reporting on injuries and lost-time incidents. Over the past 15 years, we have sponsored a variety of health and wellness programs designed to enhance the physical and mental well-being of our employees around the world. During 2020, the company expanded access to its existing Employee Assistance Program (EAP) to our entire global workforce. The EAP provides employees and their families access to mental health, stress management and support resources during these difficult times.

Since the onset of the novel coronavirus (COVID-19) pandemic, nearly all of our businesses have been deemed essential by the governments where we operate, and our production facilities have operated continuously. During this time, we have put employee health and well-being front and center, and we have adjusted our approach to how work gets done accordingly. Our guiding principles throughout the pandemic have been safety, flexibility and empathy. Ball has implemented rigorous safety protocols in all its locations, including face coverings, social distancing, contact tracing, employee testing and enhanced cleaning. Most office-based roles have transitioned to working from home, and our IT systems have been flexed to support more virtual meetings and remote collaboration. We are actively preparing for a more flexible approach to traditional office roles after the pandemic ends.

Finally, despite the effects of the pandemic and in direct support of our growing businesses, Ball increased its net employee headcount by approximately 3,200 employees during 2020. Additional information on our human capital programs can be found in the Ball Corporation Sustainability Report, which is available at www.ball.com.

Example #2 – Starbucks HCM Disclosure

Human Capital Management

As a company, Starbucks mission is not only to deliver outstanding financial results by offering exceptional and unique products and services, but to also create a strong connection with the communities where we operate. We believe the strength of our workforce is one of the significant contributors to our success as a global brand that leads with purpose. This is largely attributed to our partners (employees) who strive every day to create a welcoming and inclusive environment for our customers. Therefore, one of our core strategies is to invest in and support our partners to differentiate our brand, products and services in the competitive specialty coffee market, including the following areas of focus:

Oversight and Management

We recognize the diversity of customers, partners and communities, and believe in creating an inclusive and equitable environment that represents a broad spectrum of backgrounds and cultures. Working under these principles, our Partner Resources Organization is tasked with managing employment-related matters, including recruiting and hiring, onboarding and training, compensation planning, performance management and professional development. Our Board of Directors and Board committees provide oversight on certain human capital matters, including our Inclusion and Diversity programs and initiatives. As noted in its charter, our Compensation and Management Development Committee is responsible for periodically reviewing Starbucks partner resource programs and initiatives, including healthcare and other benefits, as well as our management development and succession planning practices and strategies. Our Audit and Compliance Committee works closely with the Risk Management Committee, led by Starbucks cfo and general counsel, to monitor current and emerging labor and human capital management risks and to mitigate exposure to those risks. Furthermore, our Nominating and Corporate Governance Committee annually evaluates the effectiveness of our social responsibility policies, goals and programs, which also include partner-related issues. These reports and recommendations to the Board and its committees are part of the broader framework that guides how Starbucks should attract, retain and develop a workforce that aligns with our values and strategies.

We regularly conduct anonymous surveys to seek feedback from our retail and non-retail partners on a variety of topics, including but not limited to, confidence in company leadership, competitiveness of our compensation and benefits package, career growth opportunities and improvements on how we could make our company an employer of choice. The results are shared with our partners and reviewed by senior leadership, who analyze areas of progress or deterioration and prioritize actions and activities in response to this feedback to drive meaningful improvements in partner engagement. Our management and cross-functional teams also work closely to evaluate human capital management issues such as partner retention, workplace safety, harassment and bullying, as well as to implement measures to mitigate these risks.

Total Rewards

We have demonstrated a history of investing in our workforce by offering competitive salaries and wages. To foster a stronger sense of ownership and align the interests of partners with shareholders, restricted stock units are provided to eligible non-executive partners under our broad-based stock incentive programs. Furthermore, we offer comprehensive, locally relevant and innovative benefits to all eligible partners. In the U.S., our largest and most mature market, these include, among other benefits:

- Comprehensive health insurance coverage is offered to partners working an average of 20 hours or more each week.
- 100% tuition coverage is provided to partners who earn a bachelor's degree online at Arizona State University through the Starbucks College Achievement Program.
- Parental leaves are provided to all new parents for birth, adoption or foster placement.
- A Partner and Family Sick Time program is provided and allows partners to accrue paid sick time based on hours worked and use that time for themselves or family members in need of care.
- Care@Work benefit provides partners with subsidized child, adult or senior care planning services. This benefit includes up to 20 days of subsidized backup care services through the end of fiscal 2021, in light of the COVID-19 pandemic.
- We view mental health as a fundamental part of our humanity and implemented a comprehensive suite of related programs and benefits in fiscal 2020. These include Headspace, an online application that enables

guided mediation, Lyra, which provides mental health coaching, and Starbucks Mental Health Fundamental Training, created in partnership with National Council for Behavioral Health, which offers ongoing training to help partners recognize and respond to signs of mental health and substance use issues.

Outside of the U.S., we have provided other innovative benefits to help address market-specific needs, such as providing interest-free loans to our U.K. partners to help cover rental deposits, mental health services in Canada, and in China, a monthly housing subsidy for full-time Starbucks baristas and shift supervisors, as well as comprehensive health insurance coverage for parents of partners.

Role-based Support

To help our partners succeed in their roles, we emphasize continuous training and development opportunities. These include, but are not limited to, safety and security protocols, updates on new products and service offerings and deployment of technologies. Training provided through our Pour Over sessions include a wide variety of topics such as achievable goal setting, giving and receiving constructive feedback and effective engagement with customers and communities. To help further promote an inclusive culture and to better serve our customers, we encourage U.S.-based partners to enroll in the To Be Welcoming courses we created in partnership with Arizona State University to address different forms of bias and discrimination.

Pay Equity

To be an employer of choice and maintain the strength of our workforce, we consistently assess the current business environment and labor market to refine our compensation and benefits programs and other resources available to our partners.

We previously achieved and currently maintain 100 percent pay equity in the U.S. for women and men and people of all races for partners performing similar work. We have also achieved gender pay equity in China and Canada, two of our largest markets outside of the U.S., and we made a commitment to achieve gender pay equity in all company-operated markets.

As of September 27, 2020, Starbucks employed approximately 349,000 people worldwide. In the U.S., Starbucks employed approximately 228,000 people, with approximately 220,000 in company-operated stores and the remainder in corporate support, store development, roasting, manufacturing, warehousing and distribution operations. Approximately 121,000 employees were employed outside of the U.S., with approximately 118,000 in company-operated stores and the remainder in regional support operations. The number of Starbucks partners represented by unions is not significant. We believe our efforts in managing our workforce have been effective, evidenced by a strong Starbucks culture and a good relationship between the company and our partners.

Global Social Impact

We are committed to being a deeply responsible company in the communities where we do business. Our focus is on ethically sourcing high-quality coffee and tea, reducing our environmental impacts and contributing positively to communities around the world. Starbucks Global Social Impact strategy and commitments are integral to our overall business strategy. As a result, we believe we deliver benefits to our stakeholders, including employees, business partners, customers, suppliers, shareholders, community members and others. For an overview of Starbucks Global Social Impact strategy and commitments, please visit www.starbucks.com/responsibility.

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The **Client Update** is prepared by Meridian Compensation Partners' Governance and Regulatory Team led by Donald Kalfen. Questions regarding this Client Update or executive compensation technical issues may be directed to Donald Kalfen at 847-235-3605 or dkalfen@meridiancnp.com.

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