TRANSEARCH USA

THE CONSTRUCTION COMPENSATION REPORT 2023

BOARD AND CEO COMPENSATION

BEDFORD TRANSEARCH
EXECUTIVE SEARCH & LEADERSHIP CONSULTING

About TRANSEARCH USA

At the TRANSEARCH USA Built Environment Practice, we understand the unique needs of entities within the construction, design, and ownership sectors. Focusing on culture, leadership, team dynamics, and performance, which are critical for organizational success, our decades of executive search and leadership development experience ensure sound decision-making in your selection process, delivering talent that propels your success in the AEC industry.

Our unparalleled expertise in the Built Environment, coupled with extensive capabilities in related fields and a global network, enables us to access talent worldwide. At the TRANSEARCH USA Environment Practice, our team, comprising seasoned consultants, researchers, and recruiters, prioritizes your needs, offering candidate choice and proven evaluative tools. This approach facilitates multiple hires and group acquisitions, fueling exponential growth and profitability desired by AEC clients.

How We Can Help You

TRANSEARCH USA has partnered with Bedford Resources Inc. to provide expertise on executive and board remuneration. Together, we can provide advice on executive compensation, remuneration reports, executive pay benchmarking, reward strategy and pay mix, annual cash incentives, performance metrics and target setting, market trends in compensation, and comparator analysis. Bedford Resources has been a source of compensation information and advice for the past fifteen years for US, Canadian, and international companies across a variety of industries. Together, TRANSEARCH USA and Bedford Resources Inc. assist clients globally from our US and Canadian offices.

Contacts

If you would like further information on any of the areas covered in this report, assistance in interpreting this data, or would like to discuss compensation or search for boards and executives, don't hesitate to get in touch with us.

Chris Swan, Managing Director

Global Practice Leader:
Construction, Design & Environment

TRANSEARCH USA
+1 312 399 5700
chris.swan@transearchusa.com

Frank Galati, Global Compensation and Search Partner

Canadian Practice Leader:
Construction, EPCN, Mining and Resources

Bedford Resources Inc.
+1 416 970 7600
fgalati@bedfordgroup.com

Sam Van Tighem, Compensation Consultant

Bedford Resources Inc.
svantighem@bedfordgroup.com

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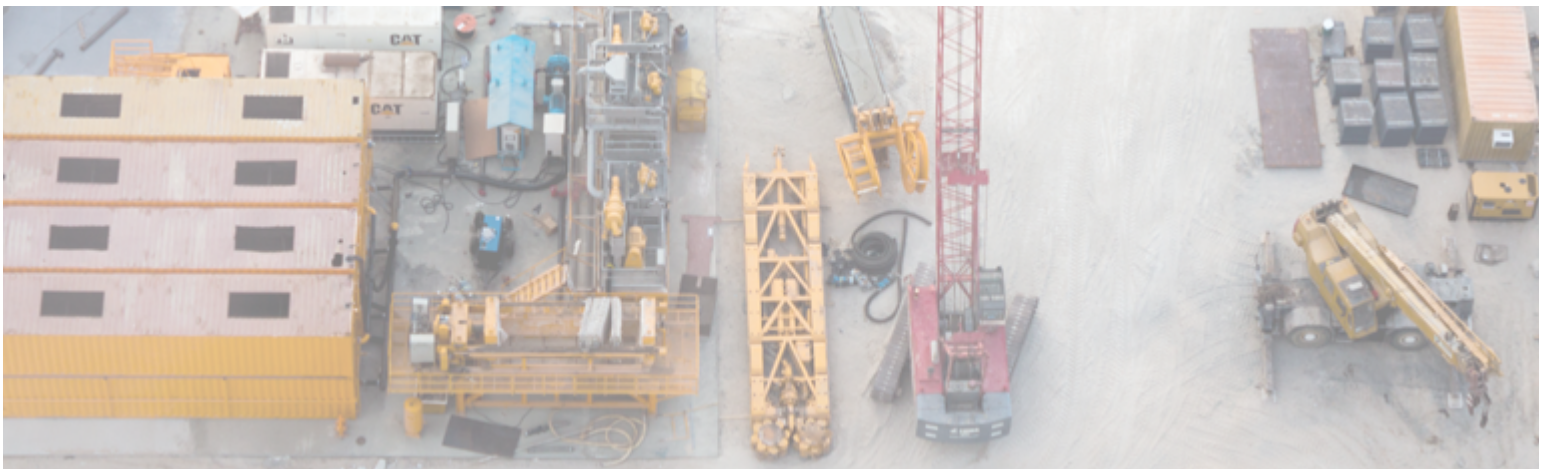
Introduction

Welcome to "The 2023 Report on Board & CEO Compensation in the Construction Industry". This is a teaser for TRANSEARCH USA's first annual industry-wide study of compensation awards and practices that will be released in Fall 2024. It is representative of our ongoing commitment to aiding organizations in attracting and retaining leadership talent with the potential to excel. This report summarizes our analysis of board and CEO compensation elements including base salary/retainer, long-term and short-term incentives, share ownership requirements, termination, and change of control agreements.

For this report, we gathered publicly available information from fiscal 2022 (reported in 2023) for directors and CEOs of 124 US and Canadian-based construction companies. TRANSEARCH USA included six general groupings of contractors/builders in its dataset. Companies were broken out by market cap per employee (as this was the best way to normalize data across the different contractor-types), with an effort to have a relatively even number of companies falling into each tier. An overview of the number of companies and type of contractor who fall into the tiers is provided below.

OVERVIEW OF DATASET							
Market Cap Per Employee ($ Thousands)	Total # Of Companies in Dataset	TYPE OF CONTRACTOR INCLUDED IN EACH TIER					
		General Contractors	Home Builders	Specialty Contractors	Consulting, Design, Professional Services	Environmental or Operational Services	Building Materials
0 - 150	24	4	0	8	3	7	2
150 - 250	19	1	0	6	4	5	3
250 - 400	20	1	0	7	8	3	1
400 - 700	21	2	1	7	3	6	2
700 - 1,500	20	0	2	4	0	7	7
1,500 +	20	2	11	2	2	2	1

TRANSEARCH USA can expand on any information included in this teaser at a company's request. An extended version of this report incorporating 2024 proxy data will be published in the fall. It will provide insight into year-over-year compensation changes between 2022 and 2023 for CEOs and board members, as well as additional data for Named Executive Officer positions such as the CFO and COO.



Construction Industry Updates

From an uncertain market at the beginning of 2023 to an explosive market in 2024, the construction industry today has been struggling to keep up with demand and managing the myriad of moving markets. Even the office market, devastated by the shift to work-from-home, has started to see a rebound in parts of the country as employers find value in having employees connected to specific office locations.

The construction industry operates within a dynamic landscape characterized by technological advancements, sustainability imperatives, regulatory initiatives, as well as evolving labor and material dynamics. Rapid urbanization, population growth, and rising infrastructure demands are driving ever increasing construction activity worldwide. Digitalization, Building Information Modeling (BIM), and automation are revolutionizing project management, design processes, and on-site operations, enhancing efficiency and safety while reducing costs.

The construction outlook is particularly promising in certain markets and regions, particularly:

- Housing tied to systemic shortages from under investment.
- Manufacturing and warehousing facilities from reshoring.
- Energy of every type driven by expanding demand and the energy transition.
- Environmental management and remediation in every conceivable manner, sector, and market.
- Infrastructure with governments seeking to correct decades of under investment (Transportation, Water, Telecommunications, etc.)

Digitization, climate concerns, and simply the financial incentives for efficiency are all working to create a brighter future with step changes in processes, quality, and modern leadership ideas. Investments in technology and modular construction by both established and start-up enterprises are rampant across the industry and driving cost savings and quality improvements. However, the construction industry continues to face ongoing labor shortages, emphasizing the need for firms to attract younger, diverse talent pools. Companies must ensure they are positioned with strong employment agreements and compensation plans that will encourage attracting and retaining key management and executives. TRANSEARCH USA and Bedford Group's extensive experience in compensation allows us to provide invaluable expertise in the areas of:

- Peer group development,
- Base salary,
- Equity and non-equity incentive targets and metrics,
- Total compensation packages,
- Equity vehicles and vesting schedules,
- Development of Option, Share and Omnibus Incentive Plans and approval processes with applicable exchanges,
- Termination and change of control practices and agreements,
- Share Ownership guidelines,
- Good governance practices,
- Preparation and review of Proxy and Management Information Circulars,
- Board composition and compensation, and more.

Construction Industry Updates (continued)

While generalized trends of many of these areas are discussed in the report that follows for boards and CEOs, TRANSEARCH USA and Bedford Group would be pleased to develop company-specific recommendations that consider market cap, asset and enterprise values, revenue, industry, current financial state, and more to ensure a sustainable and market-competitive compensation plan that best suits your business needs.

Objectives and Parameters

The 2023 Report on Board and CEO Compensation in the construction industry provides insights and analysis of compensation with a focus on North American companies. The organizations covered in the report are public.

Dollar Reporting

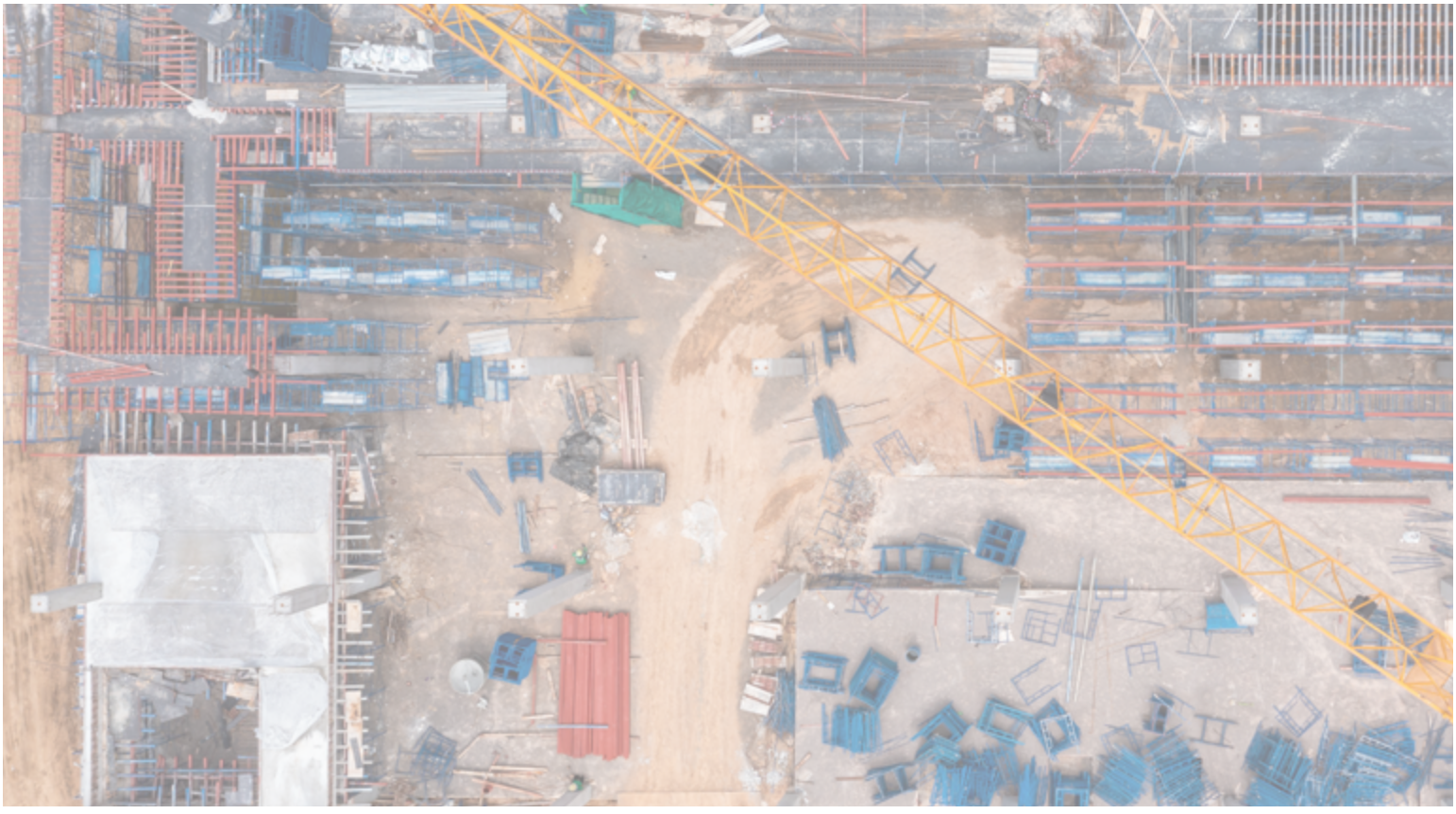
All currency figures in this report are in United States Dollars. Canadian company data has been converted to USD using the IRS average exchange rate for 2022, being CA$1.00 equals US$0.7686.

Data Collection

Data used in this report was collected in January 2024. Corporate market cap values were drawn from Yahoo Finance. Compensation data and other corporate information are from the companies' proxy circulars via EDGAR or SEDAR, as well as corporate websites.

Data Treatment, Categorizing, and Outliers

Information varies due to differences in reporting jurisdictions and the listed stock exchange. Statistical data does not always correlate between market cap per employee tiers.



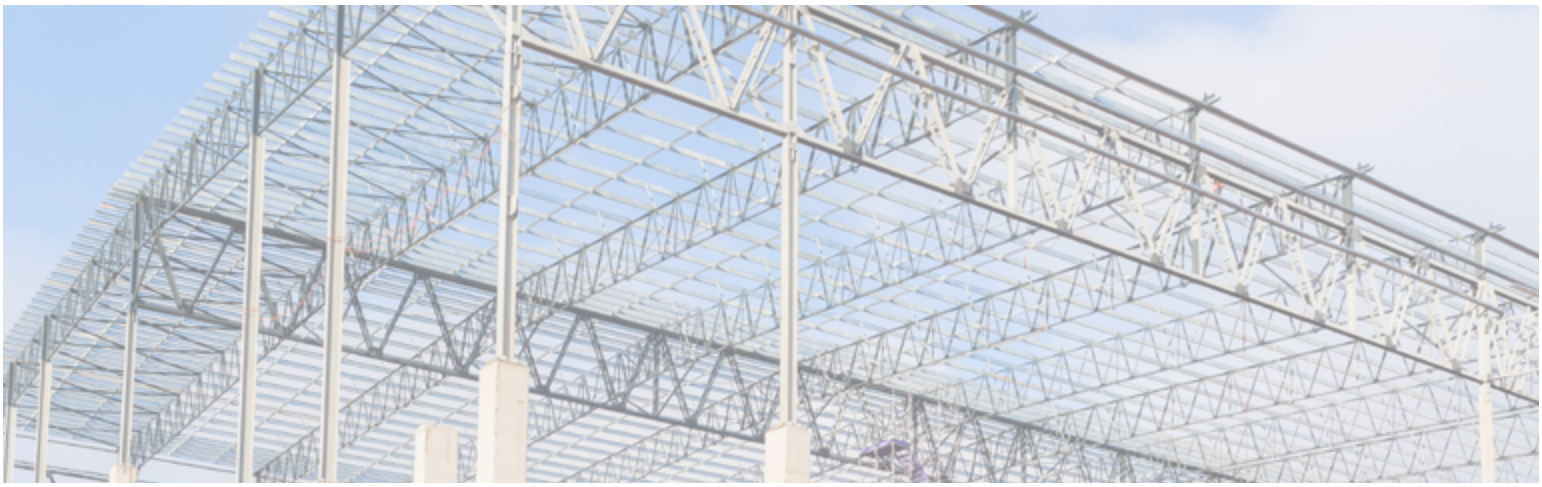
Headline Findings

- **CEO Median Total Compensation:** At the median, CEO total compensation ranged from $2,229,013 for companies with a market cap per employee of under $150,000, to $8,437,990 at companies with a market cap per employee of over $1.5 million. The most significant contribution to total compensation for the CEO is from equity compensation. Median base salaries for the top four market cap per employee tiers were all within a range of $900,000 to $1,000,000.
- **Board Member Annual Base Retainer Analysis:** 97.6% of the companies analyzed in the dataset have established a set annual retainer for their directors. At the median, board member annual cash retainers for all market cap per employee tiers ranged from $70,000 to $90,000. Additionally, 78.0% of companies awarded a set equity retainer.
- **Board Chair Base Retainer Analysis:** At the 50th percentile, companies at most tiers granted a Board Chair base cash retainer between $120,000 and $140,000.
- **Proportion of Female Board Members:** Of all the board members included in this report, 28.6% identified as female. Only 4.6% of board chairs/lead directors were female.
- **Proportion of Female CEOs:** 5.6% of CEOs identified as female in 2022.
- **CEO Severance – Termination Without Cause:** 78.2% of CEOs had a severance agreement with their company in the event of termination without cause. The most common payout for CEOs provided 24 months of salary and 24 months of bonus.
- **CEO Severance – Change of Control:** 88.7% of CEOs had an agreement with their company for Change of Control benefits. The most common payout was 36 months' salary and bonus. The ISS and Glass Lewis recommend a double trigger event for Change of Control benefits in keeping with good governance practices.

1.0 BOARD OF DIRECTOR COMPENSATION

The 2023 Report on Board & Executive Compensation in the construction industry includes data on 985 independent board members from 124 organizations.

For this analysis, board member compensation includes fees earned as well as equity-based compensation. While some directors also received bonus payments and pension payments, these are not typical and make up only a small portion of total compensation. As such, they were excluded as individual components of the analysis and are only included in the sums for “total compensation”. Upon request, further information can be provided on “other” compensation elements.



1.1 BOARD MEMBER COMPENSATION

Headline Findings

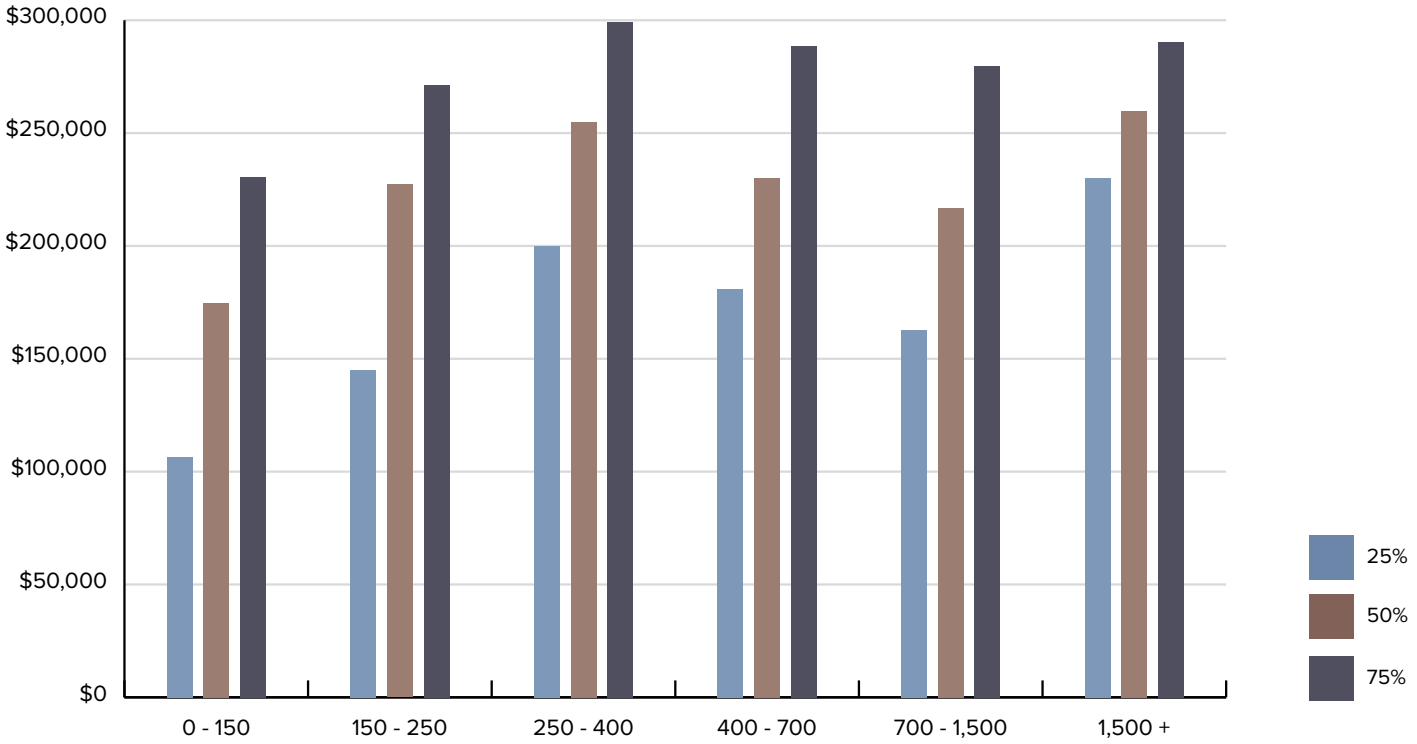
- **Total Compensation:** There was not a wide range in total compensation between the six different market cap per employee tiers. Board member total compensation ranged from $174,485 to $259,720 between the lowest and highest tiers.
- **Annual Board Member Base Retainers:** 97.6% of the companies analyzed in the dataset have established a set annual retainer for their directors. At the median, annual board member cash retainers for all tiers ranged from $70,000 to $90,000. Additionally, 78.0% of companies awarded a set equity retainer.
- **Meeting Attendance Fees:** In 2022, only 10.6% of the companies researched had a dedicated per meeting attendance fee (a third of whom only granted if the number of meetings exceeded 5-10 annually). Per meeting fees ranged from $576 to $2,250. Most commonly, per-meeting fees were in the range of $1,000-$2,000.
- **Compensation:** A board member's compensation typically consists of the following:
  - a base retainer (usually issued in cash, but sometimes offered as a combination of cash and shares),
  - an additional long-term equity component, most commonly granted as common stock, RSUs, Options or DSUs, and intended to align board members with the interests of shareholders,
  - annual committee chair fees and/or additional fees for committee members.
- **Equity-Related Compensation:** Generally, equity is a significant component of total compensation for the construction industry. 94.5% of board members received an equity grant in 2022. 79.5% received full-value shares (“shares”) only, and 1.5% received stock options ("options") only, with 13.5% receiving a combination of both vehicles.
- **Board Member Activity:** 75% of board members took part in at least two or more committees in their respective firms. The most common committees in the construction industry are the Audit committee, Compensation committee, and Corporate Governance & Nominating committee.
- **Female Board Members:** Of all board members researched, 28.6% identified as female. The number of lead directors or board chairs who identified as female was only 4.6%.

Board Member Total Compensation Analysis

- The chart and graph below highlight median total compensation amounts paid to board members at the 25th, 50th, and 75th percentile of their respective market cap per employee tier. Median total compensation ranged from $174,825 up to $259,720.

BOARD MEMBER TOTAL COMPENSATION			
Market Cap Per Employee ($ Thousands)	25th Percentile	50th Percentile	75th Percentile
Under 150	$106,583	$174,825	$230,500
150 - 250	$145,000	$227,181	$271,333
250 - 400	$199,999	$255,000	$299,263
400 - 700	$180,932	$229,992	$288,686
700 - 1,500	$162,884	$216,736	$279,636
1,500+	$229,993	$259,720	$290,476

Board Member Total Compensation



Compensation Structure

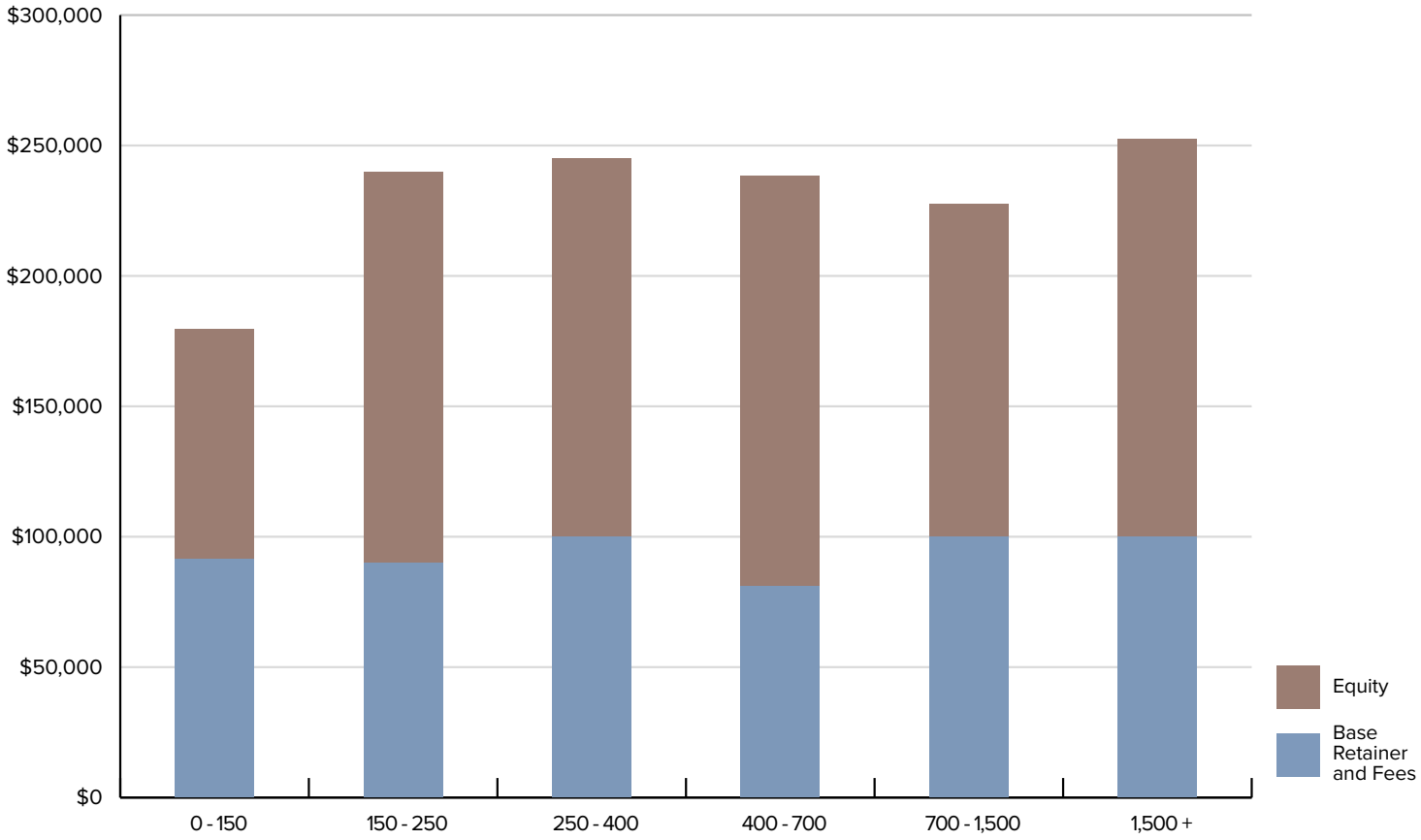
Typically, total compensation of an independent board member consists of three elements: base retainer, committee and/or meeting fees and equity compensation. Some companies also pay short-term incentive payments as well as pension contributions, travel fees or reimbursement for out-of-pocket expenses, often summed as “Other Compensation”. Analysis for these other components have not been included in this report, but information can be provided upon request.

In the chart and graphs that follow, "Base Retainer and Committee Fees" includes amounts for base retainer and committee member and/or chair fees. It should be noted that the median values of each cell are calculated individually, so the amounts for Total Compensation are not a sum of each row of data. Further breakdowns of the below, such as median values of share versus option awards can be provided upon request.

ELEMENTS OF BOARD MEMBER COMPENSATION			
Market Cap Per Employee ($ Thousands)	Base Retainer and Committee Fees	Equity	Total Compensation
25th Percentile			
Under 150	$71,800	$26,880	$106,583
150 - 250	$70,649	$75,000	$145,000
250 - 400	$80,000	$109,995	$199,999
400 - 700	$55,048	$110,000	$180,932
700 - 1,500	$86,250	$100,000	$162,884
1,500+	$82,972	$125,000	$229,993
50th Percentile			
Under 150	$91,457	$88,373	$174,825
150 - 250	$89,879	$149,999	$227,181
250 - 400	$100,000	$144,995	$255,000
400 - 700	$81,000	$157,460	$229,992
700 - 1,500	$100,000	$127,500	$216,736
1,500+	$100,000	$152,498	$259,720
75th Percentile			
Under 150	$110,000	$125,000	$230,500
150 - 250	$105,881	$160,009	$271,333
250 - 400	$125,000	$175,000	$299,263
400 - 700	$108,250	$175,000	$288,686
700 - 1,500	$113,942	$170,000	$279,636
1,500+	$116,250	$164,990	$290,476

The following graph provides a visual representation of the different elements that make up a board member's total compensation. The graph includes amounts at the 50th percentile from the "Base Retainer and Committee Fees" and "Equity" columns in the previous table. As each cell was calculated individually, total compensation in the graph below may not exactly match total compensation in the table above. The graph shows that equity compensation is the biggest contributor to total direct compensation for all but the lowest market cap per employee tier.

Elements of Median Board Member Compensation

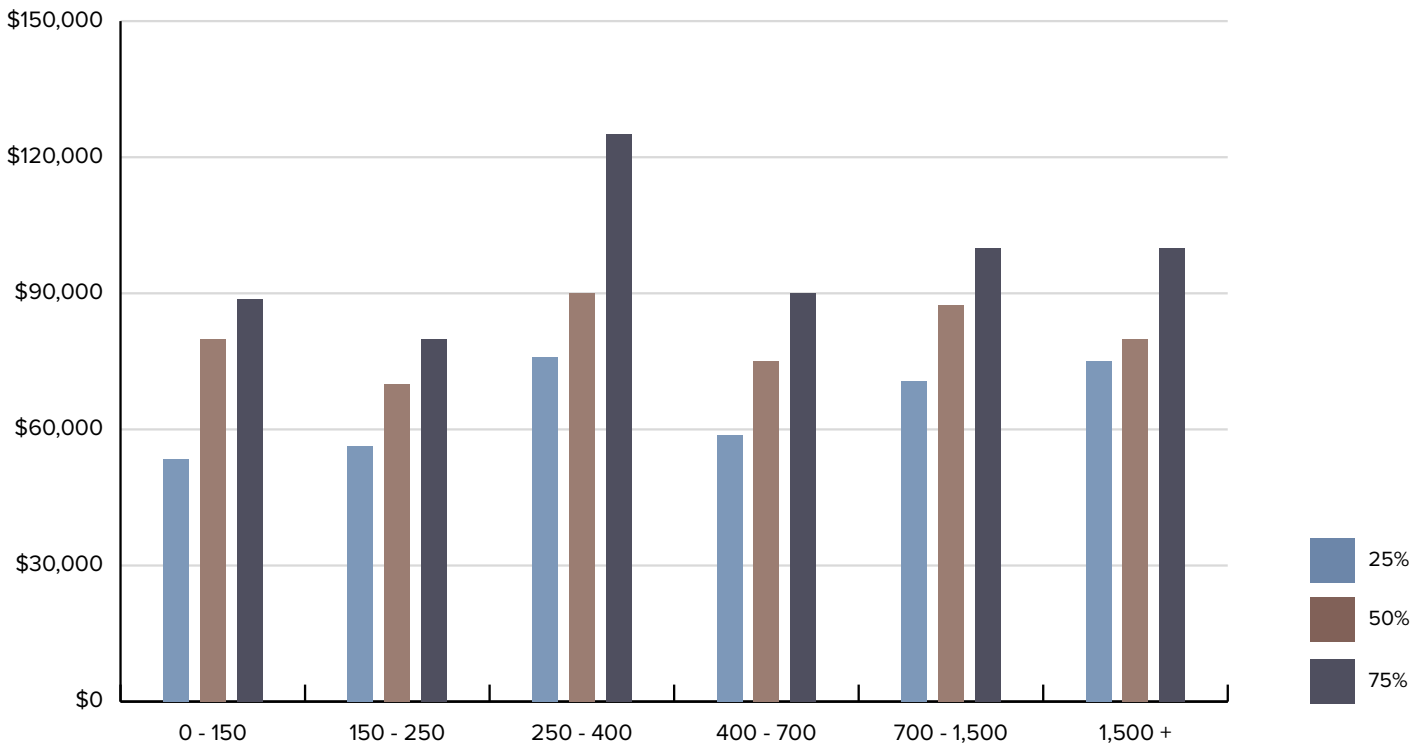


Board Member Annual Base Retainer Analysis

Annual board member base retainers (commonly issued in cash) were disclosed by 97.6% of companies. The table below shows the value of disclosed retainers at the 25th, 50th and 75th percentile by tier. Additionally, 78% of companies awarded a set equity retainer, analysis of which can be provided upon request.

BOARD MEMBER ANNUAL BASE RETAINER			
Market Cap Per Employee ($ Thousands)	25th Percentile	50th Percentile	75th Percentile
Under 150	$53,469	$80,000	$88,750
150 - 250	$56,317	$70,000	$80,000
250 - 400	$75,923	$90,000	$125,000
400 - 700	$58,750	$75,000	$90,000
700 - 1,500	$70,541	$87,500	$100,000
1,500+	$75,000	$80,000	$100,000

Board Member Annual Retainer



Meeting Attendance Fees

In 2022, only 10.6% of the companies researched had a dedicated per meeting attendance fee (a third of whom only granted if the number of meetings exceeded 5-10 annually). Per meeting fees ranged from $576 to $2,250 but were commonly in the range of $1,000-$2,000. In TRANSEARCH USA's observations, a per-meeting fee for attending board or committee meetings is becoming less common across all industries. Instead, companies are choosing to grant set annual fees to both committee chairs and/or members.

Female Board Member Representation

Of all board members included in our research, 28.6% identified as female. We expect to see a steady increase in this number in the coming years as shareholder rights organizations continue to implement minimum board diversity expectations.

1.2 BOARD CHAIR COMPENSATION

Headline Findings

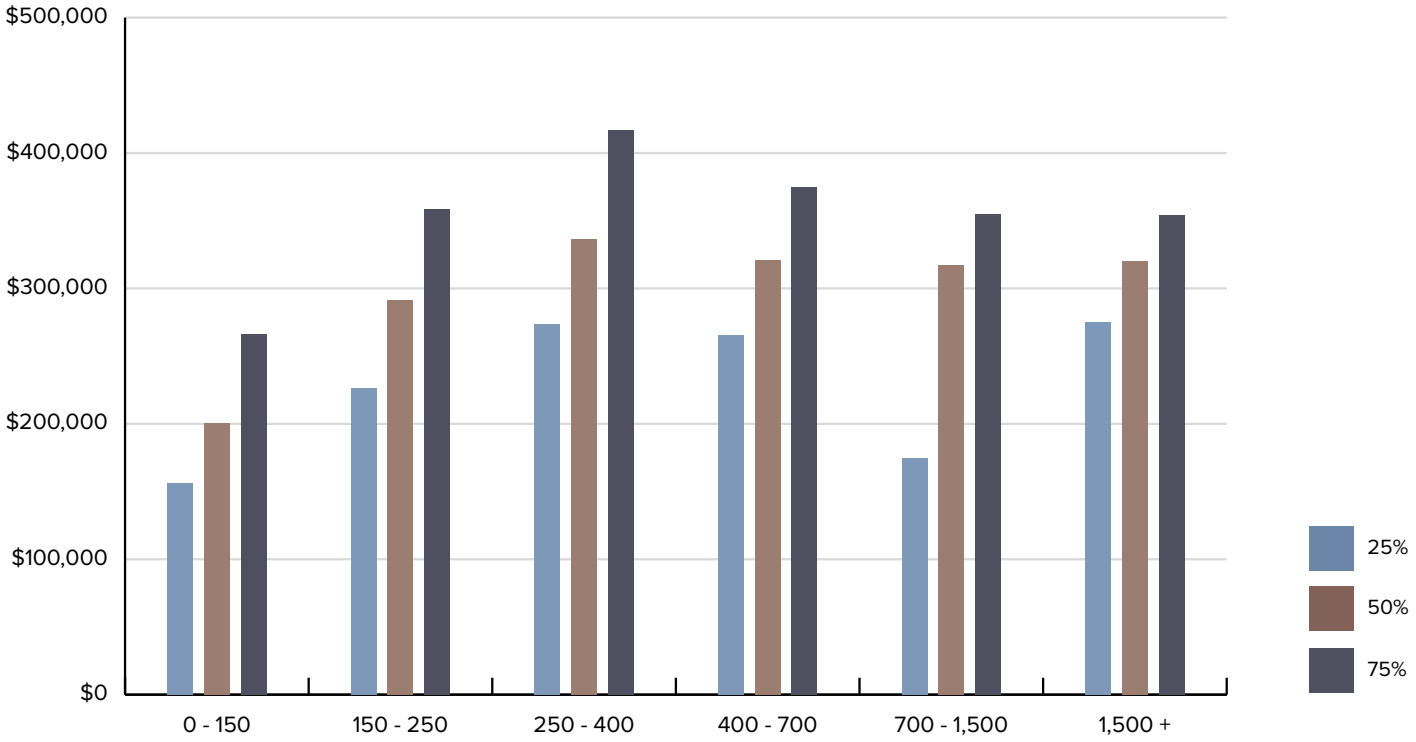
- This portion of the report combines pay for non-executive chairs, vice-chairs, and independent lead directors. Separate analysis for these roles can be provided upon request.
- Board chairs are compensated at higher levels than members due to the experience required, the increased responsibilities, and the assumption of risk associated with the position.
- Many board chairs take on additional responsibilities in a company by joining committees. It was found that 74.3% of chairs took part in at least one committee.
- The number of board chairs or lead directors who identified as female in 2022 was only 4.6%.

Board Chair Total Compensation Analysis

- At the median, board chair total compensation ranged from $200,000 at companies with a market cap per employee of less than $150,000, up to $320,000 at companies with a market cap per employee of more than $1.5 million.

BOARD CHAIR TOTAL COMPENSATION			
Market Cap Per Employee ($ Thousands)	25th Percentile	50th Percentile	75th Percentile
Under 150	$156,281	$200,210	$266,540
150 - 250	$226,418	$291,209	$358,494
250 - 400	$273,490	$336,500	$416,907
400 - 700	$265,278	$321,191	$374,688
700 - 1,500	$175,010	$317,186	$355,000
1,500+	$275,020	$320,000	$353,975

Board Chair Total Compensation



Compensation Structure

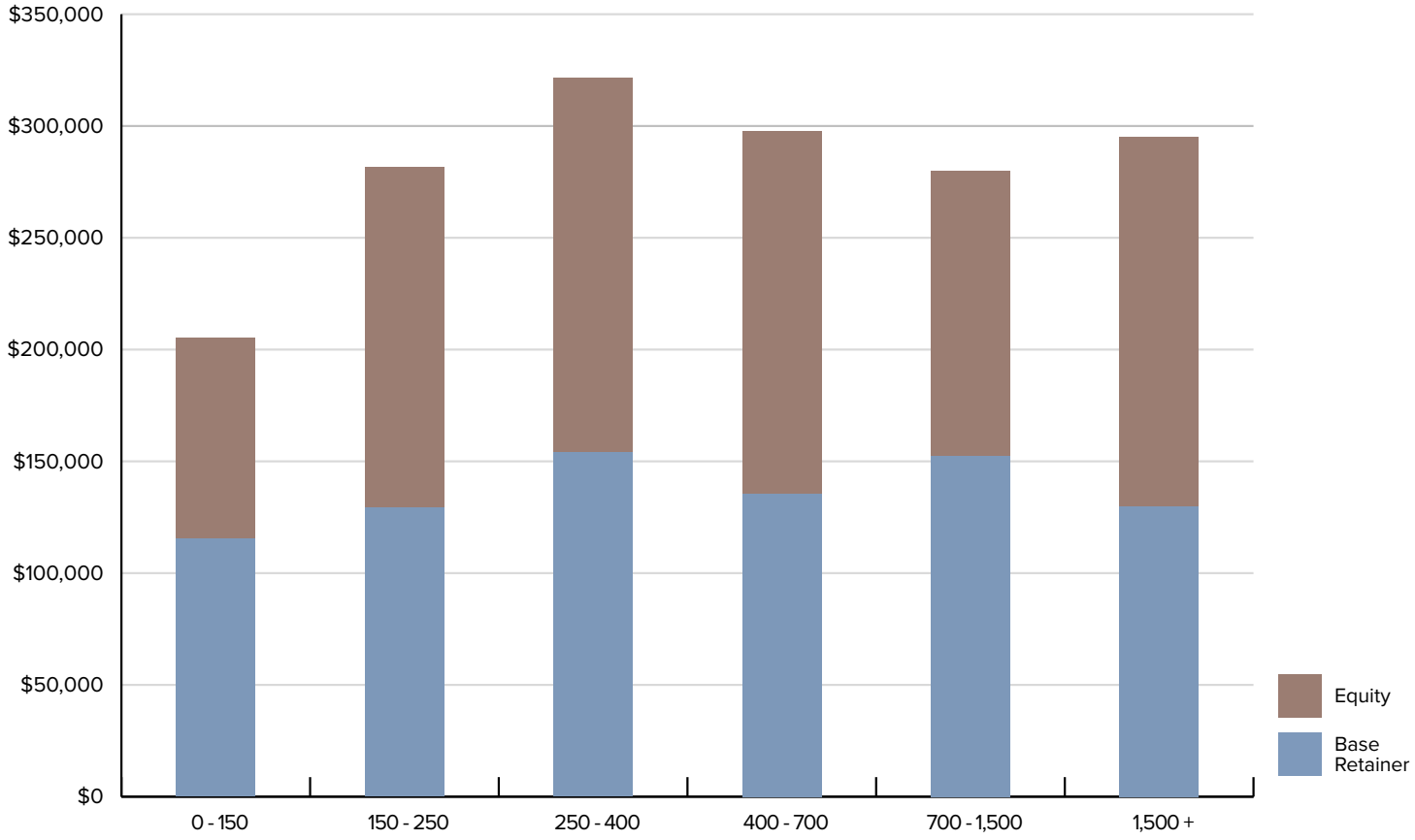
The following table breaks down board chair compensation paid at the 25th, 50th and 75th percentile of each market cap per employee tier. As the value of each cell is calculated individually, the amounts for Total Compensation are not a sum of each row of data.

ELEMENTS OF BOARD CHAIR COMPENSATION			
Market Cap Per Employee ($ Thousands)	Base Retainer and Committee Fees	Equity	Total Compensation
25th Percentile			
Under 150	$86,344	$52,869	$156,281
150 - 250	$96,820	$106,659	$226,418
250 - 400	$124,166	$137,518	$273,490
400 - 700	$104,500	$139,069	$265,278
700 - 1,500	$129,000	$73,004	$175,010
1,500+	$120,000	$150,002	$275,020

ELEMENTS OF BOARD CHAIR COMPENSATION (continued)			
Market Cap Per Employee ($ Thousands)	Base Retainer and Committee Fees	Equity	Total Compensation
50th Percentile			
Under 150	$115,385	$90,000	$200,210
150 - 250	$129,175	$152,511	$291,209
250 - 400	$154,000	$167,550	$336,500
400 - 700	$135,500	$161,982	$321,191
700 - 1,500	$152,500	$127,500	$317,186
1,500+	$130,000	$164,990	$320,000
75th Percentile			
Under 150	$157,500	$113,481	$266,540
150 - 250	$182,015	$170,011	$358,494
250 - 400	$173,128	$215,617	$416,907
400 - 700	$178,044	$193,750	$374,688
700 - 1,500	$211,250	$170,000	$355,000
1,500+	$152,000	$204,964	$353,975

The following graph provides a visual representation of the different elements that make up a board chair's total compensation. The graph includes median amounts from the "Base Retainer and Committee Fees" and "Equity" columns in the previous table. As each cell was calculated individually, total compensation in the graph below may not exactly match total compensation in the table above.

Elements of Median Board Chair Compensation

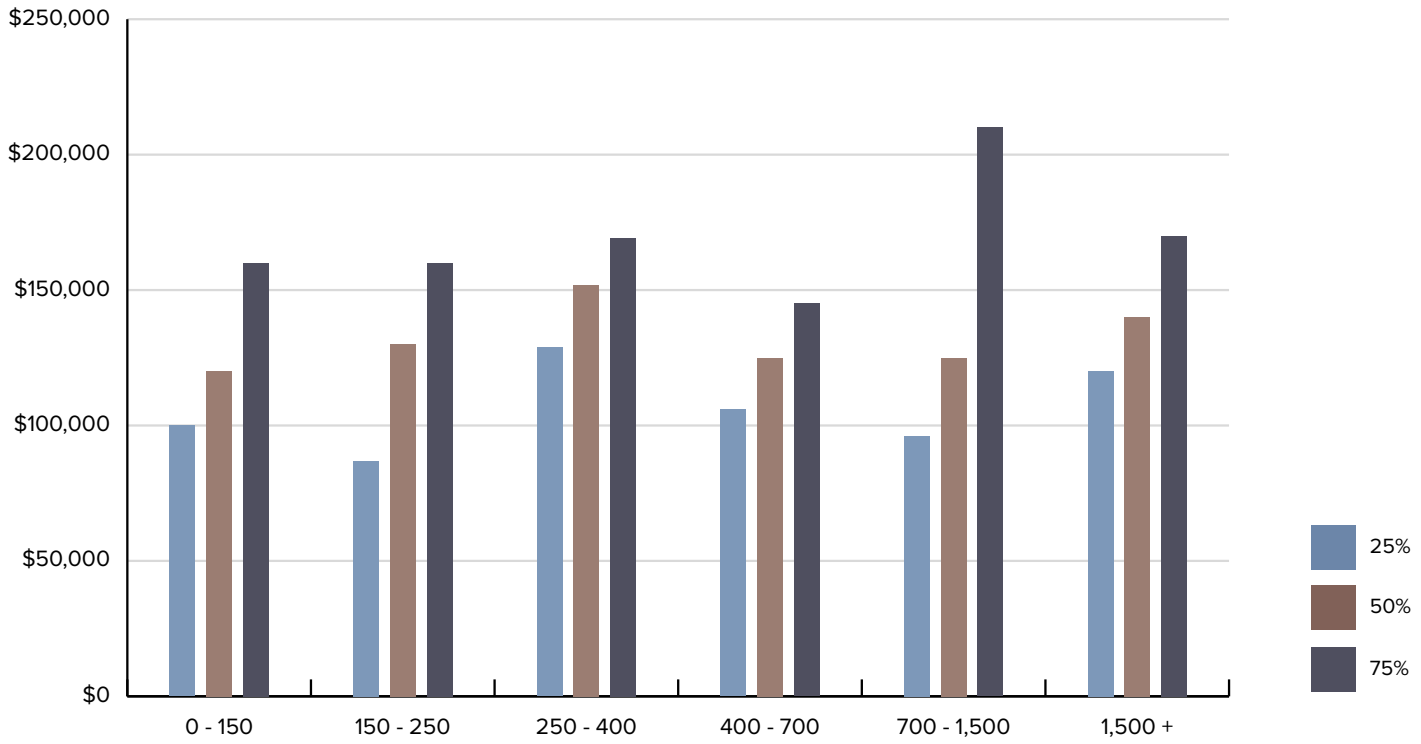


Board Chair Annual Retainer Analysis

80.5% of companies disclosed a set annual base retainer (typically issued in cash) for their Board Chair or Lead Director. For all tiers except the $250-$400 thousand tier, median chair retainers were between $120,000 and $140,000. Additionally, 64.2% of companies had a set equity retainer, amounts for which can be provided upon request.

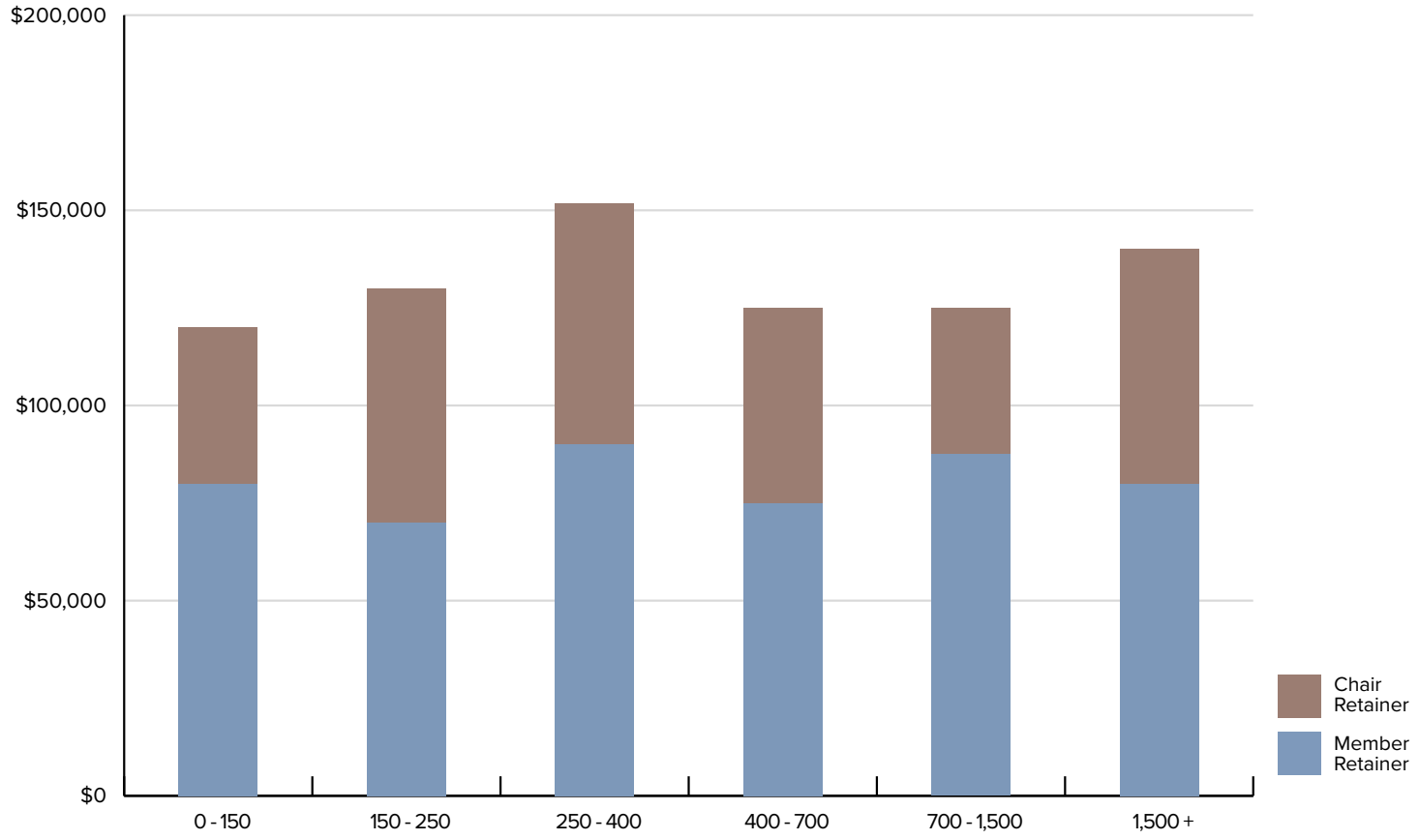
BOARD CHAIR ANNUAL BASE RETAINER			
Market Cap Per Employee ($ Thousands)	25th Percentile	50th Percentile	75th Percentile
Under 150	$100,000	$120,000	$160,000
150 - 250	$86,836	$130,000	$160,000
250 - 400	$128,750	$151,846	$169,296
400 - 700	$105,900	$125,000	$145,000
700 - 1,500	$96,058	$125,000	$210,000
1,500+	$120,000	$140,000	$170,000

Board Chair Annual Base Retainer



Board Member Versus Chair Retainer

At the median, the board chair base retainer is approximately 1.5x-1.85x that of its members.



1.3 AUDIT COMMITTEE

The Audit Committee's primary responsibility is to oversee financial reporting and disclosures. Board members sitting on this committee are often required to be independent. With the growth of risk awareness, committee members are also responsible for determining operational and credit risks. As such, the committee is commonly named the "Audit and Risk Committee."

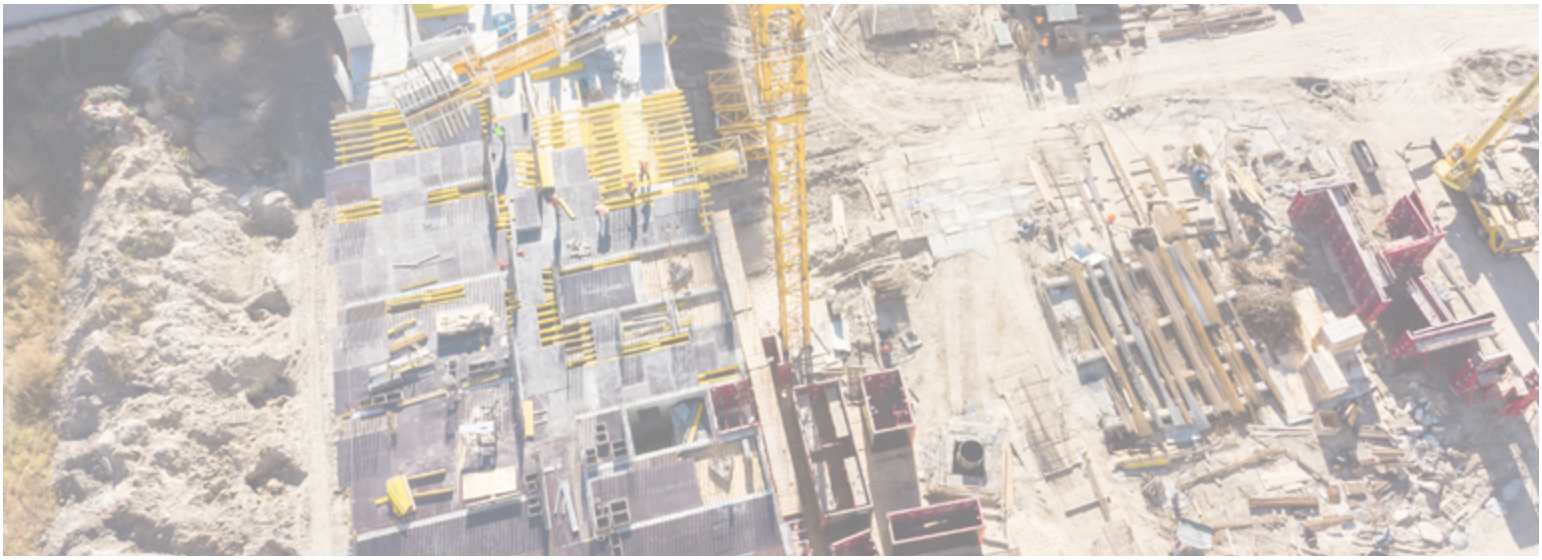
Headline Findings

- Audit Committee chairs usually receive an additional fee to compensate them for the added fiduciary responsibility, and this fee is normally higher than that for any other committee. In 2022, 94.3% of companies had a set annual fee for their Audit Committee chair.
- Conversely, 49.6% of companies had a set fee for Audit Committee members. Smaller companies tend to offer only Audit Committee chair fees. As the company grows, it is more likely to grant a member fee as well.

Audit Committee Members

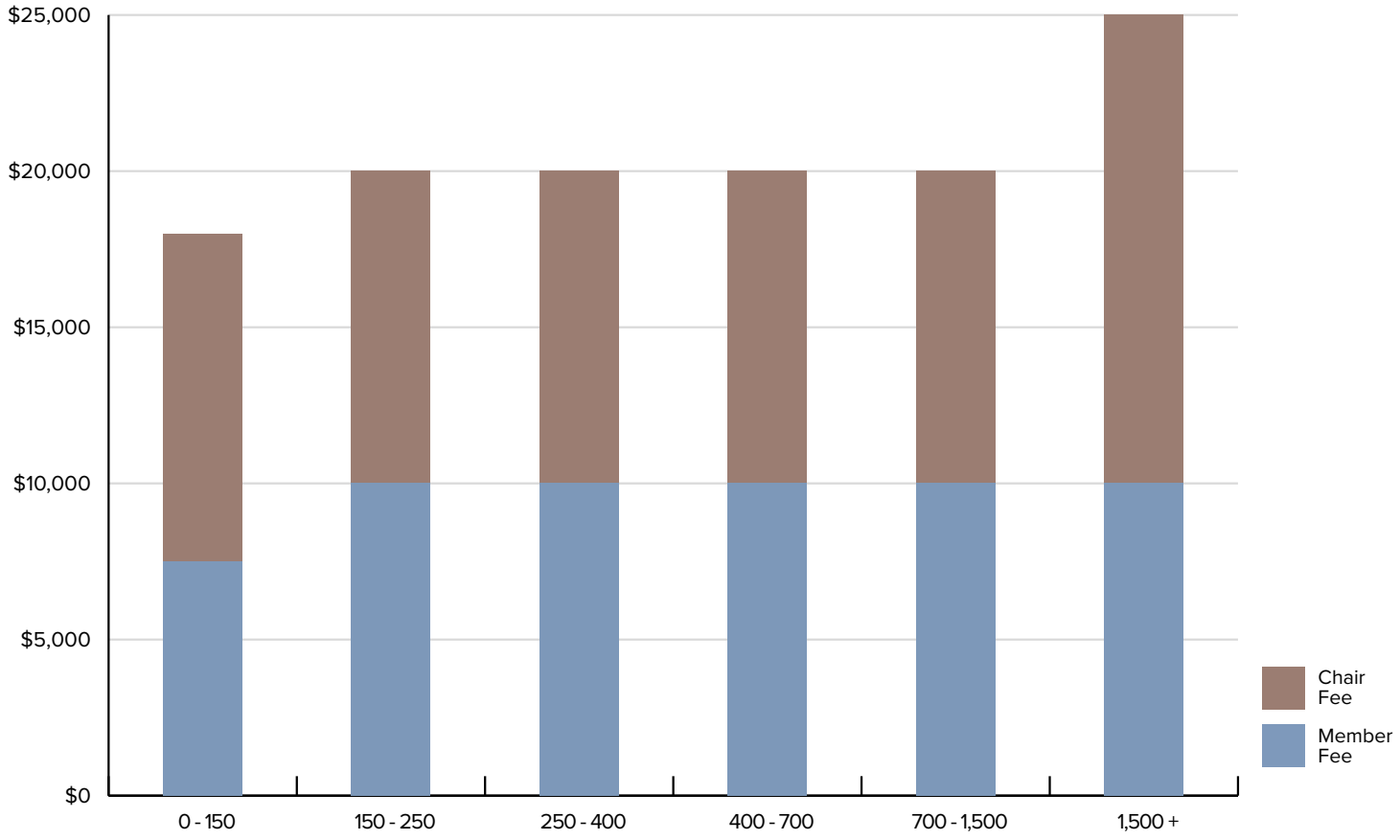
- The following table excludes the companies who pay $0 for their annual Audit Committee Member Fee. At the median, committee member fees were $10,000 for all but the lowest market cap per employee tier.

AUDIT COMMITTEE MEMBER FEE			
Market Cap Per Employee ($ Thousands)	25th Percentile	50th Percentile	75th Percentile
Under 150	$5,000	$7,500	$10,000
150 - 250	$9,229	$10,000	$12,125
250 - 400	$6,018	$10,000	$11,645
400 - 700	$7,000	$10,000	$14,125
700 - 1,500	$10,000	$10,000	$10,000
1,500+	$9,000	$10,000	$12,000



Median Audit Committee Member Versus Chair Fee

The following graph shows median Audit Committee member fees versus the fees paid to the chair. Typically, a chair will receive 2x that of a member.



Audit Committee Chair

At the median, the most common fee for the Audit Committee chair was $20,000. 94.3% of companies had a set Audit Committee Chair Fee.

AUDIT COMMITTEE CHAIR FEE			
Market Cap Per Employee ($ Thousands)	25th Percentile	50th Percentile	75th Percentile
0 - 150	$13,064	$18,000	$20,374
150 - 250	$16,986	$20,000	$25,000
250 - 400	$14,416	$20,000	$25,000
400 - 700	$20,000	$20,000	$25,000
700 - 1,500	$20,000	$20,000	$25,000
1,500+	$20,000	$25,000	$29,375

1.4 COMPENSATION COMMITTEE

The Compensation Committee, which in some organizations is referred to as the Human Resources Committee, oversees compensation for executives and directors. This committee usually consists of independent directors with finance and legal backgrounds.

Headline Findings

- The Compensation Committee or Human Resources committee determines annual director and executive payments, bonus and equity payouts, and all other benefit arrangements.
- The most recurring fee for the Compensation Committee was $15,000 for a chair and $7,500 for a member.
- Among the companies researched, 45.5% had a set annual fee for Compensation Committee members, while 91.1% of the companies disclosed a fixed annual chair fee.

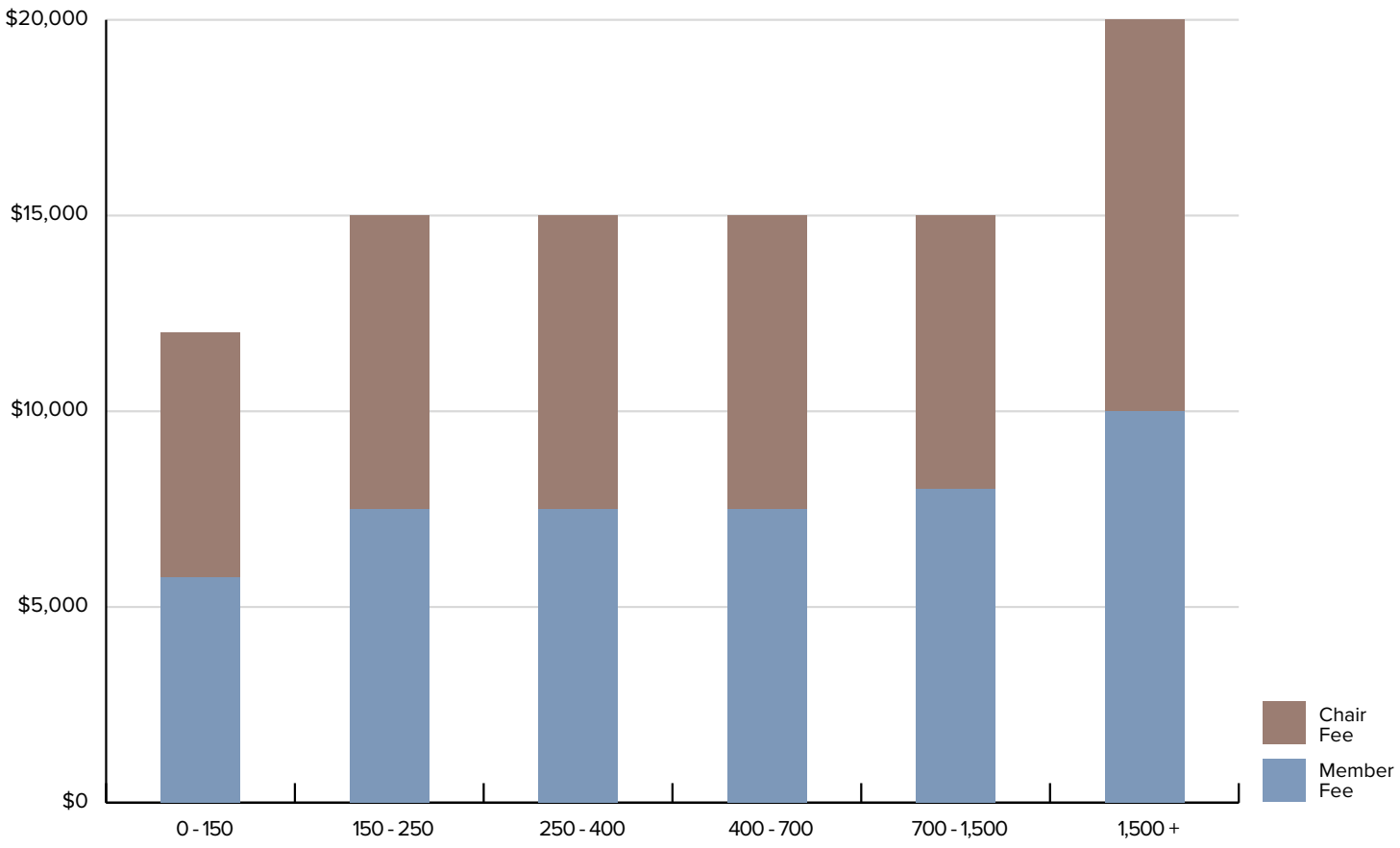
Compensation Committee Members

- Compensation Committee Member Fees were disclosed by 45.5% of companies. The most recurring member fee was $7,500. The following data excludes companies who do not pay fees to their members in order to provide a better representation of fees when granted.

COMPENSATION COMMITTEE MEMBER FEE			
Market Cap Per Employee ($ Thousands)	25th Percentile	50th Percentile	75th Percentile
0 - 150	$5,000	$5,763	$7,500
150 - 250	$7,125	$7,500	$9,625
250 - 400	$5,500	$7,500	$7,842
400 - 700	$5,000	$7,500	$8,125
700 - 1,500	$6,750	$8,000	$10,000
1,500+	$7,500	$10,000	$10,000

Median Compensation Committee Member Versus Chair Fee

The following graph shows median Compensation Committee member fees versus the fees paid to the chair. Typically, a chair will receive 2x that of a member.



Compensation Committee Chair

- The most common fee paid to the Compensation Committee Chair was $15,000. Set fees were disclosed by 91.1% of companies.

COMPENSATION COMMITTEE CHAIR FEE			
Market Cap Per Employee ($ Thousands)	25th Percentile	50th Percentile	75th Percentile
0 - 150	$10,000	$12,000	$15,000
150 - 250	$12,833	$15,000	$15,277
250 - 400	$10,763	$15,000	$19,606
400 - 700	$15,000	$15,000	$19,500
700 - 1,500	$15,000	$15,000	$20,000
1,500+	$20,000	$20,000	$22,125

1.5 CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee (often combined with the Nominating Committee and/or Sustainability Committee) acts to ensure that the company follows good governance practices. The committee is responsible for reviewing the qualifications of director nominees and monitoring current directors' status. Corporate governance plays a crucial role for organizations as investors seek ethical investments that impact society. While historically industries have viewed this committee as requiring less responsibilities than the Compensation and Audit Committees, a higher focus has recently been put on governance aspects. TRANSEARCH USA anticipates seeing an increase in the number of companies with Corporate Governance Committees and a general increase in total compensation for committee members in the upcoming years as a reflection of this trend.

Headline Findings

- Among the companies researched, 44.7% had a set annual fee for Corporate Governance committee members, while 90.2% had a fixed fee for chairs.
- At the median, the Corporate Governance Committee Chair Fee ranged from $10,000 to $15,000 while the fee for members ranged from $5,000 to $7,500 at most tiers.

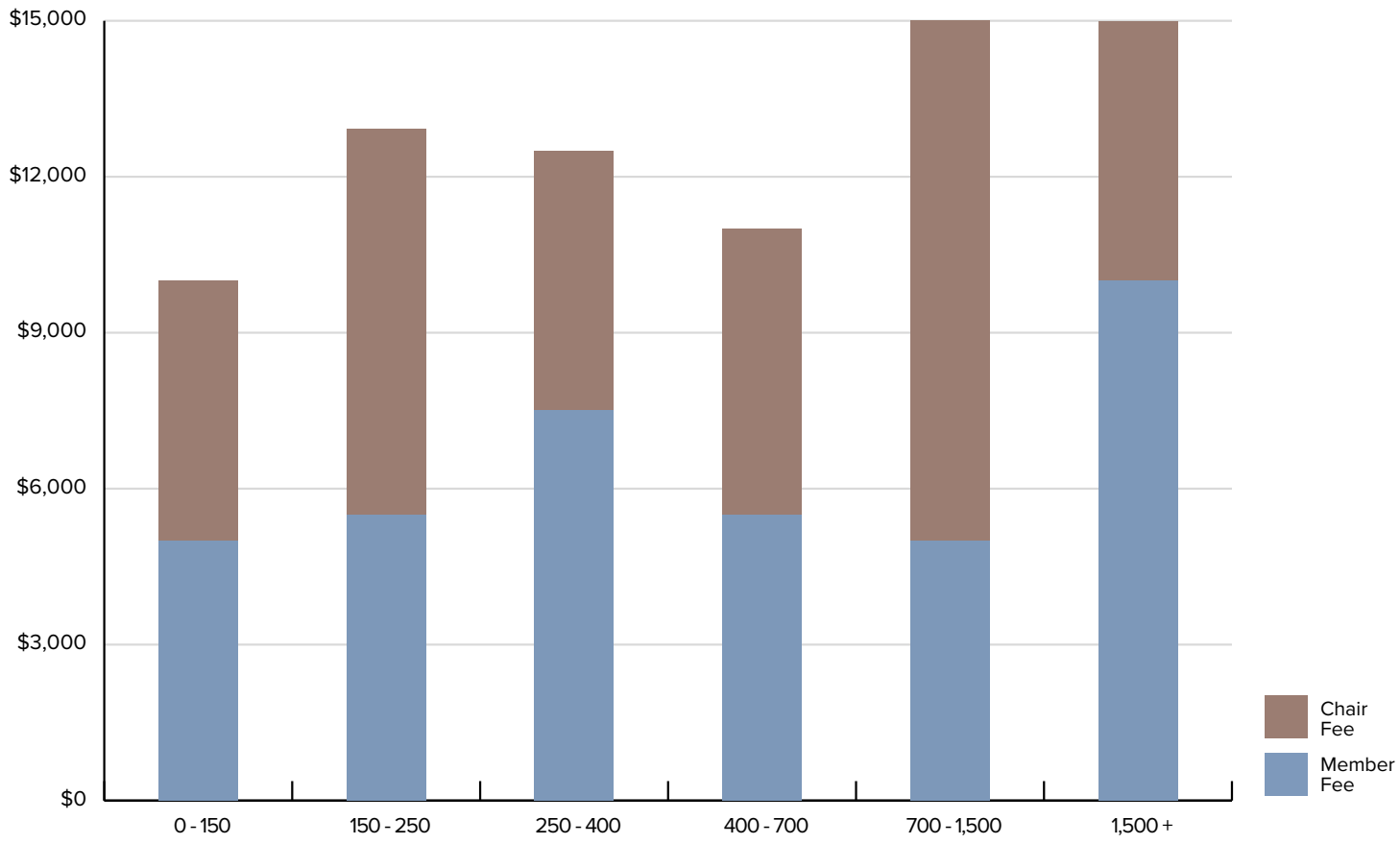
Corporate Governance Committee Members

- 44.7% of companies had a set annual Corporate Governance Committee Member fee. The most recurring member fee in the dataset was $5,000. Analysis excludes companies that do not pay annual fees to their Corporate Governance Committee Members.

CORPORATE GOVERNANCE COMMITTEE MEMBER FEE			
Market Cap Per Employee ($ Thousands)	25th Percentile	50th Percentile	75th Percentile
0 - 150	$4,583	$5,000	$5,491
150 - 250	$5,000	$5,500	$8,000
250 - 400	$5,000	$7,500	$7,842
400 - 700	$5,000	$5,500	$7,625
700 - 1,500	$5,000	$5,000	$6,750
1,500+	$5,500	$10,000	$10,000

Median Corporate Governance Committee Member Versus Chair Fee

The following graph shows median Governance Committee member fees versus the fees paid to the chair. Typically, a chair will receive 2x that of a member.



Corporate Governance Committee Chair

- The median fee for the Corporate Governance Committee chair ranged from $10,000 to $15,000 at all tiers. The most recurring fee in the dataset was $10,000. 90.2% of companies had a set Corporate Governance Committee Chair fee.

CORPORATE GOVERNANCE COMMITTEE CHAIR FEE			
Market Cap Per Employee ($ Thousands)	25th Percentile	50th Percentile	75th Percentile
0 - 150	$7,546	$10,000	$11,882
150 - 250	$10,000	$12,916	$15,000
250 - 400	$9,500	$12,500	$18,606
400 - 700	$9,375	$11,000	$16,250
700 - 1,500	$10,000	$15,000	$15,000
1,500+	$12,500	$15,000	$20,000

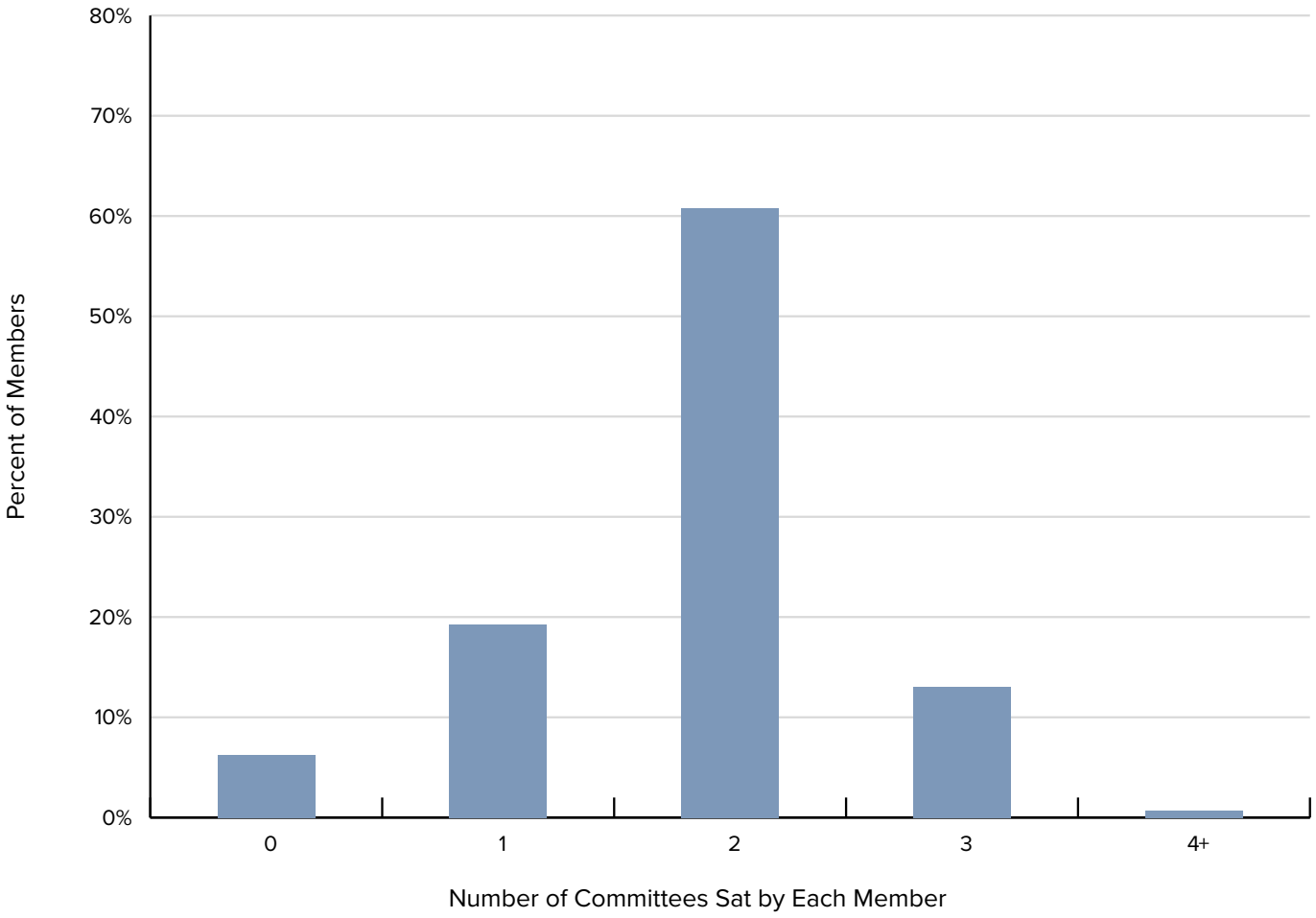
1.6 OTHER COMMITTEES

- We have excluded analysis for certain committees where the sample size was determined to be too small such as the:
  - **Finance/Investment Committee -** assists in monitoring and oversight of financial resources, including capital management, recovery and resolution planning processes, and asset/liability management. May also oversee and manage investments on behalf of the organization.
  - **Environment Social Governance/Health and Safety Committee -** ensures relevant sustainability and ESG matters are incorporated into purpose, governance, strategy, decision-making, risk management and accountability reporting. With an increased focus on ESG, shareholder rights groups may vote against board members if ESG risks are not considered.
  - **Executive Committee -** manages operations of the board of directors and usually has some decision-making authority.
  - **Nomination Committee -** responsible for electing directors. In many cases, nomination and corporate governance committees are merged due to the similarities in their practices.
  - **Mergers and Acquisitions/Special Committee -** reviews the company's strategy and best practices for all aspects regarding mergers, acquisitions, and dispositions. These committees will often be ad hoc.
  - **Strategy Committee -** reviews, approves, and synchronizes the strategic plans of business units or divisions.

1.7 COMMITTEE MEMBER ACTIVITY ANALYSIS

- This section analyzes the number of committees that a board member participates in.
  - 94% of board members sat on at least one committee. More than 60% of board members participated in two committees, which was the most common committee participation of the dataset.
  - Members may be part of multiple committees due to their commitment to the firm, required contracts, or financial incentives. Board member involvement allows members to excel, learn, and grow.

Board Member Committee Participation

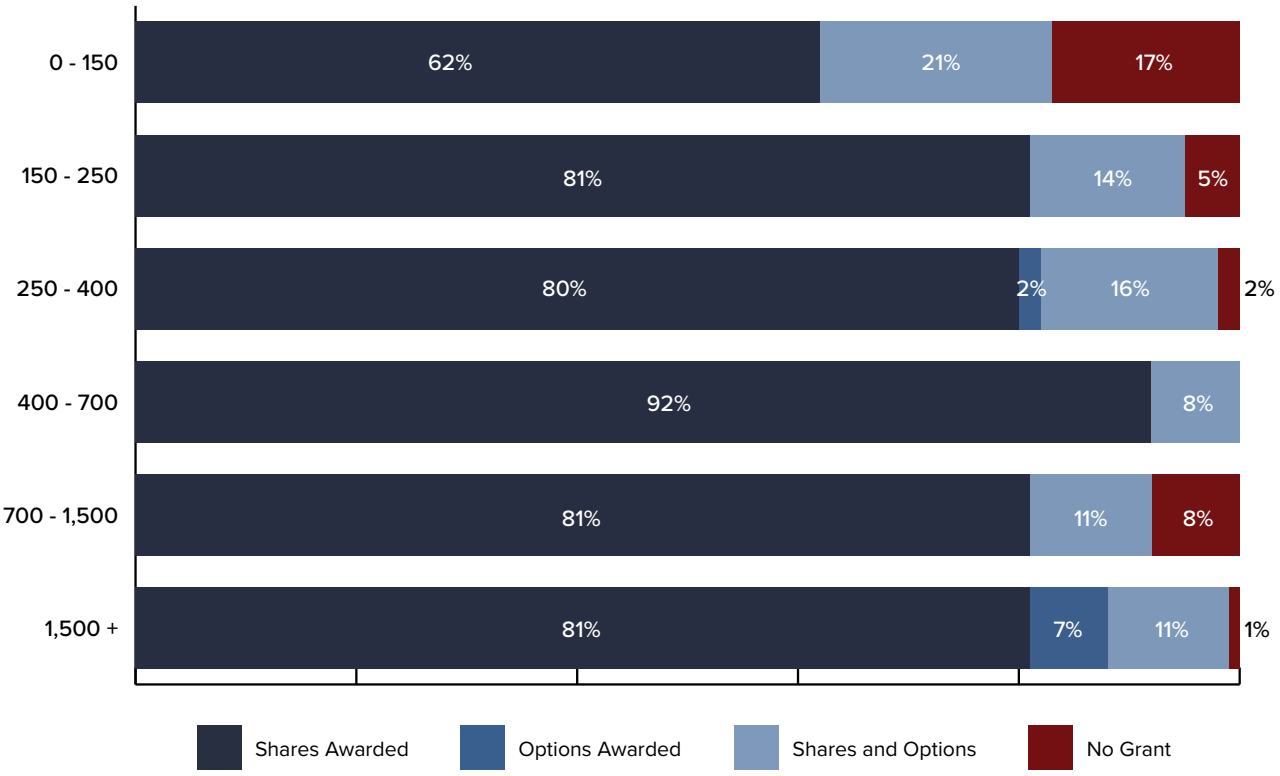


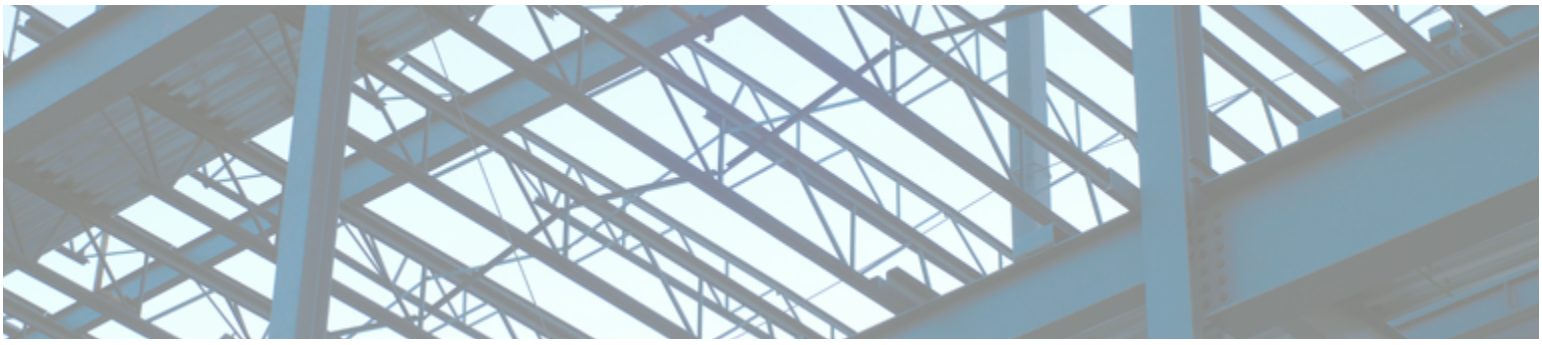
1.8 BOARD EQUITY COMPENSATION STRUCTURE

Share and Option Related Compensation

- In 2022, 94.5% of directors researched received equity compensation.
  - 79.5% received shares only,
  - 1.5% received options only,
  - 13.5% received a combination of shares and options,
  - 5.5% received no grant.
- Shareholder rights groups like the ISS and Glass Lewis encourage capping director equity compensation at $150,000.
- The table below shows the breakdown of equity vehicles used per market cap per employee tier.

Equity Vehicle Breakdown by Tier





Share-Based Compensation

- Typically, directors of an organization are awarded shares in the form of Common Stocks, Restricted Stock/Share Units (RSUs) or Deferred Stock/Share Units (DSUs). This section assesses the distribution of Stocks and RSUs in comparison to DSUs at all market cap per employee tiers.
- RSUs are stocks of a company that are not transferrable until certain criteria have been met (often time- or performance-based). RSUs may be distributed based on industry or company standards. DSUs are the right to receive shares of common stock or cash at a future date, typically when leaving a company.
- DSUs are becoming a more prominent form of equity compensation in the resource sector. There are several explanations as to why:
  - Their impact on cash flow is deferred until such time as the recipient leaves the organization, and they do not vest until that time.
  - They are viewed favourably by shareholder rights groups because they are regarded as being better aligned with the long-term interests of the shareholder.
  - They are not dilutive if settled in cash.
  - They do not attach voting rights.
- The following table shows the number of companies who granted Common Stock/RSUs versus the number who granted DSUs (or both) to their directors in 2022 at each market cap per employee tier.
- Common Stock is the most used equity vehicle for directors in the construction industry.

COMMON STOCK VS DSU ANALYSIS			
Market Cap Per Employee ($ Thousands)	Common Stock/RSU	DSU	Both
0 - 150	15	8	0
150 - 250	13	3	2
250 - 400	14	4	1
400 - 700	17	4	0
700 - 1,500	15	3	0
1,500+	16	0	2

1.9 DIRECTOR SHARE OWNERSHIP REQUIREMENTS

Share ownership guidelines require directors and/or executives to have a minimum equity stake in the organization. The intention is to align interests of the company with those of the shareholders.

83.6% of companies in the dataset had a minimum share ownership requirement for their directors. In most cases, directors are required to obtain a certain multiple of their annual cash retainer as equity, within a specified number of years. Typically, only full shares and equity settled RSUs and DSUs count towards the share ownership requirements; options and cash-settled equity are generally excluded.

Sometimes limitations are put on director compensation until ownership requirements have been obtained. For example, annual cash retainers may need to be taken in shares. In other instances, companies may allow an equity grant to be taken as a split between Common Stock and Options, but directors will be required to take it all as stock until they have reached their ownership obligations.

The following table provides a summary of the share ownership requirements for directors in the dataset.

- Most commonly, a director is required to obtain an equity amount equal to 5x their annual cash retainer within five years.
- The second most common requirement is an ownership of 3x annual cash retainer within five years.

DIRECTOR SHARE OWNERSHIP REQUIREMENTS							
Years to Achieve	Ownership Requirement - Multiple of Retainer						
	1x	2x	3x	4x	5x	6x	7x
Undisclosed					13%		
3 years	1%		6%		2%		
4 years		1%			2%		
5 years			22%	2%	**48%**	1%	1%

2.0 CHIEF EXECUTIVE OFFICER COMPENSATION

Headline findings:

- The 2023 Report looked at data for 124 CEOs across 124 companies.
- At the 50th percentile, CEO total compensation ranged from $2,229,013 for companies with a market cap per employee of less than $150,000, to $8,437,990 for companies with a market cap per employee of more than $1.5M.
- Where, for directors, compensation was relatively consistent for all but the lowest market cap per employee tier, there is a clear trend in total compensation for CEOs - as market cap per employee increases, so does total compensation. This is a reflection of increasing incentive compensation, as median base salaries for the top four tiers were all consistently between $900,000 and $1,000,000.
- 95.6% of CEOs received an annual incentive payment in the most recently reported fiscal year.
- Additionally, 96.4% of CEOs received an equity grant. Common Stock/Restricted Stock Units and Performance Stock Units are the most common type of award granted in the construction industry.
- Of the CEOs in the dataset, only 5.6% identified as female.

CEO Compensation Structure

The compensation package for CEOs usually consists of the following elements:

- Base salary,
- Annual/short-term incentives (normally paid in cash),
- Long-term incentives (normally settled in equity), and
- All other potential compensation.

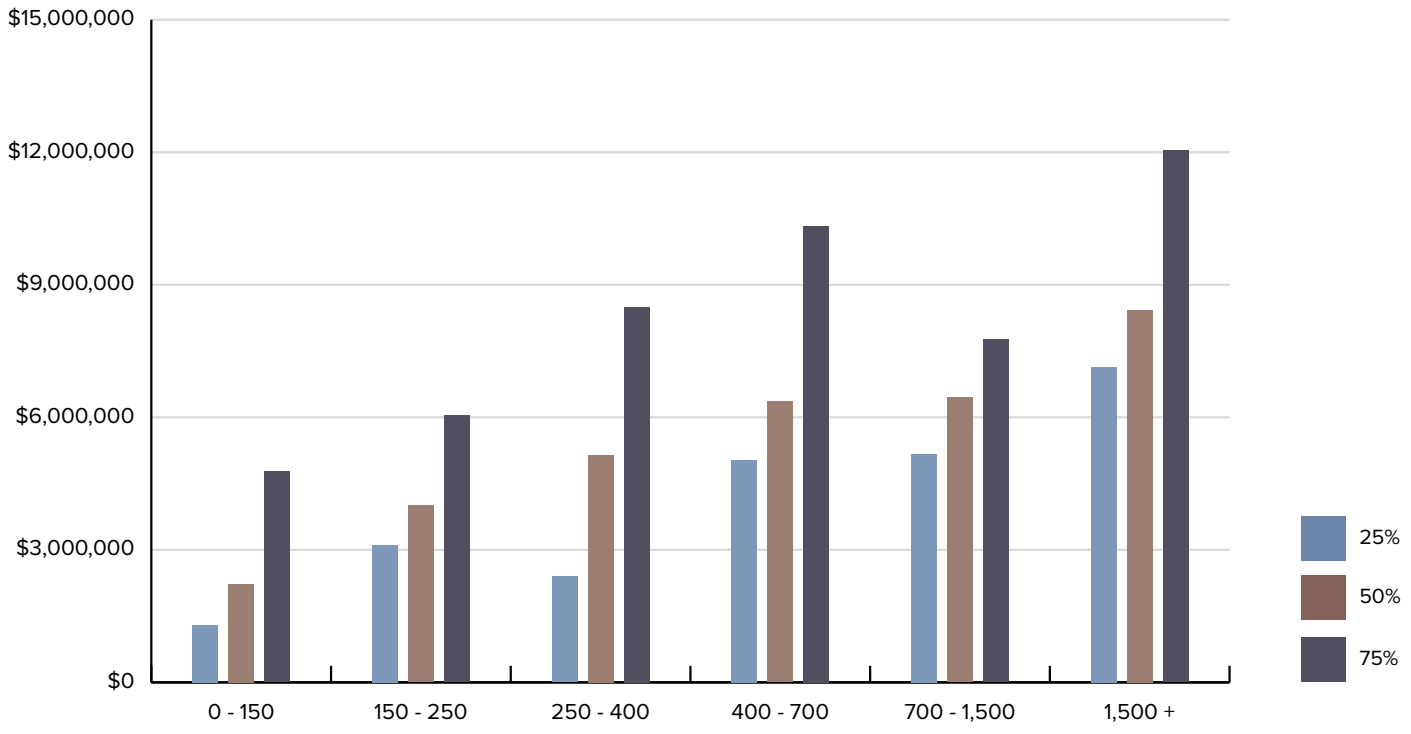
Among companies researched, 8% provided pension benefits to CEOs. These, along with additional elements for "other compensation" including, but not limited to, 401(k) contributions, benefits, insurance, severance, perquisites etc., were excluded as separate values from the analysis that follows and are only encompassed in the amounts for "Total Direct Compensation". More information can be provided separately as requested. For clarity, all analysis combines options granted and full value shares/common stock awarded under "equity". Annual bonuses and short-term incentive payments have also been combined into "Annual Incentive Plan".

2.1 TOTAL DIRECT COMPENSATION ANALYSIS

- The following table highlights total compensation amounts at the 25th, 50th and 75th percentiles of the different market cap per employee tiers. Total compensation includes base salary, equity grants, bonus/non-equity incentive payments, and other compensation.

CEO TOTAL DIRECT COMPENSATION			
Market Cap Per Employee ($ Thousands)	25th Percentile	50th Percentile	75th Percentile
0 - 150	$1,295,577	$2,229,013	$4,772,088
150 - 250	$3,118,659	$4,003,653	$6,040,828
250 - 400	$2,398,929	$5,148,698	$8,506,024
400 - 700	$5,028,295	$6,356,663	$10,338,941
700 - 1,500	$5,177,787	$6,446,934	$7,760,204
1,500+	$7,136,096	$8,437,990	$12,039,761

CEO Total Compensation



2.2 COMPENSATION STRUCTURE

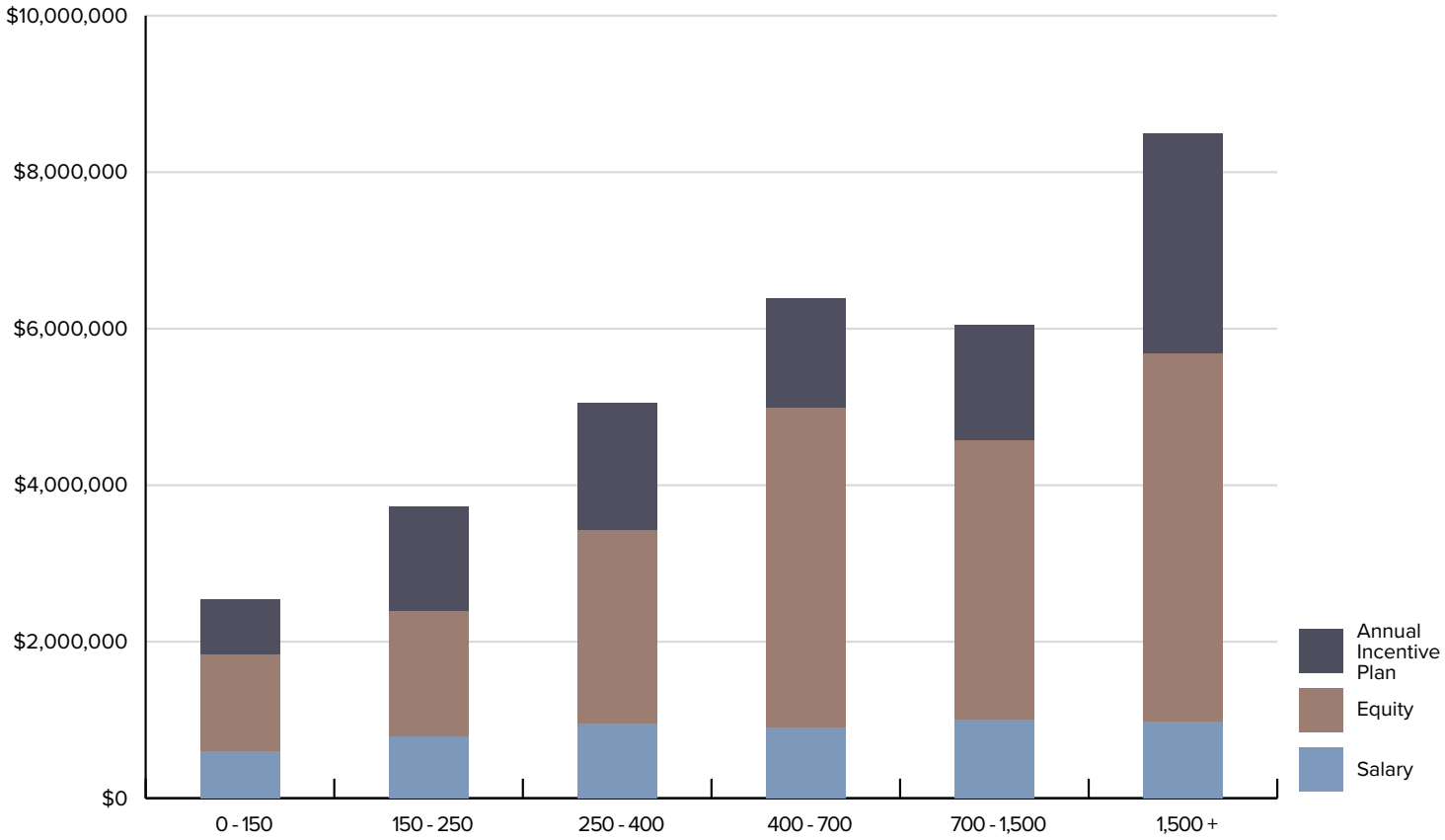
The chart below displays the breakdown of CEO Total Direct Compensation at the 25th, 50th and 75th percentiles for the six market cap per employee tiers. The value of each cell is calculated individually, so the amounts for Total Direct Compensation are not a sum of each row of data.

Median base salaries for all market cap per employee tiers over $250,000 were in the range of $900,000 to $1,000,000. Differences in total direct compensation at these tiers were a result of higher equity and bonus payments.

ELEMENTS OF CEO COMPENSATION				
Market Cap Per Employee ($ Thousands)	Annual Base Salary	Total Equity	Annual Incentive Plan	Total Direct Compensation
25th Percentile				
Under 150	$480,519	$442,081	$171,615	$1,295,577
150 - 250	$625,000	$1,246,158	$1,024,992	$3,118,659
250 - 400	$606,742	$1,094,099	$405,977	$2,398,929
400 - 700	$760,000	$2,613,580	$545,112	$5,028,295
700 - 1,500	$830,000	$2,489,980	$1,271,970	$5,177,787
1,500+	$893,750	$3,492,371	$1,587,500	$7,136,096
50th Percentile				
Under 150	$602,385	$1,225,000	$713,116	$2,229,013
150 - 250	$790,160	$1,593,878	$1,345,792	$4,003,653
250 - 400	$955,293	$2,471,957	$1,621,571	$5,148,698
400 - 700	$900,000	$4,083,800	$1,400,000	$6,356,663
700 - 1,500	$1,000,000	$3,574,222	$1,472,000	$6,446,934
1,500+	$977,084	$4,710,197	$2,808,936	$8,437,990
75th Percentile				
Under 150	$796,333	$2,685,169	$1,131,905	$4,772,088
150 - 250	$1,056,885	$3,339,167	$1,914,481	$6,040,828
250 - 400	$1,075,762	$5,004,548	$1,912,854	$8,506,024
400 - 700	$1,250,000	$7,697,562	$1,924,800	$10,338,941
700 - 1,500	$1,100,000	$5,043,613	$2,173,500	$7,760,204
1,500+	$1,012,500	$6,240,301	$4,948,530	$12,039,761

The following graph provides a visual representation of the different elements that make up a CEO's total direct compensation. The graph includes median amounts from the "Annual Base Salary", "Equity" and "Annual Incentive Plan" columns in the previous table. As each cell was calculated individually, total compensation in the graph below may not exactly match total compensation above. The graph shows that equity compensation is the biggest contributor to total direct compensation at all tiers in the construction industry.

Elements of Median CEO Compensation



2.3 SHORT-TERM NON-EQUITY INCENTIVES AND BONUSES

This analysis seeks to reflect CEO annual non-equity incentive payments in proportion to a company's respective market cap per employee tier. 95.6% of CEOs received an annual incentive payment in the most recently reported fiscal year. The calculation method for annual bonuses varies by company, but the bonus criteria usually consider personal performance and corporate performance, both financially and non-financially. The most common bonus metric was Adjusted EBITDA. Some other corporate performance measures used by the dataset included:

- Environmental, Social, Governance/Health & Safety,
- Adjusted Free Cash Flow,
- Earnings per share,
- Operating expenses,
- Strategy execution,
- Results relative to budget,
- ROIC/ROCE,
- Pre-tax income,
- Net debt reduction.

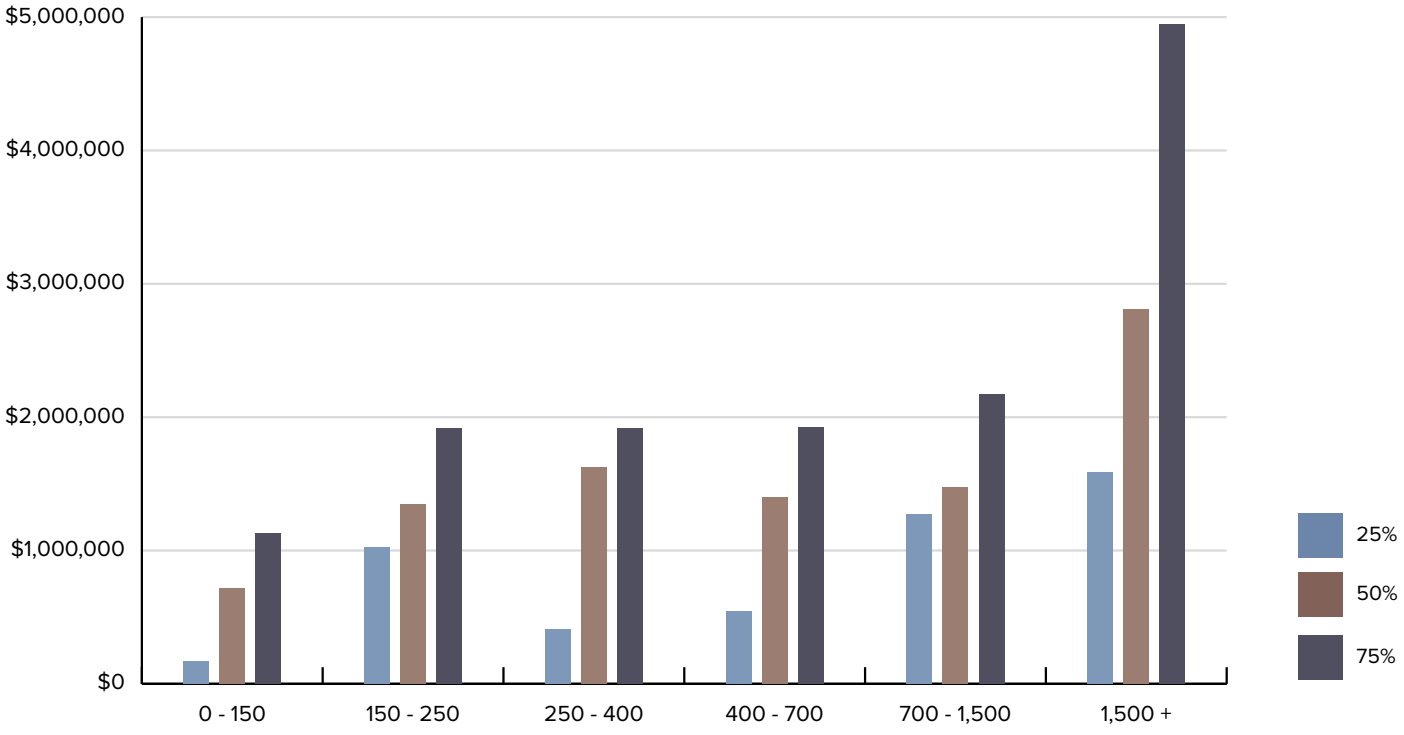
As per the Elements of CEO Compensation chart above, annual incentives account for a large portion of total compensation. Customized reports of the criteria used to determine annual incentive awards can be provided upon request, including corporate and individual KPI development and weighting recommendations.

The table below summarizes the annual non-equity incentive payments for CEOs at each market cap per employee tier. It also outlines the average target bonus reflected as a percent of base salary and the percentage of CEOs who received a non-equity incentive in the most recently reported fiscal year. Target bonus lies in a range of approximately 120% to 130% for all tiers up to $1.5M/employee.

NON-EQUITY INCENTIVE/BONUS PAYOUTS					
Market Cap Per Employee ($ Thousands)	25th Percentile	50th Percentile	75th Percentile	Average Target Bonus (% of Base Salary)	% Of CEOs who Received Bonus
Under 150	$171,615	$713,116	$1,131,905	118%	91%
150 - 250	$1,024,992	$1,345,792	$1,914,481	118%	100%
250 -400	$405,977	$1,621,571	$1,912,854	133%	100%
400 - 700	$545,112	$1,400,000	$1,924,800	123%	88%
700 - 1,500	$1,271,970	$1,472,000	$2,173,500	131%	94%
1,500+	$1,587,500	$2,808,936	$4,948,530	205%	100%

- Median bonuses ranged from $713,116 in the below $150 thousand/employee tier to $2,808,936 in the above $1.5M/employee tier.

CEO Annual Bonus Payment



2.4 LONG-TERM EQUITY INCENTIVES

Long-Term Incentives (LTI), issued in equity, account for the most significant contribution to CEO total compensation packages. In the most recently reported fiscal year, 96.4% of CEOs received an LTI grant. With the SEC's mandate for pay-for-performance, clarity around target LTI and associated metrics are being outlined in public filings more frequently. Adjusted EBITDA and Total Shareholder Return (adjusted and/or relative) were the most common metrics used to determine LTI payments for the construction industry in 2022. Additionally, some companies also used:

- Cumulative earnings,
- Earnings Per Share,
- ROIC/ROCE/RONA,
- Free cash flow,
- Pre-tax earnings/income,
- Gross margins.

Customized reports of the criteria used to determine LTI grants can be provided upon request, along with KPI/target development and weighting recommendations.

The table below summarizes the reported long-term incentive grants for CEOs at each market cap per employee tier. It also outlines the average target grant reflected as a percent of base salary and the percentage of CEOs who received equity grants in the most recently reported fiscal year.

LONG-TERM EQUITY INCENTIVES					
Market Cap Per Employee ($ Thousands)	25th Percentile	50th Percentile	75th Percentile	Average Target LTI Grant (% of Base Salary)	% Of CEOs who Received LTI Grant
Under 150	$442,081	$1,225,000	$2,685,169	260%	91%
150 - 250	$1,246,158	$1,593,878	$3,339,167	316%	100%
250 - 400	$1,094,099	$2,471,957	$5,004,548	335%	95%
400 - 700	$2,613,580	$4,083,800	$7,697,562	385%	100%
700 - 1,500	$2,489,980	$3,574,222	$5,043,613	299%	100%
1,500+	$3,492,371	$4,710,197	$6,240,301	517%	100%

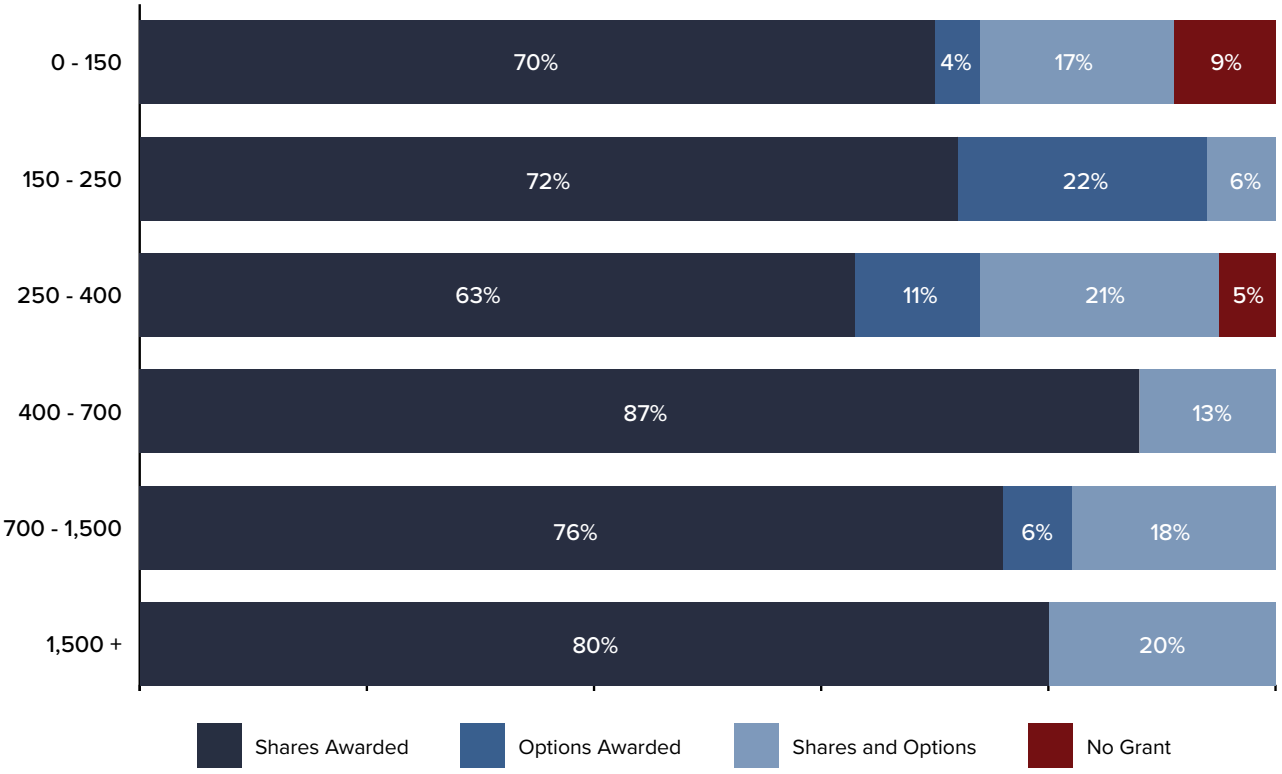
Share and Option Related Compensation

In the Director compensation section, we provided a breakdown of share versus option grants, as well as a description of RSUs and DSUs. Like Directors, Common Stock/RSUs are the most widespread form of equity compensation for executives in the construction industry. Another form of equity compensation used by construction companies for their executives is Performance Share Units (PSUs) which are awarded based on achievement against performance metrics. Shareholder rights groups like the ISS and Glass Lewis encourage companies to rely on performance-based awards such as PSUs or performance-based RSUs (pRSUs) with a focus, at least in part, on shareholder return.

Equity compensation continues to be one of the most common methods of incentivizing NEOs to drive growth.

- The relative bar chart below shows, for each market cap per employee tier, the percentage of executives who received share and/or option awards. The most common form of equity compensation used by the construction industry is shares/common stock.
- Of the CEOs in the dataset:
    - 74.3% received shares only.
    - 3.5% received options only.
    - 18.6% received a combination of shares and options.
    - 3.6% did not receive any equity grant.

CEO Equity Compensation Structure



- The following table shows the number of companies who granted Stocks/RSUs vs. the number who granted PSUs and/or Options to their executives in 2022 at each tier.

EQUITY VEHICLE ANALYSIS			
Market Cap Per Employee ($ Thousands)	Common Stock/ RSUs	PSUs	Options
0 - 150	18	14	5
150 - 250	16	16	4
250 - 400	12	16	6
400 - 700	17	20	3
700 - 1,500	17	17	6
1,500+	16	18	4

2.5 SEVERANCE AND CHANGE OF CONTROL ANALYSIS

CEO Severance upon Change of Control

- 88.7% of CEOs had a change of control agreement with their company.
- The most common agreement for the CEO entitled the respective member to 36 months of salary plus 36 months of bonus. The next most common agreement was 24 months of salary and bonus.
- Best practice by shareholder rights groups like the ISS and Glass Lewis encourage a double trigger event for the pay out of change of control benefits.

CEO SEVERANCE UPON CHANGE OF CONTROL						
Bonus (Number of Months)	Salary (Number of Months)					
	12	18	24	30	36	48
Pro-rated				1%	1%	
0	2%		3%		4%	
12	3%		4%		2%	
18		4%	1%			1%
24			31%			
30				10%		
36					**32%**	
48						1%

CEO Severance upon Termination Without Cause

- 78.2% of CEOs were entitled to a pay out in the event of termination without cause.
- The most common agreement entitled the respective member to 24 months of salary and bonus. The next most used payout was 18 months of salary and bonus.

CEO SEVERANCE UPON TERMINATION WITHOUT CAUSE							
Bonus (Number of Months)	Salary (Number of Months)						
	3	6	12	18	24	30	36
Pro-rated					2%	1%	
0	1%	1%	3%	2%	9%		2%
3	2%						
12			11%		4%		1%
18				13%			
24			1%		**37%**		
30						3%	
36							5%

2.6 SHARE OWNERSHIP REQUIREMENTS

Share ownership guidelines require directors and/or executives to have a minimum equity stake in the organization. The intention is to align interests of the Company with those of the shareholders. Although share ownership guidelines are not mandated in the USA or Canada, they are considered a good governance practice and are common in publicly listed US companies.

In most cases, executives are required to obtain a certain multiple of their base salary as equity, and they have a defined number of years to achieve said level of ownership. Typically, only full stocks/shares, and equity settled RSUs, PSUs and DSUs count towards share ownership requirements; options and cash-settled grants are generally excluded.

CEO Share Ownership Requirements

- 86.3% of CEOs had a defined share ownership requirement.
- The most common requirement was to achieve 5x base salary within 5 years.

CEO SHARE OWNERSHIP REQUIREMENTS								
Years to Achieve	Ownership Requirement - Multiple of Salary							
	1x	2x	3x	4x	5x	6x	8x	10x
Undisclosed			3%	2%	16%	13%	1%	1%
3 years					1%			
4 years					1%	1%		
5 years	1%	1%	10%	4%	**35%**	12%		

3.0 CEO COMPENSATION BY CONTRACTOR TYPE

To provide further breakdown and analysis of CEO compensation, TRANSEARCH USA presents for consideration the following tables, with pay data divided out by contractor type, including:

- General Contractors,
- Home Builders,
- Specialty Contractors,
- Consulting, Design or Professional Services,
- Environmental or Operational Services, and
- Building Material Contractors.

Each table includes the 25th, 50th and 75th percentiles for base, equity, bonus, and total compensation for all companies in each grouping. Table cells are calculated individually so the amounts for total compensation are not a sum of each row of data.

General Contractors

There were ten companies in the dataset who provided general contracting services.

COMPENSATION FOR GENERAL CONTRACTORS				
Percentile Ranking	Base Salary	Equity	Annual Incentive Plan	Total Compensation
25th Percentile	$657,327	$1,221,871	$551,875	$2,574,561
50th Percentile	$797,556	$2,747,225	$987,780	$4,809,327
75th Percentile	$975,000	$7,393,936	$1,842,231	$11,534,027

Home Builders

There were fourteen home builders in the dataset.

COMPENSATION FOR HOME BUILDERS				
Percentile Ranking	Base Salary	Equity	Annual Incentive Plan	Total Compensation
25th Percentile	$915,000	$3,132,770	$3,172,485	$6,931,370
50th Percentile	$989,584	$4,176,991	$3,939,550	$8,243,635
75th Percentile	$1,044,712	$6,817,355	$5,550,152	$13,619,634

Specialty Contractors

There were 34 specialty contractors in the dataset.

COMPENSATION FOR SPECIALTY CONTRACTORS				
Percentile Ranking	Base Salary	Equity	Annual Incentive Plan	Total Compensation
25th Percentile	$575,974	$474,161	$533,125	$2,125,236
50th Percentile	$812,660	$2,551,780	$1,126,745	$4,873,041
75th Percentile	$980,001	$4,339,887	$1,824,950	$7,153,047

Consulting, Design or Professional Services

There were twenty firms who offered consulting, design or professional services contracting.

COMPENSATION FOR CONSULTING, DESIGN OR PROFESSIONAL SERVICES CONTRACTORS				
Percentile Ranking	Base Salary	Equity	Annual Incentive Plan	Total Compensation
25th Percentile	$767,500	$1,824,071	$489,657	$3,124,675
50th Percentile	$960,586	$4,640,717	$1,249,361	$6,973,806
75th Percentile	$1,195,875	$5,749,195	$1,915,252	$9,110,793

Environmental or Operational Services

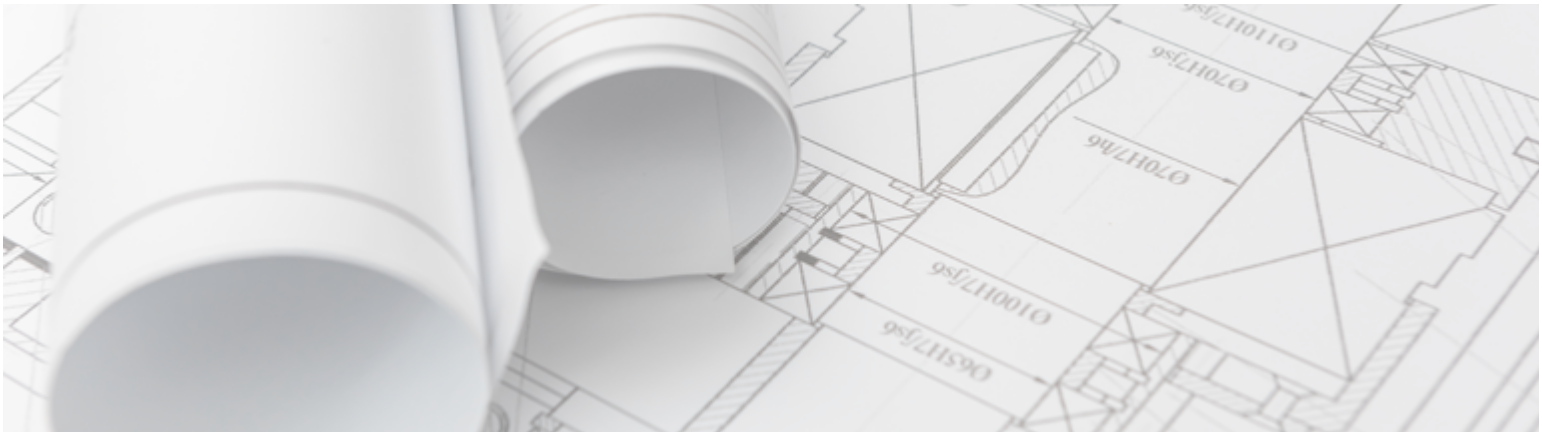
The number of environmental or operational services companies in the dataset was twenty.

COMPENSATION FOR ENVIRONMENTAL OR OPERATIONAL SERVICES CONTRACTORS				
Percentile Ranking	Base Salary	Equity	Annual Incentive Plan	Total Compensation
25th Percentile	$595,528	$1,368,844	$830,592	$3,225,010
50th Percentile	$765,000	$1,782,369	$1,462,192	$4,366,351
75th Percentile	$1,009,560	$3,738,012	$2,161,304	$6,953,414

Building Material Contractors

There were sixteen building materials companies whose data was used in the below calculations.

COMPENSATION FOR BUILDING MATERIAL CONTRACTORS				
Percentile Ranking	Base Salary	Equity	Annual Incentive Plan	Total Compensation
25th Percentile	$762,500	$1,945,507	$1,060,078	$3,831,714
50th Percentile	$883,333	$3,574,222	$1,434,675	$6,267,187
75th Percentile	$1,000,000	$5,160,319	$1,762,656	$8,006,163



4.0 SAY ON PAY

The "Say on Pay" vote allows shareholders to play an active role in determining Board and Executive compensation policies, and shareholders increasingly want to know that their voices are heard. ISS recommends voting case-by-case on executive compensation packages. 84.6% of companies included a "Say on Pay" vote in their proxy circular for the 2022 fiscal year.

Shareholders' opinions help set out compensation philosophies and structures that are often tied to personal and corporate performance outcomes, and act as an essential check and balance on payouts, greatly increasing shareholder engagement.

Shareholders have many concerns about compensation including:

- Unjustified increases in remuneration,
- Overly complex compensation packages,
- Increases in base salary in excess of inflation,
- Base salary increases where previous performance has been weak,
- Lack of a clear link between performance and bonus payouts, particularly when profit targets are not met,
- Lack of stretch targets,
- The absence of claw-back provisions,
- Termination and change-of-control arrangements.

ISS encourages shareholders to vote against any plan that support Problematic Pay Practices including:

- Poor disclosure practices,
- New CEO with overly generous new hire package,
- Egregious employment contracts,
- Employee Loans,
- Excessive severance and/or change-in-control provisions.

CONTRIBUTORS

LEAD AUTHORS

CHRIS SWAN | Managing Director and Global Practice Leader, TRANSEARCH USA

Chris is one of the world's most respected executive search professionals. His areas of expertise include architecture, engineering, consulting (AEC), construction, specialty construction, design-build (EPC), real estate, asset management, development, environmental services, and consulting. Currently, Chris focuses exclusively on construction, design, and environmental markets, and is known for his straightforward proposition: GET IT RIGHT. He has an almost supernatural knack for uncovering hidden potential in prospects through rigorous research coupled with a comprehensive understanding of industry trends.

Chris takes pride in developing the right candidates for his selective clients. Through proprietary innovation, world-class industry experts, and an unparalleled global network, Chris finds the right leaders for his clients, ensuring that every individual fits the role, culture, and organization. This philosophy has earned him a reputation as one of the most discerning professionals in his field.

Chris has an MBA from the Liautaud School of Business at the University of Illinois-Chicago and earned his Bachelor's degree from Drake University in Economics.

FRANK GALATI | Managing Partner Compensation and Search, Bedford Resources Inc.

Frank leads Bedford's compensation practice as a managing partner. He has advised companies on compensation and performance metrics for over 20 years and has authored the Bedford Compensation Reports since 2009.

Frank has advised Boards and executive management on executive pay policy, compensation trends, incentive plans, employment contracts and directors' compensation. Frank manages executive search assignments for companies in mining and metals, construction, power, oil and gas, and is the worldwide mining practice leader for TRANSEARCH International, the leading international association of executive search firms.

He sits on the boards of two publicly listed companies and has been a guest speaker at the Ivey Business School at the University of Western Ontario.

STEPHEN DIOTTE | Compensation Partner, Bedford Resources Inc.

Stephen is the compensation practice leader for Bedford's clients across Canada and the US. His areas of expertise include talent and compensation strategy and performance management. He has led the design of short-term incentive plans, and both cash and stock-based long-term incentive plans requiring board and shareholder approval.

Prior to joining Bedford, he was an Associate Partner at McKinsey & Company. He was the North American Energy and Resources Leader for Mercer Human Capital Consulting, the Managing Partner of Deloitte Consulting in Calgary and a Vice President Human Resources, Information Technology and Corporate Services for a publicly traded upstream oil producer. Stephen has an MBA from the Richard Ivey School of Business at the University of Western Ontario and a Master's degree in Industrial Relations from the University of Toronto.

SAMANTHA VAN TIGHEM | Compensation Consultant, Bedford Resources Inc.

Samantha Van Tighem is a Consultant with Bedford. She has managed the preparation of Bedford's Executive and Director Compensation Studies for Construction, Oil and Gas, Mining, Cannabis, Technology, Clean Technology, Biotechnology, and Medical Technology for the last four years. She has also conducted research and analysis of over 125 compensation reviews for private and publicly traded companies. She has a Bachelor of Arts degree from Athabasca University.