


IPO Checklist / Timeline – Summary of Potential Compensia Projects

Proposed Timing	6 to 12 Months Prior to IPO
Area of Compensation and Work Steps	<input type="checkbox"/> Executive Compensation Guiding Principles <ul style="list-style-type: none"> Develop executive compensation guiding principles that define compensation program objectives and target pay position relative to peer group / market
	<input type="checkbox"/> Compensation Peer Group <ul style="list-style-type: none"> Develop a peer group consisting of public companies to be used for benchmarking executive pay levels and practices
	<input type="checkbox"/> Executive Total Compensation Review <ul style="list-style-type: none"> Conduct competitive executive compensation market analysis Identify potential retention issues Identify gaps relative to market and pay philosophy Develop suggested transition strategy to achieve compensation philosophy Summarize current / emerging trends and regulatory developments in executive compensation
	<input type="checkbox"/> Short-Term Incentive (STI) Plan Audit <ul style="list-style-type: none"> Review structure of Company's existing STI plan Review executive short-term incentive practices among peers, including performance period and payout frequency, payout range and performance metrics and weighting Assess appropriateness of existing plan structure and develop suggesting for potential modifications, if appropriate
	<input type="checkbox"/> Non-Executive Equity Strategy Review <ul style="list-style-type: none"> Review equity program parameters and market practices Model share usage/grant guidelines, participation (new hire and annual refresh) and equity vehicle mix (RSUs, options), accounting cost, and tax/cash flow impact for next 12 to 24 months Identify potential retention issues

IPO Checklist / Timeline – Summary of Potential Compensation Projects (cont'd)

Proposed Timing	6–12 Months Prior to IPO	3–6 Months Prior to IPO
Area of Compensation and Work Steps	<ul style="list-style-type: none"> <input type="checkbox"/> Executive Severance & Change-of-Control Agreements <ul style="list-style-type: none"> ▪ Review current severance/change-of-control provisions ▪ Assess market severance/change-of-control provisions ▪ Develop proposed program terms 	<ul style="list-style-type: none"> <input type="checkbox"/> Board of Directors Compensation <ul style="list-style-type: none"> ▪ Develop cash compensation structure ▪ Board retainers/meeting fees ▪ Committee member and chair meeting fees and/or retainers ▪ Determine form and amount of initial/annual equity compensation ▪ Assess individual/total board cost relative to market norms ▪ Determine equity awards for any Director joining the Board pre-IPO <input type="checkbox"/> Equity Plan Funding Terms <ul style="list-style-type: none"> ▪ Assess recent IPO equity plan and ESPP practices for key terms, including: <ul style="list-style-type: none"> • Evergreen prevalence and funding percentage • Size of share reserve • Issued/total overhang levels ▪ Work with Company to develop proposed program terms for post-IPO plans ▪ Review and comment on the plan form provided by outside counsel <input type="checkbox"/> Employee Stock Purchase Plan (ESPP) Terms <ul style="list-style-type: none"> ▪ Summarize ESPP market data for recent IPOs and broader technology companies, including: eligible employees, size or share reserve, definition of compensation; maximum payroll deductions, discount rate and length of offering periods, share purchase limitations ▪ Develop ESPP program terms and model share usage requirements to determine funding requirements should

IPO Checklist / Timeline – Summary of Potential Compensation Projects (cont'd)

Proposed Timing	<3 Months Prior to IPO 
Area of Compensation and Work Steps	<ul style="list-style-type: none"><input type="checkbox"/> Compensation Committee Materials<ul style="list-style-type: none">▪ Review / develop Compensation Committee charter, calendar and decision rights matrix▪ Establish equity grant policy (i.e., approvals, delegation, timing, etc.)
	<ul style="list-style-type: none"><input type="checkbox"/> Executive Pay Disclosure for IPO Prospectus<ul style="list-style-type: none">▪ Determine level of disclosure required under JOBS Act▪ Review / draft compensation tables and supporting narrative (as applicable)
	<ul style="list-style-type: none"><input type="checkbox"/> Risk Assessment<ul style="list-style-type: none">▪ Complete compensation risk assessment (if applicable)

The following IPO compensation checklist outlines work you may wish to consider

Area of Compensation	Work Steps
1. Compensation Philosophy & Peer Group	<ul style="list-style-type: none"> ■ Develop/modify executive compensation guiding principles that define: <ul style="list-style-type: none"> – Compensation objectives and relation to business objectives – Target pay position relative to peer group and desired mix of fixed vs. at-risk compensation – Form, structure and importance of equity compensation ■ Develop / update (as necessary) peer group used for benchmarking executive pay levels and practices ■ Establish transition strategy to public company pay model, which is generally higher cash and lower equity
2. Executive Total Compensation	<ul style="list-style-type: none"> ■ Summarize current/emerging trends and regulatory developments in executive compensation ■ Conduct competitive executive compensation market analysis <ul style="list-style-type: none"> – Cash compensation (base salary, target bonus, actual/target total cash compensation) – Long-term incentive awards (grant value, potential ownership) – Total direct compensation (target and actual) ■ Identify potential retention issues <ul style="list-style-type: none"> – Vested/unvested equity positions – Potential value of equity positions at a range of potential prices ■ Identify gaps relative to market and pay philosophy

The following IPO compensation checklist outlines work you may wish to consider

Area of Compensation	Work Steps
3. Executive Bonus Plan	<ul style="list-style-type: none"> ■ Develop/modify bonus program: <ul style="list-style-type: none"> – Participation – Award opportunities – Metrics, goals, weighting – 162(m) qualification – Funding hurdles – Discretionary components – Frequency of payout
4. Long-Term Incentive / Equity Program	<ul style="list-style-type: none"> ■ Review post-IPO equity program parameters: <ul style="list-style-type: none"> – Participation (new hire and annual refresh) – Form of equity (options, restricted stock, performance shares) – Grant guidelines – Vesting – Target annual burn rate – Overhang constraints – Target expense level ■ Develop post-IPO equity strategy and assess share usage requirements ■ Assess recent IPO equity plan funding market data and establish post-IPO funding strategy: <ul style="list-style-type: none"> – Evergreen prevalence and funding percentage – Size of initial share reserve and issued/total potential overhang levels ■ Determine whether to implement ESPP and develop parameters ■ Develop key terms for public company equity plans

The following IPO compensation checklist outlines work you may wish to consider (continued)

Area of Compensation	Work Steps
5. Contractual Arrangements	<ul style="list-style-type: none"> ■ Review current severance/change-of-control provisions ■ Assess market severance/change-of-control provisions ■ Develop recommended program terms and provide program cost estimate
6. Post-IPO Board of Directors Compensation	<ul style="list-style-type: none"> ■ Develop post-IPO cash compensation structure <ul style="list-style-type: none"> – Board retainers/meeting fees – Committee member and chair meeting fees and/or retainers ■ Determine form and amount of post-IPO equity compensation ■ Assess individual and total board cost relative to public company market norms
7. Other Compensation Governance Items	<ul style="list-style-type: none"> ■ Develop Compensation Committee charter, calendar and decision rights matrix ■ Establish equity grant policy (i.e., approvals, delegation, timing, etc.) ■ Assistance with CD&A preparation ■ Develop Compensation Committee self-evaluation process ■ Conduct compensation program risk assessment ■ Determine appropriateness of stock ownership guidelines