COMPENSATION COMMITTEE LEADERSHIP NETWORK
ViewPoints

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Satisfying obligations and expanding opportunities

At the December 3-4, 2014, meeting of the Compensation Committee Leadership Network (CCLN), members were joined by guests focusing on three respective subject areas: Wendy Fried from Addison discussed the compensation discussion and analysis (CD&A) section of the proxy statement; Korn Ferry Vice Chair Jane Stevenson, CEO succession; and Ed FitzGerald and Ning Chiu from Davis Polk & Wardwell, forthcoming SEC compensation rules. This *ViewPoints* summarizes the discussions in those three areas:[1]

- **The evolving CD&A** *(page 1)*

  The CD&A was historically a compliance document that was drafted by lawyers for regulators. Today, it is a storytelling opportunity – a way to explain complicated compensation decisions to a large number of stakeholders. Members discussed how their CD&As have changed in the last few years to respond to interest from a growing number of parties. Reader-friendly choices like using more plain English, including more visuals and summaries, and addressing the most important issues in depth have helped to expand the CD&A's audience and purpose.

- **CEO succession and management development** *(page 6)*

  Selecting the leaders to run the company in the future is perhaps the board's most important responsibility. Yet many companies do not begin their succession process in earnest until a CEO announces a date of departure. Members discussed the benefits of continuous succession planning that is linked to management development and corporate strategy. They also raised the prospect of a working group to create a set of principles to guide boards as they strive to improve the succession process.

- **Forthcoming regulatory changes** (*page 8)*

  The Securities and Exchange Commission (SEC) recently delayed its own deadline for finalizing the executive compensation rules required by the Dodd-Frank Act. Members discussed the SEC's obligations and related company plans concerning clawback rules, pay-for-performance disclosures, antihedging requirements, and pay ratio disclosures.

The evolving CD&A

The SEC created the CD&A in 2006 with the purpose of complementing executive compensation numbers and tables with "principles-based narrative disclosures … made in plain English."[2] Few members said that these early disclosures were easy to read and user friendly; rather, they received relatively little attention in those earlier years. More recently, a number of factors have converged to make CD&As more meaningful disclosures that are subject to more robust drafting processes.

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[1] *ViewPoints* reflects the network's use of a modified version of the Chatham House Rule whereby names of members and their company affiliations are a matter of public record, but comments are not attributed to individuals or corporations. Italicized quotations reflect comments made in connection with the meeting by network members and other meeting participants.

[2] US Securities and Exchange Commission, "SEC Votes to Adopt Changes to Disclosure Requirements Concerning Executive Compensation and Related Matters," news release, Washington DC, July 26, 2006.

A growing readership makes CD&As more important

The focus of CD&As began to change at many companies in 2011, as a result of new rules mandating advisory votes on compensation (say-on-pay rules). Investors and analysts began looking more closely at compensation decisions and disclosures. In response, companies started to use their CD&As as advocacy opportunities – easy and effective ways for their committees to tell shareholders why they made the decisions they did. One member said that today, those drafting CD&As *"need to know what the readers are interested in and use that information to determine what to convey."*

It can be hard to please all of a company's executive compensation stakeholders with a single CD&A. Some seek briefer, easier-to-read documents; others want more detailed reports about committee decision making. Some drafters are more concerned with minimizing compliance and litigation risks; others are focused on telling a persuasive story. Ms. Fried said that *"one CD&A won't serve all audiences equally well"* and advised members to identify and then focus on the most important audiences in a given year.

One member said, *"We have an awareness of the stakeholders that are interested in the CD&A, especially when we make a change in the CEO's pay structure."* The member added, *"We need to be specific as to which part of the audience is most important. There are external stakeholders like [Institutional Shareholder Services], institutional shareholders, and activist hedge funds, but the internal ones, like employees, are important too."* Another member noted an added benefit of thinking about how company employees may react to the CD&A: *"They can serve as a proxy for the retail investors that companies don't often hear from."*

Members said that engaging these different groups of readers can help shape the messages in the CD&A. One said, *"You need to anticipate what constituencies will say based on performance. Some changes require a more robust explanation. If you wait until you hear it as a response to the CD&A, it is probably too late."* This may also require working more closely with the company's investor relations function both to learn what they are hearing and to ensure consistent messaging. One member said, *"We need to match the messaging that the company has been using all year. If there is confusion, we will hear about it."*

Members added that outreach in connection with their CD&As is also leading compensation committee members to build deeper relationships with investors and other constituents like proxy advisors. Understanding key stakeholder views is important in all situations, but particularly when times get tough. Companies should assume their CD&A will get much more scrutiny if a company's stock price drops or its pay and performance are misaligned. Members said it is important to create pay plans and CD&As that can withstand close attention in a time of reduced performance.

The importance of CD&As drives committee involvement

Members explained that because more observers are now focusing on CD&As, boards and management teams have revamped drafting processes, often devoting more time and resources to the task. They said that while their companies may not redraft the CD&A from scratch every year, they still go through a multidraft process that often starts six or more months before the proxy is finalized.

Members identified a range of participants in the drafting process and said that getting some of them involved earlier in the process can improve the look, feel, and tone of the ultimate document:

- **Compensation committee members.** Members said that the most significant change to the drafting process since the beginning of say on pay is that compensation committees are getting involved earlier and at a deeper level. One member said, *"I work with our team on the initial draft to address the messaging. I then spend considerable time making edits to it, down to the commas."*
- **Corporate secretary and legal counsel.** While companies have liberated the CD&A from the exclusive control of counsel, members said that lawyers are still key participants. One member said, *"Counsel prepares the first draft of our CD&A and then incorporates the edits that come from the rest of the participants involved in the process."* Others, however, wished that counsel played a more limited role. One said, *"Lawyers ought to be the reviewers, not the writers, of the proxy."*
- **Human resources and communications professionals.** At some companies, drafting the CD&A is a responsibility shared among a number of disciplines. Members specifically highlighted the important contributions they have observed from human resources and communications professionals in shaping the message or explaining complex decisions. One member said, *"Rather than seek outside advice on communication and writing, we use resources available within the company."*
- **Compensation consultants.** One member said before the meeting, *"We rely on our compensation consultant to provide perspective on how a particular part of the CD&A might be perceived. They are our eyes and ears to the outside world."* In that capacity, consultants also offer suggestions based on how peers have addressed similar issues. Members also said that their consultants are more involved in years where a board makes a substantial change, either in the design of a pay package or in the tone conveyed in the CD&A.
- **Design and language consultants.** In addition to turning to compensation consultants for help on the substance of the CD&A, some companies also use third parties to help make the CD&A more investor friendly. These consultants help with telling the story in plain English and add charts, graphs, graphics, and colors where appropriate. One member said before the meeting, *"They help project the content of the CD&A a lot better. It is not just the appearance; they cut back the number of pages and suggest ways to get our message across better."* Ms. Fried added, *"An outside reader, who is familiar with the purpose but not the content, offers different suggestions and can be a benefit to the process."*

Form follows function

Members highlighted some of the changes that have improved the look and feel of CD&As. Companies have started using summaries, charts, graphs, and colors to make sure the disclosures are not only more substantive but also more readable.[3] Ms. Fried identified a number of specific design choices that can

[3] Compensia, "10 Tips for Enhancing Your 2014 Executive Compensation Disclosure," *Thoughtful Pay Alerts* (blog), February 5, 2014.

improve the readability of the CD&A. These include more bullet points and lists, a more detailed table of contents (with hyperlinks), descriptive headings with a strong hierarchy, text callouts, and concise data visualizations.[4]

While members stressed that superior visual design is no substitute for a thoughtfully designed compensation program, visuals can help explain otherwise difficult concepts. One said, *"It is harder to use narrative to tell a complicated story. Visuals help."* Ms. Fried agreed but cautioned about what she called *"the tyranny of the visual,"* explaining that *"the eye is drawn to charts and graphs and away from the rest of the page, so use them sparingly."*

Companies also use a variety of summaries to meet the competing demands for in-depth and concise information:

- **Executive summaries.** According to Meridian's 2014 review of 250 large, publicly traded companies' proxies, 94% included an executive summary at the start of the CD&A.[5] This summary is usually the first place investors look when they review a company proxy.[6] One member said, *"The value of the executive summary is to make it quick and easy for investors, whether they read the rest of the proxy or not."* Meridian partner John Anderson said, *"Think of this as a letter from the committee chair to the shareholders. It conveys the story and provides an area for more personal communication."*[7]
- **"What we do/what we don't do" checklists.** Some companies incorporate a table in their CD&A that lists practices that they do or do not follow, thus providing a fast way for investors and proxy advisors to comprehend the committee's philosophy. These tables demonstrate that a company does not follow certain disfavored pay practices, like tax gross-ups or stock options granted below market value, while also highlighting recent, positive changes to downplay potential criticism of controversial practices.[8]
- **Narrative summaries outside the CD&A.** Boards provide additional summaries of their pay philosophy outside the CD&A. A number of members said that because investors have responded so positively to the CD&A executive summary, their companies have created a similar summary for the proxy as a whole. Meridian found that 42% of the companies they surveyed now use a proxy summary to highlight key information.[9] The Meridian data also shows that nearly three-quarters of companies include additional narrative information as part of their recommendation that shareholders cast an affirmative say-on-pay vote.[10] Other alternatives include a letter to shareholders within the proxy that provides information about governance practices and supplemental disclosures to provide additional details to investors after the proxy has been mailed.

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[4] See Wendy Fried, *The Evolving CD&A: Presentation to the Compensation Committee Leadership Network* (Addison, 2014).

[5] Tony Meyer et al, *2014 Corporate Governance and Incentive Design Survey* (Meridian Compensation Partners, 2014), 9.

[6] Ronald Schneider, "Corporate Governance: Hitting the Mark on What Institutional Investors Look for in Proxy Statements," *CSuite Insight*, March 14, 2014.

[7] Because Mr. Anderson and his colleague, Marc Ullman, participated as compensation experts, their remarks are attributed.

[8] Emily Han, Frank Gonzalez, Garret Sturgis, and Greg Leyrer, *Innovations in CD&A Design: A Proxy Disclosure Analysis* (Redwood City, CA: Equilar, 2014), 6-7.

[9] Meyer, *2014 Corporate Governance and Incentive Design Survey*, 9.

[10] Ibid.

Key disclosure obligations

Members identified a range of content areas that have received more coverage in recent CD&As. Several disclosure items were of particular interest as members think about the messages included in the CD&A:

- **Executives' goals and targets.** Some members raised concerns about the balance between transparency to investors and disclosure to competitors when discussing metrics used to evaluate senior executives. One member said, *"Our committee is struggling with how much to disclose about strategic and operational goals in a very competitive industry."* Members mentioned pressure from lawyers and investor relations professionals to include more disclosure, but boards are reluctant to divulge otherwise non-public information. One member said, *"Not disclosing may come off as arrogant, but disclosing can be risky."* Another said, *"We try to describe what they did that we valued, not what we expected of them and how they did against those goals."*
- **Peer groups.** Members said that one of their priorities for the CD&A is to explain how they select and adjust the peer groups they use to make certain compensation decisions. Before the meeting, one member said, *"This is a topic that warrants discussion because there can be confusion when Institutional Shareholder Services talks about the peer group it has created for us. It is important for our shareholders to know we are talking about two different peer groups and understand how we devised the peer group that we define in the proxy."*
- **Pay for performance.** Members said that the fundamental purpose of the CD&A is to communicate the link between pay and performance. This often means disclosing methods other than those in the summary compensation table for purposes of creating a fair comparison. One member said, *"It can be useful to explain performance with alternative measures, especially when stock prices go down despite good performance by other standards."* Mr. Anderson advised members to consider a range of different pay-for-performance metrics as part of the process: *"It is critical to understand what the numbers for realized and realizable pay look like, whether or not you put them in the proxy."*

Apart from these areas of particular interest, members stressed the importance of using the CD&A as a communicative document. One said, *"Some decisions make common sense, even if they are not common practice. We need to explain why we do it."* Mr. Anderson added that compensation committees should consider additional ways to explain their decisions in the CD&A: *"Throughout the year, there are important messages that come out of pay decisions or deliberations that get lost later and are not part of the CD&A. Consider keeping a list of all of the things that you say to support a pay decision, and then consider incorporating these messages into the disclosures when drafting the CD&A."*

Disclosing severance payments

Members were interested in different approaches to disclosing the terms of severance agreements and payments. One member said, *"The most painful experience is disclosing severance payments as part of a major transaction. It is always ugly from an external perspective."*

Mr. Anderson said that SEC rules requiring an advisory vote on compensation arrangements made in connection with merger transactions have caused companies to be more forthcoming about the details of severance payment and agreements. Some members said that disclosure requirements have caused companies to think harder about the terms of severance provisions in employment contracts. One said, *"In some cases, severance packages have been dialed back dramatically. In the past, some companies were paying three times base salary, plus the value of unvested options, and an excise tax gross up. We don't do that anymore."*

Other members confirmed that the severance provisions in new employment contracts are generally narrower than in the past, but said that it takes time to phase out older agreements that include more generous severance packages. Meridian partner Marc Ullman said, *"If you have a contract, that bell may have been rung years ago. We are seeing changes in policies made prospectively. Companies are saying 'We won't do that in the future.'"* He added, *"If a contract with severance protection is required, a sunset provision may be appropriate so that severance protection does not last indefinitely. More severance protection may be necessary in the first year, while less protection may be appropriate in years 2 or 3, before severance protection is eliminated completely. "*

CEO succession and management development

CEO succession is perhaps a board's most important responsibility. At some members' companies, incremental succession and management development responsibilities are assigned to the compensation committee. At others, the responsibilities are divided between the compensation committee and the nominating and governance committees. Regardless of committee responsibility, the topic is an important one for every public company director.

One CCLN member suggested that the group discuss this issue at the December meeting, and also helped with preparation for the session. That member kicked off the session by saying, *"How a board selects, mentors, rewards, and develops CEOs and other senior leaders are among its most important responsibilities."* Ms. Stevenson shared six practices that boards and management should consider as part of a vigorous succession plan, adding that these practices *"provide boards an opportunity to think beyond CEO succession and implement gold-standard governance for developing future leaders"*:

- **Link succession to the strategic priorities of the business.** As companies plan for their strategic future, it is important to prepare future leaders to implement those plans. One member said, *"We were considering several internal candidates and it caused us to talk about our future strategy. We asked, 'How do we choose someone who is a fit for the future of the company, not just someone who can run the* *company today?'"* Another member said, *"Annual reviews are too focused on 'How are they doing?' when the more important question is 'Are they developing the background the company needs for the future?'"*

- **Develop generations of leaders.** *"There are different groups of potential successors within the company that could be future CEOs at different times,"* one member said. Another suggested that a company maintain and manage lists of *"ready now, ready soon, and ready later"* candidates. Members said that, especially for the long-term prospects, companies should cast a wide net. One said, *"There are benefits to developing a large group of potential candidates at the same time. Until it gets to the time frame where you really have to select someone, it motivates the group to know that promotion is possible."* Ms. Stevenson said, *"There can be ways that encourage peer development that help everyone improve. It works best when that development is tied to business strategy and not personal ambition."*

- **Evaluate internal talent against the market.** Members discussed the importance of including external candidates in the long-term search. One member said, *"Going to an outside CEO is not necessarily a failure. In some circumstances, that is the better solution."* Members emphasized that the degree to which a company looks outside for a new CEO often depends on the quality of the internal candidates. One said, *"We proceed in parallel, addressing internal succession and tracking outside talent. We frequently ask, 'Are there people out there who are better than ours, CEO included?'"*

  Sometimes, this external review will cause a company to bring an outsider into a leadership position within the company to be considered alongside incumbent executives for the CEO role. One member described a situation where a candidate *"was recruited two years before [the candidate] became CEO – that can be a better way to do it than to come in as CEO."* Members said that in some cases, these high-level hires are made with an explicit plan to elevate the candidate to CEO over time; in other cases, they just *"deepen the bench,"* with no promise of a future role.

- **Create opportunities for leadership development.** Members extolled the benefits of management development as a CEO succession tool and discussed specific ways for boards to get more involved. This should supplement but not replace management's primary role for human resources activities. Members discussed the practical challenges for directors trying to participate in management development. One asked, *"How do you get time with a CEO's direct reports outside of board meetings without being overly invasive? It takes a willing CEO to encourage you to do that."* One member offered as an example a board-buddy system, whereby a director and a senior manager get together multiple times a year to share insights: *"The program was put together by the sitting CEO. Having gone through it, you recognize that it only works if the CEO wants it to work."* This example and other similar programs allow directors to get to know candidates on a more personal level. Other members said that a new CEO who benefitted from a company's management development program is often the best catalyst for continuing and expanding the program. One member said, *"You can have a cultural movement after the program works well once."*

- **Place executives in different situations to broaden their skills.** One member said, *"It is important to look within the organization and determine the strength of the bench and the ways to get people the appropriate exposure."* Ms. Stevenson said that one way companies do this is to have CEO candidates rotate through different roles within the company. Members said that experience running a business unit abroad, for example, can help prepare someone to eventually run a multinational corporation. As an internal successor gets closer to assuming the role, it can help for that person to start assuming some of the CEO's responsibilities.

- **Make CEO succession an ongoing process.** Integrating CEO succession with long-term management development requires companies to continuously consider succession. One member said, *"Succession is all about management development. You only do it well if you do it day in and day out."* Another member added, *"Some boards are reluctant to step in and manage the process until the time of transition, which is too late."* Members said that this process requires cooperation from the CEO. One member described a new CEO who, on the first day on the job, brought a team together to start work on succession. Another said, *"At [one company] we have a [young] CEO but are very engaged with a plan that manages a decade out and considers potential successors both inside and outside the company."*

Media attention, stock market reactions to CEO transitions, scrutiny from regulators, and the increased lead time it takes to prepare someone to run complex organizations all mean that succession planning has become an even more critical part of members' roles as directors. Members generally agreed that boards could benefit from a clearer set of principles to guide their management development and CEO succession processes. Some were in favor of convening a working group with representatives from different board committees to discuss how directors can get more involved in the process and to ultimately establish a standard or benchmark for a high-quality CEO succession process.

Forthcoming regulatory changes

In July 2014, members met with Keith Higgins, director of the division of corporation finance at the SEC, and discussed the SEC's Dodd-Frank Act rulemaking obligations.[11] That statute requires the SEC to propose or adopt rules in four areas that relate to executive compensation: compensation clawbacks, pay for performance, hedging of company stock, and pay ratios. While the SEC had previously indicated that compensation rules would be proposed or finalized in 2014, it recently amended its regulatory agenda with a new target date of October 2015.[12]

At this meeting, Mr. FitzGerald and Ms. Chiu met with members to discuss the status of these forthcoming rules, what companies are doing in these areas now as they await the new rules, and how the rules are likely to affect companies in the future. At the outset, Ms. Chiu explained, *"The SEC's regulatory agenda is often misunderstood. The recent change means that the SEC plans to issue all four rules by October 2015, but that date is just guidance. As a practical matter, there may not be a lot of work left for the SEC to do since*

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[11] Compensation Committee Leadership Network, *A Dialogue with Keith Higgins, Director of the SEC's Division of Corporation Finance,* ViewPoints (Waltham, MA: Tapestry Networks, 2014).

[12] Mark D. Wood, Mark J. Reyes, and Austin G. Leach, "SEC Sets October 2015 Target Date for Certain Dodd-Frank and JOBS Act Rulemaking," *National Law Review*, December 5, 2014.

we understand that drafts of the rules are available. We just don't know what the rules look like or what the full Commission will ultimately decide to propose or adopt. We may see action on one or more of them before October 2015."

Compensation clawbacks

The Dodd-Frank Act requires the SEC to direct national exchanges to delist companies that fail to implement a policy to recover incentive-based compensation from current and former executive officers following an accounting restatement, regardless of fault.[13] Ms. Chiu said that most companies that have amended their clawback policies in recent years require both a financial restatement and evidence of misconduct to trigger a clawback. *"Those policies will eventually have to be amended,"* she said, *"because Dodd-Frank requires a company to recover compensation following a financial restatement, regardless of whether there was misconduct."*

Mr. FitzGerald said that because the clawback rule must be adopted by the national stock exchanges, there is less certainty about the scope and timing of final rules: *"A proposal is likely in 2015, but then it needs to go through a comment period and be adopted by the exchanges through listing changes, then those changes need to be approved by the SEC."* Ms. Chiu added that because of this process, the New York Stock Exchange and the NASDAQ could end up with different standards, although she predicted that the standards would eventually converge given the exchanges' competitiveness and the SEC's oversight.

Members discussed the implications of the Dodd-Frank Act clawback requirements. First and foremost, under the new standards, most compensation committees will no longer have discretion about when to implement clawbacks. Though the discretion that committees currently have presents its own challenges, members were concerned about formulaic application of the new standard. One said, *"It seems incredible to take away the discretion of the board. There will be challenges to implementing these new policies."*

Even as they lose discretion about when to claw back, boards will necessarily maintain discretion about what to recoup. Mr. FitzGerald advised members to pay attention to guidance about awards that are not based on the same metrics that a company restates. He said, *"Dodd-Frank requires clawbacks when there is a financial restatement. The numbers that a company restates are the GAAP [Generally Accepted Accounting Principles] financials. If payments are not based on GAAP metrics, the committees will have to look at what compensation would have been but for the problem. It will be difficult to determine how to compute the recovery."* Members discussed, for example, the challenges of calculating what the stock price might have been at a specific point in time but for the restatement. One member said, *"I understand that if a number caused you to get X and the number was wrong, you should get Y. But stock price can change for all sorts of reasons."*

[13] Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111–203, 124 Stat. 1376, § 954 (2010).

Pay for performance

The SEC must draft rules requiring companies to show the relationship between executive compensation actually paid and the financial performance of the company.[14] Ms. Chiu said that because the statute does not define "actually paid" or "financial performance," there is uncertainty about what the final rule will require. She added, *"They were hoping for companies to create a market standard, but that is not what has happened. So the SEC will have to come up with its own definitions."*

Members said that even within their own compensation committees there is debate about whether to disclose alternative methods of calculating pay and further debate about whether realized pay, realizable pay, or some other calculation best represents what executives actually earn. Ms. Chiu said that finding *"one model that fits all industries will be very difficult for the SEC."*

Hedging of company stock

The SEC must draft rules requiring companies to disclose in proxy statements whether employees or directors are permitted to hedge against the value of company stock.[15] Members discussed how far this requirement might go. One asked, *"Is there any chance that this proposal will include synthetic hedges or hedging against the stock of a competitor?"* Ms. Chiu said that the statute only requires that companies create antihedging policies, so as a result, it is unlikely that the SEC will create detailed standards for what those policies include.

Members also discussed a related topic that is not covered by the Dodd-Frank requirements: pledging of company stock. Many companies have pledging restrictions in place. Mr. Anderson said that some companies, particularly those with substantial holding requirements, are evaluating their pledging prohibitions and considering whether it might be reasonable to permit selected exceptions.

Pay ratios

The SEC has proposed but not finalized a rule to implement the Dodd-Frank requirement that companies disclose the ratio between CEO pay and the median of the total pay of all employees. The proposed rule provides companies with discretion in identifying median employee compensation.[16] Despite misgivings about the value of the forthcoming requirement, members generally agreed that the requirement was unlikely to be repealed.

Members said that although the rule is not final, most of their companies have calculated estimates of the ratio. Ms. Chiu said, *"The methodology has some flexibility and allows companies to eliminate statistically insignificant operations from its calculation of median employee pay."*

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[14] Dodd-Frank Wall Street Reform and Consumer Protection Act, § 953a.

[15] Dodd-Frank Wall Street Reform and Consumer Protection Act, § 955.

[16] Securities and Exchange Commission, "SEC Proposes Rules for Pay Ratio Disclosure," news release, Washington D.C., September 18, 2013.

Members were interested in who was likely to pay attention to these disclosures. One said, *"It's not just the SEC that will read this. There will be other constituencies that we will have to defend this to."* Members said that the most notable audience for these disclosures is a company's workforce. To the extent companies have choices about the methods of calculating their ratios, they must balance the desire to keep the ratio low with the consequences of raising the disclosed median pay. Mr. Anderson said, *"The problem is that if the median employee pay is high, individual employees will be upset if they see they are below that median."*

Members believed that for the most part, investors were not interested in the ratio. One said, *"They already know how much the CEO makes, so the ratio does not provide meaningful information for them."* Another said that while investors have not shown interest yet, that could change: *"I think investors will care in the second or third year. If you have labor unrest because of the ratio, investors won't be happy."*

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Interest in the compensation committee's work is unprecedented. Doing the work well is table stakes; today's committee must also effectively communicate what it has done and why to satisfy investors, regulators, and other stakeholders. Hidden within this obligation is an opportunity for companies to earn the trust and respect of a growing audience. In 2015, we look forward to discussing this and other opportunities for strengthening the performance and confidence of board compensation committees.

About this document

Appendix: Contributing members

The following members participated in the meeting:

- John Anderson, Meridian Compensation Partners
- Errol Davis, Union Pacific
- Karen Horn, Eli Lilly
- Bill Kerr, Interpublic Group
- Mary McDowell, AutoDesk
- Fig Newton, Torchmark
- Steve Reinemund, Marriott International
- Sam Scott, Bank of New York Mellon Corporation
- Richard Slater, KBR
- Samme Thompson, American Tower
- Marc Ullman, Meridian Compensation Partners
- Linda Wolf, Wal-Mart
- John Wulff, Moody's

The following members took part in pre-meeting or post-meeting discussions:

- Lloyd Dean, Wells Fargo
- Mel Lagomasino, The Cola-Cola Company and Avon Products
- Tom Johnson, Coca-Cola Enterprises
- Laurie Siegel, CenturyLink