

Hello

I would like to submit the following comments for ISS's consideration as it reviews feedback on the proposed Equity Plan Scorecard (EPSC) for 2015. We received some feedback from our clients that they wanted us to submit on their behalf and we are providing our own feedback in addition.

Client Feedback

1. Burn rates should not be calculated using a full value multiplier for grants of full value awards. It is misleading to report burn rate figures using this approach since it overstates the amount of equity actually being used under the LTI program
2. The removal of bright-line PASS/FAIL tests creates uncertainty as to whether ISS will support an equity plan proposal which presents real challenges in terms of compensation planning
3. The scorecard approach seems to invite unnecessary complexity into a process that is already quite challenging given the lack of visibility in the factors that establish the SVT allowable cap

PG-Specific Feedback

1. If minimum vesting periods are to be reviewed qualitatively, consider establishing a carve out option so that not all shares under the plan need to adhere to a minimum vesting schedule (e.g. for new hire awards)
2. How will the SVT cost and estimated duration of the plan criteria interact? What if the SVT test provides for an estimated reserve life of 6 years but the qualitative review would give negative points for any reserve that is expected to last more than 5 years (for example)?
3. Reviewing the proportion of CEO equity awards that are subject to performance conditions seems to be double-counting this evaluation area as it already weighs heavily in the ISS SOP vote recommendation evaluation
4. If a company is to procure the Compass model from ISS, how will they know how many shares they can ask for and gain ISS's support given the introduction of several other qualitative components into the evaluation? Will the balanced scorecard be somehow used as an adjustment to the SVT allowable cap so that companies can accurately pinpoint a precise figure for a share request and expect to gain ISS support?

Please let me know if you have any questions or would like any additional information.

Thanks!

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