

**From:** Laverie Cédric (AMUNDI)  
**Sent:** Thursday, October 27, 2011 5:44 AM  
**To:** [policy@issgovernance.com](mailto:policy@issgovernance.com)  
**Subject:** 2012 Draft Policies for Comment

### **Election of Censors (France)**

**Does your organization believe censors should be entitled to remuneration, despite the fact that they do not bear the legal liability assumed by directors? If yes, under what conditions?**

**Yes, censors should be entitled to remuneration. Nevertheless, their remuneration should be only linked to attendance and at a level below the one of directors.**

**Under what specific circumstances, if any, would a shift from a director role to a censor role be acceptable?**

**A shift from director to censor would only be acceptable under exceptional and temporary circumstances like a merger in order to ensure a smoother transition.**

### **Equity-Based Compensation (France)**

**Under AFEP-MEDEF and Middlednext corporate governance codes, it is recommended best practice to require performance criteria for either all (AFEP-MEDEF) or a portion (Middlednext) of equity-based compensation to executives. Under the proposed policy on equity-based compensation for France, ISS intends to define the "executives" as all members of the company's management board or executive committee, plus any other director classified as an executive under ISS' director election policy. Would your organization support this definition?**

**Yes, performance criteria should be required for a larger group than the “mandataires sociaux” (CEO, executive chairman). It should at least include the executive committee.**

**The Middlednext Code recommends that a portion of equity-based compensation to executives be performance-based. At companies that refer to the Middlednext Code or no code at all, what percentage of equity-based compensation would your organization consider to be significantly performance-based?**

**We prefer performance criteria for all equity-based compensation to executives even if the company is referring to a weaker code. Nevertheless, in some cases, we could consider the equity-based compensation to be significantly performance-based if the portion is at least 66% for the members of the executive committee excluding the “mandataires sociaux” (CEO, executive chairman) for whom the portion should still be 100%.**

**A key stipulation of the proposed policy requires that executive equity awards contain sufficiently challenging performance criteria. In order to evaluate this, ISS prefers that companies disclose specific performance targets for future awards. In cases where a company may refuse to disclose this information, would your organization still be willing to**

**support an equity plan if the company has an established track record of issuing equity awards with appropriately challenging performance targets in the past?**

**In order to support an equity plan, we need at least a substantial part of the performance targets to be disclosed (for example, challenging targets for 1 of the performance criteria if 2 are used in the plan). We will then analyze the track record to assess the undisclosed portion of the performance criteria.**



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