

Please, find Afep comments concerning the three questions you raised in your consultation :

- 1. Do you consider that the proposed change to align the minimum vesting period for long-term incentive plans in France with that considered in other major European markets is justified? If no, please explain.**

We are in line with the proposed change as it seems to be consistent with the purpose of the long-term incentive plans. However each company should benefit from some flexibility to implement the most appropriate long-term incentive plans according its specificities and business cycle. The targets can't be established and measured similarly in companies which i) are operating in different business area and/or ii) are of different sizes (e.g. pharmaceutical VS high tech ; start-up VS well implemented company).

- 2. Do you consider that an additional holding period requirement could be taken to compensate for a shorter vesting period than is considered long-term? If so, please explain.**

An additional holding period could partly compensate a shorter vesting period. However we are not convinced by this proposal as the holding period doesn't have the same purpose as the vesting period : this could only encourage to hold the shares without having any effect on the incentives. In addition, the French tax regime applicable to the disposal of the shares is already incentivising the owners to hold their shares on longer-term.

- 3. If wished, please also provide comments on the potential impact on future ISS voting recommendations, if companies do not adopt 3 year minimum vesting periods in future plans proposed to shareholders.**

Although we agree that the minimum vesting period for long-term incentive plans should be consistent with the purpose of the long-term notion, we do not support voting recommendations which could conflict with the specificities of each companies. As a consequence we hope that it would be taken into account before any voting recommendations. The rejection of a resolution could be more damaging for the companies who needs to attract and retain qualified employees than a shorter vesting period.

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*Since 1982, Afep is the association which brings together large companies operating in France. The Association is based in Paris and Brussels. Afep aims to foster a business friendly environment and to present the company members' vision to French public authorities, European institutions and international organisations. Afep has 108 members. More than 8 million people are employed by Afep companies. Their annual combined turnover amounts to €2,000 billion.*

Best regards

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