

# SELECTING AN INDEPENDENT COMPENSATION CONSULTANT



## CHRO GUIDE

Each company is unique in its approach to the evaluation and selection of an independent compensation consultant. A good consultant will ensure that the Compensation Committee's decisions are fair, reasonable, and support the company's mission. It is crucial that CHROs arm their Committees with clear direction to ensure an efficient process, smooth transitions, and a favorable outcome. Useful to new and experienced CHROs alike, this practical Guide is a collection of the tools, tips, and insights necessary to successfully navigate the review and selection process.

# Contents of this Guide

**As the Compensation Committee takes on ever-increasing responsibility** for overseeing the compensation plans, pay governance, and human capital policies of a company, the selection of a compensation consultant is of paramount importance. A good independent consultant will ensure that the Committee’s decisions regarding executive pay and benefits are informed by relevant information, fair, reasonable, and assist with supporting the company’s strategic direction. Their expertise, independence, objectivity, and focus on legal compliance make them an invaluable resource.

**Given the importance of the consultant, it is incumbent on any CHRO to** ensure their company has a clear policy and process for assisting the Compensation Committee with the review and selection of a consultant. The Center On Executive Compensation has advised companies on this critical task for years, and we hope this Guide will combine time-tested strategies and new insights to make the process as efficient and effective as possible.

**Based on interviews with** 13 Compensation Committee Chairs, CHROs, and compensation consultants of large companies across multiple sectors, this Guide combines their experiences and expert advice on selecting an independent compensation consultant. Useful to new and experienced CHROs alike, here you’ll find a curated collection of insights, tips, and tools for successfully navigating this process.

**Examine chief observations regarding the common triggers** for conducting a search, learn who is involved and how the process is orchestrated, review crucial evaluation criteria, and discover the benefits of periodically scanning the market for compensation consultant talent. Each company is unique in how it approaches the evaluation and selection of a consultant. Master the prevailing policies and trend-forward “best practices” that characterize the most effective and well-run processes.

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# Factors Triggering a Change

A recent Center On Executive Compensation survey found that most companies do not have a set policy or practice regarding rotation of compensation consultants; instead, the process is most often triggered by a specific event such as a change in Compensation Committee Chair. However, effective Compensation Committees will often put more structure around this undertaking to ensure smooth transitions and an efficient process.

**The most common triggers include:**

**Change in Compensation Committee chair.** By far the most common trigger for a potential change in compensation consultant. A natural inflection point, the new Chair almost always uses this opportunity to “take the pulse” of their Committee, soliciting feedback on the consultant and the effectiveness of the meetings generally.

**Performance of existing consultant.** Another common trigger, predictably, is Committee dissatisfaction with the current consultant’s performance (see Performance Evaluation Best Practices below). Committee Chairs are encouraging Committee members to offer feedback early and often to ensure that everyone’s input is heard..

**Long tenure of existing consultant.** Several interviewees noted that when no specific policy exists around the tenure of a consultant, the Committee sometimes decides that it has been “long enough” and for the sake of good governance, a review is needed. As one CHRO put it, “We had the same consultant for over ten years, and we felt as a matter of good governance we needed to perform a review on a regular basis. We decided to stay with our firm but changed the individual.”

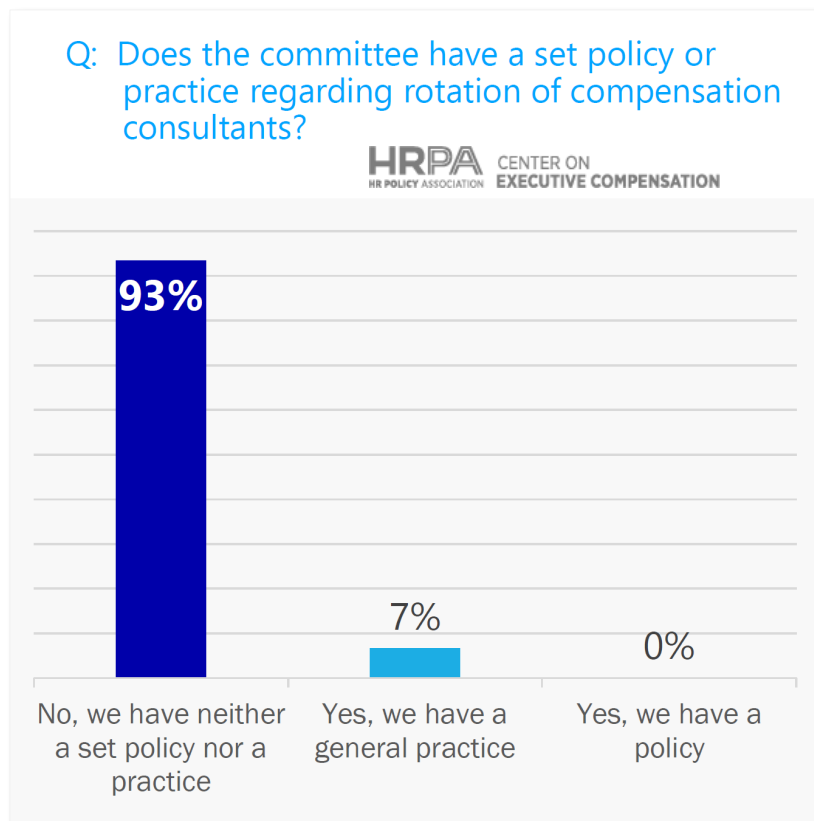
*More structure is needed to ensure smooth transitions and an efficient process*



**Change in business structure.** Another common trigger occurs when the business has undergone a significant change, such as a spin-off or major M&A activity. Where a company has retained the services of the same consultant as the parent company for consistency's sake, the opportunity is used to review this choice after the dust has settled to ensure the consultant continues to be a good fit for the new business structure.

**Loss of Say on Pay vote.** Although it may seem unfair, the independent compensation consultant is often considered at least partially responsible when a company fails (or receives a low level of support for) its Say on Pay vote. Compensation Committee Chairs often feel that this negative result reflects poorly on the Board's trusted advisor, especially if the low support was a surprise to the Committee. Justified or not, this is a common trigger point for seeking a new compensation consultant.

**“Most companies do not have policies regarding rotation of compensation consultants”**



Source: Center On Executive Compensation Survey  
“[Compensation Consultant Practices](#),” 2023

# Details on the Process

**Our interviews delved deeply into the nuts and bolts of** the Request for Proposal (RFP) and evaluation processes for the Compensation Committee's consultant.

**Key milestones to consider** when designing your own process:

- **Who takes the lead?**
- **Which firms are considered?**
- **Who submits the RFP?**
- **Who hears the pitches?**
- **Checking references.**

**Who takes the lead?** The answer to this question will depend greatly on the preferences of the Compensation Committee Chair. Some Committee Chairs (especially those who were previously CHROs) prefer to initiate and spearhead the process, even engaging directly in the RFP and initial interviews. Others prefer management (usually the CHRO and/or General Counsel) to take the initiative and oversee the process. In all scenarios, it works the best when the Compensation Committee Chair, CHRO and management work together.

**Several CHROs and Compensation Committee Chairs admitted** they wished they had a more cohesive and detailed policy for evaluating the compensation consultant up front. In the words of one Chair, "If I had to do it differently, I'd have a policy already in place so that both the Committee and the consultant know we have a regular cadence of looking externally."

**Best Practice:** *Take the time (use this Guide!) to create and circulate a policy regarding when and how the compensation consultant will be evaluated and when an RFP should be conducted. Make sure the consultant is aware of the policy ahead of time – not just when the RFP is about to take place.*

**Which firms are considered?** Casting a wide net in terms of generating an initial list of firms to be considered is often the best approach. One Chair collected input from each Committee member as well as her own contacts, the management team, and peer proxies. Another left the initial list generation to the Head of Total Rewards, who winnowed it down before presenting the final list for RFP candidates to the Chair. In general, we found that the initial list of RFP candidates is typically between 4-8 firms, and is then narrowed to a shortlist of 2-4 that are each invited to present a pitch. In almost all cases, the incumbent firm is offered the opportunity to participate in the RFP. In the words of one CHRO, "It behooves you to be transparent with your current firm; not only does word get around, but the incumbent firm will continue to work with the Committee for at least another one or two meetings, even if they aren't the final selection. You want that to run smoothly."

**Best Practice:** Consider a detailed rubric to assist you in evaluating written responses as well as in-person pitches. We provide a [sample RFP](#) in the Appendix.

**Executive Compensation Consultant RFP**  
**Sample and Overview**

Primary components of the RFP include:

SECTION	DESCRIPTION
<b>Purpose</b>	A brief summary of the reason for the RFP and the general role the consultant will be expected to play.
<b>Company Profile</b>	An overview of the company, including key facts regarding size and industry and a link to the company website.
<b>Scope of Services</b>	A list of the services the consultant will be expected to provide. <i>The Center's template contains an extensive list of possible services drawn from actual RFPs used by members.</i>
<b>Compensation Committee Calendar</b>	A common inclusion in consultant RFPs is a calendar (tentative or actual) of compensation committee/board meetings and calls that the consultant will be expected to attend.
<b>Requirements for Consideration</b>	A description of the information respondents are requested to provide in their response to the RFP. <i>The Center's list, based on member submissions, is quite extensive to give companies the greatest breadth of possibilities available, although most companies will not include every requirement on the list. Some of the requirements may be more effectively used as part of the interview process, depending on the company.</i>
<b>Selection Process</b>	A brief description of the process the company will use to evaluate responses to the RFP.
<b>Response Submission</b>	Specific instructions including the format of the responses.
<b>Legal Disclaimers</b>	These will necessarily differ by company, but we have provided samples of the most common disclaimers included by members in recent RFPs.

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**Primary components of the RFP include:** purpose, company profile, scope of services, Compensation Committee calendar, requirements for consideration, selection process, response submission, and legal disclaimers.

**Who submits the RFP?** The answer to this question was an area of considerable difference in our interviews. Several said they simply emailed the RFP (see the Appendix for the Center’s [sample template](#)) to each firm individually, accepting responses via email in turn – and this was certainly the preferred practice of each of the consultants we interviewed. However, we also heard that a few companies leave this critical task to Procurement, often with less than desirable results.

**Best Practice:** *If your company has a policy of involving Procurement in all supplier negotiations, consider taking the opportunity to collaborate without entirely delegating the RFP process for the Committee’s compensation consultant. This is a very special advisor to the Board – the selection process will benefit from the close involvement of the CHRO or another member of management as well as Procurement colleagues. As one CHRO put it, “The interaction with the consultant is a reflection of the Board to the marketplace. You don’t want to get it wrong.”*

**Consultants often reported receiving pages and pages** of largely irrelevant questions, or software that has dozens of questions with character limits for each response, impeding the consultant’s ability to respond thoroughly. As one consultant put it, “Our worst day is when the RFP comes through from Procurement – it puts us squarely in the vendor camp, not the partner camp.” A CHRO noted that “There is a way to work with Procurement through the process while educating them that this particular search will be different and need more flexibility. You can’t apply a one-size-fits-all model to this process – this is the Board using management’s tools to pick their own advisor.”

**Best Practice:** *Limit the length of the RFP to the questions the Committee really needs answered – not boilerplate supplier questions that everyone will answer the same way or that aren’t relevant to this type of search. Review RFP questions with Committee members in advance as they may have good suggestions for additional questions.*



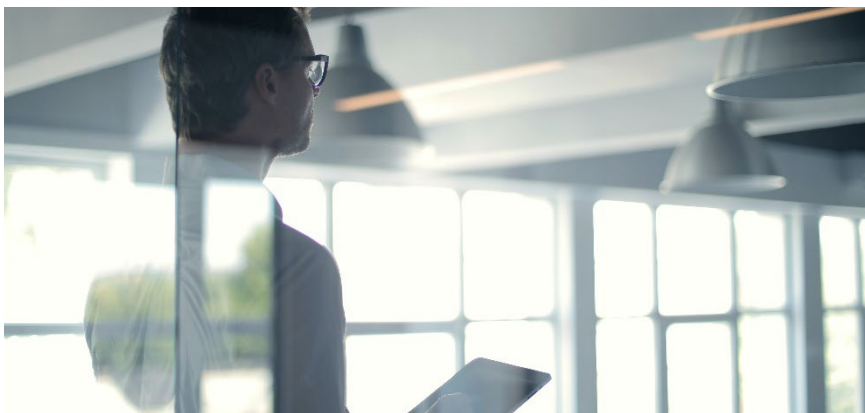
**Who hears the pitches?** Once the RFPs come in, the real work begins – evaluating each response and selecting finalists for a shortlist. Don't be alarmed if you receive a few polite responses declining to take part in your RFP – consultants sometimes decline due to conflicting Committee meetings, too many clients, or conflicts with other lines of business.

**Once a shortlist of 2-4 candidates has been selected** (either by the Chair or management), each candidate is typically invited to present a "pitch" to the Committee. In some cases, the Chair fulfills this role for the Committee, offering only the final two, but most Committees prefer to hear all pitches.

***Best Practice:** Make sure both management and the Committee are present for the pitches, even if the final decision is made by the Committee in executive session.*

**Arguments both for and against in-person pitches exist.** Although it is certainly easier to gauge fit and ask questions in person, it requires more of the Committee's time. One CHRO noted that if he could do it differently, he would give more time for each firm's pitch: "I think it would have been beneficial to have them come in-person and I would extend their pitch time – 30 minutes was not long enough. We needed more time for back-and-forth questions."

***Best Practice:** Consider innovative alternatives to the standard "elevator speech." One consultant suggested assigning each finalist a small project to work on, "to get a feel for how someone will consult. You will see how they interact with you, data they bring to bear and how they think about your issues."*



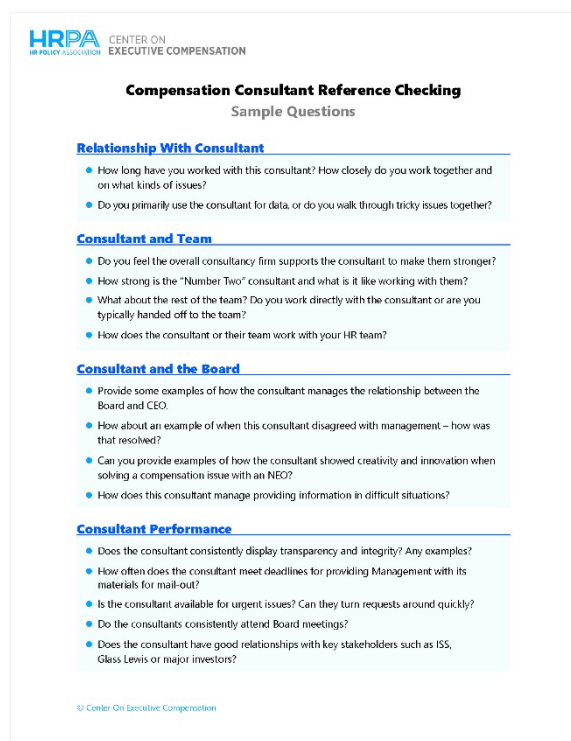


**Checking references.** Both companies and consultants agree that reference-checking, while critical, is often not as effective as it could be. It takes effort to “get beyond the boilerplate” and really probe a reference regarding how their consultant operates. Find a list of [sample questions to ask](#) in the Appendix for a reference that will go beyond the superficial and provide practical insights into consultants’ interactions with the company and the Board.

**Best Practice:** *One CHRO suggested that although current references are helpful, there is some self-selection as they are obviously happy with their consultant, or they would have changed. Consider asking for prior clients.*

“**Reference-checking, while critical, is often not as effective as it could be**

**Best Practice:** *In addition to the CHRO (who is an excellent choice for checking references given their typically extensive experience in interviewing), consider having the Chair conduct their own references with other Chairs. One Committee Chair noted she always calls the Chair directly because “they are often willing to share more with me than they would be comfortable sharing with management – and an email from me gets their attention.”*



# Criteria for Evaluation and Selection

**One of the trickiest parts of any consultant RFP is determining the most important criteria** for your Compensation Committee and your company. Most of the best-known consultants score top marks in general expertise and technical competence – but that is only one aspect of working with the Committee.

**One leading compensation consultant advises companies this way:**

*“First, decide on your priorities – how do you want to use a consultant? Some consultants have a deep dive approach which lends itself to fewer clients, but some companies might not need that level of engagement – they only want a reviewer to give the Committee things to think about. How important is the network the person brings, industry expertise, or a broader set of skills like ESG and human capital management?”*

**Considering questions like these upfront will help** narrow down the kind of consultant the Committee prefers.

**Common criteria.** Note that some of these criteria will be more important to your company than others – the key is to determine which matter to you, *before* the interviews begin.

- **Creativity and innovation** when problem-solving.
- **Ability to work with the management team** (including the compensation team) and not just the Board.
- **Evidence of good succession planning** internally and a strong “Number Two” partner.
- **Ability to engage in dialogue as a true thought partner** versus providing canned analyses. “We want someone who can customize their toolkit to what’s important to our company.”
- **Industry knowledge** – but as one CHRO said, “Don’t over index on this. Issue expertise may be more important than specific industry experience.”
- **Size of firm** – sufficiently large to add value in multiple areas including governance, best practices, and legal/tax issues.
- **Sufficient gravitas and depth** to go toe-to-toe with healthy egos on the Board.
- **Clear explanation of how** they “crunch the numbers” – what is the support team like and is there a quality process for ensuring accuracy so that Board members aren’t identifying mistakes?

**Here are some pearls of advice** on how to evaluate the consultant:

### **Management and Committee Rapport**

- **“It’s super important** to me that the consultant works well with the management’s compensation team. You have to feel you connect with the consultant – that they have the appropriate balance between disagreeing when they need to and not being disagreeable.”
- **“Avoid a consultant that only** wants a relationship with the Board. Make sure to meet the entire team and see how the main consultant operates with them.”
- **“Will this person be not just an expert but** a good thought partner who will brainstorm with you about your situation?
- **“Can this person have hard conversations** but not ruffle feathers along the way?”

## Consultant Preparedness

- **“Ask to see materials in advance** to assess clarity and effectiveness.”
- **“I looked at how much “homework” they did** – how well versed were they in our issues? One way to get at this is to ask what they thought of your most recent Investor Day.”
- **“How did they come across in virtual sessions** – how did they answer questions and show authenticity and humility?”

## Consultant Experience and Knowledge

- **“Do they have the right balance** in terms of warning about proxy advisory firms without being rigid?”
- **“The strength of the Number Two is critically important.** When it gets to proxy season, these consultants are spread thin and we need to be able to rely on the Number Two.”
- **“Do they wear well over time** – can they demonstrate they’ve been in places where they’ve been through multiple CEOs and Chairs and are still there? This shows adaptability and value that transcends.”
- **“I don’t expect compensation consultants to be experts in HCM, but** the SEC requires a compensation risk assessment – can they also do a talent risk assessment? Having a consultant with some HCM or ESG savvy can really help as the agenda for the committee has broadened.”
- **“Is the person contemporary?** You don’t want someone who doesn’t change with the times or keep up with issues but just keeps doing what was successful originally.”

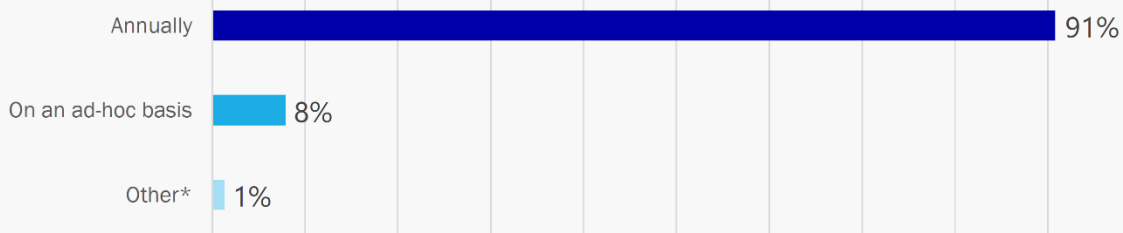


# Performance Evaluation for the Consultant

The overwhelming majority of [survey respondents reported](#) they evaluate the consultant’s performance on an annual basis – a significant increase from the Center On Executive Compensation’s September 2021 survey. Many interviewees stressed the importance of formal or semi-formal performance evaluations annually in which feedback from the Compensation Committee and management is solicited.

**Best Practice:** *Conduct a performance evaluation annually and have the Compensation Committee Chair deliver the feedback personally to the consultant. One Chair described a situation she faced in which the consultant had no idea that management was dissatisfied with their performance. “Ensure you are diligent about annual feedback for the consultant, so you don’t wind up in this situation where they are surprised. This needs to go on the Committee’s calendar,” she advises.*

Q: How frequently does the Compensation Committee evaluate the performance of its consultant?



#### OTHER RESPONSES

- We generally monitor performance informally with Board over time, without a specific time frame for any formal analysis.
- As requested by the Committee.
- The Committee has not followed a standard timeframe but does provide ongoing feedback to the consultants.
- We have not formally evaluated the consultants to my knowledge.

Source: Center On Executive Compensation Survey "[Compensation Consultant Practices](#)," 2023

# Benefits of an RFP

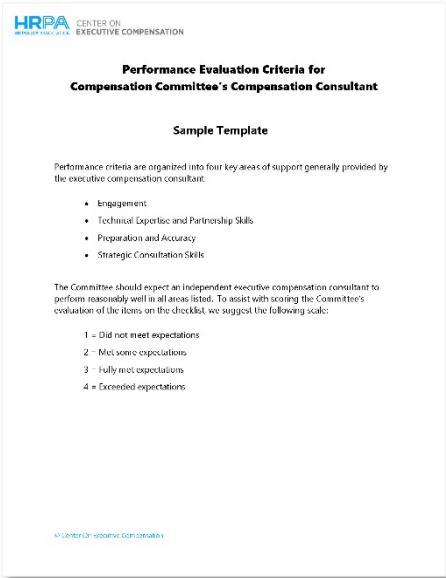
According to the [survey](#), approximately 28% of Center On Executive Compensation members have recently undertaken a compensation consultant RFP – and of those, about 71% resulted in a new compensation consultant for the Committee. CHROs, Compensation Committee Chairs, and consultants were asked about their views on the benefits of an RFP and how frequently one should be done.

**None of the company leaders we spoke to regretted doing an RFP** – in fact, several of them said they wished they had done one sooner, even if it resulted in keeping the same consultancy firm, if not the same individual consultant. The benefits of doing an RFP included following “good corporate governance,” exposing the Committee to new perspectives and options, and improving the quality of advice as well as the effectiveness of Committee meetings.

*“Several company leaders wish they had done an RFP sooner”*

**Most agreed that** although an annual evaluation of the consultant’s performance is essential (see the Appendix for a [sample evaluation form](#)), when considering a full RFP, every five years or so is more appropriate. “I don’t think there needs to be a time limit on consultants – it’s disruptive and you lose history,” said one CHRO. “However, practice good governance hygiene by evaluating the consultant regularly to ensure they’re adding value and that neither the CEO nor the Board are getting their own way all the time!” A Committee Chair laughed, “I don’t know what the right timing is – but I do know that 20 years is too long!”

*“Practice good governance hygiene by evaluating the consultant regularly to ensure they’re adding value”*



# Onboarding the New Compensation Consultant

**Once the consultant has been selected, set them up for success** by ensuring a robust and fulsome onboarding process takes place. The new consultant will need clarity on how the Chair prefers to work with them, the range of fees that are expected, and the expected relationship with management. For example, will the CHRO and the consultant interact without the involvement of the Chair, or should there be more of a separation? Will management have its own consultant for executive pay matters, or will they be using the Committee's consultant?

***Best Practice:** Don't forget to provide feedback to the consultants who are not selected. As a leading consultant told us, "This often does not occur and is critically important to the consultants' internal review process and keeping their business models and service offerings current, not to mention simply being considerate of the time and effort that goes into responding."*

**One Chair explained her process as follows:** "We make it clear that as our consultant begins the first year of engagement, they're investing in a long-term relationship. We will ask that the time they spend getting to know the company isn't billed at an excessive rate – a bit of a first-year bump is expected, but not high hourly rates for that first year." A CHRO added, "We always ask the firm to go through the whole year – review the proxy, Committee agenda and minutes – and then come back with tweaks or comments on what we should be doing differently."

***Set your consultant up for success and invest in a long-term relationship***



**Some consultants may suggest spending time with members** of management such as the CEO, CFO, CHRO, General Counsel and business line leaders in the early days to understand the business more deeply. In general, the more access consultants have to company leaders in the first year, the more effective the onboarding will be.

***Best Practice:** One CHRO noted he asked the old and new consultants to do a “handover” meeting to ease the transition. Depending on the circumstances, this is an excellent way to onboard the new consultant and prepare them for success.*

**For more information on the process** of selecting an independent compensation consultant, contact Center On Executive Compensation President and CEO, Ani Huang at [ahuang@execcomp.org](mailto:ahuang@execcomp.org).

# Individuals Interviewed

## COMPENSATION COMMITTEE CHAIRS

**Kathleen “Katy” Barclay**, Five Below

**Mirian M. Graddick-Weir**, Booking Holdings, Inc.; Yum! Brands

**Nancy A. Reardon**, Big Lots Stores, Inc.; Signet Jewelers Limited

**David A. Rodriguez**, American Woodmark; Globe Life; SIOP Foundation

**Laurie A. Siegel**, Direct Relief; FactSet; Lumen Technologies

## CHROs AND HEADS OF TOTAL REWARDS

**Marc Howze**, Deere & Company

**Tracy Keogh**, Great Hill Partners

**R. Scott Matarese**, Bristol Myers Squibb

**Angela Santone**, AT&T

**Bala V. Sathyanarayanan**, Greif

## COMPENSATION CONSULTANTS

**Blair Jones**, Semler Brossy

**Ira Kay**, Pay Governance

**George Paulin**, Meridian

## METHODOLOGY

**This Guide is based on interviews conducted by** the Center On Executive Compensation of 13 Compensation Committee Chairs, CHROs, and Compensation Consultants of large companies across multiple sectors regarding their experiences, learnings and advice on the selection of an independent compensation consultant. We hope the Guide will be useful to new and experienced CHROs alike as a collection of insights and tips for helping shepherd and plan this process.

## ABOUT THE AUTHORS



### **Ani Huang**

President and CEO, Center On Executive Compensation  
Senior Vice President, HR Policy Association



### **Richard R. Floersch**

Senior Strategic Advisor, Center On Executive Compensation  
and HR Policy Association

## FURTHER READING

- [Listing Standards for Compensation Committees and Disclosure Regarding Compensation Consultant Conflicts of Interest](#), SEC, 2012

## APPENDIX

- [Executive Compensation Consultant Request for Proposal: Sample and Overview](#)
- [Performance Evaluation Criteria for Compensation Consultant](#)
- [Compensation Consultant Reference Checking: Sample Questions](#)

**In partnership with HR Policy Association, the Center On Executive Compensation is dedicated to** developing and promoting principles-based executive compensation, human capital management and corporate governance practices while advocating for public policies that best serve the interest of shareholders, employees and other corporate stakeholders.

**Led by Ani Huang, the Center On Executive Compensation functions as an** extension of your total rewards team, providing pertinent subject matter expertise as well as an independent perspective on all aspects of executive compensation, corporate governance, public policy and more. The Center utilizes a “high touch” approach to provide its members with timely research, current regulatory developments, and customized training. Our goal is to ensure that each member and their team has the knowledge, tools and confidence necessary to elevate performance and increase the effectiveness of their Compensation Committee and CEO.

**A Center premium membership is available exclusively to HR Policy members.** For a single annual fee, enjoy unlimited access to the Center’s essential benefits. Center members may also grant access to representatives from their organizations at no additional charge – from HR teams to in-house counsel and Corporate Secretary roles.

**To learn more about becoming a Center member,** please contact Christen Supplee at [csupplee@hrpolicy.org](mailto:csupplee@hrpolicy.org).



**Ani Huang**

President and CEO, Center On Executive Compensation  
Senior Vice President, HR Policy Association

## Executive Compensation Consultant RFP Sample and Overview

**Primary components of the RFP include:**

SECTION	DESCRIPTION
<b>Purpose</b>	A brief summary of the reason for the RFP and the general role the consultant will be expected to play.
<b>Company Profile</b>	An overview of the company, including key facts regarding size and industry and a link to the company website.
<b>Scope of Services</b>	A list of the services the consultant will be expected to provide. <i>The Center's template contains an extensive list of possible services drawn from actual RFPs used by members.</i>
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<b>Legal Disclaimers</b>	These will necessarily differ by company, but we have provided samples of the most common disclaimers included by members in recent RFPs.

[Company Logo]

[Company Name]

# **Request for Proposal Executive Compensation Consultant**

[Date]

## **I. Purpose**

The Compensation Committee of the Board of Directors of [Company Name] (“the Company”) is currently reviewing independent compensation consultants to serve as potential advisers to the Committee for its review and approval of executive compensation programs, pay practices and pay decisions for the CEO and named executive officers. *[Note: some companies may desire the committee’s consultant to provide review of executive compensation programs at a broader level, in addition to the CEO and named executive officers. Others may limit the review to the CEO and not include the NEOs. These expectations should be made clear at the start of the selection process to avoid potential misunderstandings.]*

The consultant will be retained solely by and provide services to the Compensation Committee. No work will be performed by the consultant for company management without the express approval of the Committee Chair, although the consultant may be required to coordinate with management on certain executive compensation matters as part of support provided to the Committee.

## **II. Company Profile**

*[Insert brief overview of the company including a link to the company’s website -- sample below]*

[Sunbright, Inc. *[not a real company]* is a leading producer of soft drinks based in Orlando, Florida. The Company is publicly held, employs approximately 25,000 employees and its most recent annual revenue was approximately \$5 billion. The Company is listed on the NYSE traded under the symbol SRB. For more information, including recent SEC filings, please visit our website at [www.sunbrightinc.com](http://www.sunbrightinc.com).]

## **III. Scope of Services**

As requested, the compensation consultant is expected to provide the following services to the Compensation Committee:

- Ongoing review and assessment of effectiveness of overall compensation philosophy, pay program design and management recommendations for the CEO and named executive officers
  - Evaluation of alignment of incentive programs to company performance
  - Evaluation of appropriateness of award levels, performance measures, and goals
  - Assessment of incentive plan risk
  - Advice on best practices regarding pay practices relative to market such as:
    - Executive employment agreements and severance provisions
    - Stock ownership and retention guidelines
    - Executive perquisites
- Assessment of competitiveness of compensation and benefit programs for the CEO and named executive officers versus industry peer group and broader general industry competitors



- Ongoing evaluation of appropriate peer group(s) for pay and performance
- Provision of market data where our company competes for market share and talent
- Assessment of risks with regard to proxy advisory firm recommendations and shareholder votes (say on pay, director elections, equity plans, shareholder resolutions) and suggestion of strategies to address adverse recommendations or investor concerns
- Proactive guidance on market trends, regulatory/legislative changes, and corporate governance trends
- Assistance and/or management of ad hoc projects and analyses as needed
- In-person or virtual attendance at regular and special Committee meetings
- In-person or virtual meetings with the Compensation Committee Chair prior to each meeting
- Review and input on draft and final materials distributed to the Committee such as agendas, presentations, program analyses and meeting minutes
- Liaise with HR or other Company staff prior to each Committee meeting to coordinate information provided to the Committee
- Review and input on the Compensation Discussion & Analysis for inclusion in the Company's proxy statement

**IV. Compensation Committee Calendar**

The Compensation Committee's annual operating calendar is as follows. The compensation consultant will be expected to attend each meeting, supplemented with a personal consultation prior to the meeting generally conducted virtually.

<b>Date</b>	<b>Location</b>	<b>Key Agenda Items</b>
<b>YEAR Compensation Committee Meetings</b>		
<b>YEAR+1 Compensation Committee Meetings</b>		

## V. Requirements for Consideration

The Compensation Committee requests a written proposal from each candidate seeking to be considered, including the following items.

Item	Requirement	Description
1.0	Executive summary	(1-2 pages) describing how your organization plans to provide the services set forth in this RFP to the Compensation Committee, including a full listing of services provided by your organization and the structure of the team you would propose to deliver these services.
2.0	Key Competencies	Description of the key competencies of your organization in providing executive compensation services and the characteristics that differentiate your organization from competitors.
3.0	Technical Resources	Detailed information regarding your technical resources, including database depth within the Company's industry and across general industry.
3.1	Technology Resources (if applicable)	If your organization does not maintain its own compensation database, please explain how you will acquire the necessary data to support the Committee. Please include a description of your ability to acquire compensation data outside the United States.
4.0	Applicable consulting experience & background	Description of the experience of your organization and lead consultant in providing similar services to companies comparable in industry, size and performance with the Company, with special note of companies that may be considered director competitors. Please include examples of experience working with growth companies or organizations with turnaround strategies, major reorganizations, separation plans or spin-offs. [ <i>customize to the company</i> ]
5.0	Thought Leadership	Description of thought leadership provided by your organization and/or lead consultant to influence and shape trends in executive compensation (e.g., affiliations, relationships, publications, speaking engagements, etc.).
6.0	Partnership	Examples of your firm's ability to work with management's compensation consultant on matters that may require mutual interaction or collaboration.
7.0	Overall Philosophy	In your opinion, what are the three biggest issues facing compensation committees with regard to executive compensation and how can you help us face these challenges? What are best practices are being used by leading compensation committees to monitor the effectiveness of reward programs? What is your philosophy in advising committees regarding prioritization of market data vs. internal considerations? Provide your assessment and comments on the Company's most recent proxy.

## **Additional Requirements**

### References and Sample Work Product

- Three references for the lead consultant from publicly-held clients for whom he/she has provided board level executive compensation services in the last year, including contact information.
- A list of your current key clients in our industry and peer group. [*Note: some companies may not allow their compensation consultant to provide any services to named competitors.*]
- Examples of deliverables your organization has developed for clients regarding executive compensation analysis, annual or long-term incentive design (it is not required that you name the specific companies for these examples).

### Service Details

- Biographical information on all consultants who would work with the Company, including contact information, project roles and office location.
- General fee structure, including hourly rates for the consultants assigned to this engagement, data charges, and an estimate of annual fees to be charged for the services described in this RFP.
- A sample of the consulting contract your firm utilizes for engagements similar to the work covered by this RFP, including confidentiality terms [*or key terms in the consultant contract*].

### Independence

- Full disclosure of the business and/or personal relationships your organization and/or individual consultants have with the Company and its officers or directors, including services provided to other companies or boards on which any of the Company's officers or directors serve as an officer or director.
- Description of policies and procedures your organization has in place to prevent conflicts of interest.
- Description of shares of Company stock owned by individual consultants in your organization, including number of shares and form of ownership.
- Description of any other actual or potential conflict of interest with the Company or any of its subsidiaries, officers, directors or other affiliates.
- Disclosure of what percentage of your firm's revenue is derived from compensation consulting and related services.
- Disclosure of what percentage of your firm's total annual revenue would be derived from providing annual services to the Company's compensation committee as estimated above.

## VI. Selection Process

<b>RFP Activity Description</b>	<b>Begin Date</b>	<b>End Date</b>
RFP Release Date		
Confirmation of "Intent to Respond"		
Consultant Questions Accepted		
RFP Responses Due		
Follow up (as required)		
Internal Team Review		
On-Site Interviews		
Final Selection		

## VII. Response Submission

Please provide proposals via email in Microsoft Word format to [email address] by no later than [DATE]. Two to three finalists will be selected based on thought leadership, relevant industry experience, and overall experience to meet with the Compensation Committee or the Committee Chair. The Committee intends to complete its review and select its consultant by [DATE].

*[Note: companies may choose to narrow the field of finalists by having HR and management (along with representatives from key departments such as Legal or Procurement) interview candidates using a set of consistent criteria and create a short list for the Committee to interview.]*

Responses to this RFP are due no later than the date and time listed within RFP schedule (Section A.III).

Consultant is responsible to ensure that the RFP response deadline is met. No exceptions or extensions will be allowed unless expressly stated in writing by the authorized Representative identified within this RFP. Responses received after the prescribed due date and time, without prior approval of an extension, may be disqualified from further consideration.

### **Format of Responses**

In order to facilitate evaluation of proposals, all proposals must be submitted in the format requested in this RFP. Company reserves the right to request additional information if clarification is needed. Incomplete or non-responsive proposals may be disqualified. Please limit your responses to 30 pages in length. In addition, you may submit examples of deliverables as an appendix.

### **VIII. Legal Disclaimers [Include all applicable legal disclaimers]**

The Compensation Committee reserves the right in its discretion without incurring any liability to modify or terminate this request for proposal at any time and to accept or reject any proposal for any reason. All expenses of your organization in responding to this request for proposal shall be the responsibility of your organization.

All information presented in this RFP and any information subsequently disclosed by the Company during the proposal process should be considered confidential. Information should not be released to other parties without the written consent of [Company Name]. All proposals submitted pursuant to this RFP will be kept confidential. The selected consulting firm will be required to sign a nondisclosure agreement.

# **Performance Evaluation Criteria for Compensation Committee's Compensation Consultant**

## **Sample Template**

Performance criteria are organized into four key areas of support generally provided by the executive compensation consultant:

- Engagement
- Technical Expertise and Partnership Skills
- Preparation and Accuracy
- Strategic Consultation Skills

The Committee should expect an independent executive compensation consultant to perform reasonably well in all areas listed. To assist with scoring the Committee's evaluation of the items on the checklist, we suggest the following scale:

- 1 = Did not meet expectations
- 2 = Met some expectations
- 3 = Fully met expectations
- 4 = Exceeded expectations

ENGAGEMENT	RATING
Consultant attended committee meetings as requested.	
Consultant attended pre-meeting sessions with committee chair as requested.	
Consulting team was available to meet with human resource staff regarding meeting material as directed by the committee chair.	
Consulting team was willing and able to deliver on ad hoc requests and special projects as expected.	
<b>Total Engagement Score</b>	

TECHNICAL EXPERTISE AND PARTNERSHIP SKILLS	RATING
Consultant demonstrated deep expertise and knowledge of executive compensation and governance practices.	
Consultant demonstrated a solid understanding of the business environment and related context.	
Consultant effectively engaged with the committee to help clarify issues, expand upon the data and offer insight into competitive practices.	
Consultant effectively engaged with management and the human resources staff to help clarify issues, expand upon the data and offer insights into competitive practices.	
Consultant utilized a balanced approach to help facilitate healthy discussion by providing insights intended to inform committee deliberations and decisions.	
Consultant provided not only insights regarding competitive practices but also helped determine which of the prevailing practices would support the company's business strategy, talent strategy and culture.	
<b>Total Expertise and Partnership Skills Score</b>	



PREPARATION AND ACCURACY	RATING
Consultant demonstrated a sound grasp of the material presented for committee review.	
Meeting material was accurate, free of errors and complete.	
Meeting material was provided to the committee sufficiently in advance of the meeting.	
Meeting material was well organized and clearly presented.	
<b>Total Preparation and Accuracy Score</b>	

STRATEGIC CONSULTATION SKILLS	RATING
Consultant provided forward looking advice and counsel as to emerging trends, developing legislative and regulatory actions, and a reasoned perspective as to the implications for the company.	
Consultant provided periodic updates on the latest legislative and regulatory developments and the potential impact on the company.	
Consultant provided helpful advice regarding proxy statement and other disclosures.	
Consultant was knowledgeable of investor views and voting policies and provided helpful input on the company's strategy for shareholder engagement.	
<b>Total Strategic Consultation Skills Score</b>	

**Comments / Feedback for Consultant**

*Add Comments*

# Compensation Consultant Reference Checking

## Sample Questions

### Relationship With Consultant

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- How long have you worked with this consultant? How closely do you work together and on what kinds of issues?
- Do you primarily use the consultant for data, or do you walk through tricky issues together?

### Consultant and Team

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- Do you feel the overall consultancy firm supports the consultant to make them stronger?
- How strong is the “Number Two” consultant and what is it like working with them?
- What about the rest of the team? Do you work directly with the consultant or are you typically handed off to the team?
- How does the consultant or their team work with your HR team?

### Consultant and the Board

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- Provide some examples of how the consultant manages the relationship between the Board and CEO.
- How about an example of when this consultant disagreed with management – how was that resolved?
- Can you provide examples of how the consultant showed creativity and innovation when solving a compensation issue with an NEO?
- How does this consultant manage providing information in difficult situations?

### Consultant Performance

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- Does the consultant consistently display transparency and integrity? Any examples?
- How often does the consultant meet deadlines for providing Management with its materials for mail-out?
- Is the consultant available for urgent issues? Can they turn requests around quickly?
- Do the consultants consistently attend Board meetings?
- Does the consultant have good relationships with key stakeholders such as ISS, Glass Lewis or major investors?