

Incentive Plan Designs to Address Economic Uncertainty

Widely Accepted Approaches

- Widen performance ranges
- Use a target range to earn 100% of target
- Adopt a relative metric
- 1H/2H annual incentive plan goals
- Incorporate less volatile performance measures
- Approve a pre-established list of adjustments to reported results when calculating incentives

Reasonable Approaches with Some Potential for Controversy

- Include strategic and/or qualitative objectives
- Add or increase time-vested restricted stock units (RSUs) to LTI mix
- Use three one-year goals established at the beginning of each year
- Use constant currency to set goals and determine performance
- Use commodity price neutral values to set goals and determine performance

Approaches that are Likely to Result in Significant Controversy

- Resetting performance targets during the performance period
- Granting 100% RSUs
- Using discretion to pay above target bonuses
- Special off-cycle awards not tied to performance