# "The Evolving Compensation Committee"

**Tuesday, July 10, 2018**

**Audio Archive**

Learn how to untangle the complex issues that compensation committees face in exercising their fiduciary duties against a backdrop of increased shareholder activism, potent proxy advisor policies, an active plaintiff's bar and heightened media scrutiny. You'll obtain practical guidance about the key steps to run a successful compensation committee. Join these experts:

- **Bindu Culas**, Managing Director, FW Cook
- **Blair Jones**, Managing Principal, Semler Brossy
- **Kyoko Takahashi Lin**, Partner, Davis Polk & Wardwell LLP


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**Liz Dunshee,** *Editor, CompensationStandards.com*: Hi, this is Liz Dunshee, Editor of CompensationStandards.com. Welcome to today's program: "The Evolving Compensation Committee."

I'll introduce our panel, who are together today in person in New York. We have Bindu Culas, Managing Director at FW Cook; Blair Jones, Managing Principal at Semler Brossy and Kyoko Takahashi Lin, who is a Partner at Davis Polk.

I'll turn it over to Kyoko to get started with the discussion of the current landscape for compensation committees.

## Relevance of ESG to Compensation Committees

**Kyoko Takahasi Lin**, *Partner, Davis Polk & Wardwell*: Thank you, Liz. We wanted to gather today to have this webcast because we've been experiencing, as many of you listening to this webcast have been experiencing, that the purview and responsibilities of the board generally has been expanding.

The focus has been and always remains the strategic oversight of the company in the exercise of the board's fiduciary duties towards shareholders. It's really that scope that's been changing and expanding, and the compensation committee has not been immune to those changes.

To give a sense as to some of the things that are going on, there have been changes in the regulatory environment for many companies. Environmental, social and governance issues - "ESG" issues - have become much more important for many companies.

There are other more discrete things happening which we'll talk about. More companies are receiving shareholder proposals. There is a greater interest as a general matter in diversity and inclusion issues.

For example, across the pond, companies with U.K. operations are being subject to gender pay equity disclosure requirements. Since last fall we have seen the impact of the #MeToo Movement, not only in entertainment but also in corporate America.

There has been a continuous focus on climate risks and also on human capital development. All of these issues have been impacting companies and causing companies to think long and hard about the governance implications for their boards and board committees.

It really stems from a notion of, "What is the corporate culture of these companies? How is that contributing to how the companies organize themselves and are being governed?" There's still a focus on the tone at the top. But companies are being held to standards where it's not just a culture of compliance, but cultural responsibility and inclusion and as other values that are becoming much more important.

While companies have always been focused on financial and other goals on behalf of shareholders, in the past it may not have been as important for companies to think about ESG issues and non-financial goals in the context of compensation

With changes in the macro environment, including things like changes in demographics, more companies are realizing that to remain profitable and successful as a corporation, they have to consider these things. That includes motivating their officers and other employees in these areas and mitigating risks.

I'll turn it you, Bindu, to flesh that out further.

## Shareholder Focus on ESG

**Bindu Culas**, *Managing Director, FW Cook*: Thanks, Kyoko.

All of the points that Kyoko has been making can fall in the category of "sustainable investing." In other words, how does a company create long term value for shareholders beyond just looking at financial metrics?

What's clear now is that that philosophy of sustainable investing is no longer a niche idea - it is now a greater than $22 trillion business. According to one study, $1 out of every $4 under professional management is now in this space.

The intensity of the recent growth has been driven by a fundamental shift in how investors and asset owners view environmental, social and governance factors, or "ESG" factors.

To step back, what is driving this momentum? There are a couple of things that are at play here. First, and probably most importantly, is that data and research are showing that companies with progressive ESG practices have good financial performance. Good ESG practices are positively correlated to financial performance and shareholder returns - and those companies tend to outperform their peers. That is a natural entry point to attract the attention of asset managers.

The second point to note is that institutional investors own approximately 70% of public company equity, and retail investors represent about 30%. And a big proportion of how institutional investors own their equity is in the form of index funds.

With any index fund, the investor is required to own the underlying constituent company shares regardless of whether or not they agree with the financial, operational or strategic direction of the relevant company. If you're in an index, you are stuck in the index and, unlike an active manager, you aren't able to express displeasure by simply selling the shares. Accordingly, index fund ownership is sometimes described as effectively being "permanent" capital: as long as a company is in the index, they will de facto be owned by the fund.

So, index fund providers like Vanguard and BlackRock have awoken to the fact that they can no longer simply be passive investors if they wish to achieve good long-term growth in the portfolio and provide strong returns for their clients. They are engaging more with the constituent companies to find additional levers to unlock long-term shareholder value. As Larry Fink said in this year's annual letter, which I'll discuss more in a moment, companies like BlackRock provide patient capital for long term success. They want the companies in which they invest to focus on sustainable, long-term growth - which he says includes making a positive contribution to society.

In addition, there are more activists on the scene lately. Although activists are typically viewed as short-term investors, they are now in the ESG space for a couple of reasons.

One is the ESG value proposition: they can unlock value in their target companies by improving particular ESG areas. Second, they are also finding that by having an ESG mindset, they can attract institutional investors as partners in their campaigns. And they need institutional investor support in order to accomplish

their goals. By pairing their activism with an ESG campaign, they may be able to get buy-in from powerful partners for other priorities that they may have.

That is all background and context for how we got to here. Let's also recap of some of the recent activities that have shaped the scene.

In September of last year, the New York City Comptroller's Office and the New York City Pension Fund announced their "Boardroom Accountability Project 2.0." That was an initiative to push for greater board diversity and transparency.

The New York City Comptroller wrote to 151 public companies within the pension fund portfolio, 80% which were S&P 500 companies, calling for the disclosure of a board matrix. They published a sample matrix, which was a table describing the skills, gender, race, ethnicity of individual directors on the board and then called for engagement with independent directors regarding board refreshment and bringing new points of view to the boardroom.

In January of this year, in a shot that was heard around the corporate world, Larry Fink of BlackRock sent aletter to the CEOs of all its portfolio companies, entitled "A Sense of Purpose."

I am going to read just a few excerpts from that letter which I think are very telling of what the world's largest asset manager - which has over $6 trillion in assets - is now calling on corporate America and corporations around the world to do. Here's what Larry Fink wrote:

> "Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate."

For those listeners who are economics majors, you will know that this turns the whole Milton Friedman theory of capitalism on its head, because the classic theory of capitalism is that the corporation exists solely for the benefit of shareholders.

Interestingly, nowhere in the letter does Larry Fink say he's not interested in profitability. Rather, I think what he is getting at is that for the long-term success of the company, these additional considerations need to be incorporated.

BlackRock said that it will also continue to emphasize the importance of a diverse board, and boards with a diverse mix of genders, ethnicities, career experiences and ways of thinking result in a better board mindset. In their proxy guidelines, BlackRock is calling for at least two women to be on public company boards.

Most tellingly he also stated in the letter that BlackRock is going to double the size of the investment stewardship team over the next three years to ensure that they have the resources for effective engagement.

In February of 2018, State Street sent letters to board chairs and lead directors at S&P 500 companies requesting that they evaluate and disclose their compliance with the six corporate governance principles outlined by the Investor Stewardship Group. State Street is calling for tangible displays of how companies are complying with it, because their research indicated that many S&P 500 companies were not complying in a meaningful way with those guidelines.

If State Street believes that a company is not adequately explaining its governance approach, it will hold the board accountable by either voting against the independent chair, the lead independent director, or the most senior independent director up for election.

In January of 2018 - and there's a postscript to this that happened in June - activist Jana Partners joined with CalSTRS (California State Teachers Retirement Fund) to send a letter to Apple. They asked Apple to provide greater parental controls over Apple devices because of perceived harm to children and teenagers who use Apple devices.

The wording that they included in the letter was very telling of the mindset of these investors. Here's an excerpt:

> "Increasingly today the gap between short-term and long-term thinking is narrowing on issues like public health, human capital management, environment protection, and more, and companies pursuing business practices that make short term sense may be undermining their own long-term viability."

The January letter concluded by inviting Apple to speak to members of Jana's Board of Advisors for new impact investing. (They are starting a new impact investing fund which includes Sting and Trudie Styler. So, you can see that there's star power behind some of these campaigns!)

On June 4, Jana and CalSTRS issued a new letter basically commending Apple, because Apple took steps to introduce parental controls. In the concluding sentence, they praised the "ethical leadership" of Apple and said they believe that ethical leadership is an important driver of long-term value.

A couple of other notes. This past April, CalPERS proposed revisions to its governance and sustainability principles to specifically include references to corporate culture and sexual harassment in the board responsibilities and human capital management sections.

CalSTRS has submitted letters to the SEC to request rules that would require settlements involving harassment to be reported to boards, and those that are material be publicly disclosed.

Glass Lewis announced that beginning in 2019 it will recommend against nominating committee chairs of Russell 3000 companies with all male boards unless they provide sufficient rationale or disclose a plan to address the lack of female directors.

ISS, for now, intends to flag companies with no women on the board, but that could change.

That was a quick summary of the ESG activity that went on in the background.

Now, I'll take a minute to recap the ESG proposals that were on the table for this past proxy season. Here are the highlights.

The number of ESG proposals were lower this year than in 2017, but the headline item is that nine proposals received majority support.

Eighteen other proposals on topics ranging from climate change to workplace diversity, health issues, political activities didn't receive majority of support, but they still received support in the 40% range, which is a notable percentage number for those kinds of proposals.

Topping the majority list were resolutions at two energy companies on how they report and prepare for a two centigrade limit on global warming under the Paris Accord. Then the other environmental proposals related to coal, methane, greenhouse and sustainability. The final two of the nine related to opioids and guns.

There were also a couple of interesting proposals linking ESG to compensation. Trillium Asset Management filed a proposal on sexual misconduct risk management at Nike.

The resolution, which asked the company to consider linking compensation metrics to improvements in corporate culture or diversity, was withdrawn after Nike committed to ongoing quarterly dialogue. There's a feeling that more such proposals could emerge in the future.

Trillium also asked Verizon Communications to report on the feasibility of linking executive compensation to cyber security and data privacy. Cyber security and data privacy often get caught within the ESG umbrella. That proposal got less than 12% support, but it shows that investors are focused on this topic.

ISS has a policy which says they will vote on a case-by-case basis on proposals to link executive compensation to ESG criteria and have a variety of factors they will consider.

To close out this area, E&Y puts out a report annually. Recently they put out their report where they spoke to 60 institutional investors representing over $32 trillion in assets. For 2018, the top five priorities that they discerned from that outreach are: board composition, with a focus on enhanced diversity; board level

expertise that is aligned with business goals; increased attention to climate risk and environment; enhanced attention to talent and human capital management; and compensation that is more aligned with performance and strategy.

In sum, investor voices are becoming prominent and loud and they are looking at ways to connect executive compensation to ESG goals. Compensation committees must face this. So, Blair, what is a compensation committee to do?

## ESG-Related Tasks for Compensation Committees

**Blair Jones**, *Managing Principal, Semler Brossy*. It's creating interesting discussion within the compensation committee, and then with the compensation committee and the board, on human capital and talent management issues.

Some of the more obvious ones are dealing with proposals that are coming through. There are three impacts that we're seeing more specifically.

One is thinking about new metrics. Should we have sustainability indices? Should we have metrics related to corporate culture and diversity? Should we be responsive in the way some of these shareholder proposals request?

Companies have done that in their individual components of annual bonuses. In most companies they haven't been prominent measures yet, so it is creating a lot of new discussions about determining the right role for those types of metrics and whether the company is designed to not only create value for shareholders but also to create positive change in the community. If those two things are intimately linked, then what does that mean for how we measure and reward those kinds of impacts? That is one area.

The second area is a whole new focus on talent. Compensation committees are the board committee that has the closest link to talent development. The ESG environment is bringing up new discussions of talent, particularly as we're looking at some of the new requirements, whether it's clawbacks, or as Kyoko mentioned, the reporting in the U.K. relating to gender pay equity.

It's really requiring the comp committee to take a different look at talent than it did before, because you're looking not only at what the outcomes of those efforts are, but what's driving those efforts. So they're considering the impact of the company's culture and the impact of the decisions the compensation committee and management are making, etc.

The third focus beyond talent, generally, is the focus I was alluding to of a broader population. The compensation committee has historically focused on just the top executives. These issues are really drawing it more broadly into the human capital management, particularly as shareholders ask more questions about that.

Look at what compensation committees have been doing. Several took on a talent mandate and did some work over the years of looking at leadership development efforts and diversity & inclusion. Also, they assisted with talent planning, either previewing the succession planning discussions that the full board would have, or dealing with talent planning for the executive team that the board would look at as a whole, or the population just below that executive team.

Now, the comp committees are having to look at those talent issues on a much broader level. They are looking at the types of talents the company is bringing into the organization; how the company is making decisions about the opportunities that it gives to people over time; what kinds of cultures are managers creating; and considering how to assess that culture throughout the organization. And they're looking at what risks all of these things might create.

Risk may have started in the audit committee. We talked about enterprise risk, but there's a place that the compensation committee is finding and a role for itself to spotlight those things within either compensation or talent decisions that might exacerbate business risk, as well as, taking a different lens to that.

All of this is causing the comp committee to go beyond its traditional accountability and look more broadly. Some of that's happening by default, because there isn't anywhere else for it to go.

One of the things that would be useful for us to discuss, and maybe Kyoko can lead us through it, boards need to not just let these things happen by default because the compensation committee's responsibilities relate to talent, but think about what belongs in the comp committee charter and what should be handled by the full board. And also, what role do directors have in this area as compared to management.

Some of this is uncomfortable for boards and management teams because it might change the dynamics if some of these things have traditionally been management responsibilities. By having the conversation and deliberately sorting out what are board responsibilities - and what are the comp committee responsibilities, specifically - could be very helpful.

## Committee Charter Implications

**Lin:** I think on that topic, there are the formal responsibilities that the compensation committee must go through. Each compensation committee is required under the listing standards to have a charter that outlines its responsibilities. Frankly, many of those responsibilities have been mandated by the listing exchanges themselves.

The real question is, are companies changing those committee charters to take into account these broader responsibilities? Blair, you were talking about these new responsibilities, which are being driven by some of the macro issues that Bindu referred to.

At this moment in time, we are beginning to see that. There are some companies that are on the vanguard. Companies that pride themselves on being on the leading edge of corporate governance development. But I haven't seen many companies make changes yet as an anecdotal matter. I've seen more, "Let's look, see and figure out what makes the most sense of what's going on." They are taking a fresh look at their compensation committee charters or are picking up the pen and thinking about it.

Even the timeline that Bindu outlined shows that while these things are taking on great prominence, they are still relatively new. Companies are still trying to figure out where the right place is to house some of these things.

For something like actual talent management, especially talent management that leads eventually to who is in the C-suite of the company, the right place for that seems like the compensation committee. If it's board diversity that we're talking about, the right place for that seems to be the nom and gov committee. I think companies are still thinking about it.

Frankly, one of the interesting things this demonstrates is that the board generally, and the compensation committee and other committees, must be nimble to think and consider developments as they occur. They must think about how to handle those at the board level - and also they must think about the kinds of issues they should be pushing the management to consider.

Again, obviously, there are classic things that they have to think about. What's the strategy of the company? How do we measure success? How do we get there? There is a real responsibility to shareholders to increase the profitability, the share price of the company - so none of those things can be forgotten in the mix of these expanding roles that we've talked about.

In that context, realizing that ESG factors impact the company's success in a broad way - as Bindu said, in a long-term, sustainable fashion - the compensation committee should also be thinking about the kinds of questions to ask on those topics.

The role of the board remains fundamentally an oversight role. It's really something where they are not running the day-to-day. That's the responsibility of management.

The recent developments in the financial services space, where there have been rules that have tried to more precisely articulate the distinct roles of the board and management, serves to underscore the fact that there is a difference in the role between those two bodies.

Nowadays you can't have a sleepy board. You can't have a board that's not asking questions, thinking about the broader picture and at least asking questions of management as to what the pipeline looks like.

For social issues like the #MeToo Movement, boards or compensation committees need to anticipate the risk to the company and ask, "What do our practices look like?" Hearing at the end of the day that there are no issues is not good enough. You must peel the layers and ask yourself what would happen if this kind of crisis or incident occurred.

One thing that we do see a lot more of, is simulated crisis exercises happening in companies and with boards. They are saying, "Okay let's pretend that a sexual harassment claim came against one of our executives or some corporate crisis along those lines happened, what would that actually look like? How would that play out?"

Or, "Let's pretend that a regulator came and told us that one of our incentive compensation plans was not working for whatever reason, and wasn't satisfying regulatory concerns, how would that begin to play out?"

We're seeing a lot more companies work through a playbook. It's not just high level, but something a company could begin to think about the steps they'd take.

Blair, I'm wondering if you've seen any of those exercises in the companies you advise? That's something that we've begun to see.

**Jones:** There's no question that's going on. Many of my comp committees have taken up the sexual harassment issue and talked about what the processes are if a question is raised and how that plays out.

They might also do some scenario planning around if we have issues around the CEO pay ratio. They're asking questions like, "What if something gets picked up on social media and it carries out, how are we going to respond? What's going to happen?"

Other risk scenarios include how other kinds of reputational types of issues might spiral through the organization. If there's a problem with the incentive plan, what are the stop gaps to deal with that?

You're right, it's a very important exercise for the board to have gone through and thought through. I guess it doesn't matter at some level whether that's in the official charter of the comp committee or not. I think what you're saying is it's going to take a while for some of this to sort out as to whether the board wants to delegate these things to the comp committee.

To the extent any of it is creating a risk for the organization or is important to the ability of the organization to create value, then the board does have an oversight responsibility and we need somebody to be asking those questions.

**Culas:** Blair, to pick up on your two points about talent and broader population, one of the biggest issues committees will face is how to manage millennials. Millennials are going to be 50% of the workforce by 2020.

They come to work with a whole different set of motivations and philosophies than the traditional labor force. How to motivate, incentivize and retain these millennials is going to be a very important responsibility, whether it's at the comp committee level or management responsibility.

**Jones:** That is a good point. It goes beyond what would have traditionally been in the comp committee in terms of making sure that you're complying with regulations, looking up benchmarking, etc.

It's really thinking deeply and philosophically about who we want to be and how we want to market ourselves to this population to both attract and retain them.

**Culas:** Yes. Another emerging shift for compensation committees is that have traditionally just had their top five U.S. executives and now they are dealing with global companies who have their top five and other senior talent all over the world. To your point about director and management roles, Kyoko, committees need to think globally, but manage regionally - because culture is different in different places.

For committees, they will have to think out of the box in terms of how you manage for local norms, how do you reward and incentivize on a local basis?

For example, I read that Starbucks was having a tough time when they launched in China. To enhance recruiting, they decided to provide health insurance for parents of their employees recognizing the cultural importance of parents. This was revolutionary and revelatory, .

In their press release, they talked about how this is aligned with their vision of recognizing parental contributions. It was a very local message.

As we think about committees and how they manage, this goes to the broader population. Thinking out of the box in terms of what is it that will motivate, retain and incentivize talent, because that is the core job of the compensation committee.

## Incorporating Expanded Responsibilities in Agendas

**Jones:** I'm sure as some people are listening to this conference they're wondering how in the world do you fit all this in.

I mean, you've already got, let's say, six committee meetings a year. And at two hours or 90 minutes per meeting, they're packed. How do you fit these agenda items in?

It gets back to something Kyoko said. First, we need to be smart about what resides where, but we also have to be smart about the role that the committee plays, that it is an oversight role. That we put those things into the committee calendar so that the committee sees what's happening and is able to get confidence that the right things are happening, but that we don't make the decision so deep that it just becomes paralyzing to the committee and they can't get their core work done.

One of the things that committees are going to need to do is to look at their committee calendar and ask whether and where these additional topics fit for them. If we need to talk about diversity and inclusion, if we need to talk about gender pay equity, if we need to spend more time on talent management, where can that fit in our calendar?

Some committees are putting it in specific meeting dates. So for instance, if they are a calendar year-end company, they're taking a summer meeting that might be a bit lighter and putting some of those agenda items there, or even the first meeting of the fall.

Others are doing it more as a regular update. So, they might have the CEO or the head of HR talk at the beginning or the end of the meeting to update on these different topics.

For example, if they're very interested in their processing around the gender pay equity issue, they don't want to vet every single compliance issue, but they want to know how the process is proceeding. So they're having management report and are asking, "How many anomalies have we picked up? What are our remediation efforts, and that those are being talked about more regularly at the ends of meetings as a topic that is important for them to stay apprised of?"

**Dunshee:** Blair, this is Liz. Are you seeing the compensation committees request that information? Or is this something that legal counsel or the compensation consultant is thinking proactively to bring up and suggest being added to the calendar or agenda?

**Jones:** Well, it's an interesting question, Liz. By and large, whether this is in the charter or not, a lot of this stuff is coming to the committee, but it's a mix of how it gets there.

If you take the gender pay equity issue for the moment, once it was reported in the U.K. then it's an important topic to talk to the committee about.

Whether it's the legal counsel, the consultant, or the chair of the committee because they've done it at their company, it comes up by someone saying, "We should look at that and we should talk about whether you think the way things are measured in the U.K. is the right way to do it or not, what questions does it raise."

Getting back to what you were raising, Bindu, about what philosophical questions should the committee be considering and how these broader ESG and cultural issues impact that, I know several companies also got motivated by seeing the stories around the sales force experience on gender pay equity.

The second way it's coming up is from legal counsel and comp advisors on risk reviews following the high-profile risk issues. I know that all of the advisors have been working with committees to make sure that they are not using the risk review exercise to be a five-minute exercise where you just say, "Do we have 200% cap on our incentive plans and do we have clawbacks?"

We are digging into the different plans we have. Asking, "Who do they apply to in the organization, what are the controls for vetting those, and what cultural messages are we sending through those?" Advisors are really pushing for more conversation around those topics.

**Dunshee:** Good, that's helpful. Thanks.

**Jones:** As I think about our conversation today, it's been very broad-ranging.

I mean, in some ways it's very exciting, because the compensation committee can play a very important role in responding to the environment that Bindu laid out with new requirements and requests from shareholders.

On the other hand, there's a lot of work to be done in terms of figuring out what the right way to approach all this is.

## Relationship Between Pay Metrics & ESG

**Dunshee:** On the cultural communication piece that you were mentioning, that's interesting too, because the metrics that the comp committee is choosing and the way they would play out via the levels of executive pay and pay ratio - all of that sends a message to the executive team and the employees about the company's values and priorities.

That's something that the comp committee should also be thinking about when they're considering the human capital management and the talent issues.

**Lin:** You are absolutely right, and I think companies are realizing that there's the issue of the employees and employee relations, but also recognizing as millennials, for example, are not only becoming a significant part of the labor force, they're also becoming a significant part of your consumer base.

This is a very highly motivated and communicative group of people where one thing happens, and it gets instantly broadcasted all over. Companies must be responsive about those kinds of things.

To one of the points that Blair made earlier, boards are doing a good thing in beginning to think more about these reputational considerations that the company must face. That has taken on importance in order, again, to be a successful company.

We can't forget that's the bottom line. To remain a successful, viable company going forward, companies can't stand still. They need to be thinking about what's coming down the pike.

One thing that's interesting is the point that has been made about metrics. Before, companies felt at least constrained by the requirements of 162(m). You had to have very objective, formulaic criteria.

You couldn't change them, whether for your long-term plan or short-term plan. Companies sometimes change them anyway, but you didn't see that much because they were focused on trying to preserve that tax deductibility and didn't want to seem like they were playing games or anything like that.

But now, with more focus on ESG factors, these aren't conventional metrics like TSR, cash flow or earnings per share, but in some ways they go more towards the fundamentals of a company and how it's run as a strategic matter.

In theory, at least, companies have greater flexibility in thinking about how to incentivize those fundamental goals. They still have to measure this, but what is the right way to measure the company's or management's progress against some of these other items?

**Culas:** That raises an interesting question, Kyoko, because when you talk about culture and all of these intangible aspirational goals that are important for a company, but not capable of being quantified, maybe a committee would like to use a scorecard approach where they give credit for things but it's not actually a specifically-scored metric like a financial metric.

There is an element of discretion that comes in to judging whether a scorecard factor has been achieved. Unfortunately, there's a clear desire by the proxy advisory firms for formulaic performance metrics.

Introducing these softer "culture" metrics are aligned with what Larry Fink, State Street and others want, and hopefully the proxy advisory firms will give bandwidth to implement them without penalizing for "discretionary application."

**Jones:** My thought is that they probably will if those metrics are introduced. You don't want to have them to check the box, because this is now the topic of the day. You want to do it because you feel like it helps communicate something important about your culture or something important about how you're going to create value for the future. If companies can approach that with focus and integrity, the openness of the different investment community players will be higher.

As we're wrapping up here, I'm struck that your compensation committee isn't the traditional compensation committee anymore. I think we're going to see some exciting times come forth.

The most important thing is that the board members and the management teams work together in good faith to make sure that most of these topics get the proper vetting and find proper placement within the conversation so all opportunities to create value for shareholders are pursued.

**Dunshee:** Excellent. Unless anyone has anything else to add, we can wrap up. Does anyone have any other points they want to make?

Thanks to our speakers. This was extremely informative, and thanks to everyone who joined us today.

**Jones:** Thank you so much.

**Culas:** Thank you.

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