

PERRIGO Co plc  
Form PRE 14A  
March 01, 2019  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant      Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**PERRIGO COMPANY PLC**

(Name of Registrant as Specified in Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(1) Title of each class of securities to which transaction applies:

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**NOTICE OF 2019 ANNUAL GENERAL MEETING**

**Friday, April 26, 2019**

**8:00 a.m. (GMT)**

**The 2019 Annual General Meeting (the AGM ) of Shareholders of Perrigo Company plc ( the Company or Perrigo ) will be held on Friday, April 26, 2019 at 8:00 a.m. (GMT) at The Westin Dublin, College Green, Westmoreland Street, Dublin 2, Ireland, The Guinea Room, to:**

1. Elect, by separate resolutions, ten director nominees to serve until the 2020 Annual General Meeting of Shareholders;
2. Ratify, in a non-binding advisory vote, the appointment of Ernst & Young LLP as the Company s independent auditor, and authorize, in a binding vote, the Board of Directors, acting through the Audit Committee, to fix the remuneration of the auditor;
3. Provide advisory approval of the Company s executive compensation;
4. Renew and restate the Company s Long-Term Incentive Plan;
5. Approve the creation of distributable reserves by reducing some or all of the Company s share premium;
6. Renew the Board s authority to issue shares under Irish law;
7. Renew the Board s authority to opt-out of statutory pre-emption rights under Irish law; and
8. Transact any other business that may properly come before the meeting.

Proposals 1 4 and 6 are ordinary resolutions requiring the approval of a simple majority of the votes cast at the meeting. Proposals 5 and 7 are special resolutions requiring the approval of not less than 75% of the votes cast. All proposals are more fully described in this Proxy Statement.

In addition to the above proposals, the business of the AGM shall include the consideration of the Company s Irish Statutory Financial Statements for the fiscal year ended December 31, 2018, along with the related directors and auditor s reports and a review of the Company s affairs.

If you plan on attending the meeting, you may obtain admission tickets at the registration desk immediately prior to the meeting. Shareholders whose shares are registered in the name of a broker, bank or other nominee should bring proof or certificate of ownership to the meeting.

While all shareholders are invited to attend the meeting, only shareholders of record on February 26, 2019 may vote on the matters to be acted upon at the meeting.

**Your vote is important. Please consider the issues presented in this Proxy Statement and vote your shares as soon as possible. To do so, you should promptly sign, date and return the enclosed proxy card or proxy voting instruction form or vote by telephone or Internet following the instructions on the proxy card or instruction form.**

**A shareholder entitled to attend and vote at the AGM is entitled, using the form provided (or the form in section 184 of the Irish Companies Act 2014), to appoint one or more proxies to attend, speak and vote instead of him or her at the AGM. A proxy need not be a shareholder of record.**

By order of the Board of Directors

Todd W. Kingma

*Executive Vice President, General Counsel*

*and Company Secretary*

March , 2019

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*We are once again pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their shareholders over the Internet. This e-proxy process expedites shareholders' receipt of proxy materials while reducing the costs and the environmental impact of our annual meeting. On or about March 1, 2019, we mailed to our beneficial owners and consenting shareholders of record a notice of internet availability of proxy materials containing instructions on how to access our proxy statement and Annual Report and how to vote online. All other shareholders will receive a paper copy of the proxy statement, proxy card and Annual Report by mail unless otherwise notified by us or our transfer agent. The notice of internet availability contains instructions on how you can (i) receive a paper copy of the proxy statement, proxy card and Annual Report if you only received a notice by mail or (ii) elect to receive your proxy statement and Annual Report over the Internet if you received them by mail this year.*

This Proxy Statement, the Annual Report on Form 10-K and Irish Statutory Financial Statements for the fiscal year ended December 31, 2018, are available at <http://www.viewproxy.com/perrigo/2019>.

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**Perrigo Company plc**

**Proxy Statement**

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The proxy statement, form of proxy and voting instructions are being mailed to shareholders starting on or about March , 2019.



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Here are highlights of important information you will find in this proxy statement. As this is only a summary, we encourage you to review the complete proxy statement before you vote.

**Our Annual Meeting***Logistics*

Date and Time	The Westin Dublin, College Green, Westmoreland Street, Dublin 2, Ireland, The Guinea Room
April 26, 2019 at 8:00 a.m. (GMT)	
Record Date	Shareholders on the close of business on the record date may vote on all matters.
February 26, 2019	

*Proposals*

<b>Resolutions Proposed for Shareholder Vote</b>	<b>Board Vote Recommendation</b>	<b>Page Reference for Additional Details</b>
1. Election of directors	FOR each nominee	46
2. Ratify, in a non-binding advisory vote, the appointment of Ernst & Young LLP as the Company's independent auditor, and authorize, in a binding vote, the Board of Directors, acting through the Audit Committee, to fix the remuneration of the auditor	FOR	52
3. Advisory vote on executive compensation	FOR	54
4. Renew and restate the Company's Long-Term Incentive Plan	FOR	55
5. Approve the creation of distributable reserves by reducing some or all of the Company's share premium	FOR	65
6. Renew the Board's authority to issue shares under Irish law	FOR	67
7. Renew the Board's authority to opt-out of statutory pre-emption rights under Irish law	FOR	68

**Governance**

- Annual director elections
- 9 of 10 director nominees are independent
- All committee members are independent
- Board of Directors is diverse in gender, ethnicity, experience and skills

- Regular Board refreshment
- Independent directors regularly meet in executive session
- Separate independent Chair and CEO roles
- Annual Board and committee assessments
- Robust stock ownership guidelines
- Majority voting for directors
- No shareholder rights plan
- Board level risk oversight
- Anti-hedging and anti-pledging policies
- Regular shareholder engagement

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### **Board Refreshment**

- Geoffrey M. Parker and Theodore R. Samuels were appointed to the Board in 2016, with Mr. Samuels beginning his service on January 4, 2017.
- Bradley A. Alford, Rolf A. Classon, Adriana Karaboutis, Jeffrey B. Kindler and Jeffrey C. Smith were appointed to the Board in 2017.
- Erica Mann is being recommended for election at this year's AGM, and after fifteen years of distinguished service, Laurie Brlas and Gary Cohen are coming off the Board.
- Average tenure: approximately 1.8 years as of the date of the AGM.

### **Executive Transition/Succession Planning**

The Board appointed Murray S. Kessler as President and Chief Executive Officer and a member of our Board in October 2018, following the resignation of Uwe Roehrhoff, who had served in those roles since January 2018, following the retirement of John T. Hendrickson.

### **2018 Performance Update<sup>1</sup>**

- Fiscal year 2018 was a year of transition as management and the Board of Directors took decisive action to improve our performance. Specifically, we:
  - Announced the appointment of Uwe Roehrhoff as President and CEO to evaluate the corporate portfolio;
  - Announced the appointment of Ronald L. Winowiecki as CFO, from acting CFO;
  - Announced the appointment of Rolf A. Classon as Chairman of the Board;
  - Announced that the Board of Directors unanimously approved the separation of the Rx business, pivoting Perrigo back to its consumer focus;
  - Expanded our growth strategy with Rx-to-OTC switches through a licensing deal for the OTC version of Nasonex®;
  - Announced the appointment of Murray S. Kessler as President and CEO to design and implement the strategy to transform the Company to a consumer-focused strategy and the evolution from a healthcare company to a self-care company; Mr. Kessler has over 30 years of experience in growing consumer products companies and managing businesses in regulated environments; and
  - Enhanced leadership with the addition of innovation and business intelligence leaders.
- Delivered net sales of \$4.7 billion and adjusted operating profit of \$0.9 billion.
- Increased investments in research and development ( R&D ) to enhance our new product pipeline as well as in advertising and promotion to drive net sales, which were up nearly 5% year-over-year; additional investments were made to address supply constraints.
- Consumer Healthcare International improved its adjusted operating margin to an annual record of 16% through new products and better selling, general & administrative ( SG&A ) efficiencies.
- Consumer Healthcare Americas delivered net sales growth of 1.4% year-over-year<sup>2</sup> driven by new products and net sales in the analgesics and dermatological categories.

Prescription Pharmaceuticals increased R&D investments by 18% as the team continued to identify attractive opportunities for new products.

<sup>1</sup> See Exhibit A for reconciliation of Adjusted (non-GAAP) to Reported (GAAP).

<sup>2</sup> On a constant currency basis and excluding animal health.

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- Achieved 102% operating cash flow conversion to adjusted net income and cash from operations of \$643 million.<sup>3</sup>
- Used balance sheet strength to repurchase approximately 5.1 million shares and pay approximately \$105 million in dividends.

**Compensation**

*Executive Compensation Principles*

- Perrigo’s executive compensation program is designed to attract, motivate and retain our executives, including our named executive officers, who are critical to our long-term success, and to ensure that pay is significantly performance-based.
- Highlights:

<b>What We Do</b>	<b>What We Do Not Do</b>
Place a significant emphasis on variable, at-risk, performance-based pay	Permit hedging or pledging of Perrigo stock
Directly align total reward with shareholder returns through long-term performance	Provide significant perquisites
Include clawback provisions in our incentive agreements	Reprice options
	Provide single trigger change in control cash severance benefits
Have rigorous stock ownership guidelines	
Use an independent compensation consultant	
Conduct independent annual risk assessments	

*Program Design*

- Primary elements include base salary, annual cash incentive and long-term incentive compensation.
- A substantial portion (greater than 70%, on average) of our executive compensation is performance-based and at-risk.
- Program is weighted toward long-term equity awards rather than short-term cash compensation to further align interests of executives and shareholders.

<sup>3</sup> Cash flow conversion to adjusted net income and cash from operations excludes a \$50 million payment for Nasonex® OTC.



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### *2018 Compensation*

- For 2018, base salaries for named executive officers were increased for the first time since 2016, following a solid financial performance in 2017.
- While the performance of the Company in 2018 was disappointing and not where we expected it to be, our pay-for-performance model reflected that reality – both our annual incentive bonus and long-term incentive payouts were below target and well below historic levels:

Consistent with our pay-for-performance model, and aligned with the performance of the Company in 2018, the Corporate bonus formulaic payout was at 64.7% of target.

Based on our 2018 ROTC of 33.7%, the 2018 tranche of ROTC performance-based equity compensation vested at 0% of target. The ROTC-PSUs are operating as intended and, aligned with the interests of shareholders, provided zero vesting credit for both 2016 and 2018. This resulted in a total three-year payout for the 2016-2018 ROTC PSUs at 58% of target shares, just above threshold.

- In 2018, named executive officers were granted annual long-term incentive ( LTI ) awards, which were allocated 50% to PSUs that may be earned based on achievement of return on tangible capital ( ROTC ) goals over three years, 20% to PSUs that may be earned based on our relative rTSR performance versus peers over three years, and 30% to stock options vesting over three years.
- Executive officers received a one-time special retention LTI award in 2018 upon the transition of Murray S. Kessler as CEO.

### **Questions and Answers and Voting Information**

Please see the Questions and Answers and Voting Information section beginning on page 71 for important information about voting, the proxy materials, and deadlines for submitting shareholder proposals and director nominees for the 2020 Annual General Meeting of Shareholders. Additional questions may be directed to Perrigo Company plc, Attn: General Counsel, Sharp Building, Hogan Place, Dublin 2, D02 TY74, Ireland or [GeneralMeeting@perrigo.com](mailto:GeneralMeeting@perrigo.com).

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**Corporate Governance**

**General**

We manage our business under the direction of our Board of Directors. The Chief Executive Officer ( CEO ) is a member of, and reports directly to, our Board, and members of our executive management team regularly advise our Board on those business segments for which each executive has management responsibility. Our Board is kept informed through discussions with our CEO and other officers, by reviewing materials provided to them, by visiting our offices and by participating in Board and committee meetings.

**Corporate Governance Guidelines**

The Board of Directors has adopted Corporate Governance Guidelines that are available on our website (<http://www.perrigo.com>) under the heading Investors Corporate Governance Governance Guidelines. The Board may amend these guidelines from time to time. We will mail a copy of these guidelines to any shareholder upon written request to our Company Secretary, Todd W. Kingma, at Sharp Building, Hogan Place, Dublin 2, D02 TY74, Ireland or by email at [GeneralMeeting@perrigo.com](mailto:GeneralMeeting@perrigo.com). As part of our ongoing commitment to corporate governance, we periodically review our corporate governance policies and practices for compliance with the provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations of both the U.S. Securities and Exchange Commission ( SEC ) and the NYSE.

**Code of Conduct**

Our Code of Conduct acknowledges that a reputation for ethical, moral and legal business conduct is one of Perrigo s most valuable assets. In addition to acknowledging special ethical and legal obligations for financial reporting, the Code requires that our employees, officers and directors comply with laws and other legal requirements, adhere to our policies and procedures, avoid conflicts of interest, protect corporate opportunities and confidential information, conduct business in an honest and ethical manner and otherwise act with integrity and in Perrigo s best interest. Our Code of Conduct is available on our website (<http://www.perrigo.com>) under the heading Investors Corporate Governance Code of Conduct, and we will promptly post any amendments to or waivers of the Code on our website. We will mail a copy of our Code of Conduct to any shareholder upon request to our Company Secretary, Todd W. Kingma, at Sharp Building, Hogan Place, Dublin 2, D02 TY74, Ireland, or at [GeneralMeeting@perrigo.com](mailto:GeneralMeeting@perrigo.com).

**Director Independence**

Our Corporate Governance Guidelines provide that a substantial majority of our directors should meet NYSE independence requirements. A director will not be considered independent unless the Board of Directors determines that the director meets the NYSE independence requirements and has no relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Based on its most recent annual review of director independence, the Board of Directors has determined that ten of our current eleven directors are independent, including Bradley A. Alford, Laurie Brlas, Rolf A. Classon, Gary M. Cohen, Adriana Karaboutis, Jeffrey B. Kindler, Donal O Connor, Geoffrey M. Parker, Theodore R. Samuels and Jeffrey C. Smith. The Board has also determined that director nominee Erica L. Mann is independent. Murray S. Kessler is not independent under these standards because he is currently serving as an officer of Perrigo.



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In making its independence determination, the Board of Directors has broadly considered all relevant facts and circumstances and concluded that there are no material relationships that would impair these directors' independence.

### **Board Oversight of Risk**

While management is responsible for day-to-day risk management, the Board of Directors is responsible for the overall risk oversight, and the Audit Committee is responsible for the overall framework for the risk assessment and enterprise risk management process for the Company. The Board's committees take the lead in discrete areas of risk oversight when appropriate. For example, the Audit Committee is primarily responsible for risk oversight relating to financial statements, the Remuneration Committee is primarily responsible for risk oversight relating to executive compensation and the Company's compensation policies and practices, along with corporate culture and diversity, and the Nominating & Governance Committee is primarily responsible for risk oversight relating to corporate governance and cybersecurity, along with sustainability and environmental matters. These committees report to the Board of Directors on risk management matters.

Management periodically presents to the Board of Directors its view of the major risks facing the Company, which may include a dedicated enterprise risk management presentation. Matters such as risk appetite and management of risk are also discussed at this meeting. In addition, risk is regularly addressed in a wide range of Board discussions, including those related to segment or business unit activities, specific corporate functions (such as treasury, intellectual property, capital allocation and taxation matters), acquisitions, divestitures and consideration of other extraordinary transactions. As part of these discussions, our directors ask questions, offer insights and challenge management to continually improve its risk assessment and management. The Board has full access to management as well as the ability to engage advisors to assist the Board in its risk oversight role.

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The following chart provides a summary overview of key areas of risk oversight for the Board and management.

**Board of Directors**

Oversees Major Risks

Strategic and Competitive   Financial   Brand and Reputational   Legal and Regulatory  
Operational   Cybersecurity   CEO Succession Planning

**Management**

Key Risk Responsibilities

· Business units identify and manage business risks

· Central functions design risk framework, including setting boundaries and monitoring risk appetite

· Internal audit provides independent assurance on design and effectiveness of internal controls and governance practices

**Board Leadership**

Our governance documents provide the Board with flexibility to select the appropriate leadership structure for the Company. In making leadership structure determinations, the Board considers many factors, including the specific

needs of the business and what is in the best interests of the Company's shareholders.

Our current leadership structure consists of a separate Chairman of the Board and Chief Executive Officer, and strong, active independent directors. The Board believes that the Company and its shareholders are well-served by this leadership structure at this time. In addition, having three independent Board Committees chaired by independent directors provides a formal structure for strong, independent oversight of the President and Chief Executive Officer and the rest of the Company's management team.

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### **Chairman of the Board**

In May 2018, the Board appointed Rolf Classon as Chairman of the Board. Previously, between August 2003 and April 2016, the Board of Directors appointed an independent director to serve as lead independent director. In April 2016, the Board decided to separate the roles of the Chairman of the Board and Chief Executive Officer and appointed Laurie Brlas as Chairman of the Board, which eliminated the need for a lead independent director. Ms. Brlas served as Chairman of the Board until May 2018.

The role of the Chairman includes:

- presiding at all Board meetings, including executive sessions of the independent directors;
- serving as a liaison between the CEO and the independent directors, including being responsible for communicating with the CEO regarding CEO performance evaluations and providing feedback from the independent director sessions;
- having the authority to call meetings of the independent directors; and
- approving Board meeting agendas and schedules to assure there is sufficient time for discussion of all agenda items.

The Chairman is selected from those Perrigo directors who are independent and who have not been a former executive officer of Perrigo. The Chairman position is for an initial term of three years, subject to annual reviews by our Nominating & Governance Committee, annual re-election of that director at the intervening AGMs, and an annual appointment by the independent directors.

### **Shareholder Engagement**

We believe that ongoing, transparent communication with our shareholders is critical to our long-term success. We have a robust shareholder engagement program, and we regularly communicate with our shareholders through a number of forums, including quarterly earnings presentations, investor conferences, securities filings, phone calls, plant tours and individual meetings. During 2018, we engaged in meaningful dialogue with many of our top shareholders, as well as numerous other current and prospective shareholders, on topics such as our business performance and overall corporate strategy, capital allocation, industry and market trends, corporate governance, M&A strategy and executive compensation. Our shareholders have provided us with valuable feedback and external viewpoints that inform the way we think about our business and strategy, and we are committed to a continuing dialogue.

### **Anti-Hedging and Anti-Pledging Policies**

Our insider trading policy prohibits executive officers and directors of the Company from trading in options, warrants, puts and calls or similar instruments on Company securities and holding Company securities in margin accounts, as well as from pledging Company securities as collateral for a loan. In addition, the policy prohibits Company directors and all employees, including executive officers, from selling Company securities short, engaging in short sales against the box, and entering into hedging or monetization transactions or similar arrangements with respect to Company securities.

### **Corporate Social Responsibility**

We are committed to doing business in a responsible and ethical manner. We have a long history of environmentally sound and efficient operations, safe and healthy working conditions, active

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engagement in the communities where we are located and strong corporate governance. As reflected in our Corporate Social Responsibility (CSR) Commitment Statement, we remain committed to:

- Making lives better by bringing quality, affordable self-care products that consumers trust everywhere they are sold;
- Strong corporate governance;
- Complying with regulatory and legal requirements;
- Demonstrating environmental stewardship;
- Continuously improving packaging sustainability;
- Protecting human rights of our global employees and challenging our partners to do the same;
- Diversity of thought, experience and perspective;
- Providing a safe and healthy work environment for our employees; and
- Establishing effective community partnerships.

Through these efforts, we strive to minimize our impact on the environment, drive responsible business practices, and ensure the welfare of our employees and the communities in which we operate. To view our annual progress on these commitments, or for more information regarding our CSR program please visit our website and/or download our annual CSR report at <https://www.perrigo.com/believe/responsibility.aspx>.

## **Board of Directors and Committees**

Perrigo's Board of Directors met 15 times during 2018. The Board of Directors has standing Audit, Remuneration and Nominating & Governance Committees, and there were a total of 30 committee meetings during 2018. Each director attended at least 75% of the regularly scheduled and special meetings of the Board and Board committees on which he or she served during 2018.

We encourage all of our directors to attend our annual general meetings, and all directors then serving participated in the AGM in 2018.

The Board has adopted a charter for each of the Audit, Remuneration and Nominating & Governance Committees that specifies the composition and responsibilities of each committee. Copies of the charters are available on our website (<http://www.perrigo.com>) under Investors Corporate Governance Committees and are available in print to shareholders upon request to our Company Secretary, Todd W. Kingma, Sharp Building, Hogan Place, Dublin 2, D02 TY74, Ireland, or [GeneralMeeting@perrigo.com](mailto:GeneralMeeting@perrigo.com).

### **Audit Committee**

During 2018, the Audit Committee met 17 times. The Audit Committee currently consists of the following independent directors: Donal O'Connor (Chair), Laurie Brlas and Geoffrey M. Parker.

The Audit Committee monitors our accounting and financial reporting principles and policies and our internal controls and procedures. It is directly responsible for the compensation and oversight of the work of the independent registered public accounting firm in the preparation and issuance of audit reports and related work, including the resolution of any disagreements between management and the independent registered public accounting firm regarding financial reporting. It is also responsible for overseeing the work of our internal audit function. Additional information on the committee and its activities is set forth in the Audit Committee Report on page 45.



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As noted above, one of the Audit Committee's responsibilities is to oversee the Company's internal control over financial reporting. During 2016, management identified several material weaknesses in our internal controls over financial reporting and, as discussed in our Annual Report on Form 10-K for fiscal 2017, determined the weaknesses related to our income tax accounting processes continued to exist as of December 31, 2017. Since identifying these control deficiencies in 2016, with oversight from the Audit Committee, we took significant steps to remediate our internal control deficiencies in income taxes by redesigning our controls, many of which operated for the first time at December 31, 2017. Our efforts consisted primarily of strengthening our tax organization and designing a suite of controls related to the components of our income tax process, including valuation allowances, uncertain tax positions and non-routine events and transactions, to enhance our management review controls over income taxes. The key remediation actions taken included:

- Reviewing our income tax processes and controls and enhanced the overall design and procedures performed in calculating our income tax provision on an interim and annual basis;
- Significantly strengthening our tax capabilities through a combination of key new hires and providing additional resources;
- Re-designing our management review controls and enhanced the precision of review around the key income tax areas; and
- Demonstrating consistent operating effectiveness of our management review controls over income taxes over a number of quarterly periods.

We believe our remediation efforts have strengthened our internal control over financial reporting. As described in our Annual Report on Form 10-K for fiscal 2018, the weaknesses have been remediated and our internal controls over financial reporting are effective as of December 31, 2018.

The Board of Directors has determined that each member of the Audit Committee (1) meets the audit committee independence requirements of the NYSE listing standards and the rules and regulations of the SEC and (2) is able to read and understand fundamental financial statements, as required by the NYSE listing standards. The Board has also determined that Donal O' Connor, Laurie Brlas and Geoffrey M. Parker have the requisite attributes of an audit committee financial expert under the SEC's rules and that such attributes were acquired through relevant education and work experience.

## **Remuneration Committee**

During 2018, the Remuneration Committee met 7 times. The Remuneration Committee currently consists of the following independent directors: Jeffrey B. Kindler (Chair), Bradley A. Alford and Theodore R. Samuels.