Triodos Investment Management

OWENS CORNING

MEETING DATE	Thu, 18 Apr 2019 10:00 am	TYPE	AGM	ISSUE DATE	Tue, 09 Apr 2019
MEETING LOCATION	Jones Day, 250 Vesey Street, New York, New York 10281				
CURRENT INDICES	PIRC Global				
SECTOR	Asphalt felts and coatings				

	PROPOSALS	ADVICE
1A	**Elect Adrienne D. Elsner** Independent Non-Executive Director.	**For**
1B	**Elect J. Brian Ferguson** Independent Non-Executive Director. He is chair of the Audit committee which is not fully independent which Triodos does not support.	**Oppose**
1C	**Elect Ralph F. Hake** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**For**
1D	**Elect Edward F. Lonergan** Independent Non-Executive Director. He is chair of the Remuneration committee which is not fully independent which Triodos does not support.	**Oppose**
1E	**Elect Maryann T. Mannen** Independent Non-Executive Director.	**For**
1F	**Elect W. Howard Morris** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**For**
1G	**Elect Suzanne P. Nimocks** Independent Non-Executive Director.	**For**
1H	**Elect Michael H. Thaman** Former CEO & Chairman. Following the AGM, Mr Thaman will be Executive Chairman. It is a generally accepted norm of good practice that the Chairman of the Board should act with a proper degree of independence from the Company's management team when exercising his or her oversight of the functioning of the Board. Holding an executive position is incompatible with this. Triodos opposes this resolution.	**Oppose**
1I	**Elect John D. Williams** Independent Lead Director.	**For**
2	**Appoint PwC as the Auditors** PwC proposed. Non-audit fees represented 7.85% of audit fees during the year under review and 8.06% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.	**Oppose**

2 Advisory Vote on Executive Compensation **Oppose**

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. Restricted awards make up a significant portion of the long-term incentives and therefore the scheme does not link pay to performance. Restricted Stock generally vests at a rate of 25% per year over a four-year period, which is against best practice. Return on Capital-based Performance Share Units (ROC PSUs) and Total Shareholder Return-based Performance Share Units (TSR PSUs) generally vest after the completion of the three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure.

Potential severance awards are considered to be excessive. The Compensation Committee has full discretion to accelerate the vesting of awards upon a change of control, which is a concern. The Company does not have an appropriate clawback policy in place as it only allows for the recoupment of payment if in the event of misconduct by an officer.

The compensation rating is: BCD

Triodos opposes this resolution.

3 Approve the Owens Corning 2019 Stock Plan **Oppose**

The proposed plan will replace the Owens Corning 2016 Stock Plan. The Plan provides for participation by employees, management and non-employee directors and authorises grants of stock options, stock appreciation rights (SARs), stock awards (including restricted stock awards, restricted stock units and bonus stock awards), performance share awards and performance share units. The Compensation Committee has the authority to identify those employees and non-employee directors to whom awards will be granted and the type, amount and other terms of each award. Although the Plan allows the Compensation Committee to make awards generally to any Company non-employee director, and any employee of the Company and its subsidiaries, it is anticipated that awards will generally be made to approximately 400 management employees of the Company and its subsidiaries (out of approximately 20,000 total employees) and 9 non-employee directors annually. The basis for participation in the Plan by eligible persons is the selection of such persons by the Compensation Committee in its discretion.

The Plan is presented as an omnibus plan, which means that bundled within the same official plan there are various incentive plan elements aimed at rewarding different groups of employees, officers and executives. However, it is noted that the Compensation Committee retains the power to select employees to receive awards and determine the terms and conditions of awards (and also note that 'management employees' appear most likely to be the principal beneficiaries of the Plan).

Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: B- Annual incentives are delivered through the annual Corporate Incentive Plan (CIP). Incentive awards for the NEOs are based 75% on corporate performance measures and 25% on individual performance measures. The corporate component is earned based upon the achievement of pre-determined financial goals, such as Adjusted EBIT. There are concerns over the use of adjusted measures, as this does not permit an assessment on the challenging nature of performance targets.

The long-term incentive programme (LTI) is an equity-based programme that has a combination of Restricted Stock, Stock Options and Performance Share Units. The aggregate LTI award's total value is allocated 40% to Restricted Stock, 35% to ROC PSUs, and 25% to TSR PSUs.

Balance: C- Restricted awards make up a significant portion of the long-term incentives and therefore the scheme does not link pay to performance. Restricted Stock generally vests at a rate of 25% per year over a four-year period, which is against best practice. Return on Capital-based Performance Share Units (ROC PSUs) and Total Shareholder Return-based Performance Share Units (TSR PSUs) generally vest after the completion of the three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure.

Contract: D- The Company maintains a supplemental executive retirement plan for the benefit of certain officers; which is not in line with best practice. Potential severance awards are considered to be excessive. The Compensation Committee has full discretion to accelerate the vesting of awards upon a change of control, which is a concern. The Company does not have an appropriate clawback policy in place as it only allows for the recoupment of payment if in the event of misconduct by an officer.

Disclosure: B -
Balance: C -
Contract: D

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