BE IT RESOLVED, shareholders of Equifax Inc. (the "Company") urge the Compensation Committee of the Board of Directors to adopt a policy to use generally accepted accounting principles ("GAAP") when evaluating performance for purposes of determining senior executive compensation. The policy should be implemented in a way that does not violate any existing contractual obligation of the Company or the terms of any compensation or benefit plan.

SUPPORTING STATEMENT: As shareholders, we believe that senior executives should be held accountable for the performance of the Company. We are concerned that the use of non-GAAP financial metrics for executive compensation benchmarks can undermine the connection between pay and performance. In our view, excluding certain costs from financial performance goals can also create perverse incentives for executives and lead to executive pay inflation.

Our Company has used "Corporate Adjusted EPS," a non-GAAP performance metric, for its senior executives' annual cash incentive goals. (2017 Company Proxy Statement, page 31) In 2016, our Company reported $5.52 in diluted EPS after adjustments, compared with GAAP diluted EPS of $4.04, by excluding certain acquisition related expenses, accruals for legal claims, and tax impact of adjustments. (2016 Company Annual Report, page 74) In other words, the Company's non-GAAP adjusted EPS calculation was 37 percent higher than its GAAP EPS.

During the third quarter of 2017, our Company recorded $87.5 million ($59.3 million, net of tax) for expenses related to the Company's cybersecurity breach. However, the Company excluded these costs related to the cybersecurity breach from its adjusted net income. The Company's GAAP-reported earnings were $96.3 million for the third quarter of 2017, almost 50 percent less than the Company's adjusted net income figure of $185.9 million for the quarter. (Company Website, Non-GAAP Financial Measures, Q3 2017, available at https://investor.equifax.com/financial-information/non-gaap-financial-measures)

In our opinion, it is inappropriate for our Company to exclude the cost of the cybersecurity breach from its executive pay calculations. Our Company's stock price fell 35 percent after it disclosed that the personal financial data of millions of consumers had been hacked on the Company's computer servers. (Gretchen Morgenson, "Consumers, but Not Executives, May Pay for Equifax Failings," The New York Times, September 13, 2017, available at https://www.nytimes.com/2017/09/13/business/equifax-executive-pay.html)

More generally, the use of non-GAAP financial metrics for compensation determinations can lead to executive pay inflation. It is our belief that this use of non-GAAP financial metrics can tilt the scales to unduly help executives achieve their performance benchmarks. For example, approximately two-thirds of S&P 500 companies reported adjusted earnings exceeding their GAAP income in 2015. (Robert Pozen and S.P. Kothari, "Decoding CEO Pay," Harvard Business Review, August 2017, available at https://hbr.org/2017/07/decoding-ceo-pay)

For these reasons, we urge shareholders to vote FOR this resolution.

[1] https://corpgov.law.harvard.edu/2015/08/05/corporate-investment-in-esg-practices/
[2] https://feedingourselvesthirsty.ceres.org