EQUIFAX INC
Form DEF 14A
March 20, 2015
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 (Amendment No. __)

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

Check the appropriate box:
Preliminary Proxy Statement
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Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material under §240.14a-12

EQUIFAX INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

1550 Peachtree Street, N.W.

Atlanta, Georgia 30309

www.equifax.com

Dear Shareholders:

You are cordially invited to attend the 2015 Annual Meeting of Shareholders of Equifax Inc. As in prior years, we will meet to consider important matters affecting our Company. Whether or not you plan to attend the meeting, I encourage you to review the enclosed information and vote your shares. I am proud of what Equifax has accomplished and excited about the momentum we have created for the future. Our continued investments in game-changing analytics capabilities, combined with strengthened execution rigor in our enterprise growth initiatives and our reinvigorated new product development program, position us to accelerate growth and provide innovative solutions to our customers.

By most measures, 2014 was another year of extraordinary performance for Equifax. Solid execution across our business units drove strong earnings and revenue growth, which resulted in outstanding shareholder returns:

- Diluted earnings per share from continuing operations rose by 10%.
- Revenue from continuing operations increased 6%.
- Total shareholder return increased by 35% more than the S&P 500 Index. Our stock price has increased 233% compared to 95% for the S&P 500 Index from September 2005, when I joined the company, through 2014.
- Dividends per share increased by 14% and we returned a total of $423 million to our shareholders ($121 million in dividends and $302 million in share repurchases).

In February 2015, we announced an additional 16% increase in the quarterly dividend to $0.29 per share.

Across the Company there were many notable accomplishments. We strengthened our domain and vertical expertise, particularly in Auto and Mortgage. We continued to grow The Work Number® employee records database and we deepened our penetration of Decision360® solutions to customers. We integrated our Commercial and Consumer businesses in the U.S. and Canada and made excellent progress in growing our Emerging Markets businesses. We created heightened internal rigor and capabilities around compliance and security.

As always, we value your ongoing participation and support of Equifax, and we are committed to delivering world-class performance, outperforming our peers and creating sustainable long-term value for our shareholders.

Sincerely,

Richard F. Smith

Chairman and Chief Executive Officer

March 20, 2015

1550 Peachtree Street, N.W.

Atlanta, Georgia 30309

Notice of 2015 Annual Meeting of Shareholders

May 1, 2015

9:30 a.m. Eastern Daylight Time (doors open at 8:30 a.m.)

Equifax Worldwide Headquarters, 1550 Peachtree Street, N.W., Atlanta, Georgia 30309

AGENDA:

1. Election of the ten director nominees listed in the Proxy Statement.
2. Ratification of appointment of Ernst & Young LLP as Independent Auditor for 2015.
3. An advisory vote to approve the compensation of our named executive officers.
4. Other business if properly raised.

If you owned shares of Equifax Common Stock at the close of business on March 4, 2015, you are entitled to vote at the meeting either in person or by proxy. Proxies in the form furnished are being solicited by the Board of Directors of Equifax Inc. for this meeting.

YOUR VOTE IS VERY IMPORTANT. PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. Most shareholders have a choice of voting over the Internet, by telephone or by using a traditional proxy card. Please refer to the enclosed proxy materials or the information forwarded by your bank, broker or other holder of record to see which voting methods are available to you.

This year we will again seek to conserve natural resources and reduce costs by electronically disseminating annual meeting materials, as permitted by the Securities and Exchange Commission. Many shareholders will receive a Notice of Internet Availability of Proxy Materials with instructions for accessing these materials via the Internet. You can also receive, upon request, a copy of the proxy materials by mail if you prefer. All shareholders who have previously requested paper copies of our proxy materials will continue to receive a paper copy of the proxy materials by mail. Proxy materials or a Notice of Internet Availability were first sent to shareholders beginning on March 20, 2015.

For security reasons, please be prepared to show photo identification. If you need special assistance because of a disability, please contact our Office of Corporate Secretary, Equifax Inc., P.O. Box 4081, Atlanta, Georgia 30302, or telephone (404) 885-8000.

By order of the Board of Directors,

Dean C. Arvidson

March 20, 2015 *Senior Vice President and Corporate Secretary*

REVIEW YOUR PROXY STATEMENT AND VOTE IN ONE OF FOUR WAYS:

VIA THE INTERNET Visit the website listed on your proxy card	**BY MAIL** Sign, date and return your proxy card in the enclosed envelope
BY TELEPHONE Call the telephone number on your proxy card	**IN PERSON** Attend the Annual Meeting and vote in person

ELECTION TO RECEIVE ELECTRONIC DELIVERY OF FUTURE ANNUAL MEETING MATERIALS.
You can expedite delivery and avoid costly mailings by confirming in advance your preference for electronic delivery. For further information on how to take advantage of this cost-saving service, please see page 67 of the Proxy Statement.

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PROXY SUMMARY

This summary highlights information contained elsewhere in our Proxy Statement. The summary does not contain all of the information that you should consider, and we encourage you to read the entire Proxy Statement carefully before voting.

2014 Performance Highlights

Equifax delivered another year of strong performance in 2014. We delivered excellent results for shareholders and took additional strategic steps to position the Company for long-term, sustainable growth.

Revenue: **$2.4 Billion,** *a 6% increase from 2013*	Earnings per share: **$2.97,** *a 10% increase from 2013*	Dividend payments to shareholders: **$121 Million,** *reflecting a 14% increase in dividend per share approved in February 2014*	Share repurchases: **$302 Million**	Total shareholder return: **18.5%,** *compared to 13.7% for the S&P 500 Index*

Exceptional Long-Term Performance

Since he joined the Company in September 2005 as our Chairman and CEO, Richard F. Smith, has driven consistently exceptional financial performance and created significant shareholder value:

- Market capitalization of $11.2 billion at the end of February 2015 grew 2.6 times from the $4.3 billion level at the end of September 2005;
- 6% compounded annual growth (CAGR) in operating revenue from continuing operations (7.5% for the last five years);
- 5.3% CAGR in diluted EPS from continuing operations (11.8% for the last five years); and
- 233% increase in total shareholder return, which represents significant outperformance relative to the S&P 500 Index and the Dow Jones U.S. General Financial Index, which achieved 95% and 27%, respectively, over this period.

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Shareholder Engagement Actions

Throughout 2014, we conducted investor outreach meetings and governance reviews to understand shareholder perspectives and evaluate the concerns of our shareholders. The two primary topics of discussion in these meetings were executive compensation and corporate governance. We regularly review our investors' comments with the Governance and Compensation Committees of our Board, and the full Board.

Engaged with **24** of our **25** largest shareholders, representing **66%** of our outstanding shares

Shareholders expressed **support** for current compensation practices

Terminated Poison Pill in response to shareholder feedback

Executive Compensation. Shareholder feedback regarding executive compensation reflected the diversity of our shareholder base. The overwhelming majority of feedback received was that no significant change to the design of our program was necessary and that we should continue our effective linkage of pay to performance. Our Compensation Committee considered shareholder feedback in its review of our compensation program and determined to increase the percentage of our CEO's 2014 long-term incentive (LTI) opportunity awarded in the form of performance share units (PSUs) (to 60% from 57%). In addition to shareholder input, the Committee considered compensation plan and benchmarking advice from its independent compensation consultant. The Committee concluded that (as enhanced by the changes described below under *"2015 Compensation Design Changes"),* our 2014 and ongoing executive compensation program continues to be appropriately designed with challenging performance metrics and incentives and an appropriate mix of fixed and at-risk variable pay. For further information, see *"Say-on-Pay Voting Results in 2014"* and "*Shareholder Outreach and Engagement*" on page 28.

Increased the performance-based component of long-term incentive opportunities

Governance. Our shareholders also expressed general support of our corporate governance practices in our engagement discussions. However, several shareholders noted that we had a non-shareholder approved shareholder rights agreement dating back to 1995, and suggested it was not consistent with current governance best practices. This type of shareholder rights agreement is sometimes called a "poison pill." Our Board carefully reviewed the issue and considered the general views of our investors and advice from the Board's legal and financial advisors. The Board determined to terminate the poison pill effective February 19, 2015.

Executive Compensation Summary

2014 Compensation Design Changes

In February 2014, the Compensation Committee made two changes to the structure of the annual LTI opportunities for our Chairman and CEO, Richard F. Smith:

- The CEO's PSU component was increased to 60% from 57% and the time-based restricted stock unit (RSU) component was reduced to 40% from 43%.
- The payout of PSU awards was capped at the target opportunity in the event our total shareholder return (TSR) performance is negative over the applicable three-year performance period, even if the Company's TSR, on a comparative basis, exceeds the median of the S&P 500 companies which are used as the benchmark for the PSUs.

2015 Compensation Design Changes

In February 2015, the Compensation Committee determined to change the 2015 LTI mix for the CEO and the other named executive officers (NEOs) to $66^{2}/_{3}$% PSUs and $33^{1}/_{3}$% RSUs, from 60%/40% for the CEO and 50%/50% for the other NEOs, to further emphasize the importance of long-term shareholder value creation through performance-based compensation incentives.

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Our CEO’s compensation for 2014 was aligned with strong Company financial and operational performance and long-term shareholder value creation:

- 85% of his 2014 targeted direct compensation (salary, and annual and long-term incentive opportunities) was at-risk, variable and tied to the achievement of rigorous internal performance targets or our long-term stock performance.
- Annual base salary was unchanged.
- Annual incentive was earned at 154% of the target opportunity (a 10.7% increase over the 2013 payout), reflecting a 6% increase in Company revenue from continuing operations and 10% increase in diluted EPS from continuing operations, as well as key strategic and operational accomplishments.
- Annual LTI grant value for awards made in February 2014 increased less than 1% compared to the 2013 annual award value.
- Overall total compensation increased 2.5% in 2014 compared to 2013, excluding the annual change in estimated pension value.

Compensation Best Practices

What We Do	What We Don’t Do
Strong emphasis on performance-based compensation.	No dividend equivalents paid on unearned performance share units or restricted share units.
Appropriate mix of short-term and long-term incentives and performance metrics.	
Capped annual and long-term incentive awards.	No re-pricing of underwater stock options.
Meaningful share ownership requirements for senior officers.	No single-trigger change-in-control cash severance benefits.
Strong executive compensation clawback policy.	
Anti-hedging and pledging stock policies for officers and directors.	No tax gross-ups for perquisites or new change-in-control agreements.
Independent Compensation Committee advised by independent compensation consultant.	

Governance Highlights

Independent Board	• 9 of our 10 director nominees are independent.
Board Refreshment	• Average non-management director tenure of 8.4 years is below the S&P 500 average of 8.6 years. • The Governance Committee of the Board has established a succession plan with the assistance of an independent executive search consultant to help identify highly qualified director candidates to replace three outside directors who are scheduled to retire during 2017 upon reaching the mandatory retirement age of 72.
Independent Presiding Director	• Our independent directors elect our Presiding Director. • Our Presiding Director has broad powers including: – advising the Chairman and CEO of decisions reached, and suggestions made, at the executive session of the non-management directors; – calling meetings of the non-management directors;

	– presiding at executive sessions of the Board and meetings at which the Chairman and CEO is not present; – reviewing and approving agenda, schedule, and materials for Board meetings; – facilitating communication between the non-employee directors and the Chairman and CEO including annual Board self-evaluations; – meeting directly with management and non-management employees of the Company, and – being available for consultation and direct communication with shareholders as appropriate.
Annual Board Leadership Evaluation and Succession Planning	• The Board annually reviews the leadership structure to determine whether a combined Chairman and CEO role or separate roles are in the best interest of shareholders. • The Board annually evaluates the CEO's performance. • The Board annually conducts a rigorous review and assessment of the succession planning process for the CEO and other top officers.
Majority Voting for Directors	• In an uncontested election for directors, we have a majority vote standard. If a nominee does not receive a majority of the votes cast "for" the nominee, the nominee is required to offer his or her resignation and the independent members of the Board will determine and promptly publicly announce the action to be taken with respect to the resignation offer.
Annual Director Election	• Each director is elected on an annual basis.
No "Over-boarding"	• Currently, no director serves on more than two other public company boards.
Limits on Board Service	• Directors are limited to service on five other public company boards.

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Director Stock Ownership	• To further align director interests with those of our shareholders, each director is required to own Equifax common stock with a market value of at least five times his or her annual cash retainer.
No Poison Pill in Place	• In February 2015 the Board voted to terminate an existing poison pill plan effective February 19, 2015.
Enterprise Risk Management	• We have a rigorous enterprise risk management program targeting controls over operational, financial, legal/regulatory compliance, reputational, technology, security, strategic and other risks that could adversely affect our business. • Risks are identified, assessed, managed and monitored. The program also includes crisis management and business continuity planning. See "*Board Risk Oversight*" on page 9.
Stock Hedging and Pledging Policies	• Our insider trading policy bars our directors, officers and employees from owning financial instruments or participating in investment strategies that hedge the economic risk of owning Equifax stock. • We prohibit officers and directors from pledging Equifax securities as collateral for loans (including margin loans).

Voting Matters and the Board's Voting Recommendations

Agenda Item		**Board Voting Recommendation**	**Page Reference (for more detail)**
Proposal 1.	Election of 10 Director Nominees	FOR EACH NOMINEE	15
Proposal 2.	Appointment of Ernst & Young LLP as Independent Auditor for 2015	FOR	21
Proposal 3.	Advisory Vote to Approve Named Executive Officer Compensation	FOR	22

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CORPORATE GOVERNANCE

Equifax Corporate Governance

Our Board of Directors and management team are committed to achieving and maintaining high standards of corporate governance, ethics and integrity. We conduct our business in a manner that is socially responsible, value-based, and in compliance with the law. We periodically review our governance policies and practices against evolving standards and make changes as appropriate. We also value the perspectives of our shareholders and other stakeholders, including our employees and the communities in which we operate, and take steps to implement their points of view where warranted.

In considering possible modifications of our corporate governance policies and practices, our Board and management focus on those changes that are appropriate for our Company and our industry. Our focus is on the best long-term interests of our Company, our shareholders and our stakeholders.

The following sections summarize our corporate governance policies and practices, including our Board leadership structure, our criteria for director selection and the responsibilities and activities of our Board and its committees. Our corporate governance documents, including the Board's Mission Statement and Guidelines on Significant Corporate Governance Issues (the *"Governance Guidelines"*), our Board committee charters and codes of ethics and business conduct applicable to our directors, officers and employees, are available at *www.equifax.com/about-equifax/corporate-governance*, or in print upon request to the Office of Corporate Secretary, Equifax, P.O. Box 4081, Atlanta, Georgia 30302, telephone (404) 885-8000. These codes provide our policies and expectations on a number of topics, including our commitment to good citizenship, providing transparency in our public disclosures, avoiding conflicts of interest, honoring the confidentiality of sensitive information, preservation and use of Company assets, compliance with all laws, and operating with integrity in all that we do. There were no waivers from any provisions of our codes or amendments applicable to any Board member or executive officer in 2014.

Board Leadership Structure

The leadership structure of our Board of Directors includes:

- a combined Chairman of the Board and CEO;
- independent, active and effective directors of equal importance and rights, who have the same opportunities and responsibilities in providing vigorous oversight of the effectiveness of management policies; and
- an independent Presiding Director with clearly defined leadership authority and responsibilities.

The Presiding Director is elected annually by a majority of the independent directors and has the following responsibilities:

- advises the Chairman and CEO of decisions reached, and suggestions made, at the executive sessions of the non-management directors;
- calls meetings of the non-management directors;
- presides at executive sessions of the Board and at each Board meeting at which the Chairman and CEO is not present;
- reviews and approves agenda, schedule and materials for Board meetings;
- facilitates communication between the non-employee directors and the Chairman and CEO, including annual Board self-evaluations;
- meets directly with management and non-management employees of the Company; and
- is available for consultation and direct communication with shareholders as appropriate.

The Board believes that the Company has been well served by having Richard F. Smith serve as both Chairman and CEO. The current Board leadership structure, when combined with the composition of the Board, the strong leadership of our independent directors (nine of 10 members), Board committees and Presiding Director, and the highly effective corporate governance structures and processes in place, strikes an appropriate balance between consistent leadership and independent oversight of the Company’s business and affairs. Combining the Chairman and CEO roles fosters clear accountability, effective decision-making, alignment with corporate strategy, direct oversight of management, full engagement of the independent directors and continuity of leadership. As the officer ultimately responsible for the day-to-day operation of the Company and for execution of its strategy, the Board believes that the CEO is the director best qualified to act as Chairman of the Board and to lead Board discussions regarding the performance of the Company.

- **Directors Stand for Election Annually by Majority Vote.** All members of our Board are elected annually. In addition, we use a majority voting standard in uncontested director elections in which a director nominee must receive more votes cast “for” than “against” in order to be elected.
- **Our Non-Management Directors Hold Regular Executive Sessions.** Our non-management Board members (whom are all independent) meet at regularly scheduled executive sessions without management present in conjunction with each in-person Board meeting. The Presiding Director conducts and presides at these meetings. In addition, the Presiding Director may call such meetings of non-management Board members as he or she deems necessary or appropriate, may also be designated to preside at any Board or shareholder meeting and presides at all Board meetings at which the Chairman of the Board and CEO is not present.

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- **Board Members May Submit Agenda Items/Information Requests.** Each Board member may place items on the agenda for Board meetings, raise subjects that are not on the agenda for that meeting or request information that has not otherwise been provided to the Board. Additionally, the Presiding Director reviews and approves all Board meeting schedules and agendas and consults with the Chairman of the Board and CEO regarding other information sent to the Board in connection with Board meetings or other Board action.
- **Board Members Interact with Management.** Consistent with our philosophy of empowering each Board member, each director has complete and open access to any member of management and to the chair of each Board committee for the purpose of discussing any matter relating to the work of such committee. The Presiding Director also serves as a liaison, but not a buffer, between the Chairman of the Board and CEO and independent Board members.
- **The Board or Any Committee Can Retain Independent Advisors.** The Board and each Board committee have the authority to retain independent legal, financial and other advisors as they deem appropriate.
- **Our Directors Conduct Annual Evaluations.** Our directors annually evaluate the Board's performance and effectiveness to ensure, among other matters, that its leadership structure remains effective, that Board and committee meetings are conducted in a manner that promotes candid and constructive dialog and that sufficient time has been allocated for such meetings. The members of the Board and each committee review aggregated written summaries of comments provided by the directors. The Presiding Director also conducts one-on-one discussions with each director to discuss their concerns, whether such director's skills and experience are being fully utilized, and his or her suggestions for enhancing the effectiveness of the Board and their committees.

Board Risk Oversight

Our Board oversees risk management at the Company. The Board exercises direct oversight of strategic risks to the Company and other risk areas not delegated to one of its committees. Our enterprise-wide risk management program is designed to support the achievement of our organizational and strategic objectives, to identify and manage risks, to improve long-term organizational performance and to enhance shareholder value.

On an annual basis, the Board performs an enterprise risk assessment with management to review the principal risks facing the Company and monitors the steps management is taking to map and mitigate these risks. The Board then sets the general level of risk appropriate for the Company through business strategy reviews. Risks are assessed throughout the business, focusing on (i) financial, operational and strategic risk, and (ii) ethical, legal, security, regulatory and other compliance risks.

Each business unit and corporate support unit has primary responsibility for assessing and mitigating risks within their respective areas of responsibility. Our CEO and senior leadership team receive comprehensive periodic reports on the most significant risks from these units and from the head of our internal audit department.

In addition, each of our Board committees considers the risks within its areas of responsibility:

Audit Committee	• Reviews risks related to financial reporting; discusses material violations, if any, of Company ethics, legal, regulatory and other compliance policies

- Considers the Company’s annual audit risk assessment which identifies internal control risks and drives the internal and external audit plan for the ensuing year