

Date: [Insert Date]

To: Board of Directors / Compensation Committee

From: [Insert Name/Consultancy Name]

Subject: Advisory on Implementation of Executive Compensation Clawback Provisions

1. Executive Summary

This letter provides formal guidance on the implementation of mandatory clawback provisions in alignment with [SEC Rule 10D-1 / Listing Standards of NYSE/Nasdaq]. The objective is to ensure that the corporation maintains the right to recover incentive-based compensation in the event of a material financial restatement.

2. Scope of Policy

The policy should apply to all current and former "Executive Officers" as defined by securities laws. This includes, but is not limited to, the CEO, CFO, Principal Accounting Officer, and any Vice President in charge of a principal business unit, division, or function.

3. Triggering Events

The clawback mechanism must be activated upon the occurrence of:

- A "Big R" restatement: Correcting errors material to previously issued financial statements.
- A "little r" restatement: Correcting errors that are not material to prior periods but would result in a material misstatement if left uncorrected in the current period.

4. Compensation Subject to Recovery

Recovery applies to "Incentive-Based Compensation" received during the three completed fiscal years immediately preceding the date the restatement is required. This includes:

- Cash bonuses or equity awards earned based on the attainment of a financial reporting measure.
- Stock price and Total Shareholder Return (TSR) targets.

5. Calculation of Recoverable Amount

The amount to be recovered is the excess of the incentive-based compensation received by the executive over the amount that would have been received had it been calculated based on the restated financial statements. Calculations must be performed on a pre-tax basis.

6. Enforcement and Non-Indemnification

The Board must pursue recovery reasonably and promptly. Furthermore, the corporation is prohibited from indemnifying any executive officer against the loss of erroneously awarded compensation or paying premiums on insurance policies to fund potential recovery obligations.

7. Implementation Timeline

The following steps are recommended for immediate action:

- Update the Corporate Governance Guidelines and Compensation Committee Charter.
- Incorporate clawback acknowledgement forms into all future executive employment and grant agreements.
- Disclose the policy as an exhibit to the Annual Report on Form 10-K.

8. Conclusion

Adherence to these provisions is a requirement for continued exchange listing and serves as a critical component of the company's risk management framework.

Sincerely,

[Your Signature]

[Your Printed Name]

[Your Title/Organization]