

Surprise ISS Survey Results Reveal That Investors Intend to Use Pay Ratio Disclosures

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Institutional Shareholder Services (ISS) released the results of its annual global benchmark voting policy survey on September 25, 2017. In a surprise result, the survey found that nearly 75 percent of the 131 investor respondents indicated that they intend to use pay ratio disclosures as one factor in their analysis of compensation issues. Those respondents indicated they would analyze a company's pay ratio by comparing it to that of other companies in its industry, by assessing year-over-year changes in the company's ratio, or both.

The survey results contradict the commonly held view that investors will simply ignore the pay ratio disclosures. Rather, it suggests that companies should be prepared to engage with their shareholders if their pay ratio results fall out of line with their peers or substantially change from year to year.

Contacts

Neil M. Leff

Partner / New York
212.735.3269
neil.leff@skadden.com

Erica Schohn

Partner / New York
212.735.2823
erica.schohn@skadden.com

Regina Olshan

Partner / New York
212.735.3963
regina.olshan@skadden.com

Joseph M. Yaffe

Partner / Palo Alto
650.470.4650
joseph.yaffe@skadden.com

Joseph M. Penko

Partner / New York
212.735.2618
joseph.penko@skadden.com

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Four Times Square
New York, NY 10036
212.735.3000

skadden.com