Executive Compensation and Benefits Alert

If you have any questions regarding the matters discussed in this memorandum, please contact the attorneys listed or call your regular Skadden contact.

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ISS Delays Application of Excessive Nonemployee Director Compensation Policy Until 2020

In 2017, Institutional Shareholder Services (ISS) introduced a policy providing for potential adverse vote recommendations for the members of a company's board responsible for approving/setting nonemployee director (NED) pay if ISS determines that there is an established pattern (two or more consecutive years) of excessive pay levels without a compelling rationale or other clearly explained mitigating factors. On November 21, 2018, ISS released a preliminary set of frequently asked questions relating to compensation matters for shareholder meetings occurring on or after February 1, 2019, which stated that in light of feedback ISS received through investor roundtables and its annual policy survey, ISS will revise its methodology for identifying NED pay outliers and that the first possible adverse vote recommendations under the policy will be delayed until 2020. ISS intends to publish additional details on the revised methodology in its December 2018 FAQs and accompanying whitepaper.

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