

Corporate & Financial Weekly Digest

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ISS Survey on Current Governmental and Compensation Policy Issues

In a report released on September 26, Institutional Shareholder Services Inc. released its 2011-2012 Policy Survey Summary of Results (the Survey).

The Survey participants consisted of both corporate issuers (93% of whom had a market capitalization in excess of \$500 million) and large institutional investors, in both cases mostly U.S.-based. The Survey results show that the top governance issues for U.S. respondents continue to be executive compensation and risk oversight, followed by board independence.

With respect to U.S. compensation practices, institutional investors, by an overwhelming majority, unsurprisingly found executive compensation comparisons to peer pay levels and to market performance to be "very relevant." A majority of both investor respondents (72%) and issuer respondents (52%) believe there should be "an explicit response from the board" regarding improvement in pay practices where opposition to a say-on-pay vote reaches more than 30% (investor respondents) and more than 40% (issuer respondents). In effect, there is agreement that a say-on-pay proposal does not have to fail for board remedial action to be warranted.

Among other governance issues surveyed, most investor and issuer respondents viewed a director's recent industry/sector experience as the key issue in evaluating board nominees, although both investor and issuer respondents viewed director biographic information, performance of companies where the director serves or served on boards, and the governance track records of such companies as relevant to their evaluations.

The ISS Survey can be found [here](#).

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