

# Cooley

## ISS Peer Group Submission Process Window Open for Annual Meetings Scheduled Between September 16, 2017 and January 31, 2018 (July 21, 2017 Deadline)

July 13, 2017

Institutional Shareholder Services Inc. (ISS) constructs its own peer groups to analyze companies' executive pay and relative company performance. In doing so, it takes into account each company's self-selected peer companies and gives priority to including those companies when they fit within certain industry and size parameters. [Read more about the ISS peer group selection methodology](#) for US companies.

### What is the ISS peer submission process?

In the coming months, ISS will be constructing peer groups for US and Canadian Russell 3000 and Russell MicroCap member companies with annual meetings scheduled to be held between September 16, 2017 and January 31, 2018. ISS will use these peer groups to analyze executive pay decisions and company performance for the fiscal year ending prior to the company's next upcoming annual meeting.

ISS considers each company's most recently disclosed peer group unless more recent updates are submitted through the ISS peer submission process. For many companies with annual meetings scheduled between September 16, 2017 and January 31, 2018, the most recently disclosed peer groups will be the ones used to make executive pay decisions that were disclosed in the most recently filed proxy statements (e.g., for a company with a fiscal year ending September 30, 2017, the peer group disclosed in the proxy statement filed for the fiscal year that ended September 30, 2016). The peer submission process allows companies to submit updated peer groups used for executive pay decisions for the most recent fiscal year (i.e., the fiscal year ending September 30, 2017 in the example described above).

Peer submissions are handled through the ISS Corporation Solutions (ICS) Governance Analytics platform (the same location companies visit to download their complimentary ISS proxy research analysis and to verify data underlying their equity plans and QualityScore). [From the login page](#), the peer submission form is available under the "My Company" menu item. If you do not already have a login to ICS Governance Analytics, you may request one by emailing [contactus@isscorporatesolutions.com](mailto:contactus@isscorporatesolutions.com). There is no charge for the peer submission process.

### Should we participate in the ISS peer submission process?

Yes. We generally encourage companies to participate in the ISS peer submission process because doing so may result in greater overlap between the company's self-selected peer group and the ISS-selected peer group. Compensation committees take great care in selecting appropriate peer groups and we think it is appropriate for ISS to analyze pay decisions and company performance compared to that carefully-chosen peer group. Participating in the peer submission process increases the likelihood that ISS will do so.

Companies that have already disclosed the peer groups used for making executive compensation decisions for the most recent fiscal year to be covered in the proxy statement relating to the annual meeting scheduled between September 16, 2017 and January 31, 2018 or companies that made no changes to their most recent proxy-disclosed peer groups do not need to participate. However, we encourage these companies to participate even if only to make sure that ISS accurately captures their self-selected peer groups.

## **When can we participate in the ISS peer submission process?**

The process starts at 9am EDT on Monday, July 10, 2017 and the deadline is 8pm EDT on Friday, July 21, 2017.

## **Which peer group do we submit?**

The relevant peer group is the one used when making executive pay decisions for the fiscal year ending prior to the annual meeting being held between September 16, 2017 and January 31, 2018.

In most cases, changes to peer groups made for purposes of current fiscal year compensation decisions are not relevant; however, if there was a major business event (e.g., significant business change, merger, spinoff or bankruptcy) that made the companies in the previous peer group irrelevant, ISS may consider the updated peer group and will expect to see that updated peer group disclosed in the upcoming proxy statement.

## **Is there a public disclosure requirement?**

There is no special public disclosure required at the time the peer group is submitted to ISS. However, ISS expects that the peers submitted will match the peers disclosed in the next proxy statement. If the peer group disclosed in a company's next proxy statement is different from what was submitted, ISS may apply additional scrutiny to this variance as part of its pay-for-performance analysis.

## **What about emerging growth companies?**

An emerging growth company that is subject to scaled proxy disclosure rules may participate in the peer submission process but should be prepared to voluntarily disclose the same peer group in its next proxy filing.

## **How will ISS use the peer group information submitted?**

ISS will use the peer group information submitted solely for purposes of constructing peer groups to analyze companies' executive pay and company performance, and will not share this information with any other party prior to the publication of the ISS proxy research report. The list of company peers that ISS used as an input to its peer group construction will be included in its proxy research report.

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