Pearl Meyer

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Defining ESG

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Transcript

Mark: But some of these issues have been addressed by compensation committees and boards in companies for some period of time. Some of the newer issues that are not really new but at least are getting more publicity, such as the social issues, are addressed by all companies. But haven't a number of industries been dealing with some of these issues for quite some time, especially on safety and environmental issues?

David: Well certainly, take utilities as probably the major example, which is the industry that has used more of these measures than any other industry. They've had sort of the advantage if you will, that because regulated utilities are not allowed to just continue making more and more money, at some point they have to start giving this back to their consumers and rate decreases. They actually have had a more balanced approach, and with their very long-term investment cycles with power plants and things like that, they've had a big focus on efficient use of energy and those kinds of things. So they've had that advantage of less emphasis on current financial results, more emphasis on the need to manage their investments long-term. I think more and more organizations are starting to recognize that as part of sustainability they've got to create that balance. That is going to cause some compensation committees to start to put in environmental measures.

Mark: What about other industries? How are they thinking about these?

Deb: Well, I think there are certainly some industries where you have to think about safety because it's the nature of what you're doing. But a lot of other industries that maybe don't have those same kinds of issues are focusing now on the social issues. Obviously we're all thinking about #metoo, we're thinking about pay gaps, we're thinking about pay equity. And to the extent that you can put some disclosure—and this is all at this juncture voluntary disclosure—in your proxy that discusses how you're dealing with, or reporting, or addressing any kind of issues that could make your company a better place to work on a social level and promote employee prosperity and health. I think that's an issue that a lot of companies are now turning to.

About the Authors

Mark Rosen is a managing director and consulting team leader at Pearl Meyer. In his management role, he oversees a team of senior compensation consultants in the execution of the firm’s growth strategy and in the development of consultants at various stages in their careers. Mark has consulted on executive and board compensation issues for more than 20 years for a broad range of public companies, as well as tax-exempt organizations and academic institutions. He has extensive experience with benchmarking, retirement plan design, governance issues, and tax and accounting considerations.

Deborah Lifshey is a managing director at Pearl Meyer, where she specializes in advising clients on compensation matters from a legal perspective including securities disclosure, taxation and corporate governance issues, negotiation contracts, and reasonableness opinion letters.

Sharon Podstupka is a managing director at Pearl Meyer. She is a trusted advisor to boards and executive management teams in the areas of executive and broad-based employee compensation communication and change management. With over 25 years of consulting experience, she is one of the original pioneers of executive compensation disclosure best practices and has proven success in creating effective strategies and delivering content in challenging business environments and under intense scrutiny from investors and proxy advisory firms. Sharon has extensive experience in a broad range of industries, including financial services, manufacturing, oil and energy, retail, biopharma/biotech, and healthcare.

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.