

Exxon Webcast on Executive Compensation Represents Another Method of Shareholder Outreach

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This proxy season there has been a lot of focus on companies filing additional soliciting materials to supplement proxy disclosure, with a particular focus on executive compensation in light of the say-on-pay vote. Exxon Mobil has taken a particularly interesting approach turning a two-dimensional paper communication into something more dynamic by inviting interested persons to a company-sponsored webcast on executive compensation.

The webcast represents an additional proactive step Exxon has taken. On the same day it filed its proxy statement, Exxon took the unusual step of also filing a colorful [presentation](#) filled with data, graphs and photos to explain how its pay-for-performance approach focuses on the long-term nature of its capital-intensive business. In [supplemental information](#) filed more recently, Exxon took issue with specific aspects of the ISS analysis, including the peer group selected, which Exxon asserted failed to adjust for its size and complexity, since the company's revenue is more than 4X larger by revenue and 3.5X larger by market capitalization than the median of the peer group.

On the webcast, which included a [presentation](#), Exxon representatives discussed the company's business environment, the scale and scope of the company and its focus on the long-term nature of its business strategy. The company explained that together, these form the basis for customized compensation decisions, including a lengthy "hold-to-retirement" policy and a unique approach on the deferral of 50% of annual bonuses, a measure rarely seen outside of financial institutions. The company's focus on executive training, retention and succession was emphasized, including the fact that the company achieves its retention goals without change in control or severance agreements with senior executives. The company also discussed the shareholder engagement it undertook as a result of last year's say-on-pay vote. In response to questions during the webcast, the company noted how its programs focus on performance assessments that take a more holistic approach rather than concentrating on formulas that inspire executives to reach for only certain specific goals. The company received several questions about specific aspects of its pay decisions, the reasons for the webcast and the proxy advisory firms' recommendations.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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