

Glass Lewis Will Not Incorporate Pay Ratio Data into Say-On-Pay Analysis in 2018

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As year-end companies begin preparing to disclose pay ratio information in their 2018 proxy statements, [Glass Lewis announced](#) that it does not intend to make the ratio a part of the proxy advisor's assessment of how investors should vote on say-on-pay "at this time" because it is not material for the analysis of the structures that companies use to pay their NEOs and the disclosures of those pay decisions. The information will be included in the Glass Lewis reports as a data point since shareholders may consider it useful insight into a company's practices.

The firm notes the two sides of the argument on the importance of the pay ratio. Some have argued that it provides insights into the growth of CEO pay and may be a starting point to discuss reforming executive compensation. Others, however, disagree, contending that providing the ratio is an expensive and resource-intensive exercise designed simply to "name and shame" companies.

ISS included a question on the use of pay ratio in its policy survey, which we previously [discussed here](#). Updated policies for the 2018 season will be issued in November.

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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