Our Quick Poll survey series provides organizations with information on emerging topics and is designed to provide context for discussion and decision-making around executive pay and governance.

This survey was open from 3/10/2020 to 3/16/2020 and results from 233 participants indicate the potential impact of the COVID-19 coronavirus is a topic of discussion with many boards of directors. The impact of coronavirus on decisions about executive compensation is just beginning to emerge. Although most companies have not considered how the coronavirus will impact executive compensation in 2020, a significant number of survey participants considered the potential impact of coronavirus when setting their incentive plan goals for 2020. Among those companies, the most prevalent approaches are (1) revisit the goals later this year to determine if any adjustments are necessary, or (2) exclude the impact of coronavirus when evaluating results at the end of the year.

We hope you find this information useful. If you have any questions or are interested in discussing these findings, please contact:

Sandy Godwin, Managing Director
sandy.godwin@pearlmeyer.com
770.261.4094
The potential financial impact of coronavirus is becoming a board-level issue.

The boards of directors of virtually all survey respondents (95%) have discussed the issue or will discuss it at an upcoming meeting.
Potential Impact on Executive Compensation Plans

- Most compensation committees have not yet discussed the potential impact of coronavirus on their 2020 executive compensation plans.
- Results suggest it is too early to gauge the impact on financial plans, goal setting, or future performance.

![Poll Graph]

**Has your compensation committee discussed possible impacts from the coronavirus to executive compensation plans for 2020?**

- Yes: 13%
- No: 82%
- Unsure: 5%
Changes to Goal-Setting Process

- For those committees which have discussed the possible impacts of coronavirus during their goal setting process, the most prevalent approaches are:
  - Re-visit 2020 goals later this year and make any necessary adjustments
  - Exclude the adverse impact of coronavirus when evaluating 2020 performance

Has your compensation committee made any changes to its goal-setting process for 2020 annual and long-term incentive plans?

- Yes, we have temporarily delayed goal-setting: 3%
- Yes, we have set goals but agreed to re-visit them later this year if necessary: 39%
- Yes, we have set the annual plan and target goals at a lower level to partly account for the impact of the coronavirus: 19%
- Yes, we have set goals but agreed to consider excluding the impact of the coronavirus when we evaluate performance: 0%
- Yes, we have changed goals for 2020 that had been previously determined: 35%
- No: 0%
Most compensation committees have not discussed how the coronavirus might impact incentive payments to executives from 2020 annual or long-term incentive plans.
For those who have discussed the possible impacts of coronavirus on 2020 incentive payments, the most prevalent approach is to use discretion to adjust incentive plan outcomes, if necessary to provide appropriate payments for performance.

Has your compensation committee made any decisions about the future use of adjustments or discretion in determining payouts for 2020 performance under annual and long-term incentive plans?

- Yes, we have discussed and are ready to use discretion to determine appropriate payouts if necessary: 31%
- Yes, we have discussed & will exclude all or part of the impact when we evaluate performance for periods ending in 2020: 5%
- Yes, we have discussed & are unlikely to make adjustments or use discretion in determining payouts for 2020 performance: 9%
- Not yet, but we may consider it later this year: 50%
- No, it is unlikely we will discuss this: 5%
A majority of companies have incentive plans which would permit the compensation committee to make necessary adjustments to exclude the impact of the coronavirus.

Do your incentive plan guidelines allow adjustments for the financial impact of coronavirus, e.g., to exclude the impact of unusual or unplanned events?

- Yes: 54%
- No, but we are considering modifying the adjustment guidelines: 14%
- No: 32%
More than one-third of companies have begun tracking the financial impact of coronavirus.

A larger group of companies are not tracking or do not think it is possible to accurately track the financial impact of coronavirus.

Is your company starting to track the impact of coronavirus on financial results?

- Yes: 35%
- No, because it is not possible to break out the full impact: 20%
- No, we are not tracking: 23%
- Unsure: 22%
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