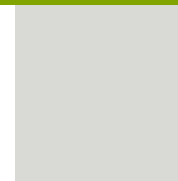
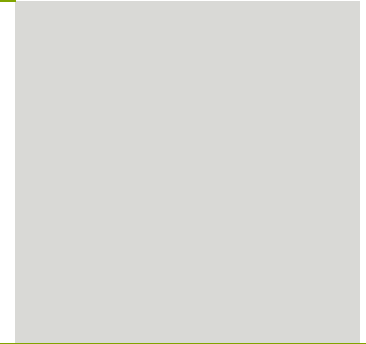


Pearl Meyer

Quick Poll

Coronavirus Impact





Introduction

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.

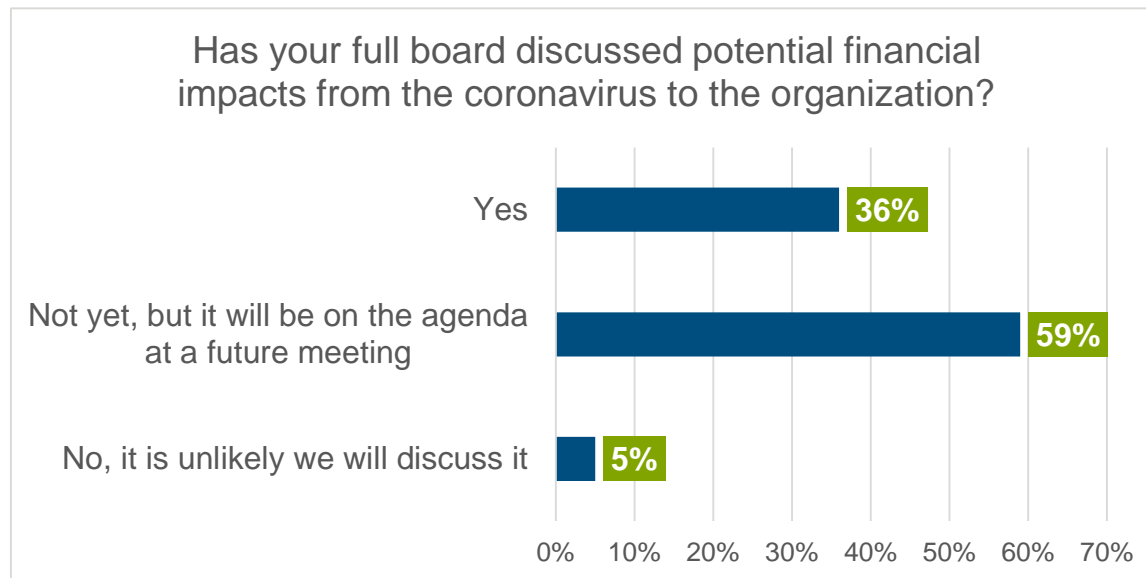
Survey results from 233 participants indicate the potential impact of the COVID-19 coronavirus is a topic of discussion with many boards of directors. The impact of coronavirus on decisions about executive compensation is just beginning to emerge. Although most companies have not considered how the coronavirus 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

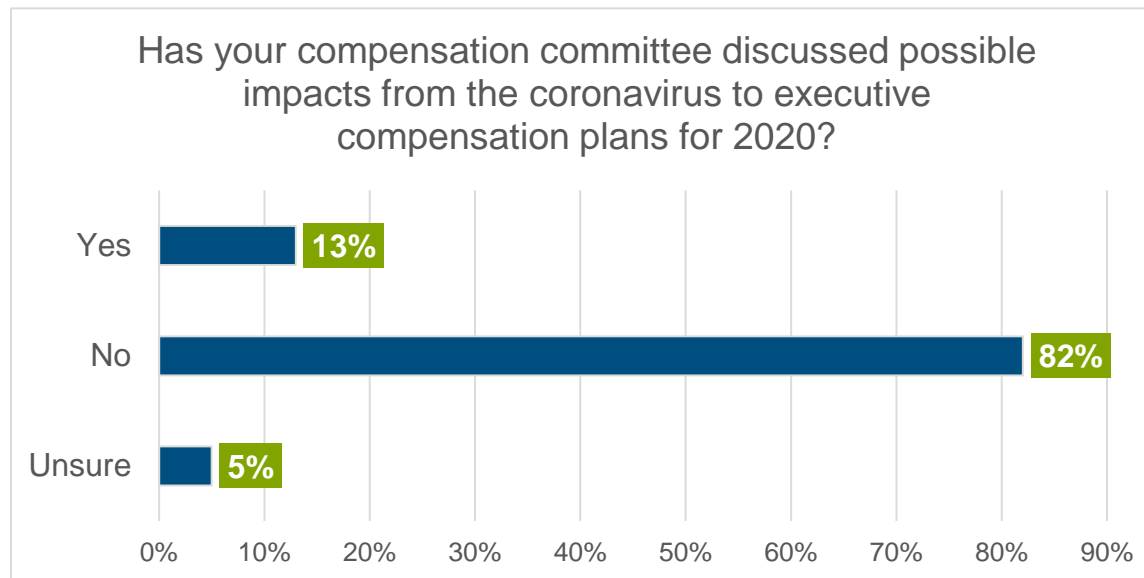
Board Discussion of Potential Financial Impacts

- 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



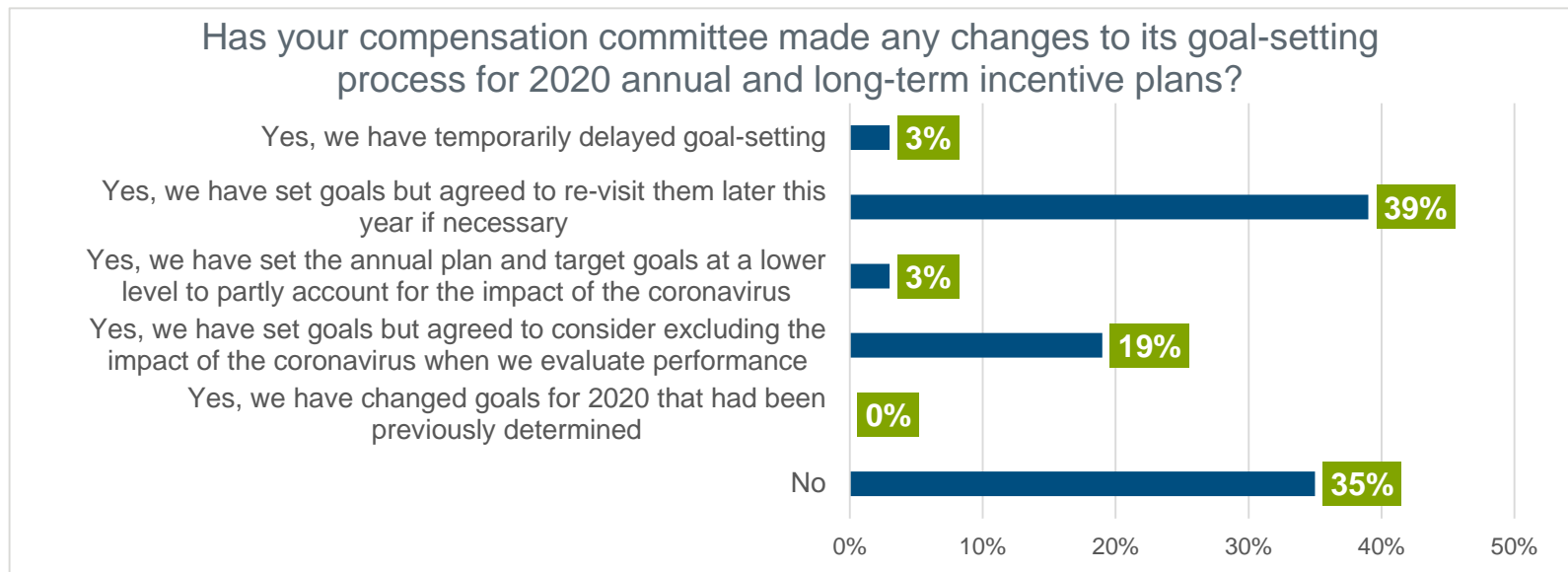
Potential Impact on Executive Compensation Plans

- 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



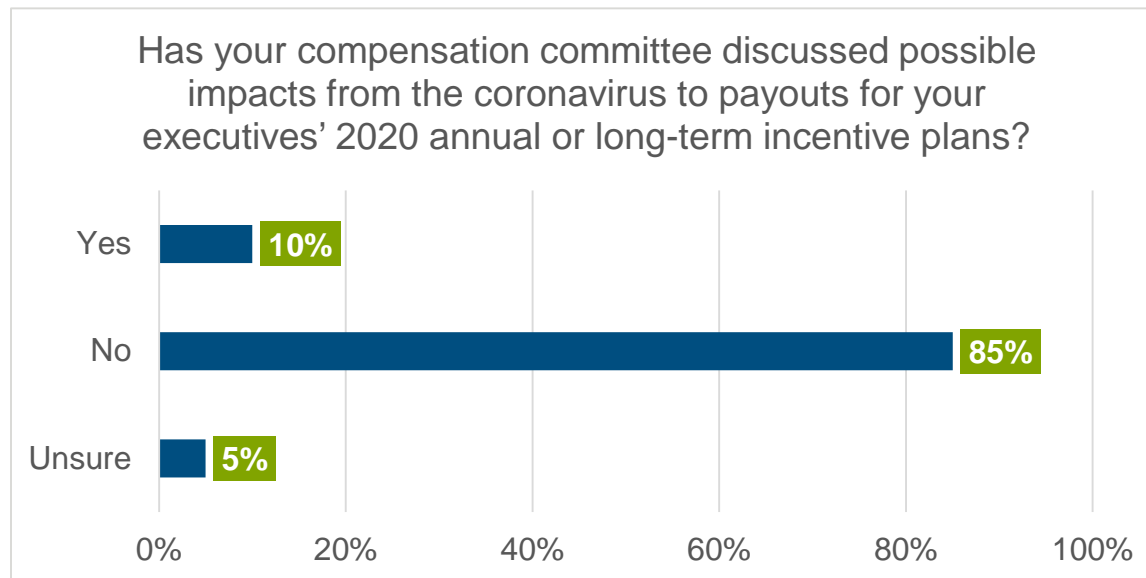
Changes to Goal-Setting Process

- 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



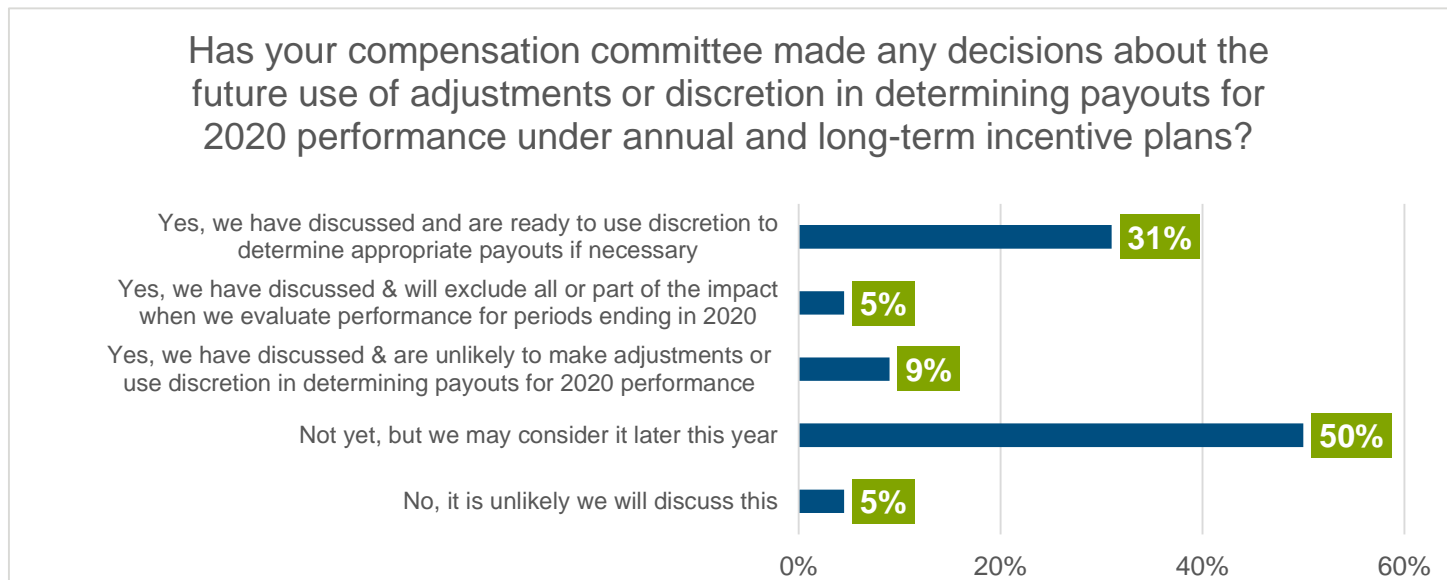
Potential Impact on Award Pay-Outs

- Most compensation committees have not discussed how the coronavirus might impact incentive payments to executives from 2020 annual or long-term incentive plans



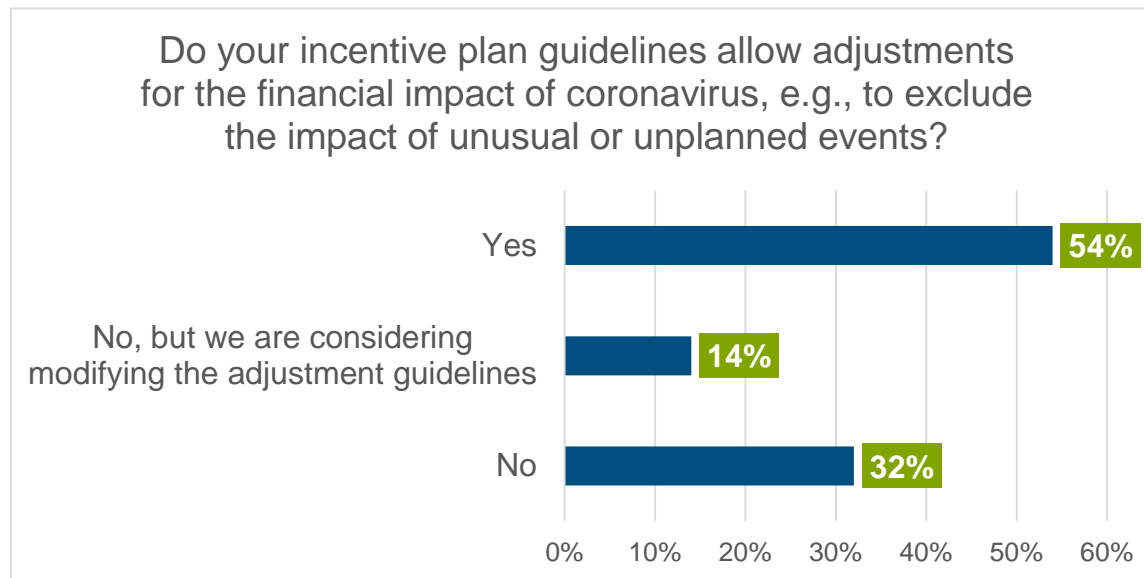
Possible Use of Adjustments or Discretion

- 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



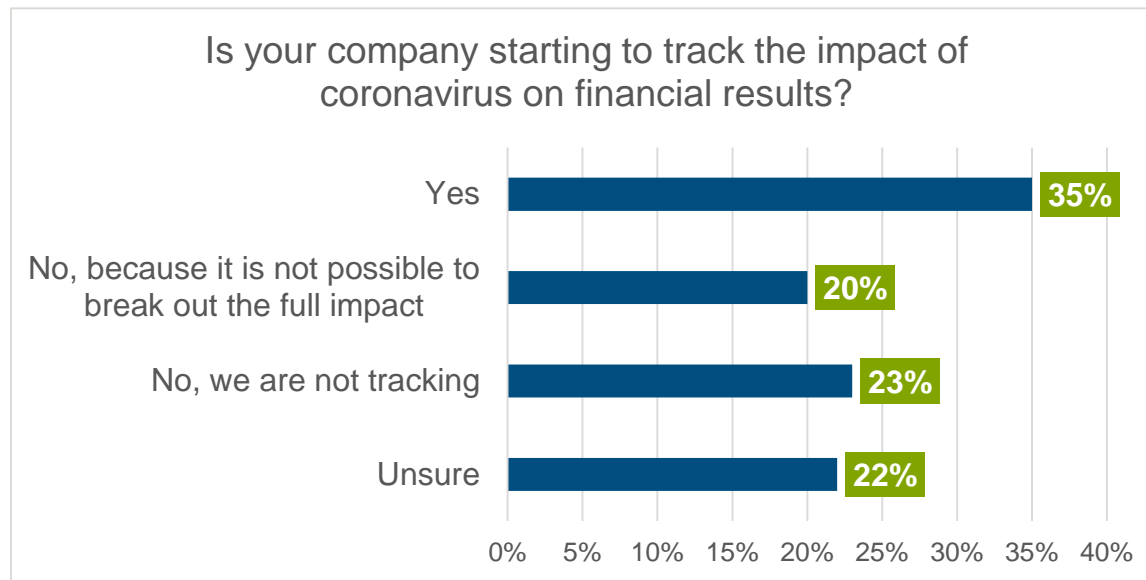
Incentive Plan Guidelines for Unusual Events

- A majority of companies have incentive plans which would permit the compensation committee to make necessary adjustments to exclude the impact of the coronavirus



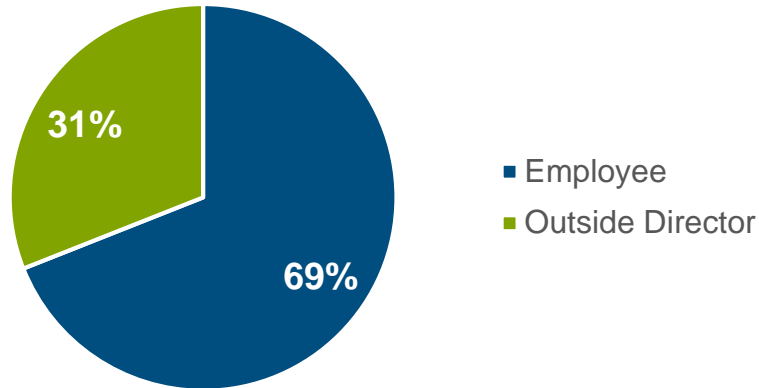
Tracking Impact on Financial Results

- 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

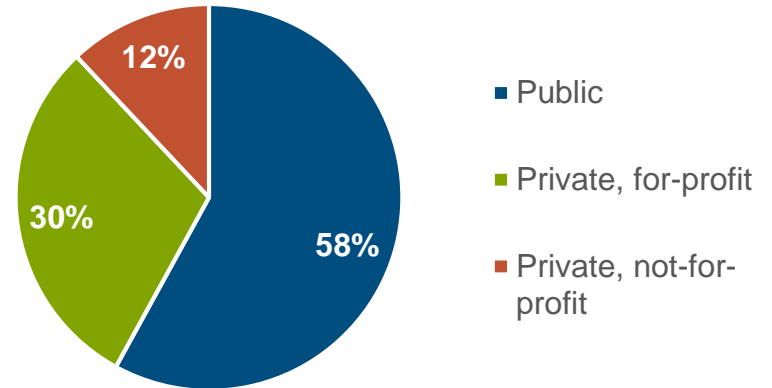


Respondent Demographics

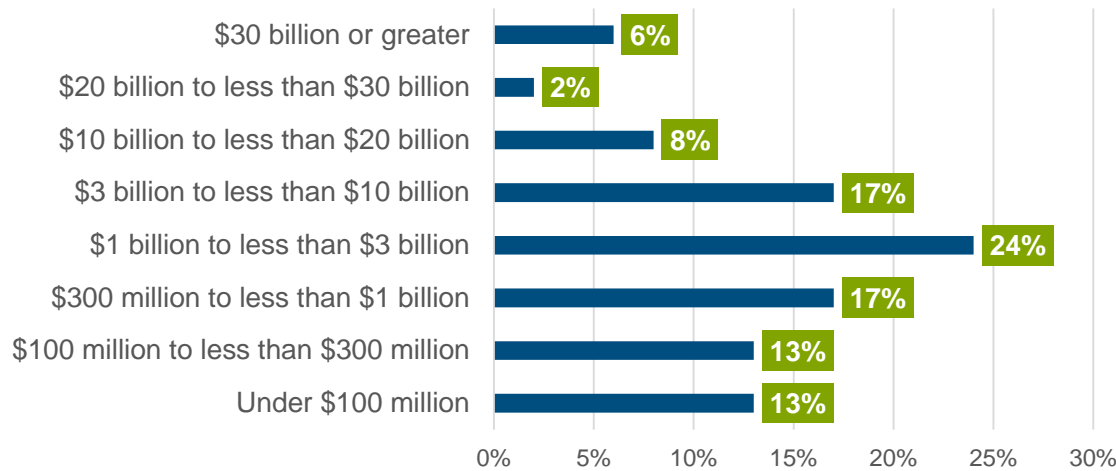
Role in Organization



Ownership



Revenue Range or Asset Size





About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management on the alignment of executive compensation with business and leadership strategy, making pay programs a powerful catalyst for value creation and competitive advantage. Pearl Meyer's global clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private companies to the Fortune 500 and FTSE 350. The firm has offices in Atlanta, Boston, Charlotte, Chicago, Houston, London, Los Angeles, New York, Raleigh, and San Jose.