

THE IMPORTANCE OF GOOD COMPENSATION COMMITTEE MINUTES – 7 TIPS

With the recent increase in proxy litigation and the public focus on executive pay, it is very important that the minutes of the compensation committee of the board of directors be recorded properly. Following are some tips for taking good minutes; an ounce of prevention is worth a pound of cure:

1. **Advance Preparation/Choreography:** Have a pre-established calendar of meetings with, to the greatest extent possible, repeatable agenda items and background materials and resolutions prepared and distributed to the committee well in advance by an integrated team of inside and outside experts. Have a pre-meeting call with the CC chair for each meeting.
2. **Who Should Attend:** For a variety of reasons, attendance at the meeting should be limited to the following:
 - I. the Committee and any invited outside directors
 - II. the CEO and essential members of management
 - III. presenters for their portion of the meeting
 - IV. the committee's compensation consultant
 - V. the committee's attorney
3. **Have the Right Person Take the Minutes:** The Committee's attorney, who should be a subject matter expert (SEC, Tax and Employment) with experience and knowledge with industry compensation custom and practice, should take the minutes and manage the approval of any resolutions.
4. **Less is More:** Often what is not recorded in the minutes is more important than what is recorded, good judgment is required. For example, the person taking the minutes needs to know when to say that the committees decision are based on, among other things, the advice of the consultant and when to reference any written reports.
5. **A Winning CD&A:** The minutes should be the backbone of an accurate and compelling CD&A that tells the right story to win shareholder approval of Say on Pay and other management proposals and avoid shareholder litigation.
6. **Limit Note Taking by Directors:** The minutes should be the final and exclusive record of the meeting. Handwritten or electronic notes can be used by plaintiffs' counsel to assail/ undercut the minutes and as fodder in depositions.
7. **Consider Using Board Portals:** BoardVantage and similar products provide a centralized medium and repository for committee materials and notes, and (prior to litigation) can auto-delete notes and extraneous materials that may present problems in litigation.

For additional best practices, visit our publication on the [New Wave of Proxy Statement Injunctive Lawsuits: How to Win & Prevent Them](#).

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