Peirce and Crenshaw sworn in as SEC commissioners

Hester Peirce and Caroline Crenshaw were sworn in as SEC commissioners on August 17, after being unanimously confirmed by the US Senate on August 6.

SEC Chairman Jay Clayton said in a press release, “On behalf of all my colleagues, I am pleased to congratulate Caroline and Hester on being sworn in as SEC commissioners. Caroline brings to the Commission a deep knowledge of the SEC and its work on behalf of America’s investors and I look forward to seeing her expertise further benefit the Commission’s work. As a Commissioner, Hester has been a tremendous advocate for our markets and investors, and I know she will continue to be a strong voice for them in the years to come.”

Peirce, who has been sworn in for a second term, will serve through June 2025. She first joined the SEC as a commissioner in January 2018, filling a vacant Republican seat.

Crenshaw, whose term will expire in June 2024, will fill a Democratic seat that was occupied by Robert Jackson until earlier this year. Previously, Crenshaw worked in the SEC’s Office of Compliance Inspections and Examinations and the Division of Investment Management and served as counsel to Commissioners Robert Jackson and Kara Stein.

COVID-19 causes spike in illness-related risk factors

In a testament to the COVID-19 pandemic’s disruptive influence on business, Intelligize has found that 1,366 companies included risk factors related to “health epidemics and diseases” on their Form 10-K in 2020. That’s up 619% from 190 companies last year. No other risk factor that the firm examined increased by more than 15%.

The remainder of the top five fastest-growing risk factors include:

- International trade restrictions and protectionism (+13.8%)
- Natural disasters, climate change, and extreme weather (+11.4%)
- Anti-corruption law (+10.3%)
- Employee misconduct (+10.1%)
The most commonly cited risks overall included failure to compete effectively; miscellaneous business risk; dependence on employees, management, and key personnel; cybersecurity, data privacy, and information technology; and operational disruptions.

ISS reviews compensation matters during 2020 proxy season

Median CEO pay reached record levels in 2019 at S&P 500 and Russell 3000 companies, thanks in large part to bigger long-term equity awards, according to ISS’s review of the 2020 proxy season. At the same time, performance-conditioned equity awards reached a record share of S&P 500 CEOs’ equity pay mix at 57%.

Other executive compensation developments include:

- More say-on-pay votes succeeded, following a record level of failures in the 2019 season. Even though median support was just under 96%, that’s the lowest level since say-on-pay votes became mandatory in 2011.
- ISS identified just 29 compensation-related shareholder proposals, the fewest during the era of mandatory say-on-pay votes.

Because the pandemic hit the US during the 2020 compensation cycle, ISS forecasts that COVID-driven compensation changes won’t be fully disclosed until next proxy season. Mid-year adjustments to incentive programs and use of discretionary or one-time awards are areas to watch.

Recent PwC insights

Four ways boards can lead on racial diversity

The killing of George Floyd sparked protests across the country and around the world, shining a spotlight on the topic of racial justice. This is an opportunity for corporate leaders—including boards—to make diversity and inclusion a key business issue and take a greater role in combating systemic racism. For concrete steps that boards of directors can take to lead the way, read the full blog.

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