

KORN FERRY INTERNATIONAL
Form DEF 14A
August 17, 2018
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Korn/Ferry International

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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- (1) Title of each class of securities to which transaction applies:
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- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

01

GOVERNANCE

PROPOSAL No. 1 ELECTION OF DIRECTORS **8**

THE BOARD OF DIRECTORS **9**

Director Qualifications 9

Board Diversity 10

Director Tenure 10

Background Information 11

Regarding Director Nominees 11

CORPORATE GOVERNANCE **16**

Director Independence 16

Board Leadership Structure 17

Board’s Oversight of Enterprise Risk and Risk Management 17

Board Committees 18

Culture of Integrity and Code of Business Conduct and Ethics 21

Corporate Governance Guidelines 21

02

COMPENSATION

PROPOSAL No. 2 ADVISORY RESOLUTION TO APPROVE EXECUTIVE COMPENSATION **24**

COMPENSATION DISCUSSION AND ANALYSIS **25**

Executive Summary: Focus on Pay-for-Performance 25

Executive Compensation Philosophy and Oversight 28

Our Process: From Strategy to Compensation-Related Metrics 29

Elements of Compensation & Compensation Decisions and Actions 31

Other Compensation Elements 36

Other Policies 37

Compensation and Personnel Committee Report on Executive Compensation 38

Compensation Committee Interlocks and Insider Participation 38

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS **39**

Fiscal Year 2018, 2017, and 2016 Summary Compensation Table 39

Fiscal Year 2018 Grants of Plan-Based Awards 40

Employment Agreements 41

Fiscal Year 2018 Outstanding Equity Awards at Fiscal Year-End 42

Stock Vested in Fiscal Year 2018 43

Fiscal Year 2018 Pension Benefits 43

Fiscal Year 2018 Nonqualified Deferred Compensation 44

Potential Payments Upon Termination or Change of Control 44

Pay Ratio Disclosure 50

Fiscal Year 2018 Compensation of Directors 51

03

AUDIT MATTERS

<u>PROPOSAL No. 3 RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>54</u>
<u>AUDIT COMMITTEE MATTERS</u>	<u>55</u>
<u>Fees Paid to Ernst & Young LLP</u>	<u>55</u>
<u>Recommendation to Appoint Ernst & Young LLP as Independent Registered Public Accounting Firm</u>	<u>55</u>
<u>Audit Committee Pre-Approval Policies and Procedures</u>	<u>56</u>
<u>Report of the Audit Committee</u>	<u>57</u>
<u>04</u>	
<u>OTHER PROPOSALS</u>	
<u>PROPOSAL No. 4 COMPANY PROPOSAL TO AMEND THE RESTATED CERTIFICATE OF INCORPORATION TO ALLOW HOLDERS OF 25% OF OUTSTANDING SHARES TO CALL SPECIAL STOCKHOLDER MEETINGS</u>	<u>60</u>
<u>The Company's Special Meeting Proposal</u>	<u>60</u>
<u>Purpose and Effect of the Company's Special Meeting Proposal</u>	<u>60</u>
<u>Overview of Related Changes to the Bylaws</u>	<u>61</u>
<u>The Stockholder Proposal</u>	<u>61</u>
<u>Additional Information</u>	<u>62</u>
<u>PROPOSAL No. 5 STOCKHOLDER PROPOSAL REQUESTING AMENDMENTS TO ALLOW HOLDERS OF 10% OF OUTSTANDING SHARES TO CALL SPECIAL STOCKHOLDER MEETINGS</u>	<u>63</u>
<u>Stockholder Proposal</u>	<u>63</u>
<u>Board Statement in Opposition</u>	<u>64</u>
<u>05</u>	
<u>GENERAL INFORMATION</u>	
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>66</u>
<u>QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING</u>	<u>67</u>
<u>OTHER MATTERS</u>	<u>70</u>
<u>Certain Relationships and Related Transactions</u>	<u>70</u>
<u>Related Person Transaction Approval Policy</u>	<u>70</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>70</u>
<u>Annual Report to Stockholders</u>	<u>70</u>
<u>Communications with Directors</u>	<u>71</u>
<u>Submission of Stockholder Proposals for Consideration at the 2019 Annual Meeting</u>	<u>71</u>
<u>Stockholders Sharing an Address</u>	<u>72</u>
<u>ANNEX A</u>	<u>A-1</u>
<u>ANNEX B</u>	<u>B-1</u>

[Back to Contents](#)

DEAR FELLOW STOCKHOLDERS Thank you for your investment in Korn Ferry. On behalf of the Board of Directors, I want to express our appreciation for the trust you have placed in us to help oversee and facilitate Korn Ferry's long term success. Fiscal 2018 Accomplishments Against a backdrop of uncertain macroeconomic and geopolitical factors, Korn Ferry achieved yet another year of strong financial performance and continued to make progress on our strategic objectives. We are proud of these results, which include: Generated record fee revenue of \$1.767 billion, representing a 13% increase year over year; Returned \$56.1 million to stockholders (approximately \$33.1 million through share repurchases and \$23 million in quarterly dividends in FY 18); Achieved diluted earnings per share of \$2.35, representing a 60% increase year over year; RPO and Professional Search achieved double digit fee revenue growth for the fourth consecutive year; and Advisory achieved fee revenue growth of 8% year over year. Leading Corporate Governance Practices Complementing our financial performance is our Company's commitment to corporate governance, including: Majority voting for directors in uncontested elections; Declassified Board with annual election of directors; Independent Chair and independent Board members (except for CEO); Regular engagement with stockholders; Board diversity; Recent removal of supermajority voting requirements from our Certificate of Incorporation and Bylaws; This year's proposal to amend our Restated Certificate of Incorporation to allow stockholders to call special stockholder meetings; and Maintenance of the highest possible ISS Governance QualityScore of 1. Proxy Proposals On September 26, 2018, Korn Ferry will hold its annual stockholder meeting. Your vote is very important. I urge you to review the enclosed information carefully and participate in this important process. An important part of this Proxy Statement is a proposal to re-elect members to our Board of Directors. Each of the nominees have been selected for their experience, judgment, and integrity. Each of the nominees has been an important member of our Board and helped oversee the Company's outstanding performance. We also have included a proposal submitted by a stockholder. The Board of Directors has reviewed this proposal carefully and recommends voting against it because it is not in the best interest of long-term stockholders. A detailed rationale for our recommendation with respect to this proposal is enclosed. The commentary above is only a snap shot of the Company's Fiscal 2018 achievements, but we believe these achievements are representative of our commitment and progress. We strongly encourage each of our stockholders to review this Proxy Statement, vote promptly and convey their views. On behalf of our Board, Senior Management, and the Company, thank you for being a Korn Ferry stockholder. Sincerely, George Shaheen, Chair of the Board August 17, 2018 Korn Ferry 1900 Avenue of the Stars, Suite 2600 Los Angeles, CA 90067 (310) 552-1834

[Back to Contents](#)

NOTICE OF 2018 ANNUAL MEETING MEETING INFORMATION Date: September 26, 2018 Time: 8:00 a.m. Pacific Time Location: InterContinental, 2151 Avenue of the Stars, Los Angeles, CA 90067 Record Date: July 31, 2018 MEETING AGENDA To the Stockholders: On September 26, 2018, Korn Ferry (the “Company”, “we”, “its,” and “our”) will hold its 2018 Annual Meeting of Stockholders (the “Annual Meeting”) at the InterContinental located at 2151 Avenue of the Stars, Los Angeles, California 90067. The Annual Meeting will begin at 8:00 a.m. Pacific Time. Only stockholders who owned our common stock as of the close of business on July 31, 2018 (the “Record Date”) can vote at the Annual Meeting or any adjournments or postponements thereof. The purposes of the Annual Meeting are to: 1. Elect the eight directors nominated by our Board of Directors and named in the Proxy Statement accompanying this notice to serve on the Board of Directors until the 2019 Annual Meeting of Stockholders and until their successors have been duly elected and qualified, subject to their earlier death, resignation, or removal; 2. Vote on a non-binding advisory resolution to approve the Company’s executive compensation; 3. Ratify the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the Company’s 2019 fiscal year; 4. Vote on a Company proposal to amend our Restated Certificate of Incorporation to allow holders of 25% of outstanding shares to call special stockholder meetings; 5. Vote on a stockholder proposal requesting amendments to allow holders of 10% of outstanding shares to call special stockholder meetings, if properly presented at the Annual Meeting; and 6. Transact any other business that may be properly presented at the Annual Meeting. **RECOMMENDATION OF THE BOARD THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE YOUR SHARES “FOR” THE ELECTION OF EACH OF THE NOMINEES NAMED IN THE PROXY STATEMENT, “AGAINST” THE STOCKHOLDER PROPOSAL REGARDING SPECIAL STOCKHOLDER MEETINGS, AND “FOR” EACH OF THE OTHER ABOVE PROPOSALS.** Please read the proxy materials carefully. Your vote is important and we appreciate your cooperation in considering and acting on the matters presented. See pages 67 - 69 for a description of the ways by which you may cast your vote on the matters being considered at the Annual Meeting August 17, 2018 Los Angeles, California By Order of the Board of Directors, Jonathan Kuai General Counsel and Corporate Secretary The Proxy Statement and accompanying Annual Report to Stockholders are available at www.proxyvote.com.

[Back to Contents](#)

PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting. Page references are supplied to help you find further information in this Proxy Statement.

Annual Meeting of Stockholders (page 67)

Date and Time: September 26, 2018 at 8:00 a.m. Pacific Time.

Place: InterContinental, 2151 Avenue of the Stars, Los Angeles, California 90067.

Admission: To be admitted to the 2018 Annual Meeting of Stockholders (the “Annual Meeting”) you must present valid photo identification and, if your shares are held by a bank, broker or other nominee, proof of beneficial ownership of the shares.

Eligibility to Vote: You can vote if you were a holder of Korn Ferry’s common stock at the close of business on July 31, 2018.

Voting Matters (page 67)

¹ Election of Directors

Page Reference (for more detail) page 8

Board Vote
Recommendation
**FOR each Director
Nominee**

² Advisory Resolution to Approve Executive Compensation

Page Reference (for more detail) page 24

Board Vote
Recommendation
FOR

³ Ratification of Independent Registered Public Accounting Firm

Page Reference (for more detail) page 54

Board Vote
Recommendation
FOR

**Company Proposal to Amend the Restated Certificate of Incorporation to
4 Allow Holders of 25% of Outstanding Shares to Call Special Stockholder Meetings**

Page Reference (for more detail) pages 60 - 62

Board Vote
Recommendation
FOR

**Stockholder Proposal Requesting Amendments to Allow Holders of 10% of
5 Outstanding Shares to Call Special Stockholder Meetings**

Page Reference (for more detail) pages 63 - 64

Board Vote
Recommendation
AGAINST

How to Cast Your Vote (pages 67 - 69)

On or about August 17, 2018, we will mail a Notice of Internet Availability of Proxy Materials to stockholders of our common stock as of July 31, 2018, other than those stockholders who previously requested electronic or paper delivery of communications from us.

Stockholders of record can vote by any of the following methods:

Via **telephone** by calling **1-800-690-6903**;

Via **Internet** by visiting **www.proxyvote.com**;

Via **mail** (if you received your proxy materials by mail) by signing, dating and mailing the enclosed proxy card; or

In **person**, at the Annual Meeting. You must present valid photo identification to be admitted to the Annual Meeting.

• If you vote via telephone or the Internet, you must vote no later than 11:59 p.m. Eastern time on September 25, 2018.
• If you return a proxy card by mail, it must be received before the polls close at the Annual Meeting.

• If your shares are held in the name of a bank, broker or other nominee, you must follow the voting instructions provided to you by your bank, broker or nominee in order for your shares to be voted.

[Back to Contents](#)

BUSINESS HIGHLIGHTS FOR FISCAL YEAR 2018

Generated **record fee revenue of \$1.767 billion**, representing a **13% increase year over year**

65% Share Price Appreciation in FY 18*

* *Comparison of closing price on last trading day of FY 18 v FY 17*

Governance of the Company (page 16)

Board Structure	Committees and Attendance	Stockholder Engagement	Recent Corporate Governance Enhancements
<ul style="list-style-type: none"> • Independent Chair of the Board. • 7 of the 8 Directors on the Board are Independent. • Independent Directors Meet in Regular Executive Sessions. 	<ul style="list-style-type: none"> • Independent Audit, Compensation and Nominating Committees. • All Directors Attended at Least 75% of Board and Their Respective Committee Meetings. 	<ul style="list-style-type: none"> • Stockholder Communication Process for Communicating with the Board. • This year’s proxy statement includes a Company proposal to amend the Company’s Restated Certificate of Incorporation to allow stockholders to call a special stockholder meeting. 	<ul style="list-style-type: none"> • Replaced Classified Board Structure with Annual Director Elections. • Implemented Majority Voting in Uncontested Elections. • Removed Supermajority Voting Standards.

Governance Insights (pages 9, 26 and 56)

Each of the Company's standing Board committees is committed to staying abreast of the latest issues impacting good corporate governance. The Company has included three sets of Questions & Answers ("Q&As"), one with the chair of each of the Company's standing committees. These Q&As are meant to provide stockholders with insight into committee-level priorities and perspectives on ESG, pay for performance, director compensation, oversight of cybersecurity and implementation of new EU data protection regulations.

2018 Proxy Statement **2**

[Back to Contents](#)

BOARD NOMINEES (PAGES 11 - 15)

<p>Doyle N. BENEBY Director</p> <p>Age: 58</p> <p>Director Since: 2015</p> <p>Independent: Yes</p> <p>Committee Memberships:</p> <ul style="list-style-type: none"> • Nominating and Corporate Governance • Compensation and Personnel <p>Experience/Qualification:</p> <ul style="list-style-type: none"> • Former CEO of New Generation Power International. • Former President and CEO of CPS Energy. • Brings extensive executive management experience in the energy industry. 	<p>Gary D. BURNISON Director and President/CEO, of Korn Ferry</p> <p>Age: 57</p> <p>Director Since: 2007</p> <p>Independent: No</p> <p>Committee Memberships: – Experience/Qualification:</p> <ul style="list-style-type: none"> • President and CEO of the Company. • Brings in-depth knowledge of the Company’s business, operations, employees and strategic opportunities. 	<p>William R. FLOYD Director</p> <p>Age: 73</p> <p>Director Since: 2012</p> <p>Independent: Yes</p> <p>Committee Memberships:</p> <ul style="list-style-type: none"> • Audit • Compensation and Personnel <p>Experience/Qualification:</p> <ul style="list-style-type: none"> • Former Chairman of the Board of Buffet Holdings, Inc. • Brings extensive executive management experience in the service industry. 	<p>Christina A. GOLD Director</p> <p>Age: 70</p> <p>Director Since: 2014</p> <p>Independent: Yes</p> <p>Committee Memberships:</p> <ul style="list-style-type: none"> • Nominating and Corporate Governance (Chair) • Compensation and Personnel <p>Experience/Qualification:</p> <ul style="list-style-type: none"> • Former President, CEO and Director of The Western Union Company. • Brings executive management and board experience.
<p>Jerry P. LEAMON Director</p> <p>Age: 67</p> <p>Director Since: 2012</p> <p>Independent: Yes</p> <p>Committee Memberships:</p>	<p>Angel R. MARTINEZ Director</p> <p>Age: 63</p> <p>Director Since: 2017</p> <p>Independent: Yes</p> <p>Committee Memberships:</p>	<p>Debra J. PERRY Director</p> <p>Age: 67</p> <p>Director Since: 2008</p> <p>Independent: Yes</p> <p>Committee Memberships:</p>	<p>George T. SHAHEEN Director and Non-Executive Chair of the Board of Korn Ferry</p> <p>Age: 74</p> <p>Director Since: 2009</p> <p>Independent: Yes</p> <p>Committee Memberships: – Experience/Qualification:</p>

- **Compensation and Personnel (Chair)**

- **Audit**

Experience/Qualification:

- **Former Global Managing Director of Deloitte & Touche.**

- **Brings financial accounting expertise and extensive global professional services experience.**

- **Audit**

Experience/Qualification:

- **Former Chairman of the Board of Directors of, and Former President and CEO of, Deckers Brands (formerly known as Deckers Outdoor Corporation).**

- **Brings executive management, product, and marketing experience.**

- **Audit (Chair)**

- **Nominating and Corporate Governance**

Experience/Qualification:

- **Former senior managing director in the Global Ratings and Research Unit of Moody's Investors Service, Inc.**

- **Brings executive management, corporate governance, finance and analytical expertise and board and committee experience.**

- **Chair of the Board of the Company.**

- **Brings executive management, consulting, board and advisory experience.**

[Back to Contents](#)**2018 Executive Compensation Summary (page 39)***

Name and Principal Position	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Gary D. Burnison, President and Chief Executive Officer	910,000	2,000,000	3,513,464	2,184,000	2,676	33,153	8,643,293
Robert P. Rozek, Executive Vice President, Chief Financial Officer and Chief Corporate Officer	575,000	1,000,000	1,702,641	1,150,000	—	21,106	4,448,747
Byrne Mulrooney, Chief Executive Officer of RPO, Professional Search and Products	450,000	500,000	1,149,548	1,000,000	—	239,657	3,339,205
Mark Arian, Chief Executive Officer of Advisory	450,000	1,200,000	—	—	—	11,139	1,661,139

* See footnote disclosure to table on pages 39 - 40.

2018 Executive Total Compensation Mix (page 29)

Equity awards based upon grant date value. Excludes the special one-time cash awards made at the beginning of fiscal 2019 in recognition of extraordinary performance in fiscal 2018, as described in further detail on page 35, because they are not part of the annual compensation program. Also excludes Mr. Arian, who joined the Company in the fourth quarter of fiscal 2017 and thus did not participate in the ordinary annual grant cycle.

[Back to Contents](#)

Compensation Process Highlights (pages 19 and 28 - 30)

•Our Compensation and Personnel Committee receives advice from its independent compensation consultant.

We review total direct compensation and the mix of the compensation components for the named executive officers relative to our peer group as one of the factors in determining if compensation is adequate to attract and retain executive officers with the unique set of skills necessary to manage and motivate our global people and organizational advisory firm.

Elements of Compensation (pages 31 - 37)

Element	Purpose	Determination
Base Salary	Compensate for services rendered during the fiscal year and provide sufficient fixed cash income for retention and recruiting purposes.	Reviewed on an annual basis by the Compensation and Personnel Committee taking into account competitive data from our peer group, input from our compensation consultant, and the executive’s individual performance.
Annual Cash Incentives	Motivate and reward named executive officers for achieving financial and strategy execution goals over a one-year period.	Determined by the Compensation and Personnel Committee based upon performance goals, strategic objectives, competitive data, and individual performance.
Long-Term Incentives	Align the named executive officers’ interests with those of stockholders, encourage the achievement of the long-term goals of the Company, and motivate and retain top talent.	Determined by the Compensation and Personnel Committee based upon a number of factors including competitive data, total overall compensation provided to each named executive officer, and historic grants.

Best Practices (page 28)

Our Board has adopted a clawback policy applicable to all cash incentive payments and performance-based equity awards granted to executive officers.

Our named executive officers are not entitled to any “single trigger” equity acceleration in connection with a change in control.

We have adopted policies prohibiting hedging, speculative trading or pledging of Company stock.

All named executive officers are required to own three times their annual base salary in Company common stock.

We do not provide excise tax gross-ups to any of our executive officers.