

2021 **SAY ON PAY**

RUSSELL 3000

& PROXY RESULTS

IN THIS ISSUE

SAY ON PAY
2,243 VOTE RESULTS
PAGES 1-4

**ENVIRONMENTAL AND
SOCIAL PROPOSALS**
173 VOTE RESULTS
PAGES 5-6

DIRECTOR ELECTIONS
17,523 VOTE RESULTS
PAGE 7

EQUITY PLANS
635 VOTE RESULTS
PAGE 8

JANUARY

27

2021 SAY ON PAY RESULTS

1/27/2022

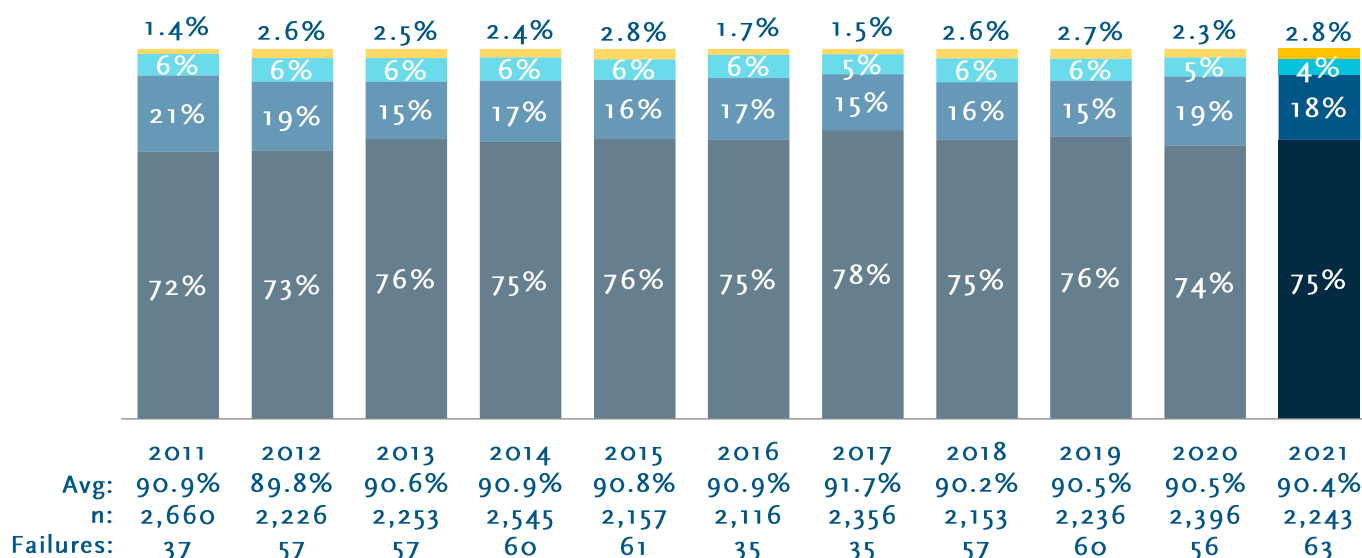
RUSSELL 3000
2,243 COMPANIES

BREAKDOWN OF SAY ON PAY VOTE RESULTS

63 Russell 3000 companies (2.8%) and 18 S&P 500 companies (3.9%) failed Say on Pay in 2021. Four companies failed since our last report in September. Our evaluation of the likely reasons for failure indicated that 20 of the 63 failed Say on Pay votes in 2021 were due in part to Covid-19 related actions.

PERCENT APPROVAL

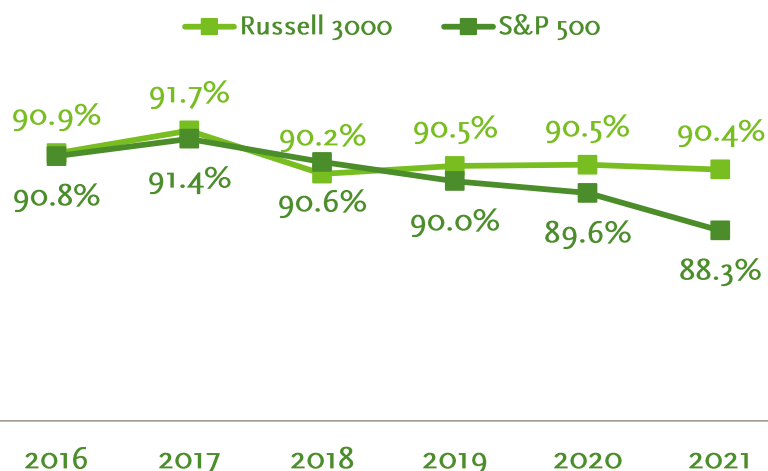
■ 90%+ ■ 70 - 90% ■ 50 - 70% ■ Below 50%



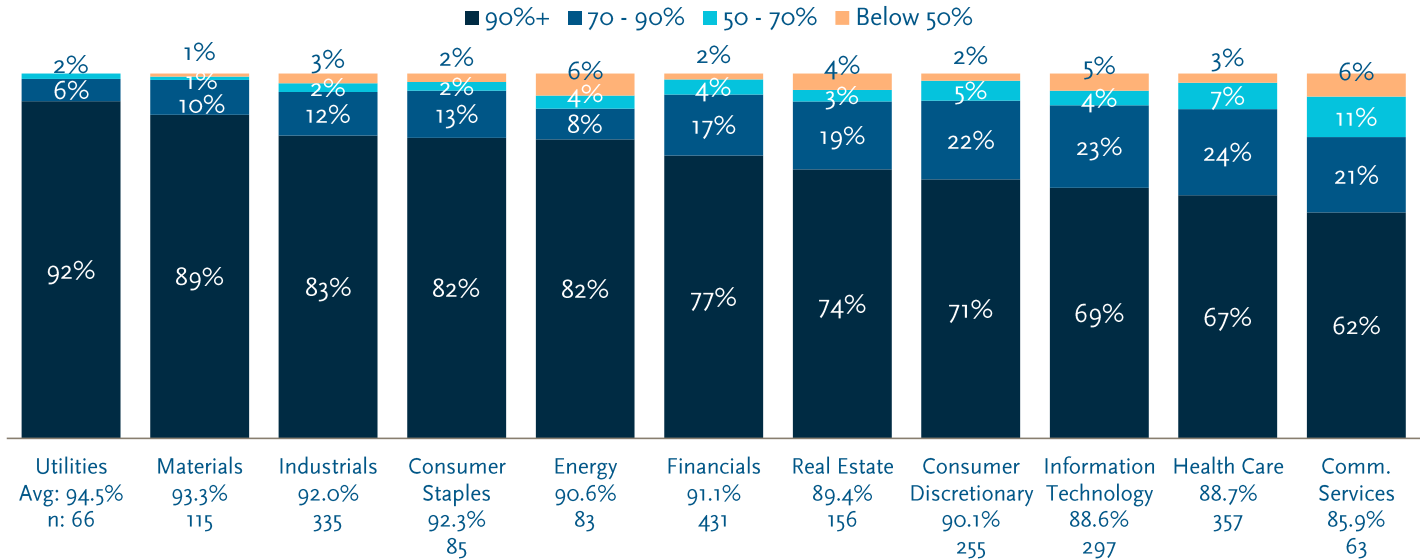
SAY ON PAY OBSERVATIONS

- The 2021 failure rate (2.8%) was above 2020's failure rate of (2.3%) and was unchanged from our September report
- The percentage of Russell 3000 companies receiving greater than 90% support in 2021 (75%) was higher than in 2020 (74%)
- 2021 average vote results of 90.4% for the Russell 3000 and 88.3% for the S&P 500 were below the average vote results in 2020
- The 2021 average Russell 3000 vote result was 210 basis points higher than the average S&P 500 vote result, which was 120 basis points larger than the spread in 2020

COMPARISON OF RUSSELL 3000 AND S&P 500

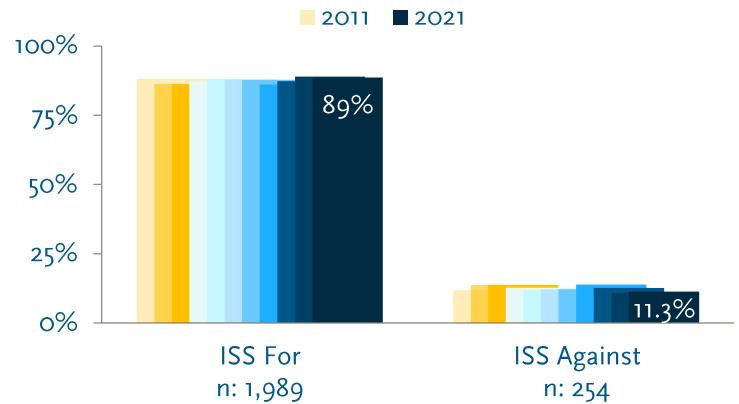


SAY ON PAY VOTE RESULTS BY GICS SECTOR



ISS RECOMMENDATION RATE

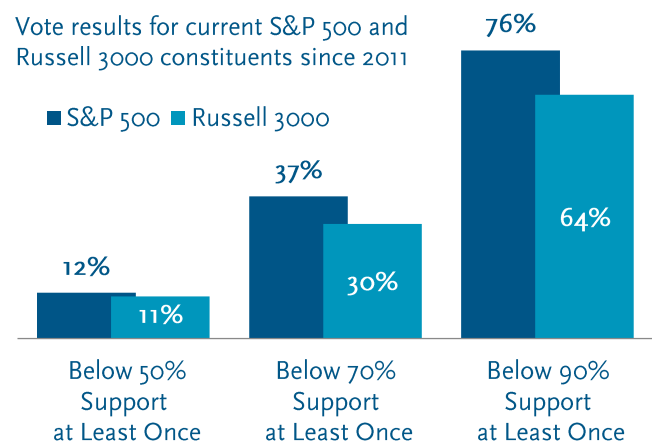
- 11.3% of companies received an “Against” recommendation from ISS in 2021, which was 30 basis points higher than the 2020 rate
- The average Say on Pay vote result for companies that received an ISS “Against” recommendation in 2021 was 31 percentage points lower than for companies that received an ISS “For” recommendation
- This was at the high end of the historical range of 24 to 32 percentage points



ISS “AGAINST” RATE AND VOTE IMPACT OF MULTIPLE CONSECUTIVE “AGAINSTS”

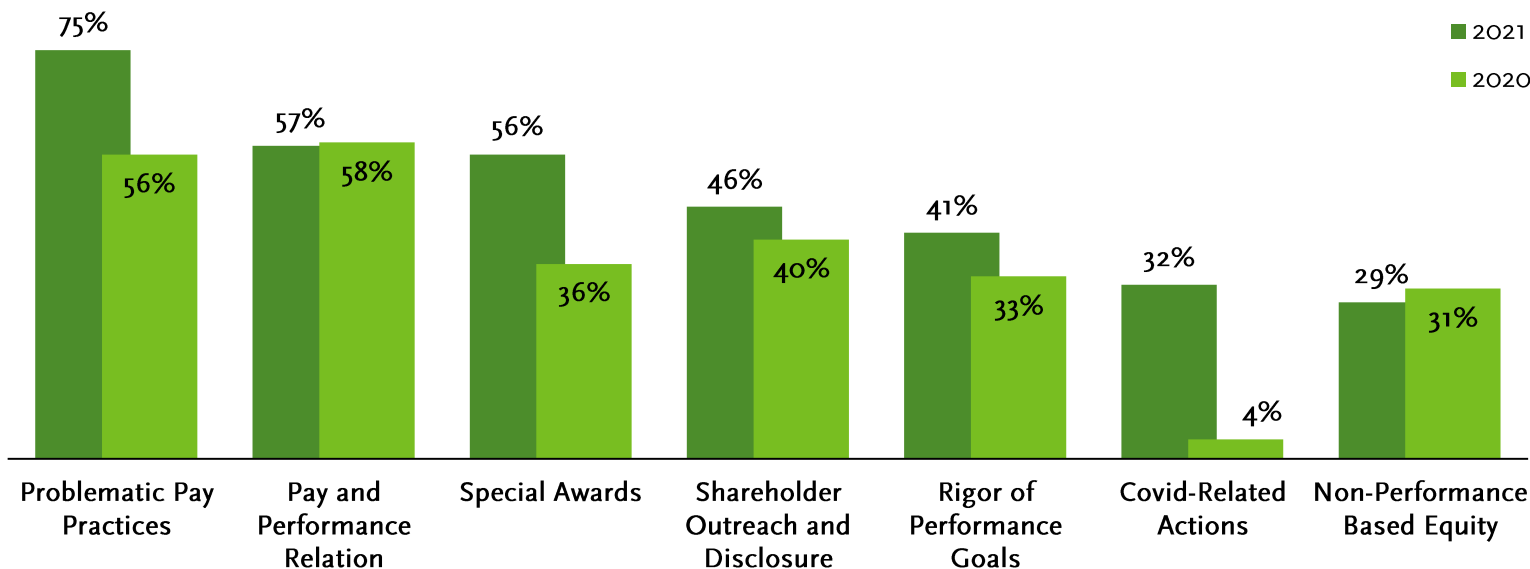
FULL 2021 SAMPLE	2,243 Companies	11% “Against” Rate	90.4% Average Vote
1 “Against”	126 Companies	33% “Against” Rate	61.0% Average Vote
2 “Againts”	39 Companies	46% “Against” Rate	57.7% Average Vote
3 “Againts”	15 Companies	53% “Against” Rate	52.9% Average Vote
4+ “Againts”	5 Companies	40% “Against” Rate	49.0% Average Vote

LIKELIHOOD OF A LOW SAY ON PAY VOTE



RUSSELL 3000 2021 VS. 2020 FAILURE REASONS

In 2021, a significant number of failures were due to a misalignment between pay and performance (57%), and pay practices assumed to be problematic (75%). 32% of failures were due to Covid-related actions. There was also a higher prevalence of special awards contributing to failures, though companies did not always explicitly disclose these as being related to Covid-19.



LIKELY CAUSES OF SAY ON PAY VOTES UNDER 50% IN 2021

2021 Failed Say on Pay Vote Results¹
Russell 3000, n=63

Company	Say on Pay Vote Results			Number of Failures	Likely Causes of Votes Under 50%					
	2021▼	2020	YOY		Pay and Performance Relation	Problematic Pay Practices	Rigor of Performance Goals	Shareholder Outreach and Disclosure	Non-Performance Based Equity	Special Awards/Mega-Grants
Phillips 66	50%	89%	-39%	1	X	X	X	X		
Prologis, Inc.	50%	84%	-34%	1	X	X	X	X		
PTC Inc.	50%	67%	-18%	2	X	X	X		X	X
The Children's Place, Inc.	49%	75%	-26%	2	X	X		X		
AT&T Inc.	49%	88%	-39%	1	X				X	
International Business Machines Corporation	49%	86%	-38%	1	X				X	
Starbucks Corporation	47%	84%	-37%	1					X	
Vonage Holdings Corp.	47%	90%	-43%	1			X	X	X	
Zynga Inc.	47%	97%	-50%	1		X		X	X	
Walgreens Boots Alliance, Inc.	47%	83%	-36%	1	X		X	X		X
WEX Inc.	47%	98%	-51%	1						X
Vector Group Ltd.	46%	31%	15%	3	X	X				
Halliburton Company	46%	90%	-44%	2	X	X	X			
DXC Technology Company	46%	33%	14%	2	X	X	X		X	
Essent Group Ltd.	46%	98%	-52%	1				X	X	X
XPO Logistics, Inc.	45%	67%	-22%	1	X	X		X		X
Cars.com Inc.	45%	96%	-51%	1		X			X	
Tejon Ranch Co.	45%	-	-	1		X	X	X	X	
Global Blood Therapeutics, Inc.	45%	78%	-33%	1					X	
Howmet Aerospace Inc.	45%	-	-	1		X		X	X	
Arrowhead Pharmaceuticals, Inc.	44%	98%	-54%	1	X	X			X	
Greenlight Capital Re, Ltd.	43%	66%	-23%	1		X		X		

continued on next page...

LIKELY CAUSES OF SAY ON PAY VOTES UNDER 50% IN 2021 (CONTINUED)

2021 Failed Say on Pay Vote Results¹
Russell 3000, n=63

Company	Say on Pay Vote Results			Number of Failures	Likely Causes of Votes Under 50%							
	2021▼	2020	YOY		Pay and Performance Relation	Problematic Pay Practices	Rigor of Performance Goals	Shareholder Outreach and Disclosure	Non-Performance Based Equity	Special Awards/Mega-Grants	COVID-Related Actions	
TransDigm Group Incorporated	43%	66%	-23%	1	X	X	X	X				
The Brink's Company	43%	90%	-47%	1	X		X		X	X	X	
General Electric Company	42%	74%	-31%	1	X	X	X			X	X	
Xenia Hotels & Resorts, Inc.	42%	98%	-56%	1	X			X	X	X	X	
Universal Insurance Holdings, Inc.	42%	79%	-37%	3		X			X	X		
Electronic Arts Inc.	42%	26%	16%	2	X		X			X		
Allakos Inc.	41%	-	-	1		X		X	X			
G-III Apparel Group, Ltd.	39%	69%	-31%	3		X		X	X			X
Qualys, Inc.	38%	96%	-57%	2		X		X	X	X	X	
Sterling Bancorp	38%	96%	-57%	2		X		X				X
Intel Corporation	38%	50%	-12%	2	X	X	X					
PacWest Bancorp	37%	81%	-44%	2		X	X	X		X		
Sabre Corporation	36%	-	-	1	X	X				X	X	
Enzo Biochem, Inc.	36%	56%	-20%	1		X		X				
Invacare Corporation	35%	92%	-56%	1	X	X						X
Splunk Inc.	35%	87%	-53%	2		X	X					X
Tutor Perini Corporation	35%	34%	0%	11	X	X		X				
SL Green Realty Corp.	34%	89%	-55%	2	X	X	X		X	X		
Ladder Capital Corp	34%	-	-	1		X						
Evoform Biosciences, Inc.	34%	73%	-40%	1	X	X				X		
Acuity Brands, Inc.	33%	33%	0%	2	X	X	X		X	X		
Nabors Industries Ltd.	32%	35%	-3%	10	X	X	X	X				
Korn Ferry	31%	97%	-66%	1		X			X			X
Xerox Holdings Corporation	31%	66%	-36%	2	X	X		X		X	X	
Paycom Software, Inc.	30%	45%	-15%	2	X	X				X		
Marathon Petroleum Corporation	30%	90%	-60%	1	X		X	X	X	X		
Premier, Inc.	30%	94%	-63%	1		X	X		X			X
NextGen Healthcare, Inc.	28%	97%	-68%	1		X						
Cleveland-Cliffs Inc.	26%	32%	-6%	3	X	X	X			X		
Ceridian HCM Holding Inc.	26%	54%	-28%	1	X	X		X		X		
RBC Bearings Incorporated	25%	31%	-6%	4	X		X	X				
RPT Realty	23%	98%	-75%	1	X		X			X		
LCI Industries	23%	67%	-43%	1		X				X	X	
Whiting Petroleum Corporation	23%	-	-	2		X				X	X	
Skyworks Solutions, Inc.	22%	89%	-67%	1	X	X	X	X		X		
Global Net Lease, Inc.	21%	-	-	1				X				
Blucora, Inc.	20%	94%	-73%	1		X		X	X	X		
Viatrix Inc.	20%	-	-	1		X		X		X		
Park Hotels & Resorts Inc.	18%	96%	-78%	1	X		X	X		X		
Norwegian Cruise Line Holdings Ltd.	17%	87%	-70%	1	X	X				X	X	
NCR Corporation	16%	85%	-69%	2	X	X	X			X		
Count (n=63)						36	47	26	29	18	35	20

¹ As of January 11, 2022

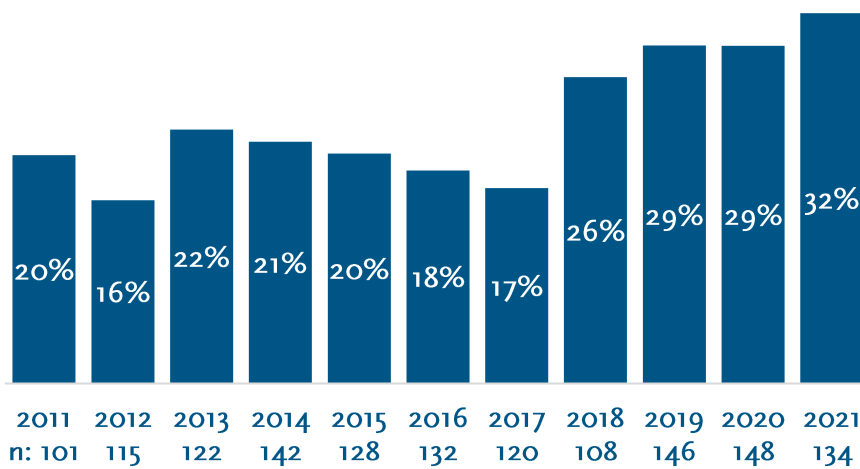
2021 E&S PROPOSAL RESULTS

1/27/2022

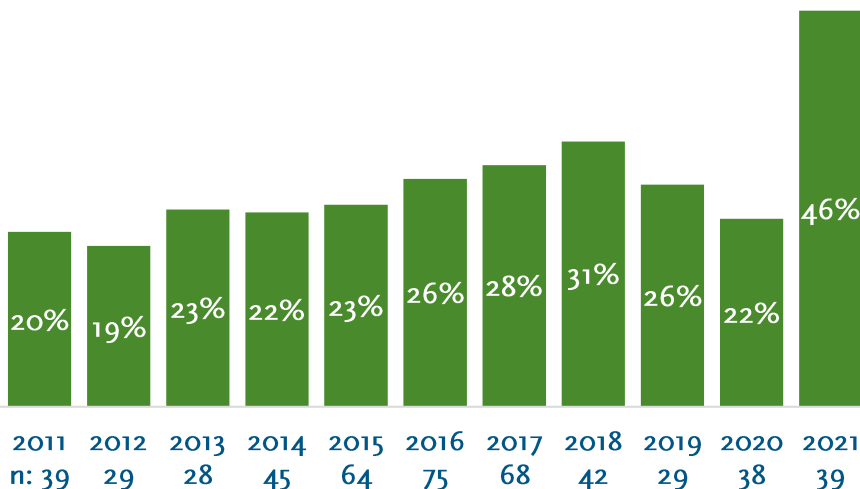
RUSSELL 3000
173 PROPOSALS

- During the 2021 proxy season, shareholders voted on 134 social proposals and 39 environmental proposals – median support for social proposals was three percentage points higher than last year and median support for environmental proposals was 24 percentage points higher than last year
- Twenty-three social proposals (17%) and sixteen environmental proposals (41%) received greater than 50% support in 2021; both rates were significantly higher than any previous year (9% of social proposals and 16% of environmental proposals received greater than 50% support in 2020)
- We observed significantly higher support (often above 70%) for proposals that requested reporting on EEO-1 statistics, diversity and inclusion efforts, Board diversity, lobbying payments, climate impact reporting, and emission reduction target disclosure

SOCIAL PROPOSALS MEDIAN VOTE RESULT



ENVIRONMENTAL PROPOSALS MEDIAN VOTE RESULT



SPOTLIGHT: TESLA

A shareholder submitted a proposal requesting that Tesla publish an annual report assessing the company's diversity and inclusion (D&I) efforts.

The proposal received 55% vote support

- The proponent cites corporate benefits of a diverse workforce, including empirical data that links D&I with higher financial and stock performance
- The proponent argues that despite Tesla's public statement to recruit, develop, and retain employees from a diverse background, it has not released meaningful quantitative data for shareholders despite previous requests from shareholders
- Tesla's Board recommended "Against" the proposal and noted that it already provides appropriate metrics for shareholders to track D&I efforts, including the company's first Diversity, Equity and Inclusion Report published in December 2020; the Board asserts these are appropriate metrics, compared to EEO-1 report data
- ISS recommended "For" the proposal due to Tesla providing broadly stated D&I goals and strategy and not providing sufficient data for shareholders to track year-over-year trends and progress towards stated goals

2021 E&S PROPOSALS THAT RECEIVED GREATER THAN 50% VOTE SUPPORT

Company	Proposal	Recommendation			Support ▼
		ISS	Management		
Environmental Proposals (n=16)					
Bunge Limited	Report on the Soy Supply Chain	For	For		99%
S&P Global	Approve Greenhouse Gas (GHG) Emissions Reduciton Plan	For	For		99%
General Electric Company	Report on Meeting the Criteria of the Net Zero Indicator	For	For		98%
Sysco Corporation	Report on GHG Emissions Reduction Targets	For	None		92%
DuPont de Nemours, Inc.	Report on Plastic Pollution	For	Against		81%
Phillips 66	Adopt GHG Emissions Reduction Targets	For	Against		79%
Norfolk Southern Corporation	Report on Corporate Climate Lobbying Aligned with Paris Agreement	For	Against		76%
Bloomin' Brands, Inc.	Report on Climate Change	For	Against		76%
AutoZone, Inc.	Report on Annual Climate Transition	For	Against		70%
United Airlines Holdings, Inc.	Report on Global Warming-Related Lobbying Activities	For	Against		65%
Exxon Mobil Corporation	Report on Corporate Climate Lobbying Aligned with Paris Agreement	For	Against		64%
Delta Air Lines, Inc.	Report on Climate Lobbying	For	Against		63%
Phillips 66	Report on Climate Lobbying	For	Against		62%
Chevron Corporation	Reduce Scope 3 Emissions	For	Against		61%
Conoco Phillips	Emission Reduction Targets	For	Against		59%
Booking Holdings Inc.	Report on Annual Climate Transition	For	Against		56%
Social Proposals (n=23)					
The Wendy's Company	Report on Human Rights Risks in Operations and Supply Chain	For	For		94%
International Business Machines Corp.	Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts	For	For		94%
Paycom Software, Inc.	Report on Plans to Improve Diversity of Executive Leadership	For	None		75%
First Solar, Inc.	Report on Board Diversity	For	Against		91%
Union Pacific Corporation	Report on EEO	For	Against		86%
Badger Meter, Inc.	Report on Board Diversity	For	Against		85%
DuPont de Nemours, Inc.	Adopt Policy to Annually Disclose EEO-1 Data	For	Against		84%
Union Pacific Corporation	Publish Annually a Report Assessing Diversity and Inclusion Efforts	For	Against		81%
Netflix, Inc.	Report on Political Contributions	For	Against		80%
Chemed Corporation	Report on Political Contributions	For	Against		79%
Microsoft Corporation	Report on Effectiveness of Workplace Sexual Harassment Policies	For	Against		78%
First Community Bancshares, Inc.	Report on Board Diversity	For	None		71%
United Airlines Holdings, Inc.	Report on Political Contributions and Expenditures	For	Against		68%
The GEO Group, Inc.	Report on Lobbying Payments and Policy	Against	Against		66%
FedEx Corporation	Report on Lobbying Payments and Policy	For	Against		62%
American Express Company	Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts	For	Against		60%
SunRun Inc.	Report on Impact of Mandatory Arbitration on Employees and Workplace Culture	For	Against		58%
Tesla, Inc.	Report on Diversity and Inclusion Efforts	For	Against		55%
Exxon Mobil Corporation	Report on Lobbying Payments and Policy	For	Against		56%
AECOM	Report on Lobbying Payments and Policy	For	Against		54%
Royal Caribbean Group	Report on Political Contributions Disclosure	For	Against		53%
Duke Energy Corporation	Report on Political Contributions and Expenditures	For	Against		51%
Omnicom Group, Inc.	Report on Political Contributions and Expenditures	For	Against		51%

2021 DIRECTOR ELECTION RESULTS

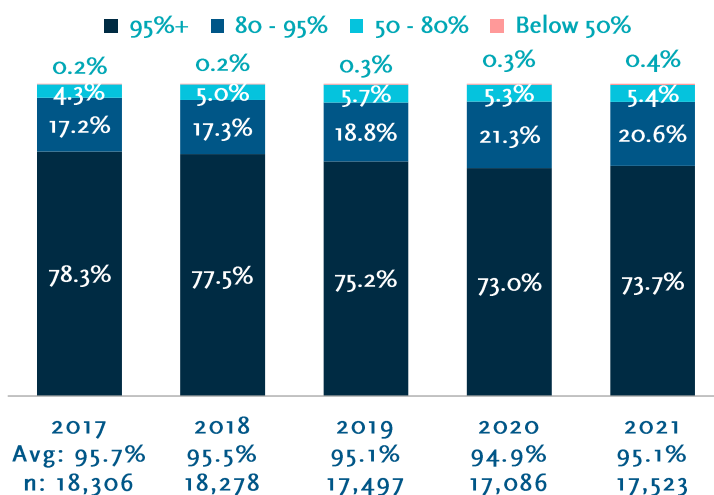
1/27/2022

RUSSELL 3000
17,523 DIRECTORS

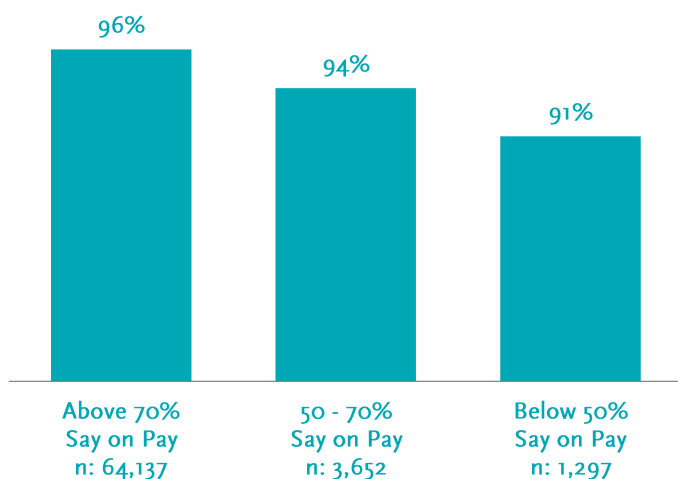
DIRECTOR ELECTION OBSERVATIONS

- Average vote support for Director nominees of 95.1% was 20 basis points higher than the average vote support in 2020 and equal to the average vote support in 2019
- The percentage of Director nominees that received vote support over 95% declined from 78% of nominees in 2017 to 74% of nominees in 2021
- Over the past five years, average Director election vote support at companies that received a Say on Pay vote below 50% in the prior year is five percentage points lower than at companies that received above 70% support
- Average vote support for female Director nominees was 160 basis points higher than average support for male nominees, which was slightly lower than the difference observed in the last two years

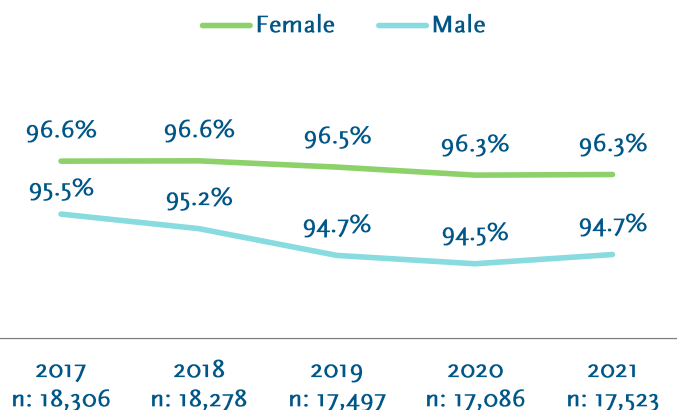
BREAKDOWN OF DIRECTOR ELECTION RESULTS



AVERAGE DIRECTOR ELECTION RESULTS IN YEAR FOLLOWING SAY ON PAY (2017-2021)



AVERAGE DIRECTOR ELECTION RESULTS BY GENDER



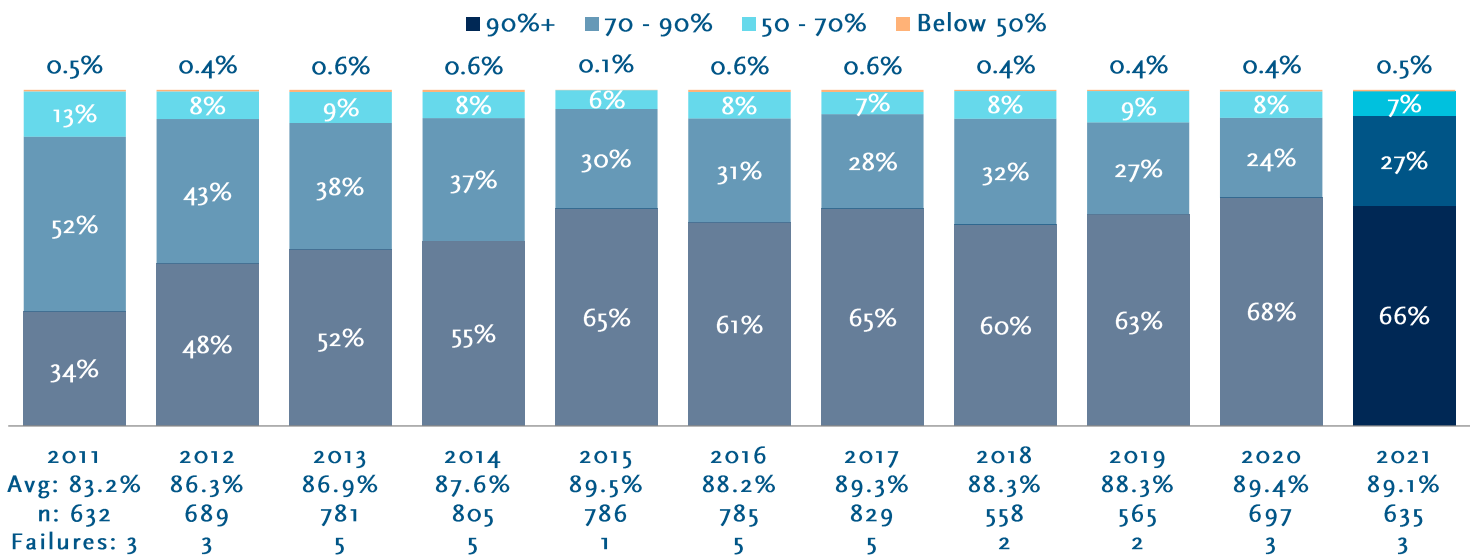
2021 EQUITY PROPOSAL RESULTS

1/27/2022

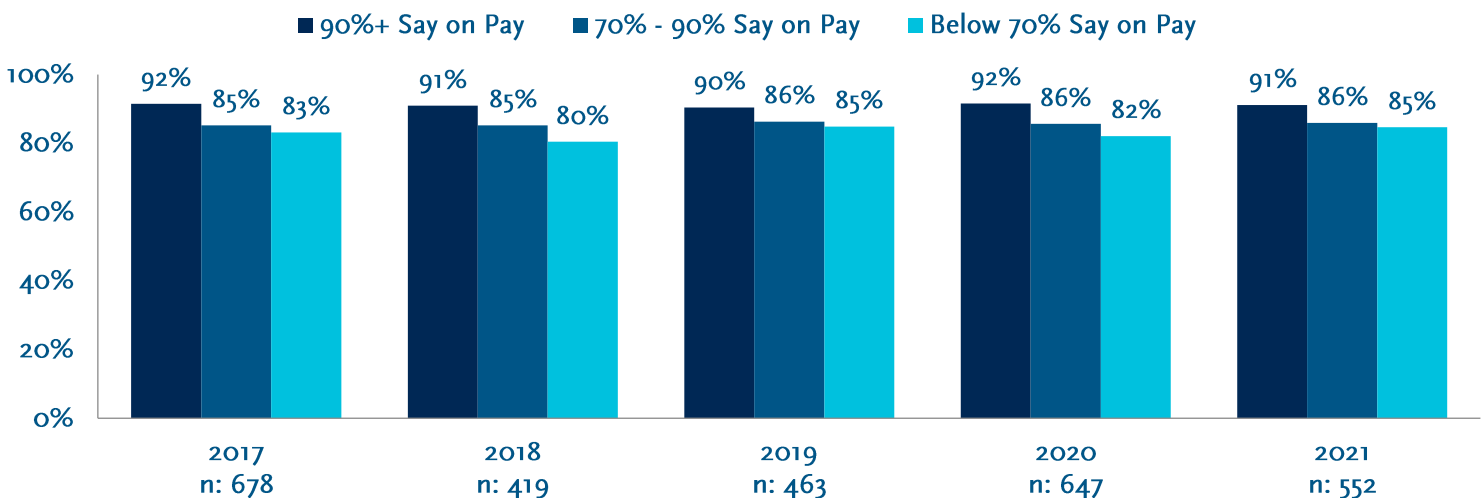
RUSSELL 3000
635 PROPOSALS

- Average vote support for equity proposals (89.1%) was 30 basis points lower than the average vote support observed last year
- Three proposals (Penumbra, Simulations Plus, and Cassava Sciences) received vote support below 50% in 2021, the same number of proposals that received vote support below 50% in 2020
- Companies that received less than 70% Say on Pay vote support had slightly higher average equity plan proposal vote support in 2021 (85%) than in previous years

BREAKDOWN OF EQUITY PLAN PROPOSAL VOTES



SAY ON PAY IMPACT ON EQUITY PLAN PROPOSAL VOTES



NEW YORK OFFICE

350 FIFTH AVENUE, SUITE 4700
NEW YORK, NY 10118

212.393.4000

LOS ANGELES OFFICE

11755 WILSHIRE BLVD, 10TH FLOOR
LOS ANGELES, CA 90025

310.481.0180

TODD SIRRAS, MANAGING DIRECTOR

704.502.3193
TSIRRAS@SEMLERBROSSY.COM

AUSTIN VANBASTELAER, SENIOR CONSULTANT

646.969.2318
AVANBASTELAER@SEMLERBROSSY.COM

JUSTIN BECK, CONSULTANT

646.969.2316
JBECK@SEMLERBROSSY.COM

SARAH HARTMAN, SENIOR ASSOCIATE

646.969.2301
SHARTMAN@SEMLERBROSSY.COM

KYLE MCCARTHY, ASSOCIATE

646.969.2324
KMCCARTHY@SEMLERBROSSY.COM

ALEXANDRIA AGEE, ASSOCIATE

310.295.3620
AAGEE@SEMLERBROSSY.COM

FOR MORE INFORMATION,
VISIT US AT SEMLERBROSSY.COM

