

2022 **SAY ON PAY**

S&P 500

RUSSELL 3000

& PROXY RESULTS

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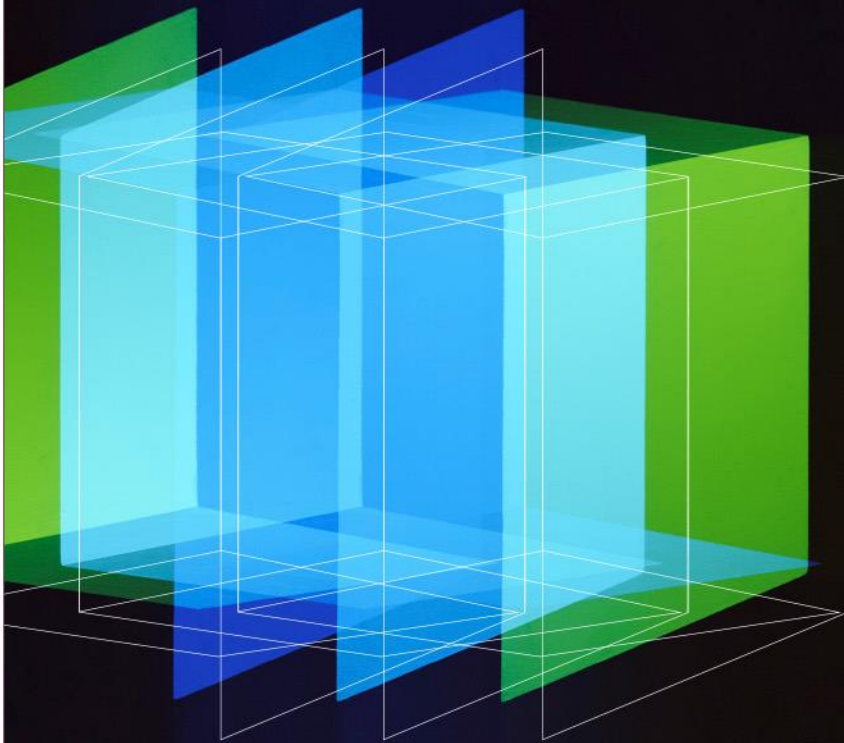
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2022 SAY ON PAY RESULTS

1/12/2023

S&P 500
471 COMPANIES

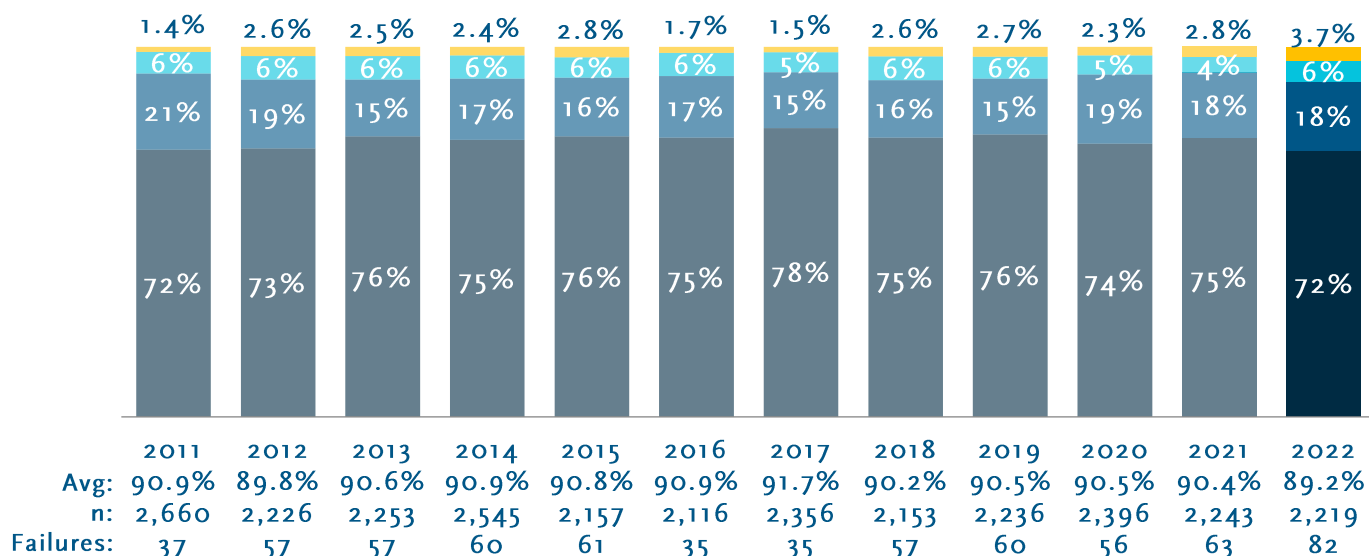
RUSSELL 3000
2,219 COMPANIES

BREAKDOWN OF SAY ON PAY VOTE RESULTS

82 Russell 3000 companies (3.7%) failed Say on Pay in 2022, 22 of which are in the S&P 500. Ten companies failed since our last report on September 29th (bolded on pages 3 and 4). The 2022 failure rate was 90 basis points higher than the 2021 failure rate.

PERCENT APPROVAL

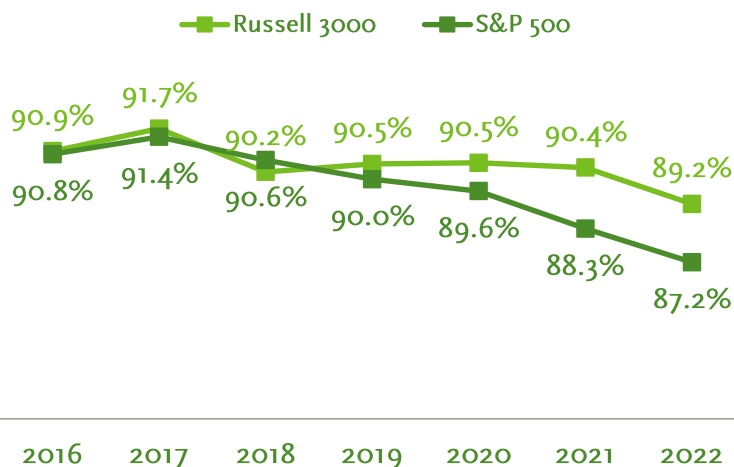
■ 90%+ ■ 70 - 90% ■ 50 - 70% ■ Below 50%



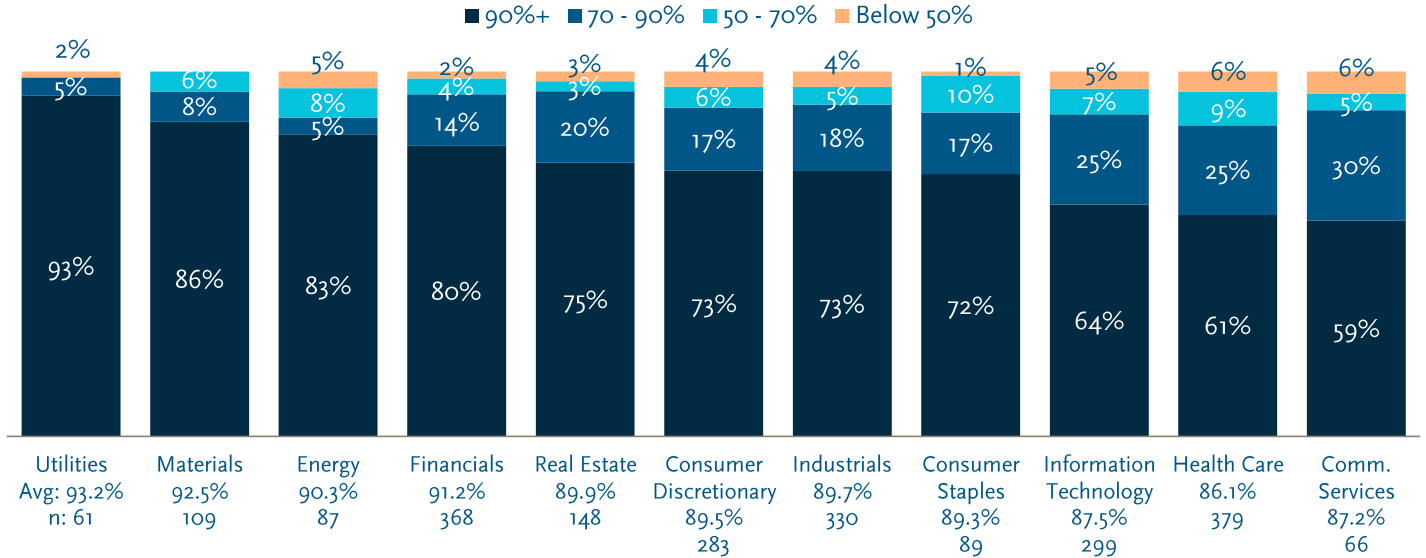
SAY ON PAY OBSERVATIONS

- The Russell 3000 average vote result was 89.2% in 2022, 120 basis points lower than in 2021 (90.4%); the S&P 500 average vote result was 87.2% in 2022, 110 basis points lower than in 2021 (88.3%)
- The failure rates for the Russell 3000 and S&P 500 were higher than the failure rates in 2021: the Russell 3000 was 90 basis points higher at 3.7% and the S&P 500 was 80 basis points higher at 4.7%
- A third of S&P 500 companies received lower than 90% support in 2022, compared to an average of 24% over the prior five years; we explored the reason behind this low vote support and the continued divergence of vote results for large companies in a research [paper](#) published in July

COMPARISON OF RUSSELL 3000 AND S&P 500



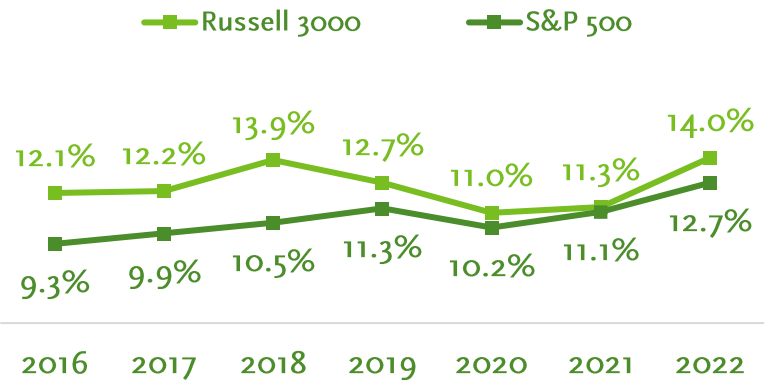
RUSSELL 3000 SAY ON PAY VOTE RESULTS BY GICS SECTOR



ISS RECOMMENDATION RATE OBSERVATIONS

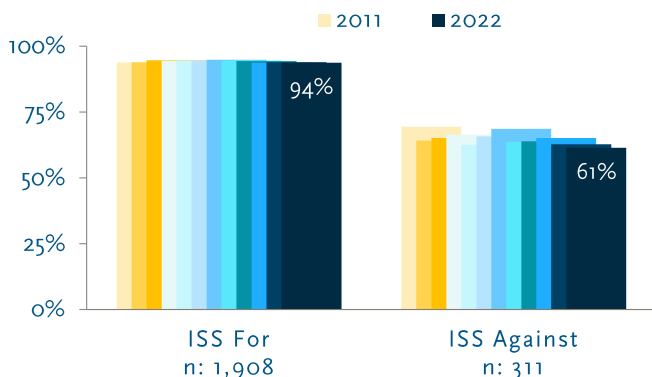
- 14.0% of Russell 3000 companies and 12.7% of S&P 500 companies received an ISS “Against” recommendation in 2022
- The Russell 3000 “Against” rate in 2022 was 270 basis points higher than the 2021 rate, and the S&P 500 “Against” rate was 160 basis points higher
- The ISS “Against” recommendation rate for the Russell 3000 was 130 basis points higher than the S&P 500’s in 2022, 110 basis points higher than the spread observed in 2021

FREQUENCY OF ISS “AGAINST” RECOMMENDATIONS

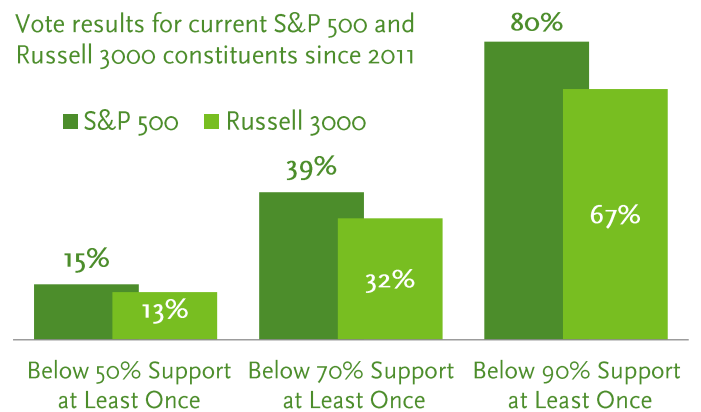


AVERAGE RUSSELL 3000 VOTE RESULT AFTER ISS “FOR” OR “AGAINST” RECOMMENDATION

The average vote result for Russell 3000 companies that received an ISS “Against” was 33 percentage points lower than those that received an ISS “For”, and 38 points for the S&P 500



LIKELIHOOD OF A LOW SAY ON PAY VOTE



LIKELY CAUSES OF SAY ON PAY VOTES UNDER 50% IN 2022

2022 Failed Say on Pay Vote Results¹

Russell 3000, n=82

Company	Say on Pay Vote Results			Number of Failures	Likely Causes of Votes Under 50%						
	2022▼	2021	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
Titan International, Inc.	50%	-	-	2				X			
The TJX Companies, Inc.	50%	91%	-42%	1		X					X
Paycom Software, Inc.	49%	30%	19%	3				X			
Ventas, Inc.	49%	85%	-36%	1	X	X				X	
Wynn Resorts, Limited	49%	64%	-15%	2	X			X	X	X	
IMAX Corporation	49%	63%	-14%	4				X			
The RealReal, Inc.	48%	-	-	1	X				X	X	
SS&C Technologies Holdings, Inc.	48%	87%	-39%	3		X					
Talos Energy Inc.	48%	99%	-51%	1		X			X		
Enphase Energy, Inc.	47%	93%	-45%	1		X	X				
Masimo Corporation	47%	81%	-33%	6		X					
Accolade, Inc.	47%	-	-	1		X			X		
Dime Community Bancshares, Inc.	47%	94%	-47%	1					X	X	
Quotient Technology Inc.	46%	-	-	1		X					
Health Catalyst, Inc.	46%	60%	-14%	1	X	X			X		
Heritage-Crystal Clean, Inc.	46%	56%	-10%	1	X			X			
Halliburton Company	46%	46%	0%	3	X		X	X			
JBG SMITH Properties	46%	91%	-45%	1	X	X	X		X	X	
Cardiff Oncology, Inc.	46%	-	-	1	X				X		
Yellow Corporation	45%	-	-	1				X			
Mersana Therapeutics, Inc.	44%	95%	-51%	1	X	X					
Vector Group Ltd.	44%	46%	-2%	4	X		X	X	X		
Riot Blockchain, Inc.	44%	-	-	1	X	X	X			X	
Sage Therapeutics, Inc.	43%	67%	-23%	1	X					X	
Pediatric Medical Group, Inc.	43%	81%	-38%	3		X	X				
Smartsheet Inc.	43%	81%	-38%	1					X	X	
UroGen Pharma Ltd.	42%	78%	-36%	2	X				X		
TransMedics Group, Inc.	42%	-	-	1	X	X			X		
Take-Two Interactive Software, Inc.	42%	88%	-47%	1	X		X				
Penn National Gaming, Inc.	42%	88%	-47%	1		X				X	
CSW Industrials, Inc.	41%	96%	-55%	1					X	X	
Global Payments Inc.	41%	95%	-54%	1			X	X		X	
Hexcel Corporation	41%	92%	-51%	1	X					X	X
Harley-Davidson, Inc.	41%	76%	-35%	1		X					
Castle Biosciences, Inc.	40%	-	-	1		X			X		
AAR Corp.	40%	98%	-58%	1		X			X	X	
Heska Corporation	39%	97%	-57%	1		X				X	
Axos Financial, Inc.	39%	75%	-36%	2	X	X			X	X	
Welbilt, Inc.	38%	91%	-53%	1		X					
Barnes Group Inc.	37%	97%	-59%	1	X	X	X				
Abiomed, Inc.	36%	51%	-15%	1	X	X	X	X			
AMC Entertainment Holdings, Inc.	36%	59%	-23%	1				X			
CONSOL Energy Inc.	36%	97%	-61%	1		X		X			
FLEETCOR Technologies, Inc.	36%	97%	-62%	5	X					X	
Bill.com Holdings, Inc.	36%	93%	-58%	1		X			X	X	

LIKELY CAUSES OF SAY ON PAY VOTES UNDER 50% IN 2022 (CONTINUED)

2022 Failed Say on Pay Vote Results¹

Russell 3000, n=82

Company	Say on Pay Vote Results			Number of Failures	Likely Causes of Votes Under 50%							
	2022▼	2021	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	
ServiceNow, Inc.	35%	90%	-55%	1		X	X				X	
nLIGHT, Inc.	35%	80%	-46%	1	X				X			
Intel Corporation	34%	38%	-4%	3	X	X	X	X				
Centene Corporation	34%	63%	-29%	1		X		X				
Griffon Corporation	34%	51%	-17%	1	X			X	X		X	
2U, Inc.	33%	95%	-61%	2			X		X			
Nabors Industries Ltd.	32%	32%	0%	11	X		X	X				
Booking Holdings Inc.	32%	91%	-59%	1		X	X			X		X
Tutor Perini Corporation	32%	35%	-3%	12	X	X	X	X				
JPMorgan Chase & Co.	31%	90%	-59%	1			X				X	
NeoGenomics, Inc.	31%	92%	-61%	1					X			
TG Therapeutics, Inc.	30%	-	-	2		X					X	
D.R. Horton, Inc.	27%	80%	-52%	1		X	X					
Netflix, Inc.	27%	51%	-24%	2	X	X		X	X			
RLJ Lodging Trust	26%	97%	-70%	1	X	X	X		X		X	
Mesa Laboratories, Inc.	25%	91%	-65%	1		X			X		X	
Montrose Environmental Group, Inc.	25%	-	-	1		X					X	
Natus Medical Incorporated	25%	94%	-69%	1		X						
Tabula Rasa HealthCare, Inc.	25%	89%	-64%	1				X				
CME Group Inc.	23%	90%	-67%	1		X	X					
Flowserve Corporation	23%	97%	-74%	1		X			X		X	
Sorrento Therapeutics, Inc.	23%	63%	-41%	1	X			X	X			
G-III Apparel Group, Ltd.	22%	39%	-16%	4	X			X				
CenterPoint Energy, Inc.	22%	80%	-58%	1		X			X		X	
Palomar Holdings, Inc.	22%	78%	-56%	1		X			X		X	
The Goodyear Tire & Rubber Company	21%	69%	-48%	1		X			X		X	
Arrowhead Pharmaceuticals, Inc.	20%	44%	-24%	2	X	X		X			X	
PacWest Bancorp	20%	37%	-17%	3	X		X	X				
Pebblebrook Hotel Trust	20%	94%	-75%	1	X		X		X		X	
Mercury Systems, Inc.	20%	99%	-79%	1		X	X				X	
Redwood Trust, Inc.	19%	90%	-71%	1	X	X						
Upland Software, Inc.	18%	93%	-76%	1	X		X		X			
OSI Systems, Inc.	17%	84%	-67%	2	X	X	X					
Norwegian Cruise Line Holdings Ltd.	15%	17%	-1%	2	X			X				
Endo International plc	15%	66%	-51%	1	X	X		X				
Western Digital Corporation	12%	82%	-70%	2	X	X			X		X	
SWK Holdings Corporation	11%	99%	-88%	1		X						
Count (n=82)						38	49	25	25	32	33	3

¹ As of December 31, 2022

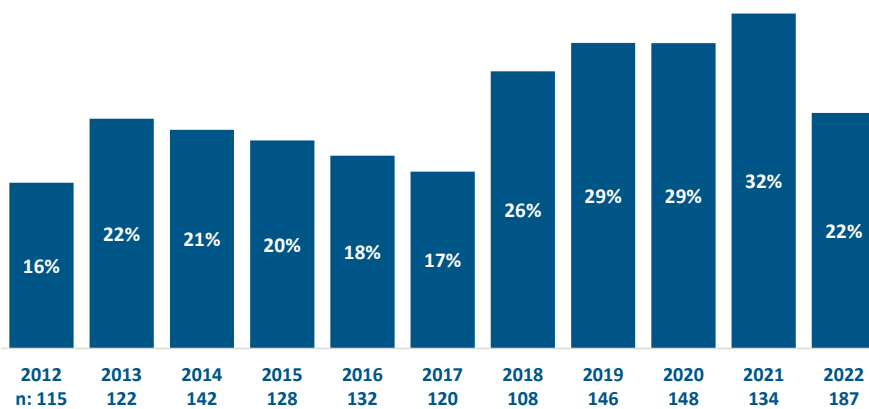
2022 ENVIRONMENTAL & SOCIAL PROPOSAL RESULTS

1/12/2023

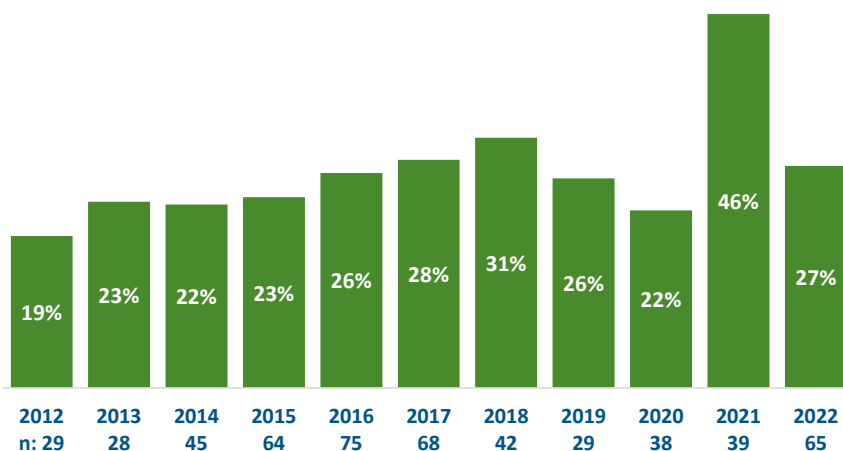
RUSSELL 3000
252 PROPOSALS

- During the 2022 proxy season, shareholders voted on 187 social proposals and 65 environmental proposals – median support for social proposals was 10 percentage points lower than last year and median support for environmental proposals was 19 percentage points lower than last year
- Sixteen social proposals (9%) and fourteen environmental proposals (22%) received greater than 50% support in 2022; both rates were lower than in 2021 (17% of social proposals and 41% of environmental proposals)
- We observed significantly higher support (often above 70%) for proposals that requested reporting on EEO-1 statistics, diversity and inclusion efforts, lobbying payments, emission impacts and plastic pollution; these were also the most prevalent proposal topics

SOCIAL PROPOSALS MEDIAN VOTE RESULT



ENVIRONMENTAL PROPOSALS MEDIAN VOTE RESULT



SPOTLIGHT: GENERAL MILLS

A shareholder submitted a proposal requesting that General Mills produce a report discussing the feasibility of transitioning away from plastic packaging.

The proposal received 57% vote support

- The proponent requested that the Company provide a report assessing how it can increase the scale, pace, and rigor of its sustainable packaging efforts by reducing its absolute plastic usage
- The proponent cited regulatory risk due to recent regulation in the EU, Maine, and Oregon, as well as pending legislation in several other states, around the use of virgin plastic and responsibility for post-consumer packaging waste management
- The Board opposed the measure citing the lack of food safe alternative linings for many of their products
- ISS recommended a vote “For” the proposal and noted this would help shareholders determine if the company is managing risks related to plastic waste
- ISS noted that many of the Company’s competitors partner with environmental foundations and have targets for absolute reduction in plastic use

2022 DIRECTOR ELECTION RESULTS

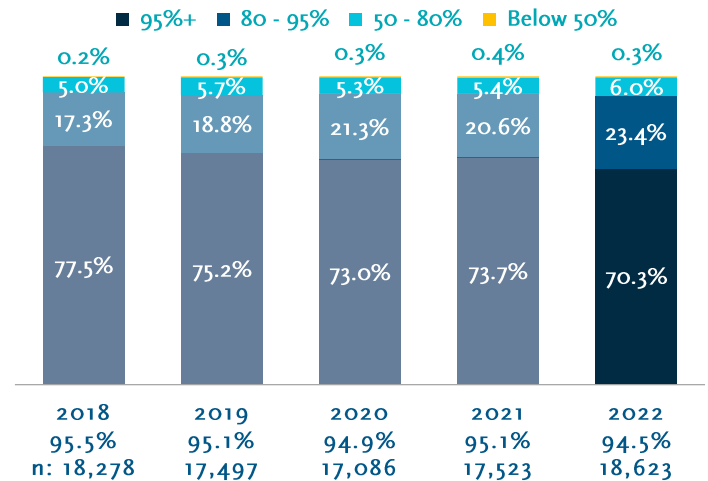
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RUSSELL 3000
18,623 DIRECTORS

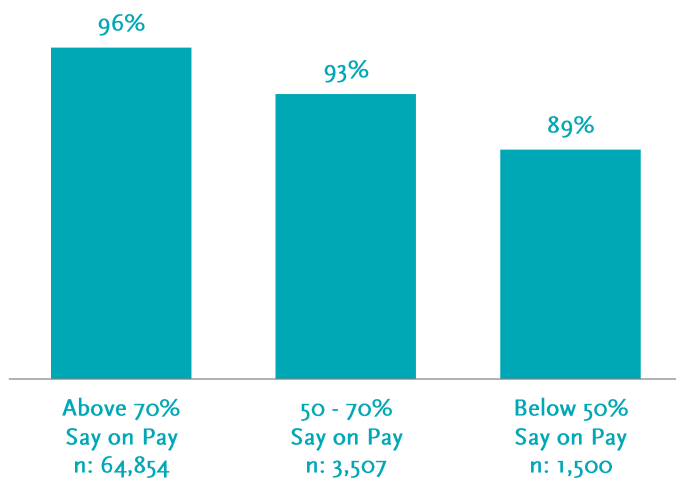
DIRECTOR ELECTION OBSERVATIONS

- Average vote support for Director nominees of 94.5% was 60 basis points lower than the average vote support 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 was seven percentage points lower than at companies that received above 70% support
- Average vote support for female Director nominees was 120 basis points higher than average support for male nominees, which was lower than the difference observed last year

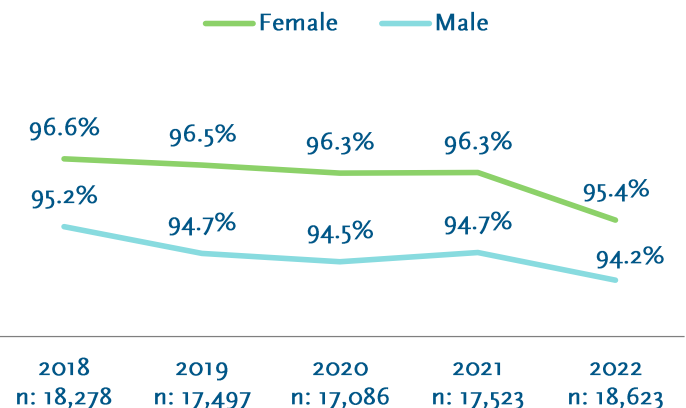
BREAKDOWN OF DIRECTOR ELECTION RESULTS



AVERAGE DIRECTOR ELECTION RESULTS IN YEAR FOLLOWING SAY ON PAY (2018-2022)



AVERAGE DIRECTOR ELECTION RESULTS BY GENDER



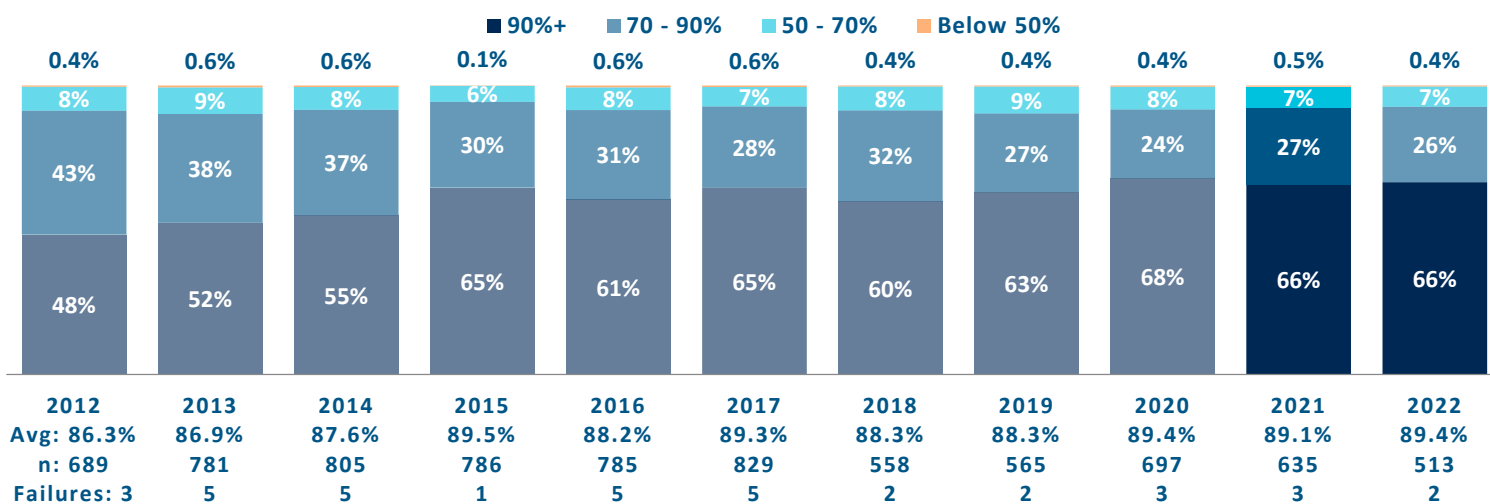
2022 EQUITY PROPOSAL RESULTS

1/12/2023

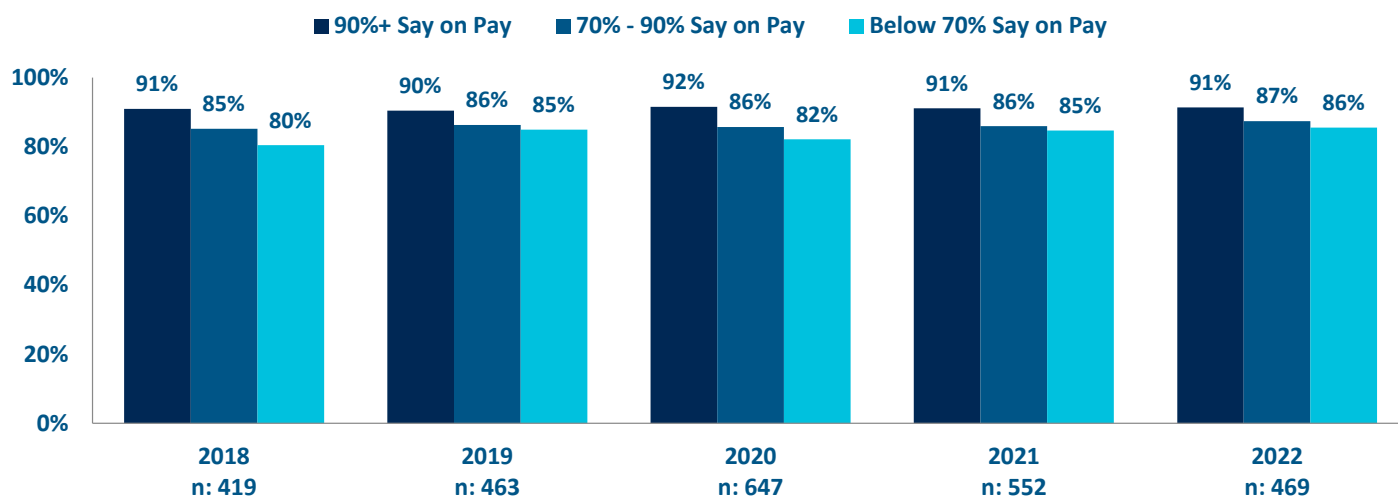
RUSSELL 3000
513 COMPANIES

- Average vote support for equity proposals in 2022 (89.4%) was 31 basis points above the average vote support last year (89.1%)
- Corcept Therapeutics and Transmedics Group were the only two companies that received vote support below 50% in 2022
- Average vote support for equity plan proposals at companies that received a Say on Pay vote below 70% was five percentage points lower than at companies that received above 90% support; this was consistent with the trend over the previous three 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, PRINCIPAL

646.969.2318
AVANBASTELAER@SEMLERBROSSY.COM

JUSTIN BECK, CONSULTANT

646.969.2316
JBECK@SEMLERBROSSY.COM

KYLE MCCARTHY, SENIOR ASSOCIATE

646.969.2324
KMCCARTHY@SEMLERBROSSY.COM

NATHAN GRANTZ, ASSOCIATE

NGRANTZ@SEMLERBROSSY.COM

FOR MORE INFORMATION,
VISIT US AT SEMLERBROSSY.COM

