

2021 **SAY ON PAY**

RUSSELL 3000

& PROXY RESULTS

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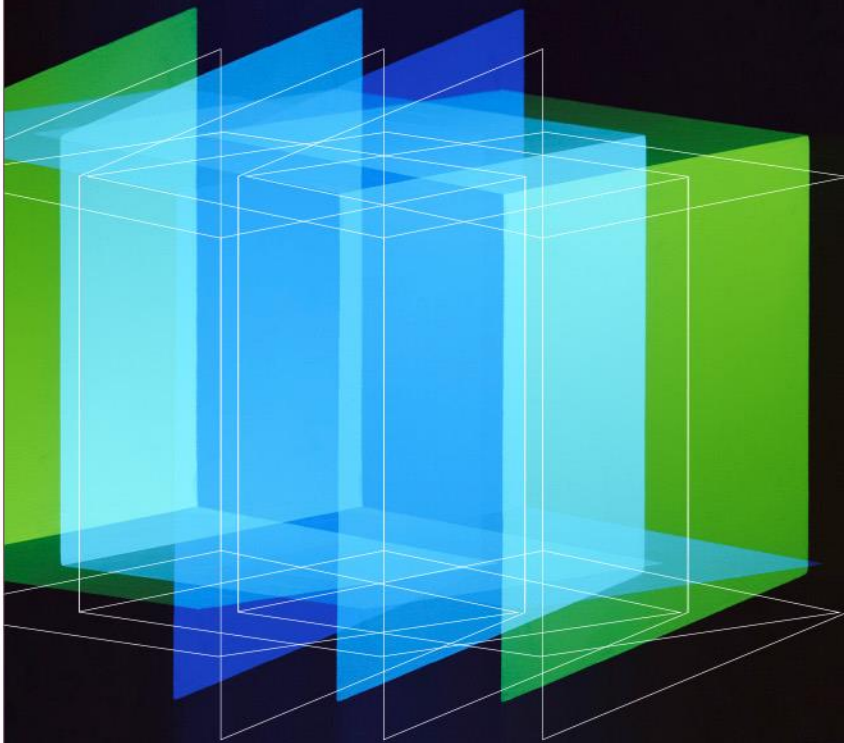
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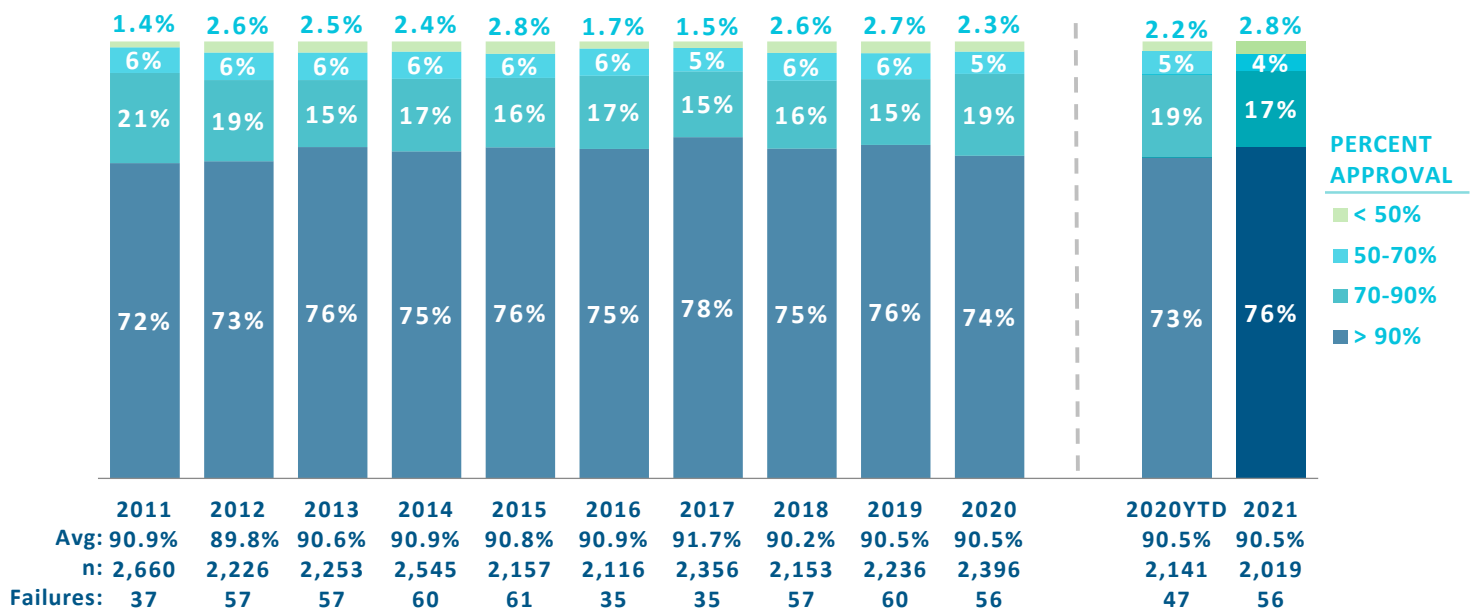
2021 SAY ON PAY RESULTS

7/29/2021

RUSSELL 3000
2,019 COMPANIES

BREAKDOWN OF SAY ON PAY VOTE RESULTS

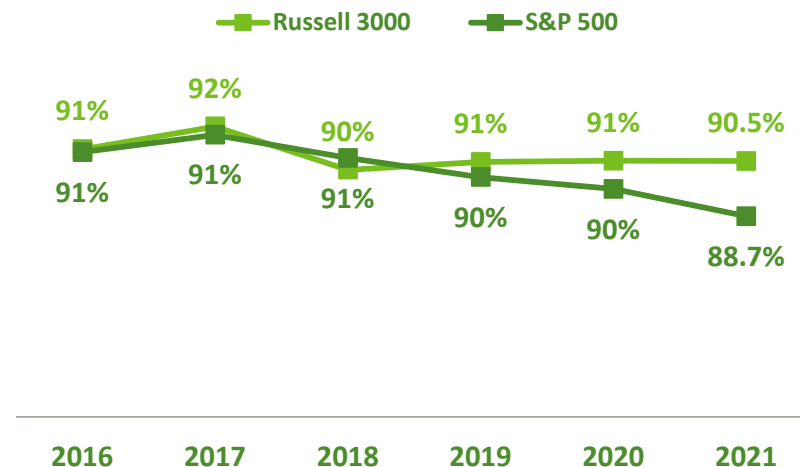
56 Russell 3000 companies (2.8%) failed Say on Pay thus far in 2021, 15 of which are in the S&P 500. The S&P 500 failure rate is currently 3.7%. No companies have failed since our last report. Our evaluation of the likely reasons for failure indicates that 18 of the 56 failed Say on Pay votes are due in part to Covid-19 related actions.



SAY ON PAY OBSERVATIONS

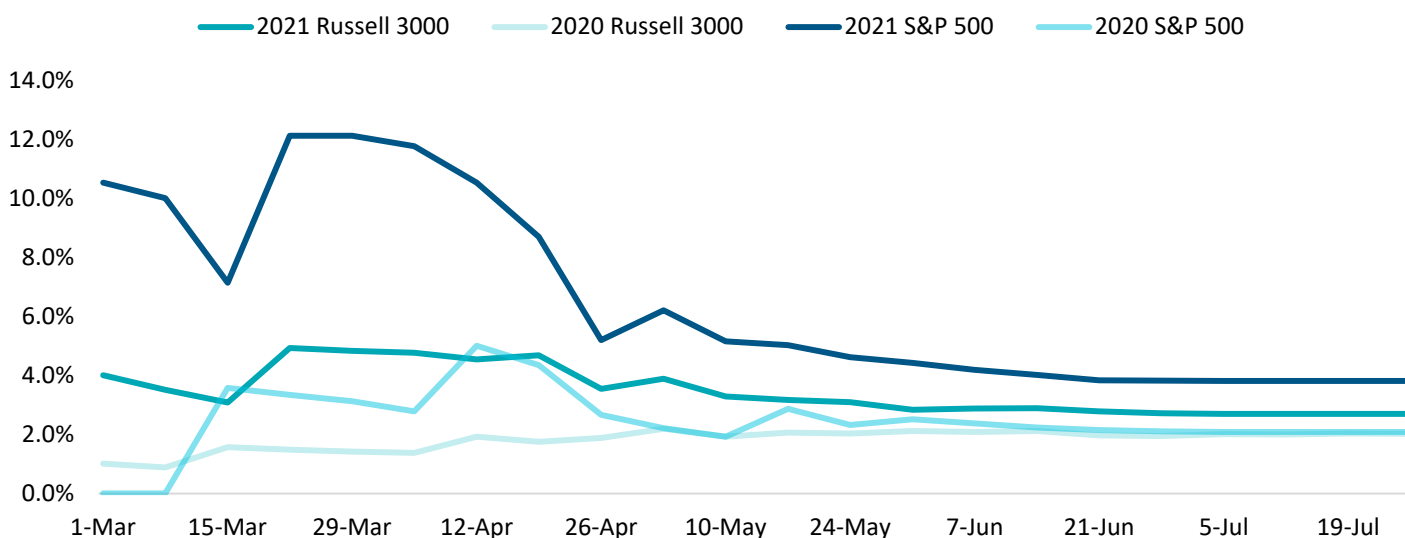
- The current failure rate (2.8%) remains above the failure rate at this time last year (2.2%) and is slightly lower than our June 24th report (2.9%)
- The percentage of Russell 3000 companies receiving greater than 90% support (76%) is greater than the percentage at this time last year (73%)
- The current average vote results of 90.5% for the Russell 3000 and 88.7% for the S&P 500 are below the average vote results at this time last year
- The average Russell 3000 vote result thus far is 180 basis points higher than the average S&P 500 vote result, which is 80 basis points larger than the spread at this time last year

COMPARISON OF RUSSELL 3000 AND S&P 500



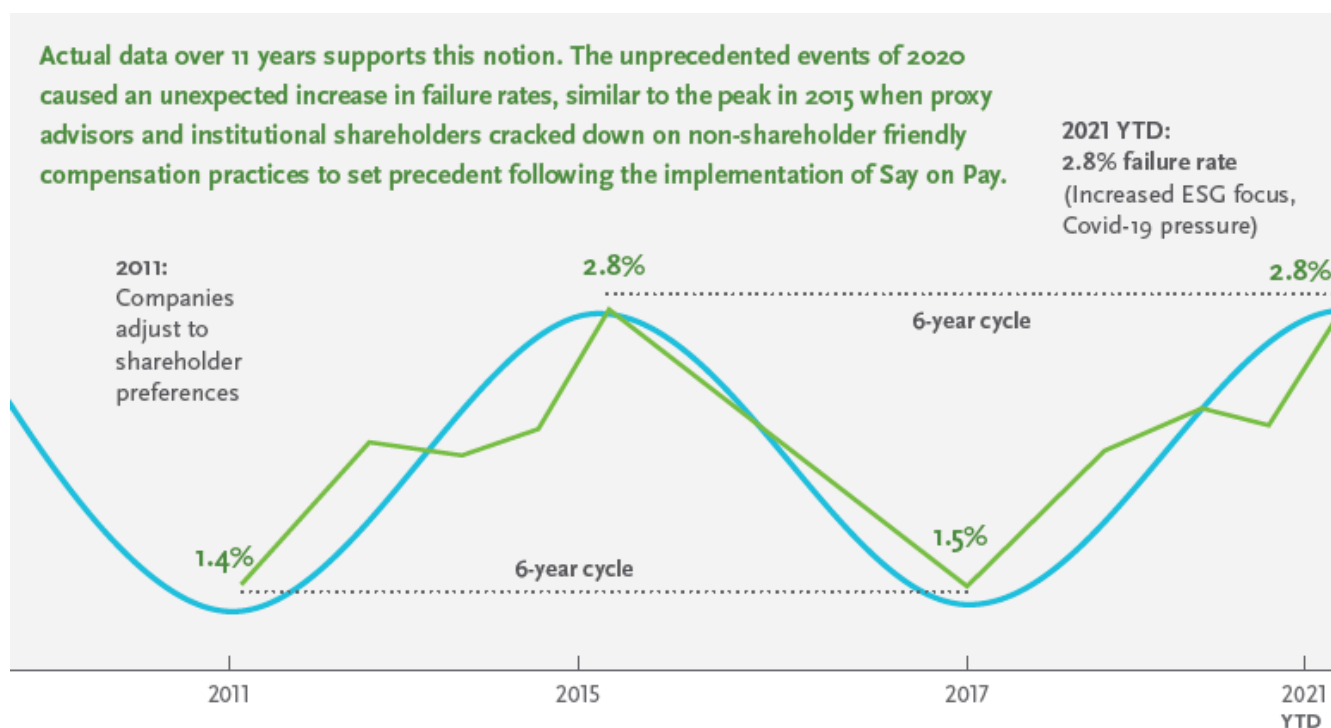
RUSSELL 3000 VS S&P 500 AVERAGE FAILURE RATE BY WEEK

Failure rates started at significantly higher levels through mid-April and have declined as the proxy season has progressed. The Russell 3000 rate declined from 4.0% among early filers down to 2.8% currently, while the S&P 500 rate declined from 10.5% down to 3.7% over that period. The week-to-week decline in the failure suggests that investors have made intra-year adjustments in their evaluation approach and companies that have filed proxies more recently have improved disclosure. That said, the S&P 500 failure rate remains historically high.

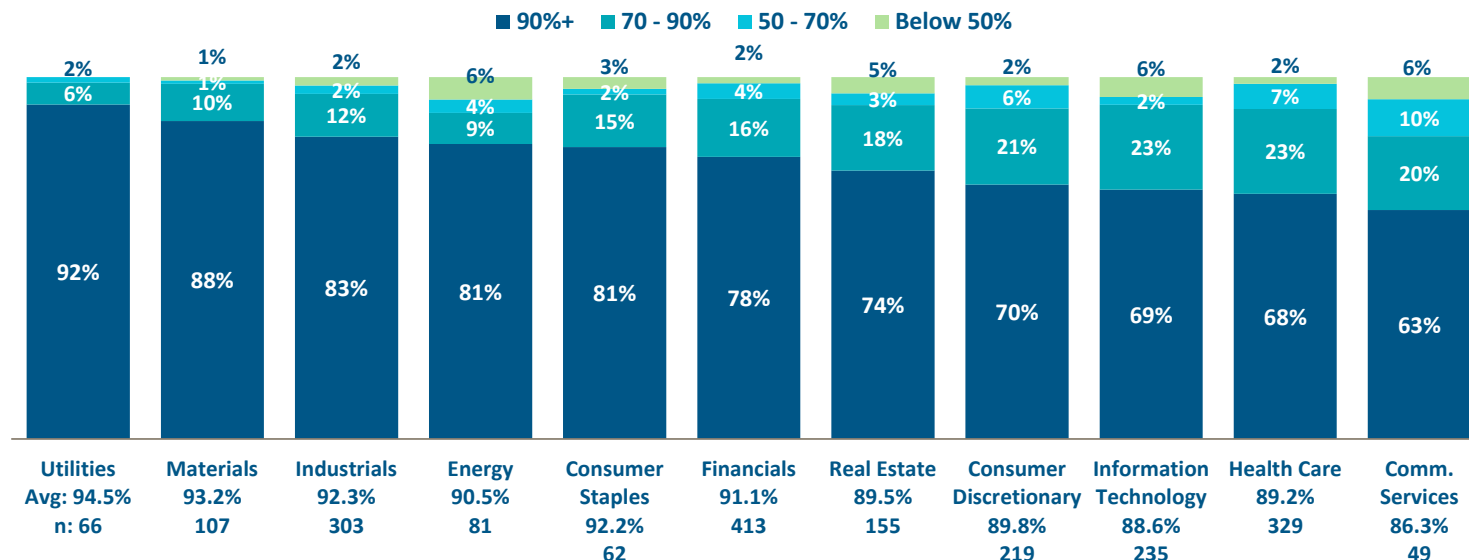


RUSSELL 3000 CYCLE OF SAY ON PAY FAILURE RATE OVER TIME

The Russell 3000 Say on Pay failure rate has fluctuated in a wave pattern year-to-year since 2011. The 2.8% failure rate this year matches the previous highest rate observed (2015). Our evaluation of likely reasons for failure suggest this spike is due largely to the number of companies making Covid-19 adjustments and the more general trend of increased investor scrutiny.

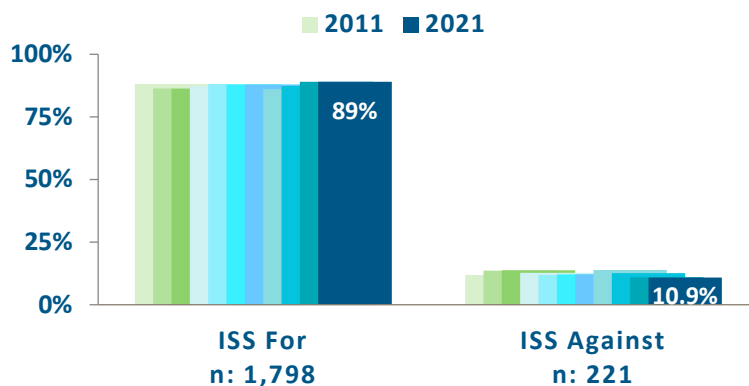


SAY ON PAY VOTE RESULTS BY GICS SECTOR



ISS RECOMMENDATION RATE

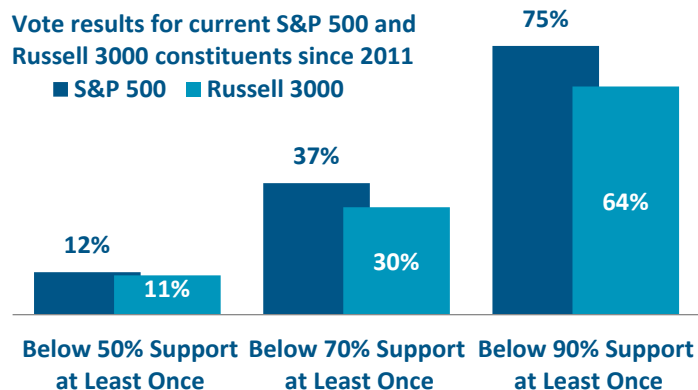
- 10.9% of companies thus far have received an “Against” recommendation from ISS which is equivalent to the 2020 rate
- The current average Say on Pay vote result for companies that received an ISS “Against” recommendation is 31 percentage points lower than for companies that received an ISS “For” recommendation, which is at the top of historical average range of 24 to 32 percentage points



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

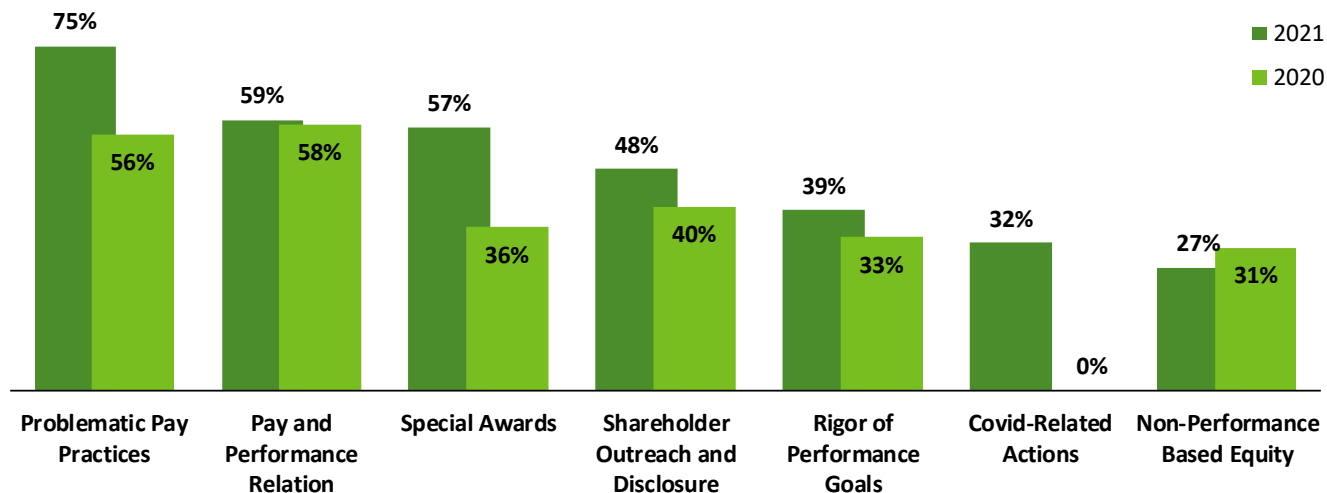
Consecutive “Against”	Companies	“Against” Rate	Average Vote
FULL 2021 SAMPLE	2,019	11%	90.5%
1 “Against”	102	31%	61.2%
2 “Againsts”	35	49%	57.3%
3 “Againsts”	13	62%	52.6%
4+ “Againsts”	5	40%	47.2%

LIKELIHOOD OF A LOW SAY ON PAY VOTE



RUSSELL 3000 2021 VS. 2020 FAILURE REASONS

A significant number of failures thus far in 2021 have been due to a misalignment between pay and performance (59%), and pay practices assumed to be problematic (75%). 32% of failures have been due to Covid-related actions; and we note that there has been a higher prevalence of special awards contributing to failures, though these are not always explicitly disclosed as being related to Covid.



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

2021 Failed Say on Pay Vote Results¹

Russell 3000, n=56

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
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	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				
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	
Count (n=56)					33	42	22	27	15	32	18

¹ As of July 26, 2021

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=56

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	
	Howmet Aerospace Inc.	45%	-		-	1		X		X	X	X
Arrowhead Pharmaceuticals, Inc.	44%	98%	-54%	1	X	X				X		
Greenlight Capital Re, Ltd.	43%	66%	-23%	1		X		X				
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		
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	
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				
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		
Cleveland-Cliffs Inc.	26%	32%	-6%	3	X	X	X			X		
Ceridian HCM Holding Inc.	26%	54%	-28%	1	X	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		
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=56)						33	42	22	27	15	32	18

¹ As of July 26, 2021

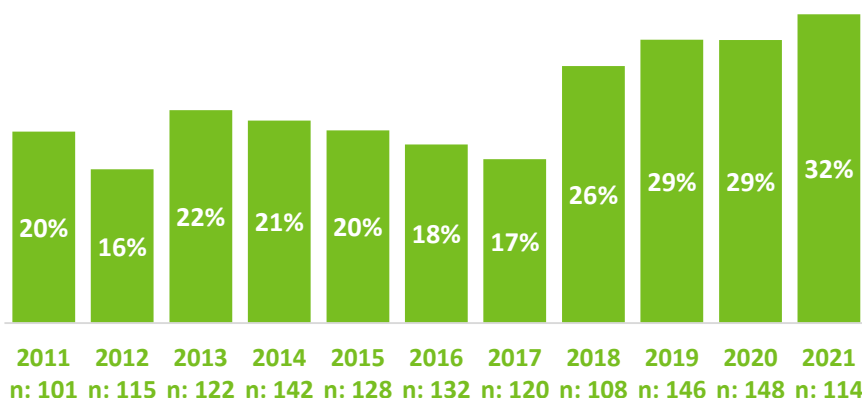
2021 E&S PROPOSAL RESULTS

7/29/2021

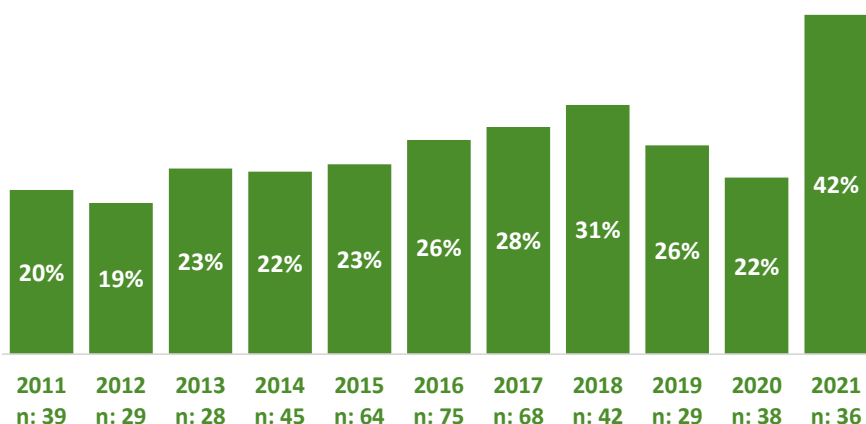
RUSSELL 3000
150 PROPOSALS

- Thus far in the proxy season, shareholders have voted on 114 social proposals and 36 environmental proposals, which is slightly less than the number of proposals voted on at this time last year (135 social proposals and 37 environmental proposals)
- Median support for social proposals is 32% and median support for environmental proposals is 42%
- Twenty social proposals (18%) and fourteen environmental proposals (39%) have received greater than 50% support in 2020; both rates are significantly higher than any previous year (9% of social proposals and 16% of environmental proposals received greater than 50% support in 2020)
- We have observed significantly higher support (often above 70%) for proposals that request 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: DELTA AIR LINES

A shareholder submitted a proposal requesting that Delta Air Lines report on how the company's lobbying activities align with the Paris Climate Agreement goals.

The proposal received 63% vote support

- The proponent noted the important role companies play in enabling policies needed to prevent the effects of climate change, and the belief that current lobbying activity presents a risk to investors and the economy
- The proponent referenced a prior letter from a group of institutional investors that requested information about the company's lobbying activities, but received no response
- The proponent submitted the same proposal last year, and it received 46% vote support
- The Board recommended "Against" the proposal, and stated its belief that the company's current lobbying efforts are clearly aligned with climate change prevention; it argued that its commitments and priorities are clear, and lobbying efforts are transparent
- ISS recommended "For" the proposal; it noted that the company discloses information on its rationale for participating in public policy advocacy some of its memberships in several advocacy organizations; however, the company does not disclose a comprehensive list of trade association memberships, which would increase transparency to investors

2021 DIRECTOR ELECTION RESULTS

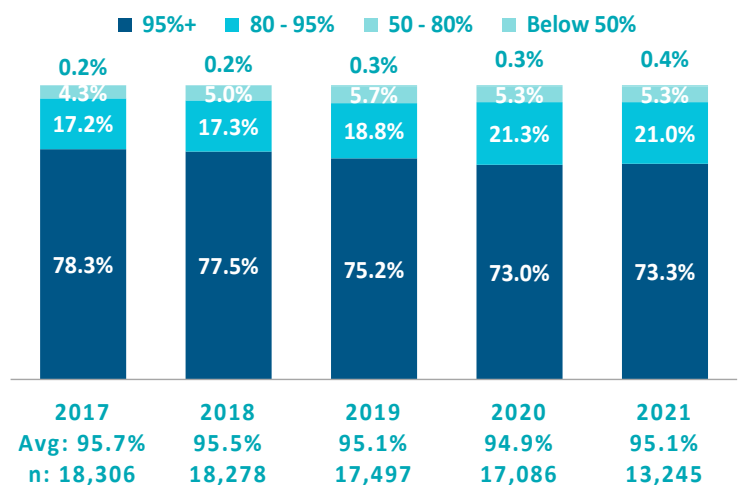
7/29/2021

RUSSELL 3000
13,245 DIRECTORS

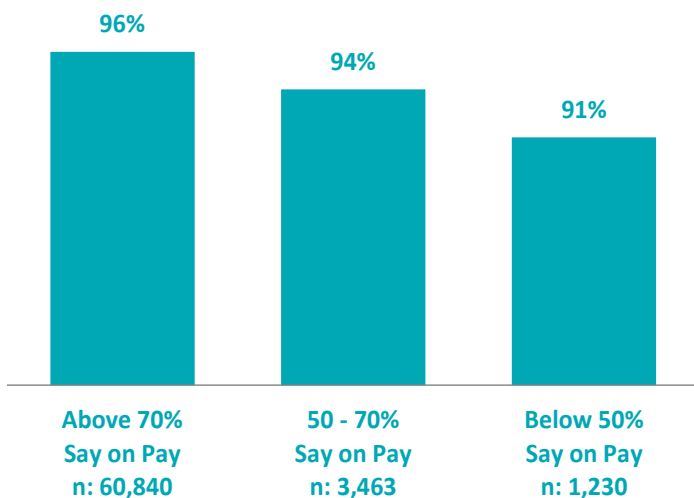
DIRECTOR ELECTION OBSERVATIONS

- Average vote support for Director nominees of 95.1% is 20 basis points higher than the year-end support observed in 2020; average vote support was the same at this time last year before declining to the year-end level (94.9%)
- 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 three percentage points lower than at companies that received above 70% support
- Average vote support for female Director nominees is 160 basis points higher than average support for male nominees, which is slightly lower than the difference observed in the last two years

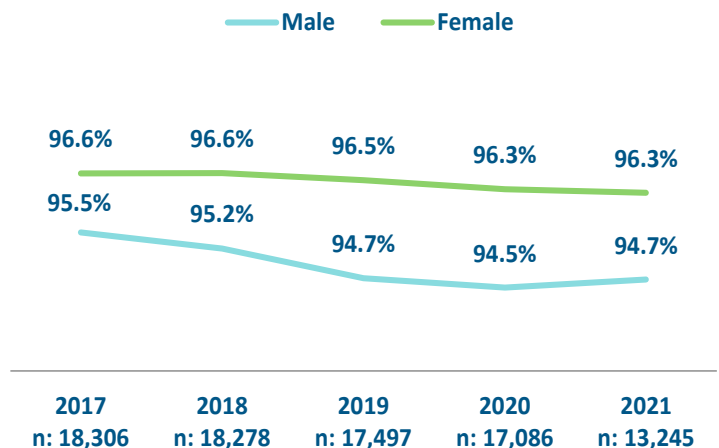
BREAKDOWN OF DIRECTOR ELECTION RESULTS



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



AVERAGE DIRECTOR ELECTION RESULTS BY GENDER



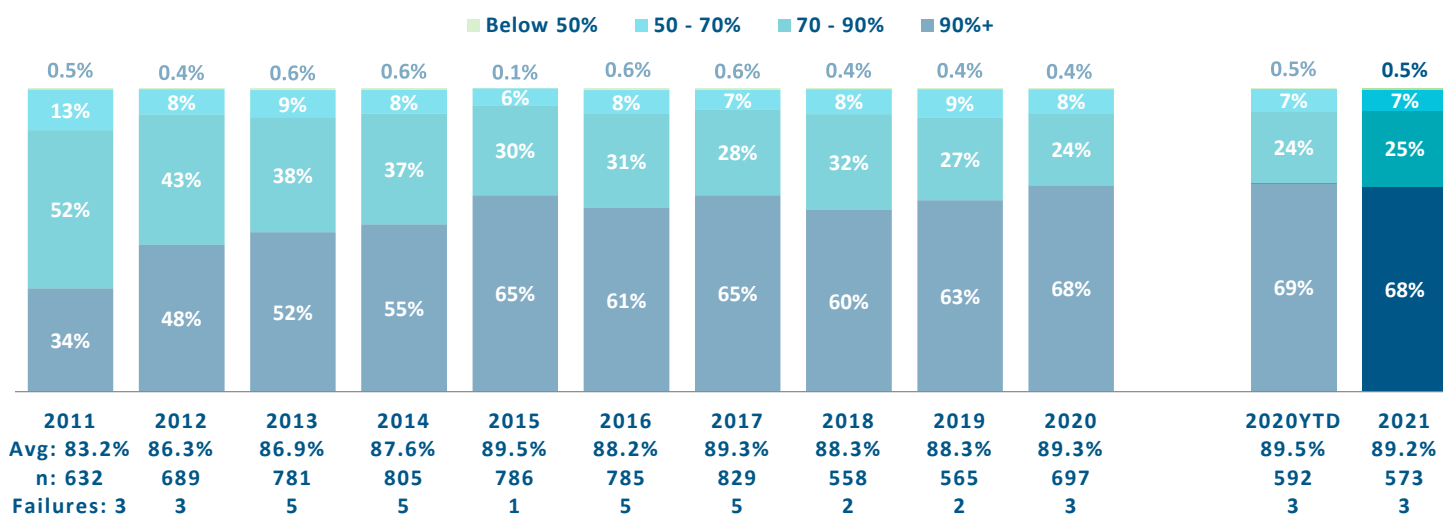
2021 EQUITY PROPOSAL RESULTS

7/29/2021

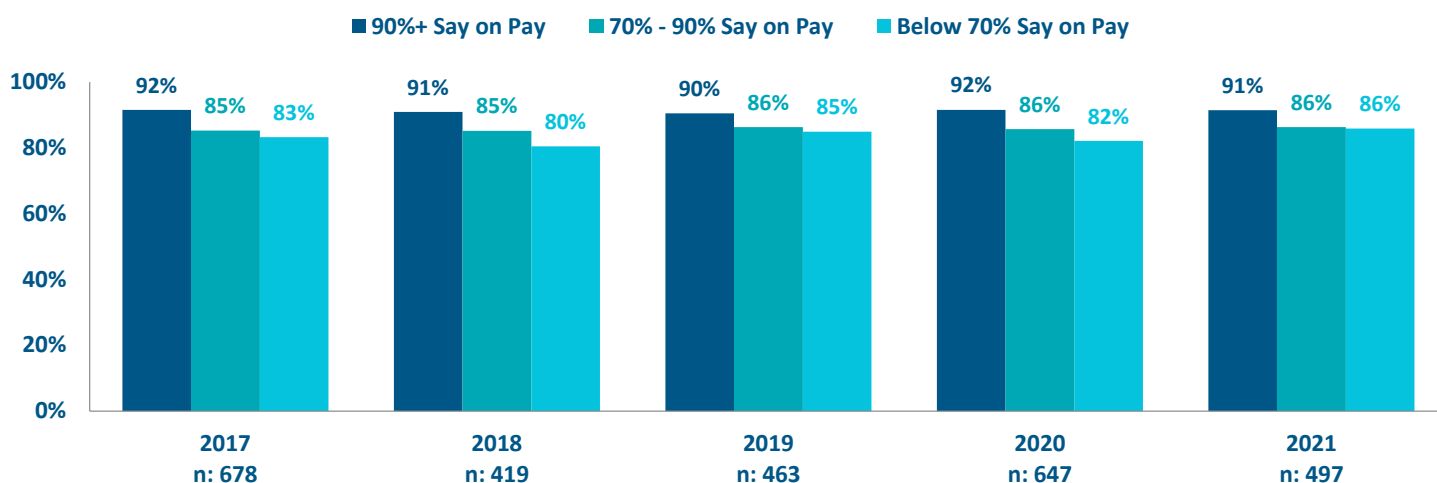
RUSSELL 3000
573 COMPANIES

- Average vote support for equity proposals thus far in the proxy season (89.2%) is 30 basis points lower than the average vote support observed at this time last year (89.5%), and is consistent with the 2020 year-end level
- Three proposals (Penumbra, Simulations Plus, and Cassava Sciences) have received vote support below 50% thus far in 2021 (Penumbra's vote occurred since our last report); three proposals received vote support below 50% in 2020
- Companies receiving less than 70% Say on Pay vote support have had slightly higher average equity plan proposal vote support in 2021 (86%) than in previous years

BREAKDOWN OF EQUITY PLAN PROPOSAL VOTES



SAY ON PAY IMPACT ON EQUITY PLAN PROPOSAL VOTES



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