

2022 **SAY ON PAY**

S&P 500

RUSSELL 3000

& PROXY RESULTS

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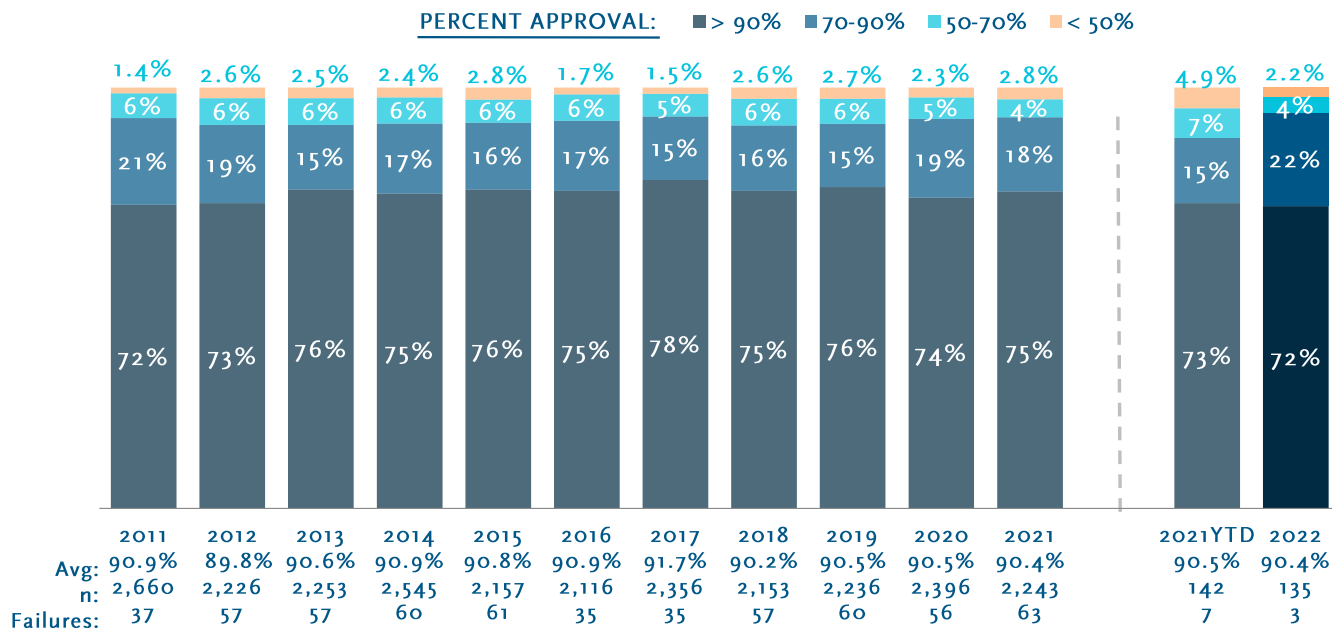
2022 SAY ON PAY RESULTS

3/31/2022

RUSSELL 3000
135 COMPANIES

BREAKDOWN OF SAY ON PAY VOTE RESULTS

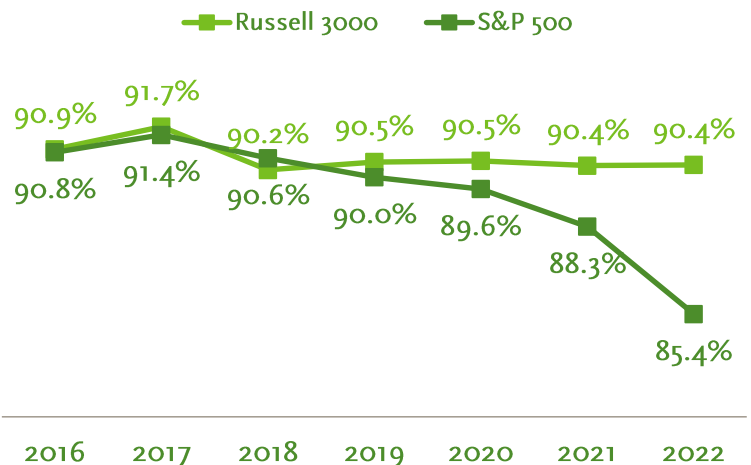
Three Russell 3000 companies (2.2%) have failed Say on Pay thus far in 2022: Arrowhead Pharmaceuticals, D.R. Horton, and Griffon Corporation.



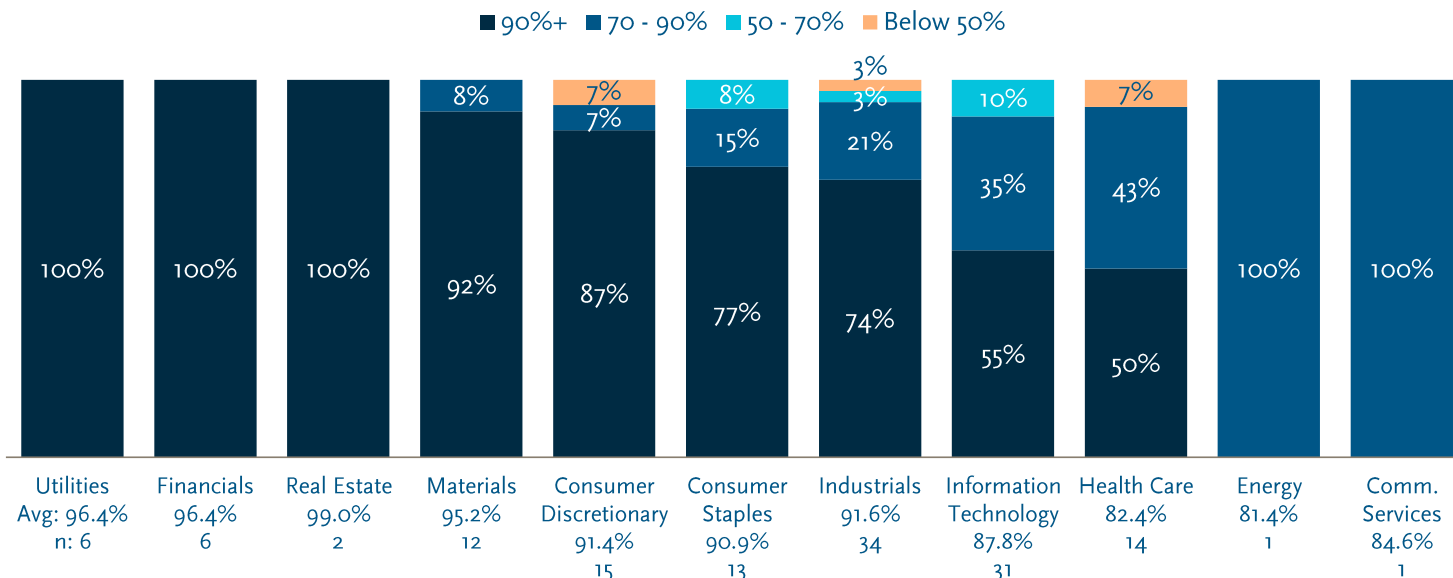
SAY ON PAY OBSERVATIONS

- The current failure rate (2.2%) is significantly lower than the failure rate at this time last year (4.9%)
- The percentage of Russell 3000 companies receiving greater than 90% support (72%) is similar to the percentage at this time last year (73%)
- The current Russell 3000 average vote result of 90.4% is equal to the index's average vote last year, while the current S&P 500 average vote result of 85.4% is well below last year's average for the index
- The average Russell 3000 vote result thus far is 500 basis points higher than the average S&P 500 vote result; however, only 32 S&P 500 companies have held a Say on Pay vote thus far in 2022

COMPARISON OF RUSSELL 3000 AND S&P 500

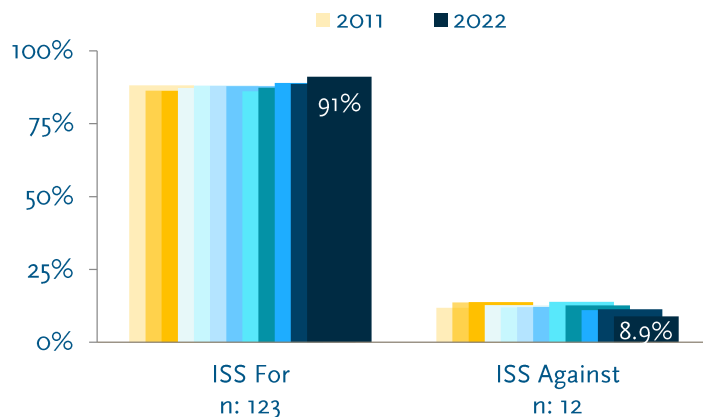


SAY ON PAY VOTE RESULTS BY GICS SECTOR

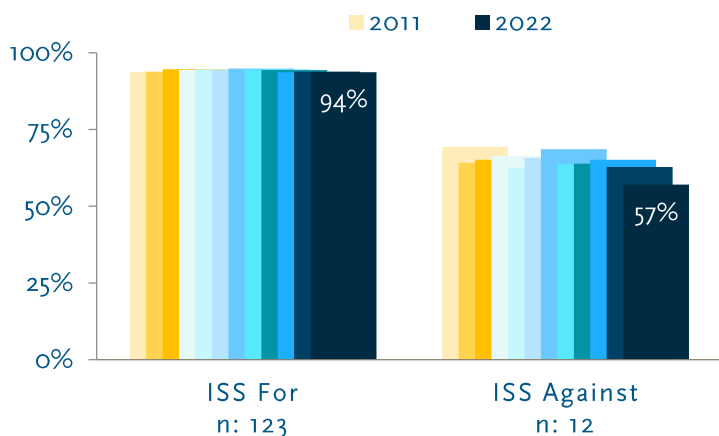


ISS RECOMMENDATION RATE

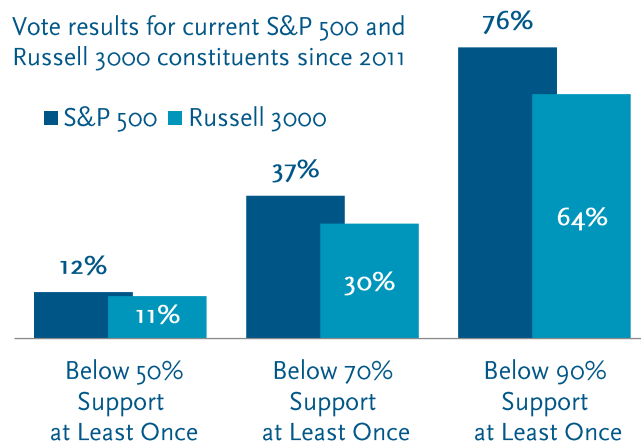
- 8.9% of Russell 3000 companies thus far have received an “Against” recommendation from ISS
- This is 240 basis points lower than the 2021 year-end rate
- The average Say on Pay vote result for companies that received an ISS “Against” recommendation is 37 percentage points lower than for companies that received an ISS “For” recommendation
- This is above the historical average range of 24 to 32 percentage points



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



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=3

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
Griffon Corporation	34%	51%	-17%	1	X			X	X	X	
D.R. Horton, Inc.	27%	80%	-52%	1		X	X				
Arrowhead Pharmaceuticals, Inc.	20%	44%	-24%	2	X	X		X		X	
Count (n=3)					2	2	1	2	1	2	0

¹ As of March 23, 2022

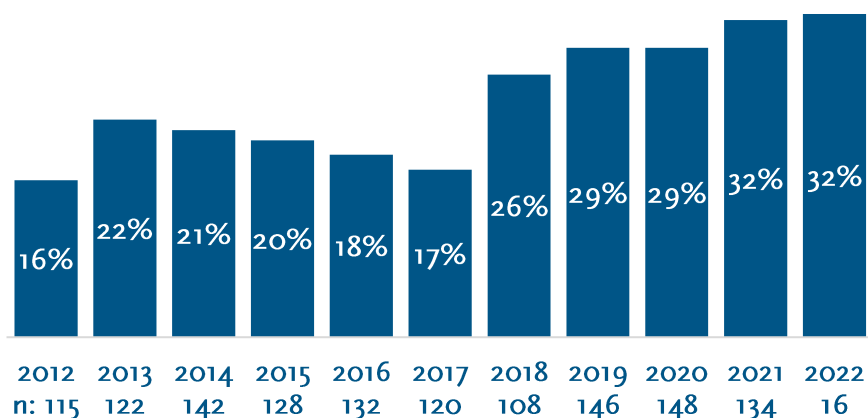
2022 E&S PROPOSAL RESULTS

3/31/2022

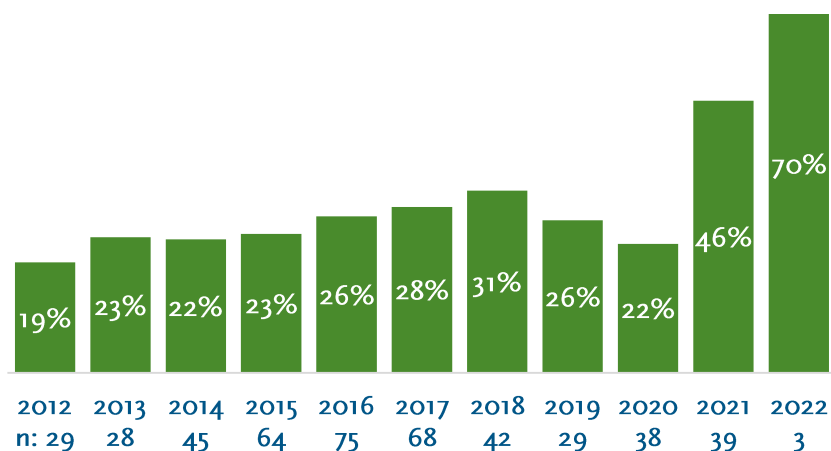
RUSSELL 3000
19 PROPOSALS

- Thus far in the 2022 proxy season, shareholders have voted on 16 social proposals and 3 environmental proposals
- Median support for social proposals is 32% and median support for environmental proposals is 70%
- Four social proposals (25%) and two environmental proposals (67%) have received greater than 50% support thus far in 2022
- We expect continued higher support (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: COSTCO

A shareholder submitted a proposal requesting Costco to adopt science-based greenhouse gas (GHG) emissions reduction targets for emissions along its full value chain.

The proposal received 70% vote support

- The proponent stated that Costco's use of palm oil, soy, cattle, cocoa, and pulp/paper in its products, are "leading drivers of deforestation," and companies must act rapidly to reduce GHG emissions in order to meet the Paris Agreement goal of limiting warming to 1.5°C
- The proponent included a prior letter from a group of institutional investors that requested information about the company's lobbying activities, but received no response
- The Board recommended "Against" the proposal and stated that the company has met or exceeded all the goals it set in its Climate Action Plan and that it has set new goals that focus on the need for urgent climate action
- ISS recommended "For" the proposal and noted that the additional information on the company's GHG emissions reduction efforts would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change related risks

2022 DIRECTOR ELECTION RESULTS

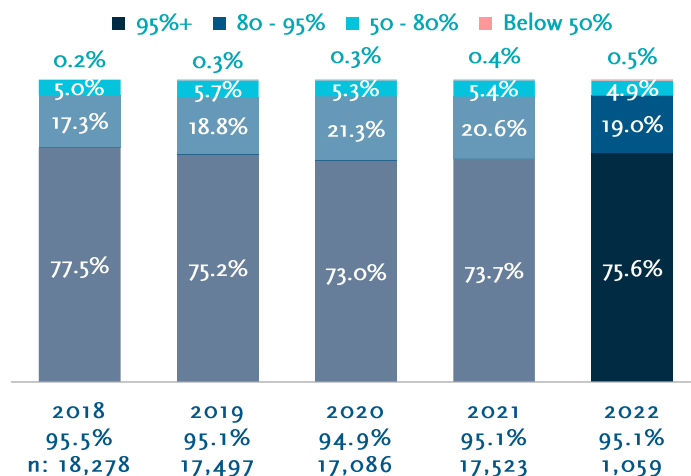
3/31/2022

RUSSELL 3000
1,059 DIRECTORS

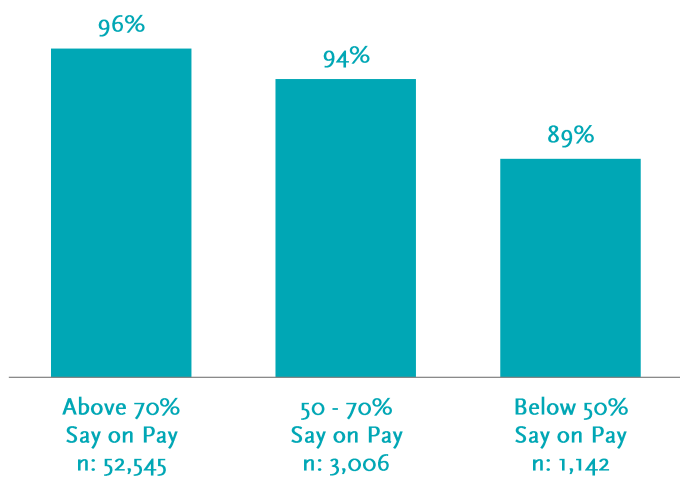
DIRECTOR ELECTION OBSERVATIONS

- Average vote support for Director nominees of 95.1% thus far in 2022 is the same as the year-end support observed 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 seven percentage points lower than at companies that received above 70% support
- Average vote support for female Director nominees is 80 basis points higher than average support for male nominees (it is early in the proxy season and we expect this will shift closer to previous years results as more votes occur)

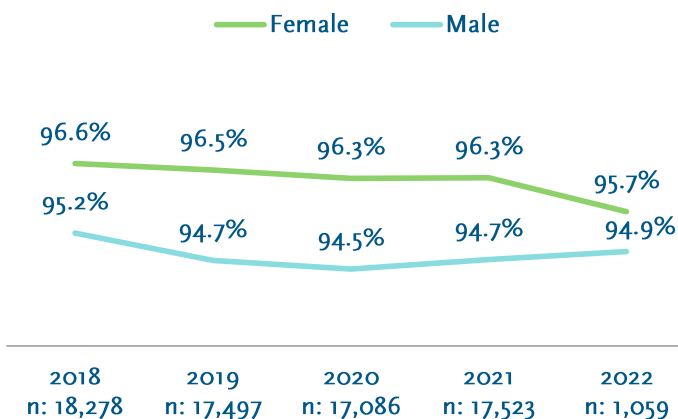
BREAKDOWN OF DIRECTOR ELECTION RESULTS



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



AVERAGE DIRECTOR ELECTION RESULTS BY GENDER



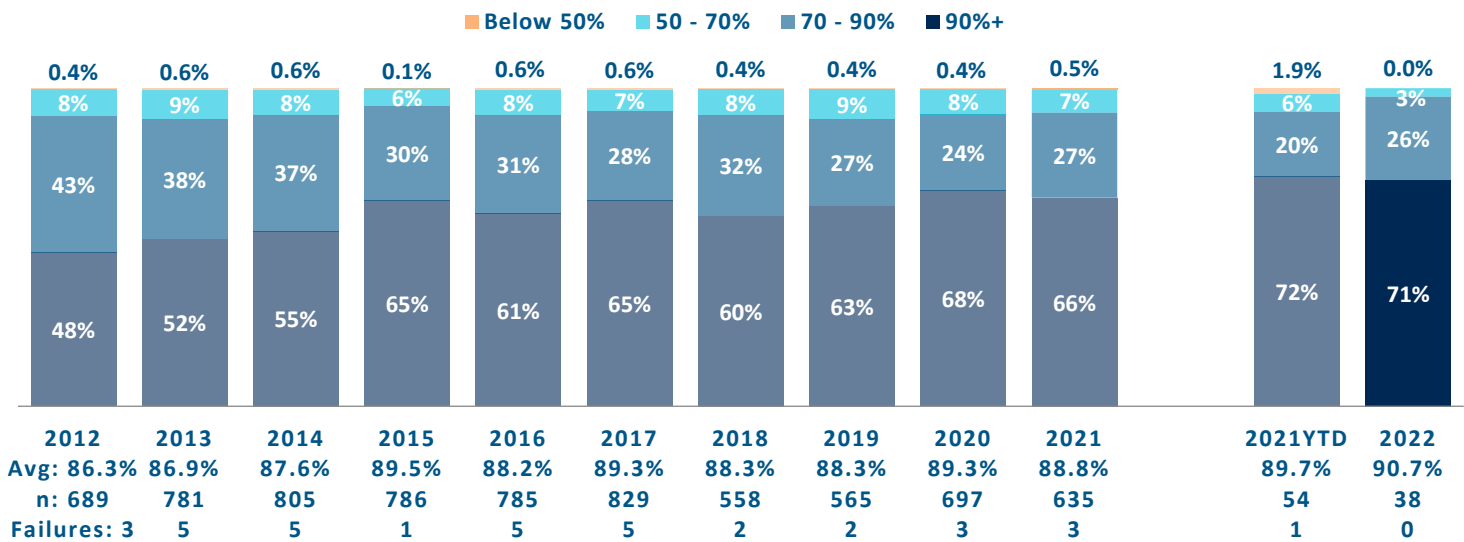
2022 EQUITY PROPOSAL RESULTS

3/31/2022

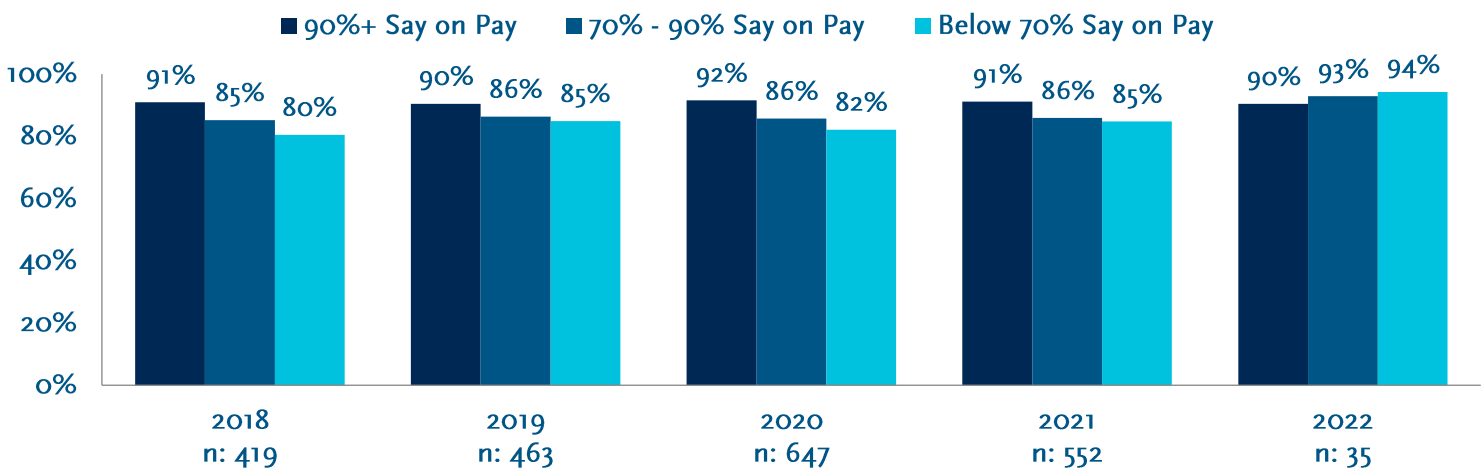
RUSSELL 3000
38 COMPANIES

- Average vote support for equity proposals thus far in the proxy season (90.7%) is 100 basis points higher than the average vote support observed at this time last year (89.7%)
- No proposals have received vote support below 50% thus far in 2022
- Companies receiving less than 70% and 70%-90% Say on Pay vote support have had higher average equity plan proposal support in 2022 than in previous years; however, these initial results are based on a small sample size

BREAKDOWN OF EQUITY PLAN PROPOSAL VOTES



SAY ON PAY IMPACT ON EQUITY PLAN PROPOSAL VOTES



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