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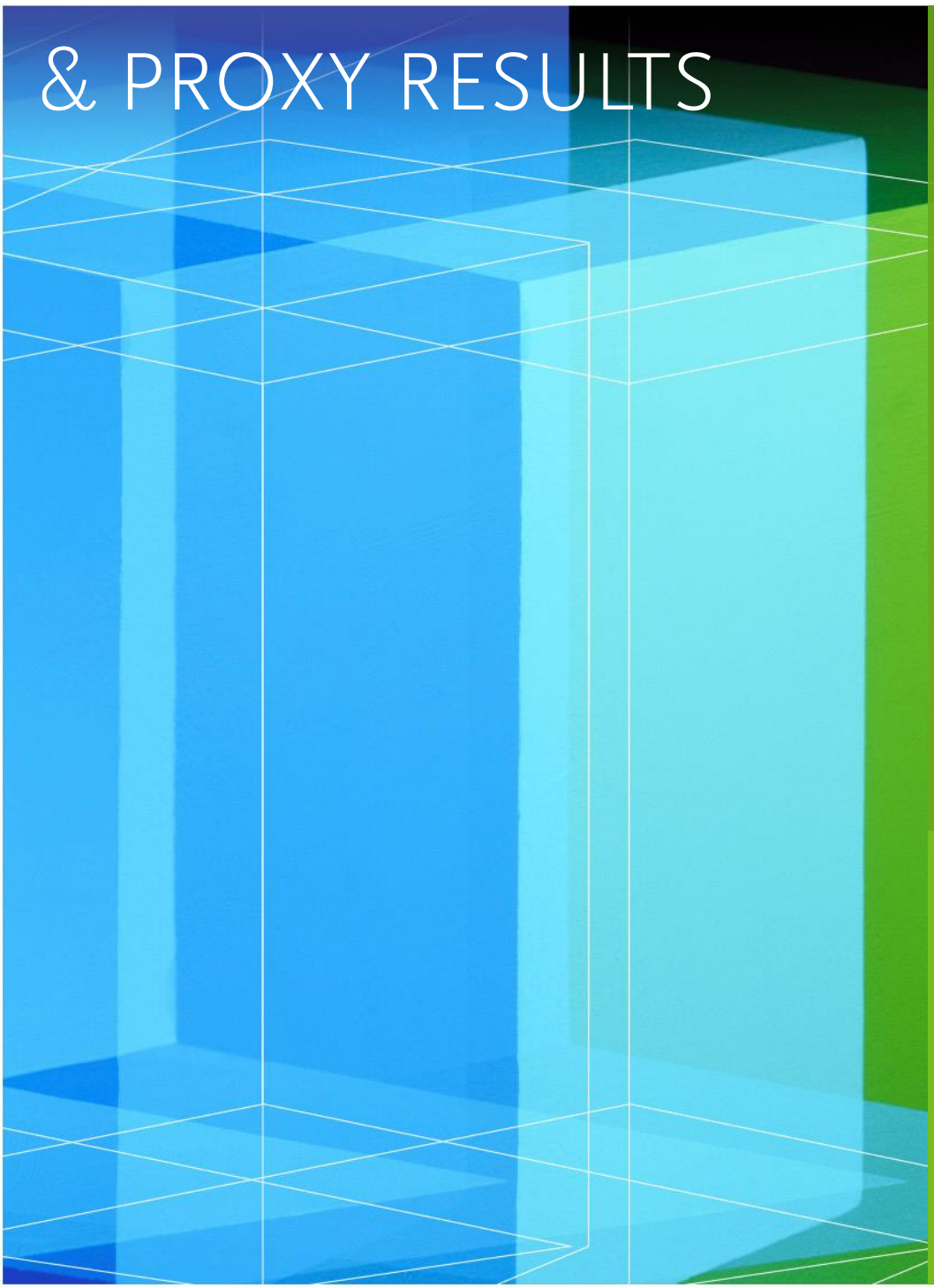
SEMLER BROSSY

2022 **SAY ON PAY** & PROXY RESULTS

S&P 500

RUSSELL 3000



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MAY

12

2022 SAY ON PAY RESULTS

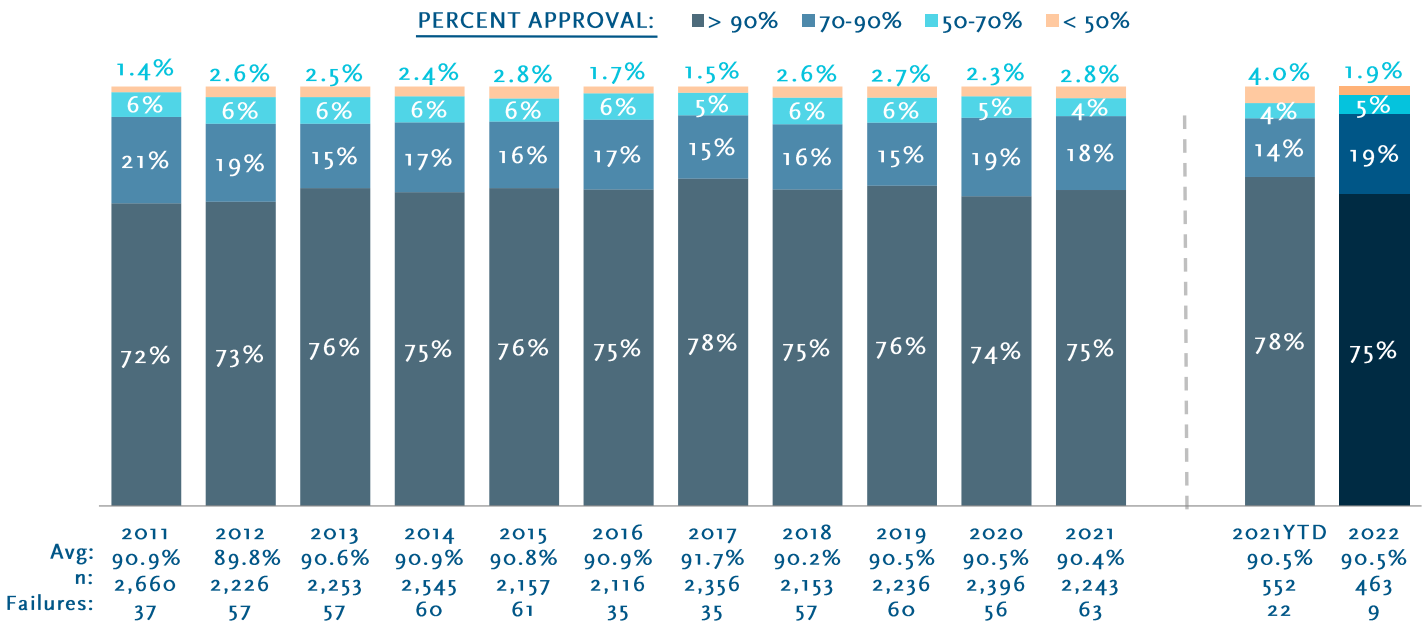
5/12/2022

S&P 500
166 COMPANIES

RUSSELL 3000
463 COMPANIES

BREAKDOWN OF SAY ON PAY VOTE RESULTS

Nine Russell 3000 companies (1.9%) failed Say on Pay thus far in 2022. Five companies failed since our last report: Centene Corporation, CenterPoint Energy, Inc., CONSOL Energy Inc., Global Payments, Inc., and Ventas, Inc.

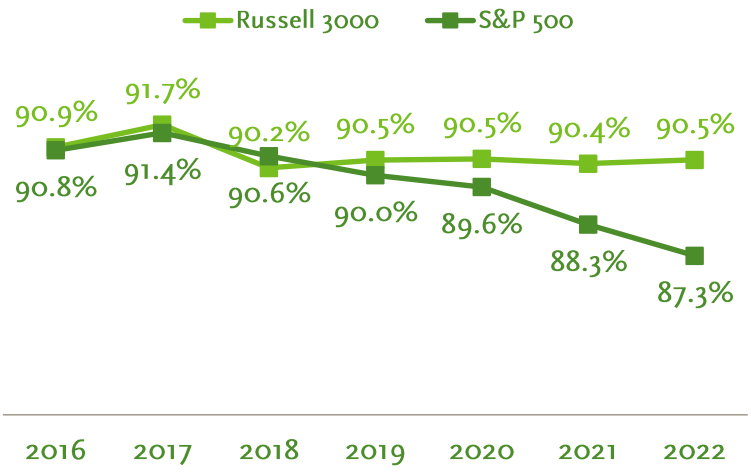


	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021YTD	2022
Avg:	90.9%	89.8%	90.6%	90.9%	90.8%	90.9%	91.7%	90.2%	90.5%	90.5%	90.4%	90.5%	90.5%
n:	2,660	2,226	2,253	2,545	2,157	2,116	2,356	2,153	2,236	2,396	2,243	552	463
Failures:	37	57	57	60	61	35	35	57	60	56	63	22	9

SAY ON PAY OBSERVATIONS

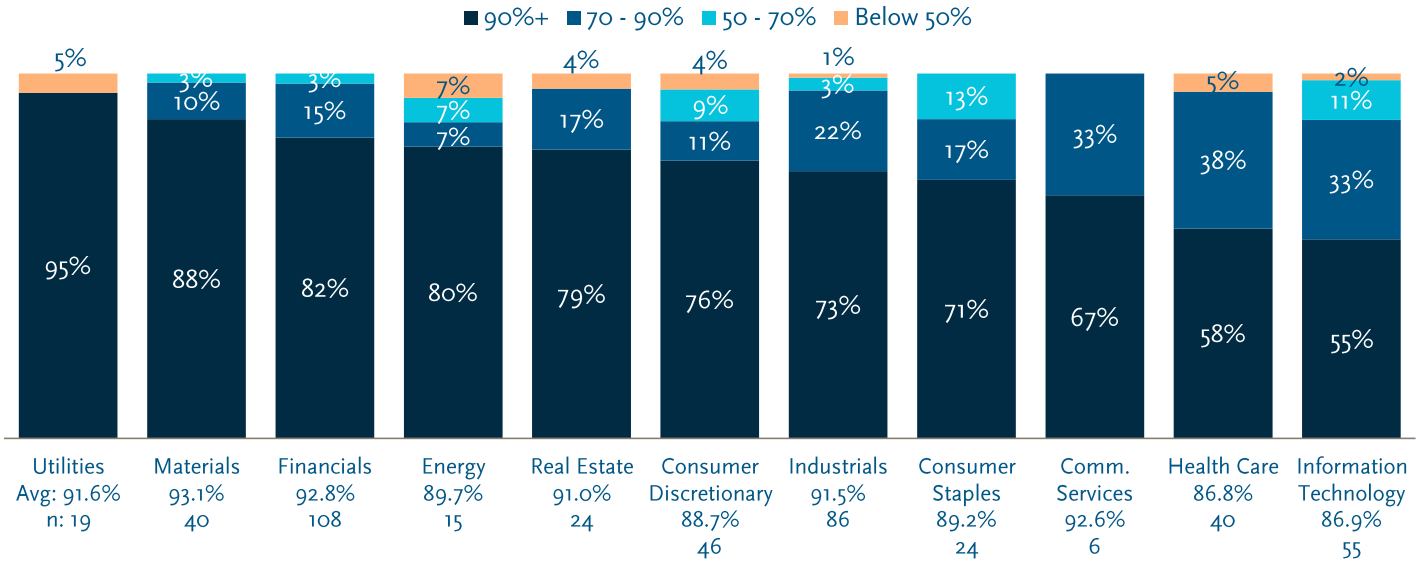
- The current Russell 3000 average vote result of 90.5% is equal to the index's average vote at this time last year; the current S&P 500 average vote result of 87.3% is below the index's average at this time last year (89.6%)
- The 320-basis point spread between average vote results for the Russell 3000 and S&P 500 is larger than the 210-basis point spread at year-end in 2021
- The failure rate for the Russell 3000 and S&P 500 are significantly lower than the failure rates at this time last year: the Russell 3000 is 210 basis points lower at 1.9% and the S&P 500 is 260 basis points lower at 3.6%

COMPARISON OF RUSSELL 3000 AND S&P 500



Data provided by ESGauge and Proxy Insight; analysis by Semler Brossy.

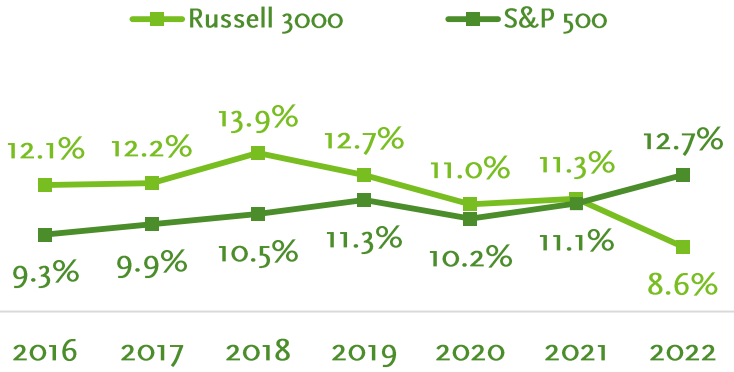
RUSSELL 3000 SAY ON PAY VOTE RESULTS BY GICS SECTOR



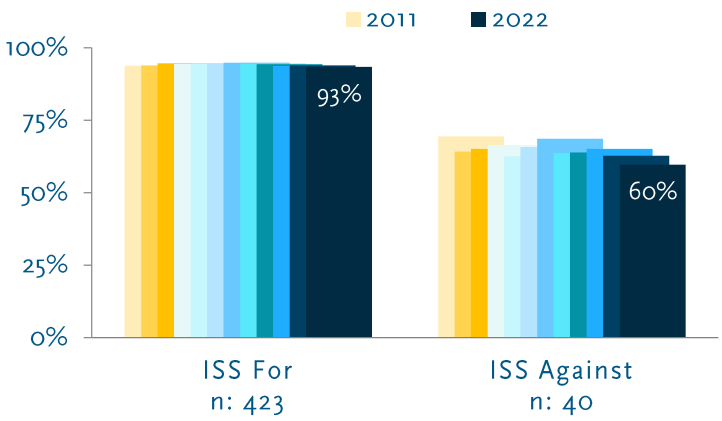
ISS RECOMMENDATION RATE OBSERVATIONS

- 8.6% of Russell 3000 and 12.7% of S&P 500 companies have received an ISS "Against" recommendation thus far in 2022
- The Russell 3000 "Against" rate is 270 basis points lower than the rate observed last year, and the S&P 500 "Against" rate is 160 basis points higher
- The average Say on Pay vote result for Russell 3000 and S&P 500 companies that received an ISS "Against" recommendation is 33 and 36 percentage points lower than for companies that received an ISS "For" recommendation, respectively

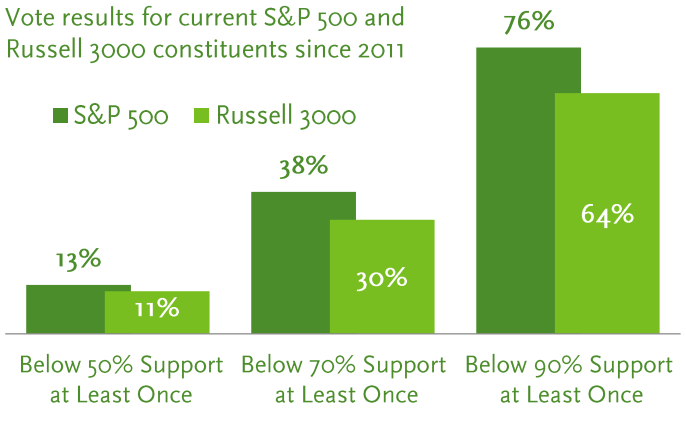
FREQUENCY OF ISS "AGAINST" RECOMMENDATIONS



AVERAGE RUSSELL 3000 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 Results[1]
Russell 3000, n=9

Company	Say on Pay Vote Results 2022▼	2021	YOY	Number of Failures	Likely Causes of Votes Under 50%: 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
Ventas, Inc.	**49%**	**85%**	**-36%**	**1**	**X**	**X**				**X**	
Global Payments Inc.	**41%**	**95%**	**-54%**	**1**			**X**	**X**		**X**	
CONSOL Energy Inc.	**36%**	**97%**	**-61%**	**1**		**X**		**X**			
Centene Corporation	**34%**	**63%**	**-29%**	**1**		**X**		**X**			
Griffon Corporation	34%	51%	-17%	1	X			X	X	X	
D.R. Horton, Inc.	27%	80%	-52%	1		X	X				
CenterPoint Energy, Inc.	**22%**	**80%**	**-58%**	**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	
Count (n=9)					3	7	2	5	3	6	0

[1] As of May 5, 2022

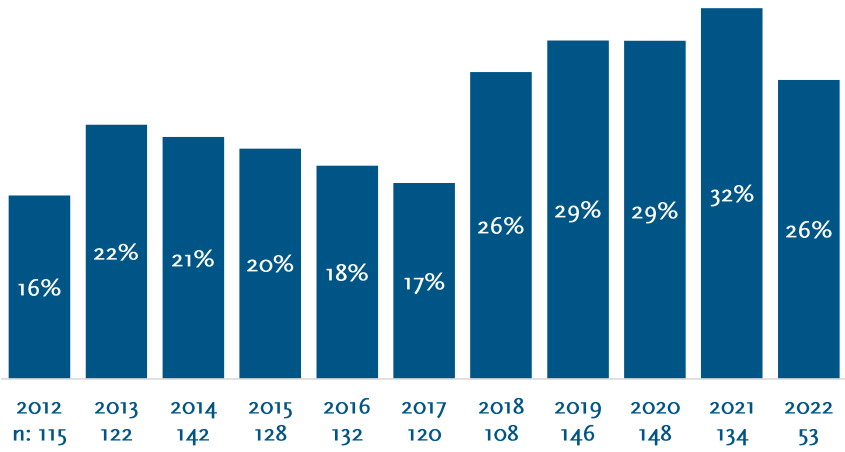
2022 E&S PROPOSAL RESULTS

5/12/2022

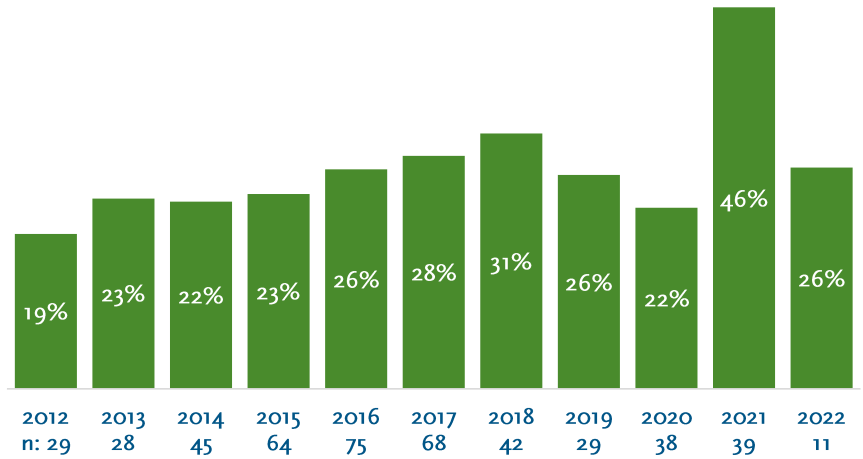
RUSSELL 3000
64 PROPOSALS

- Thus far in the 2022 proxy season, shareholders have voted on 53 social proposals and 11 environmental proposals
- Median vote support for both social proposals and environmental proposals is 26%. Five social proposals (10%) and two environmental proposals (18%) have received greater than 50% support thus far in 2022
- When looking at the same period as last year, the number of passed social and environmental proposals decreased by 11% and 32%, respectively
- We have seen a significant increase in proposals for lobbying and political spending. There has been a 25% increase in these types of proposals relative to this time last year

SOCIAL PROPOSALS MEDIAN VOTE RESULT



ENVIRONMENTAL PROPOSALS MEDIAN VOTE RESULT



SPOTLIGHT: CIGNA

A shareholder submitted a proposal requesting Cigna report on their political, lobbying, and electioneering expenditures against company values and priorities

The proposal failed with 46% vote support

- The proponent requested that the Company publish an annual report comparing the Company's stated positions with those of political persons and entities it supports through political contributions
- The proponent stated that the Company's political spending was misaligned with the Company's stated values. They noted that the Company supported members of Congress who voted against certifying the 2020 presidential election and contributed to politicians and organizations "working to weaken women's access to reproductive health care"
- The Board stated that the Company provided the information requested and any further explanation of political engagement would be unfeasible and counterproductive

2022 DIRECTOR ELECTION RESULTS

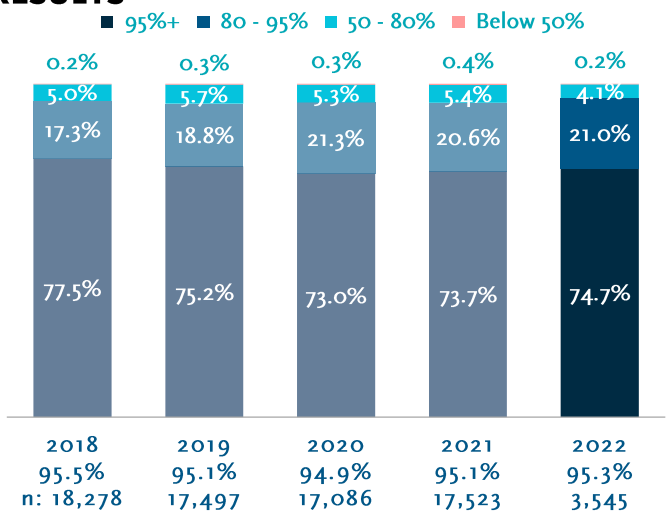
5/12/2022

RUSSELL 3000
3,545 DIRECTORS

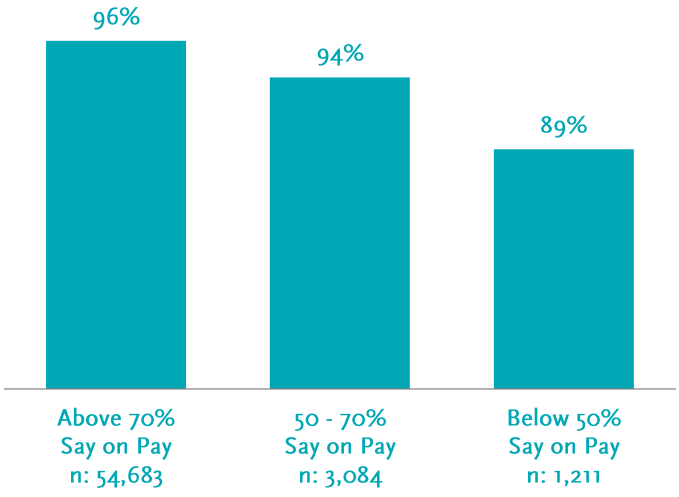
DIRECTOR ELECTION OBSERVATIONS

- Average vote support for Director nominees of 95.3% thus far in 2022 is 20 basis points higher than 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 90 basis points higher than average support for male nominees (it is still early in the proxy season, and we expect this will shift closer to previous years results as more votes occur)

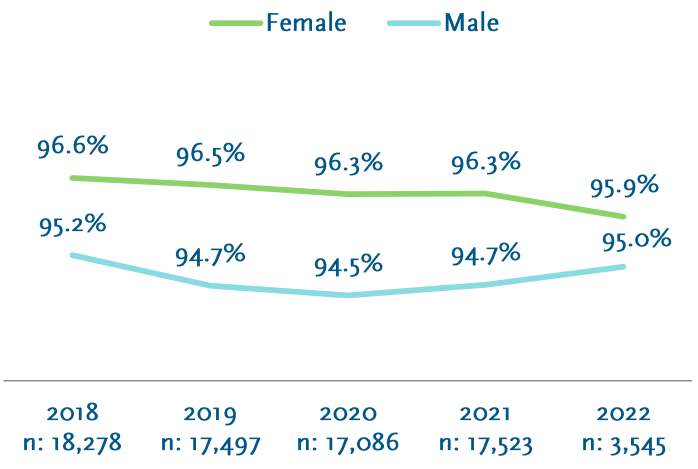
BREAKDOWN OF DIRECTOR ELECTION RESULTS



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



AVERAGE DIRECTOR ELECTION RESULTS BY GENDER



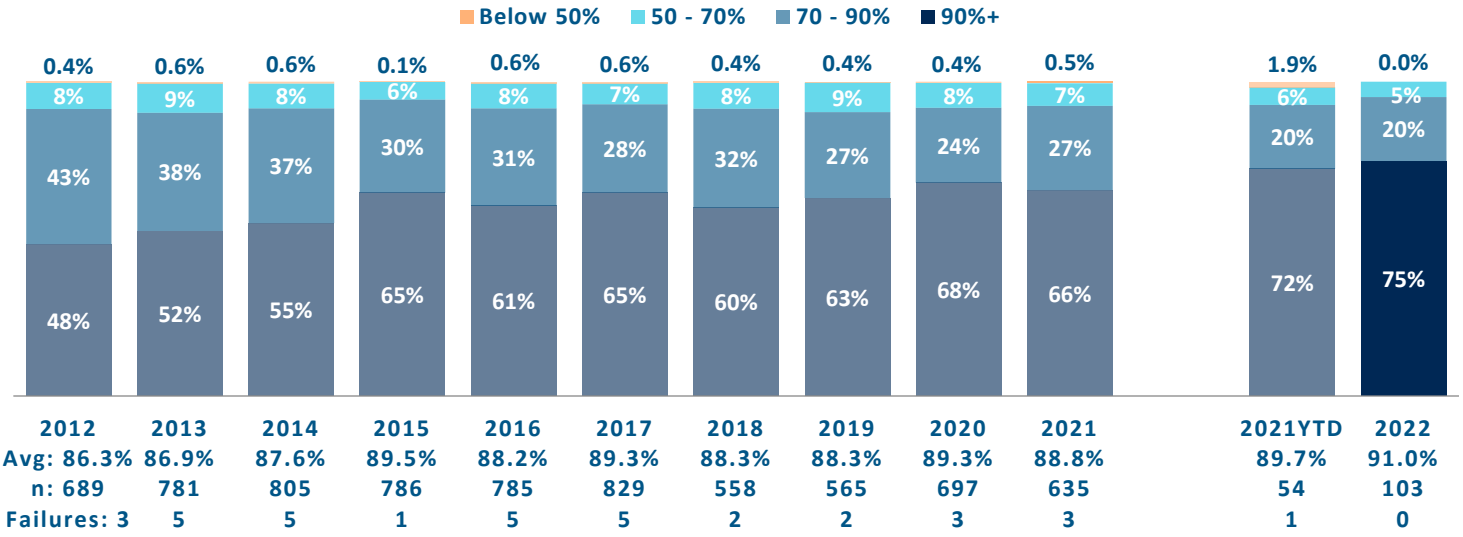
2022 EQUITY PROPOSAL RESULTS

5/12/2022

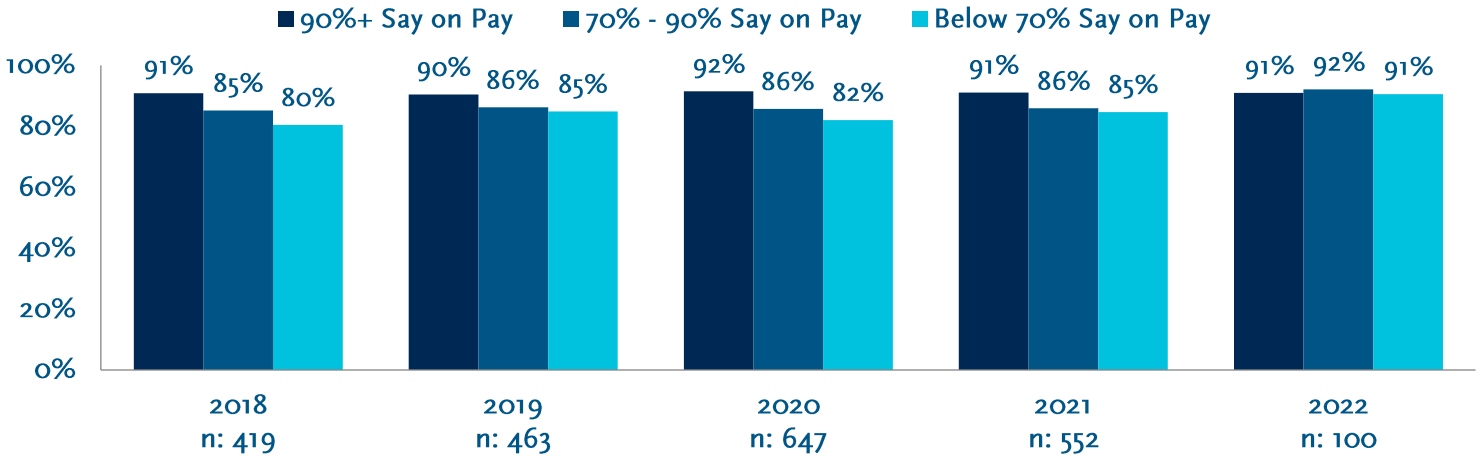
RUSSELL 3000
103 COMPANIES

- Average vote support for equity proposals thus far in the proxy season (91.0%) is 130 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 90% Say on Pay vote support have had higher average equity plan proposal support in 2022 than in previous years

BREAKDOWN OF EQUITY PLAN PROPOSAL VOTES



SAY ON PAY IMPACT ON EQUITY PLAN PROPOSAL VOTES



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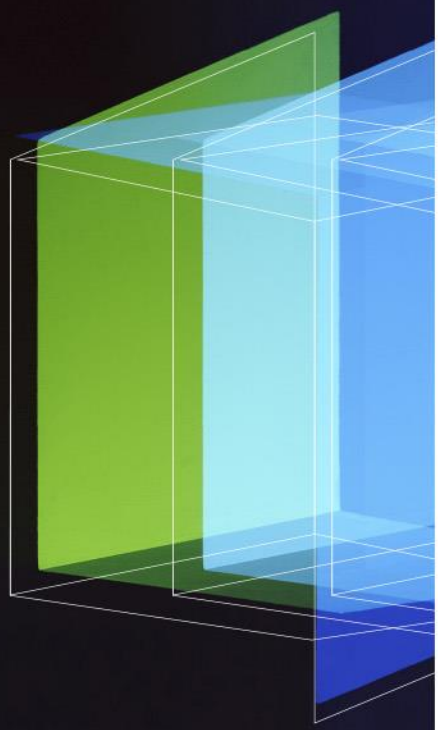

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