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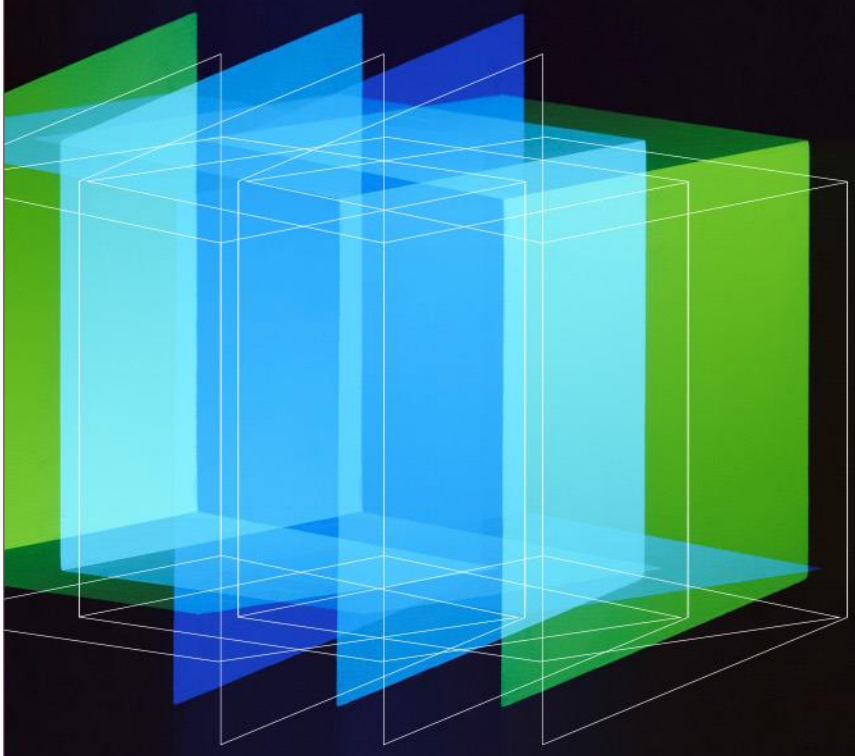
SEMLER BROSSY

2023 **SAY ON PAY** & PROXY RESULTS

S&P 500

RUSSELL 3000



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AUGUST

17

2023 SAY ON PAY RESULTS

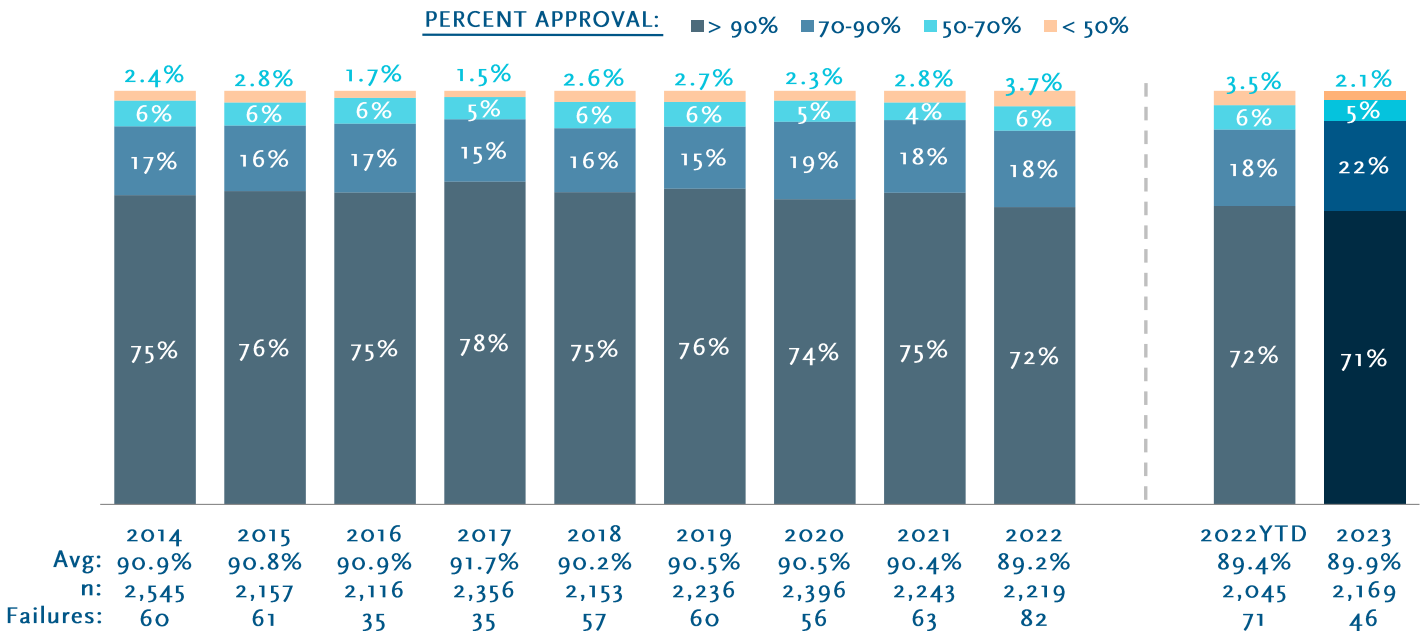
8/17/2023

S&P 500
446 COMPANIES

RUSSELL 3000
2,169 COMPANIES

BREAKDOWN OF SAY ON PAY VOTE RESULTS

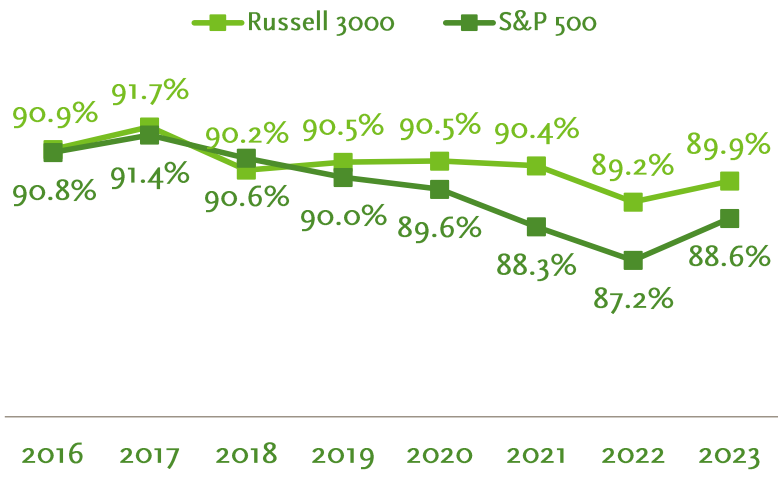
46 Russell 3000 companies (2.1%) and 11 S&P 500 companies (2.3%) have failed Say on Pay thus far in 2023.



SAY ON PAY OBSERVATIONS

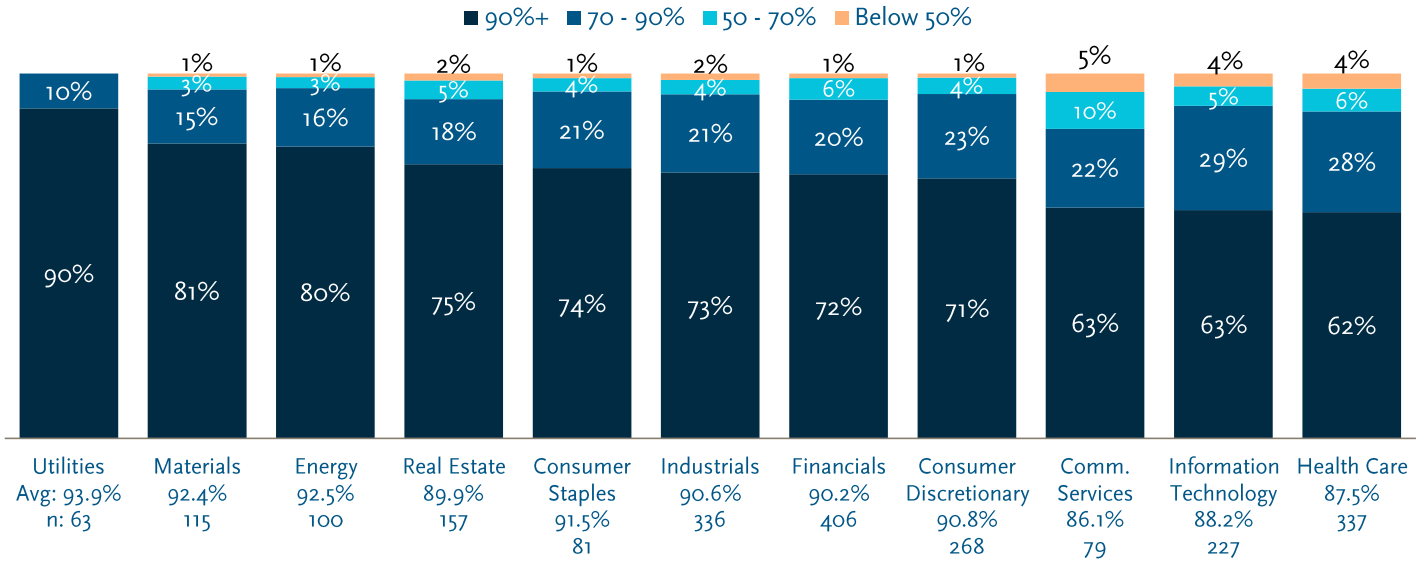
- The current failure rate (2.1%) is 140 basis points lower than the failure rate at this time last year (3.5%)
- The percentage of Russell 3000 companies receiving greater than 90% support (71%) is lower than the percentage at this time last year (72%)
- The current Russell 3000 average vote result of 89.9% is 70 basis points higher than the index's year-end average vote in 2022, and the current S&P 500 average vote result of 88.6% is 140 basis points higher than the year-end average vote in 2022
- The average Russell 3000 vote result thus far in 2023 is 130 basis points higher than the average S&P 500 vote result; this spread is closer than we observed in the previous two years

COMPARISON OF RUSSELL 3000 AND S&P 500



Data provided by Proxy Insight; analysis by Semler Brossy.

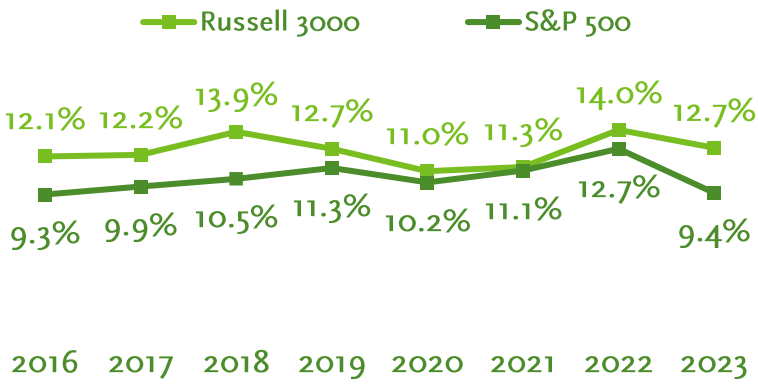
RUSSELL 3000 SAY ON PAY VOTE RESULTS BY GICS SECTOR



ISS RECOMMENDATION RATE OBSERVATIONS

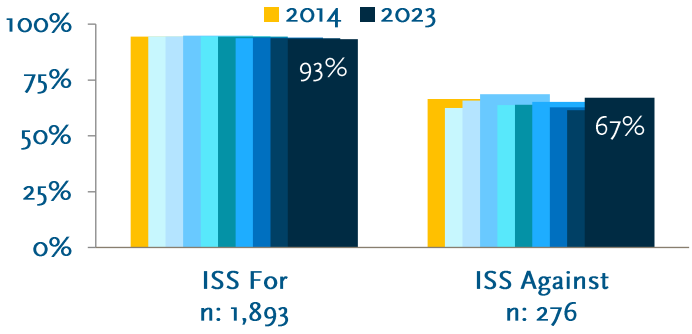
- 12.7% of Russell 3000 companies and 9.4% of S&P 500 companies have received an ISS "Against" recommendation thus far in 2023
- The ISS "Against" recommendation rate is 130 basis points lower for the Russell 3000 and 330 points lower for the S&P 500 thus far in 2023 compared to 2022
- The ISS "Against" recommendation rate for 2023 has increased over the course of the year to be more in line with the historical average

ISS "AGAINST" RECOMMENDATION RATE

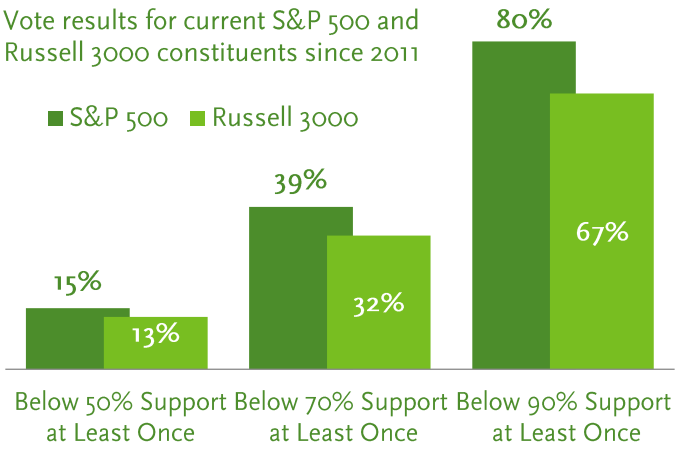


AVERAGE RUSSELL 3000 VOTE RESULT AFTER ISS "FOR" OR "AGAINST" RECOMMENDATION

The average vote result for Russell 3000 companies that receive an ISS "Against" is 26 percentage points lower than those that receive an ISS "For" thus far in 2023



LIKELIHOOD OF A LOW SAY ON PAY VOTE



LIKELY CAUSES OF SAY ON PAY VOTES UNDER 50% IN 2023

2023 Failed Say on Pay Vote Results[1]

Russell 3000, n=46

	Say on Pay Vote Results			Number	Likely Causes of Votes Under 50%					
Company	2023▼	2022	YOY	of Failures	Pay and Performance Relation	Problematic Pay Practices	Rigor of Performance Goals	Shareholder Outreach and Disclosure	Non-Performance Based Equity	Special Awards/ Mega-Grants
XPO, Inc.	49%	69%	-20%	2	X	X				X
National Western Life Group, Inc.	49%	-	-	1	X			X	X	
PriceSmart, Inc.	49%	91%	-42%	1		X				
IMAX Corporation	47%	49%	-1%	5		X				
Fastly, Inc.	47%	90%	-43%	1	X				X	X
Titan International, Inc.	47%	50%	-3%	3				X		
Pitney Bowes Inc.	46%	90%	-44%	2	X				X	
Live Nation Entertainment, Inc.	46%	-	-	1		X	X		X	X
Pulmonx Corporation	46%	87%	-41%	1	X				X	
ADTRAN Holdings, Inc.	46%	98%	-52%	1			X	X	X	X
Element Solutions Inc	45%	99%	-53%	1		X				X
M.D.C. Holdings, Inc.	45%	92%	-48%	3	X	X	X			
Castle Biosciences, Inc.	45%	40%	4%	2	X		X	X		
DigitalBridge Group, Inc.	44%	86%	-42%	1	X		X	X		
Willdan Group, Inc.	44%	57%	-13%	2	X	X				
Equifax Inc.	43%	95%	-52%	1			X		X	X
G-III Apparel Group, Ltd.	42%	22%	20%	5	X			X		
ContextLogic Inc.	42%	-	-	1					X	X
OptimizeRx Corporation	41%	66%	-24%	1		X		X		
ServiceNow, Inc.	41%	35%	6%	2	X			X		X
Silk Road Medical, Inc	41%	85%	-44%	1	X	X			X	
Nabors Industries Ltd.	40%	32%	7%	12			X	X		
Eiger BioPharmaceuticals, Inc.	39%	64%	-25%	1		X		X		
Aurinia Pharmaceuticals Inc.	39%	-	-	1	X				X	
TG Therapeutics, Inc.	37%	30%	8%	3	X			X	X	
BlackLine, Inc.	37%	94%	-58%	1		X			X	X
NanoString Technologies, Inc.	37%	64%	-28%	1	X		X	X		
Zentalis Pharmaceuticals, Inc.	35%	96%	-61%	1	X	X			X	
Progyny, Inc.	33%	99%	-66%	1					X	X
Black Knight, Inc.	33%	93%	-60%	1		X				X
American International Group, Inc.	32%	94%	-62%	1			X		X	X
Broadcom Inc.	32%	80%	-48%	1		X	X			X
CME Group Inc.	32%	23%	9%	2	X		X	X		
Tutor Perini Corporation	30%	32%	-1%	13	X		X	X		
Match Group, Inc.	30%	97%	-68%	1		X		X		
Netflix, Inc.	29%	27%	2%	3					X	X
Nevro Corp.	28%	83%	-55%	2		X	X		X	
Sarepta Therapeutics, Inc.	28%	93%	-66%	1		X	X		X	
Prologis, Inc.	27%	81%	-53%	2	X	X	X			
Telos Corporation	27%	-	-	1		X	X			
Cano Health, Inc.	27%	-	-	1	X		X			
DocuSign, Inc.	16%	89%	-73%	1		X		X	X	X
Illumina, Inc.	14%	82%	-68%	1			X		X	X
Veritex Holdings, Inc.	13%	96%	-83%	1	X		X		X	
Simon Property Group, Inc.	11%	94%	-82%	2	X		X			X
American Equity Investment Life Holding Company	11%	97%	-86%	1	X	X	X			X
Count (n=46)					23	21	21	16	21	18

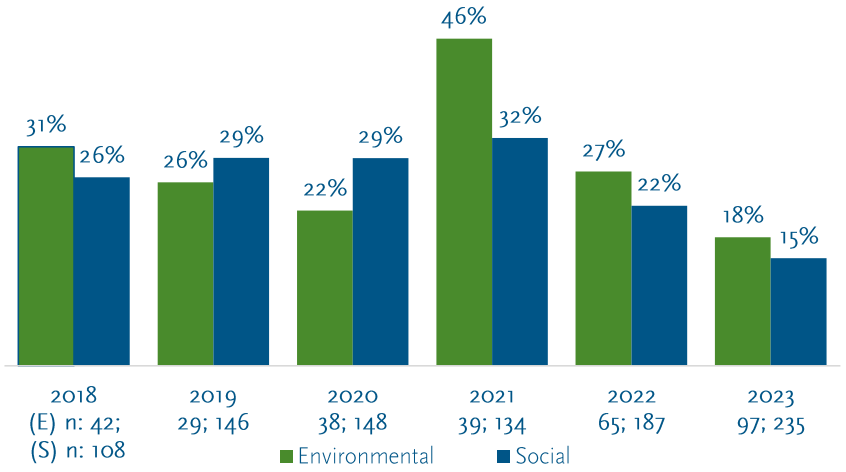
2023 E&S PROPOSAL RESULTS

8/17/2023

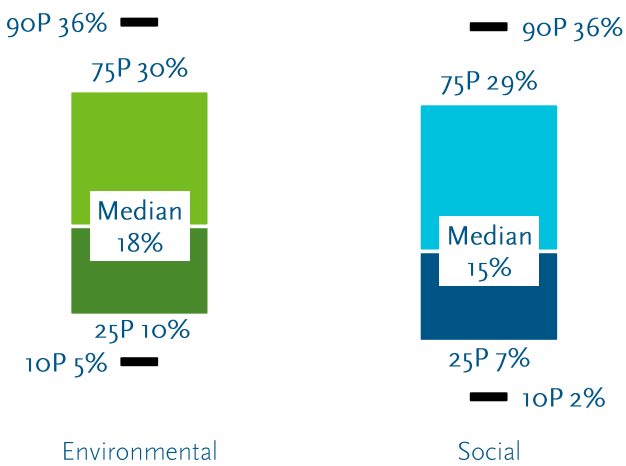
RUSSELL 3000
332 PROPOSALS

- Shareholders have voted on 235 social proposals and 97 environmental proposals thus far in 2023
- Median vote support is 15% for social proposals and 18% for environmental proposals
- Five social proposals (2%) and two environmental proposals (2%) have received greater than 50% support thus far in 2023
- Median support has decreased by seven percentage points for social proposals when compared to 2022 year-end average support, and nine percentage points for environmental proposals; while there has been a surge of proposals this year, the vote outcomes have continued the downward trend first observed in 2022

ENVIRONMENTAL & SOCIAL PROPOSALS MEDIAN VOTE RESULTS



ENVIRONMENTAL & SOCIAL PROPOSALS VOTE RESULT DISTRIBUTIONS



SPOTLIGHT: KROGER

A shareholder submitted a proposal requesting that Kroger report on its gender and racial pay gaps.

The proposal received 52% vote support

- The proponents noted 20% of the 100 largest employers in the U.S. report unadjusted median pay gaps and statistically adjusted gaps, which measure access to higher paying roles and pay for the same role, respectively
- They also noted that though Kroger produces an ESG report that includes demographic information, it does not include quantitative pay gap data
- The Board opposed the proposal, asserting that the company has performed an annual pay equity analysis since 2016 that accounts for gender and race
- The Board also concluded that their existing ESG report and disclosures in their public filings rendered additional disclosure unnecessary
- ISS noted that providing the requested gap statistics would be useful to investors as a comparison across time and organizations

2023 DIRECTOR ELECTION RESULTS

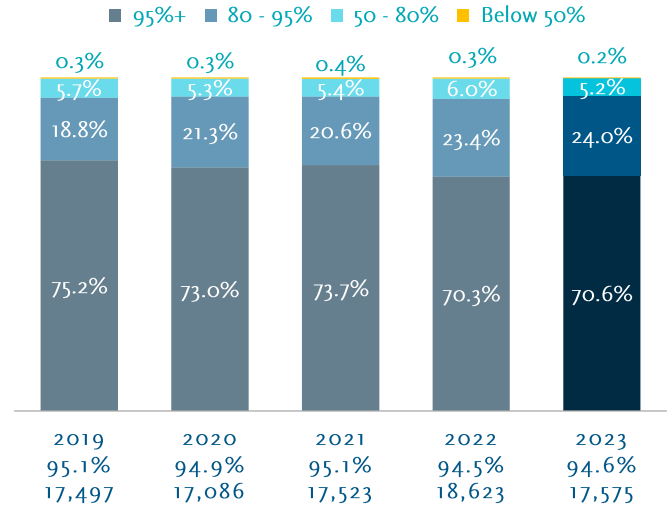
8/17/2023

RUSSELL 3000
17,575 DIRECTORS

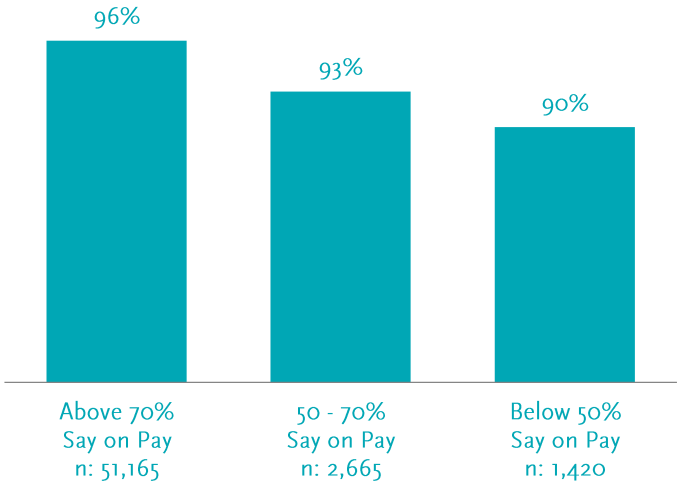
DIRECTOR ELECTION OBSERVATIONS

- Average vote support for Director nominees of 94.6% thus far in 2023 is 10 basis points higher than the year-end support observed in 2022
- 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 six 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, which is a closer spread than we've observed in previous years

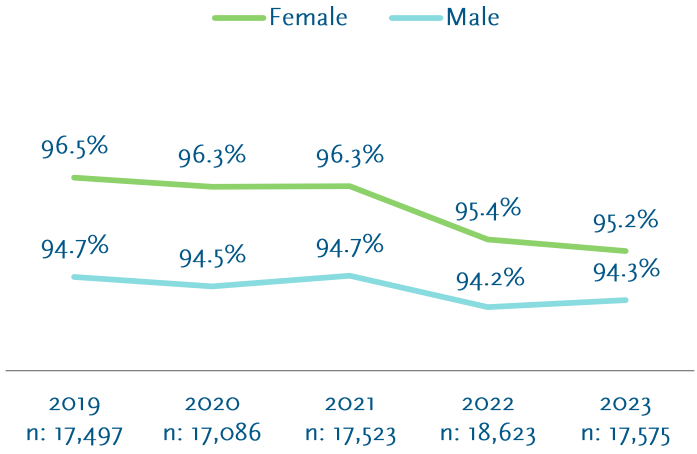
BREAKDOWN OF DIRECTOR ELECTION RESULTS



AVERAGE DIRECTOR ELECTION RESULTS IN YEAR FOLLOWING SAY ON PAY (2019-2023)



AVERAGE DIRECTOR ELECTION RESULTS BY GENDER



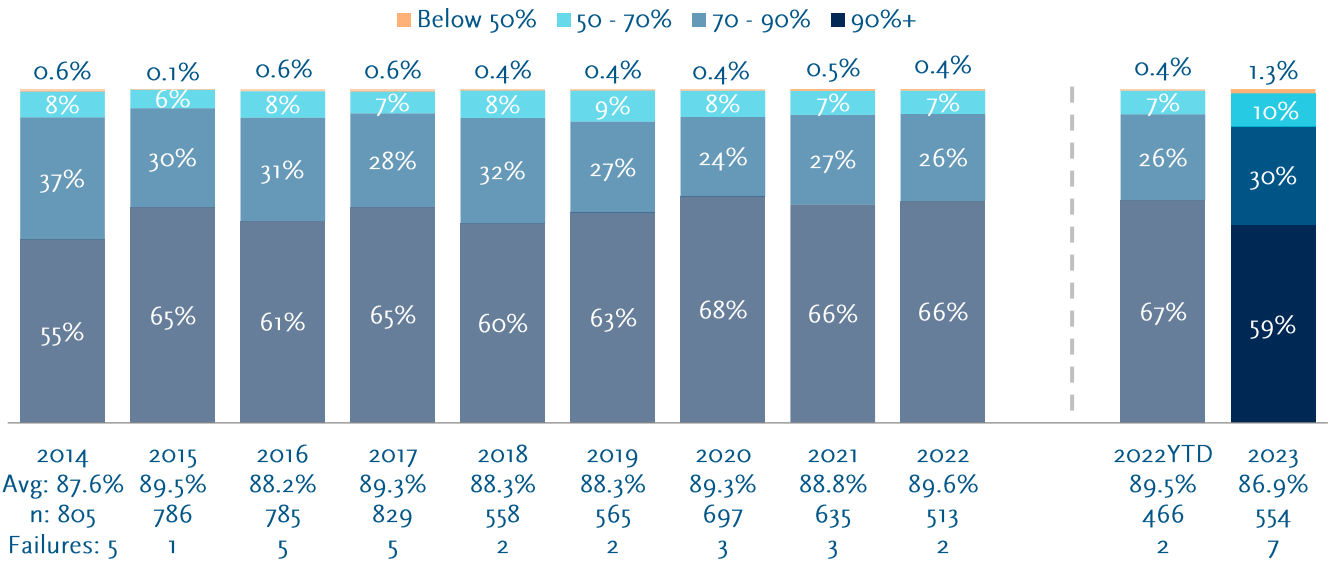
2023 EQUITY PROPOSAL RESULTS

8/17/2023

RUSSELL 3000
554 COMPANIES

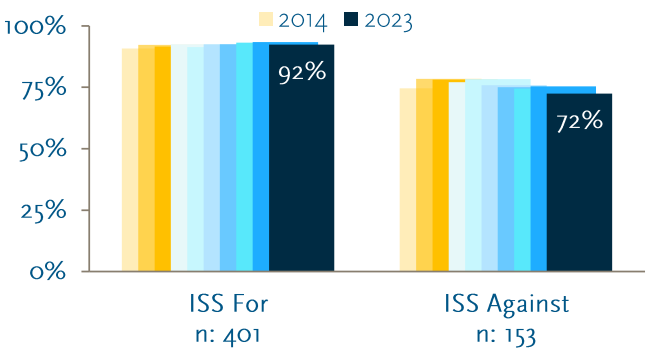
- Average vote support for equity proposals thus far in the proxy season (86.9%) is 260 basis points below the average vote support observed at this time last year (89.5%)
- Utah Medical Products, United Natural Foods, Compass Minerals, Aurinia Pharmaceuticals, Fulcrum Therapeutics GrowGeneration, and Quotient Technology each had a proposal that received vote support below 50% thus far in 2023
- Average support for equity proposals that received an ISS Against recommendation thus far in proxy season (73%) is 200 basis points below the average vote support observed in 2022 (75%)

BREAKDOWN OF EQUITY PLAN PROPOSAL VOTES

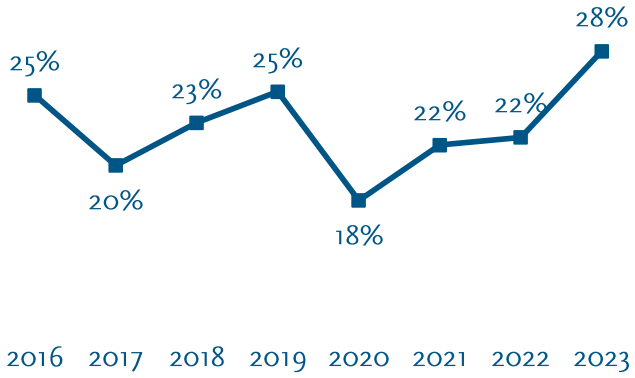


AVERAGE VOTE RESULT AFTER ISS "FOR" OR "AGAINST" RECOMMENDATION

The average vote result for companies that receive an ISS "Against" is 19% percentage points lower than those that receive an ISS "For" thus far in 2023.



ISS "AGAINST" RECOMMENDATION RATE



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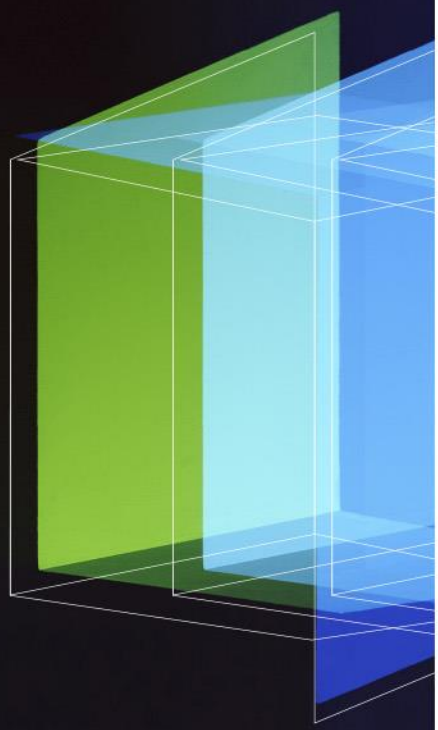

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