



# U.S. Executive Pay Votes 2022 Proxy Season Review

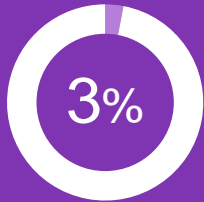
October 2022



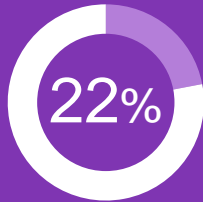
# Executive summary

## 2022 by the numbers

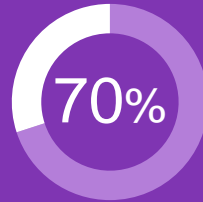
### Say-on-pay proposals



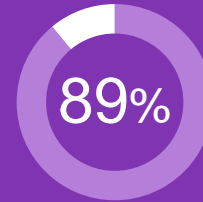
Failure rate,  
similar to 2021



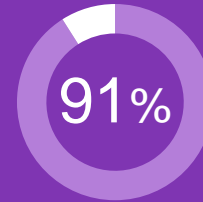
Companies that failed say  
on pay and had negative  
vote recommendations  
for compensation  
committee members



First-time failures



Average support



Companies with  
support > 70%

### Say-on-golden-parachute proposals

**21%**

Failure rate

**70%**

Average support

**47%**

Institutional Shareholder  
Services (ISS) negative  
recommendations

### Equity plans proposals

**91%**

Average support with one  
failure this year, still stable  
for equity plans

**13%**

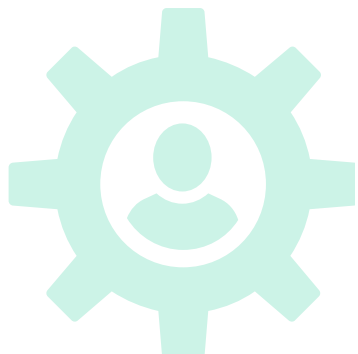
ISS negative vote  
recommendation rate

Source: WTW Global Executive Compensation Analysis Team. ISS recommendations confirmed using ISS's Governance Analytics.

# Say-on-pay snapshot

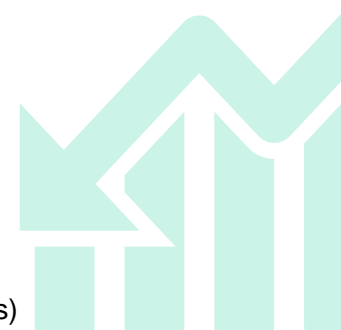
# 2022 Russell 3000 say-on-pay snapshot

89%



**Average support**  
2021 = 90%

3%



**Failure rate (69 failed votes)**  
2021 = 3% (based on 71 failed votes)

14%

ISS (Institutional Shareholder Services)  
negative vote recommendations

**Up from**  
12% in 2021



32 percentage points

Difference in average support between an  
ISS “for” and “against” vote recommendation

**Similar to 2021**



73%

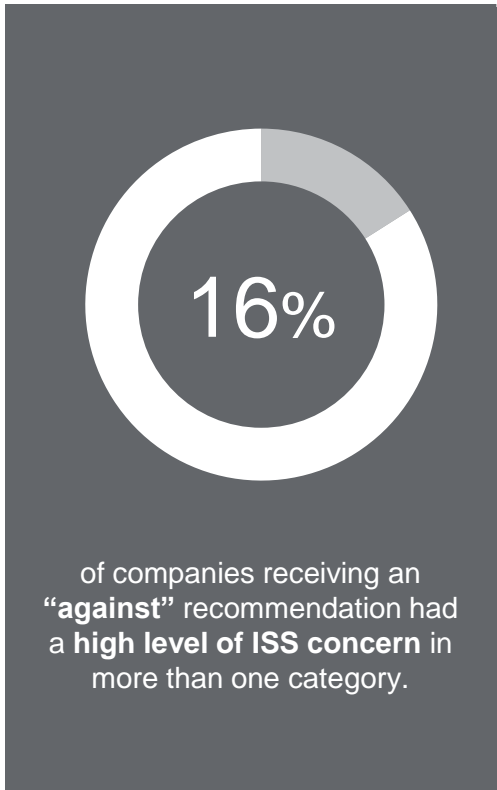
Rate of “high” ISS concerns related to pay for  
performance among proposals that ultimately  
received an “against” vote recommendation

**Down from**  
77% in 2021

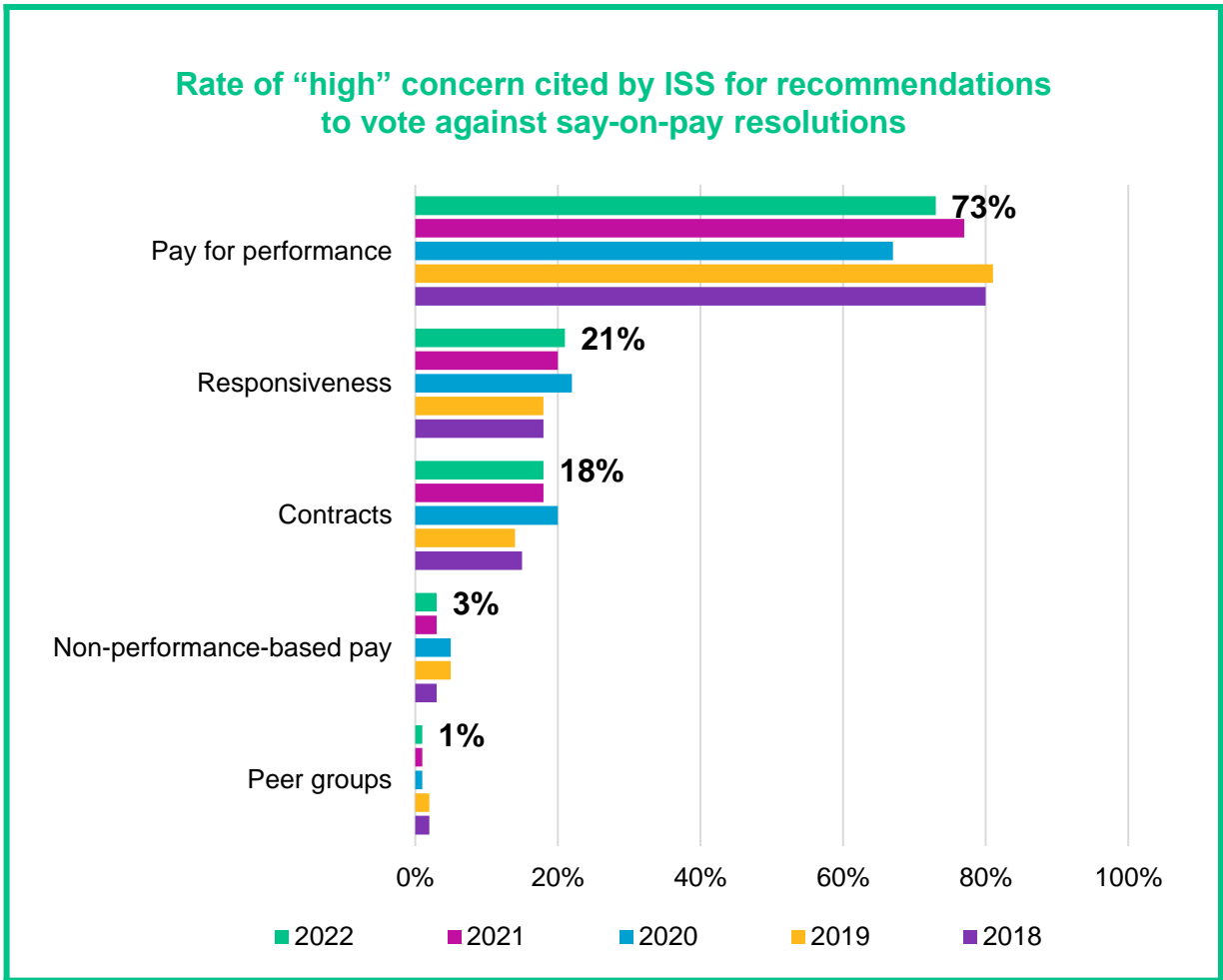


Source: WTW's Global Executive Compensation Analysis Team analysis of 2,007 Russell 3000 companies from January 1, 2022, to July 15, 2022, and 2,334 of Russell 3000 companies reporting results in 2021. ISS recommendations confirmed using ISS's Governance Analytics.

# Perceived pay-for-performance disconnects drive most ISS “against” recommendations



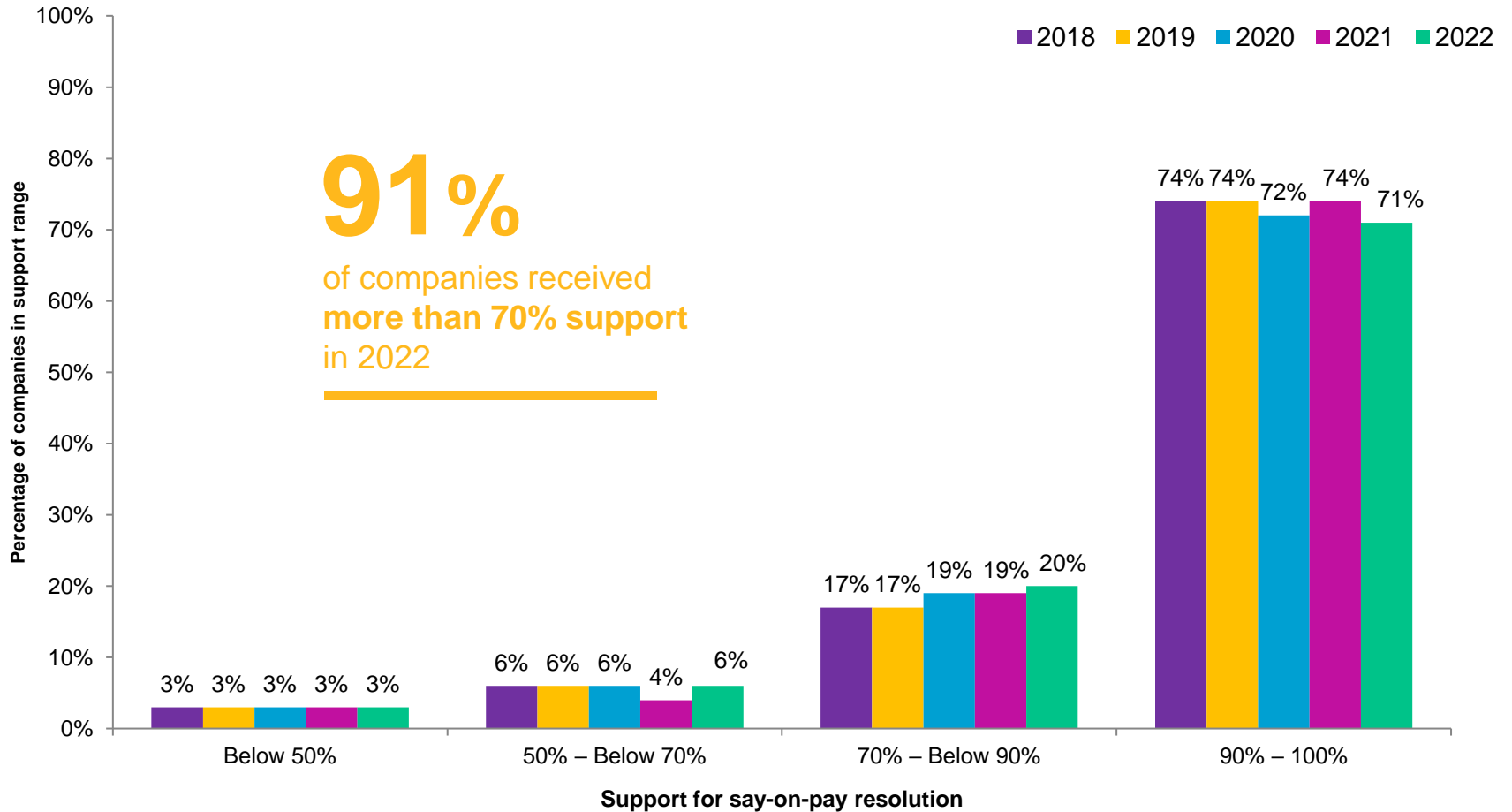
Source: WTW's Global Executive Compensation Analysis Team. Areas of concern confirmed using ISS's Governance Analytics.





# Strong shareholder support remains the norm

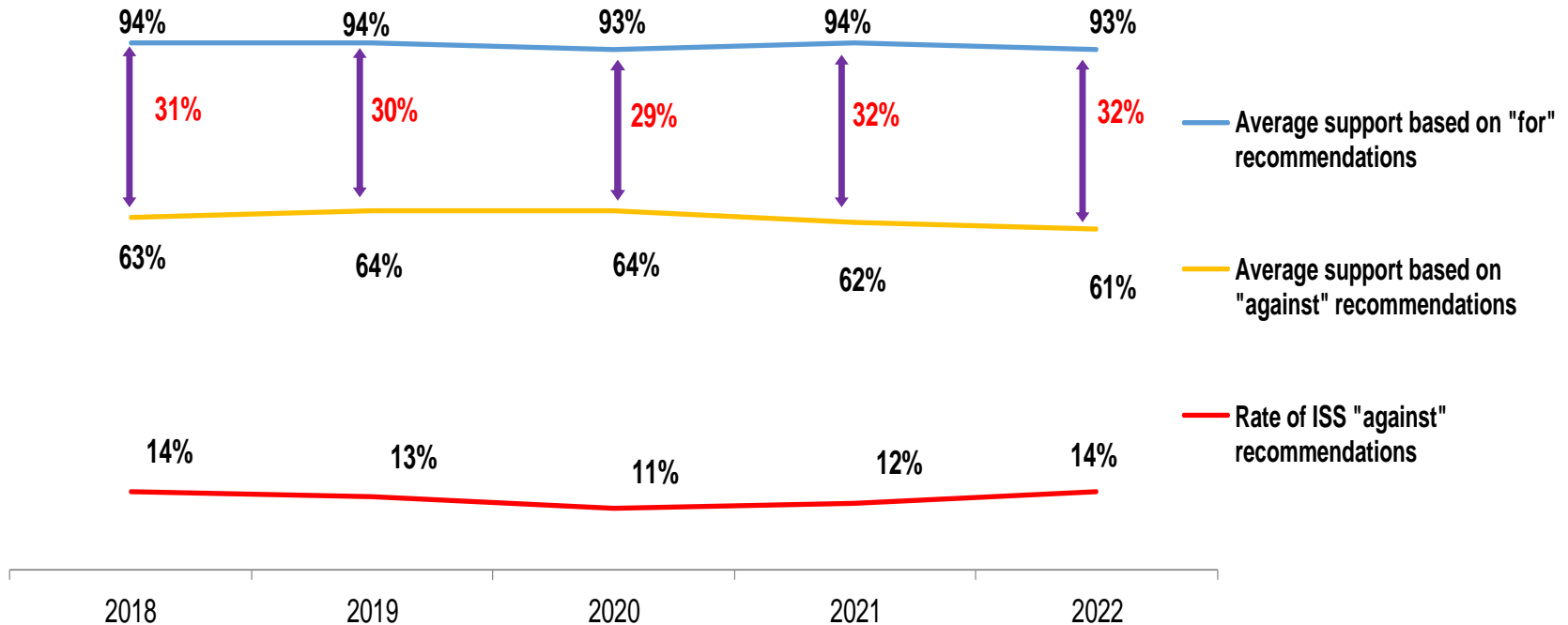
The trend of 90%+ support continues



Source: WTW's Global Executive Compensation Analysis Team.

# Shareholder support and proxy advisor recommendations

Lowest average support for "against" recommendations in 2022



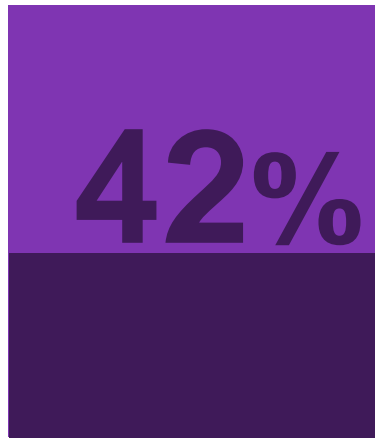
Source: WTW's Global Executive Compensation Analysis Team. ISS recommendations confirmed using ISS's Governance Analytics.

## Opposition to compensation committee members at companies with a negative say on pay vote recommendation

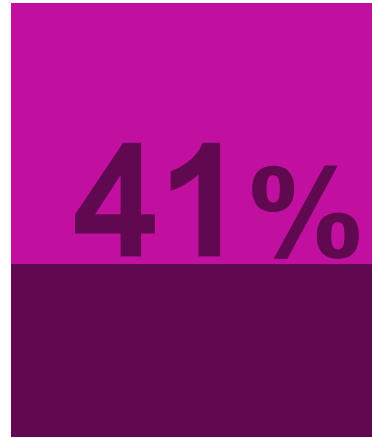
**31%**

of companies receiving an “against” recommendation also had a “withhold” recommendation on compensation committee members during the same year

### Main reasons leading to “withhold” recommendations



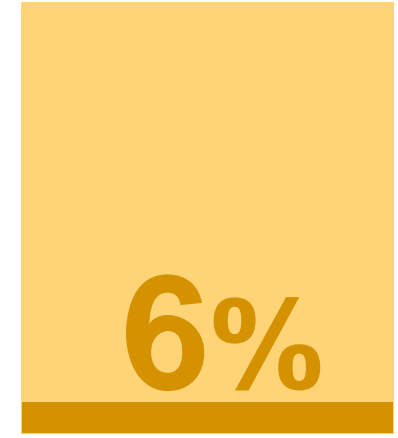
Governance failure



Lack of responsiveness to previous say-on-pay vote



Lack of diversity and inclusion



Director is nonindependent

Source: WTW's Global Executive Compensation Analysis Team review of 85 Russell 3000 companies that received a “withhold” vote against compensation committee members and a negative recommendation for say on pay. ISS areas of concern confirmed using ISS's Governance Analytics.

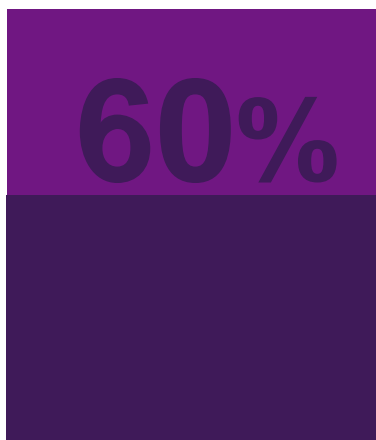


## Opposition to compensation committee members at companies that failed say on pay

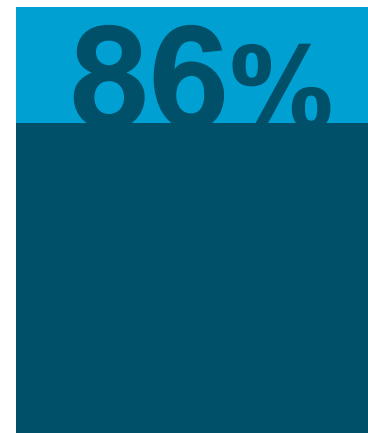
**22%**

of compensation committee members at companies that failed say on pay also received a negative vote recommendation from ISS

### Average support for compensation committee members at companies that failed



Average support for compensation committee members with a withhold recommendation



Average support for compensation committee members with a positive recommendation

Source: WTW's Global Executive Compensation Analysis Team review of 69 companies that failed say on pay as of July 15, 2022.

# Pay-for-performance snapshot

# Pay-for-performance concern

47%

of 2022 failures with high pay-for-performance concern report rigor of incentive plan metrics as an issue

- Majority long-term incentive (LTI) not performance-based is a concerning issue among 51% of companies reporting a high pay-for-performance concern (compared with 39% in 2021)
- Poor disclosure and rigor of incentive plan metrics are still viewed as major pay-for-performance concerns

## Common issues for companies with a high pay-for-performance concern

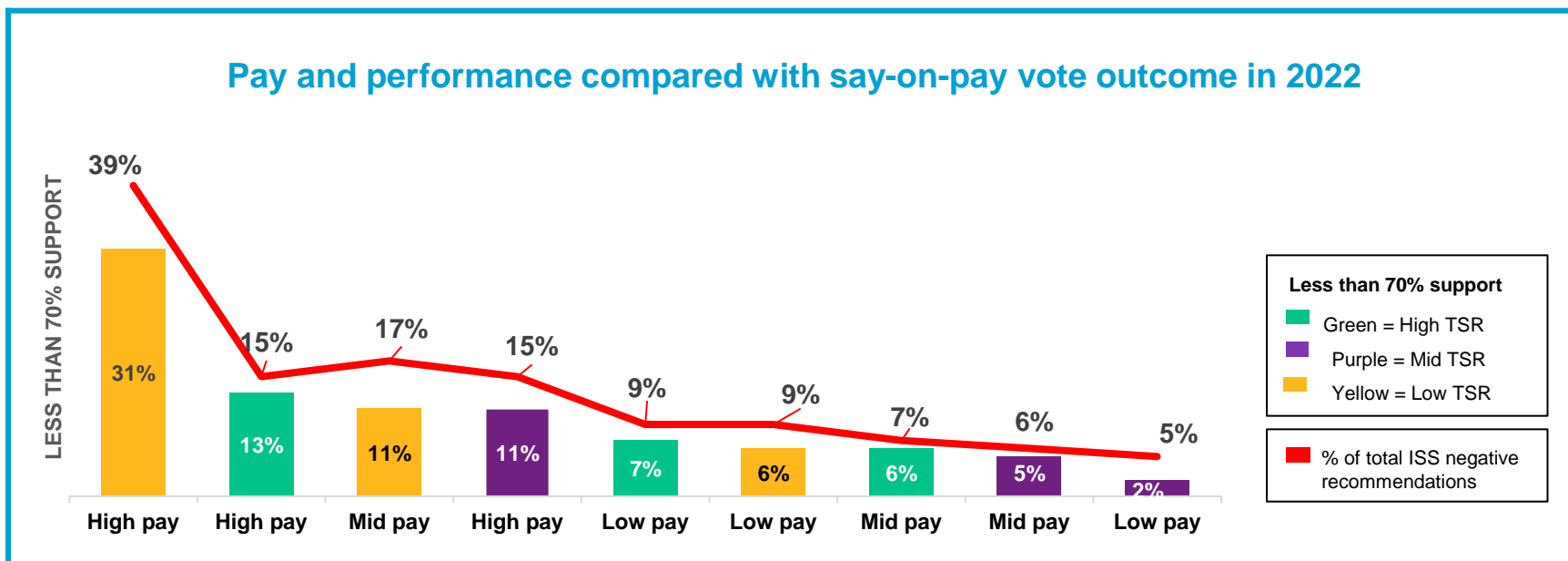


Source: WTW's Global Executive Compensation Analysis Team review of 202 Russell 3000 companies that received a high concern for pay for performance and a negative recommendation for say on pay. ISS areas of concern confirmed using ISS's Governance Analytics.

# Pay-for-performance and three-year total shareholder return (TSR)

## High pay triggers a high shareholder opposition

- Highest opposition historically recorded at companies with high pay and low performance
  - Strong TSR performance still mitigates opposition from institutional investors
- Low pay levels appears to drive less opposition



Note: Pay is total CEO pay disclosed in the summary compensation table; performance is TSR over the 2018 to 2021 period for each Russell 3000 company. "High," "mid" and "low" are those in the top third, middle third and lower third, respectively, in each category.

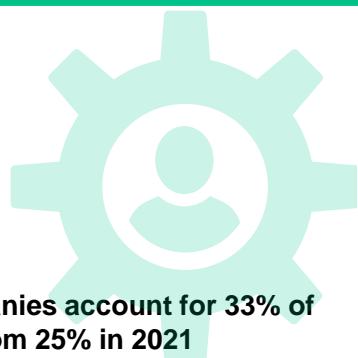
Source: WTW's Global Executive Compensation Analysis Team. ISS areas of concern confirmed using ISS's Governance Analytics.



# Say-on-pay trends

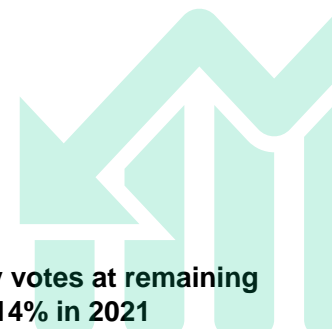
## Index component say-on-pay snapshot

**33%**



Remaining Russell 3000 companies account for 33% of 2022 say-on-pay failures, up from 25% in 2021

**16%**



Average opposition for say-on-pay votes at remaining Russell 3000 companies, up from 14% in 2021

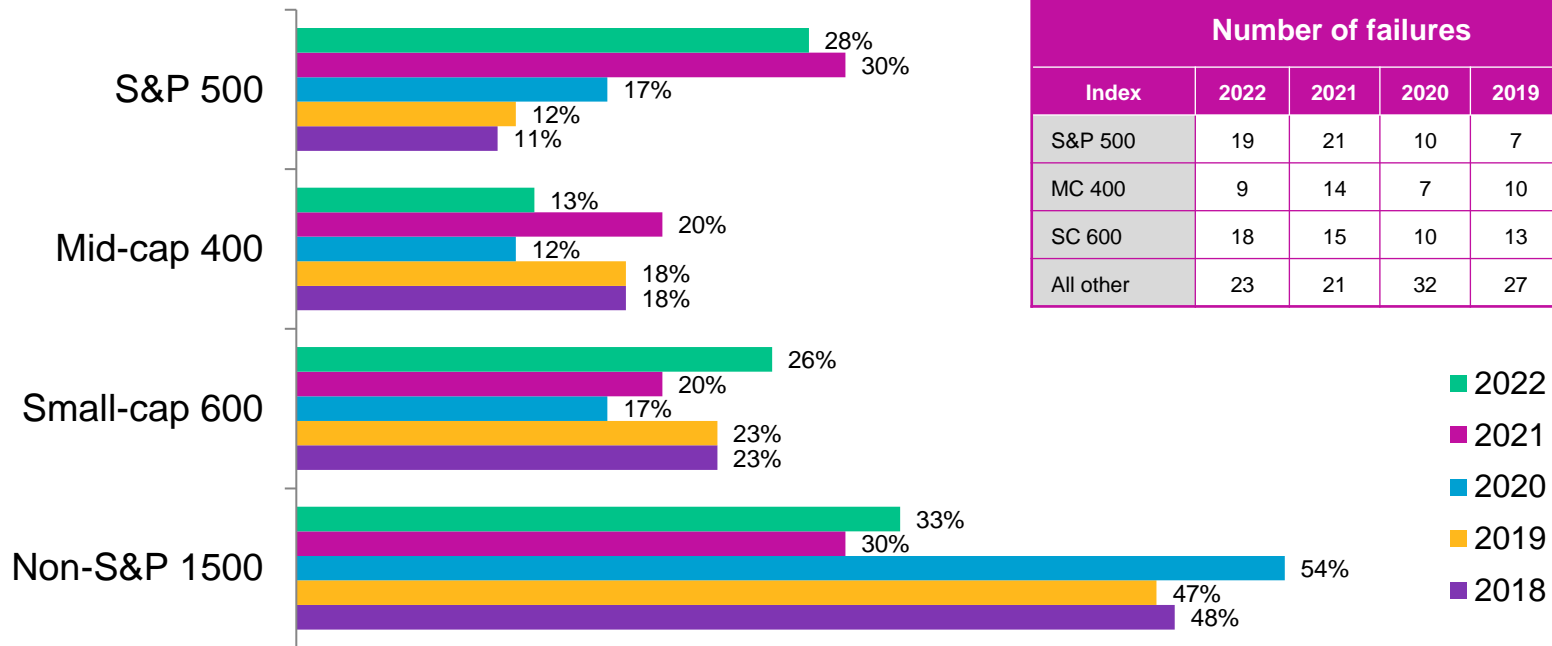
|                    | S&P 500 | S&P Mid-cap | S&P Small-cap | Remaining Russell 3000 |
|--------------------|---------|-------------|---------------|------------------------|
| Failure rate       | 5%      | 3%          | 4%            | 3%                     |
| Average support    | 87%     | 91%         | 90%           | 88%                    |
| ISS negative votes | 12%     | 8%          | 12%           | 16%                    |

Source: WTW Global Executive Compensation Analysis Team analysis of 321 S&P 400, 416 S&P 500, 448 S&P 600 and 822 non-S&P 1,500 companies from January 1, 2022, to July 15, 2022, and 356 S&P 400, 456 S&P 500, 517 S&P 600 and 1,005 non-S&P 1,500 companies reporting results in 2021. ISS recommendations confirmed using ISS's Governance Analytics.

# Comparison of say-on-pay failures by company size

Highest yearly failure rate for small-cap companies in 2022

## Sharp failure rate decline at mid-cap companies in 2022\*



| Number of failures |      |      |      |      |      |
|--------------------|------|------|------|------|------|
| Index              | 2022 | 2021 | 2020 | 2019 | 2018 |
| S&P 500            | 19   | 21   | 10   | 7    | 6    |
| MC 400             | 9    | 14   | 7    | 10   | 10   |
| SC 600             | 18   | 15   | 10   | 13   | 13   |
| All other          | 23   | 21   | 32   | 27   | 27   |

\*Percentage of failures relative to the total number of failures.

Source: WTW's Global Executive Compensation Analysis Team.

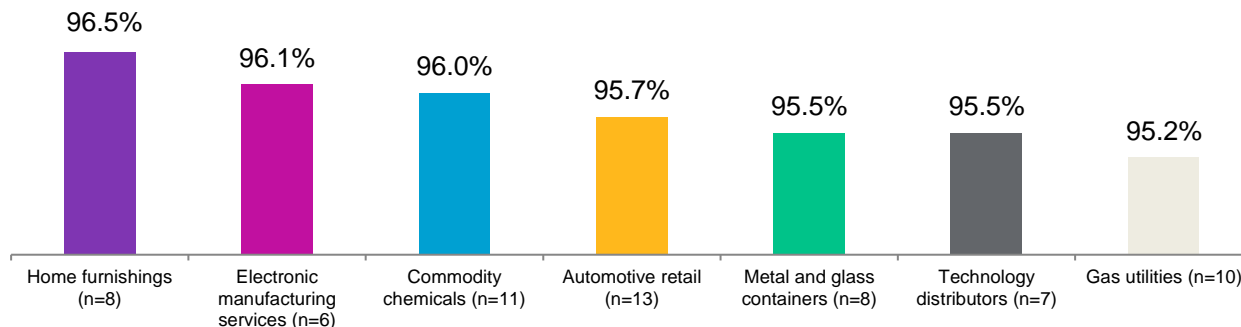


# Average say-on-pay results by industry in 2022

**22 out of  
154**

industries had an average support level of 95% or greater

## Industries with more than 95% average support



## Industries with the lowest average say-on-pay support

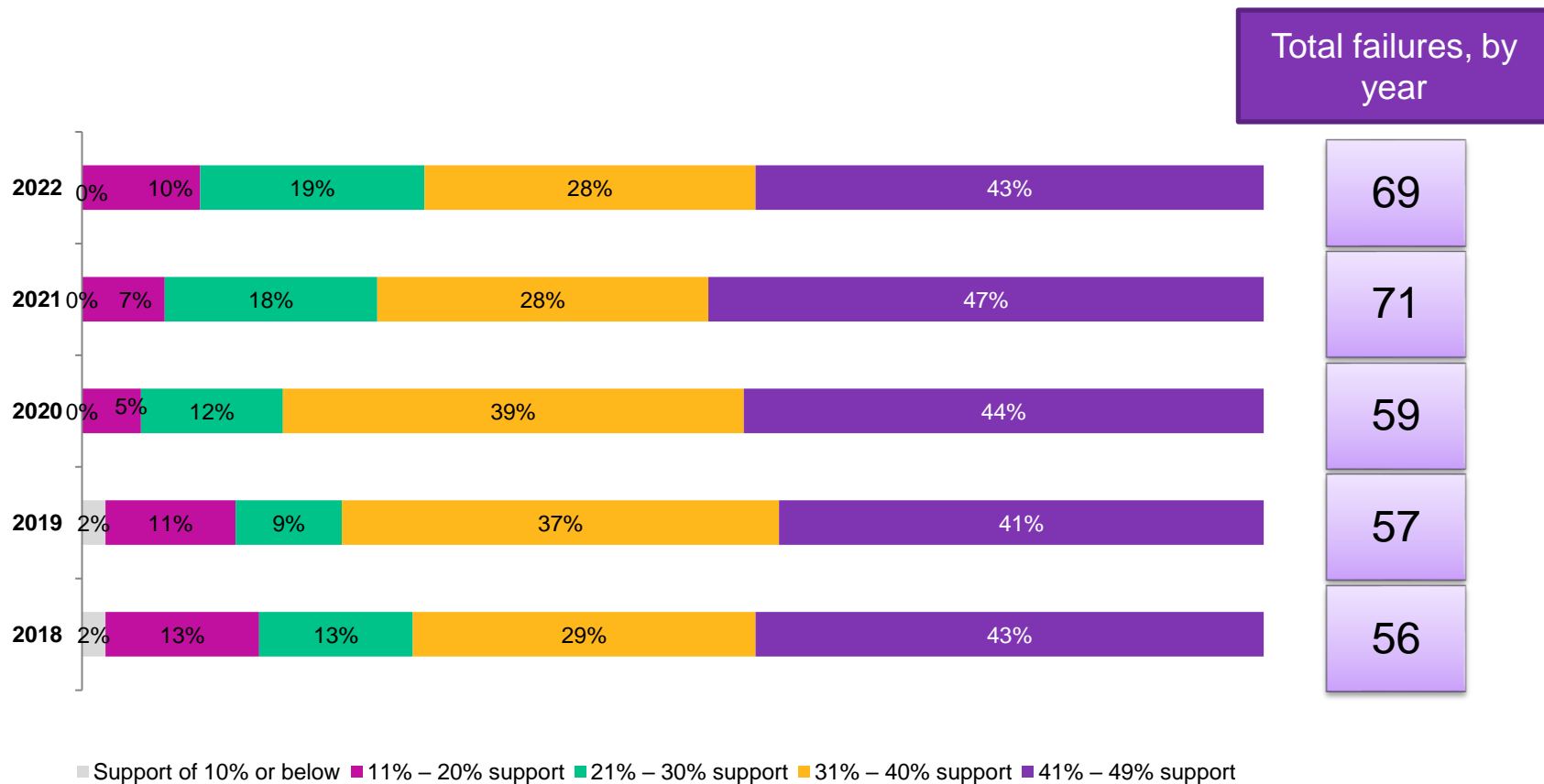
| GICS primary industry                       | Average support |
|---|-----------------|
| Hotel and resort REITs (n=16)               | 72.6%           |
| Hotel, resorts and cruise lines (n=14)      | 76.2%           |
| Soft drinks (n=6)                           | 80.4%           |
| Internet and direct marketing retail (n=13) | 81.5%           |
| Systems software (n=22)                     | 82.1%           |

Source: WTW's Global Executive Compensation Analysis Team. Industry classifications were based on the Global Industrial Classification System (GICS). Results are included for those industries with six or more companies in the group (n=the number of companies in the industry). For this analysis, all companies with less than 50% support are considered to have failed say on pay.

\*Data based on 154 primary industries.

# Say-on-pay failures

# Comparison of say-on-pay support levels at companies that failed say-on-pay votes



Source: WTW's Executive Compensation Resources. Support levels reflect data for all Russell 3000 companies with 50% or less support in each year.

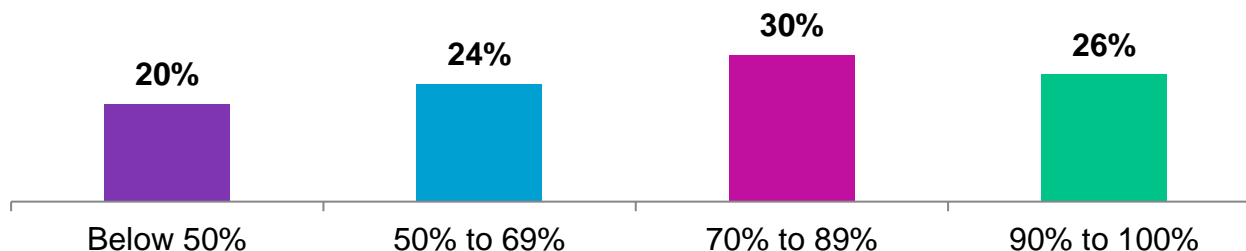
# Most companies that failed in 2021 improved their results in 2022

80% of companies recovered from last year's say-on-pay failure

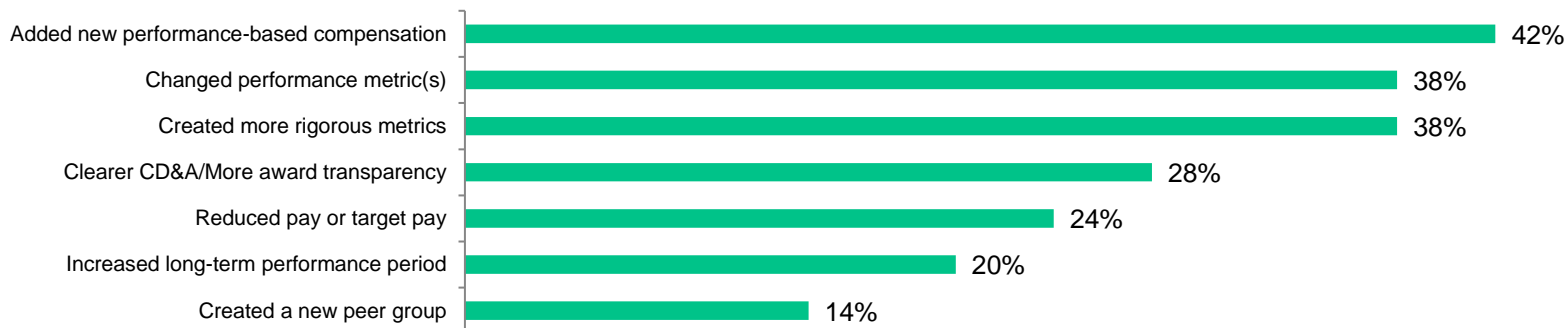
**33%**

Average year-over-year increase in shareholder support for companies failing in 2020

2022 support level for companies that failed in 2021\*



## Most common compensation program changes disclosed after failed 2021 vote



Source: WTW's Global Executive Compensation Analysis Team.

\*Based on 50 companies that failed in 2021 and have filed voting results for say on pay in 2022.

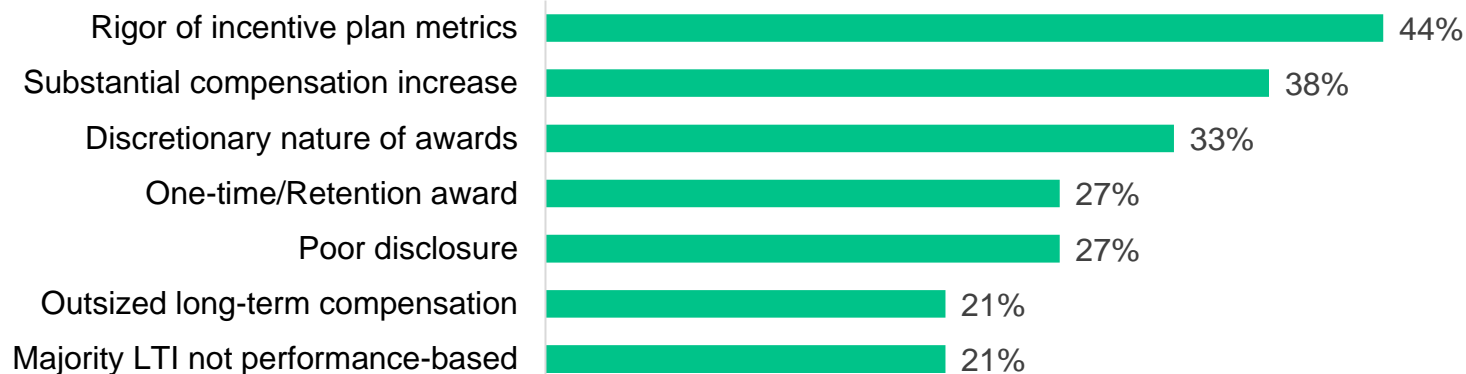
# 48 companies failed say on pay for the first time in 2022

70%

of all failures are *first-timers*

- 21% of first-time failures are from the healthcare industry, followed by consumer discretionary, industrials and information technology (17% each)
- 35% of first-time failures are non-S&P 1500 companies, and 27% are S&P 500 companies

## Common issues at first-time failures



Source: WTW's Global Executive Compensation Analysis Team review of 48 Russell 3000 companies that failed say on pay for the first time as of July 15, 2022. ISS areas of concern confirmed using ISS's Governance Analytics.

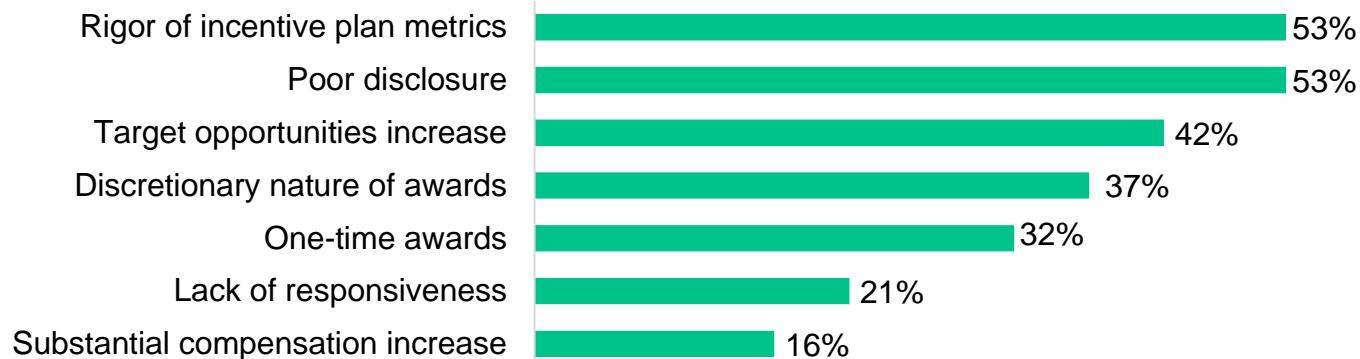
# 19 S&P 500 companies failed say on pay in 2022

**28%**

of all failures are S&P 500

- 32% of S&P 500 failures are from the information technology industry, followed by consumer discretionary (26%) and financials (11%).

## Common issues at S&P 500 failures



Source: WTW's Global Executive Compensation Analysis Team review of 19 S&P 500 companies that failed say on pay, as of July 15, 2022. ISS areas of concern confirmed using ISS's Governance Analytics.

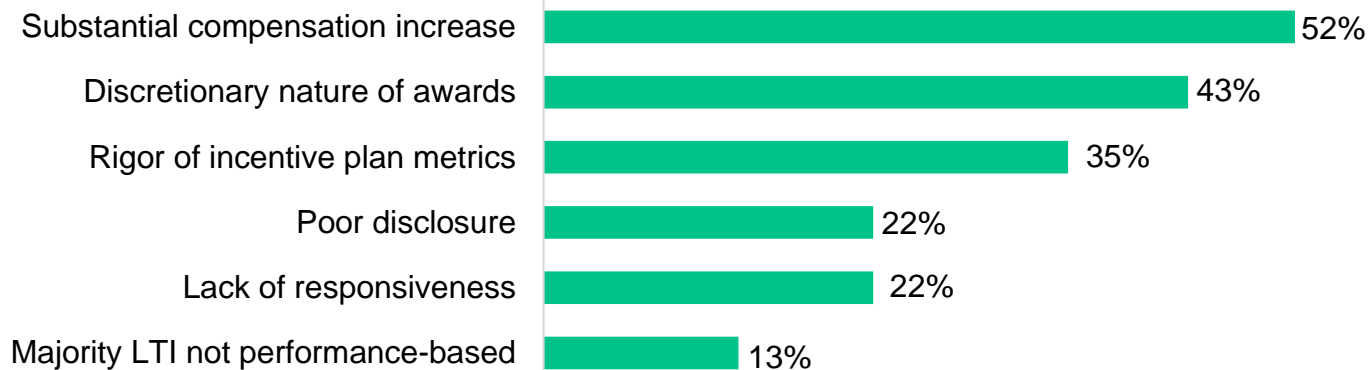
## 23 non-S&P 1500 companies failed say on pay in 2022

**33%**

of all failures are non-S&P 1500

- 30% of non-S&P 1500 failures are from the healthcare industry, followed by information technology and industrials (22% each)

### Common issues at non-S&P 1500 failures



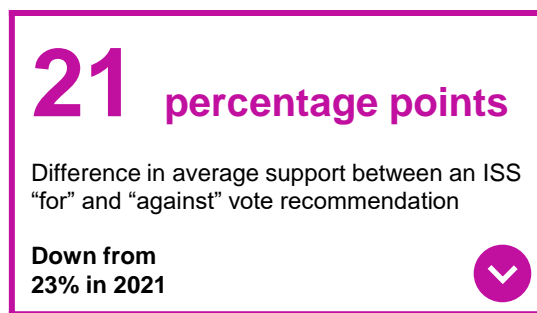
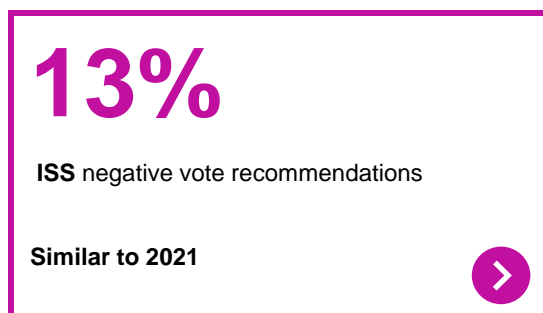
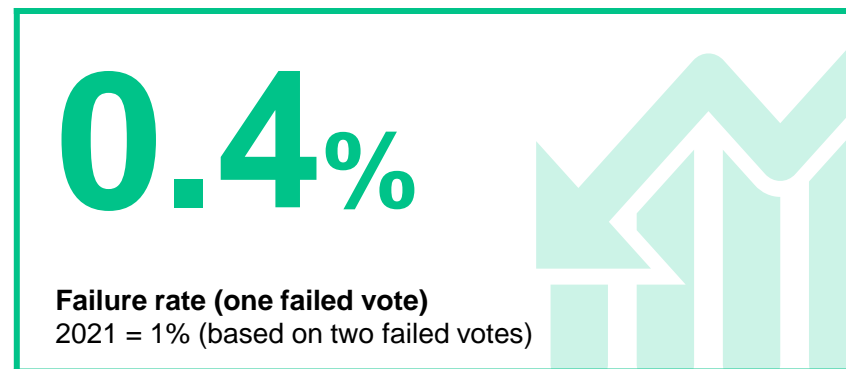
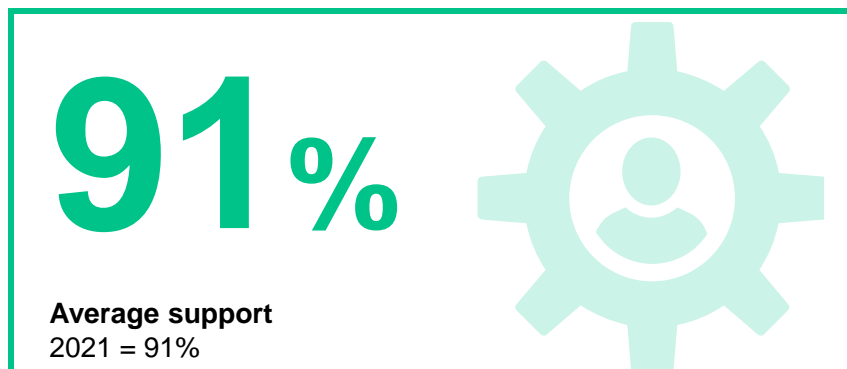
Source: WTW's Global Executive Compensation Analysis Team review of 23 non-S&P 1500 companies that failed say on pay as of July 15, 2022. ISS areas of concern confirmed using ISS's Governance Analytics.



# Equity plans

# 2022 S&P 1500 equity plan voting results snapshot

## One S&P 1500 failure in 2022



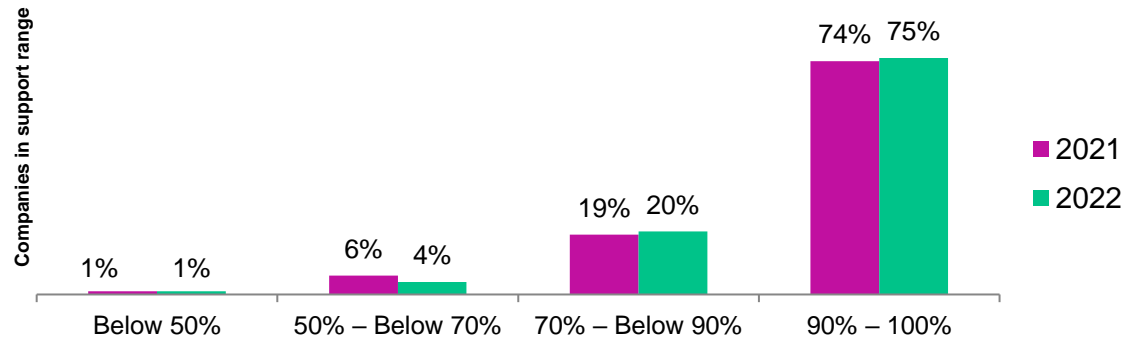
Source: WTW Global Executive Compensation Analysis Team analysis of 246 S&P 1500 companies that had a new or materially amended plan with voting results from January 1, 2022, to July 15, 2022, and 347 companies in 2021. ISS recommendations confirmed using ISS's Governance Analytics.

# Spotlight on equity plans

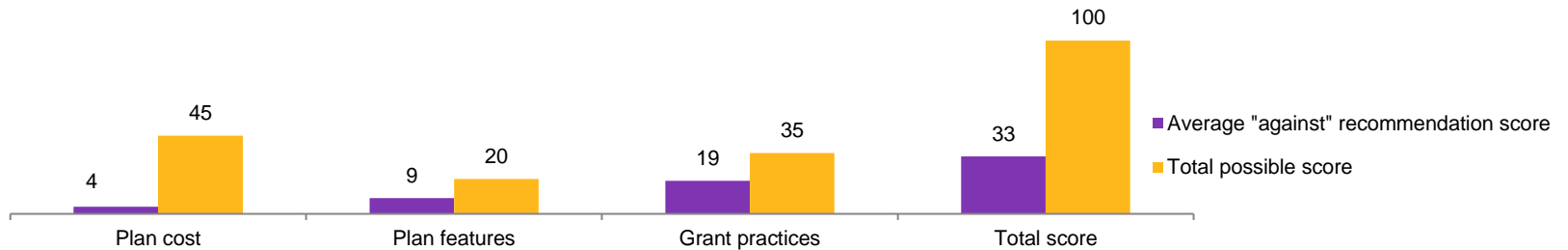
**95%**

S&P 1500 equity plans with support above 70% in 2022 (from 93% in 2021)

## Support level for S&P 1500 equity plans



## Plan cost is the number one concern for those with “against” recommendations\*



Source: WTW's Global Executive Compensation Analysis Team review of 246 S&P1500 companies that had a new or materially amended plan with voting results from January 1, 2022, to July 15 2022, and 347 companies in 2021.

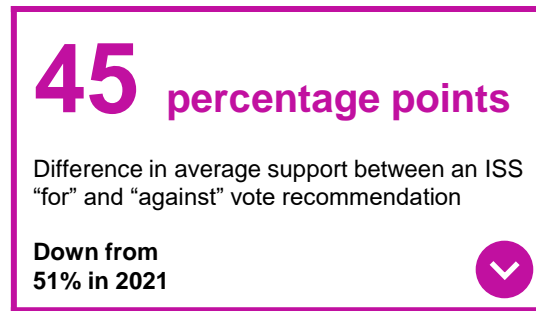
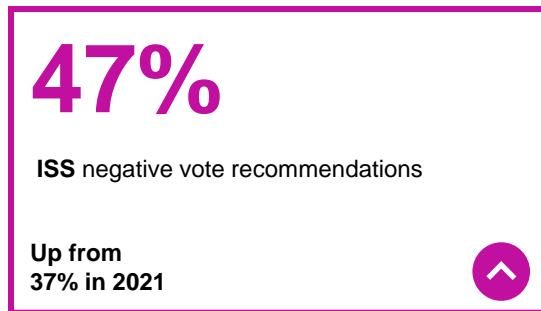
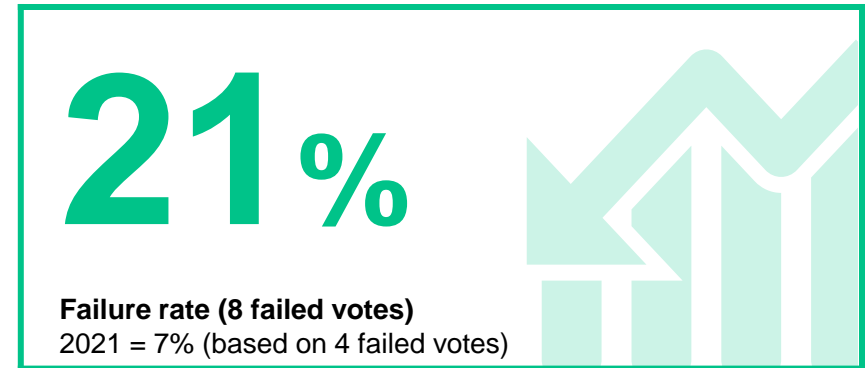
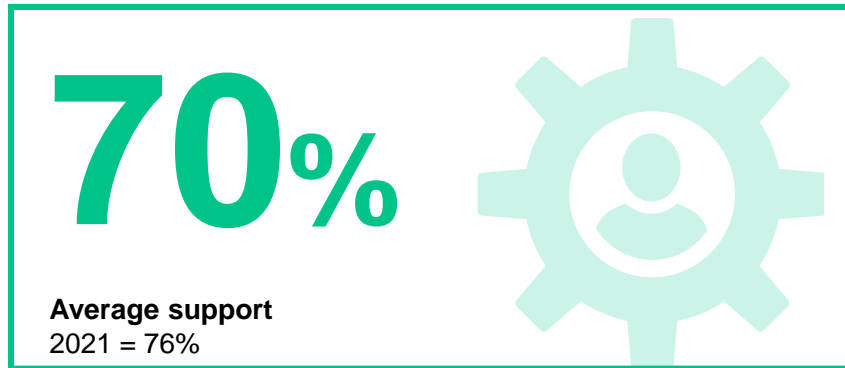
\*This spotlight highlights 31 S&P 1500 companies with an “against” recommendation that were evaluated under ISS's Equity Plan Scorecard.



Say on parachutes



# 2022 say-on-parachute snapshot



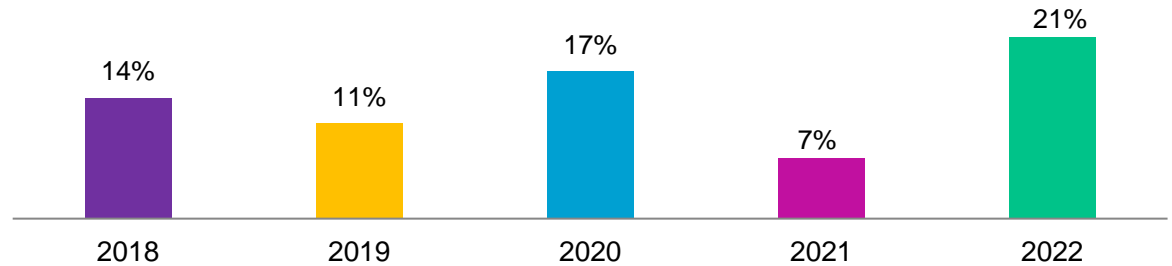
Source: WTW Global Executive Compensation Analysis Team analysis of 38 Russell 3000 companies holding a say-on-parachute vote from January 1, 2022, to July 15, 2022, and 57 Russell 3000 companies reporting results in 2021. ISS recommendations confirmed using ISS's Governance Analytics.

# Say-on-parachute overview

**78%**

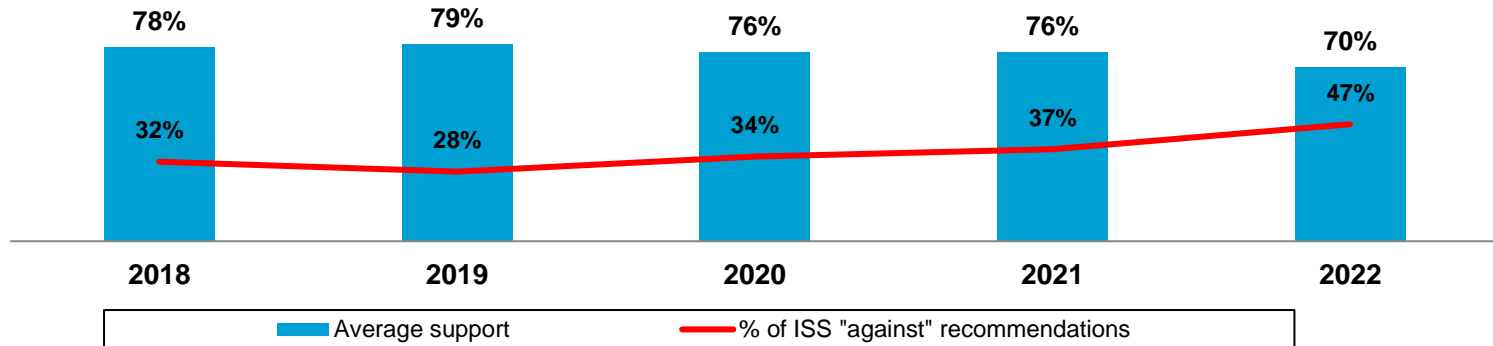
Average support for all say-on-parachute votes since the requirement was introduced (average support for related mergers was 97%)

## Say-on-parachute failures by year



## Highest ISS opposition to say-on-parachute resolutions since 2018

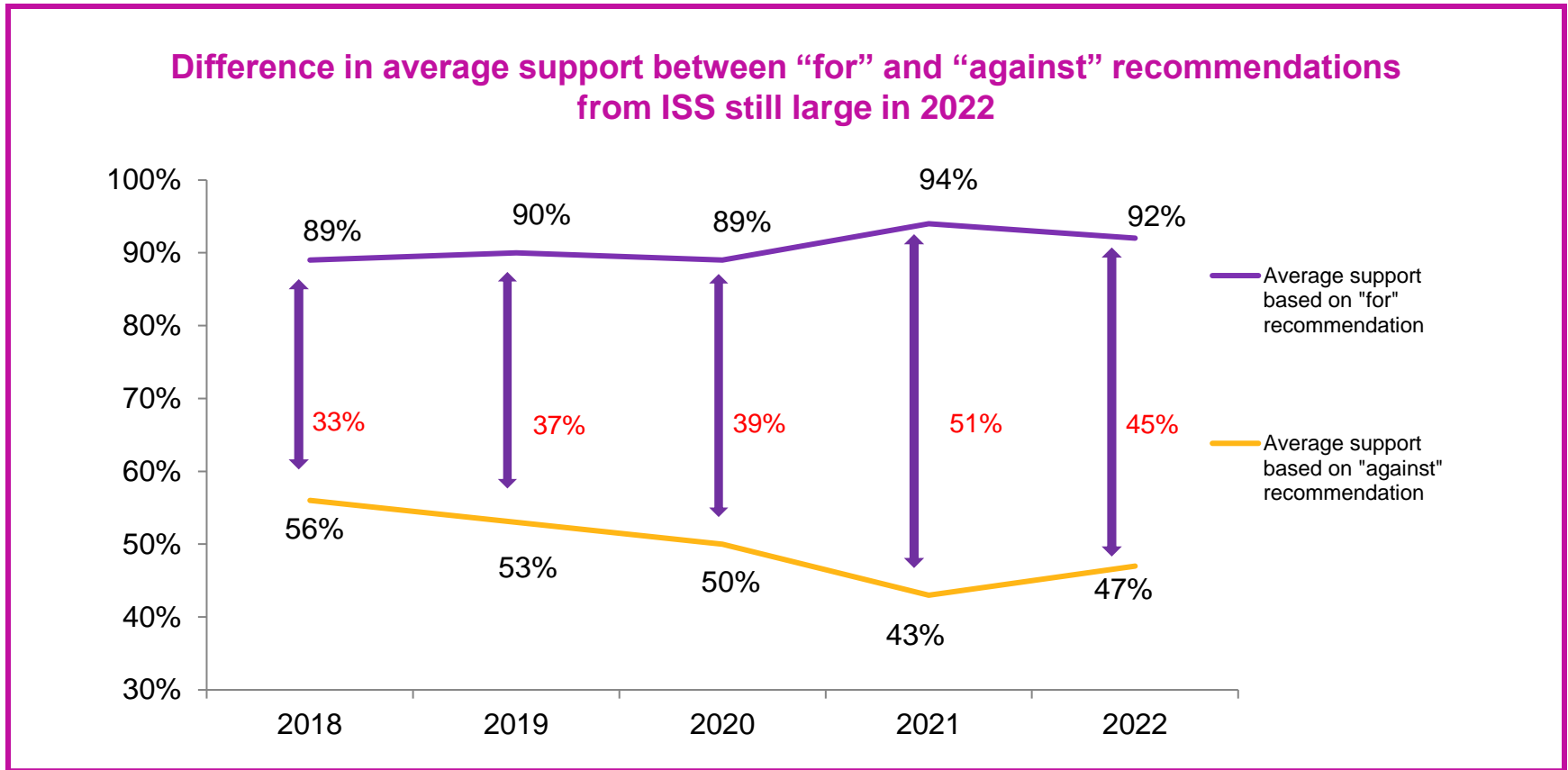
### Say-on-parachute vote summary



Source: WTW's Global Executive Compensation Analysis Team analysis of say-on-parachute votes at 381 Russell 3000 companies reporting results since 2018 (with 81 companies reporting in 2018, 72 in 2019, 41 in 2020, 57 in 2021 and 38 in 2022). ISS recommendations confirmed using ISS's Governance Analytics.

# Say-on-parachute support

ISS impact marginally decreased from 2021

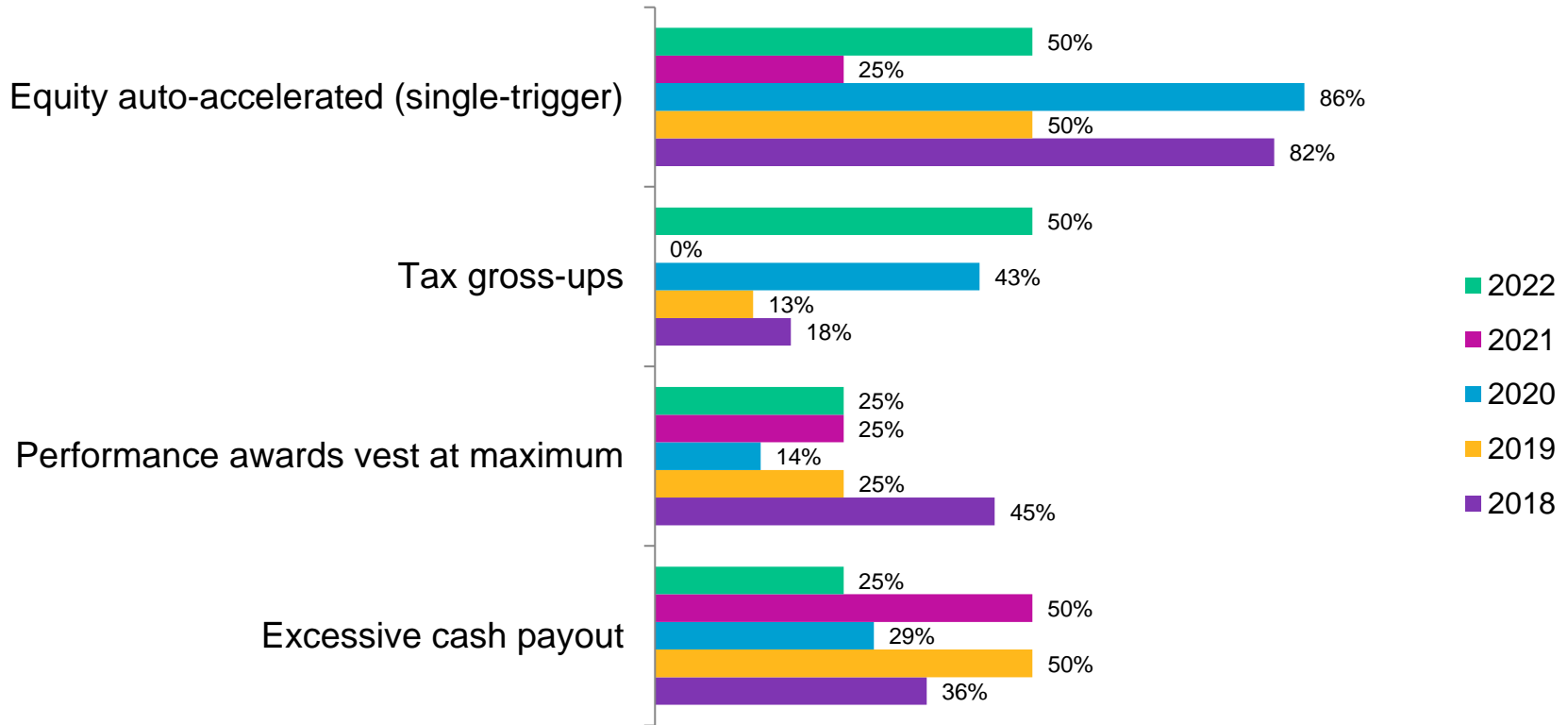


Source: WTW's Global Executive Compensation Analysis Team analysis of say-on-parachute votes at 381 Russell 3000 companies reporting results since 2018 (with 81 companies reporting in 2018, 72 in 2019, 41 in 2020, 57 in 2020 and 38 in 2022). ISS recommendations confirmed using ISS's Governance Analytics.



# Highlighted concerns among say-on-parachute failures

Auto-accelerated equity (single trigger) and tax gross-ups are the main concerns in 2022



Source: WTW Global Executive Compensation Analysis Team analysis of 8 Russell 3000 companies that failed say on parachute from January 1, 2022, to July 15, 2022 (4 in 2021, 7 in 2020, 8 in 2019 and 11 in 2018). ISS areas of concern confirmed using ISS's Governance Analytics.

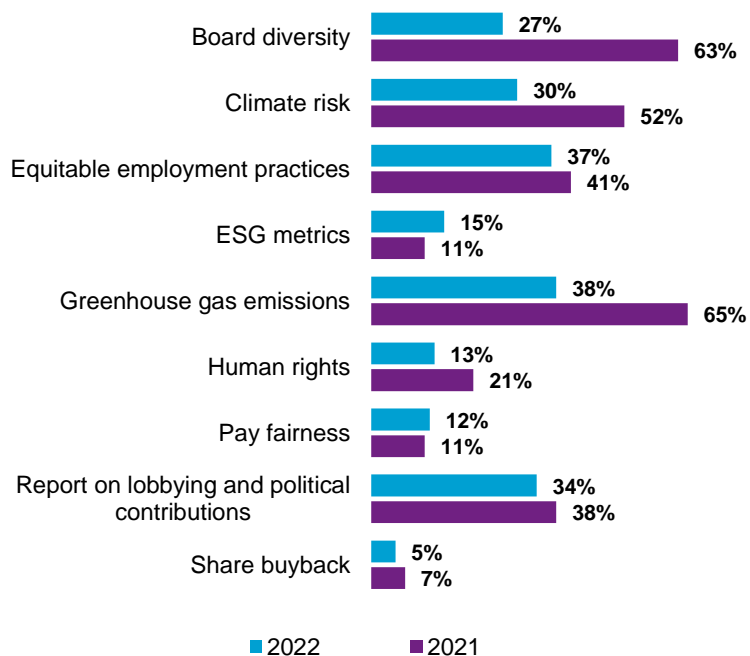
# ESG shareholder proposals

# Environmental, social and governance (ESG) shareholder proposals

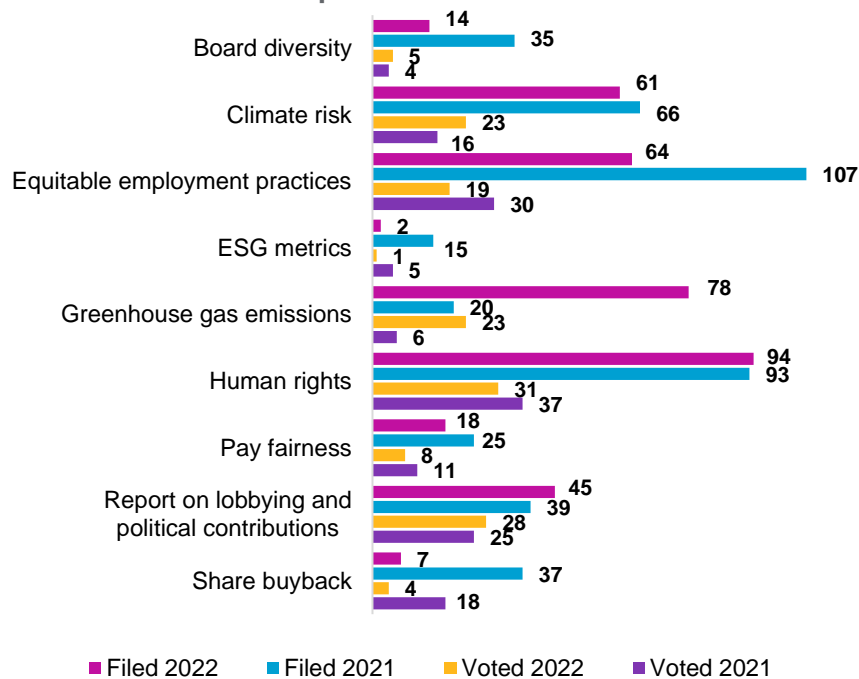
## Support in 2022

### Votes pending for ESG proposals in 2022

Average support for ESG proposals



Proposals filed vs. voted\*



\*Difference between filed and voted proposals made by withdrawals

Source: WTW Global Executive Compensation Analysis Team analysis of executive compensation-related governance, social and environmental shareholder proposals voted in 2022 at Russell 3000 companies using ISS's Governance Analytics.

# Appendix



## Majority votes against say on pay in 2022 (Page 1 of 3)

| Company                          | Votes in favor <sup>1</sup> | ISS issues of concern |                           |                         |           |                | Repeat failure <sup>2</sup> | CC members negative recommendation <sup>3</sup> |
|----------------------------------|-----------------------------|-----------------------|---------------------------|-------------------------|-----------|----------------|-----------------------------|---|
|                                  |                             | Pay for performance   | Non-performance-based pay | Peer group benchmarking | Contracts | Responsiveness |                             |   |
| ATI Inc.                         | 49%                         | High                  | Low                       | Low                     | Low       | Low            | ✓                           |   |
| 2U, Inc.                         | 33%                         | High                  | Low                       | Low                     | Low       | Low            | ✓                           |   |
| AMC Entertainment Holdings, Inc. | 36%                         | Low                   | Low                       | Low                     | Low       | High           |                             | ✓   |
| Arrowhead Pharmaceuticals, Inc.  | 20%                         | High                  | Low                       | Low                     | Low       | High           | ✓                           | ✓   |
| Barnes Group Inc.                | 37%                         | High                  | Medium                    | Low                     | Low       | Low            |                             |   |
| Booking Holdings Inc.            | 32%                         | High                  | Low                       | Medium                  | Low       | Low            |                             |   |
| Castle Biosciences, Inc.         | 40%                         | High                  | Low                       | Low                     | Low       | Medium         |                             |   |
| Centene Corp.                    | 34%                         | Medium                | Medium                    | Low                     | High      | Low            |                             |   |
| CenterPoint Energy, Inc.         | 22%                         | High                  | Medium                    | Low                     | Low       | Low            |                             |   |
| CME Group Inc.                   | 23%                         | High                  | Low                       | Low                     | Medium    | Low            |                             |   |
| CONSOL Energy Inc.               | 36%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| Dime Community Bancshares Inc.   | 46%                         | High                  | Medium                    | Low                     | Low       | Low            |                             |   |
| DR Horton Inc.                   | 27%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| Endo International plc           | 15%                         | High                  | Low                       | Low                     | Low       | High           |                             |   |
| Enphase Energy, Inc.             | 47%                         | High                  | Low                       | Medium                  | Low       | Low            |                             |   |
| FleetCor Technologies, Inc.      | 36%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| Flowserve Corp.                  | 23%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| G-III Apparel Group, Ltd.        | 22%                         | High                  | Medium                    | Low                     | Low       | High           | ✓                           | ✓   |
| Global Payments Inc.             | 41%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| Griffon Corporation              | 34%                         | High                  | Medium                    | Low                     | Low       | High           |                             | ✓   |
| Halliburton Company              | 46%                         | High                  | Low                       | Low                     | Low       | High           | ✓                           | ✓   |
| Harley-Davidson, Inc.            | 40%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| Health Catalyst, Inc.            | 46%                         | High                  | Low                       | Low                     | Low       | Medium         |                             |   |
| Heritage-Crystal Clean, Inc      | 46%                         | Medium                | Low                       | Low                     | Medium    | High           |                             | ✓   |
| Heska Corporation                | 39%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |

Source: WTW's Global Executive Compensation Analysis Team. Areas of concern confirmed using ISS's Governance Analytics.

## Majority votes against say on pay in 2022 (Page 2 of 3)

| Company                             | Votes in favor <sup>1</sup> | ISS issues of concern |                           |                         |           |                | Repeat failure <sup>2</sup> | CC members negative recommendation <sup>3</sup> |
|-------------------------------------|-----------------------------|-----------------------|---------------------------|-------------------------|-----------|----------------|-----------------------------|---|
|                                     |                             | Pay for performance   | Non-performance-based pay | Peer group benchmarking | Contracts | Responsiveness |                             |   |
| Hexcel Corp.                        | 41%                         | High                  | Low                       | Low                     | Medium    | Low            |                             |   |
| IMAX Corporation                    | 48%                         | Low                   | Medium                    | Medium                  | Medium    | High           | ✓                           | ✓   |
| Intel Corporation                   | 34%                         | High                  | Medium                    | Low                     | Low       | High           | ✓                           | ✓   |
| JBG SMITH Properties                | 44%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| JPMorgan Chase & Co.                | 31%                         | High                  | Medium                    | Low                     | Low       | Low            |                             |   |
| Masimo Corporation                  | 47%                         | Low                   | Medium                    | Low                     | High      | Low            | ✓                           |   |
| MEDNAX, Inc.                        | 43%                         | High                  | Low                       | Low                     | Low       | Low            | ✓                           |   |
| Mersana Therapeutics, Inc.          | 44%                         | High                  | Low                       | Low                     | Low       | Medium         |                             |   |
| Montrose Environmental Group, Inc.  | 25%                         | High                  | Low                       | Low                     | Medium    | Low            |                             |   |
| Nabors Industries Ltd               | 32%                         | High                  | Low                       | Low                     | Medium    | High           | ✓                           | ✓   |
| Natus Medical Inc.                  | 25%                         | Low                   | Low                       | Low                     | High      | Low            |                             |   |
| Neogenomics Inc.                    | 31%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| Netflix, Inc.                       | 27%                         | High                  | High                      | Low                     | Medium    | High           | ✓                           |   |
| nLIGHT, Inc.                        | 35%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| Norwegian Cruise Line Holdings Ltd. | 15%                         | High                  | Low                       | High                    | Low       | High           | ✓                           |   |
| PacWest Bancorp                     | 20%                         | High                  | Medium                    | Low                     | Low       | High           | ✓                           | ✓   |
| Palomar Holdings, Inc.              | 22%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| Paycom Software, Inc.               | 49%                         | Low                   | Medium                    | Low                     | Low       | High           | ✓                           | ✓   |
| Pebblebrook Hotel Trust             | 20%                         | High                  | Low                       | Low                     | Medium    | Low            |                             |   |
| Penn National Gaming Inc.           | 42%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| Quotient Technology Inc.            | 46%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| Redwood Trust Inc.                  | 19%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| RLJ Lodging Trust                   | 26%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| Sage Therapeutics, Inc.             | 43%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| ServiceNow, Inc.                    | 35%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |

Source: WTW's Global Executive Compensation Analysis Team. Areas of concern confirmed using ISS's Governance Analytics.

## Majority votes against say on pay in 2022 (Page 3 of 3)

| Company                              | Votes in favor <sup>1</sup> | ISS issues of concern |                           |                         |           |                | Repeat failure <sup>2</sup> | CC members negative recommendation <sup>3</sup> |
|--------------------------------------|-----------------------------|-----------------------|---------------------------|-------------------------|-----------|----------------|-----------------------------|---|
|                                      |                             | Pay for performance   | Non-performance-based pay | Peer group benchmarking | Contracts | Responsiveness |                             |   |
| Smartsheet Inc.                      | 43%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| SS&C Technologies Holdings, Inc.     | 48%                         | High                  | Low                       | Low                     | High      | Low            | ✓                           |   |
| Tabula Rasa HealthCare, Inc.         | 25%                         | High                  | Low                       | High                    | Low       | Low            |                             |   |
| Talos Energy Inc.                    | 48%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| TG Therapeutics, Inc.                | 30%                         | High                  | Low                       | Low                     | Medium    | Medium         | ✓                           |   |
| The Goodyear Tire & Rubber Company   | 21%                         | High                  | High                      | Low                     | Low       | Low            |                             |   |
| The RealReal, Inc.                   | 48%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| The TJX Companies, Inc.              | 48%                         | High                  | Medium                    | Low                     | Low       | Low            |                             |   |
| Titan International Inc.             | 49%                         | Low                   | Low                       | Low                     | Medium    | High           | ✓                           | ✓   |
| TransMedics Group, Inc.              | 42%                         | High                  | Low                       | Low                     | Low       | Medium         |                             |   |
| Tutor Perini Corporation             | 31%                         | High                  | Medium                    | Medium                  | High      | High           | ✓                           | ✓   |
| Upland Software, Inc.                | 18%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| UroGen Pharma Ltd.                   | 42%                         | High                  | Low                       | Low                     | Low       | Medium         | ✓                           |   |
| Vector Group Ltd.                    | 44%                         | High                  | High                      | Low                     | Medium    | High           | ✓                           | ✓   |
| Ventas, Inc.                         | 49%                         | High                  | Medium                    | Low                     | Medium    | Low            |                             |   |
| Welbilt, Inc.                        | 38%                         | High                  | Low                       | Low                     | Low       | Low            |                             |   |
| Wynn Resorts Ltd.                    | 48%                         | High                  | Low                       | Low                     | High      | High           | ✓                           | ✓   |
| Yellow Corporation                   | 45%                         | Low                   | Low                       | Low                     | Low       | Low            |                             |   |
| Zurn Water Solutions Corporation     | 47%                         | High                  | Low                       | Low                     | Low       | Medium         |                             |   |
| <b>Percentage of "high" concerns</b> |                             | <b>87%</b>            | <b>4%</b>                 | <b>3%</b>               | <b>9%</b> | <b>26%</b>     | <b>30%</b>                  | <b>22%</b>                                      |

<sup>1</sup> Votes in favor are calculated by dividing the number of "for" votes by the total number of votes cast (including "against" and "abstaining" votes). Companies may report levels of support differently based on how they count abstentions.

<sup>2</sup> Failed say on pay prior to 2022 (since 2011).

<sup>3</sup> Compensation committee (CC) members with a negative ISS recommendation due to compensation issues.

<sup>4</sup> Nicolet Bankshares, Inc. received less than 50% support using our methodology; however, the company does not tabulate abstentions and therefore noted that the vote passed.



# Companies with repeat say on pay failures (page 1 of 3)

Only one company has failed say-on-pay in each of the 12 years

| Company                              | 2011   | 2012 | 2013   | 2014   | 2015   | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------|--------|------|--------|--------|--------|------|------|------|------|------|------|------|
| 2U, Inc.                             |        |      | No SoP |        |        | Pass | Pass | Pass | Fail | Pass | Pass | Fail |
| Abercrombie & Fitch Co.              | Pass   | Fail | Fail   | Pass   | Pass   | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Acacia Research Corporation          | Pass   | Pass | Pass   | Fail   | Fail   | Pass | Pass | Fail | Pass | Pass | Pass | Pass |
| Acuity Brands, Inc.                  | No SoP | Pass | Pass   | Pass   | Pass   | Pass | Pass | Pass | Pass | Fail | Fail | Pass |
| Accuray Incorporated                 | Pass   | Pass | Pass   | Pass   | Pass   | Fail | Pass | Pass | Fail | Pass | Pass | Pass |
| Ameriprise Financial, Inc.           | Pass   | Pass | Pass   | Pass   | Pass   | Pass | Pass | Fail | Fail | Pass | Pass | Pass |
| Applied Optoelectronics, Inc.        |        |      |        | No SoP |        |      |      | Pass | Fail | Fail | Pass | Pass |
| Argan, Inc.                          | No SoP |      | Pass   | Pass   | Fail   | Pass | Fail | Pass | Pass | Pass | Pass | Pass |
| Arrowhead Pharmaceuticals, Inc.      | No SoP |      | Pass   | Pass   | Pass   | Pass | Pass | Pass | Pass | Pass | Fail | Fail |
| ATI Inc.                             | Pass   | Pass | Pass   | Pass   | Fail   | Pass | Pass | Pass | Pass | Pass | Pass | Fail |
| Atlas Air Worldwide                  | Pass   | Pass | Fail   | Pass   | Pass   | Fail | Fail | Pass | Pass | Fail | Pass | Pass |
| Bed Bath & Beyond Inc.               | Pass   | Pass | Pass   | Pass   | Fail   | Fail | Fail | Fail | Pass | Pass | Pass | Pass |
| Big Lots Inc.                        | Pass   | Fail | Fail   | Pass   | Pass   | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Biglari Holdings Inc.                | Pass   | Pass | Fail   | Fail   | Fail   | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Carriage Services Inc.               | Pass   | Pass | Pass   | Fail   | Fail   | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Cassava Sciences, Inc.               | Pass   | Pass | Pass   | Pass   | Pass   | Pass | Fail | Pass | Pass | Fail | Pass | Pass |
| Celadon Group Inc.                   | Pass   | Pass | Pass   | Fail   | Fail   | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Chesapeake Energy Corp               | Pass   | Fail | Pass   | Pass   | Pass   | Pass | Pass | Fail | Pass | Pass | Pass | Pass |
| Children's Place Retail Stores, Inc. | Pass   | Pass | Fail   | Pass   | Pass   | Pass | Pass | Pass | Pass | Pass | Fail | Pass |
| Citizens Inc.                        | Pass   | Pass | Pass   | Pass   | Pass   | Pass | Pass | Pass | Fail | Fail | Pass | Pass |
| Cleveland-Cliffs Inc.                | Pass   | Pass | Pass   | Pass   | Pass   | Pass | Pass | Fail | Pass | Fail | Fail | Pass |
| Cogent Communications Group Inc.     | Fail   | Pass | Fail   | Fail   | Fail   | Pass | Pass | Fail | Pass | Pass | Pass | Pass |
| Community Health Systems, Inc.       | Pass   | Fail | Pass   | Pass   | Pass   | Fail | Pass | Pass | Pass | Pass | Pass | Pass |
| Comstock Resources Inc.              | Pass   | Fail | Fail   | Pass   | Pass   | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Consolidated Water Co. Ltd           | Pass   | Pass | Fail   | Fail   | Pass   | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Cooper Industries Ltd.               | Fail   | Fail |        |        |        |      |      |      |      |      |      |      |
| Dendreon Corp.                       | Pass   | Pass | Fail   | Fail   |        |      |      |      |      |      |      |      |
| Dex Media Inc.                       | Fail   | Pass | N/A    | Pass   | Fail   | Pass |      |      |      |      |      |      |
| DFC Global Corp.                     | Pass   | Fail | Fail   |        |        |      |      |      |      |      |      |      |
| Digimarc Corporation                 | Pass   | Pass | No SoP | Pass   | No SoP |      | Pass | Fail | Fail | Fail | Pass | Pass |
| DMC Global Inc.                      | Pass   | Pass | Fail   | Pass   | Fail   | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| DXC Technology Co.                   | Pass   | Pass | Pass   | Pass   | Pass   | Pass | Pass | Pass | Pass | Fail | Fail | Pass |
| Electronic Arts Inc.                 | Pass   | Pass | Pass   | Pass   | Pass   | Pass | Pass | Pass | Pass | Fail | Fail | Pass |
| Ennis Inc.                           | Pass   | Pass | Pass   | Pass   | Pass   | Pass | Pass | Pass | Fail | Fail | Pass | Pass |

Source: WTW's Global Executive Compensation Analysis Team.

# Companies with repeat say on pay failures (page 2 of 3)

| Company                             | 2011 | 2012   | 2013   | 2014   | 2015   | 2016   | 2017 | 2018       | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|------|--------|--------|--------|--------|--------|------|------------|------|------|------|------|
| EPIQ Systems, Inc.                  | Pass | Fail   | Pass   | Fail   | Pass   | Pass   |      | Merged     |      |      | Pass | Pass |
| Everest Re Group Ltd                | Pass | Pass   | Fail   | Fail   | Pass   | Pass   | Pass | Pass       | Pass | Pass | Pass | Pass |
| FirstMerit Corporation              | Pass | Fail   | Pass   | Fail   | Pass   | Pass   |      | Merged     |      |      | Pass | Pass |
| FleetCor Technologies, Inc.         | Pass | No SoP | No SoP | Fail   | No SoP | No SoP | Fail | Fail       | Fail | Pass | Pass | Pass |
| Freeport-McMoRan Copper & Gold      | Fail | Pass   | Fail   | Pass   | Pass   | Pass   | Pass | Pass       | Pass | Pass | Pass | Pass |
| Gentiva Health Services Inc.        | Pass | Fail   | Fail   | Pass   |        |        |      | Merged     |      |      |      | Pass |
| G-III Apparel Group, Ltd.           | Pass | Fail   | Pass   | Pass   | Pass   | Pass   | Pass | Fail       | Pass | Pass | Fail | Fail |
| Halliburton Company                 | Pass | Pass   | Pass   | Pass   | Pass   | Pass   | Pass | Fail       | Pass | Pass | Fail | Fail |
| Hercules Offshore, Inc.             | Fail | Fail   | Pass   | Pass   | Pass   | Pass   |      | Bankruptcy |      |      |      |      |
| Hospitality Properties Trust        | Pass | Pass   | Pass   | Pass   | Pass   | Pass   | Fail | Fail       | Pass | Pass | Pass | Pass |
| IMAX Corporation                    | Pass | Pass   | Pass   | Pass   | Pass   | Pass   | Fail | Fail       | Fail | Pass | Pass | Fail |
| Intel Corporation                   | Pass | Pass   | Pass   | Pass   | Pass   | Pass   | Pass | Pass       | Pass | Fail | Fail | Fail |
| iStar Inc.                          | Pass | Pass   | Pass   | Pass   | Pass   | Pass   | Pass | Fail       | Fail | Pass | Pass | Pass |
| Kilroy Realty Corp.                 | Fail | Fail   | Fail   | Pass   | Pass   | Pass   | Pass | Pass       | Fail | Fail | Pass | Pass |
| Mack-Cali Realty Corp.              | Pass | Pass   | Pass   | Fail   | Fail   | Pass   | Pass | Pass       | Pass | Pass | Pass | Pass |
| Mallinckrodt plc                    |      | No SoP |        |        | Pass   | Pass   | Pass | Pass       | Fail | Fail | Fail | Pass |
| Marvell Technology Group Ltd        | Pass | Pass   | Pass   | Pass   | Fail   | Pass   | Pass | Pass       | Pass | Fail | Pass | Pass |
| Masimo Corporation                  | Pass | Fail   | Fail   | Fail   | Fail   | Fail   | Pass | Pass       | Pass | Pass | Pass | Fail |
| McKesson Corporation                | Pass | Pass   | Fail   | Pass   | Pass   | Pass   | Fail | Pass       | Pass | Pass | Pass | Pass |
| MDC Holdings, Inc.                  | Fail | Pass   | Pass   | Pass   | Pass   | Fail   | Pass | Pass       | Pass | Pass | Pass | Pass |
| Medifast Inc.                       | Pass | No SoP |        | Fail   | No SoP |        | Fail | Fail       | Pass | Pass | Pass | Pass |
| MEDNAX, Inc.                        | Pass | Pass   | Pass   | Pass   | Pass   | Pass   | Pass | Pass       | Fail | Fail | Pass | Fail |
| Middleby Corp.                      | Pass | Pass   | Fail   | Pass   | Pass   | Pass   | Pass | Pass       | Fail | Pass | Pass | Pass |
| Monster Worldwide                   | Pass | Pass   | Pass   | Fail   | Fail   | Pass   |      | Acquired   |      |      |      |      |
| Motorcar Parts of America Inc.      | Pass | Pass   | Pass   | Pass   | Pass   | Fail   | Pass | Pass       | Fail | Pass | Pass | Pass |
| Mylan N.V                           | Pass | Fail   | Pass   | Pass   | No SoP | Pass   | Fail | Pass       | Pass | Pass | Pass | Pass |
| iStar Inc.                          | Pass | Pass   | Pass   | Pass   | Pass   | Pass   | Pass | Fail       | Fail | Pass | Pass | Pass |
| Nabors Industries Ltd               | Fail | Fail   | Fail   | Fail   | Pass   | Fail   | Fail | Fail       | Fail | Fail | Fail | Fail |
| NCR Corporation                     | Pass | Pass   | Pass   | Pass   | Pass   | Pass   | Pass | Pass       | Fail | Pass | Fail | Pass |
| Netflix, Inc.                       | Pass | Pass   | Pass   | Pass   | Pass   | Pass   | Pass | Pass       | Fail | Pass | Pass | Fail |
| New York Community Bancorp Inc.     | Pass | No SoP |        | Fail   | No SoP |        | Fail | Fail       | Pass | Pass | Pass | Pass |
| Nexstar Broadcasting Group, Inc.    | Pass | No SoP | Pass   | No SoP | Pass   | No SoP | Pass | Pass       | Fail | Pass | Pass | Pass |
| Norwegian Cruise Line Holdings Ltd. |      | No SoP |        | Pass   | Pass   | Pass   | Pass | Pass       | Pass | Pass | Fail | Fail |
| Nuance Communications, Inc.         | Pass | Pass   | Fail   | Pass   | Fail   | Fail   | Fail | Fail       | Fail | Pass | Pass | Pass |

Source: WTW's Global Executive Compensation Analysis Team.

# Companies with repeat say on pay failures (page 3 of 3)

| Company                           | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017     | 2018       | 2019 | 2020   | 2021   | 2022 |      |
|-----------------------------------|--------|--------|--------|--------|--------|--------|----------|------------|------|--------|--------|------|------|
| Oracle Corporation                | Pass   | Fail   | Fail   | Fail   | Fail   | Pass   | Fail     | TBD        | Pass | Pass   | Pass   | Pass |      |
| OraSure Technologies Inc.         | Pass   | Pass   | Fail   | Fail   | Pass   | Pass   | Pass     | Pass       | Pass | Pass   | Pass   | Pass |      |
| PacWest Bancorp                   | Pass   | Pass   | Pass   | Fail   | Pass   | Pass   | Pass     | Pass       | Pass | Pass   | Fail   | Fail |      |
| Palo Alto Networks, Inc.          | Pass   | Pass   | Pass   | Pass   | Fail   | Fail   | Pass     | Fail       | Pass | Pass   | Pass   | Pass |      |
| Paycom Software, Inc.             | No SoP | No SoP | No SoP | No SoP | No SoP | Pass   | Pass     | Pass       | Pass | Fail   | Fail   | Fail |      |
| PICO Holdings Inc.                | Fail   | Pass   | Pass   | Pass   | Fail   | Fail   | Pass     | Pass       | Pass | Pass   | Pass   | Pass |      |
| PTC Inc                           | Pass   | Pass   | Pass   | Pass   | Pass   | Pass   | Pass     | Pass       | Fail | Pass   | Fail   | Pass |      |
| RadioShack Corp.                  | Pass   | Pass   | Fail   | Fail   |        |        |          | Bankruptcy |      |        | Pass   | Pass |      |
| RBC Bearings Inc.                 | Pass   | Fail   | Pass   | Pass   | Fail   | Pass   | Pass     | Pass       | Pass | Fail   | Fail   | Pass |      |
| SandRidge Energy, Inc.            | Pass   | No SoP |        | Pass   | Pass   | Pass   | Fail     | Fail       | Fail | Pass   | Pass   | Pass |      |
| Senior Housing Properties Trust   | Pass   | Pass   | Pass   | Pass   | Pass   | Fail   | Fail     | Pass       | Pass | Pass   | Pass   | Pass |      |
| SL Green Realty Corp.             | Pass   | Pass   | Pass   | Pass   | Pass   | Pass   | Fail     | Pass       | Pass | Pass   | Fail   | Pass |      |
| Spectrum Pharmaceuticals, Inc.    | Pass   | Pass   | Fail   | Fail   | Fail   | Pass   | Fail     | Pass       | Pass | Pass   | Pass   | Pass |      |
| Splunk, Inc.                      | No SoP | No SoP | Pass   | Fail   | Pass   | Pass   | Pass     | Pass       | Pass | Pass   | Fail   | Pass |      |
| Sonus Networks, Inc.              | Pass   | Pass   | Fail   | Pass   | Pass   | Fail   | Pass     | Pass       | Pass | Pass   | Pass   | Pass |      |
| SS&C Technologies Holdings, Inc.  | Pass   | No SoP |        | Pass   | No SoP |        | Pass     | Pass       | Fail | Fail   | Pass   | Fail |      |
| Stride, Inc.                      | Pass   | Pass   | Pass   | Pass   | Fail   | Fail   | Pass     | Pass       | Pass | Fail   | Pass   | Pass |      |
| TCF Financial Corporation         | Pass   | Pass   | Pass   | Fail   | Fail   | Pass   | Pass     | Pass       | Pass | Pass   | Pass   | Pass |      |
| TG Therapeutics, Inc.             | No SoP | No SoP | Pass   |        |        | Pass   | No SoP   | No SoP     | Fail | No SoP | No SoP | Fail |      |
| Titan International Inc.          | Pass   | Pass   | Pass   | Fail   | Pass   | Pass   | Pass     | Pass       | Pass | Pass   | Pass   | Fail |      |
| Tivity Health, Inc.               | Pass   | Fail   | Fail   | Pass   | Pass   | Pass   | Pass     | Pass       | Pass | Pass   | Pass   | Pass |      |
| TiVo Inc.                         | Pass   | Pass   | Pass   | Pass   | Fail   | Fail   | Acquired | Pass       | Pass | Pass   | Pass   | Pass |      |
| Tutor Perini Corporation          | Fail   | Fail   | Fail   | Fail   | Fail   | Fail   | Fail     | Fail       | Fail | Fail   | Fail   | Fail |      |
| United Therapeutics Corporation   | Pass   | Pass   | Pass   | Fail   | Fail   | Pass   | Pass     | Pass       | Fail | Fail   | Pass   | Pass |      |
| Universal Insurance Holdings Inc. | Pass   | Pass   | Pass   | Pass   | Pass   | Pass   | Fail     | Fail       | Pass | Pass   | Fail   | Pass |      |
| UroGen Pharma Ltd.                |        |        |        | No SoP |        |        |          |            |      | Pass   | Fail   | Pass | Fail |
| VCA Inc.                          | Pass   | Fail   | Pass   | Fail   | Pass   | Pass   |          | Acquired   |      |        | Pass   | Pass |      |
| Vector Group Ltd.                 | Pass   | Pass   | Pass   | Pass   | Pass   | Pass   | Pass     | Pass       | Fail | Fail   | Fail   | Fail |      |
| VeriFone Systems Inc.             | Pass   | Pass   | Fail   | Pass   | Pass   | Fail   | Pass     | Pass       | Pass | Pass   | Pass   | Pass |      |
| Viatrix Inc.                      | Pass   | Fail   | Pass   | Pass   | Pass   | Pass   | Fail     | Pass       | Pass | Pass   | Fail   | Pass |      |
| Vista Outdoor Inc.                | Pass   | Pass   | Pass   | Pass   | Pass   | Pass   | Pass     | Fail       | Fail | Pass   | Pass   | Pass |      |
| Whiting Petroleum Corp.           | Pass   | Pass   | Pass   | Fail   | Pass   | Pass   | Pass     | Pass       | Pass | Pass   | Fail   | Pass |      |
| Whitestone REIT                   | Pass   | Pass   | Pass   | Pass   | Pass   | Pass   | Fail     | Fail       | Pass | Pass   | Pass   | Pass |      |
| Wynn Resorts Ltd.                 | Pass   | No SoP | No SoP | Pass   | No SoP | No SoP | Pass     | Fail       | Pass | Pass   | Pass   | Fail |      |
| Xerox Holdings Corporation        | Pass   | Pass   | Pass   | Pass   | Pass   | Pass   | Pass     | Pass       | Fail | Pass   | Fail   | Pass |      |

Source: WTW's Global Executive Compensation Analysis Team.

## Failed say-on-parachute resolutions in 2022

| Company                     | Meeting date | Votes in favor | Primary areas of concern   |
|-----------------------------|--------------|----------------|--|
| Alleghany Corporation       | June 9       | 40%            | <ul style="list-style-type: none"> <li>Excise tax gross-up</li> <li>Performance awards vest at maximum</li> </ul>  |
| Citrix Systems, Inc.        | April 21     | 37%            | <ul style="list-style-type: none"> <li>Excessive cash payment</li> </ul>   |
| CMC Materials, Inc.         | March 3      | 36%            | <ul style="list-style-type: none"> <li>Cash severance with single-trigger</li> <li>All NEOs' equity will auto-accelerate</li> </ul>                              |
| QuidelOrtho Corp.           | May 16       | 36%            | <ul style="list-style-type: none"> <li>Excise tax gross-up</li> </ul>  |
| Rogers Corporation          | January 25   | 18%            | <ul style="list-style-type: none"> <li>All NEOs' equity will auto-accelerate</li> <li>Excise tax gross-up</li> <li>Performance awards vest at maximum</li> </ul> |
| TEGNA, Inc.                 | May 17       | 30%            | <ul style="list-style-type: none"> <li>Cash severance with single-trigger</li> <li>All NEOs' equity will auto-accelerate</li> <li>Excise tax gross-up</li> </ul> |
| Tenneco Inc.                | June 7       | 45%            | <ul style="list-style-type: none"> <li>All NEOs' equity will auto-accelerate</li> </ul>  |
| Umpqua Holdings Corporation | January 26   | 35%            | <ul style="list-style-type: none"> <li>Excessive cash payment</li> <li>Cash severance with single-trigger</li> </ul>   |

Source: WTW Global Executive Compensation Analysis Team analysis of 8 Russell 3000 companies that failed say on parachute from January 1, 2022, to July 15, 2022 (4 in 2021, 7 in 2020, 8 in 2019 and 11 in 2018). ISS areas of concern confirmed using ISS's Governance Analytics.

# Disclaimer

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Thank you!