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SEMLER BROSSY

2019 **SAY ON PAY** & PROXY RESULTS

RUSSELL 3000

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MAY
23

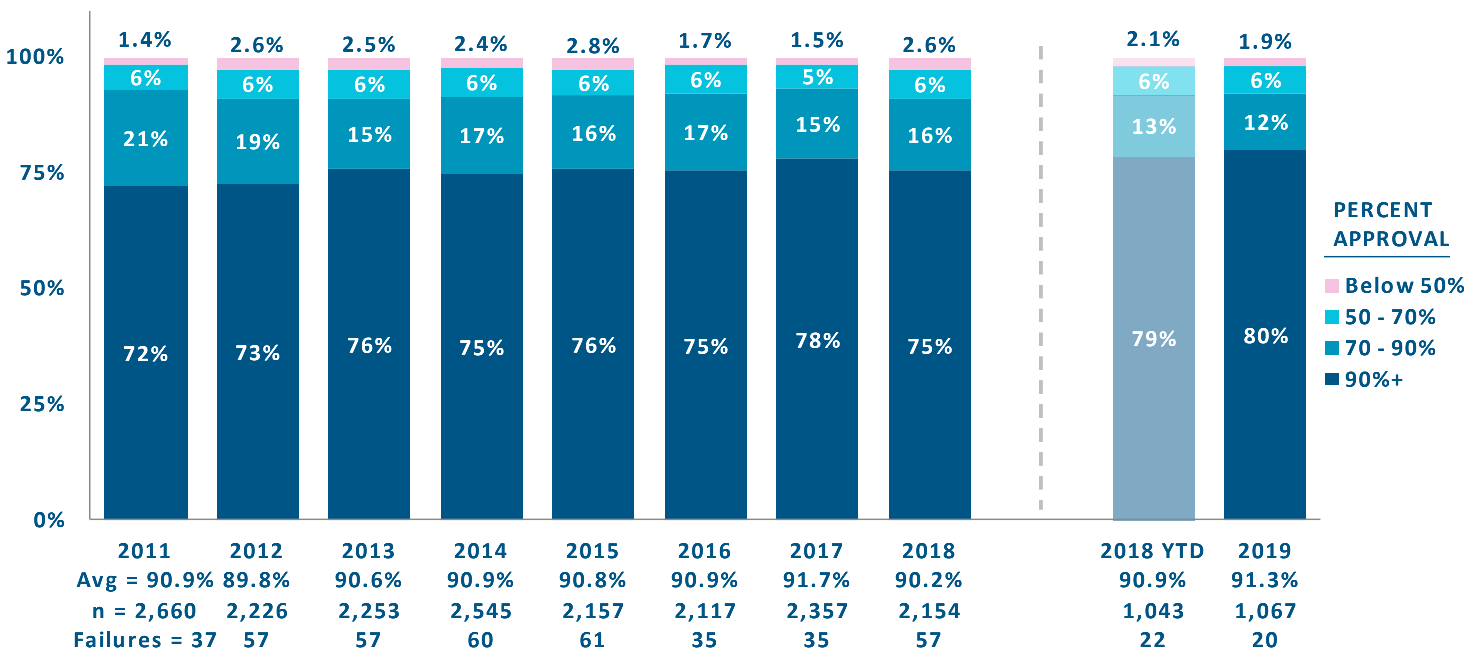
2019 **SAY ON PAY** RESULTS

5/23/2019

RUSSELL 3000
1,067 COMPANIES

BREAKDOWN OF SAY ON PAY VOTE RESULTS

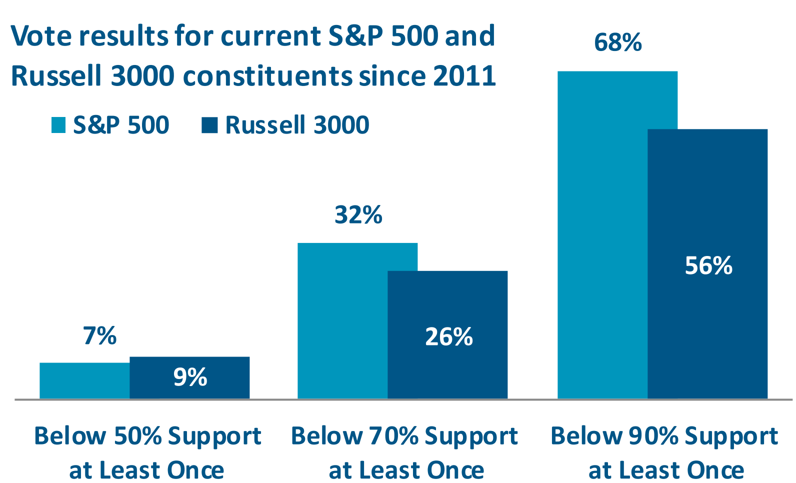
Twenty Russell 3000 companies (1.9%) have failed Say on Pay thus far in 2019. 17 companies failed since our last report: AGCO, Align Technology, Ameriprise Financial, Avaya Holdings, Diebold Nixdorf, Digimarc, Frontier Communications, Kilroy Realty, MEDNAX, QEP Resources, Signature Bank, South Jersey Industries, Tribune Media, Tyler Technologies, Varonis Systems, Vector Group, and Xperi.



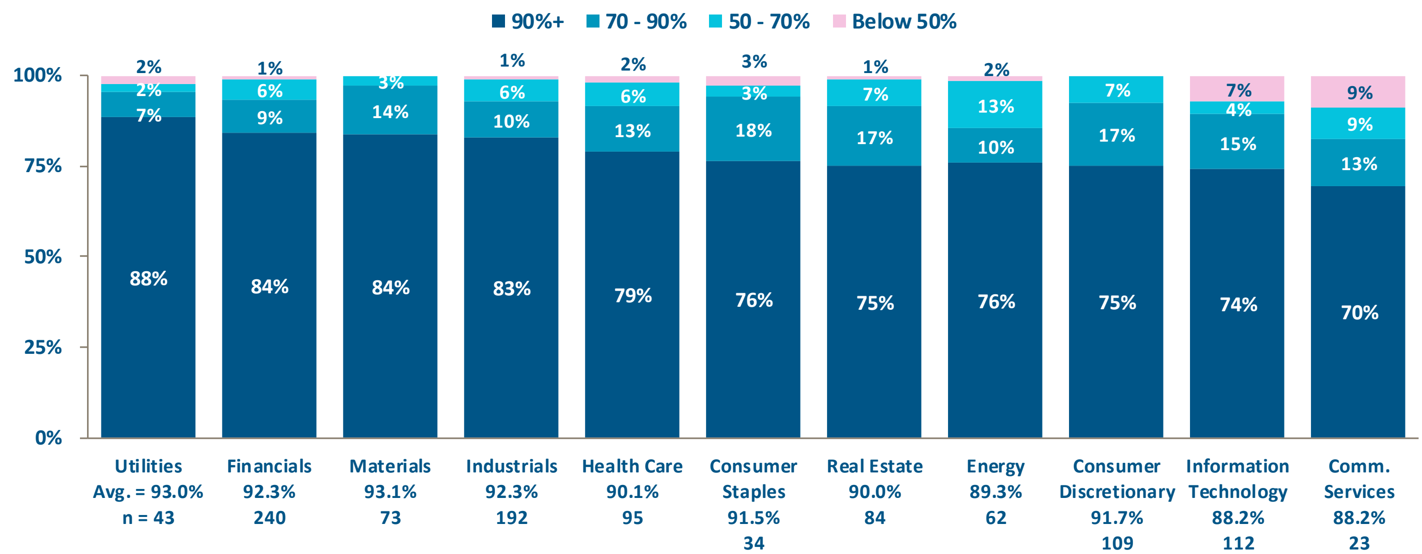
SAY ON PAY OBSERVATIONS

- The current failure rate (1.9%) is 20 basis points lower than the failure rate at this time last year (2.1%)
- The 91.3% average vote result thus far in 2019 is 40 basis points higher than the average vote result at this time last year (90.9%)
- Nearly one-third of the S&P 500 has received vote support below 70% at least once since 2011
- 9% of the Russell 3000 and 7% of the S&P 500 constituents have failed Say on Pay at least once over the same period

LIKELIHOOD OF A LOW SAY ON PAY VOTE

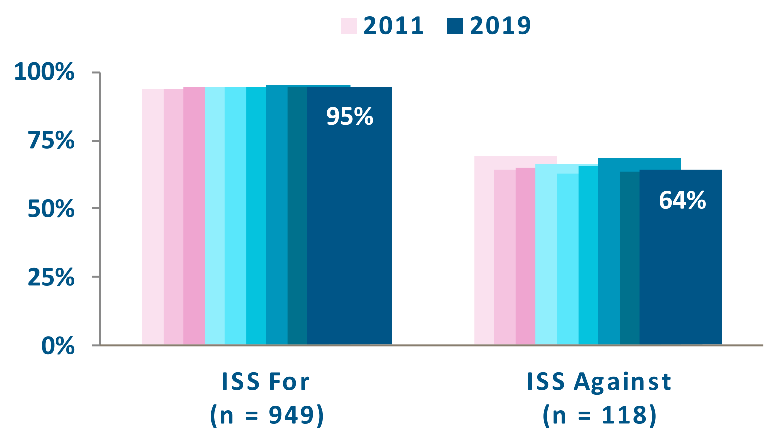


SAY ON PAY VOTE RESULTS BY GICS SECTOR



ISS IMPACT ON SAY ON PAY VOTE RESULTS

- The average vote result for companies that received an ISS "Against" recommendation is 31% lower than for companies that received an ISS "For" recommendation
- This is at the high end of the historical average range of 24-32% observed since 2011
- At this time last year, we observed a 33% difference, which declined to 31% by year-end



ISS YEAR OVER YEAR BREAKDOWN

- 136 companies (14.2%) received one "For" and one "Against" recommendation from ISS during the last two years
- Only 4% of companies received consecutive "Against" recommendations in the last two years
- The "Against" recommendation rate in 2019 (11.1%) is 280 basis points lower than the 2018 rate (13.9%); as more vote results are released, we expect the "Against" recommendation rate to move closer to the historical average (12.8%)

		2019	
		For	Against
2018	For	82%	7%
	Against	7%	4%

LIKELY CAUSES OF SAY ON PAY VOTES UNDER 50% IN 2019

2019 Failed Say on Pay Vote Results[1]
Russell 3000, n=20

	Say on Pay Vote Results				Likely Causes of Votes Under 50%						
Company	**2019 ▼**	**2018**	**YOY**	**Number 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**	**Benchmarking Practices**
Avaya Holdings Corp.	50%	-	-	1	X	X			X		
Vector Group Ltd.	49%	51%	-2%	1	X	X	X	X	X		
Tribune Media Company	49%	56%	-6%	1		X		X			
FuelCell Energy, Inc.	48%	66%	-17%	1	X	X		X	X		
Nuance Communications, Inc.	47%	10%	37%	6	X		X		X	X	
Tyler Technologies, Inc.	47%	76%	-29%	1	X	X			X		
Digimarc Corporation	47%	42%	5%	2	X	X		X	X		
QEP Resources, Inc.	47%	85%	-38%	1	X	X	X				
Diebold Nixdorf, Incorporated	46%	90%	-44%	1	X		X				
South Jersey Industries, Inc.	45%	98%	-53%	1	X	X					
Frontier Communications Corporation	44%	83%	-39%	1		X	X		X		
PTC Inc.	42%	93%	-51%	1	X	X				X	
Align Technology, Inc.	42%	95%	-53%	1			X			X	
Signature Bank	38%	65%	-27%	1	X	X	X	X			
Xperi Corporation	38%	74%	-36%	1	X	X			X		
Ameriprise Financial, Inc.	34%	25%	9%	2	X		X				
AGCO Corporation	33%	94%	-61%	1	X	X	X		X	X	
Varonis Systems, Inc.	33%	94%	-60%	1		X			X	X	
Kilroy Realty Corporation	15%	59%	-44%	4	X	X		X		X	
MEDNAX, Inc.	13%	74%	-61%	1	X	X	X				
Count (n=20)					**14**	**13**	**9**	**4**	**8**	**6**	**0**

[1] As of May 17, 2019

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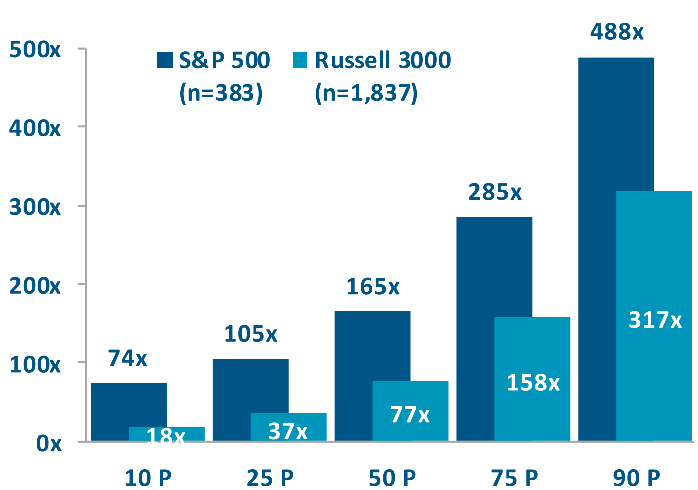
2019 **CEO PAY RATIO** RESULTS

5/23/2019

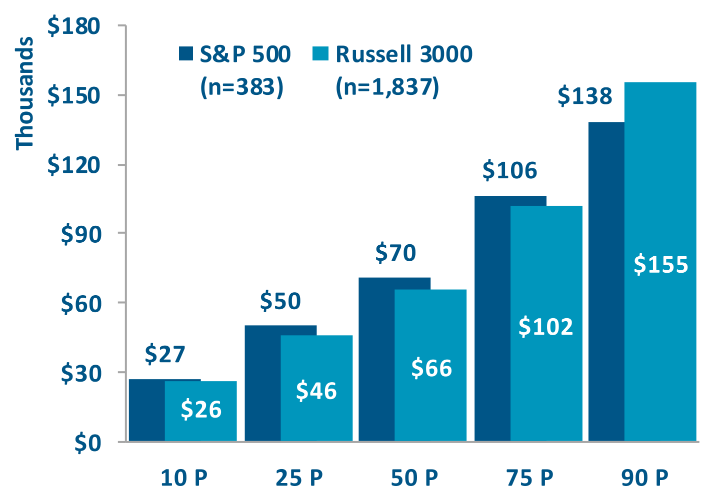
RUSSELL 3000
1,837 COMPANIES

- The median CEO Pay Ratio of the S&P 500 is 2.1x the median CEO Pay Ratio of the Russell 3000, which is slightly lower than the 2.2x multiple we observed between the two indices at this time last year
- The range of median employee compensation for the S&P 500 is slightly higher than the Russell 3000, except at the 90th percentile, where the Russell 3000 is 12% higher
- The Russell 3000 CEO Pay Ratio distribution trails off near the 300:1 while the S&P 500 distribution trails off near 500:1
- The distribution of CEO Pay Ratios is most highly concentrated near 60:1 for the Russell 3000 and near 120:1 for the S&P 500

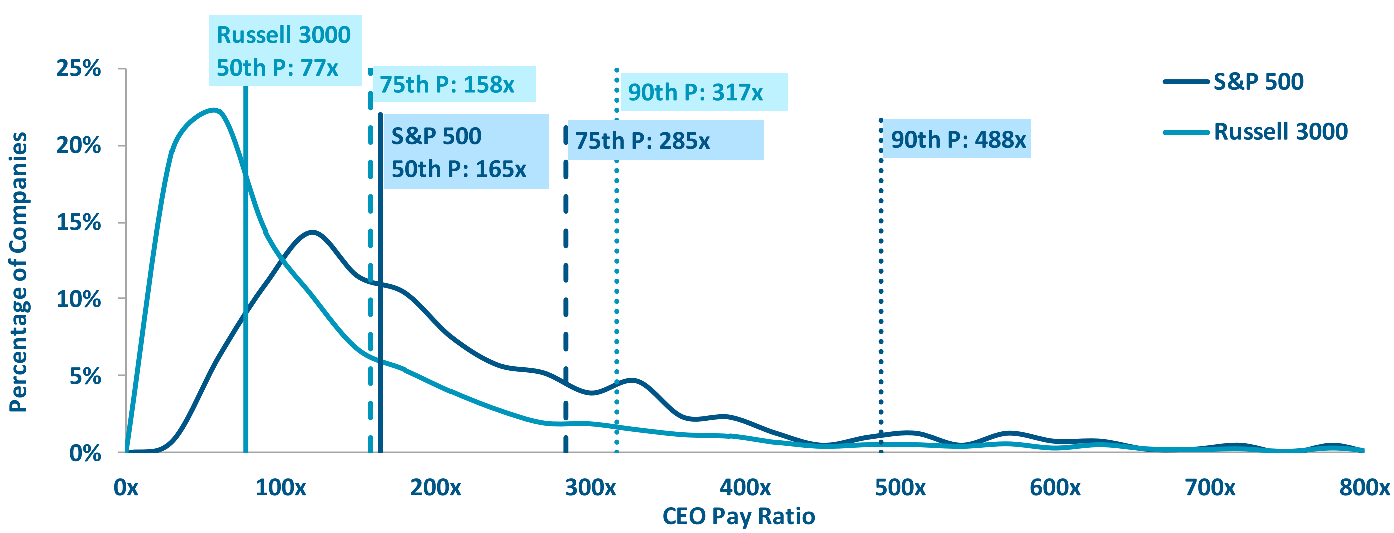
CEO PAY RATIO



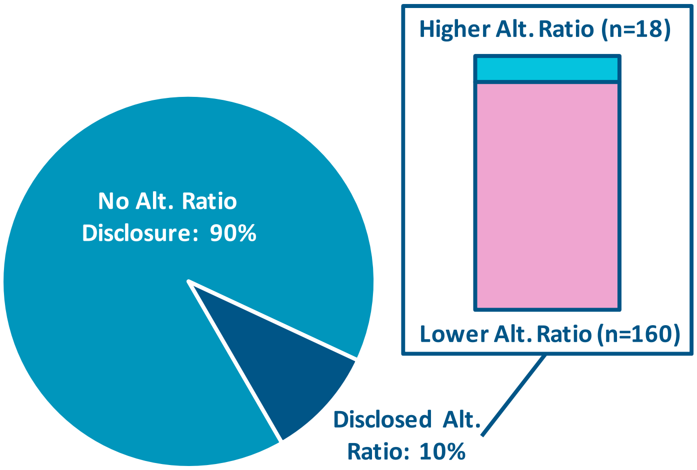
MEDIAN EMPLOYEE COMPENSATION



CEO PAY RATIO DISTRIBUTION



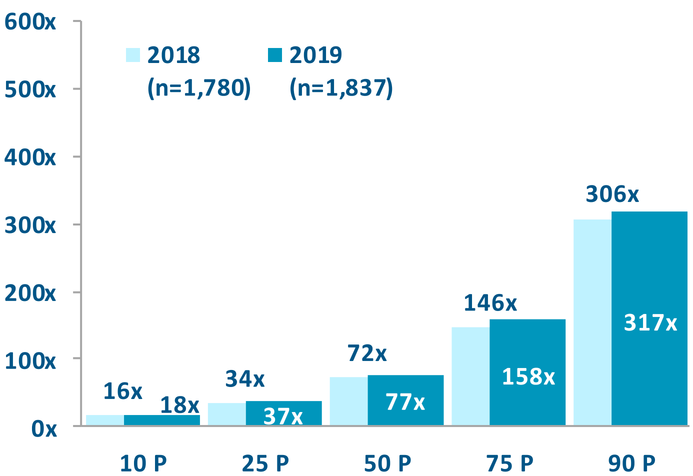
RUSSELL 3000 ALTERNATE CEO PAY RATIO DISCLOSURES



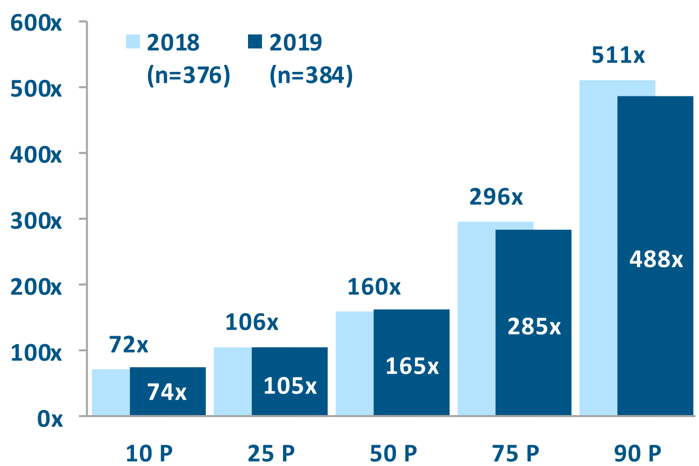
CEO PAY RATIO OBSERVATIONS

- Companies most frequently disclose alternate Pay Ratios to illustrate the impact of (1) excluding one-time awards for the CEO; (2) using only U.S. employees; or (3) using only full-time or corporate employees
- The median change in Pay Ratio by company in the Russell 3000 is +2% and in the S&P 500 is + 1%; the median change in Summary Compensation Table CEO pay by company in the Russell 3000 was +6% and in the S&P 500 was +4%
- The range of year-over-year changes for companies' CEO compensation and median employee compensation at the 10th percentile and 90th percentile is wider for the Russell 3000 companies than for the S&P 500 companies

RUSSELL 3000 CEO PAY RATIO: 2019 VS. 2018



S&P 500 CEO PAY RATIO: 2019 VS. 2018



RUSSELL 3000 INDIVIDUAL COMPANY YEAR-OVER-YEAR CHANGES

Percentile	CEO Pay Ratio	CEO Comp.	Median Emp. Comp.
90 P	+66%	+80%	+21%
75 P	+23%	+26%	+10%
Median	**+2%**	**+6%**	**+3%**
25 P	-13%	-9%	-2%
10 P	-33%	-31%	-12%

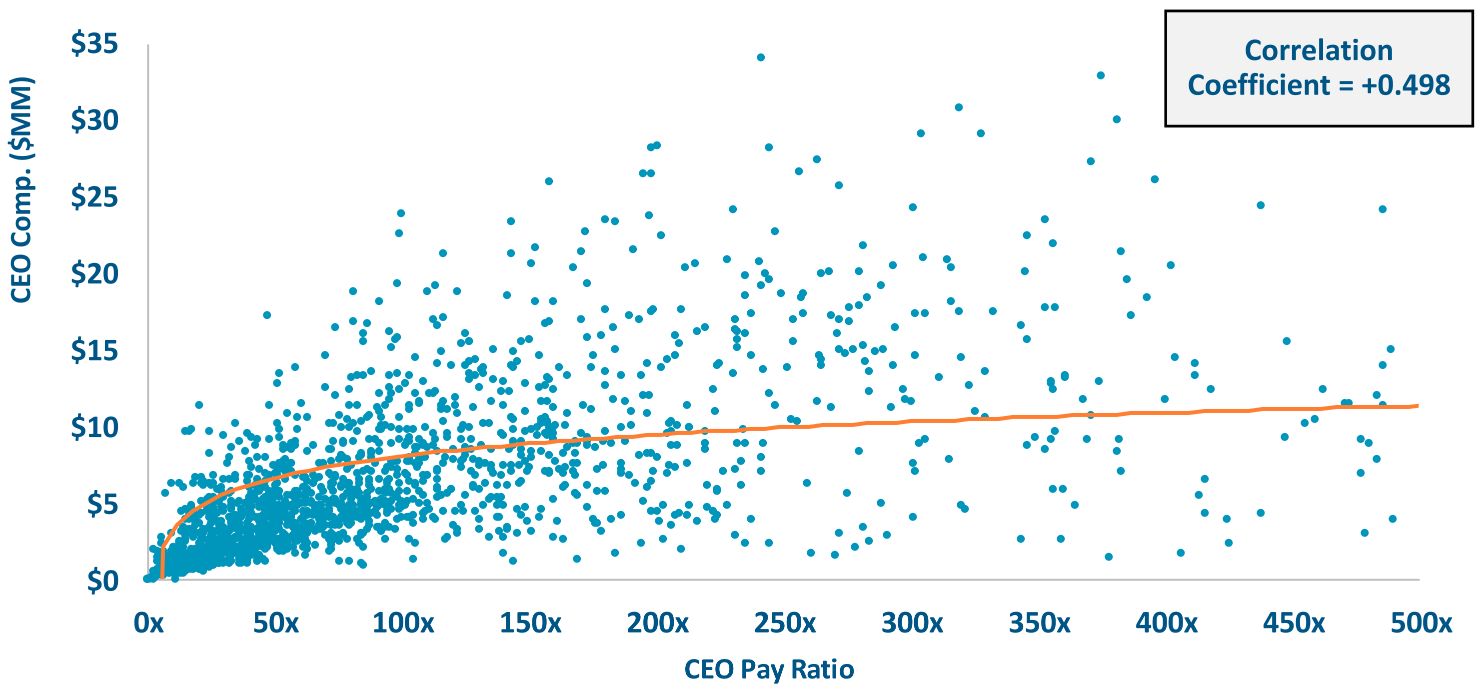
S&P 500 INDIVIDUAL COMPANY YEAR-OVER-YEAR CHANGES

Percentile	CEO Pay Ratio	CEO Comp.	Median Emp. Comp.
90 P	+46%	+51%	+15%
75 P	+14%	+15%	+8%
Median	**+1%**	**+4%**	**+3%**
25 P	-13%	-8%	-3%
10 P	-28%	-26%	-12%

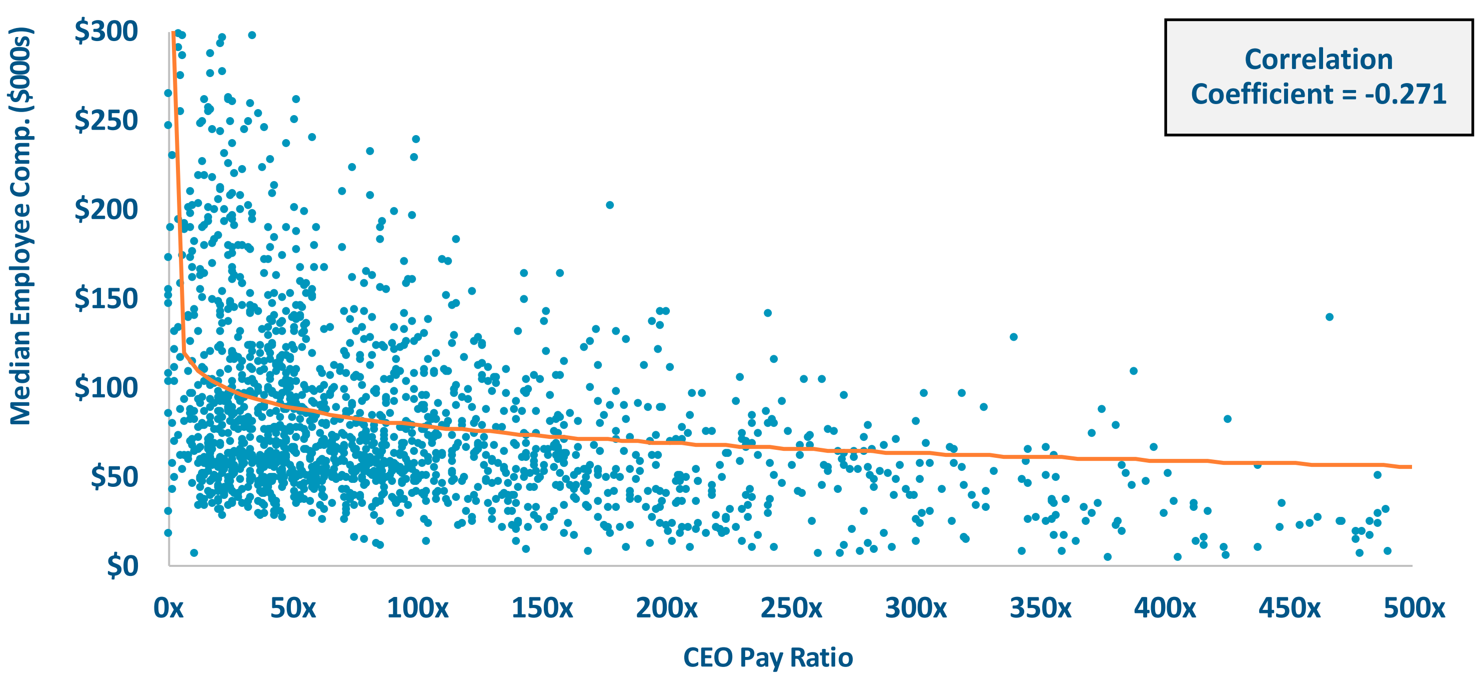
Source: Semler Brossy data and analysis; ISS Voting Analytics. Russell 3000 sample effective as of June 26, 2018.

- CEO Pay Ratio and CEO compensation show a positive relationship, while Pay Ratio and median employee compensation show an inverse, and weaker relationship
- Russell 3000 companies that filed a Pay Ratio in 2018 had a slightly lower CEO Pay Ratio to CEO compensation correlation coefficient (+0.425) and a similar Pay Ratio to median employee compensation correlation coefficient (-0.274) in comparison to the companies that have filed thus far in 2019

RUSSELL 3000 CEO COMPENSATION VS. CEO PAY RATIO



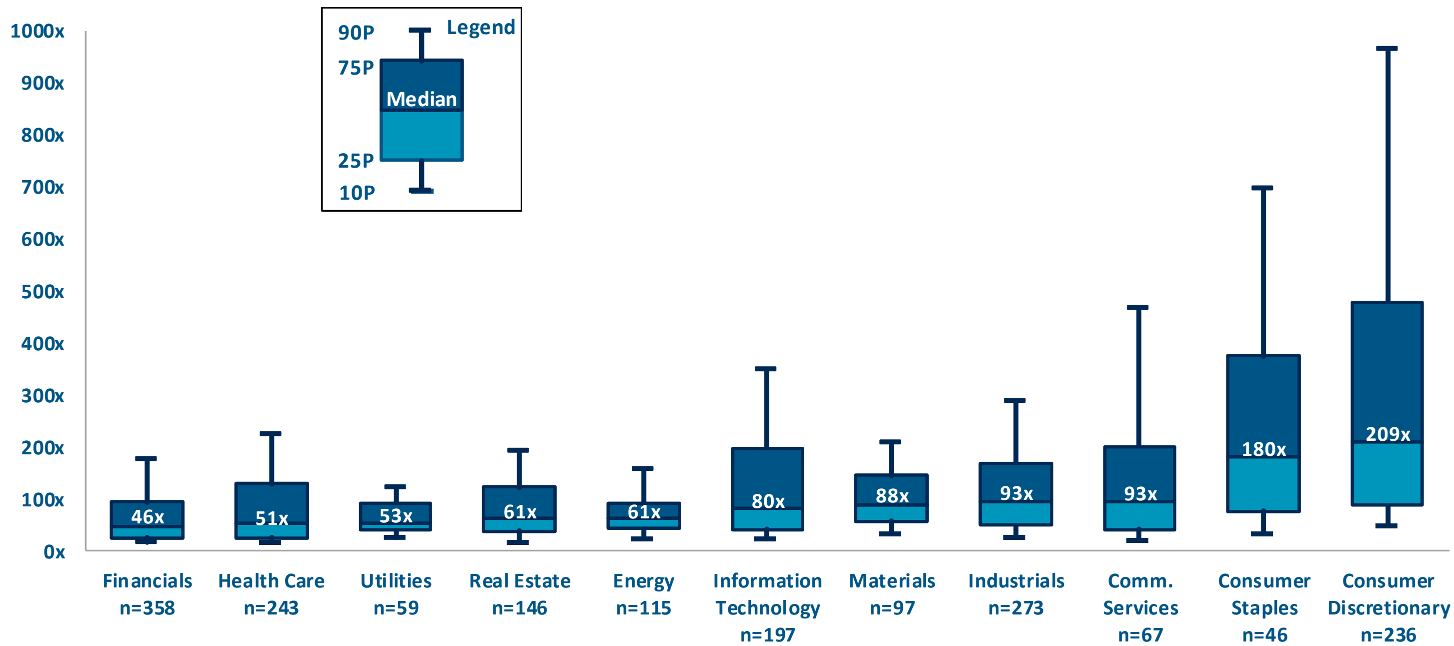
RUSSELL 3000 MEDIAN EMPLOYEE COMPENSATION VS. CEO PAY RATIO



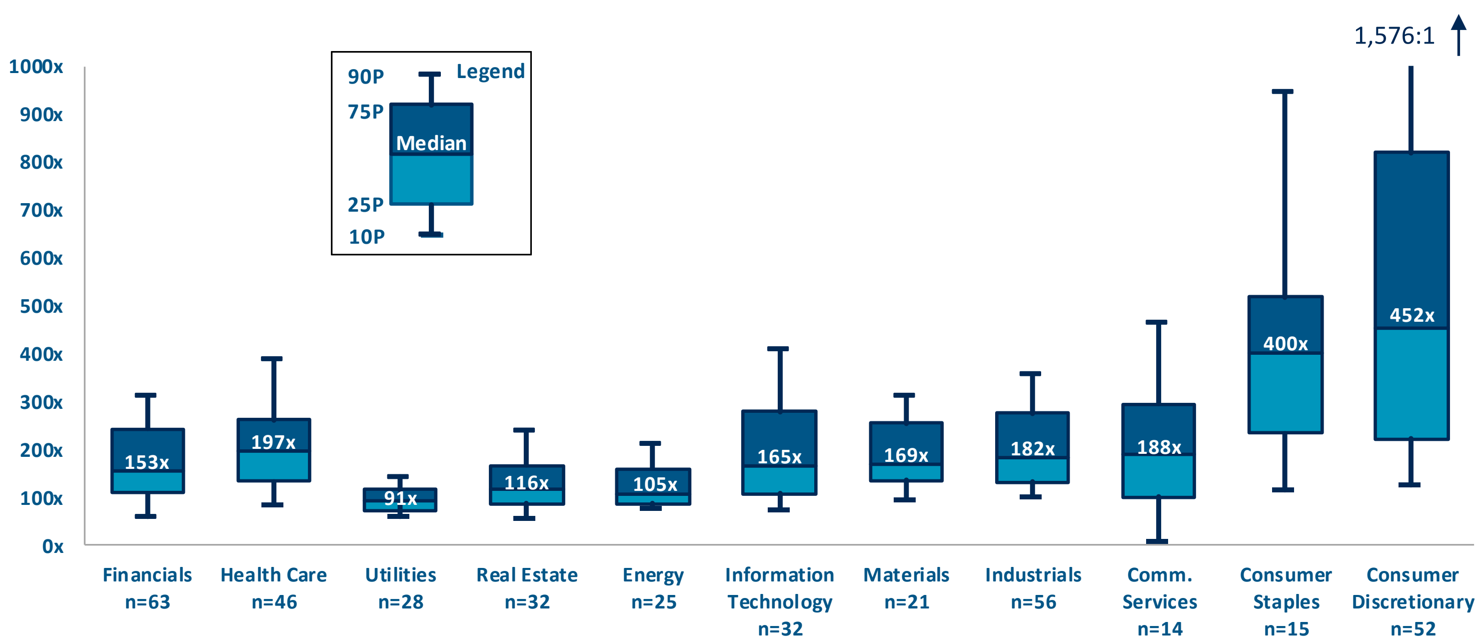
Source: Semler Brossy data and analysis; ISS Voting Analytics. Russell 3000 sample effective as of June 26, 2018.

- Highly paid CEOs in the Health Care and Information Technology sectors drive the higher CEO Pay Ratios at the 90th percentile
- CEO Pay Ratios in the Utilities and Energy sectors are within a tight range between the 25th and 75th percentiles
- The composition of a company's workforce and the use of seasonal or part-time employees are primary drivers of high CEO Pay Ratios at the 75th and 90th percentiles in the Consumer Staples and Consumer Discretionary sectors

RUSSELL 3000 CEO PAY RATIO VARIANCE BY GICS SECTOR



S&P 500 CEO PAY RATIO VARIANCE BY GICS SECTOR

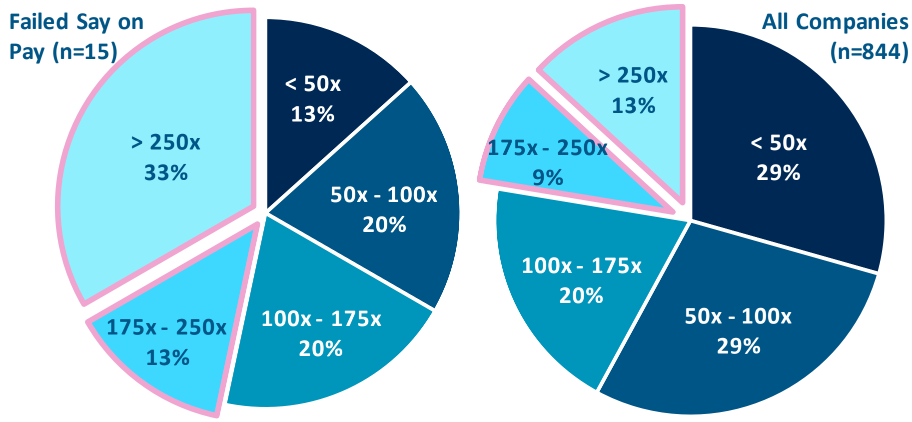


Source: Semler Brossy data and analysis; ISS Voting Analytics. Russell 3000 sample effective as of June 26, 2018.

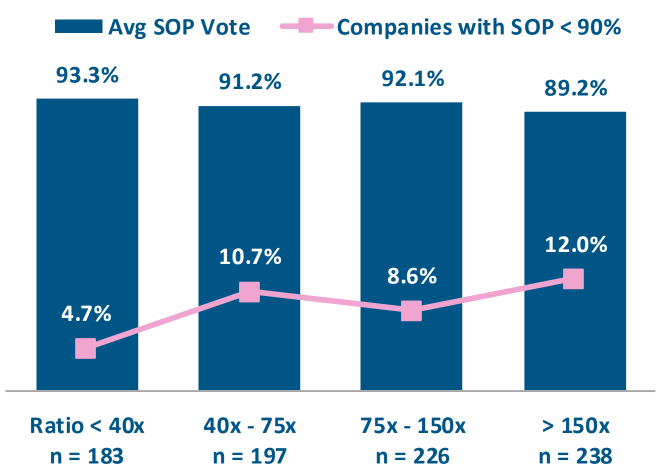
OBSERVATIONS

- The CEO Pay Ratio has an inverse relationship with Say on Pay but is not a primary driver of Say on Pay results
- The inverse relationship between the Pay Ratio and Say on Pay is strongest for the Russell 3000 and S&P 500 companies with Pay Ratios in the highest quartile
- While only 22% of the Russell 3000 has disclosed a Pay Ratio above 175:1 in 2019, those companies have made up 46% of all Say on Pay vote failures

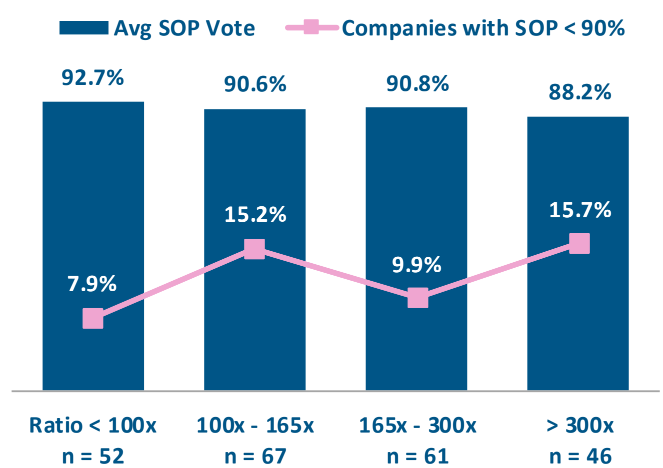
CEO PAY RATIOS OF RUSSELL 3000 CONSTITUENTS THAT FAILED SAY ON PAY



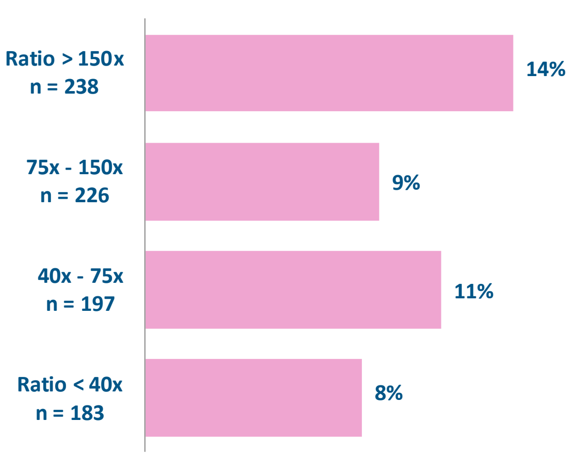
RUSSELL 3000 SAY ON PAY RESULTS BY CEO PAY RATIO



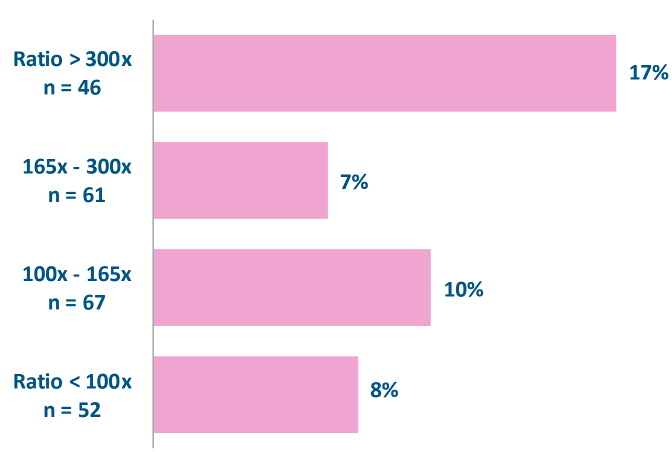
S&P 500 SAY ON PAY RESULTS BY CEO PAY RATIO



RUSSELL 3000 ISS AGAINST RECOMMENDATION RATE BY PAY RATIO



S&P 500 ISS AGAINST RECOMMENDATION RATE BY PAY RATIO



Source: Semler Brossy data and analysis; ISS Voting Analytics. Russell 3000 sample effective as of June 26, 2018.

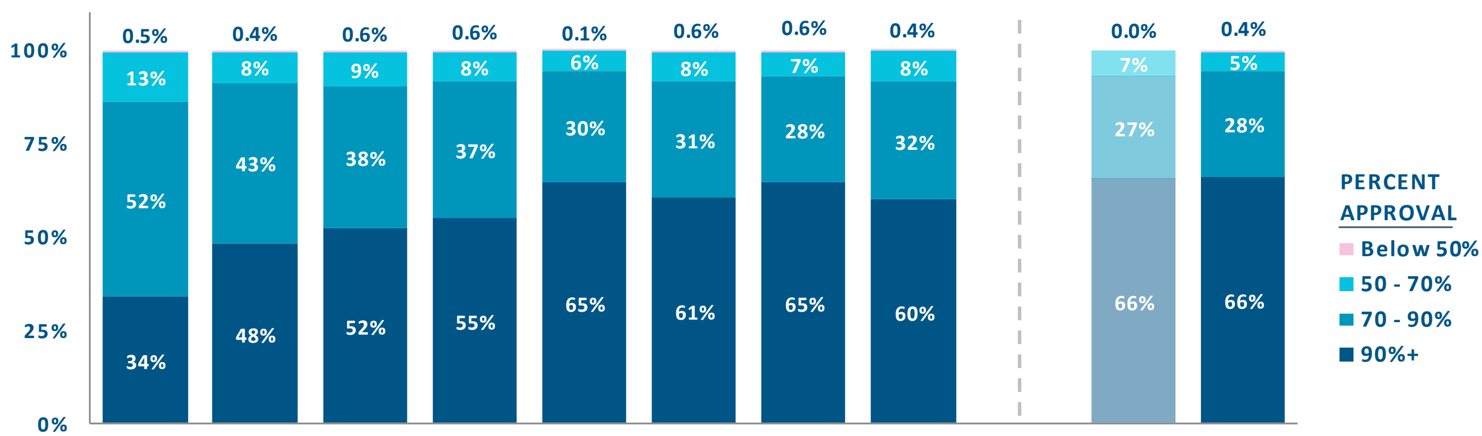
2019 **EQUITY PROPOSAL** RESULTS

5/23/2019

RUSSELL 3000
228 COMPANIES

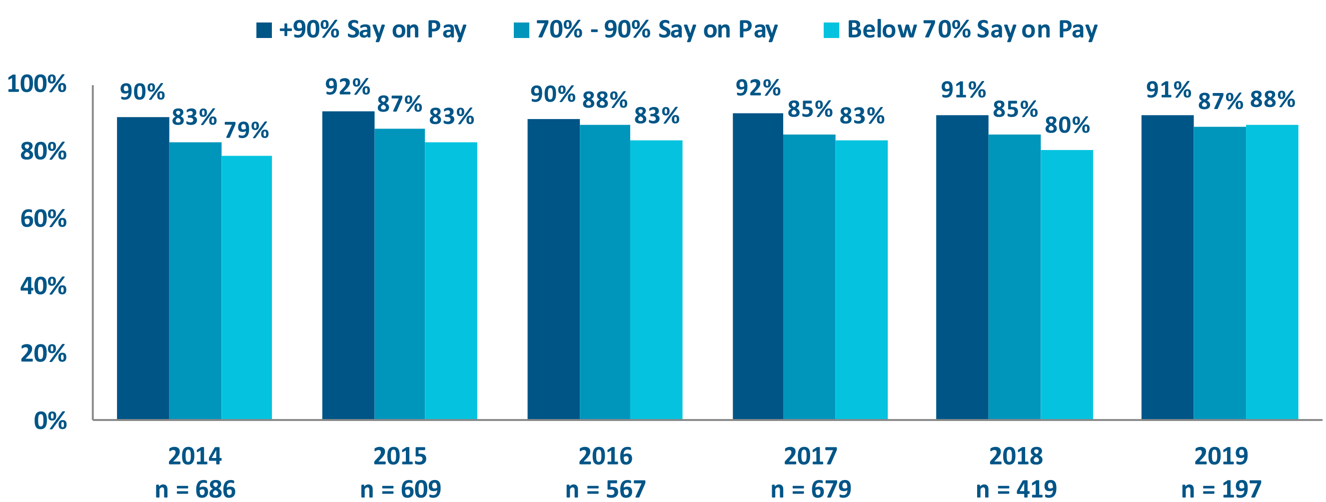
- Average vote support for equity proposals (89.5%) increased 160 basis points since our last report (87.9%)
- One proposal (Mitek Systems) has received vote support below 50% in 2019; only two proposals received below 50% support in 2018
- The number of equity proposals in 2018 (558) was lower than in any year since 2011, and the current number of equity proposals (228) is less than the number of equity proposals at this time last year (264) - we suspect this decrease is largely attributable to the elimination of the 162(m) provision that required shareholder approval of performance goals in incentive plans every five years

BREAKDOWN OF EQUITY PLAN PROPOSAL VOTES



	2011	2012	2013	2014	2015	2016	2017	2018	2018 YTD	2019
Avg. =	83.2%	86.3%	86.9%	87.6%	89.5%	88.2%	89.3%	88.3%	89.4%	89.5%
n =	632	689	781	805	786	785	829	558	264	228
Failures =	3	3	5	5	1	5	5	2	0	1

SAY ON PAY IMPACT ON EQUITY PLAN PROPOSAL VOTES



2019 **DIRECTOR ELECTION** RESULTS

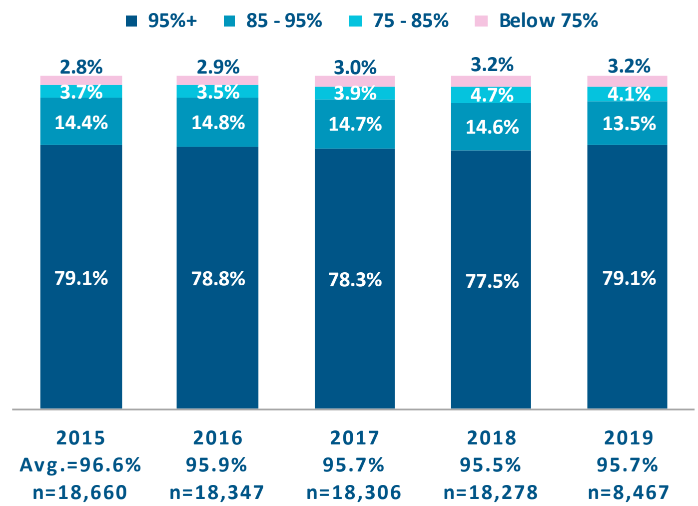
5/23/2019

RUSSELL 3000
8,467 DIRECTORS

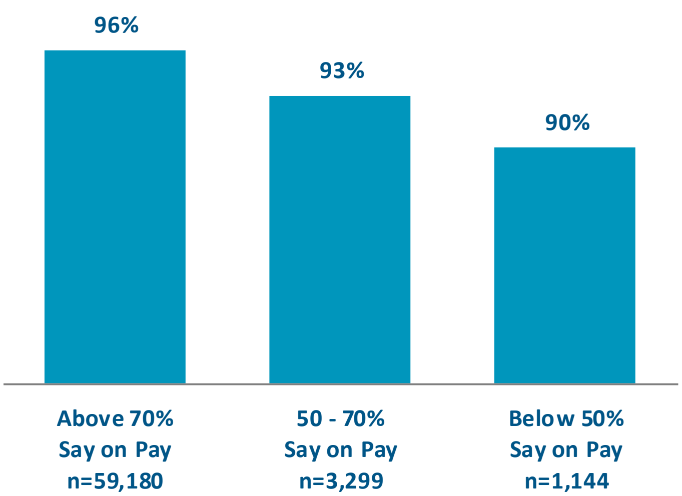
DIRECTOR ELECTION OBSERVATIONS

- Average director election vote support decreased by 60 basis points since our last report and is currently 20 basis points higher than the year-end vote support observed in 2018
- One of our season predictions is that average vote support for Director nominees will drop below 95.0% by the end of the year
- Average Director election vote support at companies that received a Say on Pay vote below 50% in the prior year is 6 percentage points lower than at companies that received above 70% vote support

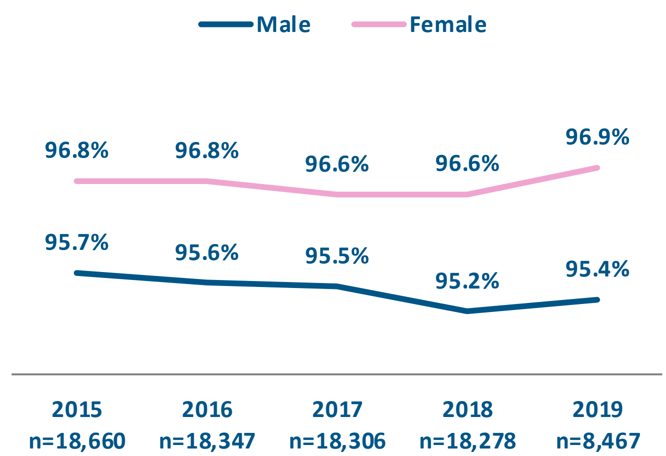
BREAKDOWN OF DIRECTOR ELECTION RESULTS



AVERAGE DIRECTOR ELECTION RESULTS IN YEAR FOLLOWING SAY ON PAY (2015-2019)



AVERAGE DIRECTOR ELECTION RESULTS BY GENDER



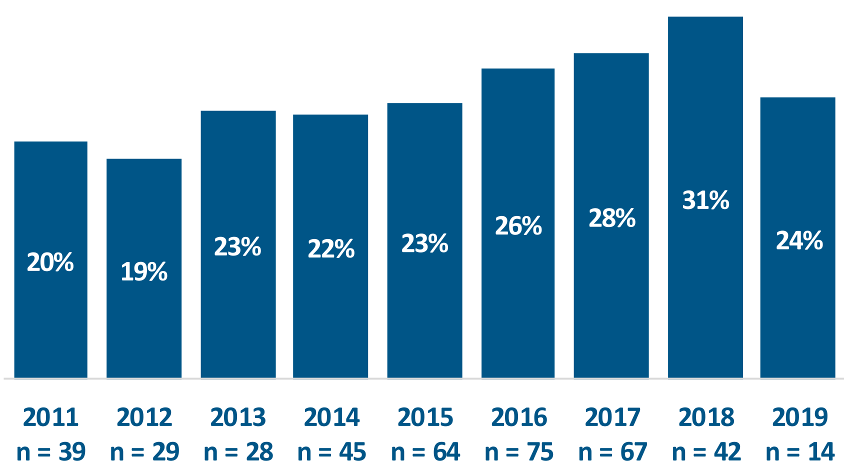
2019 **ESG** RESULTS

5/23/2019

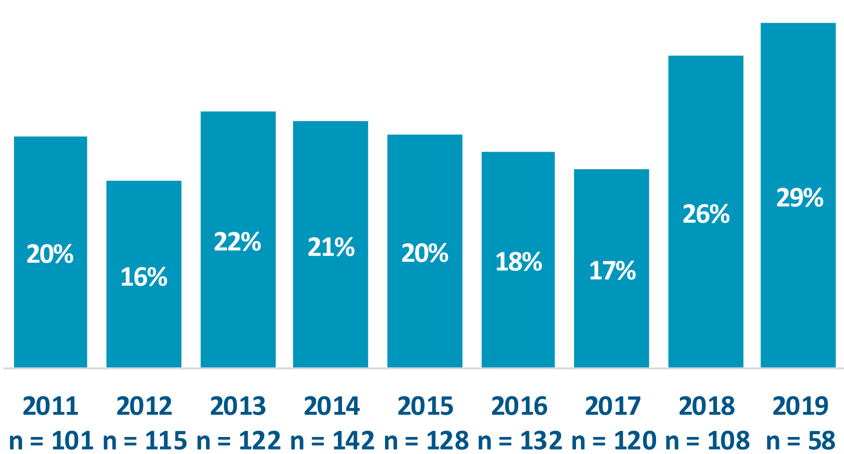
RUSSELL 3000
72 PROPOSALS

- Thus far in 2019, the median support for environmental proposals has been 700 basis points lower than last year, while median support for social proposals has been 300 basis points higher
- Zero environmental proposals and two social proposals (3.4%) have received greater than 50% support in 2019
- By comparison, 11.9% of environmental proposals and 6.5% of social proposals passed in 2018
- We expect that ESG topics will be a prominent focus area for shareholders again this year, and vote support for shareholder proposals will continue to rise

ENVIRONMENTAL PROPOSALS MEDIAN VOTE RESULT



SOCIAL PROPOSALS MEDIAN VOTE RESULT



SPOTLIGHT: NEWELL BRANDS

Shareholders submitted a proposal requesting that Newell Brands publish a report on the diversity of the company's executive leadership team and its plan to make the company's leadership team more diverse in terms of race, ethnicity, and gender.

The proposal passed with 54.4% vote support

- The proponents of the proposal pointed out that only two of the eighteen members of the Management Committee and Extended Leadership Committee are women
- The proponents stated that establishing and reporting on gender pay discrepancies, formalizing mentorship programs, establishing family support programs, and linking executive pay to achievement of diversity targets would expand diversity
- The Board recommended that shareholders vote "Against" the proposal because the company has already introduced initiatives to promote diversity and does not believe reporting on the topic would provide additional value
- ISS recommended "For" the proposal and cited that current disclosure of the company's policies does not provide enough information to allow shareholders to judge whether the company's policies are having the desired effect