

United States



GLASS LEWIS

Proxy Season 2022 Briefing

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Key Trends and Data Highlights

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## About this Briefing

This briefing sets out our initial observations of the 2022 proxy season, covering 4,574 published reports on companies trading in the United States with an annual meeting date between January 1<sup>st</sup> and June 30<sup>th</sup>, 2022. Charts and analyses are drawn from the hundreds of [ESG](#), board and compensation datapoints that Glass Lewis collects in the process of reviewing proxy statements and public filings. This library of data, stretching back years, informs Glass Lewis' voting guidelines and understanding of key trends and market practices, and is available for use in [custom voting policies](#) and bespoke research. [Contact Glass Lewis](#) for more information.

Our complete Proxy Season Review for the United States, including full highlights, notable meetings, and additional data, will be available to Glass Lewis clients later in Q3.

## About Glass Lewis

Glass Lewis is the world's choice for governance solutions. We enable institutional investors and publicly listed companies to make sustainable decisions based on research and data. We cover 30,000+ meetings each year, across approximately 100 global markets. Our team has been providing in-depth analysis of companies since 2003, relying solely on publicly available information to inform its policies, research, and voting recommendations.

Our customers include the majority of the world's largest pension plans, mutual funds, and asset managers, collectively managing over \$40 trillion in assets. We have teams located across the United States, Europe, and Asia-Pacific giving us global reach with a local perspective on the important governance issues.

Investors around the world depend on Glass Lewis' [Viewpoint](#) platform to manage their proxy voting, policy implementation, recordkeeping, and reporting. Our industry leading [Proxy Paper](#) product provides comprehensive environmental, social, and governance research and voting recommendations weeks ahead of voting deadlines. Public companies can also use our innovative [Report Feedback Statement](#) to deliver their opinion on our proxy research directly to the voting decision makers at every investor client in time for voting decisions to be made or changed.

The research team engages extensively with public companies, investors, regulators, and other industry stakeholders to gain relevant context into the realities surrounding companies, sectors, and the market in general. This enables us to provide the most comprehensive and pragmatic insights to our customers.

### Join the Conversation

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# Key Trends

## Last year's SPACs and IPOs expand this year's proxy season

- The U.S. research team covered more than 200 additional U.S. meetings in 2022 compared to 2021 (+6.37% increase, following an +8% increase from 2020 to 2021). A frothy IPO and SPAC-merger market in 2021 led to many companies holding first-year AGMs in 2022.

## Diversity rulings on hold, but investor interest remains strong

- In judgments that came down at the height of proxy season, California's landmark board gender and "underrepresented community" diversity laws were both deemed to violate the equal protection clause of the state constitution. The laws remain on hold pending potential appeals; boards should continue to expect pressure from investors and external stakeholders to increase board diversity.

## Excessive granting and overall pay continued to drive Say on Pay opposition

- This can partially be attributed to the "mega-grant" trend, as many companies within the wave of new listings gave their executives outsized awards.
- We also saw an uptick in retention one-time awards, with many companies citing the need to keep top talent during a tumultuous economic environment and a few even citing the "Great Resignation."

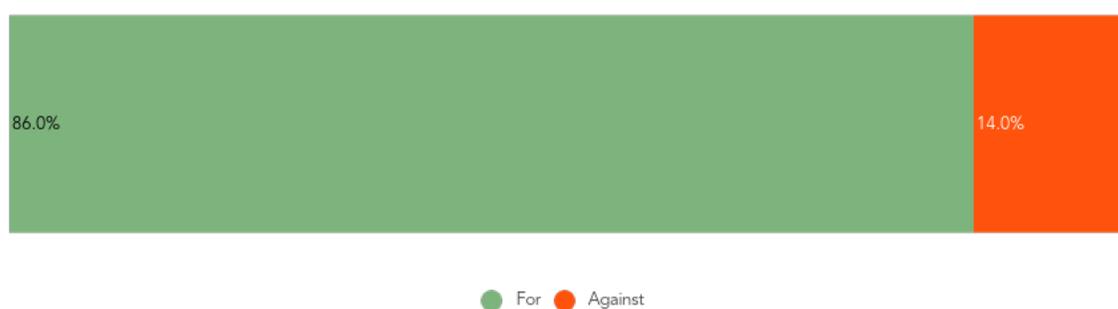
## More shareholder proposals, but lower shareholder support

- As a result of a more permissive regulatory environment and the growing focus on ESG-related issues, over 100 more shareholder proposals went to a vote during the 2022 proxy season relative to the previous year. The increase was largely as a result of proposals submitted by advocacy groups, such as NGOs and think tanks.
- However, at the same time, shareholder support for these proposals declined for most types of shareholder proposals, with average shareholder support for these resolutions dropping from 36% in 2020 to 31% in 2022.

# Data Highlights

## Glass Lewis Voting Recommendations & Most Common Concerns

### Board of Directors - Voting Recommendations



### Board of Directors - Common Concerns

Major Concerns Identified by Glass Lewis	Instances
IPO governance concerns	815
Insufficient board gender diversity	437
No independent lead or presiding director	375
Affiliate on Committee	342
Board is not sufficiently independent	239
Multi-class share structure with unequal voting rights	217
Serves on too many boards	152
Vote results not disclosed	145
Other governance concerns	113
Related party transactions	105

### Say on Pay - Voting Recommendations



● For ● Against

### Say on Pay - Common Concerns

Major Concerns Identified by Glass Lewis	Percentage
Concerning Pay Practices (Excessive grants/compensation)	41.6%
Poor Program or Award Design Structure	34.9%
Pay and Performance Disconnect	34.7%
Concerning Pay Practices (Other)	16.7%
Insufficient Response to Shareholders	15.8%

### Equity Plans - Voting Recommendations



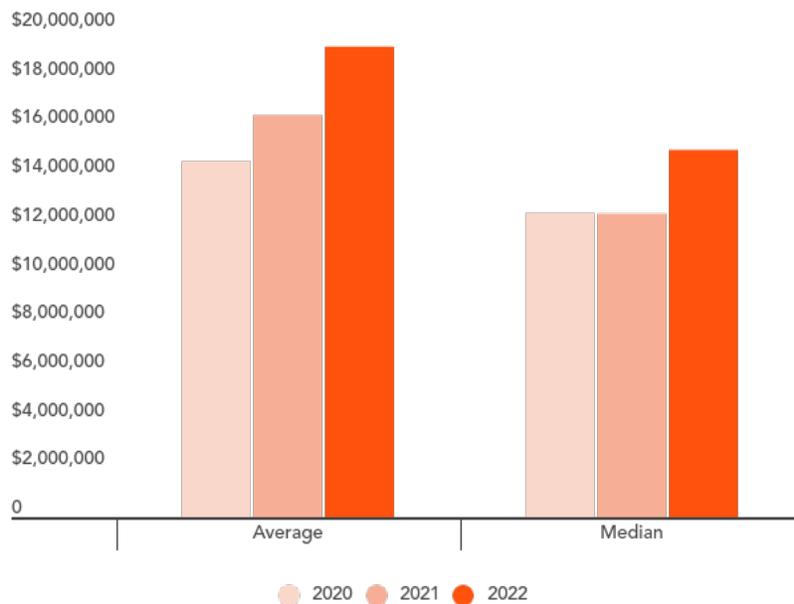
● For ● Against

## Equity Plans - Common Concerns

Major Concerns Identified by Glass Lewis	Percentage
Contains Evergreen	44.7%
Repricing Provisions	27.3%
Pace of Grants/Excessive Grants	12.4%
Cost of Plan	13.0%
Excessively dilutive/High Overhang	6.8%

## Proxy Statistics

### CEO Compensation for the S&P 500



#### Highest

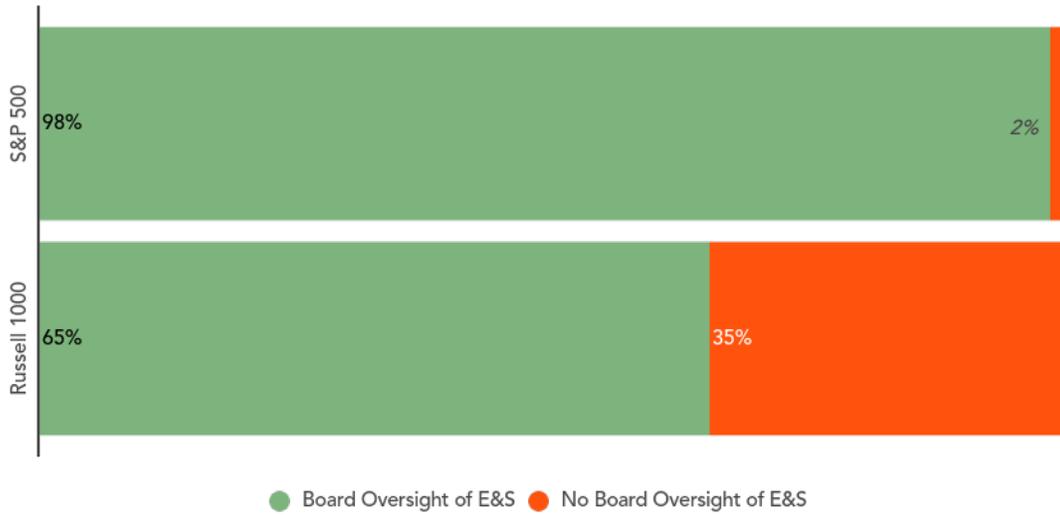
2020: \$249,904,602

2021: \$702,000,886

2022: \$329,595,305

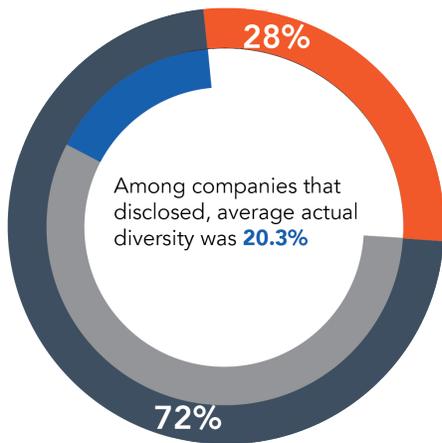
*\*Based on Glass Lewis' pay-for-performance valuation*

## Board-Level Oversight of E&S Issues

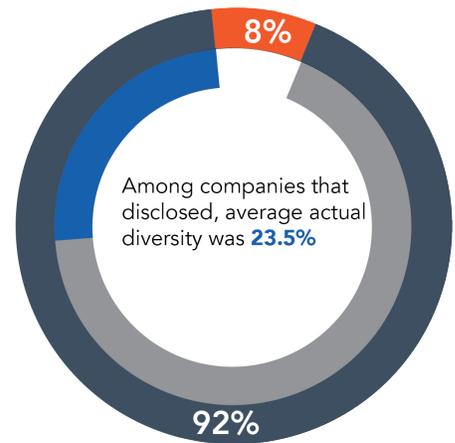


## Disclosure of Board Diversity & Average Diversity Levels

Russell 3000

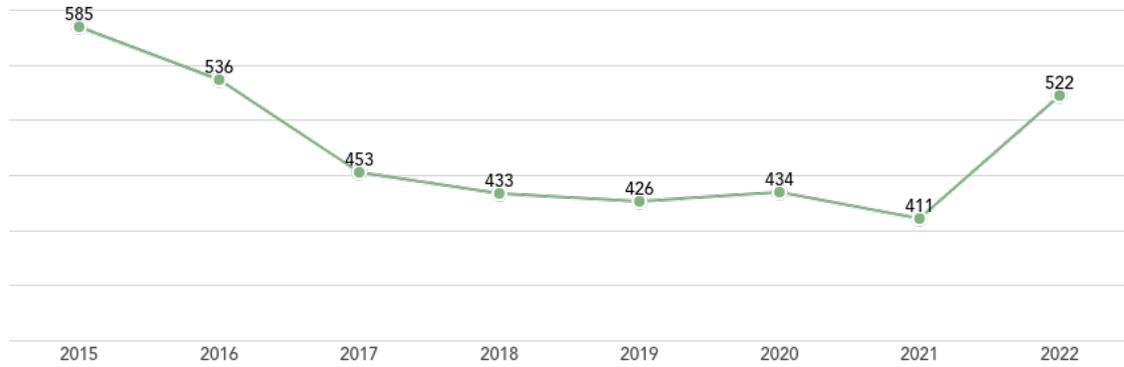


S&P 500

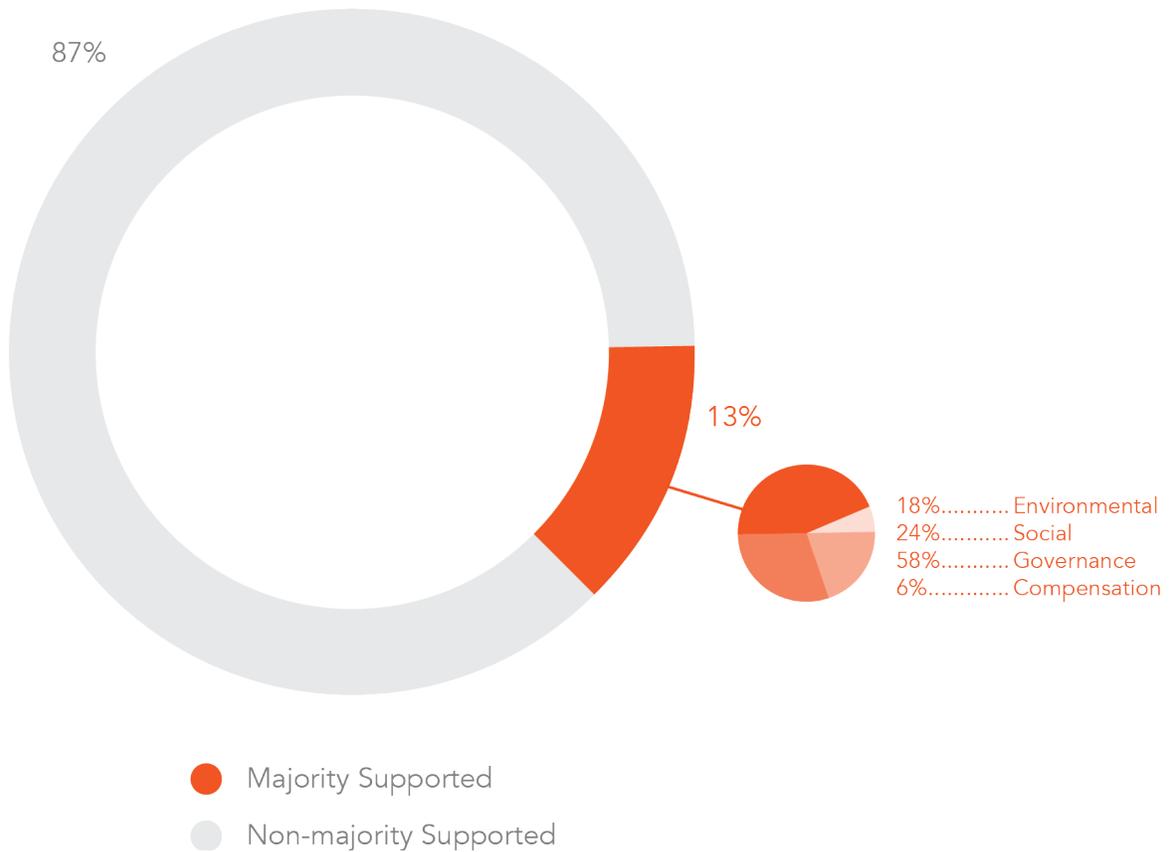


- Disclosed
- Not disclosed
- Average diversity (of boards with disclosure)

## Number of Shareholder Proposals



## Majority-Supported Shareholder Proposals & Breakdown by Topic



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