



2018 Mini-Season Wrap-Up and 2019 Trends

This edition of ProxyPulse™ provides insights into the corporate governance trends to look for in the 2019 proxy season. It also looks back on shareholder voting at 1,024 meetings held during the “mini-season” between July 1 and December 31, 2018. What’s different about the mini-season? Fewer companies hold meetings during the mini-season, and those that do tend to be smaller. Twenty percent of all public company annual meetings took place from July 1 to December 31, 2018.

ProxyPulse™ data is based on Broadridge’s processing of shares held in street name.

What to look for in 2019.

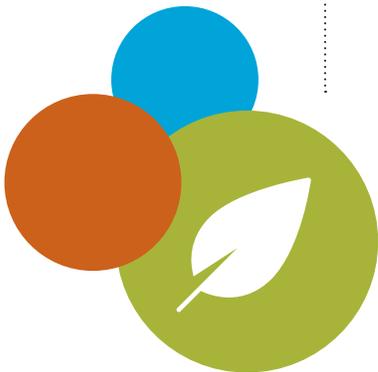


Investors continue to focus on long-term growth, highlighting the impact of culture, purpose and stewardship on a company's long-term strategy and success.

- BlackRock CEO Larry Fink's 2019 annual letter to portfolio company CEOs highlighted the link between profit and purpose noting that companies can realize long-term benefits by fulfilling their duties to the communities in which they operate.
- State Street Global Advisors ("State Street") President and CEO Cyrus Taraporevala's 2019 letter to portfolio company boards announced the investment firm's 2019 stewardship focus on corporate culture.

"Unnerved by fundamental economic changes and the failure of government to provide lasting solutions, society is increasingly looking to companies, both public and private, to address pressing social and economic issues."

— LARRY FINK, CEO OF BLACKROCK



Environmental and social topics continue to be front and center in the conversation as they comprised the largest segment of shareholder proposals in the 2018 calendar year. Early indications are that this trend is continuing in 2019.



Legislators, investors and proxy advisors are weighing in on gender diversity.

- On September 30, 2018, Governor Jerry Brown signed into law California Senate Bill 826 aimed at boosting female representation on company boards headquartered in the state of California. A similar bill was introduced in New Jersey in late November 2018.
- In September 2018, State Street announced that in 2020 it would start voting against the entire nominating and governance committee (not just the chair) at companies without at least one woman on their board.¹ BlackRock “encourages” boards to have at least two female directors² and Vanguard is broadly supportive of initiatives to increase gender diversity in the boardroom.³
- Starting in 2019, proxy advisory firm Glass Lewis will generally recommend voting against nominating committee chairs on boards without a single female director.⁴ In some cases, the recommendation may extend to other members of the committee as well. Institutional Shareholder Services (ISS) will recommend voting against nominating committee chairs on boards of Russell 3000 or S&P 1500 companies with no female directors in the 2020 proxy season.⁵

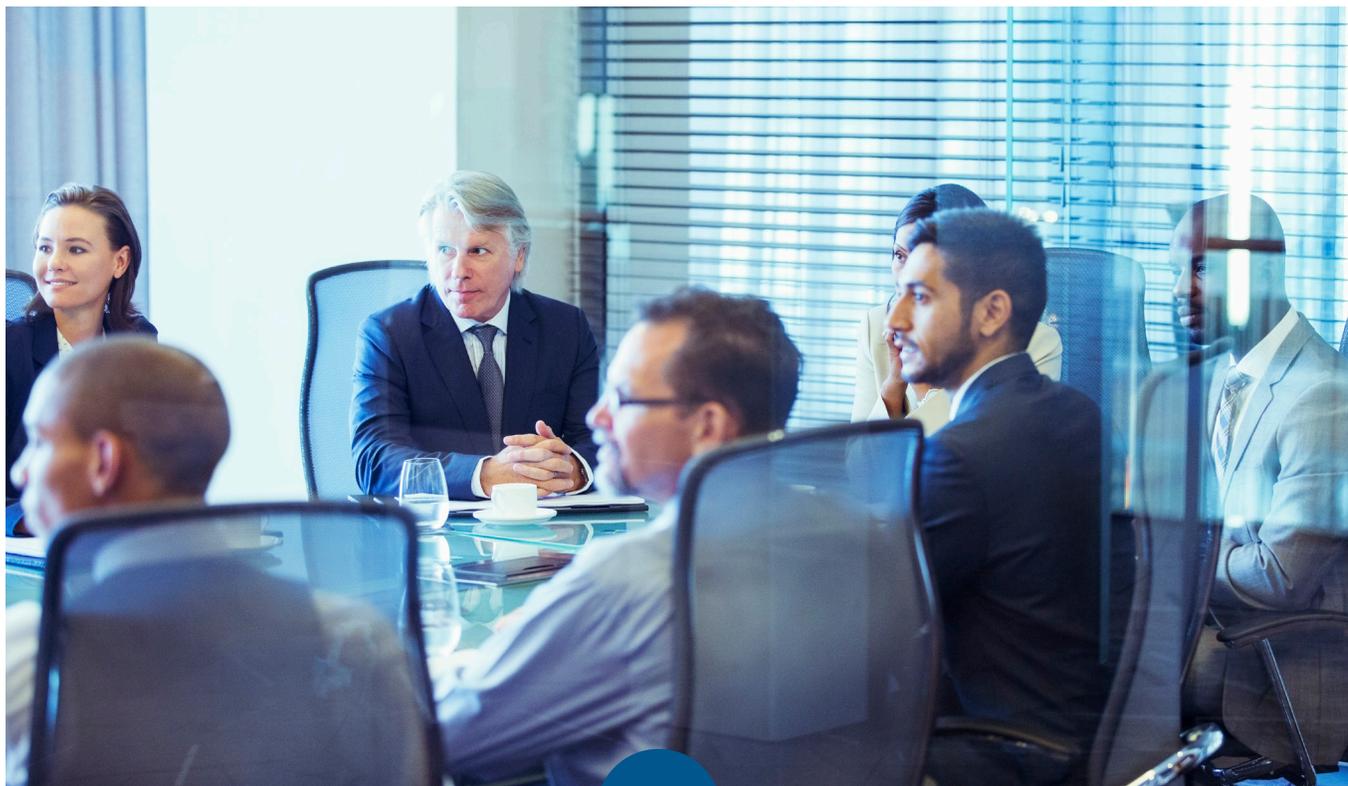
¹ State Street Global Advisors, “[State Street Global Advisors Reports Fearless Girl’s Impact: More than 300 Companies Have Added Female Directors](#),” September 27, 2018.

² BlackRock, *Proxy voting guidelines for U.S. securities*, January 2019.

³ Vanguard, “[Advocating for the long term](#),” April 24, 2018.

⁴ Glass Lewis, *2019 Proxy Paper Guidelines (United States)*, 2018.

⁵ Institutional Shareholder Services, *United States Proxy Voting Guidelines*, December 2018.



1

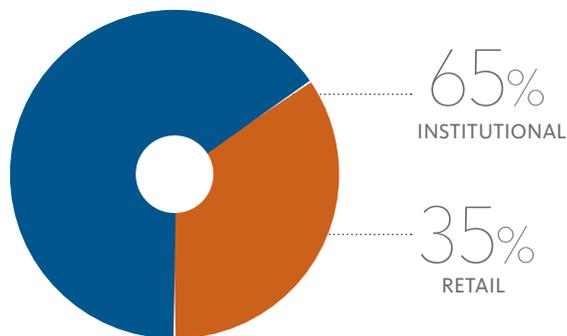
Share Ownership

A look back on shareholder ownership and voting in the 2018 mini-season.

Year over year (2018 vs. 2017 mini-seasons), there was no change in the percentage of shares owned by institutional and retail shareholders.

OWNERSHIP COMPOSITION

BREAKDOWN BY SHARES



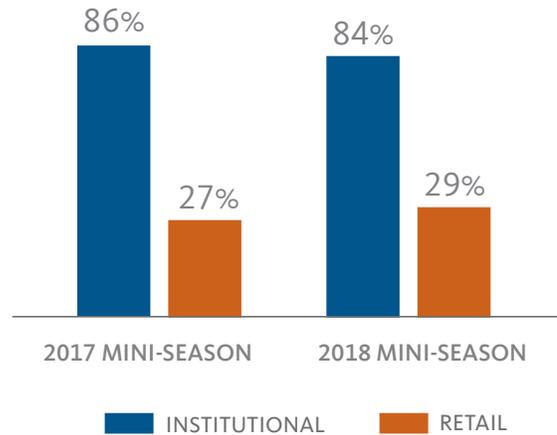


Shareholder Voting

Retail voting participation was up slightly over the same period in 2017. This was largely due to higher levels of solicitations at a few large shareholder meetings.

SHAREHOLDER PARTICIPATION

PERCENTAGE OF SHARES BY SEGMENT

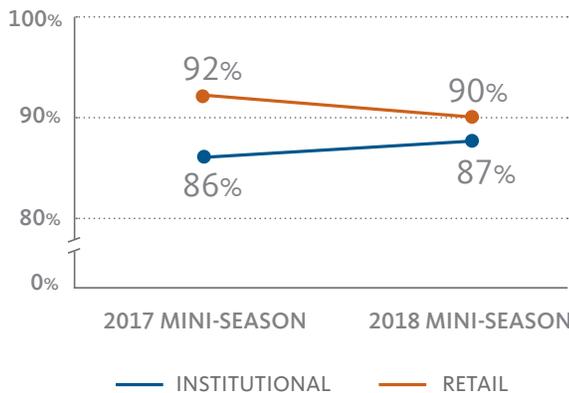


Director Elections*

On average, retail shareholders cast 90% of their voted shares in favor of directors, down from 92% in the prior year. In contrast, institutional shareholders cast 87% of their voted shares in favor of directors, up slightly from 86% in 2017. Overall, directors were supported by 89% of the voted shares, down 1% from 90% in 2017. A total of 3,637 directors stood for election this past season. 143 of them failed to receive majority support and 428 directors failed to attain at least 70% support, a threshold monitored by some proxy advisors.

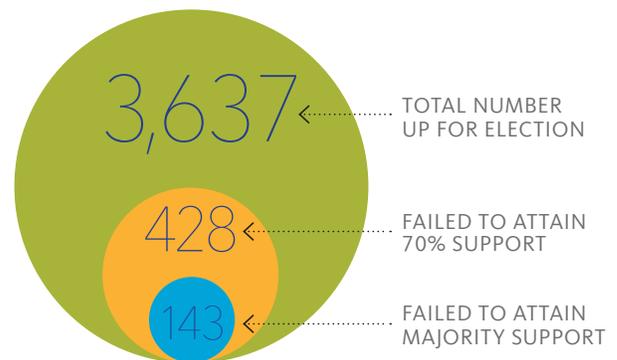
DIRECTOR ELECTIONS

AVERAGE SUPPORT



DIRECTORS AT A GLANCE

2018 MINI-SEASON



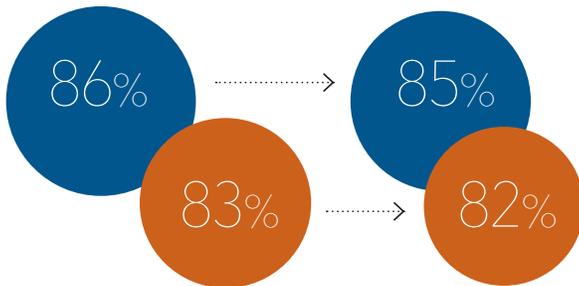


Say-on-Pay*

On average, retail shareholders cast 82% of their voted shares in favor of say-on-pay proposals, down from 83% the prior year. By comparison, institutional shareholders cast 85% of their voted shares in favor, down from 86% in 2017. Overall support averaged 83% versus 85% in the prior year. A total of 392 say-on-pay proposals were put to a vote; 36 failed to receive majority support and 79 failed to attain at least 70% support.

SAY-ON-PAY PROPOSALS

AVERAGE SUPPORT



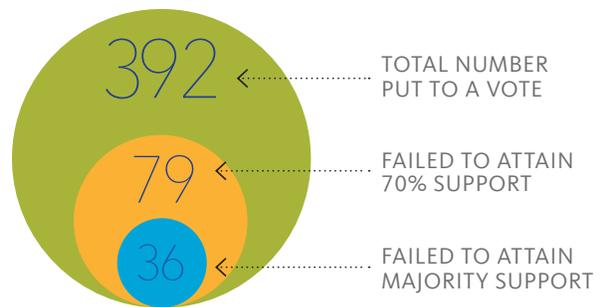
2017 MINI-SEASON

2018 MINI-SEASON

● INSTITUTIONAL ● RETAIL

PROPOSALS AT A GLANCE

2018 MINI-SEASON

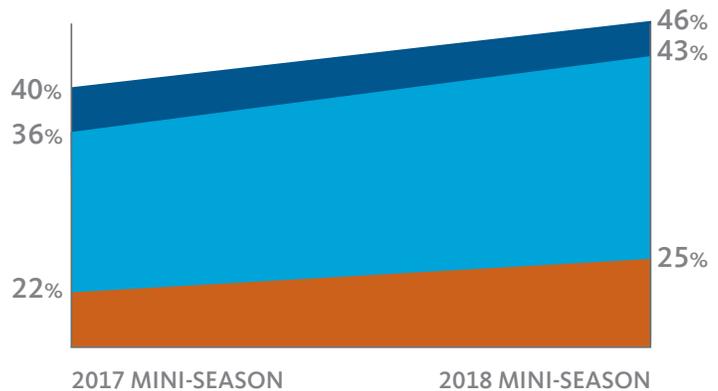


Shareholder Proposals*

Overall support for shareholder proposals rose to 43%, on average, from 36% during the same period in the prior year. Retail support increased to 25% from 22% in the same period last year and institutional support increased to 46% this season from 40% in the prior year.

SHAREHOLDER PROPOSALS

FAVORABILITY (% OF VOTED SHARES)



■ INSTITUTIONAL
 ■ OVERALL
 ■ RETAIL



About ProxyPulse™

ProxyPulse is based in part on analysis of company Form 8-K filings from EDGAR and Broadridge's processing of shares held in street name, which accounts for over 80% of all shares outstanding of US publicly-listed companies. Shareholder voting trends during the proxy season represent a snapshot in time and may not be predictive of full-year results.

Broadridge Financial Solutions is the leading third-party processor of shareholder communications and proxy voting.

PwC's Governance Insights Center is a group within PwC whose mission is to provide insights to directors and investors to help them better understand governance topics and trends.

CONTACTS

Broadridge Financial Solutions:

Chuck Callan
Senior Vice President
Regulatory Affairs
+1 845 398 0550
chuck.callan@broadridge.com

Mike Donowitz
Vice President
Regulatory Affairs
+1 631 559 2486
michael.donowitz@broadridge.com

PwC's Governance Insights Center:

Paula Loop
Leader
Governance Insights Center
+1 646 471 1881
paula.loop@pwc.com

Paul DeNicola
Principal
Governance Insights Center
+1 646 471 8897
paul.denicola@pwc.com

Catie Hall
Director
Governance Insights Center
+1 973 236 5718
catherine.hall@pwc.com

*In the past we reported voting outcomes by aggregating all votes cast across all meetings. In limited instances, reported outcomes could be impacted somewhat by a few companies with unusually large numbers of shares or heavy solicitations. In this report, each proposal is equally weighted, regardless of each issuer's total shares outstanding.

ProxyPulse™

PRIVACY The data provided in these reports is anonymous, aggregated data, which is a result of the data processing involved in the voting process. As a result of the automated processing used to quantify and report on proxy voting, data is aggregated and disassociated from individual companies, financial intermediaries and shareholders. We do not provide any data without sufficient voting volume to eliminate association with the voting party.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

PricewaterhouseCoopers LLP did not examine, compile or perform any procedures with respect to the ProxyPulse report, and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

© 2019 Broadridge Investor Communication Solutions, Inc. All rights reserved.

© 2019 PricewaterhouseCoopers LLP, a Delaware limited liability partnership. All rights reserved.
