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Supplemental Proxy Filings on Say-on-Pay Do Not Affect Overall Vote Results

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A recent Semler Brossy report that examined supplementary proxy materials on say-on-pay proposals since 2011 found no material impact on the vote outcome for companies that made those filings in response to a negative ISS recommendation. The average results for companies that received an “against” recommendation and made a supplemental filing are equal to or below the results at companies that received negative recommendations and did not file additional materials.

While the number of these filings have decreased from a high of 113 in 2012 to just 38 three years later, companies continue to file them. So far this year there has even been an increase. As of April 18, there were 13 filings compared to five around the same time last year.

In Semler Brossy’s view, the quality of the filings has improved in the last two years. Companies are no longer merely repeating proxy disclosure. In six years of facing say-on-pay votes, companies have learned how to navigate shareholder expectations. Only 8% of companies have failed say-on-pay between 2011 and 2015, but companies cannot be complacent about say-on-pay, since almost a quarter have received support levels below 70% at least once.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Ning Chiu
+1 212 450 4908
ning.chiu@davispolk.com

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