2015 PROXY SEASON SURVEY

Public Company Experience during the Current Proxy Season

The U.S. Chamber Center for Capital Markets Competitiveness’s (CCMC) was created nearly a decade ago to advance America’s global leadership in capital formation by supporting diverse capital markets that are the most fair, transparent, and efficient in the world. A fundamental part of this goal is to ensure that companies are governed in a manner that fosters long-term growth, encourages risk-taking and innovation, and limits excessive controls that could deter companies from accessing the public markets.

In partnership with Nasdaq, the U.S. Chamber of Commerce conducted a survey of public companies of all sizes and industries regarding their interaction with the two dominant proxy advisory firms, ISS and Glass-Lewis, leading up to and during the 2015 proxy season. Over 155 companies responded to the survey which was open from May 28, 2015, to August 20, 2015.

Summary of Survey Results

- 94% of surveyed companies had a proxy advisory firm make a recommendation on a matter featured in the corporate proxy statement.

- Only 25% of companies believed the proxy advisory firm carefully researched and took into account all relevant aspects of the particular issue on which it provided advice.

- Companies asked advisory firms to provide input into the recommendation 47% of the time, and advisory firms permitted that input 53% of the time. Only 38% of companies believe that input had any impact on the final recommendation.

- For companies seeking input, companies reported a wide spread in the amount of time the advisors granted them to respond, with anywhere from one hour to a month being reported. 24 to 48 hours seemed most common.

- For companies that believe they had insufficient time to respond, only 26% of companies expressed their dissatisfaction to the advisory firm and portfolio managers.
• More than half of companies (53%) notified the proxy advisory firm when it relied on inaccurate or stale data to make a recommendation. 43% of companies notified portfolio managers in this situation. No companies reported bringing this issue to the attention of the SEC.

• 38% of companies surveyed reached out to proxy advisory firms to pursue opportunities to meet and discuss issues subject to shareholder votes. 60% of companies’ outreach resulted in a meeting with the advisor.

• 20% of companies formally requested previews of advisor recommendations. About half (48%) reported that the advisor accommodated the request. Again, companies reported a wide spread of one day to one month in the time between the preview and the recommendation, with one to two weeks seeming most common.

• 84% of companies monitor proxy advisor firms’ reports for accuracy and reliance on outdated information.

• 13% of companies took steps to verify the nature of proxy advisory firm conflicts of interest, and even fewer (6%) reported finding significant conflicts during the current proxy season. While affected companies uniformly notified proxy advisors 100% of the time when the companies discovered apparent conflicts, no companies notified the SEC.

• 78% of companies have some form of year-round, regular communication program with institutional investors.

To learn more about the survey results, contact the Center for Capital Markets Competitiveness at ccmc@uschamber.com