

## TOP TAKEAWAYS

## Key Governance Trends in 2014 and 2015

## A. 2014 Proxy Season Headlines

1. *Engagements and Settlements Alter Meeting Landscape.* 2014 saw a similar number of proxy contests as 2013, however, in 2014 dissident shareholders entered into more settlements, often resulting in new board members.
2. *U.S. Director Support Hits New Heights.* Nearly 90 percent of director nominees had support of 90 percent or more of total votes (excluding abstentions).
3. *Record Say-on-Pay Volume Fails to Produce Negative Results.* Despite a record number of votes on say-on-pay proposals, such proposals resulted in few failed proposals. Average say-on-pay support in 2014 was approximately 92 percent.
4. *Shareholders Remain Concerned About Board Refreshment.* Shareholders continue to be concerned about and focused on board tenure, turnover, diversity and skills.
5. *Equity Compensation Plans Are Experiencing Less Support.* Although there were few failed proposals, average equity plan support trails say-on-pay results with only six out of ten proposals receiving support of 90 percent or more.

## B. Looking Ahead to 2015

1. *Leading Shareholder Proposal Topics Likely to Continue to Dominate.* In 2014, Independent Board Chair, Political Spending and Lobbying Disclosure were the three most frequent shareholder proposals in 2014 with 145+ of such proposals made, though only 10 received majority votes. These three topics will likely be the most prevalent in 2015.
2. *Continued Focus on Board Refreshment.* Shareholders are likely to continue to focus on board composition in 2015.
3. *More Focus on Tax Issues.* Tax inversion transactions and other tax-avoidance strategies are likely to gain more focus.
4. *Expect Accountability Issues to Drive “No” Votes for Directors.* The adoption of fee-shifting bylaws, forum selection bylaws or other devices that limit the ability of a shareholder to seek retribution against companies that are adopted without a shareholder vote may result in “vote no” campaigns against directors.
5. *Continued Focus on Pay Practices.* Shareholders will continue to focus on unwarranted vesting acceleration of equity awards, use of clawbacks and stock retention periods.