

**WILSON
SONSINI**

**2022 Silicon
Valley 150
Corporate
Governance
Report**

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INTRODUCTION

Wilson Sonsini Goodrich & Rosati is pleased to present our 2022 Silicon Valley 150 Corporate Governance Report, which reviews the corporate governance practices and disclosures of the Valley's largest public companies.

This report uses the Lonergan SV150, which ranks the top 150 public companies with headquarters in Silicon Valley by annual sales. For more information on the methodology used to prepare the Lonergan SV150, please visit <https://lonerganpartners.com/2022-lonergan-silicon-valley-150-list>.

This report includes information regarding board matters, officer matters, defensive measures, proxy statement disclosures, stockholder proposals, activism, and executive compensation of the SV150 companies.

This year we used certain information from Deal Point Data for our report. For more information, visit <https://www.dealpointdata.com>.

We would like to thank the team that conducted the research and provided editorial input for this report, including Richard Blake (who oversaw the report), Courtney Mathes, Jason Chan, and Barbara Novak. Special thanks also to Katie Martin, chair of Wilson Sonsini's board of directors, and Doug Clark, managing partner.

Please feel free to share your comments or questions about public companies and corporate governance by contacting Richard Blake (rblake@wsgr.com), Jose Macias (jmacias@wsgr.com), Katherine Henderson (khenderson@wsgr.com), Amy Simmerman (asimmerman@wsgr.com), or any Wilson Sonsini public company representation or corporate governance partner.

ABOUT THE SV150



The SV150 is released each year by Lonergan Partners, a leading executive recruiting firm, and is comprised of the 150 largest public companies in Silicon Valley, based on annual sales. Among the SV150 are some of the most influential technology and life sciences companies in the world. Some have been public for many decades; others completed their IPOs only last year. Most are headquartered along the peninsula between San Francisco and San Jose, but they spread as far north as San Rafael and Hercules, as far east as Livermore, and as far south as Santa Cruz. Given the range of type of business, annual sales, market cap, growth rate, and years since IPO, the SV150 provides a useful sample set for examining corporate governance matters for technology and life sciences companies throughout the United States. This section provides an overview of the demographics of the SV150.



The Rankings (1-50)

SV150 Rank		IPO Year	Business Description	2021 Sales (\$millions)	Headquarters Location
1	Apple	1980	Consumer electronics	378,323	Cupertino
2	Alphabet	2004	Web search, advertising	257,637	Mountain View
3	Meta	2012	Social networking website	117,929	Menlo Park
4	Intel	1971	Semiconductors	79,024	Santa Clara
5	HP Inc	1957	Imaging, printing, computing devices	64,869	Palo Alto
6	Cisco	1990	IT networking services	51,549	San Jose
7	TD Synnex	2003	IT supply chain services	31,614	Fremont
8	Netflix	2002	Entertainment distributor	29,698	Los Gatos
9	Broadcom	1998	Semiconductors	28,501	San Jose
10	Gilead Science	1992	Therapeutic viral medicines	27,305	Foster City
11	NVIDIA	1999	Graphics processors	26,914	Santa Clara
12	Visa	2008	Global payments technology company	25,477	San Francisco
13	Salesforce.com	2004	CRM software	26,492	San Francisco
14	PayPal	2015	Digital payment platform	25,371	San Jose
15	Applied Materials	1972	Chip-making equipment	24,172	Santa Clara
16	Western Digital	1978	Semiconductors	18,941	San Jose
17	Block	2015	Mobile payment solution	17,661	San Francisco
18	Uber	2019	Transportation network company	17,455	San Francisco
19	Lam Research	1984	Chip-making equipment	16,524	Fremont
20	Advanced Micro Devices	1972	Semiconductors	16,434	Sunnyvale
21	Adobe	1986	Publishing software	15,785	San Jose
22	VMware	2007	Virtualization software	12,851	Palo Alto
23	Intuit	1993	Financial software	11,414	Mountain View
24	eBay	1998	Online marketplace	10,420	San Jose
25	KLA Corporation	1980	Chip-making equipment	8,166	Milpitas
26	Sanmina	1993	IT manufacturing services	6,759	San Jose
27	Equinix	2000	IT data centers	6,636	Redwood City
28	Electronic Arts	1989	Entertainment software	6,512	Redwood City
29	Agilent Technologies	1999	Electronic measurement tools	6,445	Santa Clara
30	NetApp	1995	IT storage, management	6,193	San Jose
31	Airbnb	2020	Online marketplace for temporary lodging	5,992	San Francisco
32	ServiceNow	2012	IT management software	5,896	Santa Clara
33	Intuitive Surgical	2000	Robotic surgical systems	5,710	Sunnyvale
34	Concentrix	2020	Tech CX solutions	5,587	Fremont
35	Workday	2012	Enterprise software	5,139	Pleasanton
36	Twitter	2013	Multimedia messaging	5,077	San Francisco
37	Doordash	2020	Online food delivery platform	4,888	San Francisco
38	Palo Alto Networks	2012	Network security	4,858	Santa Clara
39	Juniper Networks	1999	Networking tools	4,735	Sunnyvale
40	Synopsys Inc	1992	Chip-design software	4,504	Mountain View
41	Marvell	2000	Semiconductors	4,462	Santa Clara
42	Autodesk Inc	1985	Design software	4,386	San Rafael
43	Super Micro Computer	2007	IT hardware	4,170	San Jose
44	Zoom Video	2019	Web conferencing platform	4,100	San Jose
45	Trimble Inc	1990	Global positioning tools	3,659	Sunnyvale
46	Fortinet Inc	2009	Network security devices, software	3,342	Sunnyvale
47	Lyft	2019	Transportation network company	3,208	San Francisco
48	Cadence Design	1988	Chip-design software	2,988	San Jose
49	Arista Networks	2014	Cloud networking equipment	2,948	Santa Clara
50	Bio-Rad Laboratories	1980	Life science research equipment	2,923	Hercules

SOURCE: LONERGAN SV150

The Rankings (51-100)

SV150 Rank	IPO Year	Business Description	2021 Sales (\$millions)	Headquarters Location	
51	Twilio	2016	Internet infrastructure solutions	2,842	San Francisco
52	Zynga	2011	Social gaming	2,801	San Francisco
53	AppLovin	2021	Mobile app development platform	2,793	Palo Alto
54	Roku	2017	Entertainment streaming products	2,765	San Jose
55	Splunk	2012	Web data analysis software	2,674	San Francisco
56	Pinterest	2019	Social photo-sharing platform	2,578	San Francisco
57	Stitch Fix	2017	Personalized online retail service	2,205	San Francisco
58	Pure Storage	2015	Data storage solutions	2,181	Mountain View
59	DropBox	2018	Web-based content sharing platform	2,158	San Francisco
60	DocuSign	2018	Electronic verification software	2,107	San Francisco
61	Ultra Clean	2004	Chip-making equipment	2,102	Hayward
62	Wish	2020	Online e-commerce platform	2,085	San Francisco
63	Roblox	2021	Online game platform	1,919	San Mateo
64	Corsair Gaming	2020	Gaming & streaming products	1,904	Fremont
65	Veeva Systems	2013	Cloud-based business software	1,851	Pleasanton
66	Robinhood	2021	Financial services platform	1,815	Menlo Park
67	Poly	1994	Telecommunications and audio devices	1,736	Santa Cruz
68	Lumentum	2015	Optical and photonic products	1,707	San Jose
69	SMART Global	2017	Specialty memory and storage solutions	1,679	Milpitas
70	Sunrun	2015	Solar energy products	1,610	San Francisco
71	RingCentral	2013	IP-based telephony	1,595	Belmont
72	Coherent	1978	Laser-based photonics	1,546	Santa Clara
73	Nutanix	2016	Cloud platform infrastructure	1,527	San Jose
74	Synaptics	2002	Touch-based IT	1,447	San Jose
75	Informatica	2021	Data management platform	1,444	Redwood City
76	Exelixis	2000	Small-molecule cancer treatments	1,435	Alameda
77	Infinera	2007	Optical telecom equipment	1,425	San Jose
78	Enphase Energy	2012	Solar microinverter technology	1,382	Fremont
79	Zendesk	2014	Web-based helpdesk software	1,339	San Francisco
80	SunPower	2005	Solar energy products	1,323	San Jose
81	Okta	2017	Identity management software	1,300	San Francisco
82	Dolby Laboratories	2005	Audio processing technology	1,243	San Francisco
83	NETGEAR	2003	Home, small business networking	1,168	San Jose
84	GoPro	2014	Wearable gear mounted cameras	1,161	San Mateo
85	Omniceil	2001	Medication management technology	1,132	Mountain View
86	Affirm	2020	Online shopping installment loan platform	1,123	San Francisco
87	Unity Software	2020	Platform for 3-D content creation	1,111	San Francisco
88	Ichor Systems	2016	Semiconductors	1,097	Fremont
89	Yelp	2012	User review network	1,032	San Francisco
90	Bloom Energy	2018	Fuel cell systems for onsite power	972	San Jose
91	Xperi Technologies	2003	Chip scale packaging	878	San Jose
92	Box	2015	Content sharing platform	874	Redwood City
93	Zscaler	2018	Cloud-based security platform	860	San Jose
94	Lending Club	2014	Internet-based lending facilitation	802	San Francisco
95	Elastic	2018	Enterprise search engine	801	Mountain View
96	Chegg	2013	Education software platform	776	Santa Clara
97	FormFactor	2003	Chip-making equipment	770	Livermore
98	Guidewire Software	2012	Insurance industry software	764	San Mateo
99	New Relic	2014	Cloud-based application management	752	San Francisco
100	Penumbra	2015	Medical devices for stroke patients	748	Alameda

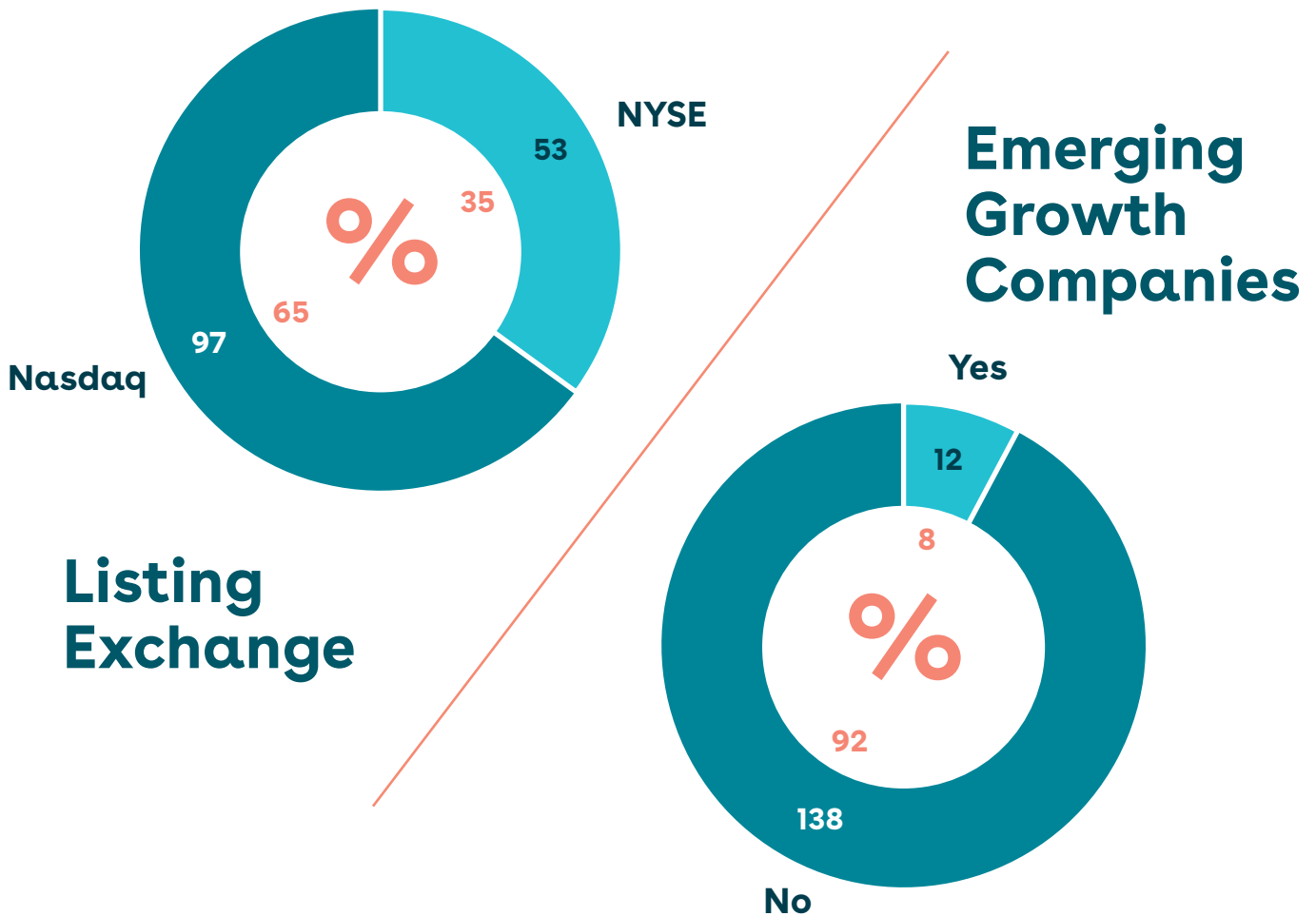
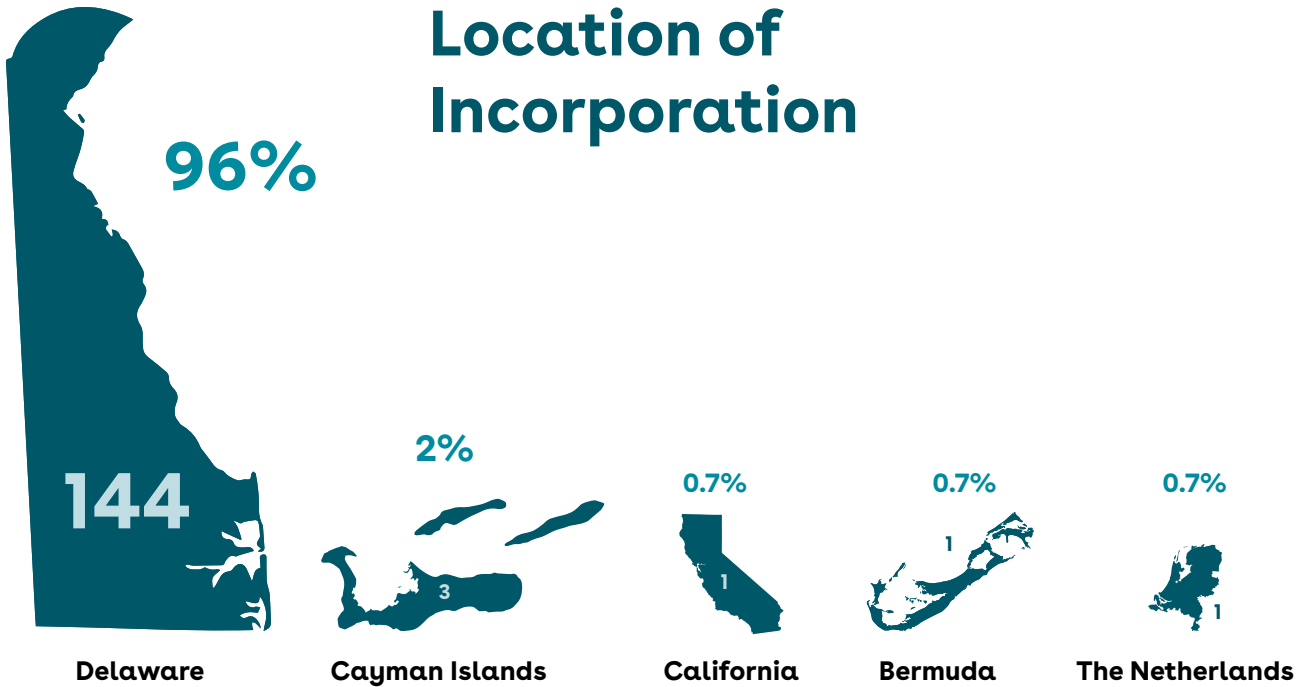
SOURCE: LONERGAN SV150

The Rankings (101-150)

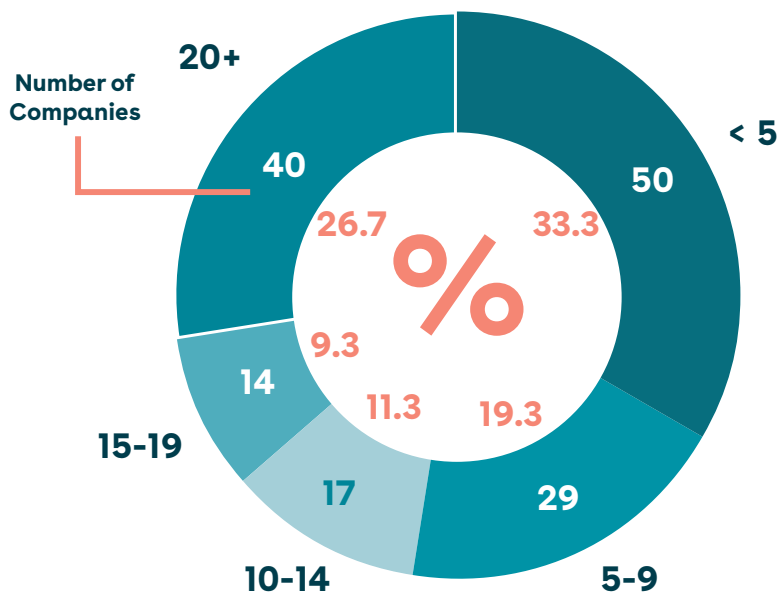
SV150 Rank	IPO Year	Business Description	2021 Sales (\$millions)	Headquarters Location	
101	Alpha & Omega	2010	Semiconductors	727	Sunnyvale
102	Coupa Software	2016	Cloud procurement software	725	San Mateo
103	Power Integrations	1997	Power-conversion chips	703	San Jose
104	Calix	2010	Communications platform and services	679	San Jose
105	Cloudflare	2019	Cloud-based security platform	656	San Francisco
106	Shift Technologies	2020	E-commerce platform for used cars	637	San Francisco
107	Five9	2014	Cloud contact center software	610	San Ramon
108	8x8	1997	VoIP platforms	601	Campbell
109	Anaplan	2018	Financial planning software	592	San Francisco
110	QuinStreet	2010	Internet marketing tools	589	Foster City
111	Udemy	2021	Platform for online learning	518	San Francisco
112	Harmonic	1995	Content delivery services	507	San Jose
113	LiveRamp	2018	Identity resolution platform	506	San Francisco
114	Upwork	2018	Freelancer marketplace	503	San Francisco
115	10X Genomics	2019	Tools for genomic analysis	490	Pleasanton
116	Natus Medical	2001	Devices to treat newborn disorders	473	Pleasanton
117	The RealReal	2019	Online consignment for luxury goods	468	San Francisco
118	Invitae	2015	Genetic testing for health diagnostics	460	San Francisco
119	Marqeta	2021	Payments platform	450	Oakland
120	Momentiv	2018	Online survey platform	444	San Mateo
121	Accuray	2007	Robotic radiosurgery systems	437	Sunnyvale
122	Samsara	2021	Platform for IOT data collection	428	San Francisco
123	Coursera	2021	Online education services	415	Mountain View
124	Bill.com	2019	Intelligent bill payment platform	413	San Jose
125	Qualys Inc	2012	IT security and compliance services	411	Foster City
126	Confluent	2021	Real-time cloud data platform	388	Mountain View
127	Nervo Corp.	2014	Pain relief products	387	Redwood City
128	Skillz	2020	Platform for game developers	384	San Francisco
129	NerdWallet	2021	Platform for choosing financial products	380	San Francisco
130	Asana	2020	Project management software	378	San Francisco
131	Guardant Health	2018	Cancer detection technology	374	Redwood City
132	Freshworks	2021	Customer/employee engagement platform	371	San Mateo
133	Quantum	1999	Computer storage products	370	San Jose
134	Corcept Therapeutics	2004	Cortisol regulating pharmaceuticals	366	Menlo Park
135	Fastly	2019	Website speed platform	354	San Francisco
136	Zuora	2018	Subscription management software	347	Redwood City
137	Ambarella	2012	Semiconductors for imaging	332	Santa Clara
138	Rambus	1997	Semiconductor technology	328	San Jose
139	Poshmark	2021	Online fashion marketplace	326	Redwood City
140	iRhythm	2016	Ambulatory cardiac monitoring	323	San Francisco
141	HashiCorp	2021	Software for cloud-building infrastructure	321	San Francisco
142	NeoPhotonics	2011	Planar light wave circuits	290	San Jose
143	PagerDuty	2019	Real time incident management platform	281	San Francisco
144	Hims & Hers Health	2021	Telehealth platform	272	San Francisco
145	GitLab	2021	DevOps platform for software development	253	San Francisco
146	thredUP	2021	E-commerce platform for 2nd hand apparel	252	Oakland
147	A10 Networks	2014	Networking products	250	San Jose
148	23andMe	2021	Consumer genetics	244	Sunnyvale
149	ChargePoint	2021	EV charging networks	242	Campbell
150	Sumo Logic	2020	Real-time data analytics platform	242	Redwood City

SOURCE: LONERGAN SV150

Location of Incorporation



Years Since IPO



9

of the 150 companies have been public for more than 40 years.

17

of the 150 companies went public in 2021, 14 through an initial public offering, one through direct listing, and two through de-SPAC business combinations.

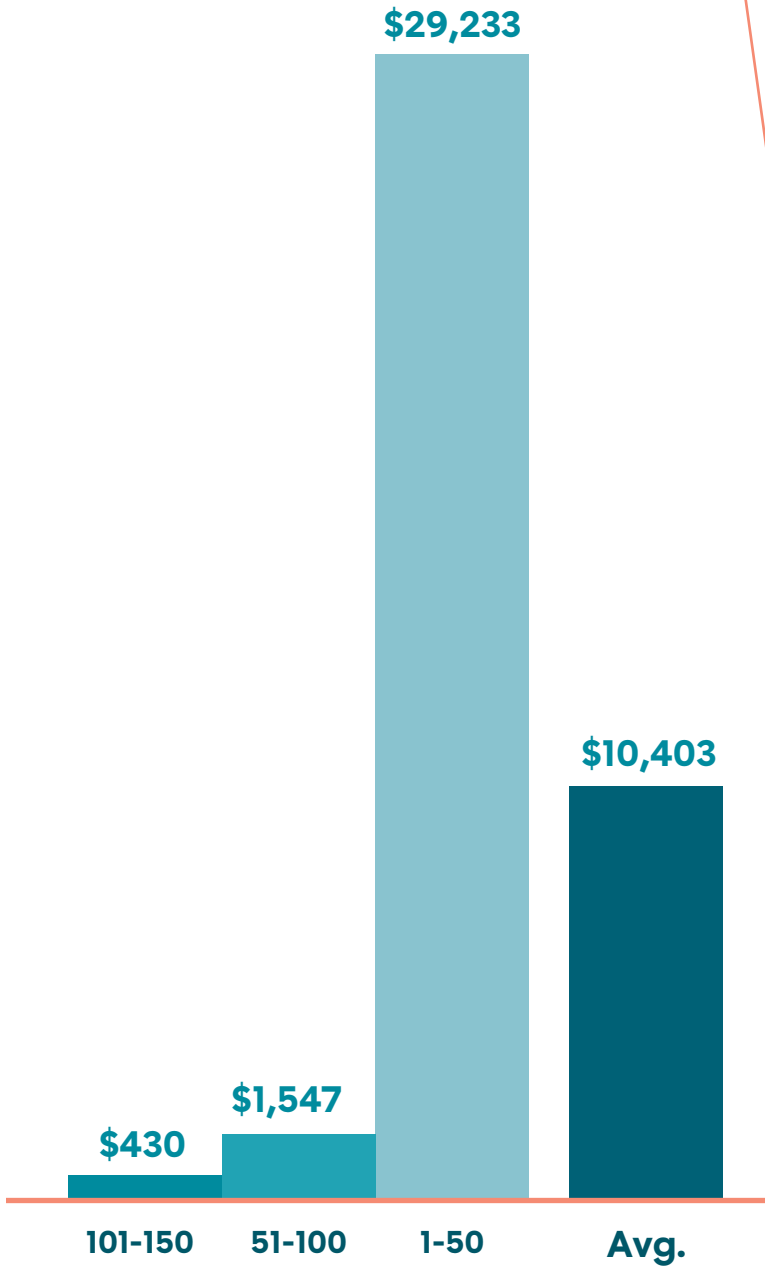
SV150 Rank	Company	Years Since IPO
1	Apple	42
25	KLA Corporation	42
50	Bio-Rad Laboratories	42
16	Western Digital	44
72	Coherent	44
15	Applied Materials	50
20	Advanced Micro Devices	50
4	Intel	51
5	HP Inc	65

SV150 Rank	Company
53	AppLovin
63	Roblox (direct listing)
66	Robinhood
75	Informatica
111	Udemy
119	Marqeta
122	Samsara
123	Coursera
126	Confluent
129	NerdWallet
132	Freshworks
141	HashiCorp
144	Hims & Hers Health
145	GitLab
146	thredUP
148	23andMe (de-SPAC)
149	ChargePoint (de-SPAC)

Sales (in millions)

Calculated based on four quarters ending December 31, 2021 or January 31, 2022.

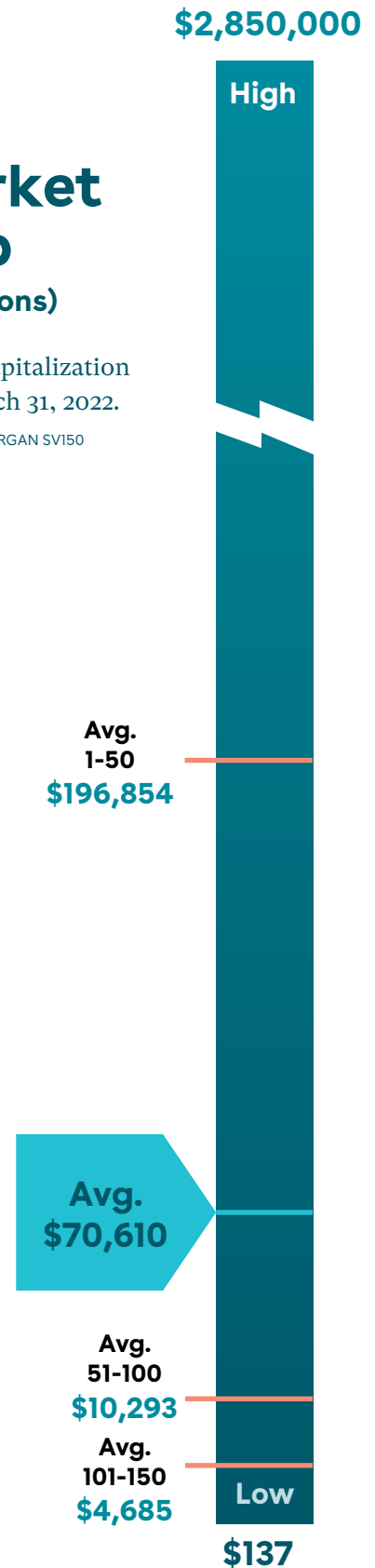
SOURCE: LONERGAN SV150



Market Cap (in millions)

Market capitalization as of March 31, 2022.

SOURCE: LONERGAN SV150



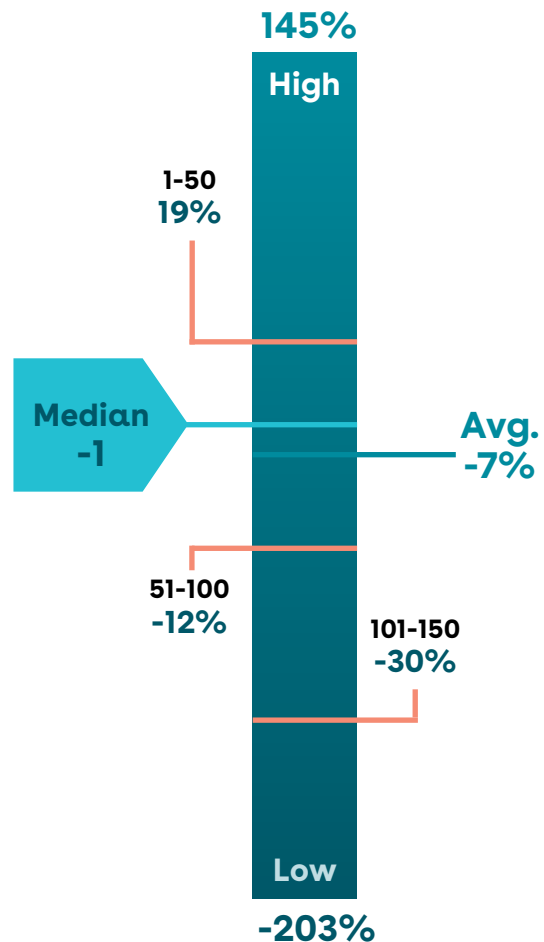
Sales Growth Rate



Profitability

Growth rate (above) and profitability calculated based on companies' fiscal year ends, ranging from September 30, 2021, through February 2, 2022. These measures are not weighted by 2021 sales.

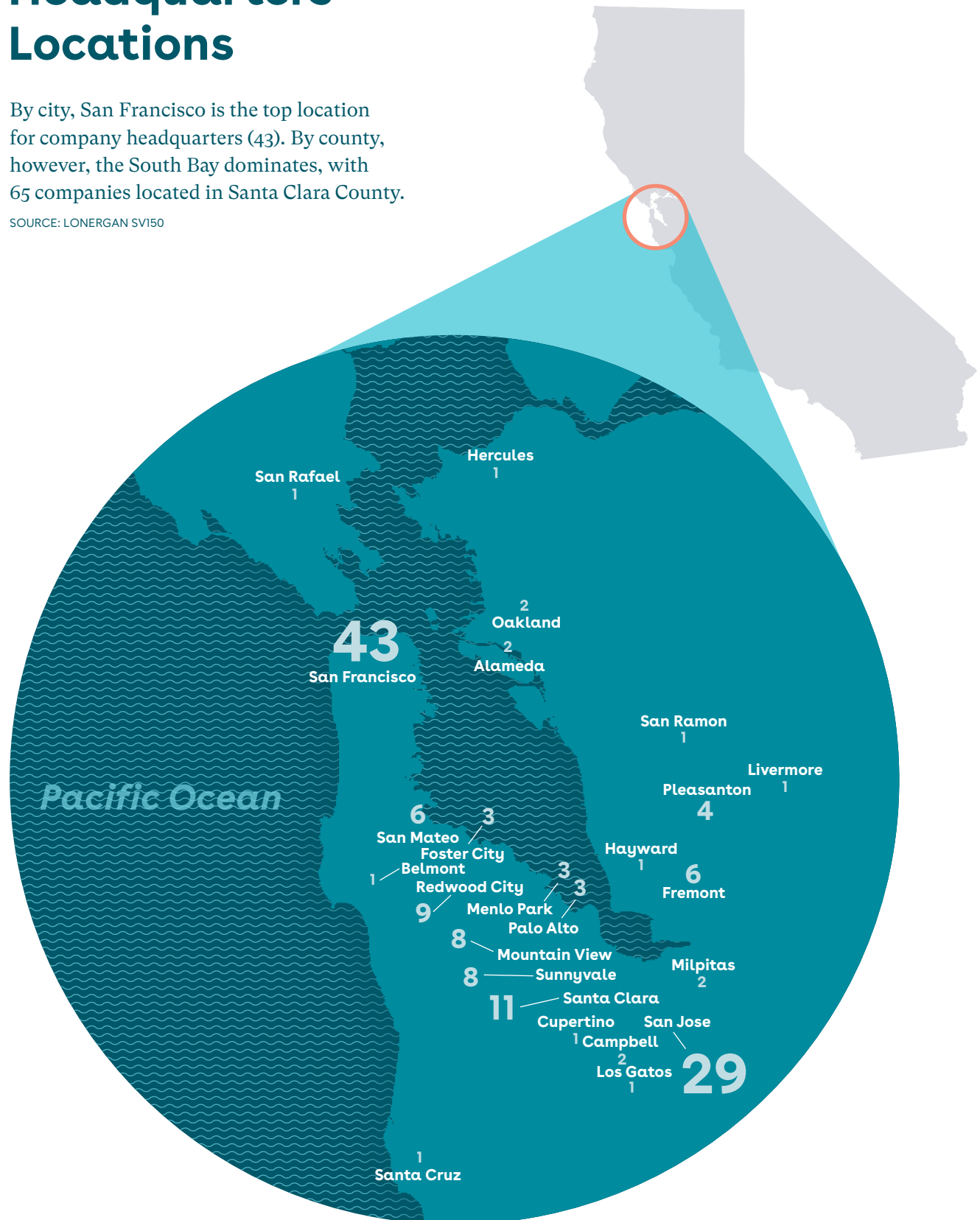
SOURCE: LONERGAN SV150



Headquarters Locations

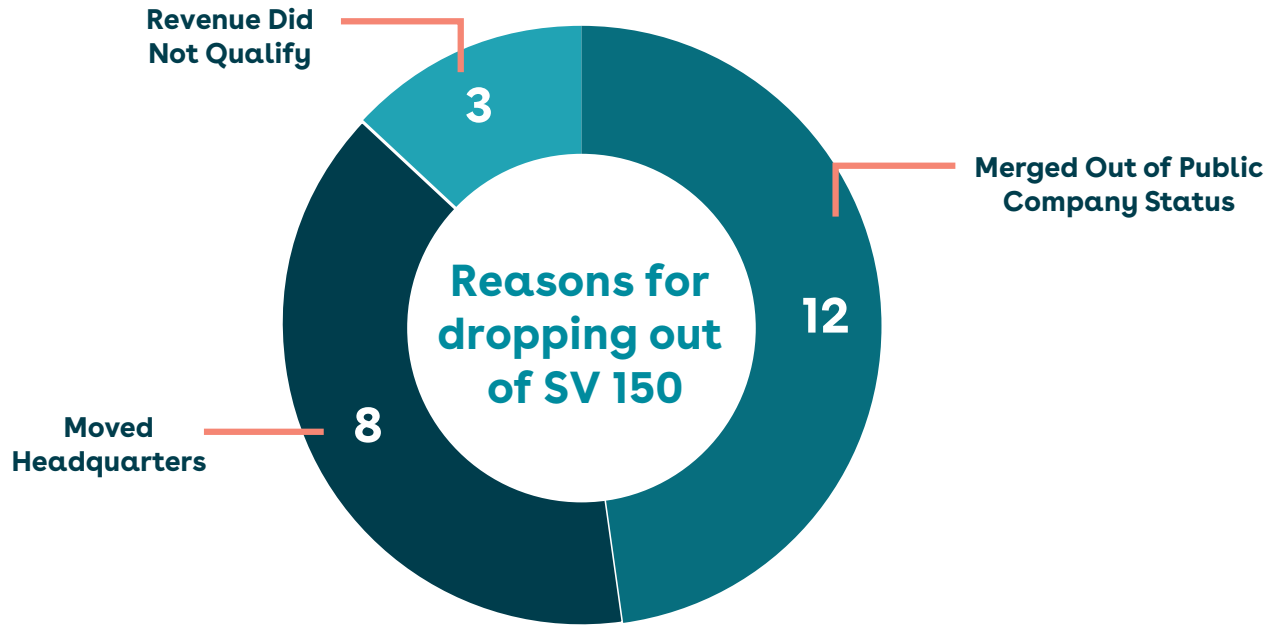
By city, San Francisco is the top location for company headquarters (43). By county, however, the South Bay dominates, with 65 companies located in Santa Clara County.

SOURCE: LONERGAN SV150

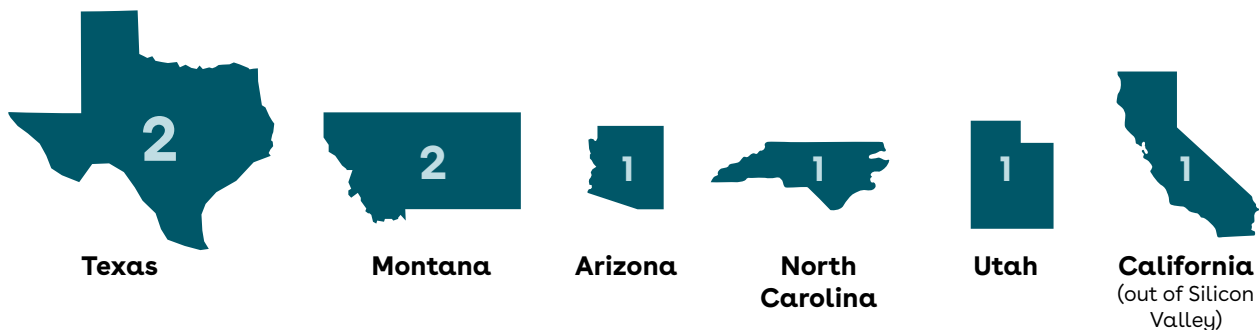


Silicon Valley 150 Companies: 2022 Report vs. 2021 Report


23 companies that were included in our 2021 Silicon Valley 150 report were not included in this report.




States Where Companies Moved



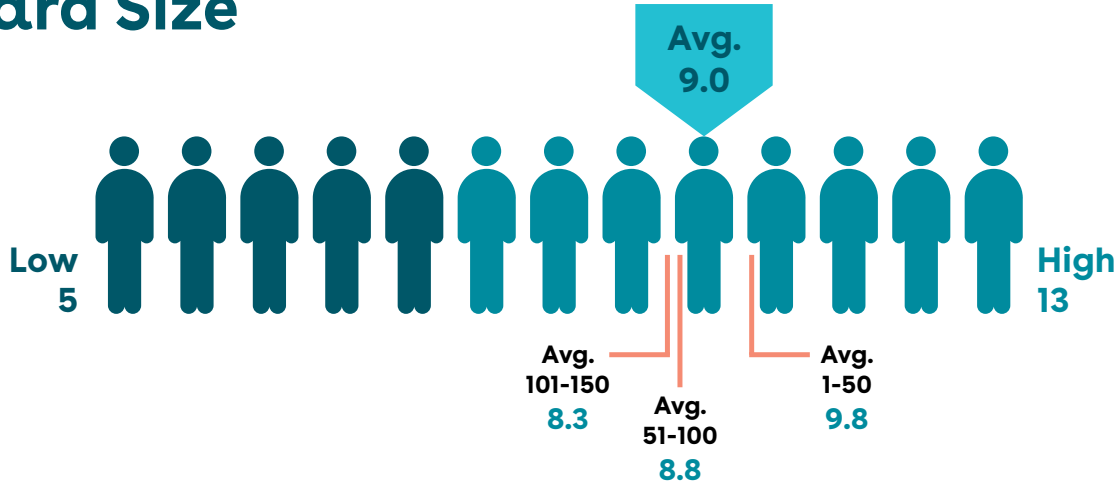
BOARD MATTERS



Boards oversee companies, and stockholders elect boards. In the past 20 years, federal and state laws, as well as stockholder initiatives and activism, have put a sharp focus on board and committee independence, refreshment, leadership, diversity, age, tenure, and experience. Board oversight of environmental, cyber, and human capital issues has recently become a concern as well. This section provides demographic information about the boards of directors of the SV150 and their workloads (by number of board and committee meetings), obtained from each company's proxy statement. Among the findings: 33.9% of all SV150 directors are women, and the average percentage of women on SV150 boards is 34%. This section also provides information about board policies that address board refreshment and overboarding, obtained from each company's corporate governance policies. While many companies have policies on overboarding and change in occupation, fewer have policies on mandatory retirement age or term limits. Finally, in response to investor interest, boards are beginning to discuss their oversight of environmental, cyber, and human capital issues in their proxy statements and include the responsibility in committee charters.



Board Size

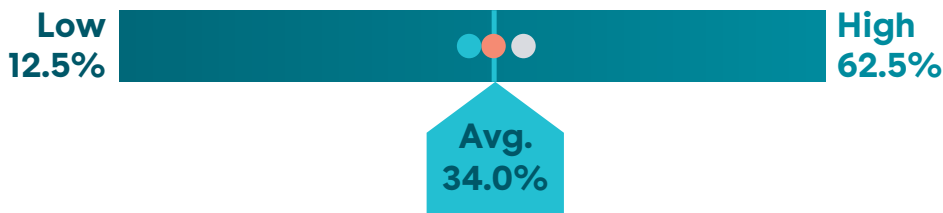


Average % Independent Directors



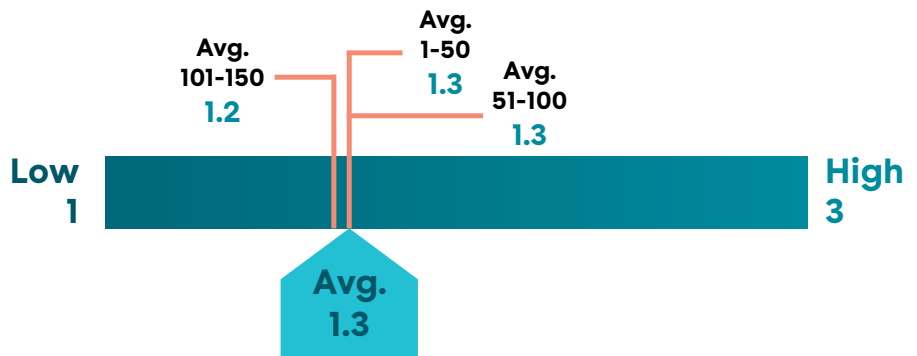
Rank	%	Number
1-50	82.1	8.1
51-100	78.6	6.9
101-150	82.6	6.9

Average % Female Directors

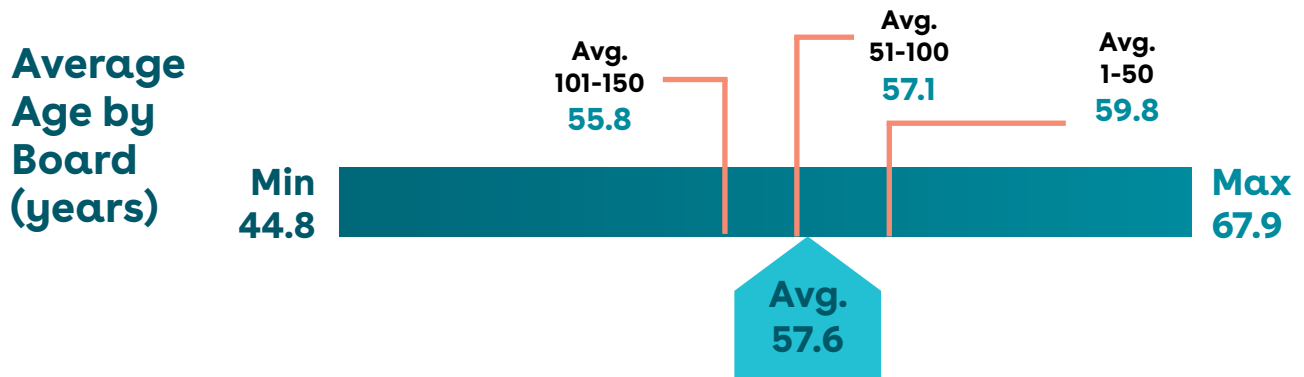
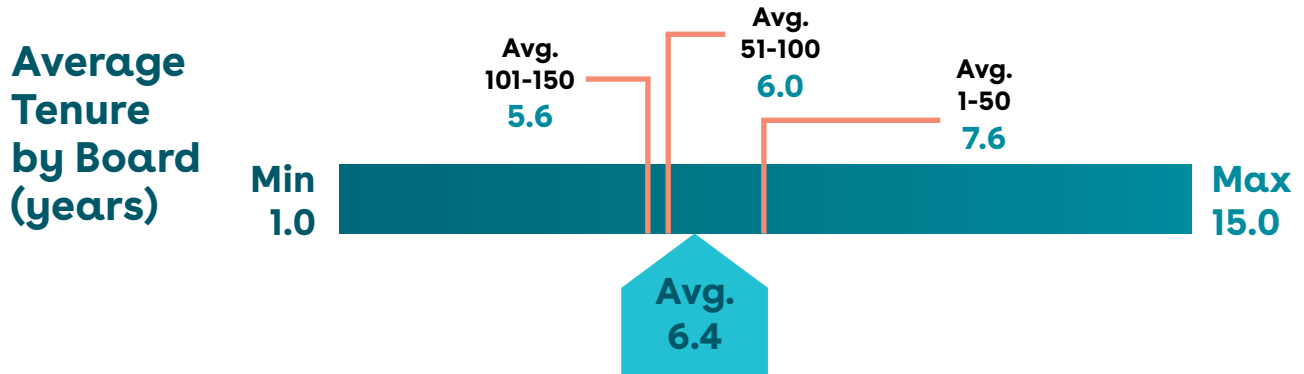


Rank	%	Number
1-50	32.2	3.2
51-100	33.5	2.9
101-150	36.3	3.0

Average # Employee Directors



Average Age and Tenure of Directors



Andy Fang, 29
 Youngest director on DoorDash board since 2013; Head of Consumer Engineering, co-founder DoorDash



Sanford Robertson, 90
 Oldest director; Principal, Francisco Partners; on board of Salesforce.com since 2003

Board Tenure and Age: Highs and Lows

Highest Average Tenure:
15
 years

Exelixis

Lowest Average Tenure:
1
 year

23andMe

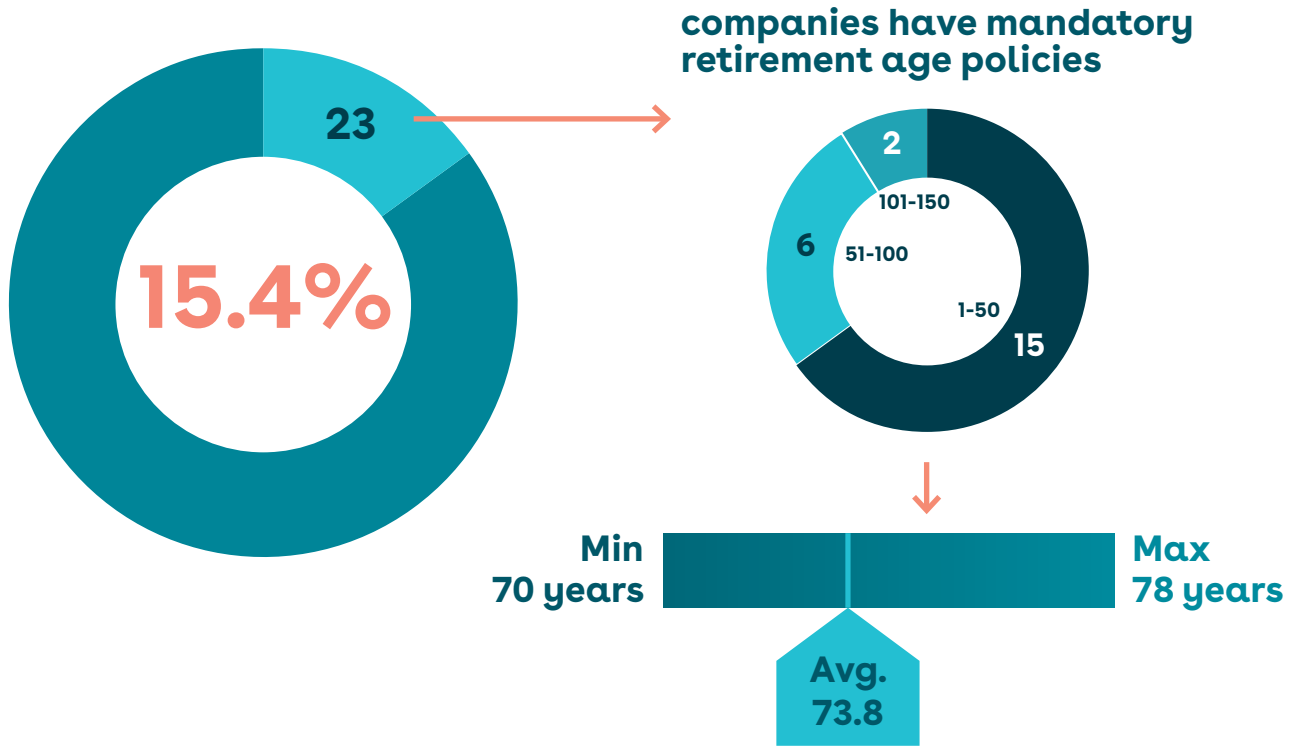
Highest Average Age: Almost
68
 years

Exelixis

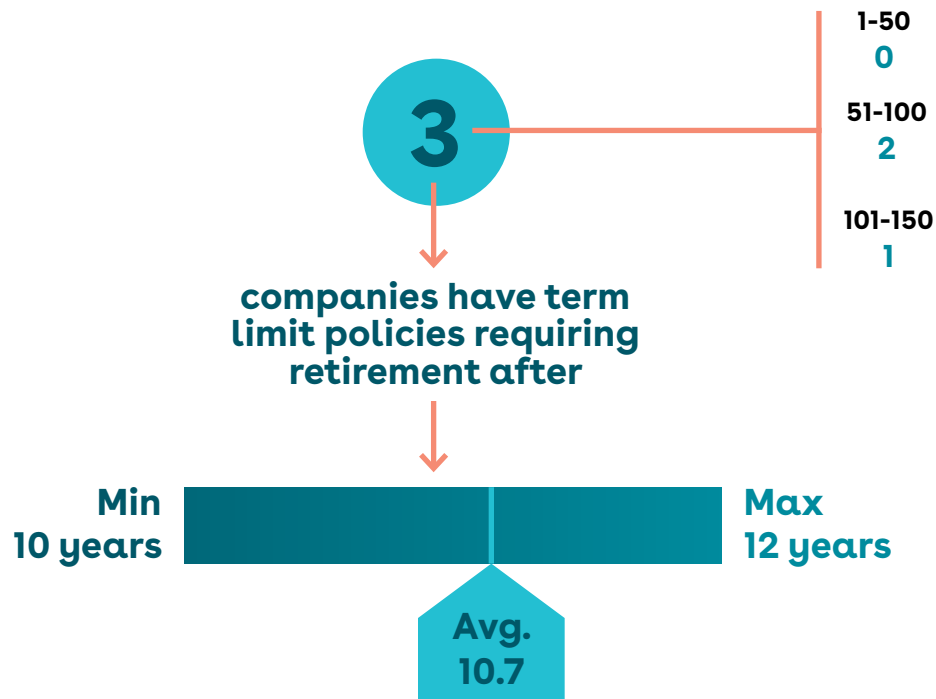
Lowest Average Age: Almost
45
 years

AppLovin

Mandatory Retirement Age Policies

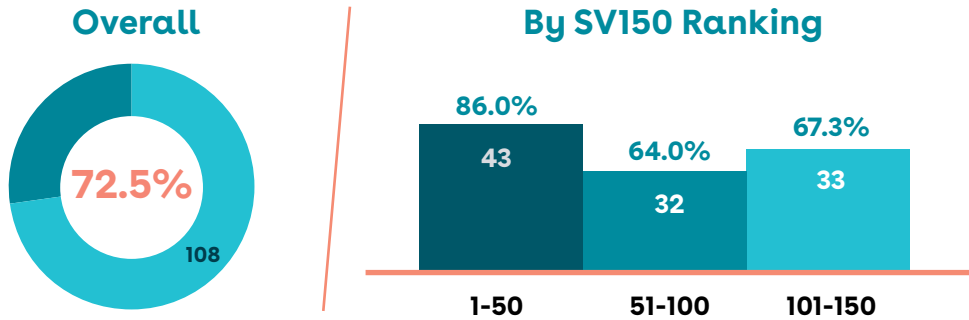


Term Limits Policies



Overboarding Policies

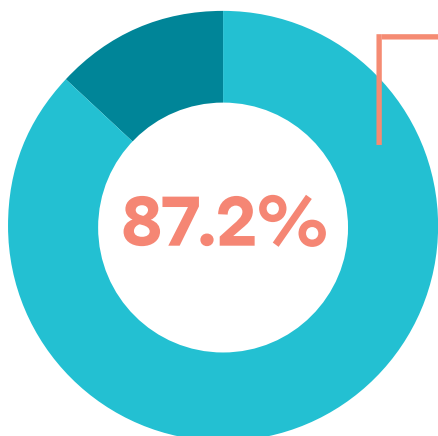
Almost **73% of companies** have policies limiting the number of outside boards on which a director may sit.



Almost **38% of companies** with overboarding policies apply different standards to a CEO and other non-CEO directors, generally permitting fewer outside directorships for CEOs. Other executive officers may in some cases be subject to the same standard as the CEO or have their own separate standard.



Policy on change in occupation



130 companies have a policy requiring notification to the board—and in some cases voluntary resignation from the board, to be accepted or rejected by the board after review of the circumstances—in the event of retirement or change in one’s principal occupation or business association or other significant change in personal circumstances.

Committee Members

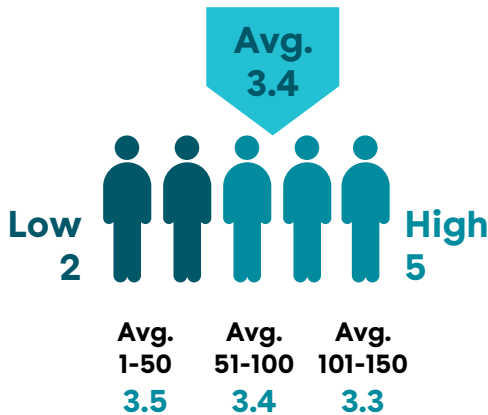
Audit Committee Members



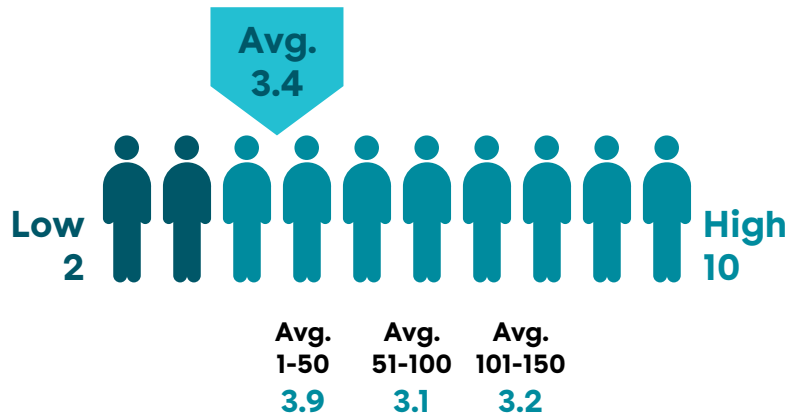
Audit Committee Financial Experts



Compensation Committee Members

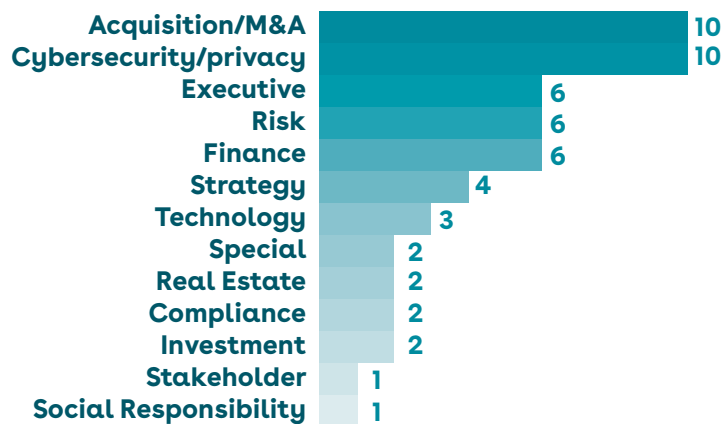


Nominating/Governance Committee Members

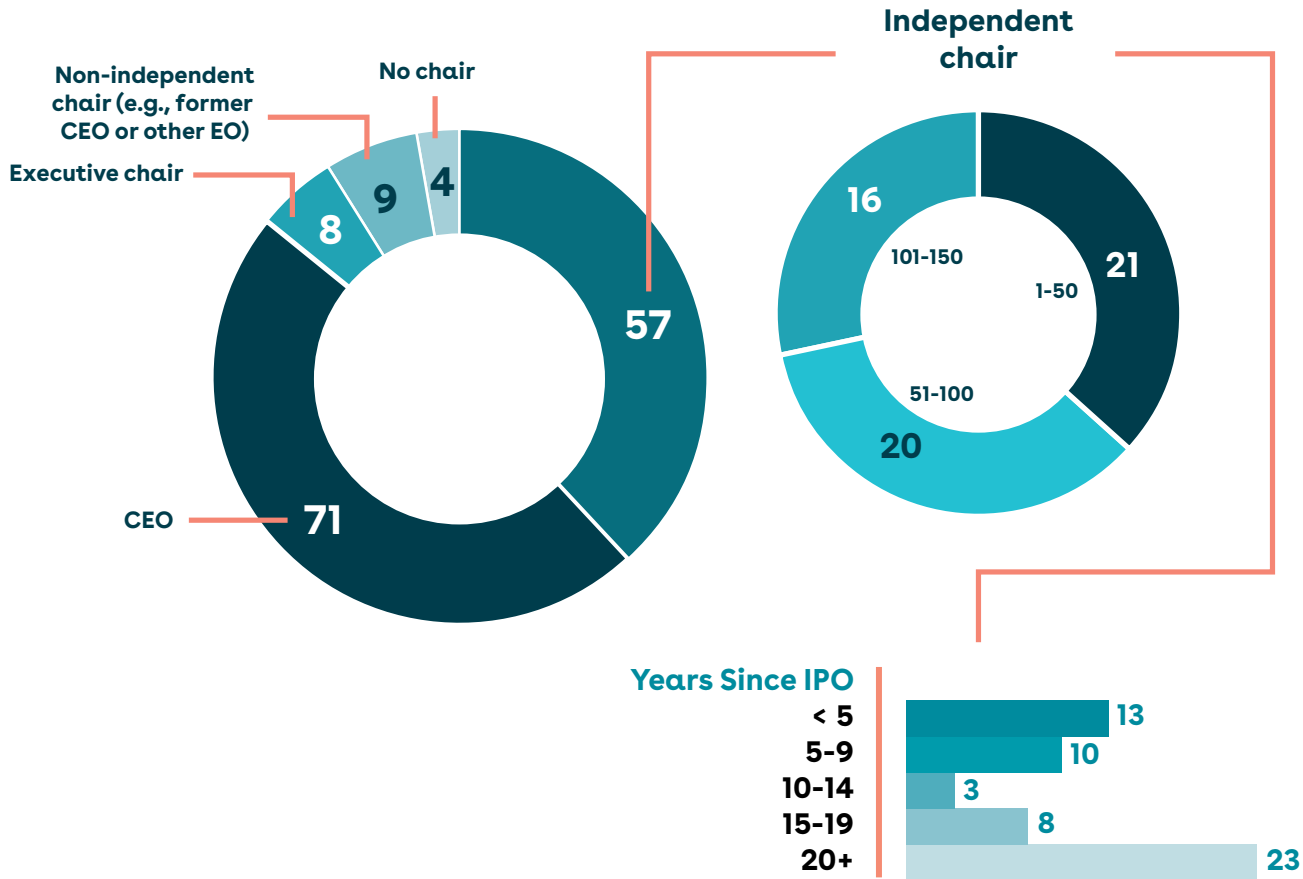


Other Committees

25 of the top 50 had at least one additional committee. This was less prevalent for the middle 50 (16) and the bottom 50 (12).



Who Is the Board Chair?



Lead Independent Directors

In 79 of the 88 companies where the CEO, executive chair, or non-independent chair was the board chair, the company also had a lead independent director.



In 3 of the 57 companies where there was an independent board chair, the company also had a lead independent director.



Board and Committee Meetings

Number of Board Meetings



Number of Audit Committee Meetings



Number of Compensation Committee Meetings



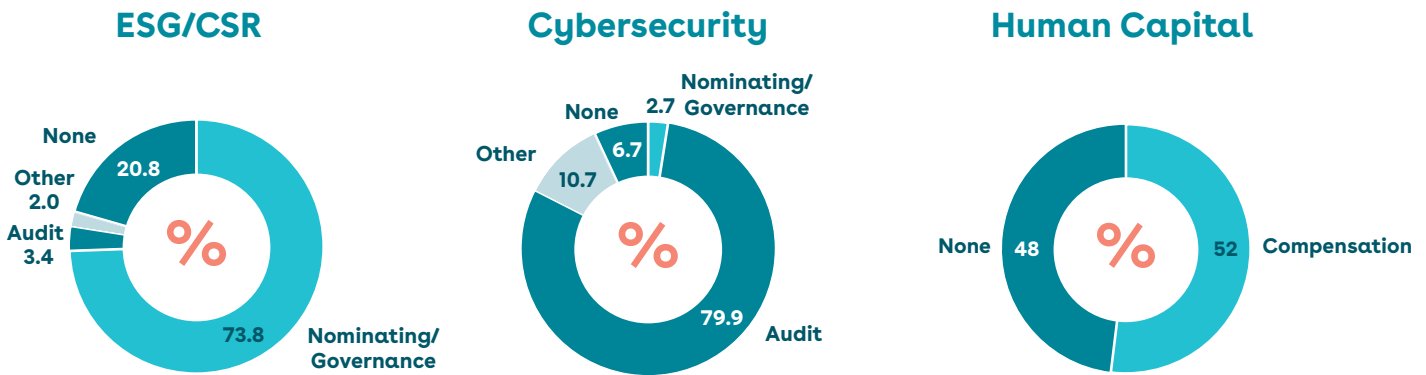
Number of Nominating/Governance Committee Meetings



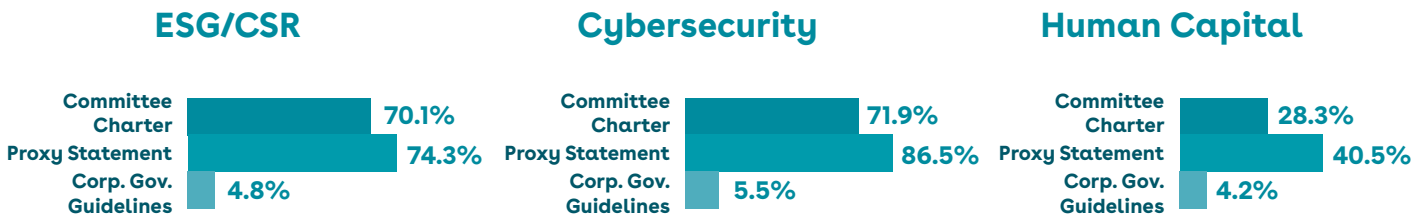
Committee Deep Dive on Hot Topics

Boards are increasingly being tasked with explaining how they oversee issues related to Environmental, Social, and Governance (ESG) and/or Corporate Social Responsibility (CSR), Cybersecurity, and Human Capital. The following information includes our findings on which committees were delegated these responsibilities and how that mandate was communicated, whether through the proxy statement, committee charters, or corporate governance guidelines. We also include information about what type of Human Capital disclosure is included in proxy statements.

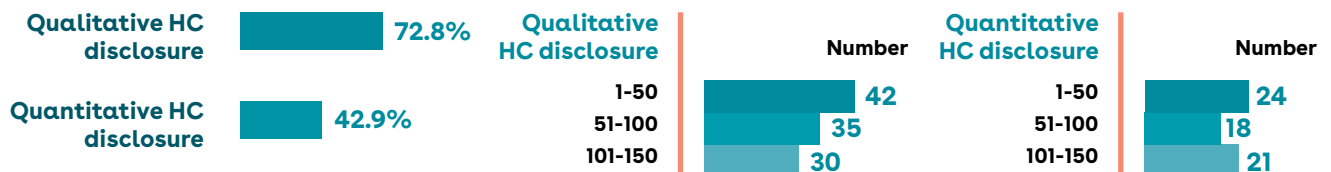
Committees handling:



Where responsibility appears:




Human Capital Disclosures in Proxy Statements:




In addition to those companies that specifically mention “human capital,” 15.9% of charters and 5.4% of proxies do not mention “human capital,” but give a mandate for talent management, people activities, employee diversity and inclusion, retention, or other key words that signal human capital management.

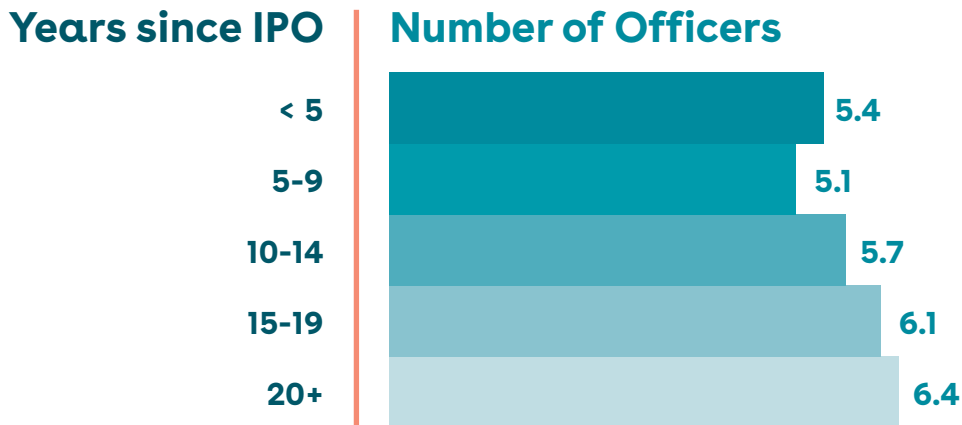
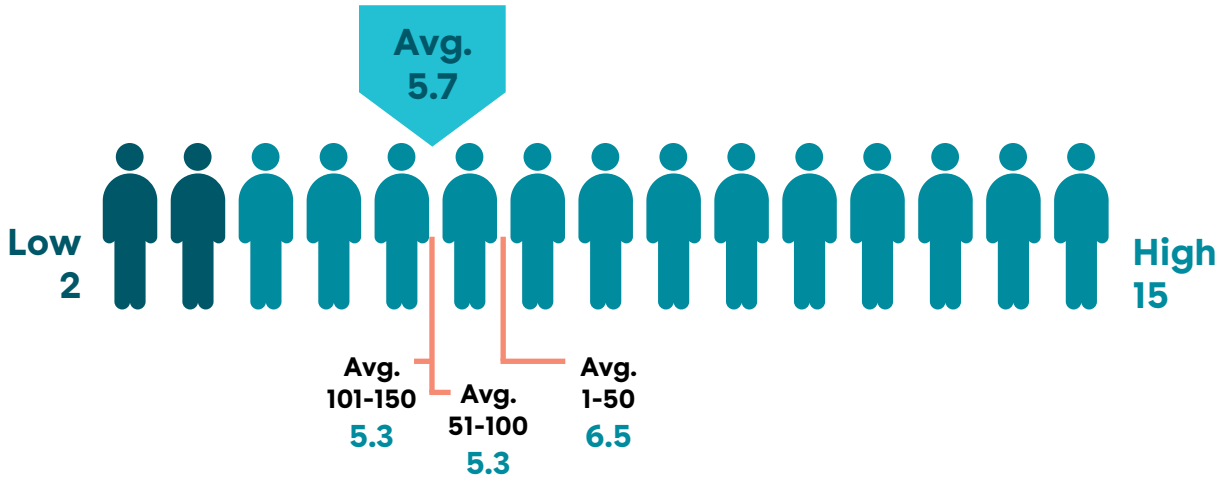
OFFICER MATTERS



Perhaps the most important responsibility of the board of directors is to select the company's officers, who are responsible for the company's day-to-day management. We examined the average number of executive officers at the SV150 companies, as well as the types of officers that were most typical, as disclosed in proxy statements and annual reports. We also looked at the number of women CEOs and CFOs in the SV150. While approximately one-third of all SV150 directors are women, only 6% of SV150 companies are led by women CEOs. Women CFOs fare better, with almost 19%. As a total percentage of executive officers in the SV 150, women executives represent almost 20%.

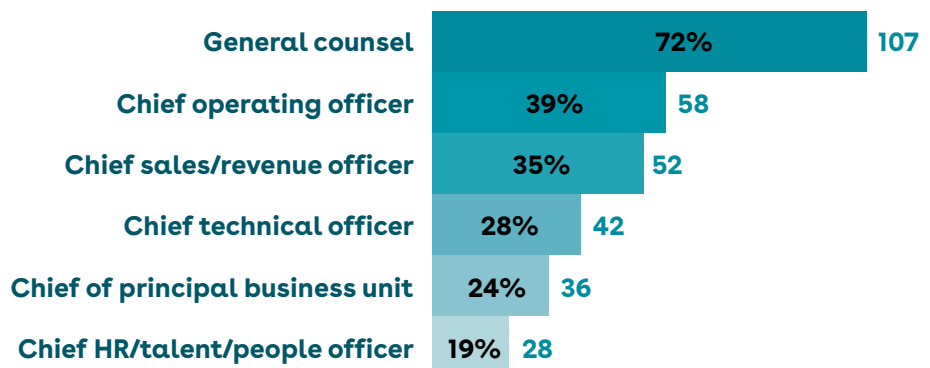


Total Number of Executive Officers at Companies



Other Executive Officers

In addition to CEO and CFO, these were the most frequent other executive officers named.



Women CEOs in the SV150



Only **6.0%** of the CEOs in the SV150 are women.

#20: Lisa T. Su, Ph.D., Advanced Micro Devices

#49: Jayshree V. Ullal, Arista Networks

#57: Elizabeth Spaulding, Stitch Fix

#70: Mary Powell, Sunrun

#114: Hayden Brown, Upwork

#118: Julie Wainwright, TheRealReal

#121: Suzanne Winter, Accuray Incorporated

#143: Jennifer Tejada, PagerDuty

#148: Anne Wojcicki, 23andMe

Other Women Executives in the SV150

Although progress toward more women CEOs in the SV150 has been glacial, women are gaining a foothold in the C-suite. The percentage of women CFOs and women executive officers in the SV150 represent a healthy portion of the total, albeit considerably less than half.

Women CFOs

Average No. of Women CFOs per Company



Average **18.8%** of Women CFOs Among Total CFOs Overall

By SV150 Ranking

Rank	%	Number
1-50	28.0	14
51-100	18.0	9
101-150	10.2	5

Women Executive Officers

Average No. of Women Executive Officers per Company



Average **19.5%** of Women Officers Among Total Executive Officers Overall

By SV150 Ranking

Rank	%	Number
1-50	21.9	71
51-100	20.6	55
101-150	16.9	44

DEFENSIVE MEASURES

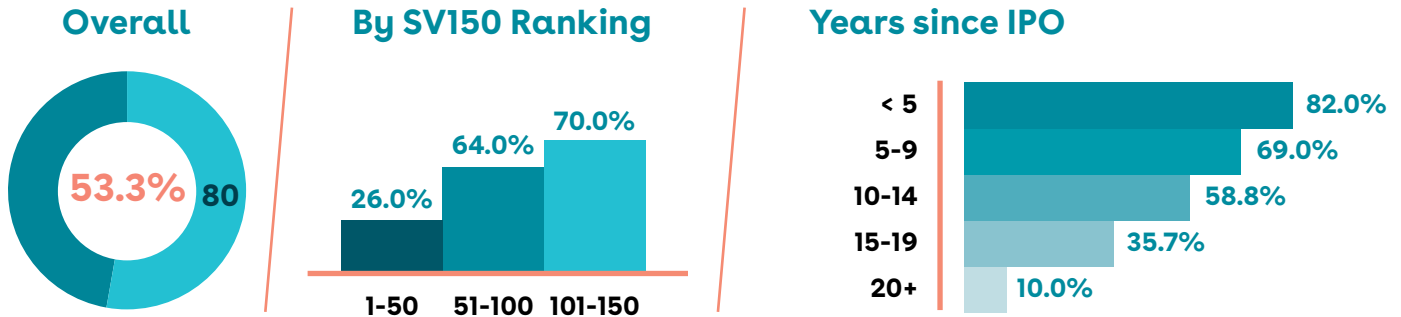


When going public, most companies adopt defensive measures to help prevent hostile takeovers. These measures tend to place power in the hands of the board as opposed to stockholders, so that the board can control negotiations with a potential acquirer. Stockholders, however, dislike that defensive measures take control away from them, and they work over time to weaken them. Accordingly, larger companies and those farther in time from IPO have fewer defensive measures. This section provides information about the defensive measures of the companies in the SV150, based on certificates of incorporation and bylaws. Controlled companies are included in this section, and the information below reflects the provisions that will be in place once any provisions with additional protections for the controlling stockholders fall away. For this section, we show results based both on SV150 ranking and years since IPO.



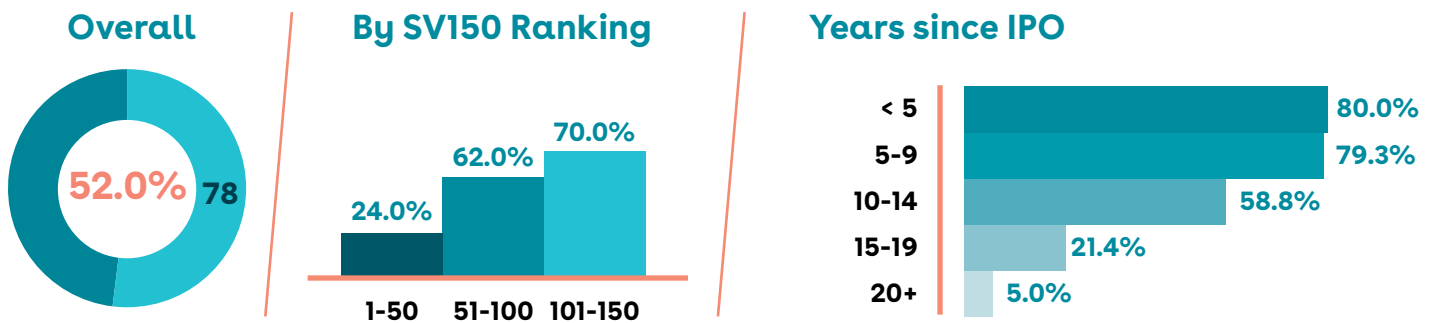
Classified Boards

Companies with a classified board stagger director elections over a three-year period, with approximately one-third of the directors subject to re-election each year.



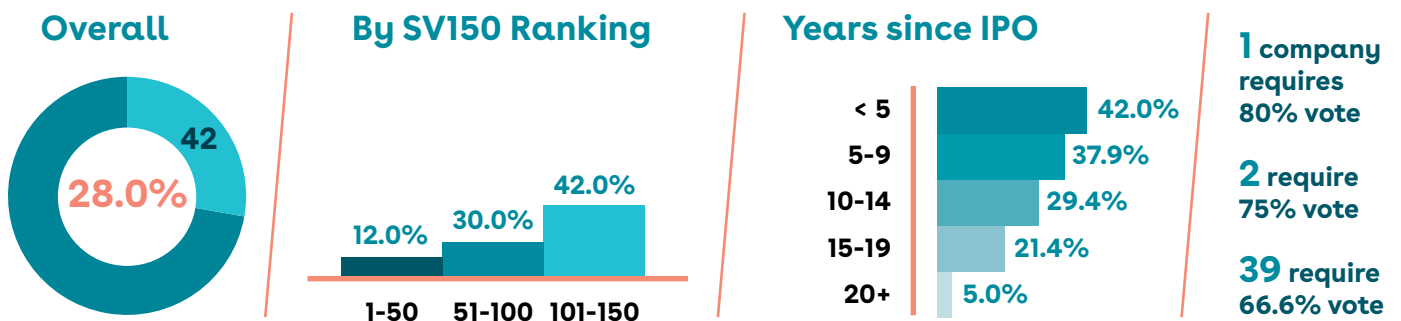
Director Removal for Cause Only

According to Delaware law, examples that constitute cause for removal of directors include: malfeasance in office, gross misconduct or neglect, false or fraudulent misrepresentation inducing the director's appointment, willful conversion of corporate funds, breach of the obligation of full disclosure, incompetency, gross inefficiency, or moral turpitude.



Supermajority Stockholder Vote Required to Remove Director

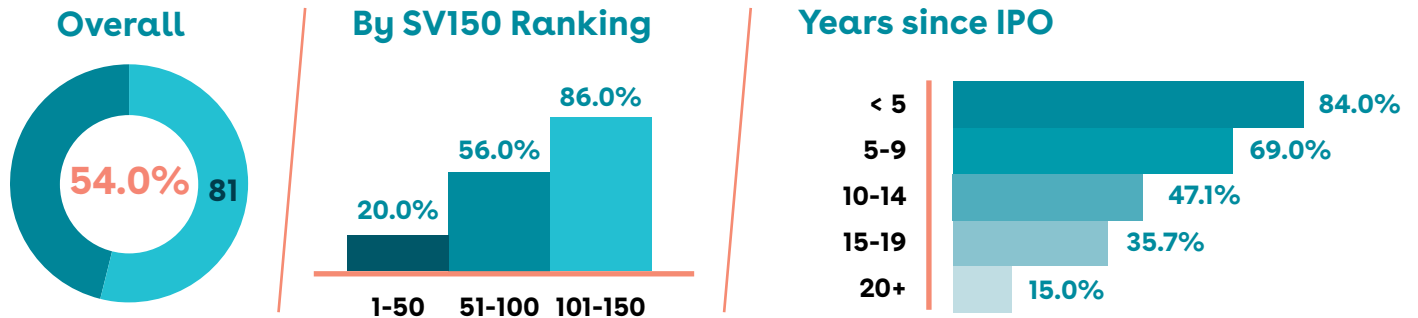
More than a simple majority of the company's outstanding stock is required to remove a director from office.



Board Elected by Majority or Plurality

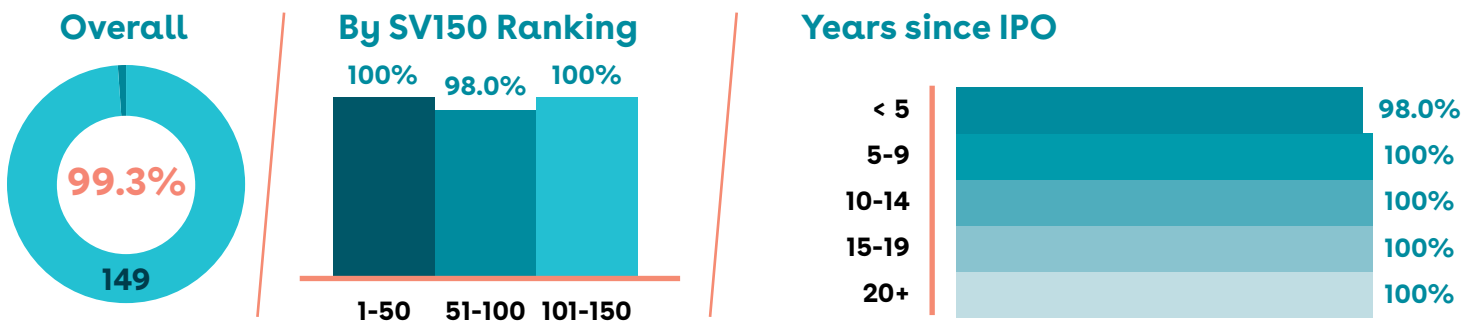
If the board is selected by a plurality of votes cast, the winners are the nominees who receive the most votes regardless of whether that is more than 50% of the votes cast. If the board is elected by a majority of the votes cast, a nominee must receive more than 50% of the votes cast in order to be elected.

For companies with a plurality standard



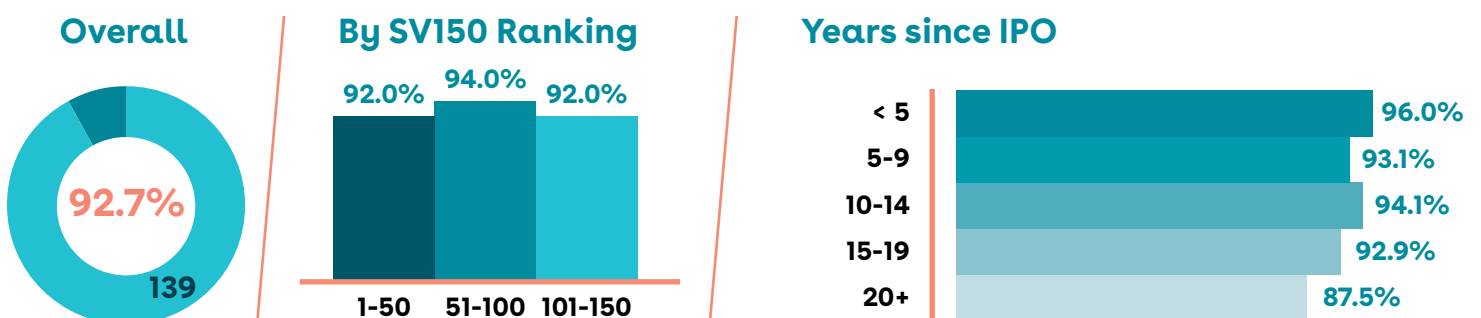
Board Authority to Change Number of Directors

The typical provision in a company's certificate of incorporation will provide the board of directors with the ability to increase or decrease the size of the board.



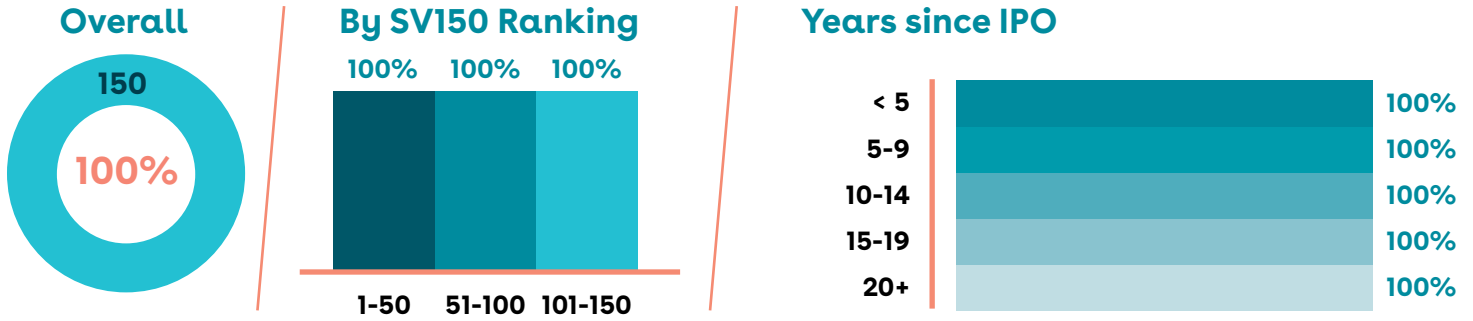
Board Authority to Fill Vacancies on the Board

The typical provision in a company's certificate of incorporation will provide the board of directors, even if less than a quorum, with the exclusive ability to fill vacancies on the board, including new director positions created through an increase in the authorized number of directors.



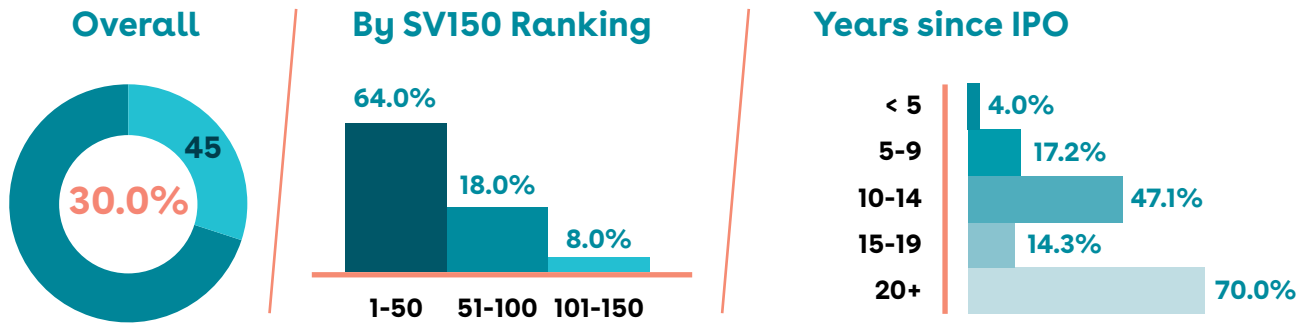
Advance Notice Bylaws

Advance notice bylaws set forth certain requirements that a stockholder must satisfy in order to bring a matter of business before a stockholder meeting or nominate a director for election.



Proxy Access Bylaw

A proxy access bylaw permits stockholders holding a certain percentage of stock for a certain number of years to nominate a certain percentage of directors in the company’s proxy materials without starting a formal proxy fight. The typical “3/3/20/20” approach means 3% of stock must be held for at least three years by up to 20 stockholders who can nominate up to 20% of the board.



of these

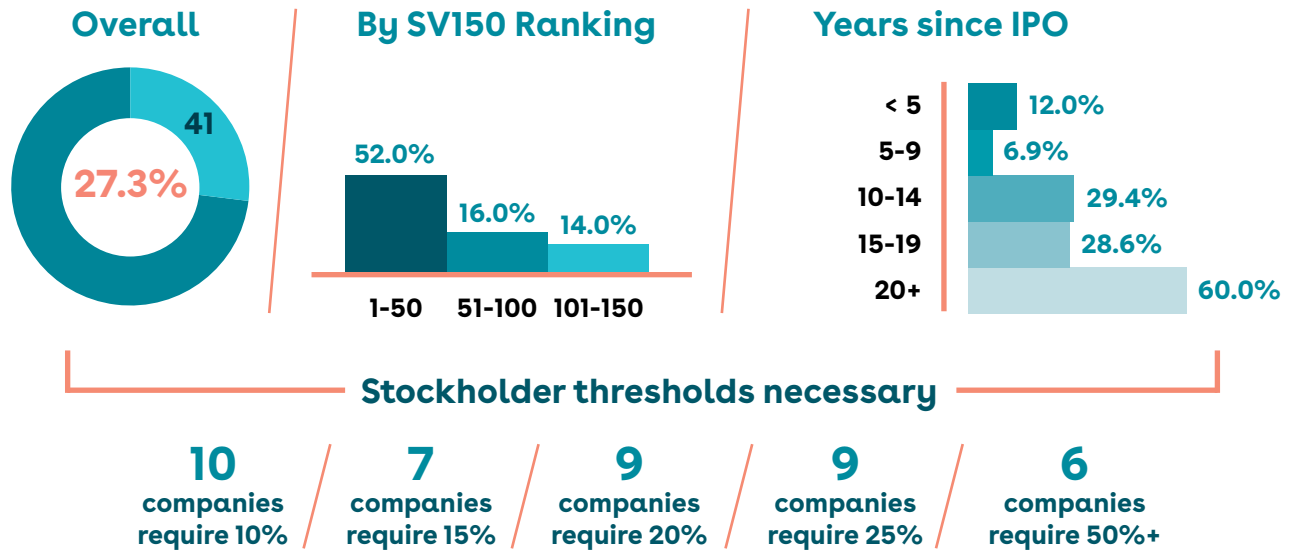
38
use 3/3/20/20
approach

3
use 3/3/20/25
approach

2
use 3/3/50/20
approach

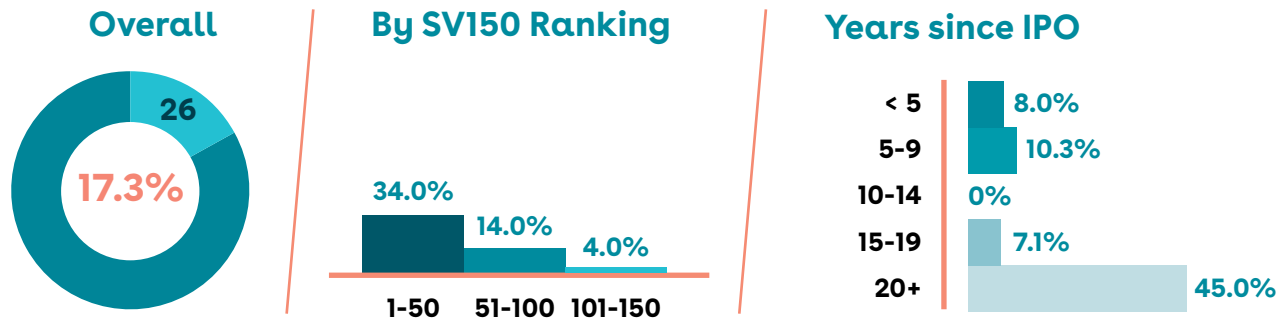
Stockholder Ability to Call Special Meeting

The typical provision in a company's bylaws provides that a special meeting may only be called by the chairperson of the board, the CEO, or the president (in the absence of a CEO), and prohibits stockholders from calling a special meeting. Below we show the companies whose stockholders can call a special meeting.



Stockholder Ability to Act by Written Consent

If companies do not permit stockholders to act by written consent, any action requiring stockholder approval must occur at a stockholder meeting. Below we show the companies whose stockholders can act by written consent.



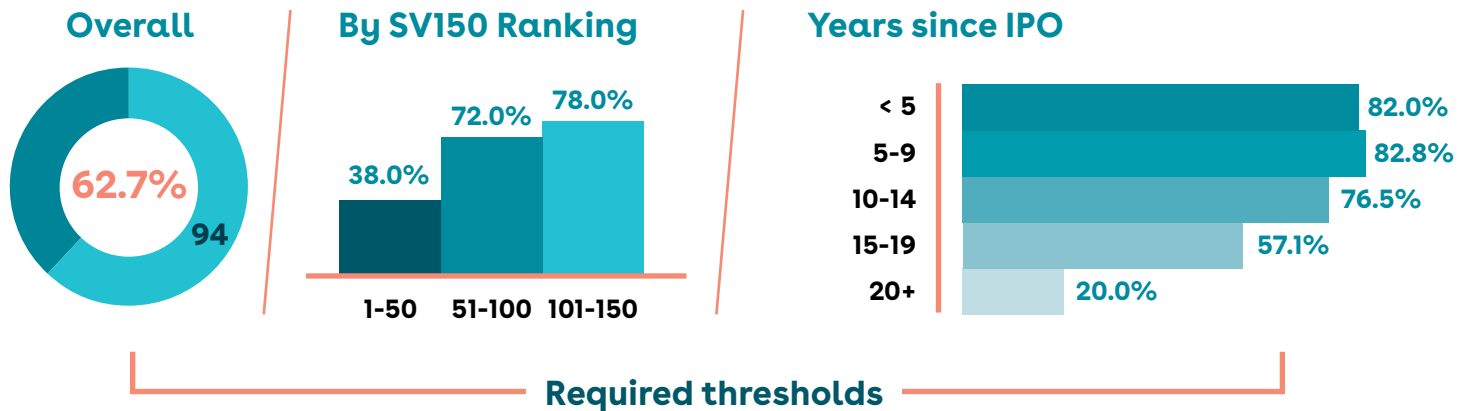
Shareholder Rights Plan (Poison Pill)

A shareholder rights plan, also known as a "poison pill," acts as a defensive measure against hostile takeovers by making a company's stock less attractive to an acquirer.

Only **1** company

Supermajority Stockholder Vote Required to Amend Certificate of Incorporation

More than a simple majority of the company's outstanding stock is required to amend this governing document.

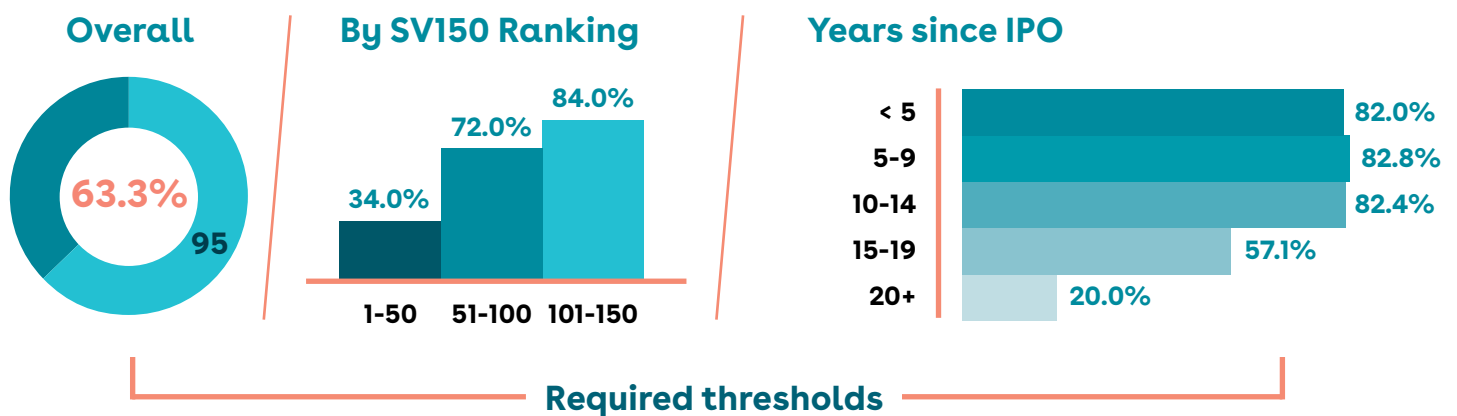


Required thresholds

- 82 companies require 66.7%
- 5 companies require 75%
- 4 companies require 80%
- 2 companies require 67%
- 1 company requires 66%

Supermajority Stockholder Vote Required to Amend Bylaws

More than a simple majority of the company's outstanding stock is required to amend this governing document.

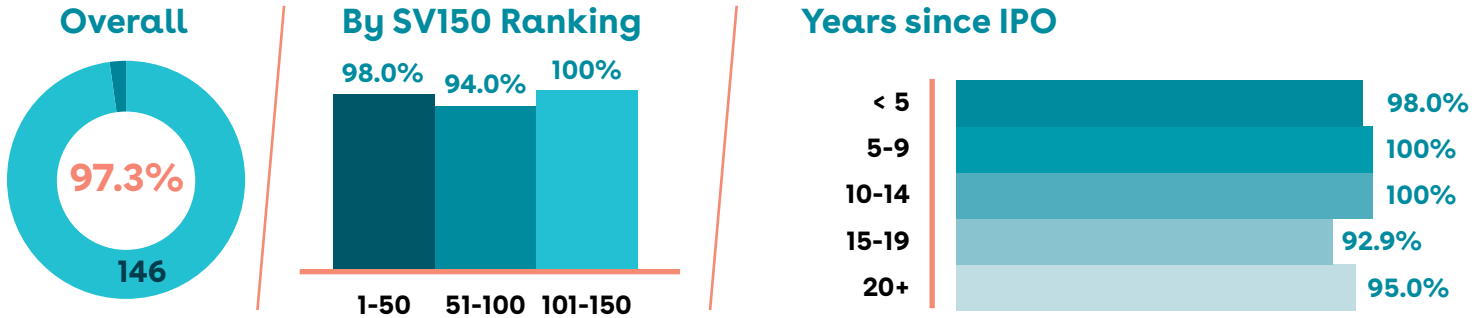


Required thresholds

- 4 companies require 80%
- 2 companies require 75%
- 88 companies require 66.7%
- 1 company requires 66%

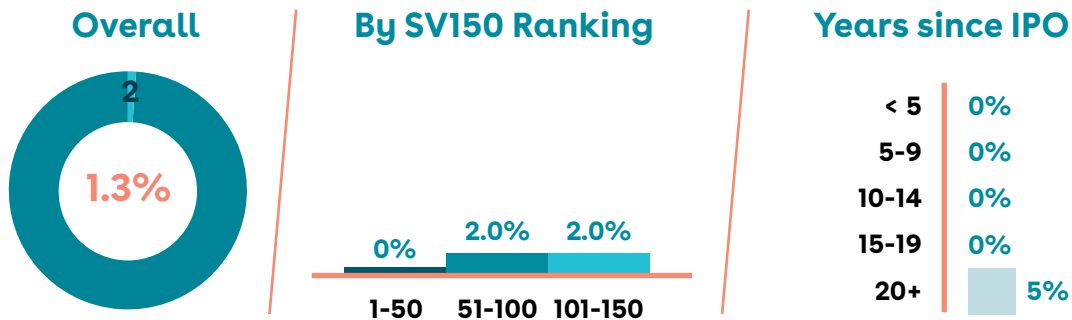
Blank Check Preferred

Blank check preferred allows the board of directors, without stockholder approval, to issue preferred stock with rights, preferences, and privileges it chooses. Blank check preferred can be used for a poison pill or for an investment by a strategic investor.



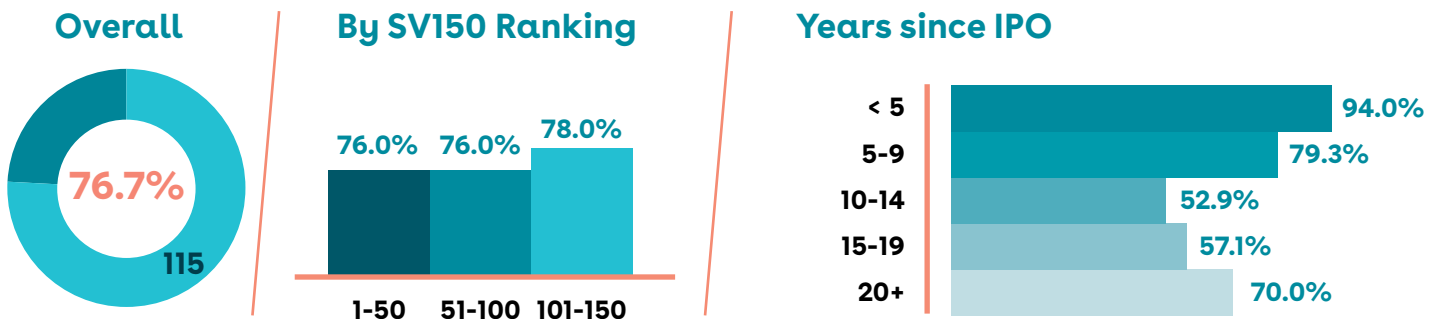
Cumulative Voting

Cumulative voting is a method of voting for a company’s directors. Each stockholder holds a number of votes equal to the number of shares owned by the stockholder, multiplied by the number of directors to be elected.

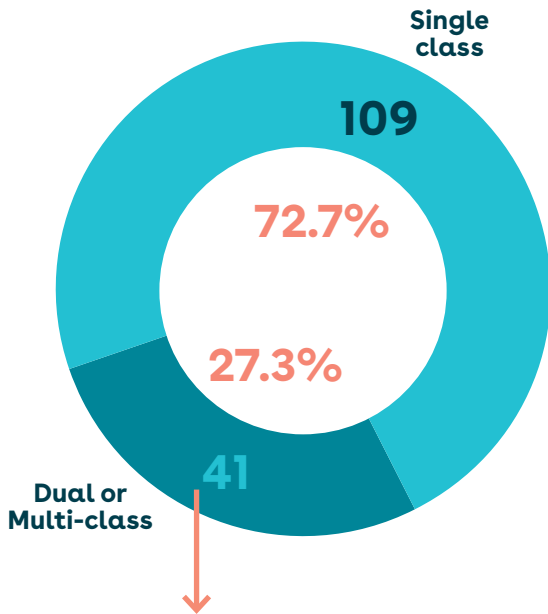


Exclusive Forum Provisions

Exclusive forum provisions require that certain types of litigation (i.e., derivative suits, claims of breach of fiduciary duty, claims under Delaware corporate law, or claims governed by the internal affairs doctrine) be brought solely and exclusively in the Court of Chancery of the State of Delaware (or another specified forum).



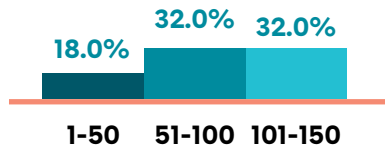
Classes of Common Stock



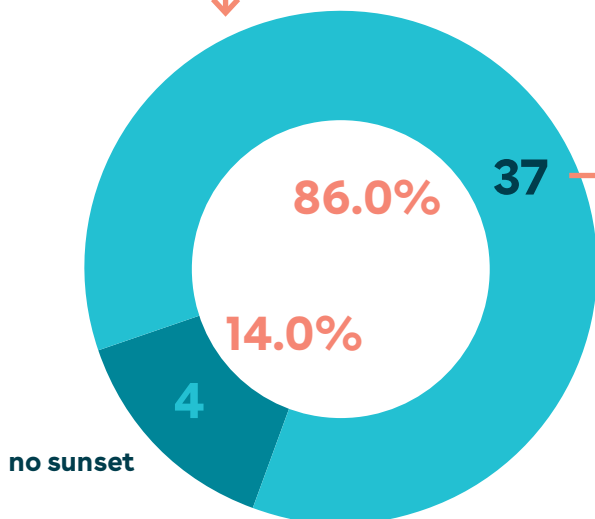
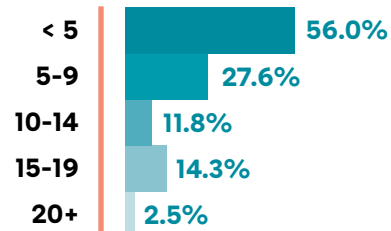
In companies with dual or multi-classes of common stock, shares held by the public carry one vote (or in some cases zero votes) per share while shares held by pre-IPO investors carry multiple votes per share, giving more voting control to founders, employees, and other pre-IPO investors. Many companies that implement a dual or multi-class structure include a sunset provision where the high-vote shares fall away upon the occurrence of a specified condition, such as the date on which all high-vote shares represent less than a certain percentage of all shares outstanding; after a specified time period; or upon the occurrence of a specific event, such as the death of a founder. The most common approach used by this year's SV150 companies is that all high-vote shares automatically convert to low-vote shares upon a specified event. A time-based fall away or a percentage threshold is often used in combination with an event so that the sunset occurs if any one of them is triggered.

of these

SV150 Ranking



Years since IPO



- 11** determined by event or time
- 11** determined by time, event, or percentage
- 11** determined by event or percentage
- 3** determined by event only
- 1** determined by time or percentage

PROXY STATEMENT DISCLOSURES



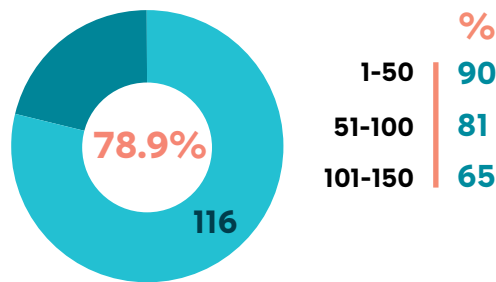
Each proxy statement includes disclosure required by SEC rules. Many companies, however, voluntarily include additional disclosure on a number of corporate governance topics important to institutional stockholders and others. We examined proxy statements of the SV150 to determine how prevalent such voluntary disclosure is becoming. We also looked at whether companies are including summaries at the beginning of the proxy statement to emphasize important matters included elsewhere in the proxy statement. We found that each of these items continue to be more typically provided by the top 50 companies in the SV150, but are also being included by the bottom 100 companies in greater numbers this year as well. We also looked at whether companies hold their annual meetings at a physical location, virtually, or both. What started in 2020 following the onset of the COVID-19 pandemic has continued in 2022, with an overwhelming majority of companies continuing to hold virtual annual meetings in 2022. Since this is the first year that Nasdaq companies have been required to publish a board diversity matrix, we looked at where Nasdaq companies included this matrix and found that most included it in their proxy statement rather than on their website. We also found that most NYSE companies included some information on board diversity, but stopped short of including the Nasdaq-required matrix.



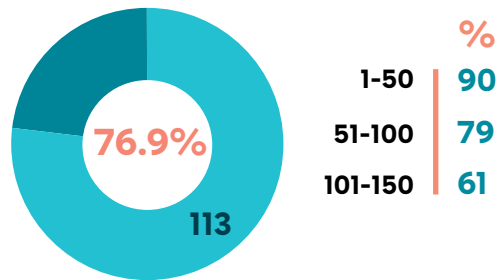
Voluntary Disclosure

Companies are increasingly including ESG or CSR disclosures in their proxy statements and/or on dedicated ESG/CSR websites or in ESG/CSR reports. This increased disclosure is consistent with an increase in discussing oversight of these matters by board committees, as referenced earlier in this report.

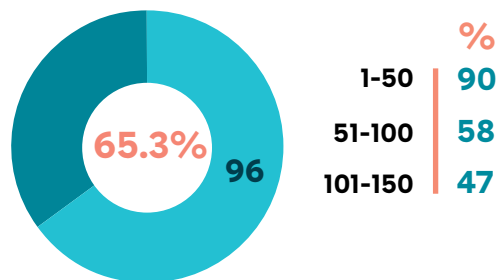
ESG/CSR Disclosure in Proxy



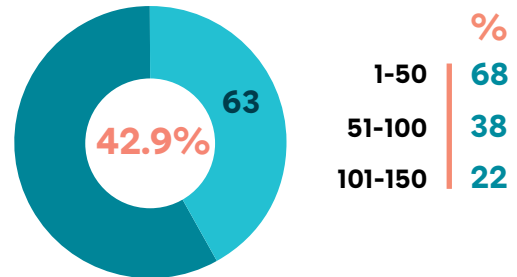
ESG/CSR Website



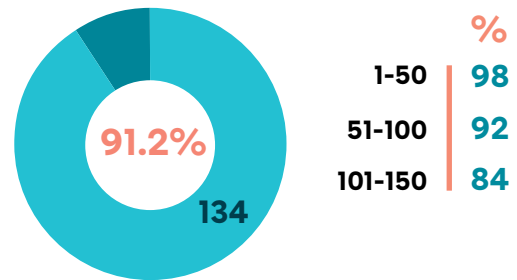
ESG/CSR Report on Website



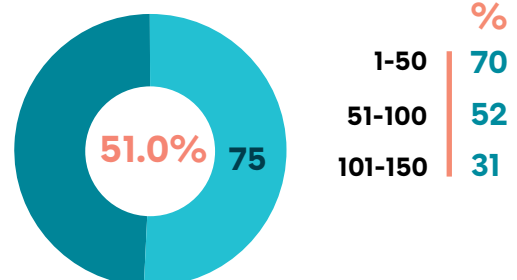
Director Skills Matrix



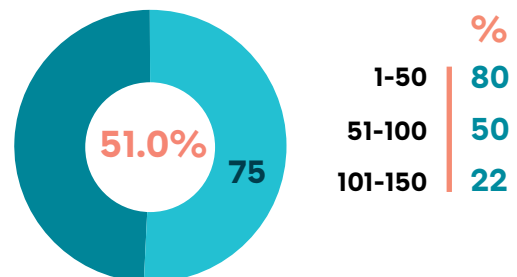
Board Diversity Disclosure



Director Photos

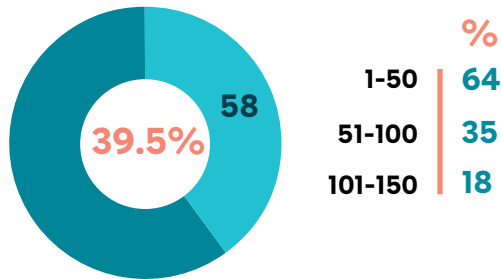


Shareholder Engagement Disclosure

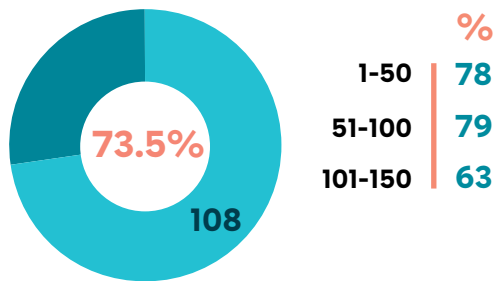


Voluntary Disclosure *continued*

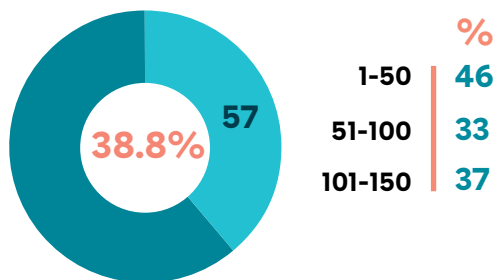
Board Evaluation Process Disclosure



Both Board and Committee Evaluated

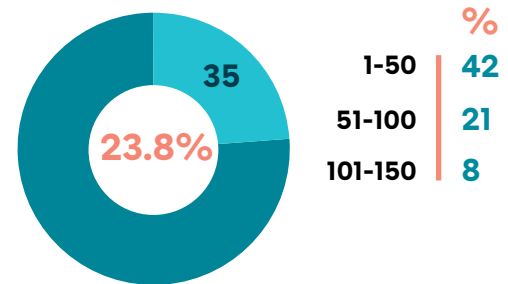


Peers/Individual Directors Evaluated

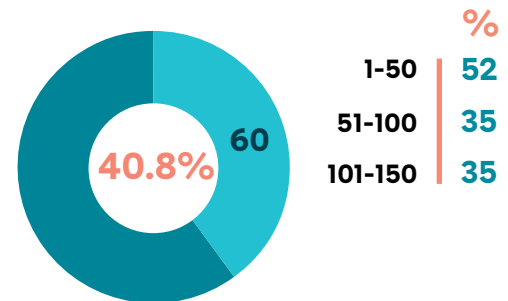


Our research continued to show that board and committee evaluations are typically conducted by board chairs, lead independent directors, governance committee chairs, outside counsel, or governance consultants. Interviews, questionnaires, and group discussions are the most typical evaluation methods.

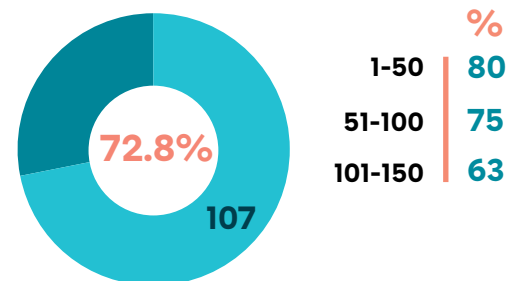
Officer Succession Plan Disclosure



Cybersecurity Disclosure



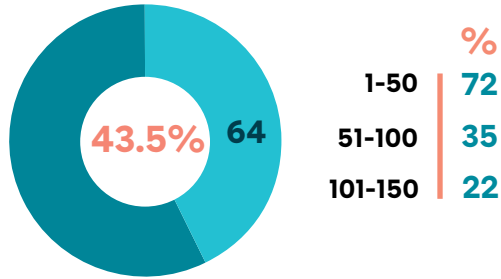
Human Capital Management Disclosure



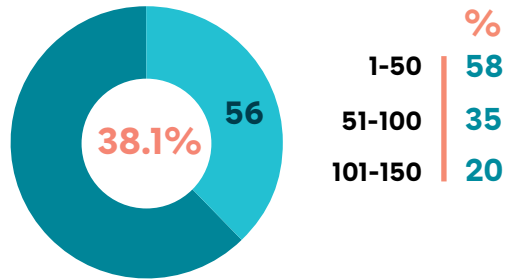
The biggest jump in voluntary disclosure this year by far came in human capital management disclosures, which more than doubled in frequency throughout the SV150.

Proxy Statement Summaries

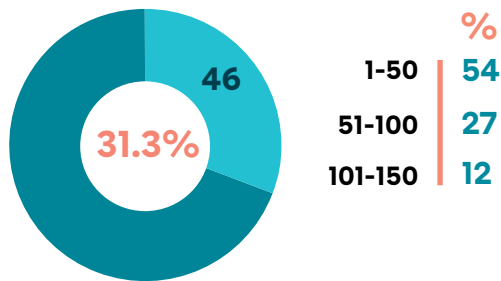
Proxy Statement/Annual Meeting Summary



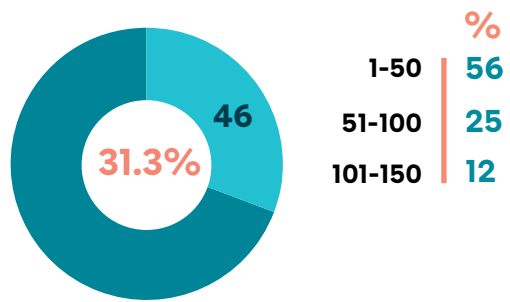
Corporate Governance Summary



Company Financial Performance Summary

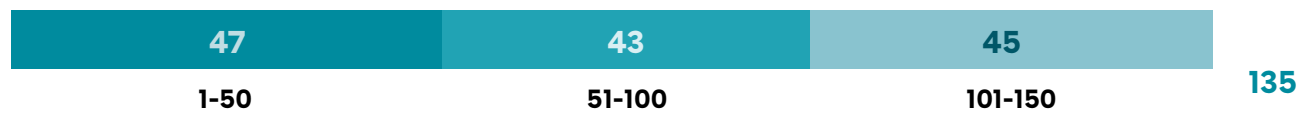


Executive Compensation Summary



Type of Annual Meetings*

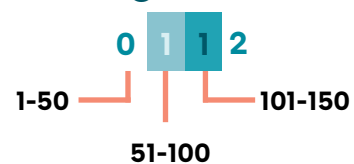
Virtual



Physical



Hybrid

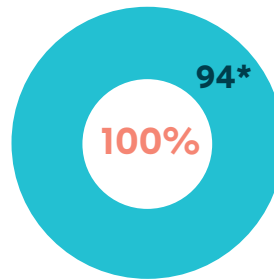


* Does not include companies that were acquired before holding an annual meeting in 2022 and are no longer public.

Nasdaq Board Diversity Matrix

Companies listed on Nasdaq were required to comply with the requirement for a Board Diversity Matrix by the later of August 8, 2022, or the date the company files its proxy statement or information statement for its 2022 annual meeting of shareholders. Although companies were given the option to include this matrix on their website, the vast majority of SV150 companies that are listed on Nasdaq chose to include the diversity matrix in their proxy statements. Although the New York Stock Exchange does not have a similar requirement, some NYSE-listed companies in the SV150 voluntarily included the diversity matrix or other statistics on board diversity in their proxy statements.

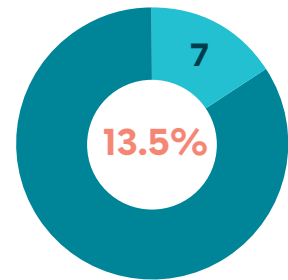
Nasdaq Companies That Provided Board Diversity Matrix



	%
1-50	100
51-100	100
101-150	100

*Does not include companies no longer public at time of Nasdaq deadline for including matrix.

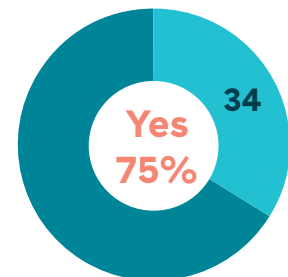
NYSE Companies That Provided Board Diversity Matrix




Choice of Where to Include Diversity Matrix

	%
Proxy	91.1
Website	8.9


If NYSE company did not include Nasdaq diversity chart in the proxy statement, is there diversity disclosure in the proxy statement?



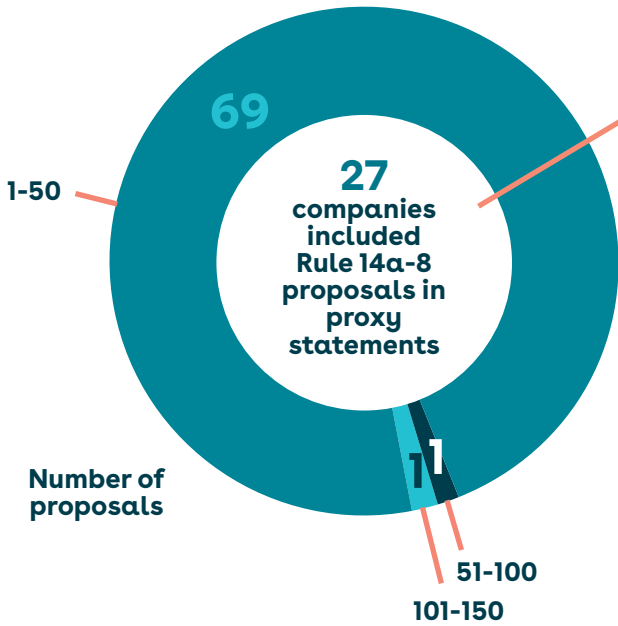
STOCKHOLDER PROPOSALS



Exchange Act Rule 14a-8 permits stockholders to propose a non-binding resolution that is included in the company's proxy statement and voted upon at the annual meeting. These proposals are typically intended to urge companies to improve different aspects of their corporate governance. While non-binding, boards of directors of companies that ignore a Rule 14a-8 proposal that receives majority voting support do so at their peril, as they will likely be the subject of a "vote no" campaign the following year. Rule 14a-8 proposals are more prevalent in the largest of the SV150, but only approximately 14% of such proposals at SV150 companies received majority vote support in 2022.



Stockholder Proposals



Companies with most proposals included in proxy statement:

- Alphabet
17
- Meta
12
- Apple
6
- Gilead Sciences
5
- Twitter
5

4 companies included 2 proposals; 18 companies included 1 proposal.

Proposal Frequency

10
Special meeting rights

8
Human rights proposals

7
Lobbying

6
Employee rights and safety issues

5
Racial equity audits

4
Independent board chair

3
Eliminate dual class voting
Other social issues
Other corporate governance issues

2
Eliminate supermajority voting requirements
Employee representative on board
Pay disparity
Other board-related issues
Other environmental issues

1
Stockholder ability to act by written consent
Converting to PBC
Severance agreements
Diversity on board
Establishing an environmental committee
Political contributions
Climate lobbying
Climate change
Charitable contributions
Director qualifications
Declassifying board
Platform issues

Of the 70 stockholder proposals voted upon, only 10 were approved by stockholders.

3
Employee rights and safety

2
For a simple majority vote/no supermajority requirement

2
Special meetings rights for shareholders

1
Racial audit

1
Lobbying

1
Political contributions

Companies where stockholder proposal was approved:

- Apple
- Agilent Technologies
- Netflix
- Fortinet
- Sunrun
- Twitter
- Gilead Sciences

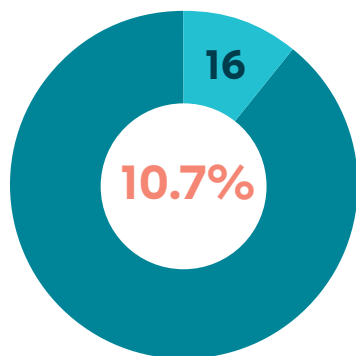
ACTIVISM



Stockholder proposals are not the only way in which stockholders can attempt to shape company governance. Increasingly, some activist investors have put pressure on companies to improve their corporate governance through means other than a Rule 14a-8 proposal or a non-exempt solicitation commenting on a Rule 14a-8 proposal. This may involve simply buying up a significant number of shares in the company (sometimes less than the requirement for SEC reporting on Form 13D or Form 13G) and requesting a meeting with the company to discuss alternatives. Although negotiations relating to this type of activism can occur completely behind the scenes, some evidence of it may appear in a company's SEC filings if a formal agreement is reached with the investor. Most commonly, any settlement agreement includes the investor agreeing to a standstill which prohibits the investor from acquiring additional shares, agitating publicly for changes, or nominating directors. In exchange, the company usually agrees to appoint a director of the investor's choosing or make other corporate governance changes. We reviewed the SEC filings of the SV150 in 2022 for evidence of this kind of activism and found it in approximately 11% of companies. The form of activism and the company's response, if any, varied from company to company, with the appointment of a director being the most frequent outcome.

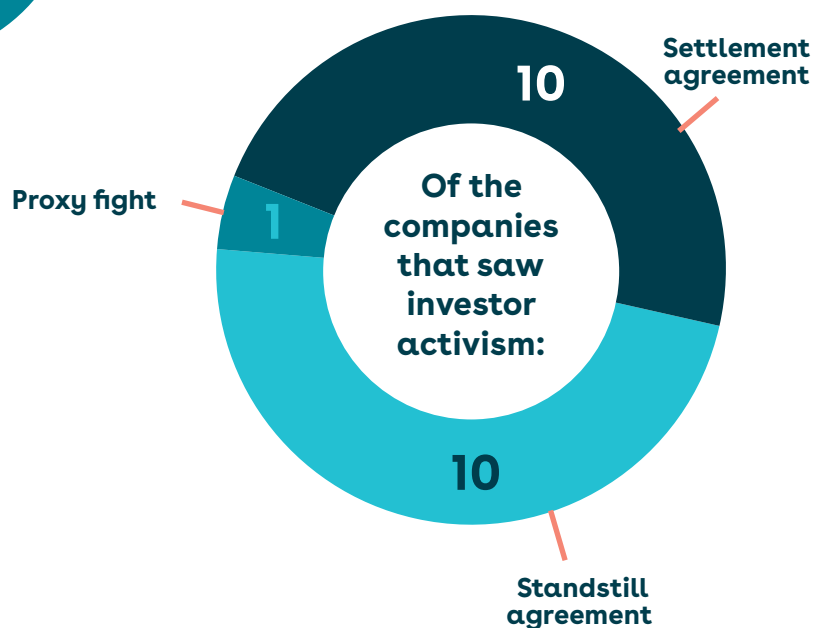


Activism in SV 150



Number

1-50	2
51-100	6
101-150	8



Action Taken

6
Appoint one director

2
Dialogue with management

1
Appoint two directors/
resignations

1
Appoint director and corporate governance changes

1
Governance changes only

1
Strategic review

1
Activist files lawsuit

1
Entrance into merger agreement to be acquired

1
Activist nominated director (by letter, not proxy fight)

1
No further action by activist or response from company

EXECUTIVE COMPENSATION

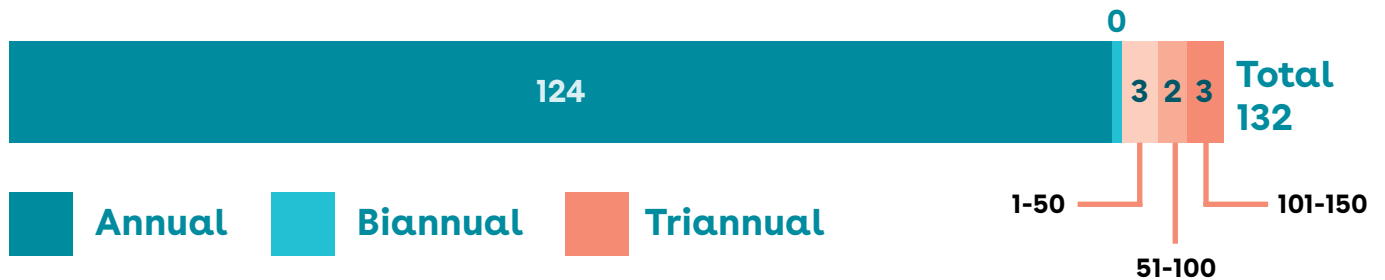


For decades, companies have been required to include executive compensation information in proxy statements, but the amount and type of such information has increased, particularly in the last 15 years. In addition, since 2011, public companies have been required to hold non-binding “say-on-pay” votes, in which stockholders provide an advisory vote on whether they approve the executive compensation of the CEO, CFO, and the other most highly compensated executive officers at the company. More recently, companies have been required to provide pay-ratio disclosure, showing how the CEO’s compensation compares to the compensation of the median employee at the company. We looked at the frequency and approval rates of “say-on-pay” votes, CEO pay-ratio disclosure, prevalence of certain executive compensation perks, and clawback policies whereby the compensation of certain employees may be recouped in certain circumstances.



Say-on-Pay

132 companies have chosen a "say-on-pay" frequency.

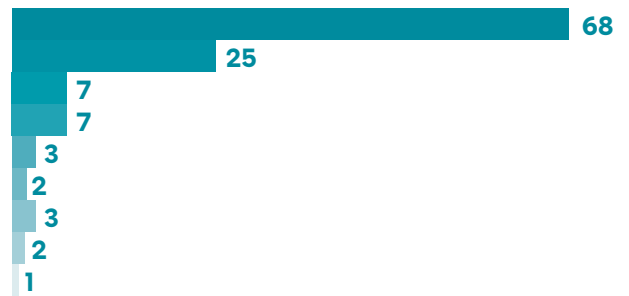


118 companies held a say-on-pay vote in 2022.

Approval Rate

- Greater than 90%
- > 80%
- > 70%
- > 60%
- > 50%
- > 40%
- > 30%
- > 20%
- > 10%

Number of Companies



CEO Pay Ratio

124 companies have disclosed CEO pay ratio.



Executive Compensation Perks

These types of perks were found primarily in the top 50 of the SV150, among well-established and relatively young public companies alike, with the cost of personal security being the most common perk.

Use of Aircraft

CEO  19

CFO  3

Other NEOs  9

All NEOs  2

Personal Security

CEO  27

CFO  7

Other NEOs  9

All NEOs  2

Personal Driver

CEO  12

CFO  2

Other NEOs  6

All NEOs  2

Clawbacks

Triggers



The JOBS Act of 2010 directed the SEC to approve rules requiring public companies to adopt clawback policies. These policies would require the companies to recoup certain incentive compensation previously paid to executive officers in the event of financial statement restatement or modification or fraud or misconduct. While the SEC proposed rules in July 2015, final rules were not adopted until October 2022 and will not require compliance until after the stock exchanges adopt listing standards, likely in 2023. Over 100 companies across all SV150 rankings and years since IPO, however, have voluntarily adopted clawback policies before the final rules were adopted. Over 20 companies have also adopted “detrimental conduct” clawback policies, which require compensation to be recouped in the event of violations of contract, law, company policy, or other specified conduct detrimental to the company. Since almost none of the current clawback policies complied with the SEC rule at the time of its adoption, companies will be revising their clawback policies, in some cases significantly, to bring them into compliance.

Financial restatement



Fraud or misconduct 69

No fraud or misconduct 27

No financial restatement



Fraud or misconduct 8

Materially inaccurate financial misstatements 0

Compliant with SEC rule 1

Other fraud or misconduct 2

Covered Persons



NEOs only 8

All EOs 76

Senior employees 8

All officers 1

All employees 8

Not disclosed 5

Comp Recouped



Cash 6

Equity 9

Both 72

Not specified 17

Enforcement



Discretion 98

Mandatory 3

Both 1

Not specified 1

Clawbacks *continued*

Detrimental Conduct (some companies have multiple triggers)

Violations of contracts or restrictive covenants



Violation of law



Violation of company policy



Acts resulting in reputational/financial/other harm to company



Failure of risk management

0

Failure to supervise



General fraud or misconduct



Termination for cause or misconduct



Other



Found primarily in the top 50 of the SV150, among well-established and newly public companies alike.

CONCLUSIONS

Corporate governance structuring and proxy statement disclosure are certainly not one-size-fits-all endeavors. We hope, however, that this glimpse by the numbers into the corporate governance and annual meeting matters of the SV150 is useful as companies benchmark their own practices with those of the most prominent technology and life sciences companies in the world.

We noted the following key conclusions from our survey of SV150 corporate governance:

- Following the practice started during the COVID-19 pandemic, almost 92% of the SV150 opted to hold a virtual meeting in 2022 rather than a physical one.
- ESG/CSR disclosure in the proxy statement and on websites continued to remain strong throughout the SV150, with more than 85% of the top 100 companies having such disclosure in their proxies and almost 85% of the top 100 companies having such disclosure on their website.
- Most companies discussed ESG/CSR and cybersecurity committee responsibility in their proxy statements (74.3% and 86.5%, respectively). In most companies, ESG/CSR was handled by the nominating/corporate governance committee (73.8%) and cybersecurity by the audit committee (79.9%). The number of standalone cybersecurity/privacy committees doubled to 10.
- Human capital disclosure exploded this year, with 72.8% of companies including such disclosure in their proxy statement. Most of the companies chose a qualitative discussion rather than providing specific numbers. A smaller, though still significant, number of companies (52%) gave their compensation committee a mandate in the charter or proxy statement to oversee human capital matters.
- Voluntary proxy statement disclosures in general and proxy summaries also continued to remain prevalent throughout the SV150, depending on the type of disclosure, although it continued to be the case that these are much more likely to be implemented by top 50 companies—and shareholder proposals are almost always directed to top 50 companies.
- Almost all Nasdaq companies (approximately 91%) included the new board diversity matrix in their proxy statements rather than on their websites. Adoption of the Nasdaq board diversity matrix was not common among NYSE companies, although seven included it.
- The SV150 is still fairly diversified in years since IPO, but the top 50 companies have substantially greater annual sales, market cap, and profitability than the other 100 companies.
- The top 50 companies, on average, have up to 1.5 more directors. In addition, directors at the top 50 companies have longer tenure, are older, and are more likely to be subject to mandatory retirement policies. Female directors, however, are more common throughout the SV150.
- Companies more than 20 years from their IPO are significantly more likely to have an independent chair than any other demographic factor.
- The number of women executive officers (almost 20%) is considerably higher than women CEOs (6%).
- The top 50 companies are much more likely to have a non-classified board, majority voting, proxy access, and ability for stockholders to call a special meeting or act by written consent. Years since IPO also plays a role in these decisions.
- Activism affected over 10% of SV150 companies in 2022 and was more prevalent the lower the company's annual sales. Only one activism campaign resulted in a proxy fight, with most resulting in at least one director being added to the board in a settlement with the activist stockholder.
- Almost 94% of SV 150 companies that have chosen say-on-pay frequency have adopted annual say-on-pay votes, and of the companies that took a say-on-pay vote in 2022, almost 58% received greater than 90% stockholder approval.
- Executive compensation perks are primarily found in top 50 companies, regardless of time since IPO.
- Clawback policies are in place throughout the SV150, regardless of years since IPO, but almost none of the current clawback policies comply with the new SEC rules approved in October 2022.

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