

**WILSON
SONSINI**

**2019 Silicon
Valley 150
Corporate
Governance
Report**

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INTRODUCTION



Wilson Sonsini Goodrich & Rosati is pleased to introduce the 2019 Silicon Valley 150 Corporate Governance Report, which analyzes the governance of the Valley's largest public companies and reviews various matters regarding annual meetings held between January 1 and December 31, 2019.

The 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/2018-lonergan-silicon-valley-150-list>.

The report includes information regarding the boards of directors and officers of the SV150, their defensive measures, corporate governance disclosure in their proxy statements, stockholder proposals, and executive compensation matters.

We would like to thank the team that conducted the research and provided editorial input for this report, including partners Richard Blake (rblake@wsgr.com, who oversaw the report), David Thomas, and Lauren Lichtblau and associates Mike Moesel, Eric Abram, Jason Chan, Annie Kim, Zach Lenox, and Mary O'Brien. 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 Jose Macias (jmacias@wsgr.com), Lisa Stimmell (lstimzell@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 in July of 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, biotech, and pharmaceutical companies in the world. Some have been public for many decades; others completed their IPOs only months ago. 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 in the SV150, it provides a very useful sample set for examining corporate governance matters for technology and biotech 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	2018 Sales (\$millions)	Headquarters Location	
1	Apple Inc.	1980	Consumer electronics	\$261,612	Cupertino
2	Alphabet Holding Co., Inc.	2004	Web search, advertising	\$136,819	Mountain View
3	Intel Corporation	1971	Semiconductors	\$70,848	Santa Clara
4	HP Inc.	1957	Imaging, printing, computing devices	\$58,665	Palo Alto
5	Facebook, Inc.	2012	Social networking website	\$55,838	Menlo Park
6	Cisco Systems, Inc.	1990	IT networking services	\$50,825	San Jose
7	Oracle Corp.	1986	IT services, equipment	\$39,778	Redwood City
8	Hewlett Packard Enterprise Co.	2015	IT services, equipment	\$30,731	Palo Alto
9	Gilead Sciences, Inc.	1992	Therapeutic viral medicines	\$22,127	San Mateo
10	Tesla, Inc.	2010	Electric vehicles, battery powertrains	\$21,461	Palo Alto
11	SYNNEX Corp.	2003	IT supply chain services	\$20,054	Fremont
12	Western Digital Corp.	1978	Semiconductors	\$19,391	San Jose
13	Applied Materials, Inc.	1972	Chip-making equipment	\$16,802	Santa Clara
14	Netflix, Inc.	2002	Entertainment distributor	\$15,794	Los Gatos
15	PayPal Holdings, Inc.	2015	Digital payment platform	\$15,451	San Jose
16	salesforce.com, inc.	2004	CRM software	\$13,282	San Francisco
17	NVIDIA Corp.	1999	Graphics processors	\$11,716	Santa Clara
18	Uber Technologies, Inc.	2019	Transportation network company	\$11,270	San Francisco
19	Lam Research Corp.	1984	Chip-making equipment	\$10,872	Fremont
20	eBay Inc.	1998	Online marketplace	\$10,746	San Jose
21	Adobe Inc.	1986	Publishing software	\$9,030	San Jose
22	VMware, Inc.	2007	Virtualization software	\$8,974	Palo Alto
23	Sanmina Corp.	1993	IT manufacturing services	\$7,553	San Jose
24	Advanced Micro Devices, Inc.	1972	Semiconductors	\$6,475	Sunnyvale
25	Intuit Inc.	1993	Financial software	\$6,431	Mountain View
26	NetApp, Inc.	1995	IT storage, management	\$6,195	Sunnyvale
27	Electronic Arts Inc.	1989	Entertainment software	\$5,294	Redwood City
28	Equinix, Inc.	2000	IT data centers	\$5,072	Redwood City
29	Agilent Technologies, Inc.	1999	Electronic measurement tools	\$4,987	Santa Clara
30	Symantec (NortonLifeLock Inc.)	1989	Computer security	\$4,752	Mountain View
31	Juniper Networks, Inc.	1999	Networking tools	\$4,648	Sunnyvale
32	KLA Corp.	1980	Chip-making equipment	\$4,304	Milpitas
33	Intuitive Surgical, Inc.	2000	Robotic surgical systems	\$3,724	Sunnyvale
34	Square, Inc.	2015	Mobile payment solutions	\$3,298	San Francisco
35	Synopsys, Inc.	1992	Chip-design software	\$3,172	Mountain View
36	Trimble Inc.	1990	Global-positioning tools	\$3,108	Sunnyvale
37	Twitter, Inc.	2013	Multimedia messaging	\$3,042	San Francisco
38	Varian Medical Systems, Inc.	1999	Cancer-fighting equipment	\$2,982	Palo Alto
39	Xilinx, Inc.	1990	Semiconductors	\$2,904	San Jose
40	Marvell Technology Group Ltd.	2000	Semiconductors	\$2,866	Santa Clara
41	Workday, Inc.	2012	Enterprise software	\$2,822	Pleasanton
42	ServiceNow, Inc.	2012	IT management software	\$2,609	Santa Clara
43	Palo Alto Networks, Inc.	2012	Network security	\$2,592	Santa Clara
44	Autodesk, Inc.	1985	Design software	\$2,570	San Rafael
45	Maxim Integrated Products, Inc.	1988	Semiconductors	\$2,497	San Jose
46	Cypress Semiconductor Corp.	1986	Semiconductors	\$2,484	San Jose
47	Bio-Rad Laboratories, Inc.	1980	Life science research tools	\$2,289	Hercules
48	Lyft, Inc.	2019	Transportation network company	\$2,157	San Francisco
49	Arista Networks, Inc.	2014	Cloud networking equipment	\$2,151	Santa Clara
50	Cadence Design Systems, Inc.	1988	Chip-design software	\$2,138	San Jose

SOURCE: LONERGAN SV150

The Rankings (51-100)

SV150 Rank	IPO Year	Business Description	2018 Sales (\$millions)	Headquarters Location	
51	Align Technology, Inc.	2001	Orthodontic devices	\$1,966	San Jose
52	Shutterfly, Inc	2006	Photo-based community	\$1,962	Redwood City
53	Coherent, Inc.	1978	Laser-based photonics	\$1,808	Santa Clara
54	Splunk Inc.	2012	Web data analysis software	\$1,803	San Francisco
55	Fortinet, Inc.	2009	Network security devices, software	\$1,801	Sunnyvale
56	SunPower Corp.	2005	Solar energy products	\$1,726	San Jose
57	Synaptics	2002	Touch-based information tech.	\$1,627	San Jose
58	Fitbit, Inc.	2015	Wearable wireless fitness devices	\$1,512	San Francisco
59	Plantronics, Inc.	1994	Telecommunication and audio devices	\$1,422	Santa Cruz
60	Dropbox, Inc.	2018	Web-based content sharing platform	\$1,392	San Francisco
61	Stitch Fix, Inc.	2017	Personalized online retail service	\$1,371	San Francisco
62	Pure Storage, Inc.	2015	Data storage solutions	\$1,360	Mountain View
63	Lumentum Holdings Inc.	2015	Optical and photonic products	\$1,328	Milpitas
64	Finisar Corp.	1999	Fiber optic, network test systems	\$1,280	Sunnyvale
65	Nutanix, Inc.	2016	Cloud platform infrastructure	\$1,242	San Jose
66	Nektar Therapeutics	1994	Biopharmaceuticals	\$1,193	San Francisco
67	Dolby Laboratories, Inc.	2005	Audio processing technology	\$1,187	San Francisco
68	GoPro, Inc.	2014	Wearable, gear-mountable cameras	\$1,148	San Mateo
69	Ubiquiti Inc.	2011	Wireless networking products	\$1,110	San Jose
70	Ultra Clean Holdings, Inc.	2004	Chip-making equipment	\$1,097	Hayward
71	Mellanox Technologies, Ltd.	2007	Semiconductors	\$1,089	Sunnyvale
72	Fair Isaac Corp.	1987	Enterprise analytics software	\$1,059	San Jose
73	NETGEAR, Inc.	2003	Home, small business networking	\$1,059	San Jose
74	Viavi Solutions Inc.	1993	Optical telecommunications	\$1,059	Milpitas
75	Extreme Networks, Inc.	1999	LAN switching tools	\$1,033	San Jose
76	EFI Electronics Corp.	1992	Networked computer printing	\$1,015	Fremont
77	Infinera Corp.	2007	Optical telecom equipment	\$943	Sunnyvale
78	Yelp Inc.	2012	User review network	\$943	San Francisco
79	Zynga Inc.	2011	Social gaming	\$907	San Francisco
80	Veeva Systems Inc.	2013	Cloud-based business software	\$862	Pleasanton
81	Exelixis, Inc.	2000	Small-molecule cancer treatments	\$854	So. San Francisco
82	FireEye, Inc.	2013	Network security	\$831	Milpitas
83	ICHOR Holdings, Ltd.	2016	Semiconductors	\$824	Fremont
84	Omniceil, Inc.	2001	Medication management technology	\$787	Mountain View
85	Sunrun Inc.	2015	Solar energy products	\$760	San Francisco
86	Pinterest, Inc.	2019	Social photo sharing platform	\$756	San Francisco
87	Roku, Inc.	2017	Entertainment streaming	\$743	Los Gatos
88	Guidewire Software, Inc.	2012	Insurance industry software	\$738	San Mateo
89	Proofpoint, Inc.	2012	Data protection software	\$717	Sunnyvale
90	DocuSign, Inc.	2018	Electronic verification software	\$701	San Francisco
91	TiVo Corp.	1997	Entertainment delivery tools	\$696	San Jose
92	RingCentral, Inc.	2013	IP-based telephony	\$674	Belmont
93	Pivotal Software, Inc.	2018	High-performance computing software	\$657	San Francisco
94	Twilio Inc.	2016	Internet infrastructure solutions	\$650	San Francisco
95	LendingClub Corp.	2014	Internet-based lending facilitation	\$650	San Francisco
96	Box, Inc.	2015	Content-sharing platform	\$608	Redwood City
97	Zendesk, Inc.	2014	Web-based help desk software	\$599	San Francisco
98	Natus Medical, Inc.	2001	Devices to treat newborn disorders	\$531	Pleasanton
99	FormFactor, Inc.	2003	Chip-making equipment	\$530	Livermore
100	Cloudera, Inc.	2017	AI-based analytics platform	\$480	Palo Alto

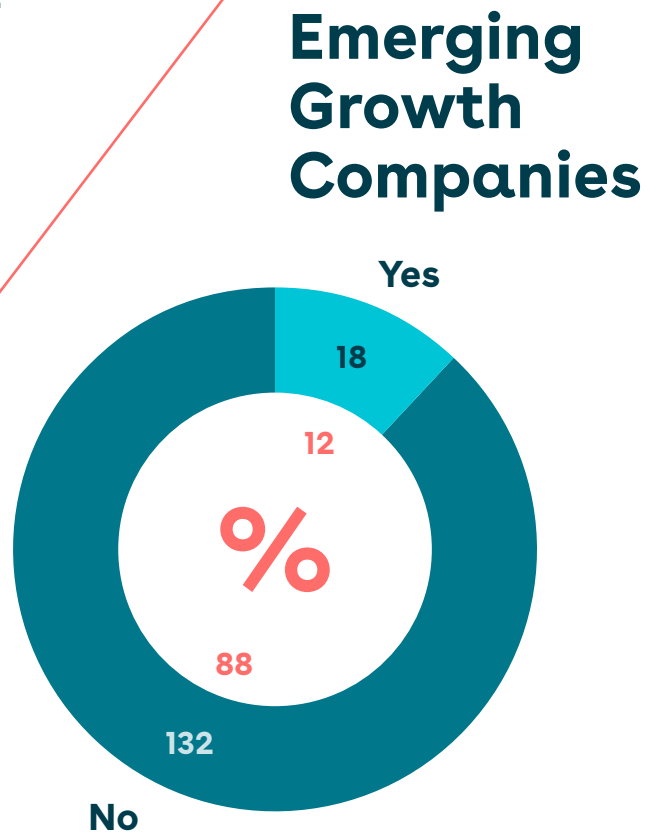
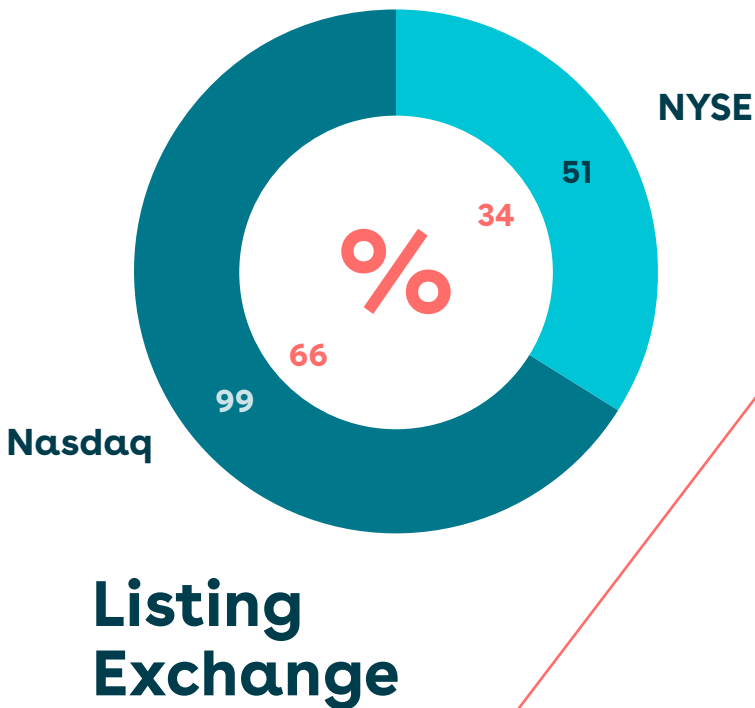
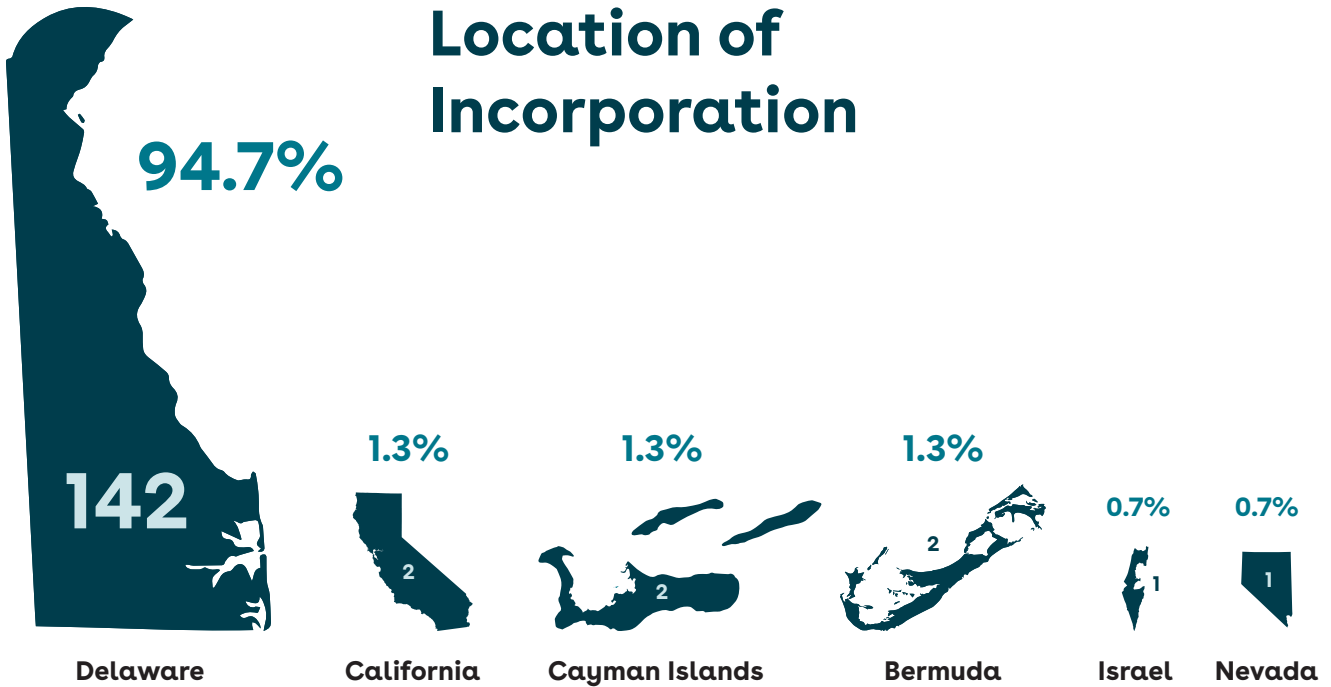
SOURCE: LONERGAN SV150

The Rankings (101-150)

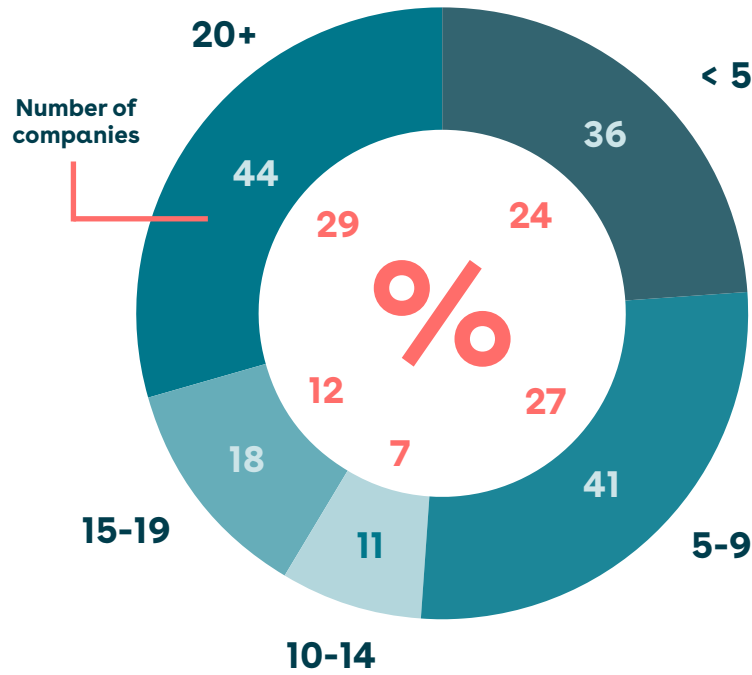
SV150 Rank	IPO Year	Business Description	2018 Sales (\$millions)	Headquarters Location	
101	WageWorks, Inc.	2012	Employee benefits mgmt	\$473	San Mateo
102	QuinStreet, Inc.	2010	Internet marketing tools	\$446	San Mateo
103	New Relic, Inc.	2014	Cloud-based application management	\$446	San Francisco
104	Penumbra, Inc.	2015	Medical devices for stroke patients	\$445	Alameda
105	Alpha and Omega Semi. Ltd	2010	Semiconductors	\$443	Sunnyvale
106	Power Integrations, Inc.	1997	Power-conversion chips	\$416	San Jose
107	Accuray, Inc.	2007	Robotic radiosurgery systems	\$412	Sunnyvale
108	Xperi Corp.	2003	Chip scale packaging	\$406	San Jose
109	Harmonic, Inc.	1995	Content delivery service	\$404	San Jose
110	Okta, Inc.	2017	Identity management software	\$399	San Francisco
111	Genomic Health, Inc.	2005	Cancer diagnostics	\$394	Redwood City
112	Nevro Corp.	2014	Pain relief products	\$387	Redwood City
113	Quotient Technology Inc.	2014	Online promotion platform	\$387	Mountain View
114	Glu Mobile, Inc.	2007	Mobile games	\$367	San Francisco
115	8X8, Inc.	1997	VoIP platforms	\$338	San Jose
116	Zoom Video Comms., Inc.	2019	Web conferencing platform	\$331	San Jose
117	Nanometrics (Onto Innov. Inc.)	1984	Chip-making equipment	\$325	Milpitas
118	NeoPhotonics Corp	2011	Planar light wave circuits	\$323	San Jose
119	Chegg, Inc.	2013	Education software platform	\$321	Santa Clara
120	Forescout Technologies, Inc.	2017	Security software	\$298	San Jose
121	Inphi Corp.	2010	High-speed analog semiconductors	\$294	Santa Clara
122	Eventbrite, Inc.	2018	Online event ticketing	\$292	San Francisco
123	Qualys, Inc.	2012	IT security and compliance services	\$279	Redwood City
124	Coupa Software Inc.	2016	Cloud procurement software	\$260	San Mateo
125	Five9, Inc.	2014	Cloud contact center software	\$258	San Ramon
126	Natera, Inc.	2015	Genetic testing services	\$258	San Carlos
127	SVMK Inc. (SurveyMonkey)	2018	Online survey platform	\$254	San Mateo
128	Upwork, Inc.	2018	Freelancer marketplace	\$253	Mountain View
129	Aviat Networks, Inc.	2010	Internet telephony services	\$251	Milpitas
130	Corcept Therapeutics Inc.	2004	Cortisol regulating pharmaceuticals	\$251	Menlo Park
131	Zscaler, Inc.	2018	Cloud-based security	\$243	San Jose
132	Anaplan, Inc.	2018	Financial planning software	\$241	San Francisco
133	ServiceSource Int., Inc.	2011	Cloud apps for service industries	\$238	San Francisco
134	Zuora, Inc	2018	Subscription management software	\$235	San Jose
135	A10 Networks, Inc.	2014	Networking products	\$232	Sunnyvale
136	Rambus Inc.	1997	Semiconductor technology	\$231	Santa Clara
137	Ambarella, Inc.	2012	Semiconductors for imaging	\$228	Fremont
138	Quantenna Comms., Inc.	2016	Wi-Fi, semiconductor solutions	\$220	San Francisco
139	FibroGen, Inc.	2014	Development stage pharmaceuticals	\$213	Mountain View
140	MobileIron, Inc.	2014	Software platform for mobile devices	\$193	San Jose
141	Vocera Communications, Inc.	2012	Mobile communication for healthcare	\$180	San Mateo
142	Aemetis, Inc.	2007	Renewable fuels, specialty chemicals	\$172	Cupertino
143	Cutera, Inc.	2004	Laser-based medical devices	\$163	Brisbane
144	Castlight Health, Inc.	2014	Cloud-based healthcare navigation	\$156	San Francisco
145	Aerohive Networks, Inc.	2014	Wireless infrastructure equipment	\$155	Milpitas
146	Model N, Inc.	2013	Revenue management software	\$151	San Mateo
147	iRhythm Technologies, Inc.	2016	Ambulatory cardiac monitoring	\$147	San Francisco
148	Fastly, Inc.	2019	Website speed platform	\$145	San Francisco
149	Telenav, Inc.	2010	GPS tools for mobile phones	\$140	Santa Clara
150	Sonim Technologies, Inc.	2019	Mobile devices for rugged uses	\$136	San Mateo

SOURCE: LONERGAN SV150

Location of Incorporation



Years Since IPO



6

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



Western Digital.

6

of the 150 companies underwent IPOs in 2019.



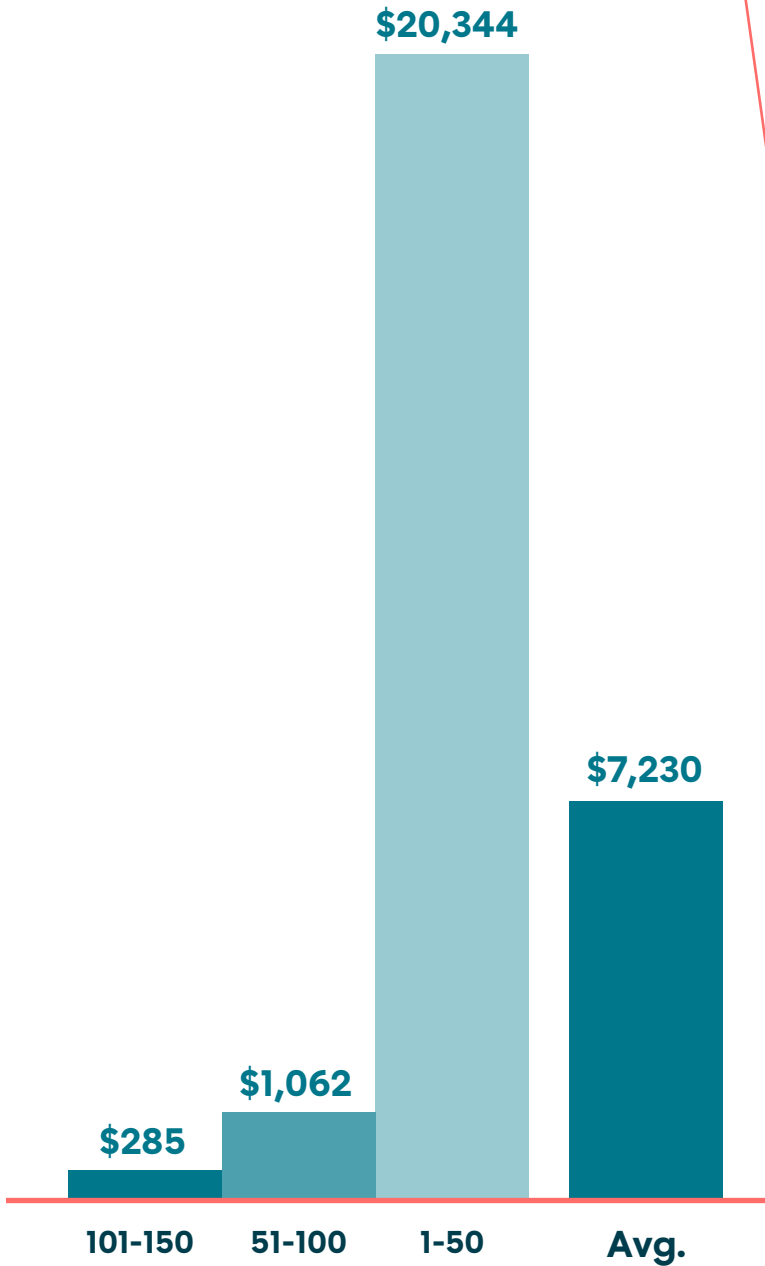
Uber



Sales (in millions)

Calculated based on companies' fiscal year ends, ranging from September 30, 2018, through February 2, 2019.

SOURCE: LONERGAN SV150



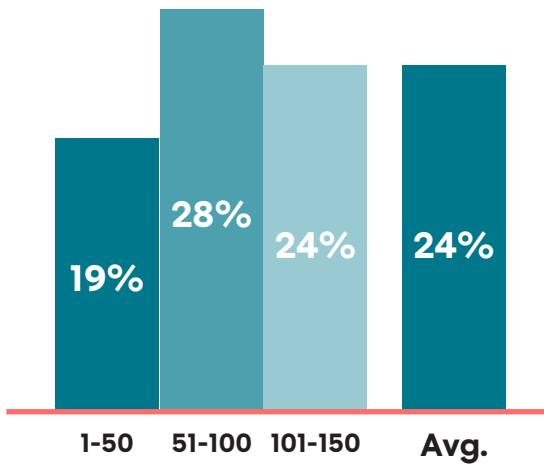
Market Cap (in millions)

Market capitalization as of June 7, 2019.

SOURCE: LONERGAN SV150



Sales Growth Rate



High Growth

288%



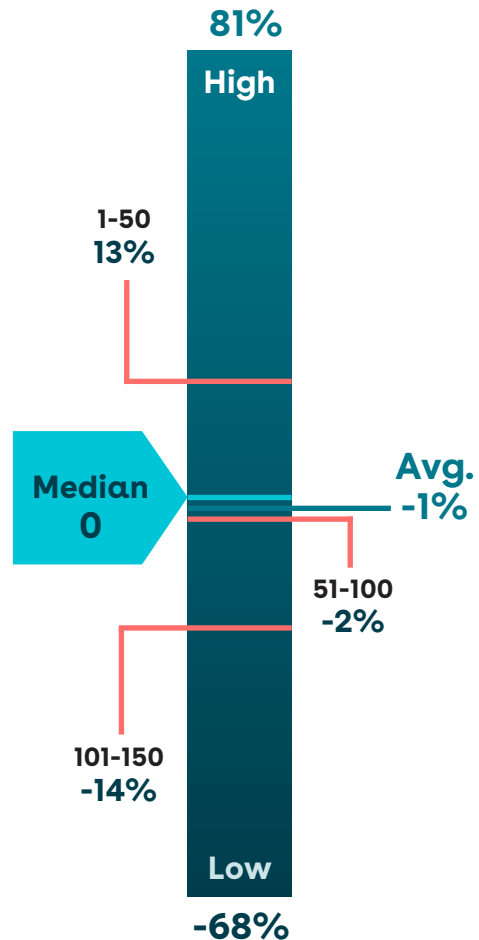
Low Growth

-41%

Profitability

Growth rate (above) and profitability calculated based on companies' fiscal year ends, ranging from September 30, 2018, through February 2, 2019.

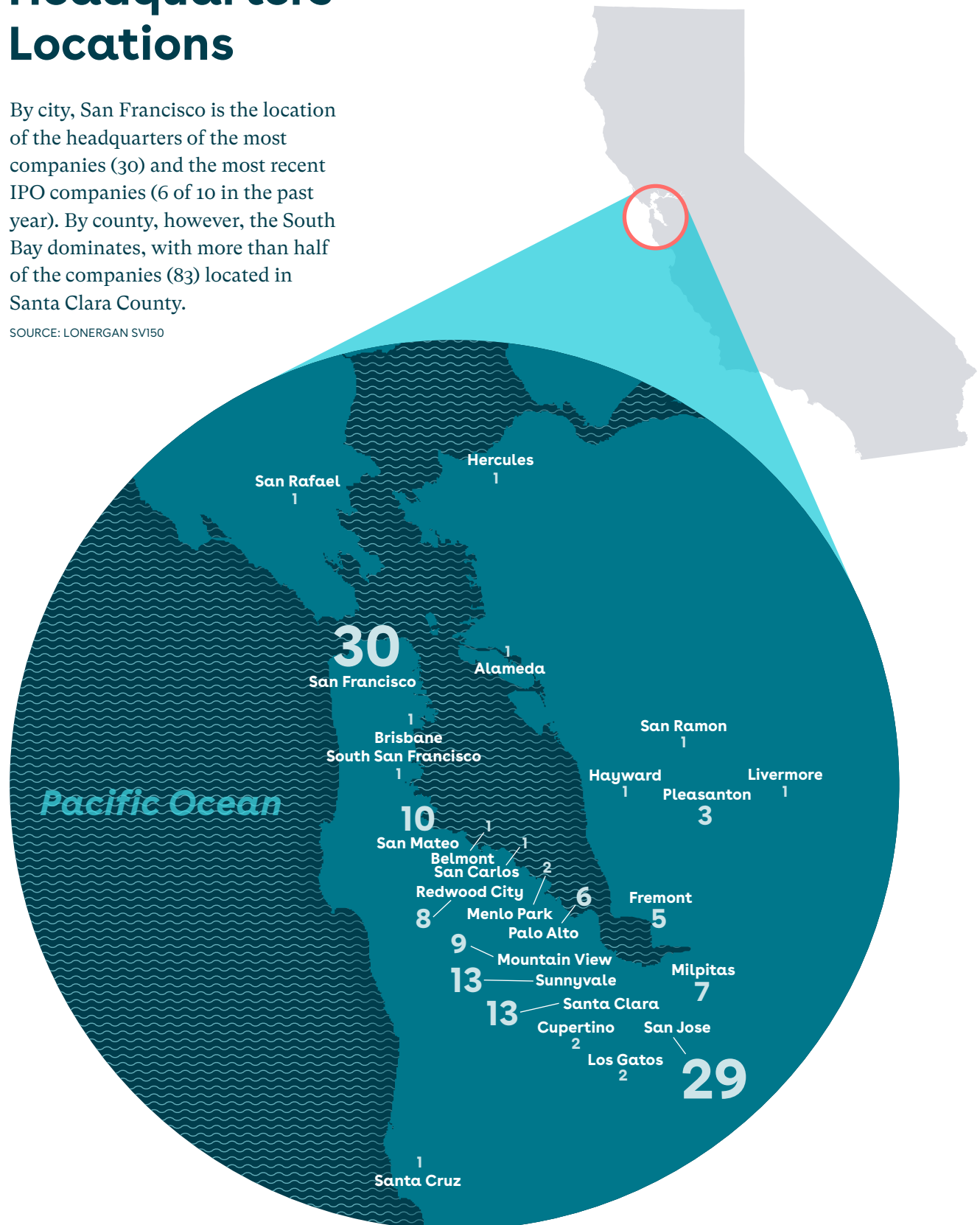
SOURCE: LONERGAN SV150



Headquarters Locations

By city, San Francisco is the location of the headquarters of the most companies (30) and the most recent IPO companies (6 of 10 in the past year). By county, however, the South Bay dominates, with more than half of the companies (83) located in Santa Clara County.

SOURCE: LONERGAN SV150



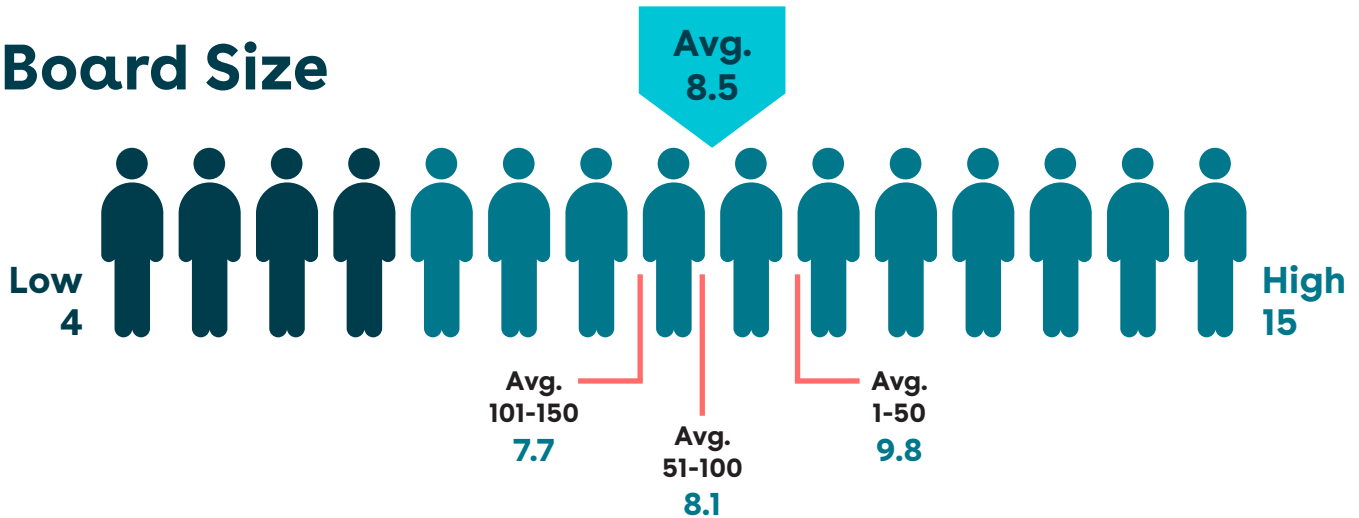
BOARD MATTERS



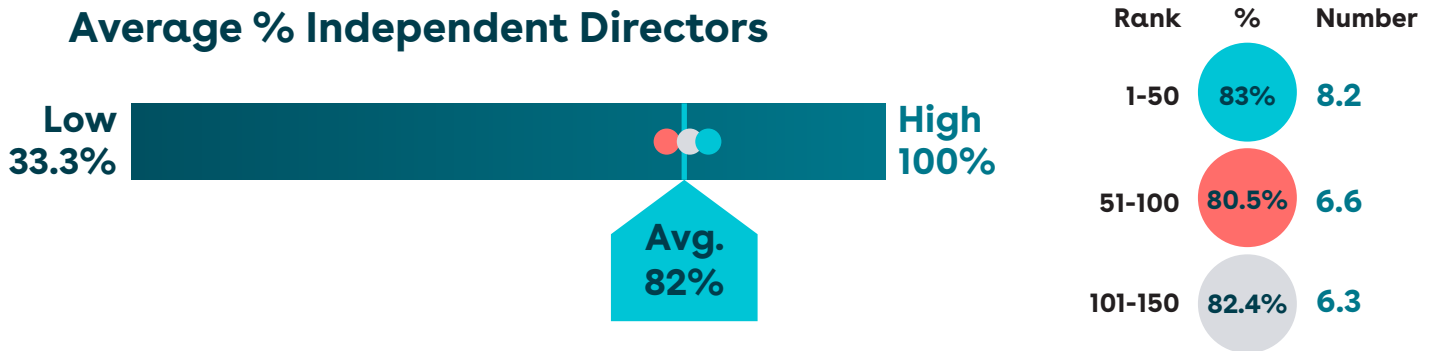
Boards oversee companies, and stockholders elect boards. In the past 20 years, federal and state laws, as well as stockholder initiatives, have put a sharp focus on board and committee independence, leadership, diversity, age, tenure, and experience. Board refreshment is emphasized more than ever. This section provides demographic information about the boards of directors of the SV150 and their workloads, obtained from each company's proxy statement. It also provides information about board policies that address board refreshment and overboarding, obtained from each company's corporate governance policies. Among the lessons learned: 24.1% of all SV150 directors are women, and the average percentage of women on SV150 boards is 23.5%. While many companies have policies on overboarding and change in occupation, fewer have policies on mandatory retirement age or term limits. Finally, while the areas surveyed in this section tend to change based on SV150 rankings, there is less correlation based on time since IPO.



Board Size



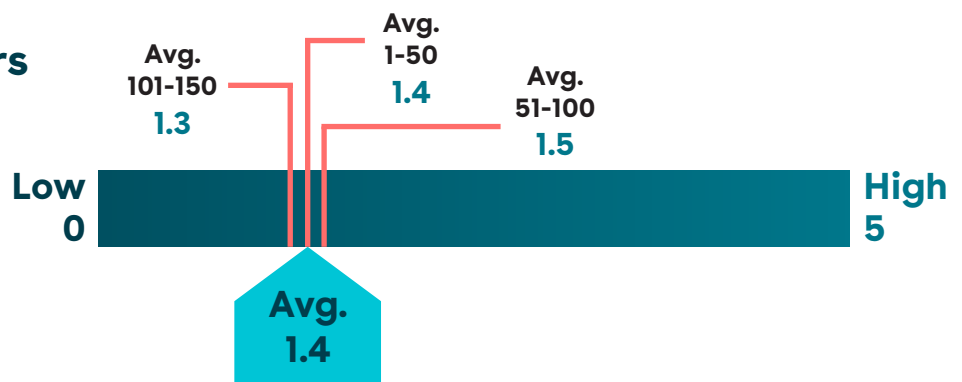
Average % Independent Directors



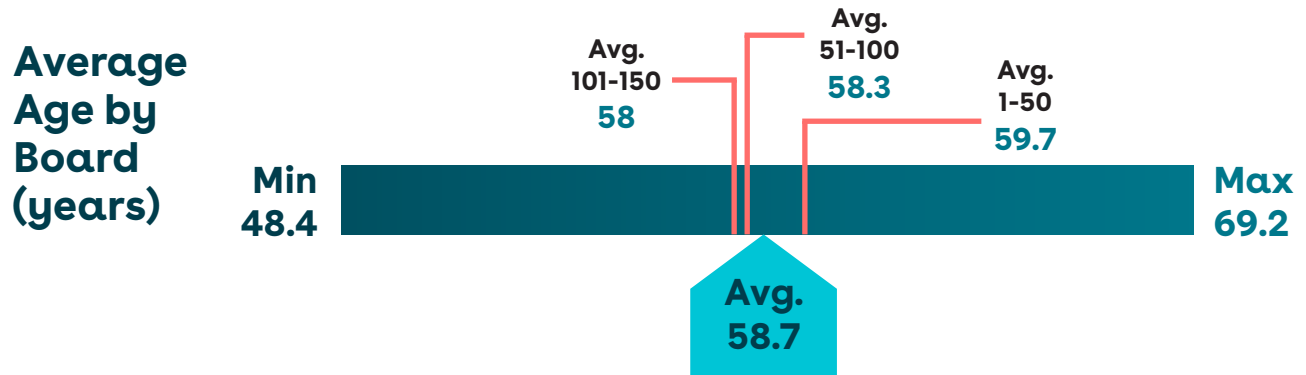
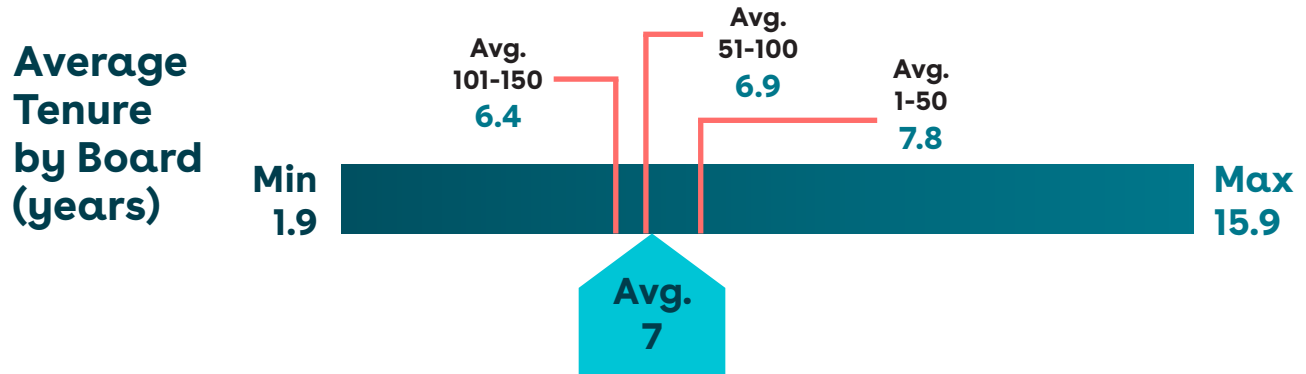
Average % Female Directors



Employee Directors



Average Age and Tenure of Directors



Surbhi Sarna, 33
 Youngest outside director;
 on Penumbra
 board since 2019;
 CEO, founder nVision
 Medical Corp.



Alice N. Schwartz, 92
 Longest-tenured/
 oldest director;
 retired co-founder,
 Bio-Rad Laboratories;
 on board since 1967.

Board Tenure and Age: Highs and Lows

Highest Average
 Tenure: Nearly

16
 years



SYNOPSYS

Lowest Average
 Tenure: About

2
 years

CLOUDERA

Highest Average
 Age: Over

69

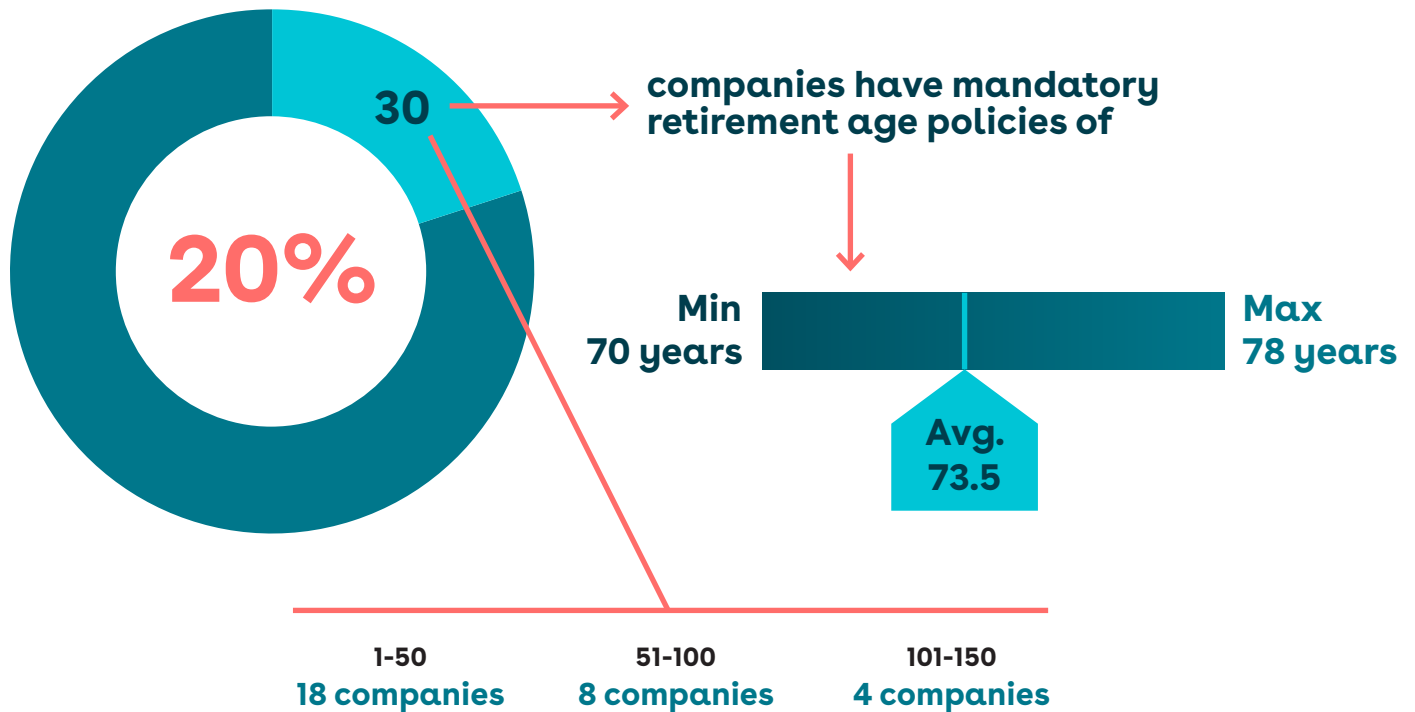
ORACLE

Lowest Average
 Age: Almost

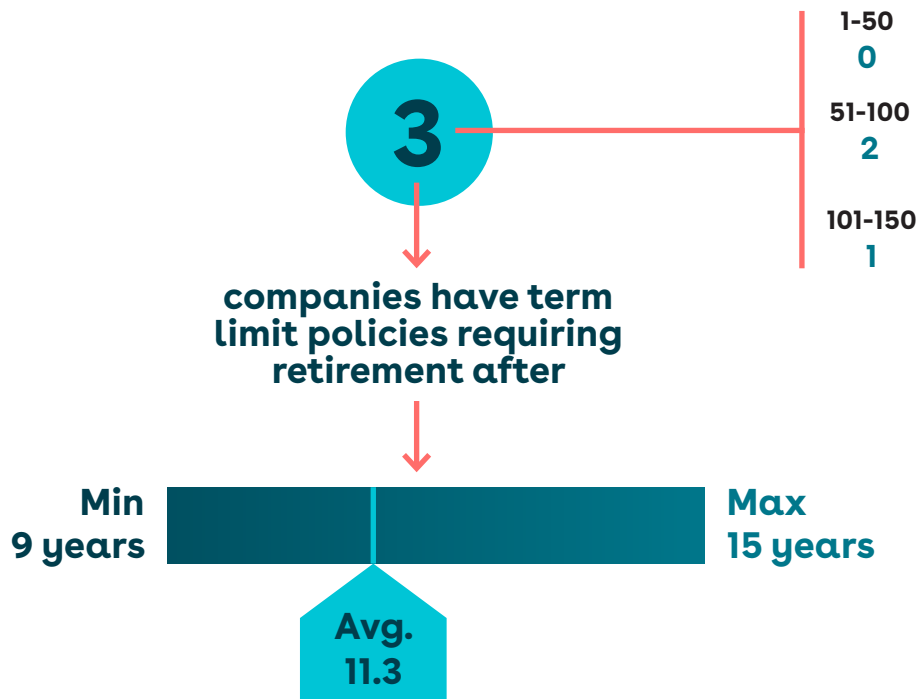
49



Mandatory Retirement Age Policies

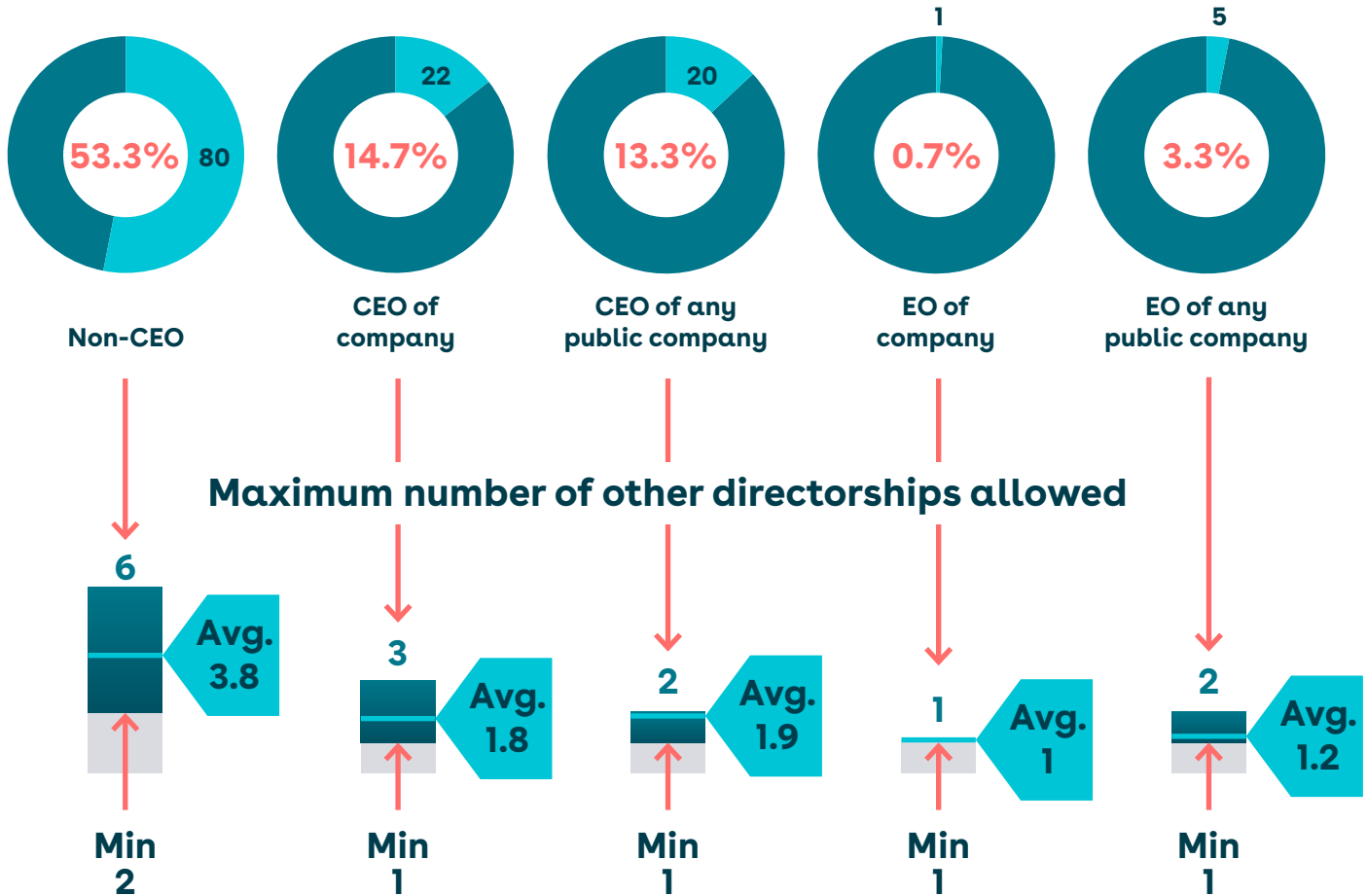


Term Limits Policies

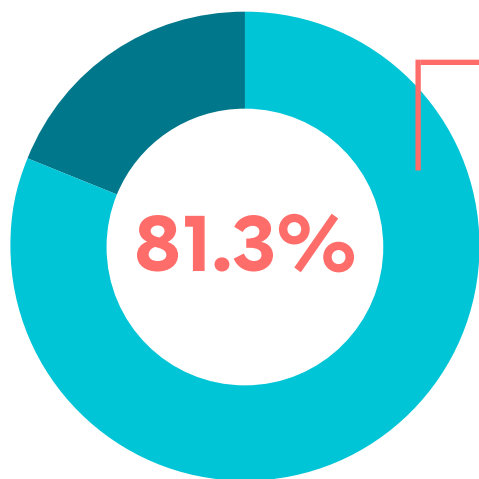


Overboarding Policies

Company policy applies to director who is:



Policy on change in occupation



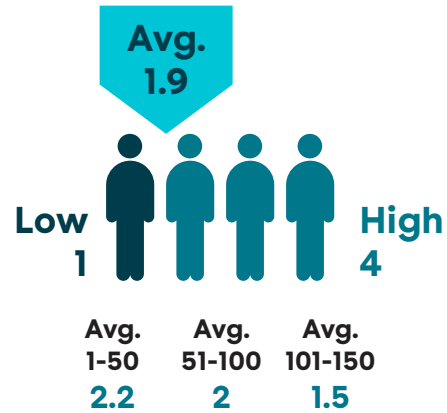
122 companies have a policy requiring notification to the board—and in some cases voluntary resignation from the board, to be accepted or rejected by the board after review of the circumstances—in the event of retirement or change in one’s principal occupation or business association or other significant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

Committee Members

Audit Committee Members



Audit Committee Financial Experts



Compensation Committee Members



Nominating/Governance Committee Members

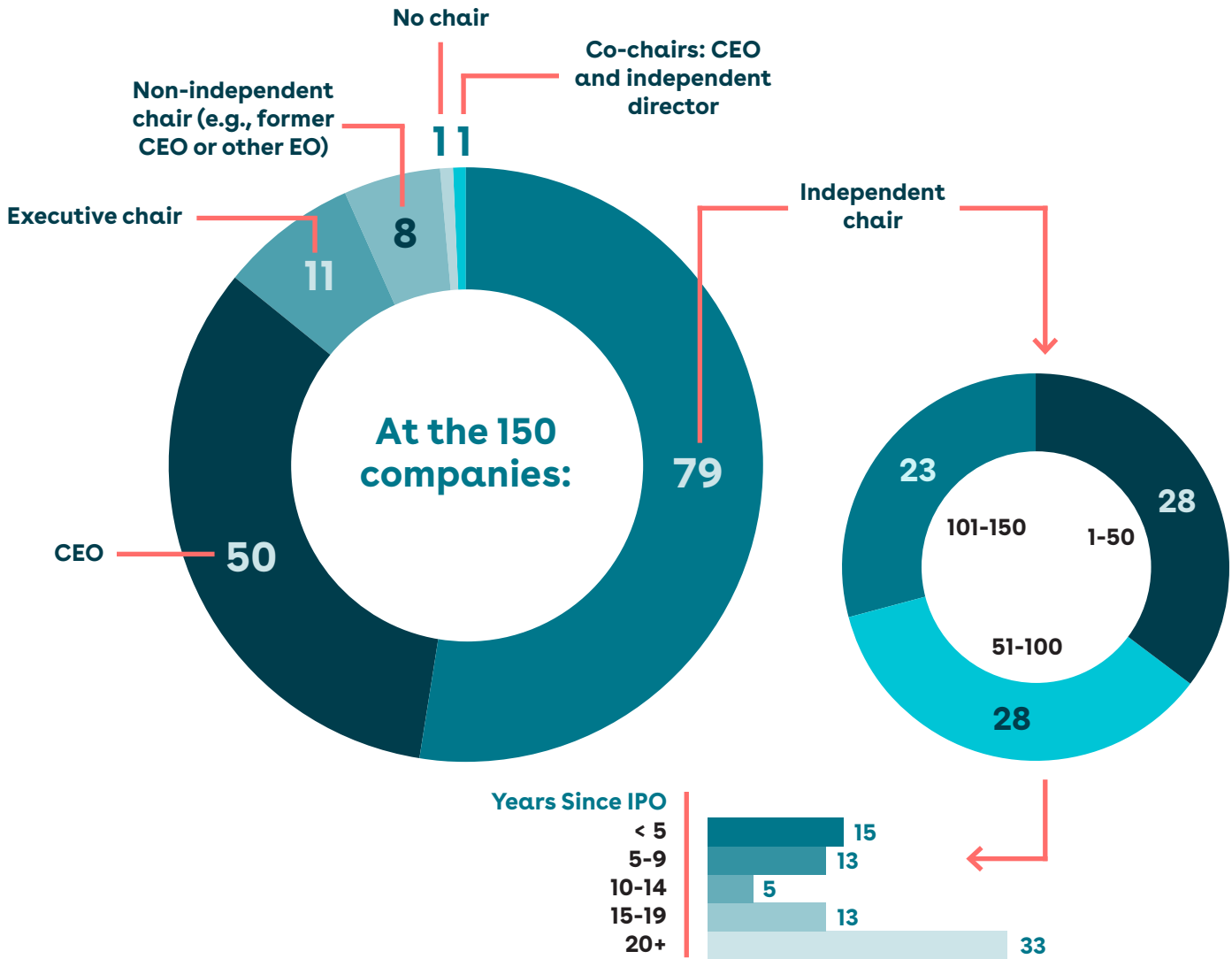


Other Committees

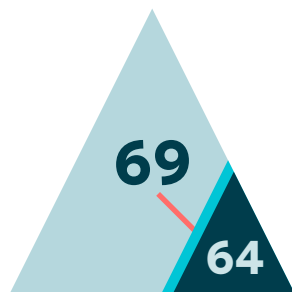
24 of the top 50 had an additional committee. This was less prevalent for the middle 50 (14) and the bottom 50 (5).



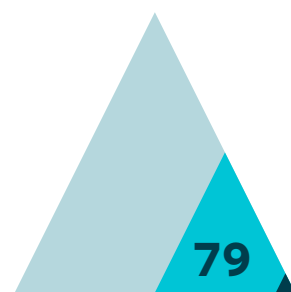
Who Is the Board Chair?



Lead Independent Directors



In 64 of the 69 companies where the CEO, executive chair, or non-independent chair was the chair, the company also had a lead independent director.



In 14 of the 79 companies where there was an independent 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



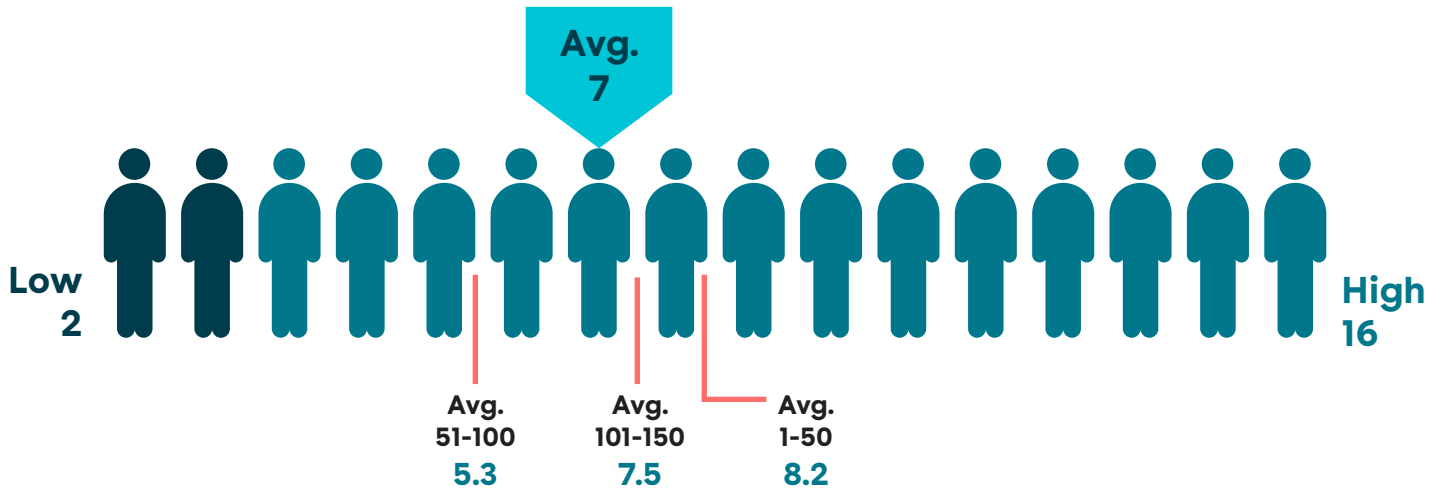
OFFICER MATTERS



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 women CEOs in the SV150; while more than 24% of all SV150 directors are women, less than 5% of SV150 companies are led by women CEOs.



Total Number of Executive Officers at Companies



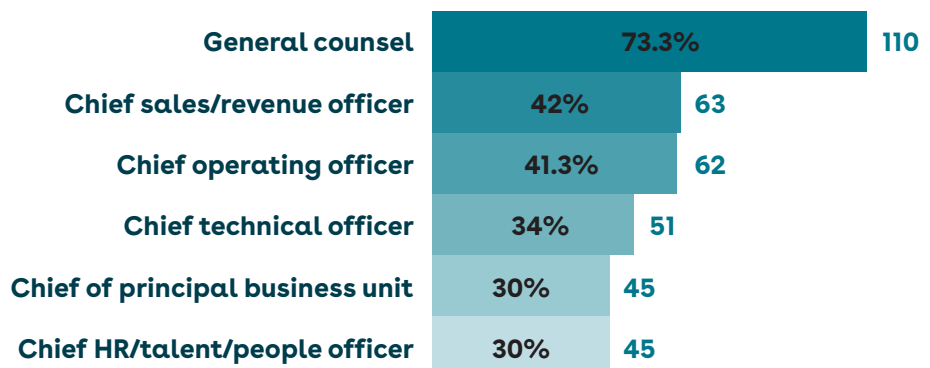
Years since IPO

Number of Officers

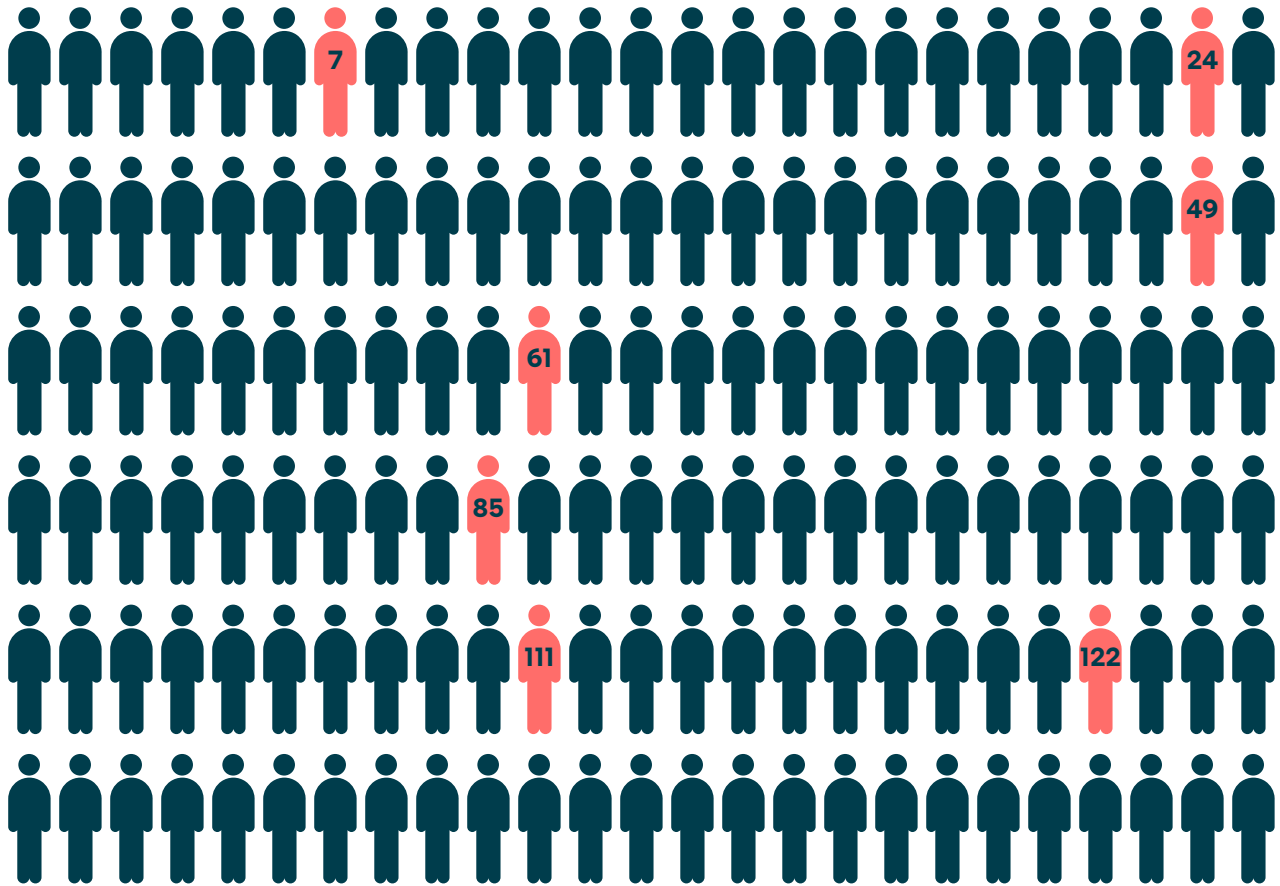


Other Executive Officers

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



Women CEOs in the SV150



Only **4.7%** of the CEOs in the SV150 are women.

#7: Safra Catz, Oracle

#24: Lisa Su, AMD

#49: Jayshree Ullal, Arista

#61: Katrina Lake, Stitch Fix

#85: Lynn Jurich, Sunrun

#111: Kimberly Popovits, Genomic Health

#122: Julia Hartz, Eventbrite

SOURCE: LONERGAN SV150

DEFENSIVE MEASURES

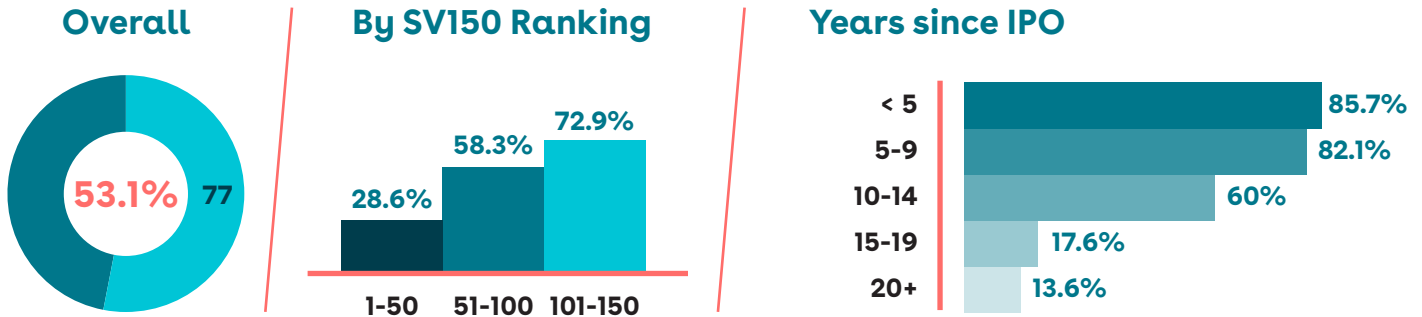


At IPO, most companies adopt defensive measures to help prevent hostile takeovers. These measures tend to place power in the hands of the board as opposed to stockholders, so that the board can control negotiations with a potential acquirer. Stockholders, however, dislike that defensive measures take 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 145 U.S. incorporated companies in the SV150, based on certificates of incorporation and bylaws. Non-U.S. companies were not examined, as their legal structures do not always permit the same types of defensive measures as U.S. incorporated companies. 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.



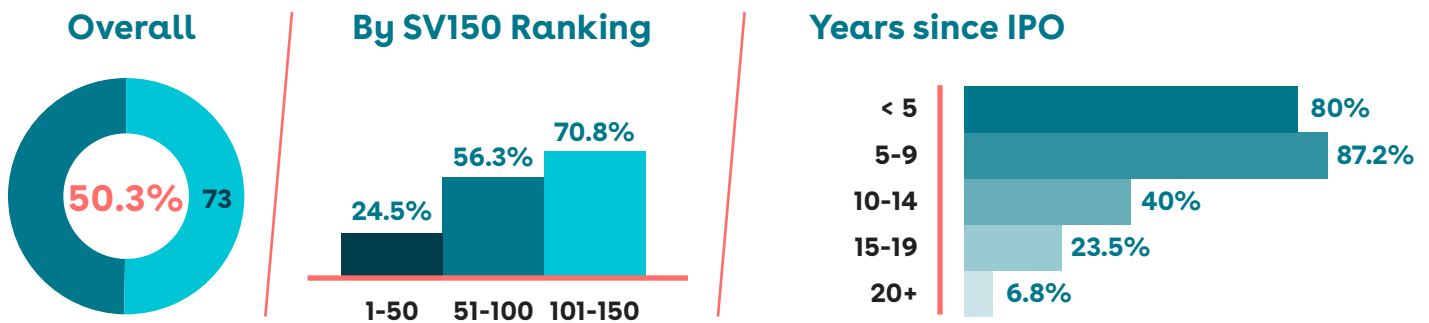
Classified Boards

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.



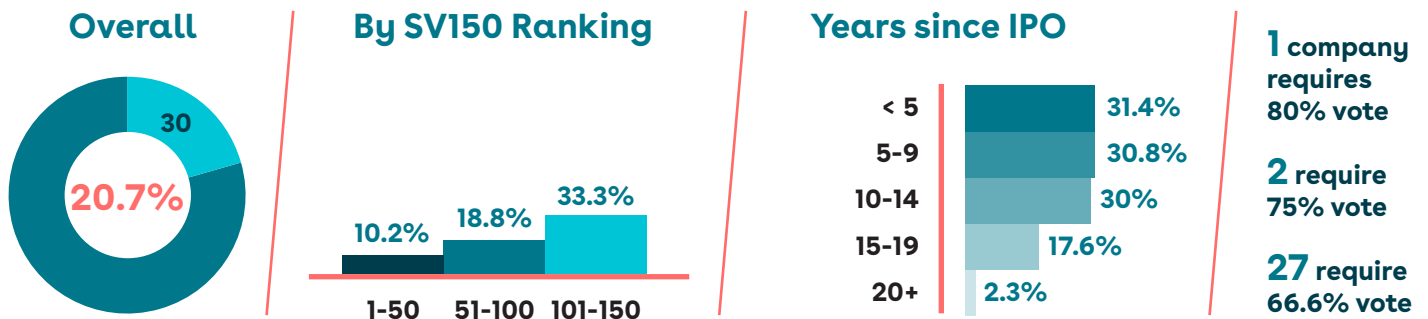
Director Removal for Cause Only

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

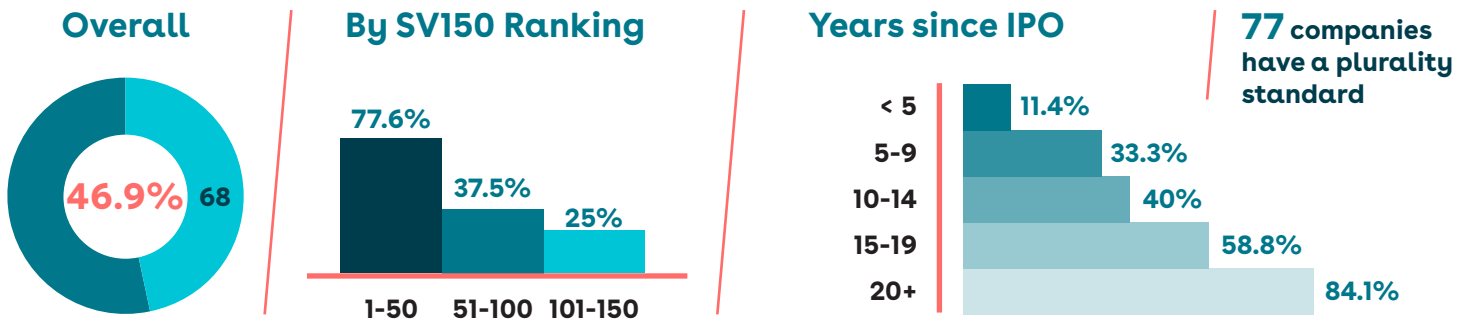
More than a simple majority of the company's outstanding stock is required to remove a director from office.



Board Elected by Majority or Plurality

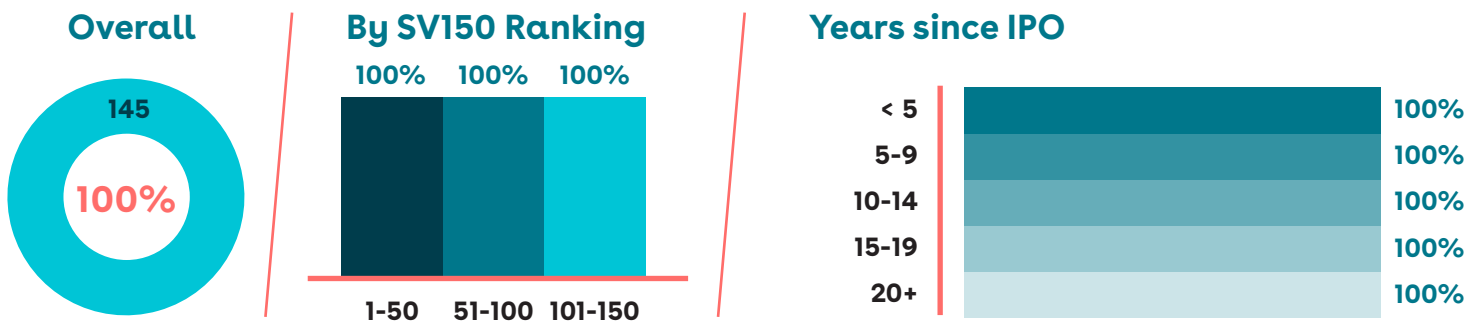
If the board is selected by a plurality of votes cast, the winners are the nominees who receive the most votes regardless of whether that is more than 50% of the votes cast. If the board is elected by a majority of the votes cast, a nominee must receive more than 50% of the votes cast in order to be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

For companies with a majority standard



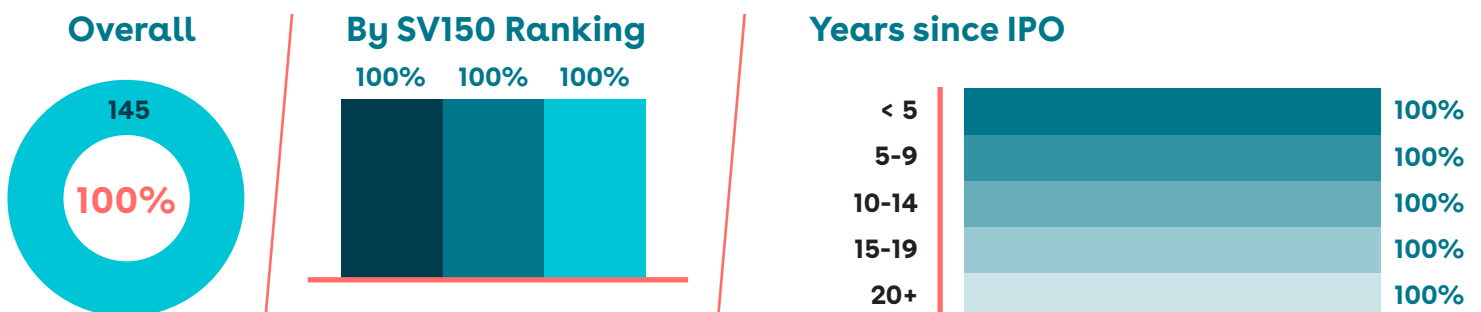
Board Authority to Change Number of Directors

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.



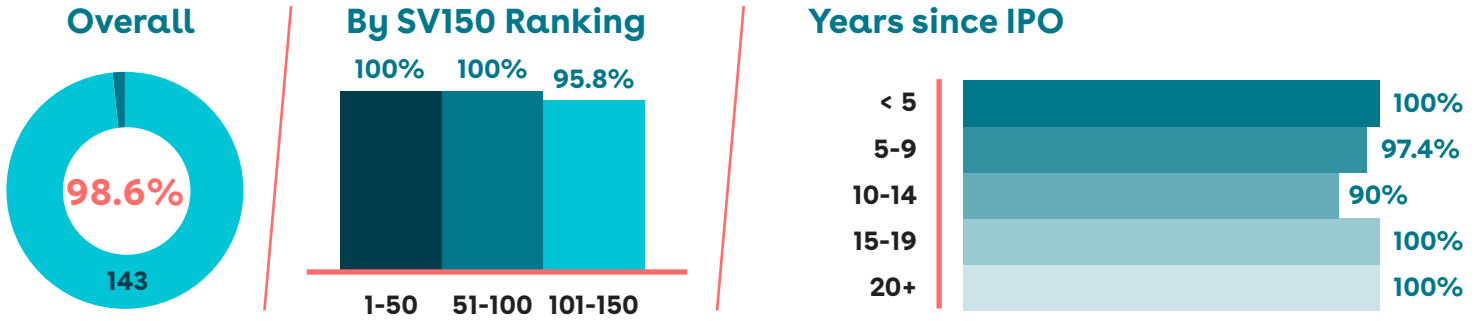
Board Authority to Fill Vacancies on the Board

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.



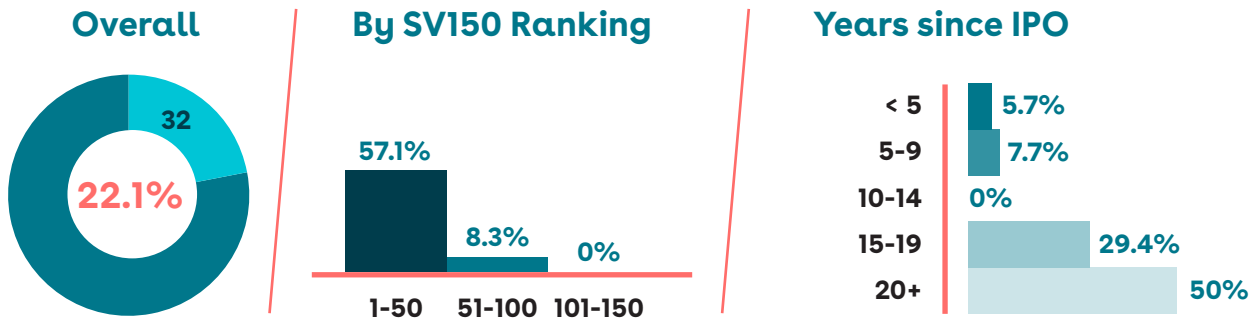
Advance Notice Bylaws

Advance notice bylaws set forth certain requirements that a stockholder must meet 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

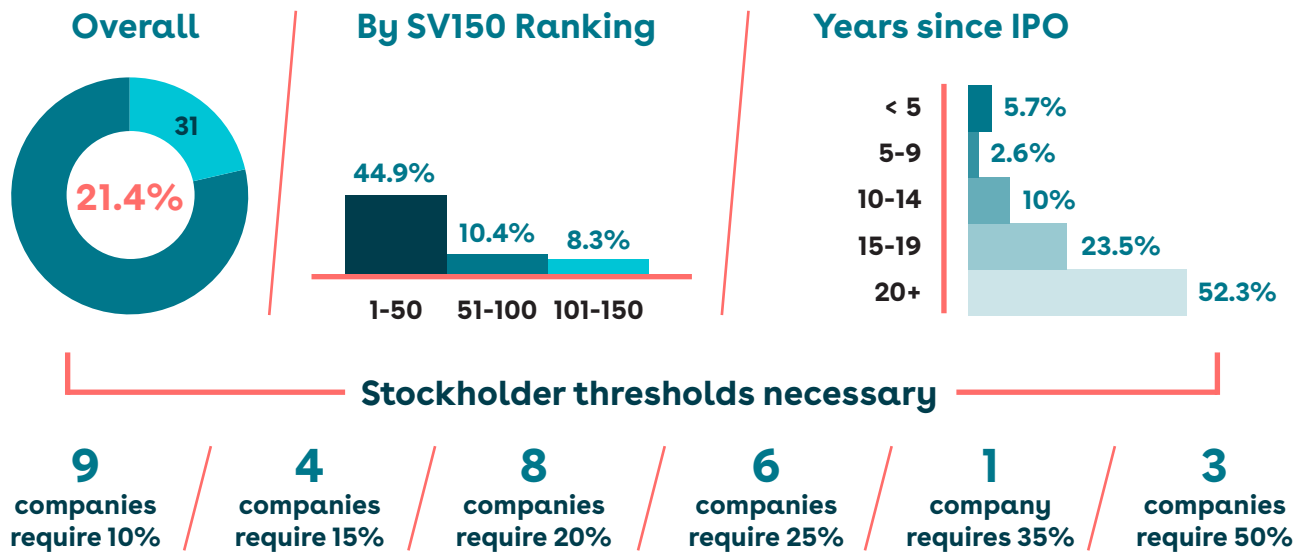
29
use 3/3/20/20
approach

1
uses 3/3/20/25
approach

2
use 3/3/50/20
approach

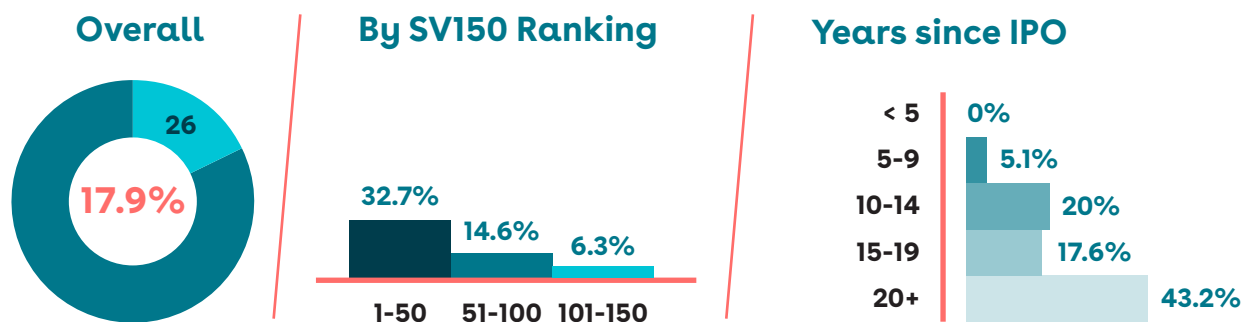
Stockholder Ability to Call Special Meeting

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.



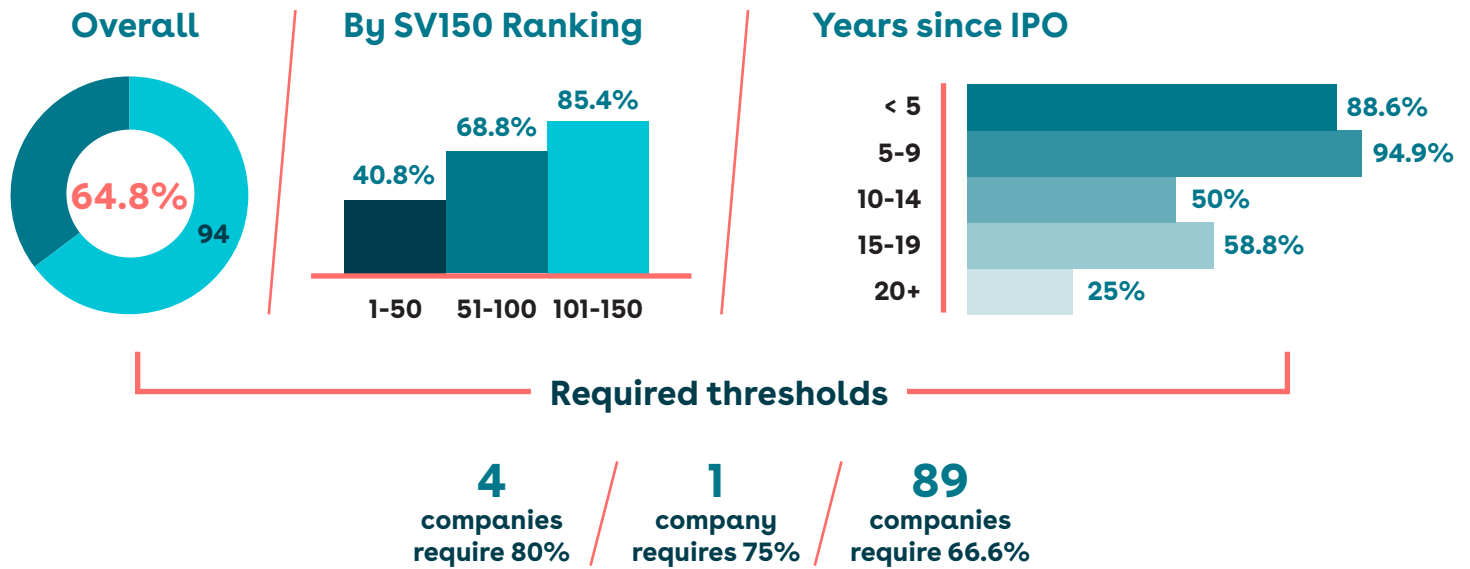
Shareholder Rights Plan (Poison Pill)

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 **2** companies

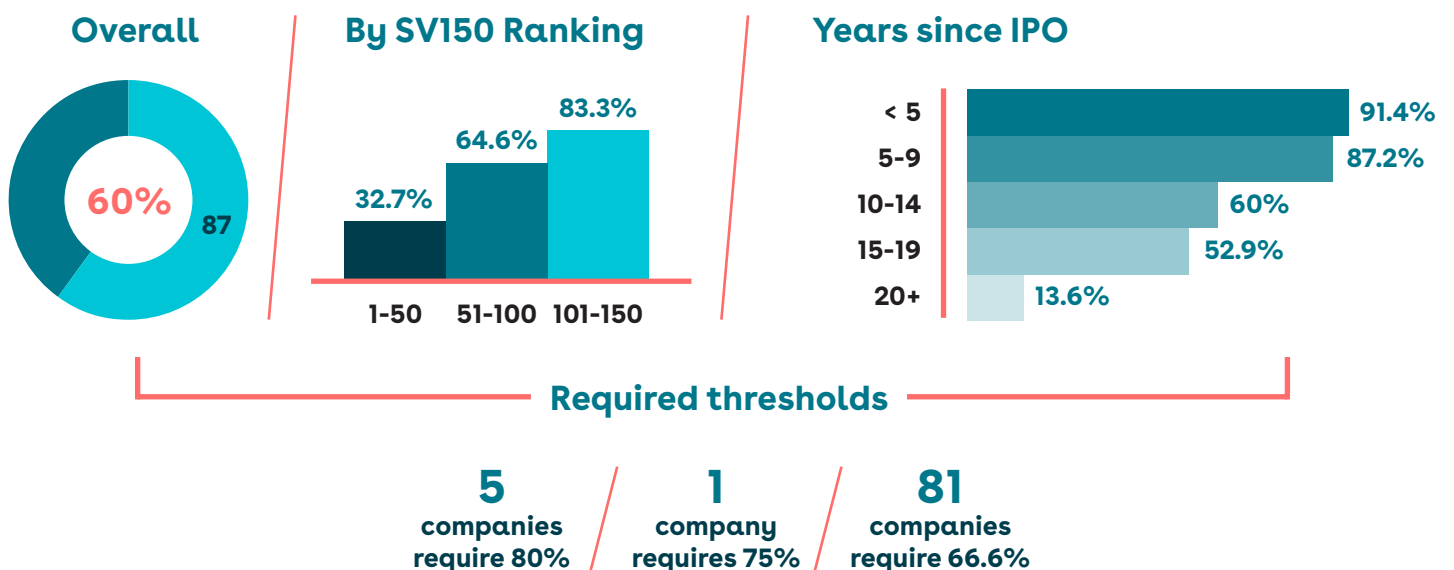
Supermajority Stockholder Vote Required to Amend Certificate of Incorporation

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



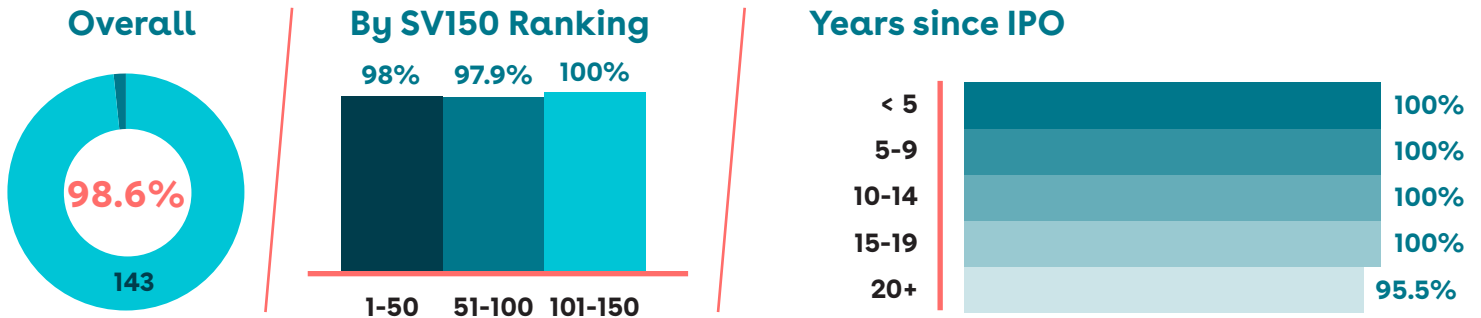
Supermajority Stockholder Vote Required to Amend Bylaws

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



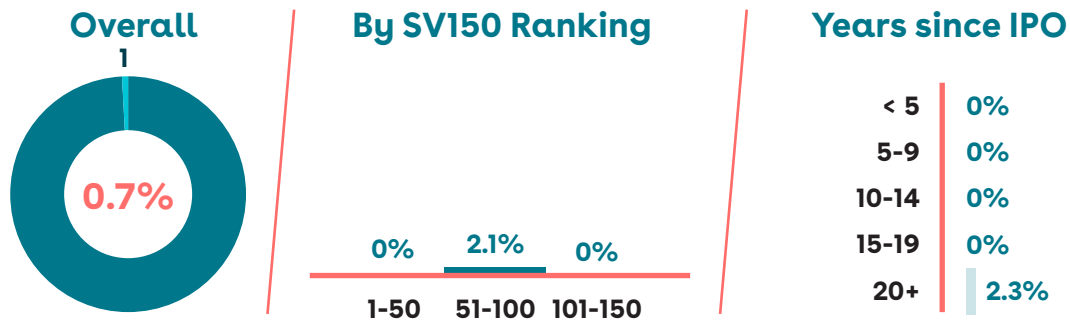
Blank Check Preferred

Blank check preferred allows boards, 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.



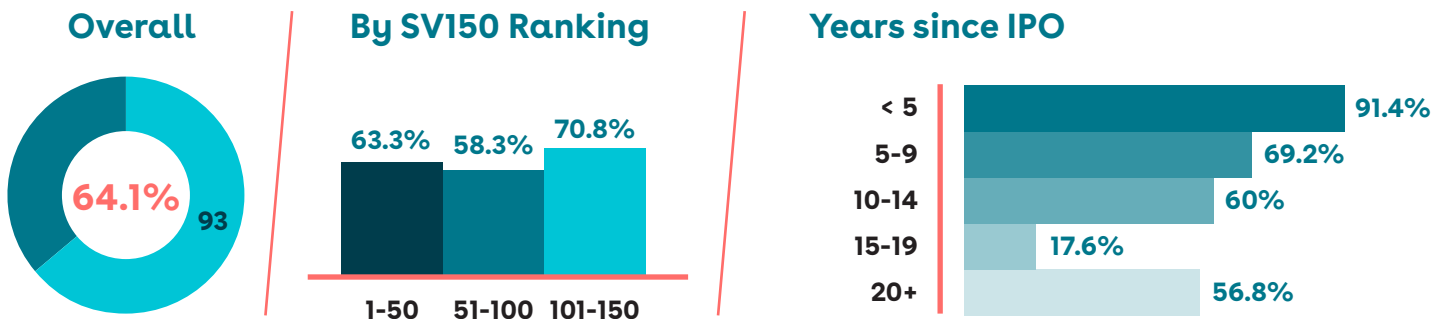
Cumulative Voting

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.

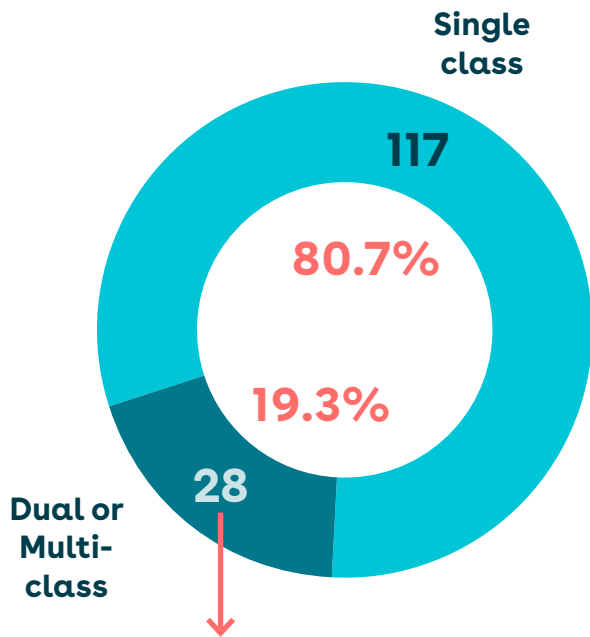


Exclusive Forum Provisions

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).



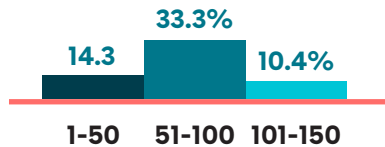
Classes of Common Stock



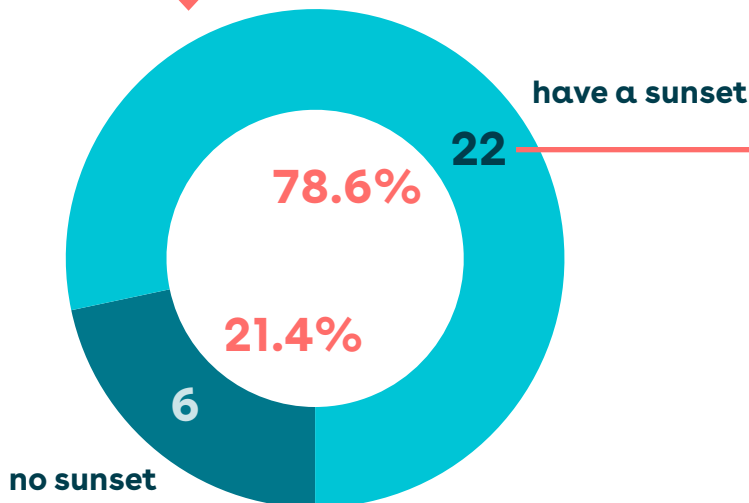
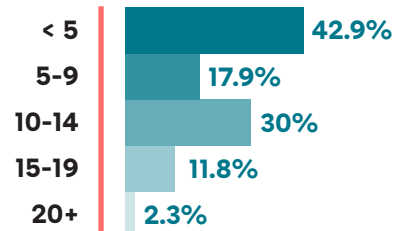
In companies with dual or multi-classes of common stock, shares held by the public carry one vote (or in some cases zero votes) per share while shares held by pre-IPO investors carry multiple votes per share, giving more voting control to founders, employees, and other pre-IPO investors. Many companies 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 is that all high-vote shares automatically convert to low-vote shares at such time that they represent less than a certain percentage of all shares outstanding. A time-based fall away is also a possibility, though less common.

of these

SV150 Ranking



Years since IPO



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

PROXY STATEMENT DISCLOSURES



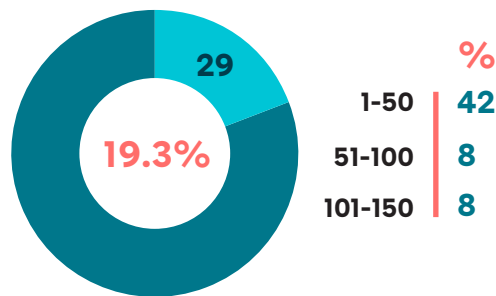
Each proxy statement includes disclosure required by SEC rules. Many companies, however, have voluntarily begun to include dedicated, obvious disclosure (i.e., more than a passing mention) on a number of corporate governance topics important to institutional stockholders and others. We examined proxy statements of the SV150 to determine how prevalent such voluntary disclosure is becoming. We also looked at whether companies are starting to include summaries at the beginning of the proxy statement to emphasize important matters included elsewhere in the proxy statement. We also looked at whether companies hold their annual meetings at a physical location, online, or both. We found that each of these items are more typically provided by the top 50 companies in the SV150 and with those farther removed in time from their IPOs.



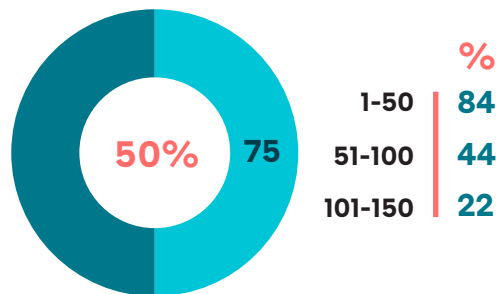
Voluntary Disclosure

We looked to see which companies included Environmental, Social, and Governance (ESG) or Corporate Social Responsibility (CSR) disclosure in their proxy statement, as well as those with a dedicated ESG/CSR website and a separate annual ESG/CSR report on their websites.

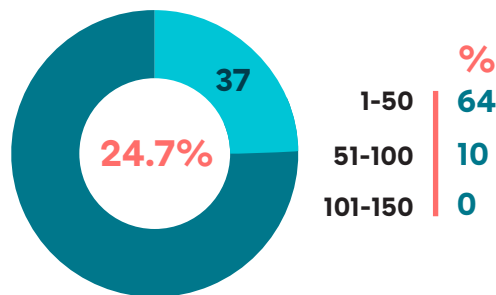
ESG/CSR Disclosure in Proxy



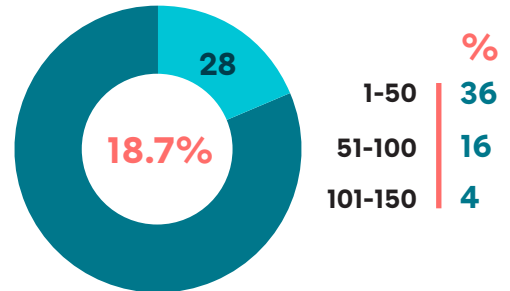
ESG/CSR Website



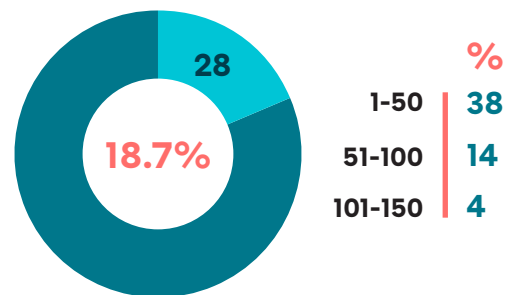
ESG/CSR Report on Website



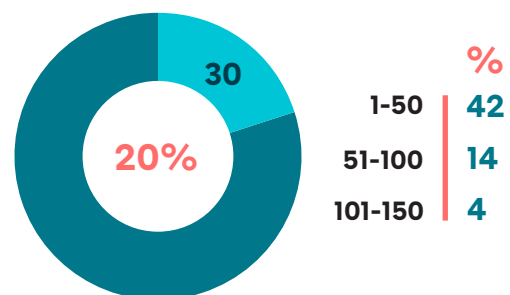
Director Skills Matrix



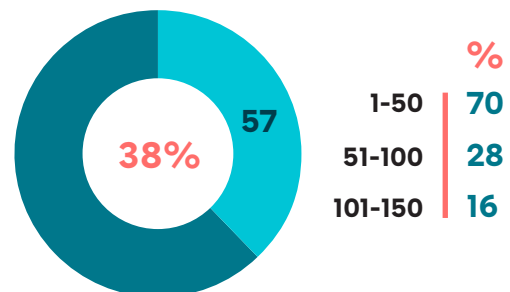
Board Diversity Disclosure



Director Photos

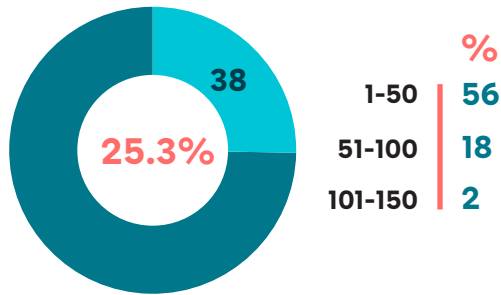


Shareholder Engagement Disclosure

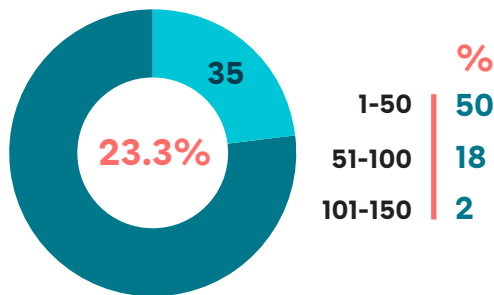


Voluntary Disclosure *continued*

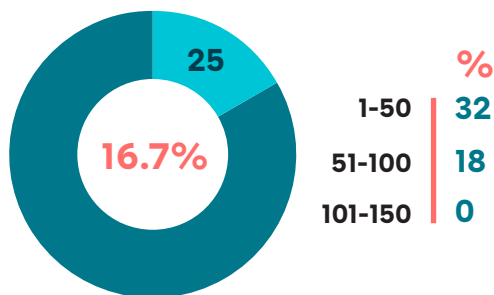
Board Evaluation Process Disclosure



Both Board and Committee Evaluated

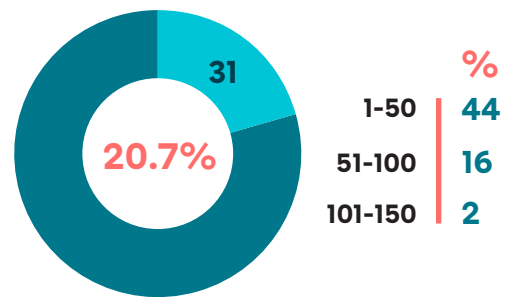


Peers/Individual Directors Evaluated

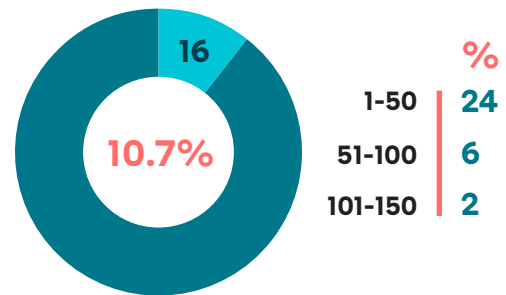


Our research also showed that board and committee evaluations are typically conducted by board chairs, lead independent directors, governance committee chairs, outside counsel, or governance consultants. Interviews, questionnaires, and group discussions are the most typical evaluation methods.

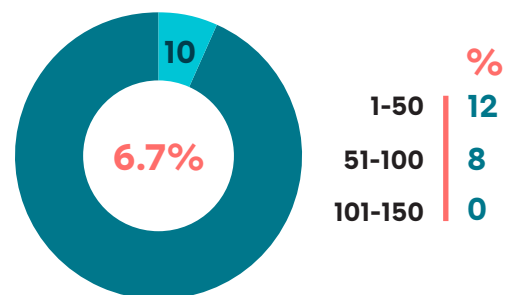
Officer Succession Plan Disclosure



Cybersecurity Disclosure

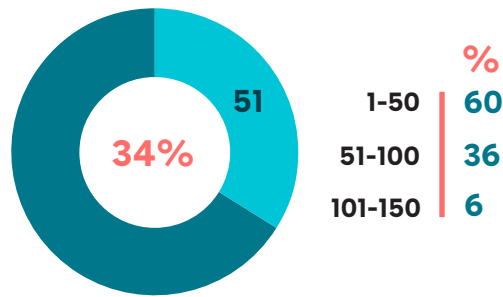


Human Capital Management Disclosure

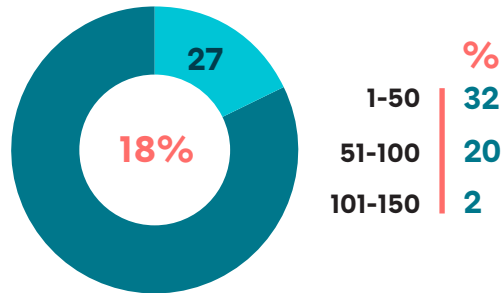


Proxy Statement Summaries

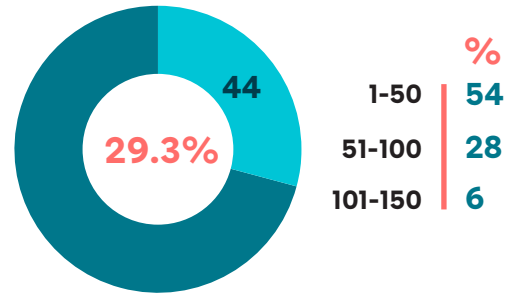
Proxy Statement/Annual Meeting Summary



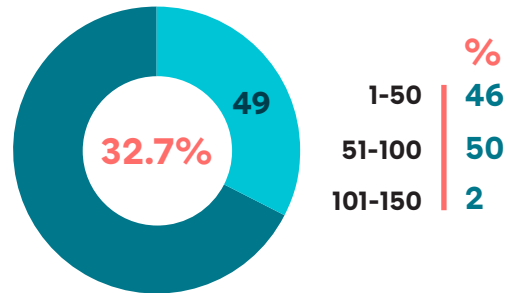
Company Financial Performance Summary



Corporate Governance Summary

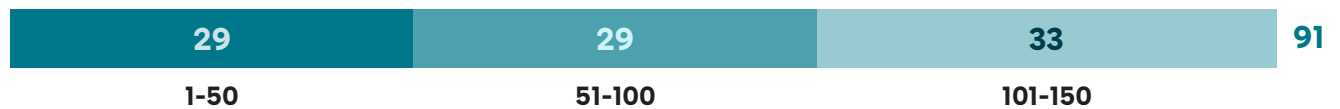


Executive Compensation Summary

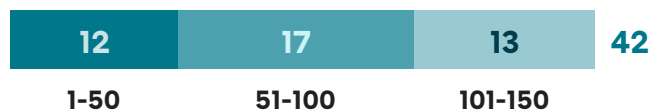


Location of Annual Meetings

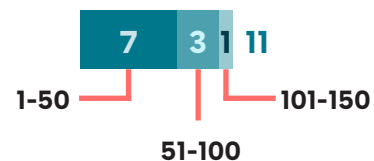
Physical



Online



Both



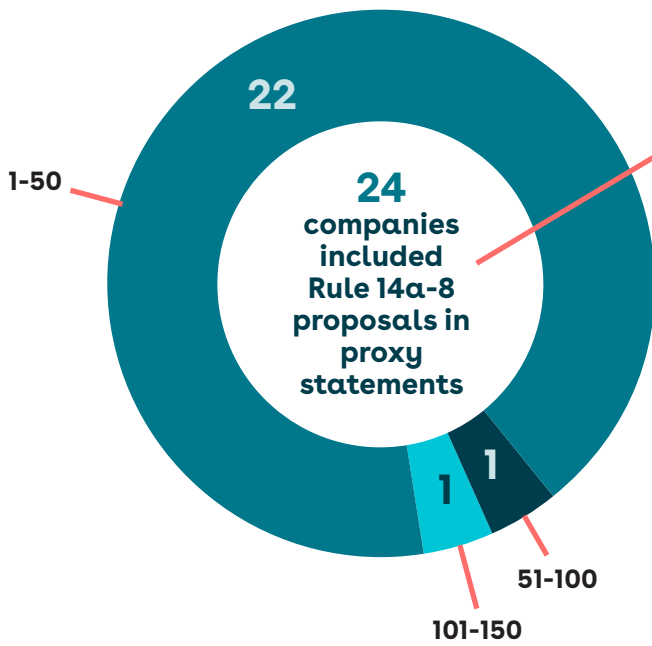
STOCKHOLDER PROPOSALS



SEC 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 less than 10% of such proposals at SV150 companies received majority vote support in 2019.



Stockholder Proposals



The most proposals were received by:

Alphabet

13

FACEBOOK

8



3



3

6 others received 2 proposals; 14 others received 1 proposal.

Proposal Frequency

7

Independent board chair

6

Simple majority vote/no supermajority voting

5

Report on gender pay

4

True diversity board policy
Advisory vote on political contributions

3

Majority vote for election of directors
Report on content governance
Stockholder ability to act by written consent

2

Equal shareholder voting (no dual class)
Explore strategic alternatives
Adopt public policy committee

1

Adopt proxy access bylaws
Oppose inequitable employment practices
Adopt societal risk oversight committee
Report on sexual harassment risk management
Nominee of employee representative director
Sustainability metrics report
Google search in China
Adopt clawback policy
Workforce diversity report
Report on tax savings
Consider human and indigenous people's rights
Ability for stockholders to call special meeting

Of the 53 stockholder proposals voted upon, only 5 were approved by stockholders.

1

for majority vote for election of directors



3

for simple majority vote/no supermajority voting



1

for ability for stockholders to call special meeting



EXECUTIVE COMPENSATION

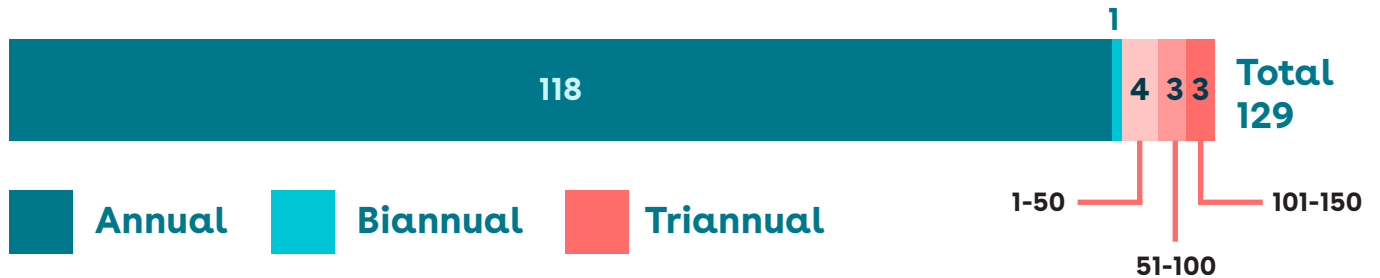


For decades, companies have been required to include executive compensation information in proxy statements, but the amount and type of such information has increased, particularly in the last 15 years. In addition, since 2011, public companies have been required to hold non-binding “say-on-pay” votes, 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

129 companies have chosen a “say-on-pay” frequency.



120 companies took a say-on-pay vote in 2019.

Approval Rate

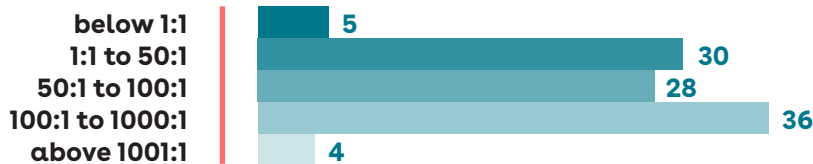
- Greater than 90%
- > 80%
- > 70%
- > 60%
- > 50%
- > 40%
- > 30%
- > 20%
- > 10%

Number of Companies



CEO Pay Ratio

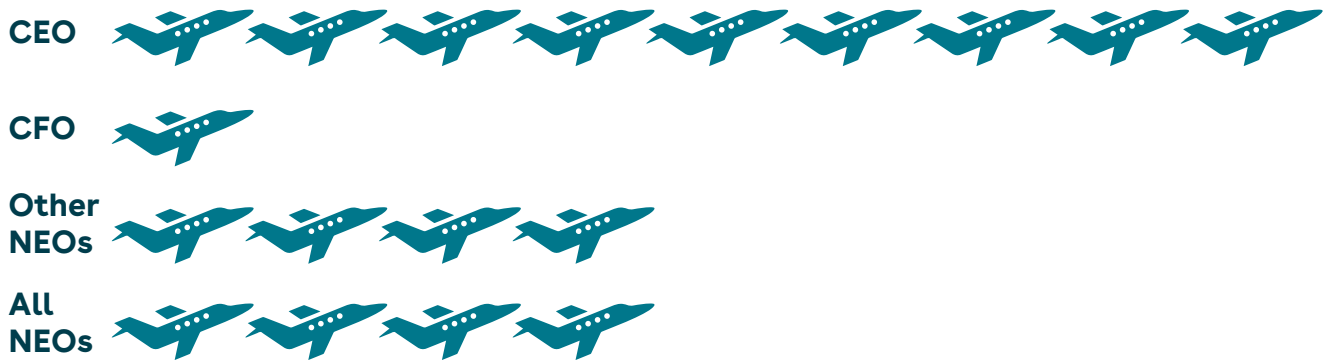
103 companies have disclosed CEO pay ratio.



Executive Compensation Perks

These types of perks were found primarily in the top 50 of the SV150, among well-established and newly public companies alike.

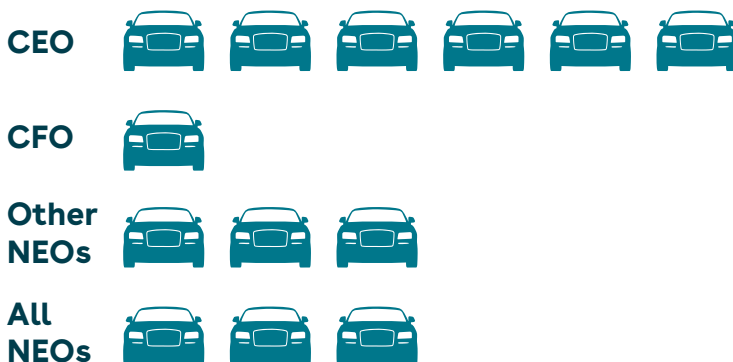
Use of Aircraft



Personal Security



Personal Driver



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 had not been adopted by January 2020. Over 90 companies across all SV150 rankings and years since IPO, however, have voluntarily adopted clawback policies. Over 15 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.

Financial restatement	>	Fraud or misconduct 61 No fraud or misconduct 29	Compliant with proposed SEC rule 3
No financial restatement	>	Fraud or misconduct 2 Materially inaccurate financial misstatements 0	Other fraud or misconduct 0

Covered Persons



NEOs only **8**
All EOs **62**
Senior employees **0**
All officers **9**
All employees **11**
Not disclosed **7**

Comp Recouped



Cash **13**
Equity **7**
Both **68**
Not specified **8**

Enforcement



Discretion **72**
Mandatory **13**
Not specified **3**

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



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 biotech companies in the world.

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

- The SV150 is 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 2 more directors and are more likely to have more female 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.
- 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 executive officers correlates more to ranking within the SV150 than years since IPO.
- 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.
- Voluntary proxy statement disclosures and proxy summaries are much more likely to be implemented by top 50 companies—and shareholder proposals are almost always directed to top 50 companies.
- More than 90% of SV150 companies have adopted annual say-on-pay votes, and of the companies that took a say-on-pay vote in 2019, more than 70% 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 detrimental conduct policies are more typically found in the top 50 companies, regardless of time since IPO.

About Wilson Sonsini Goodrich & Rosati

For more than 50 years, Wilson Sonsini Goodrich & Rosati has offered a broad range of services and legal disciplines focused on serving the principal challenges faced by the management and boards of directors of business enterprises. Wilson Sonsini has a comprehensive public company representation practice that assists publicly traded companies with their most sophisticated and critical needs—from transactional and intellectual property matters to litigation and regulatory issues. The firm is nationally recognized as a leader in the fields of corporate governance and finance, mergers and acquisitions, private equity, securities litigation, employment law, intellectual property, and antitrust, among many other areas of law. With deep roots in Silicon Valley, Wilson Sonsini Goodrich & Rosati has offices in Austin; Beijing; Boston; Brussels; Hong Kong; London; Los Angeles; New York; Palo Alto; San Diego; San Francisco; Seattle; Shanghai; Washington, D.C.; and Wilmington, DE.

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For More Information

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