July 2023

Trends and Updates from the 2023 Proxy Season

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2023 Proxy Season Highlights

The number of shareholder proposals continue to increase with 2023 setting new records: E&S proposals received by Russell 3000 companies increased by 52%[1] since 2021, and the number of proposals voted also increased by 125%[1]; a number of companies also now routinely receive double-digit numbers of proposals, requiring increasing amounts of time and resources to navigate

Fewer shareholder proposals are receiving majority support – only 1% of the environmental proposals and 1.2% of the social proposals received greater than majority support, while average support levels for shareholder proposals has remained consistent or dropped; support for resubmitted proposals has also started to reach equilibrium or backslide compared to the prior year votes

Proposal topics continue to follow cultural trends, with increased attention on reproductive rights, workers' rights, human rights, environmental considerations and political contributions in 2023

Climate change proposals made up a quarter of all E&S proposals, with a number of proposals focused on adopting greenhouse gas emission targets in line with goals set by the Paris Agreement, but average support for these proposals is down year-over-year

Anti-ESG trends have impacted all areas of shareholder engagement– anti-ESG proposals and "masked"-ESG proposals were submitted on a variety of topics and a number of these proposals were submitted as a statement (e.g., requesting companies rescind prior shareholder proposals); anti-ESG investing and legislation trends also impacted the 2023 proxy season

Universal proxy did not unleash increased numbers of proxy fights; settlements increased, and hundreds of companies amended their advance notice bylaws in the wake of the universal proxy rule effectiveness

Management proposals to amend company charters to extend exculpation to officers after a change in Delaware law in 2022 received high levels of support from investors and proxy advisory firms

Investors continue to explore and expand pass-through voting initiatives that are likely to impact future proxy seasons

Source: [1]Commissioner Mark T. Uyeda, Remarks at the Society for Corporate Governance 2023 National Conference
Freshfields analysis of ISS data as of June 15, 2023

Shareholder Proposals

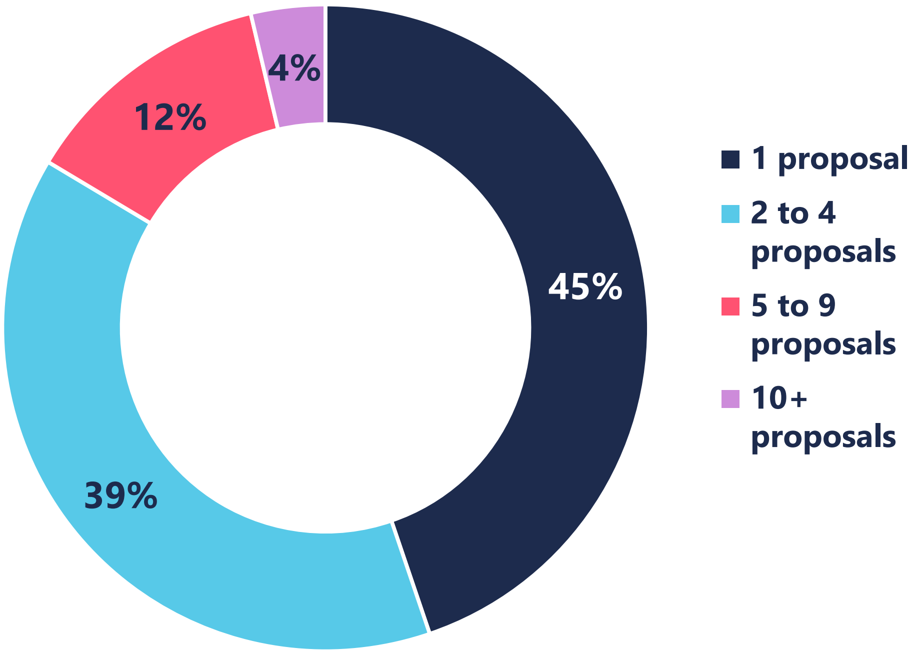
Shareholder Proposal Filings by Category and Subcategory
January 1, 2022 – June 15, 2023

*Freshfields recategorized an aggregate of 15 proposals as "Anti-S or Conservative" Proposals as follows: seven "Social Issues – Other", six "Human Capital" and two "Lobbying/Political Activities"
Source: Freshfields analysis of ISS data as of June 15, 2023

Increasing Concentration of Shareholder Proposal Targets

268 companies in the S&P 500 received an aggregate of 738 known shareholder proposals in 2023—80% of all known proposals

Concentration in the Number of Shareholder Proposals S&P 500 Companies Received That Received at Least One Proposal



There are no discernable trends based on sector – companies that receive multiple proposals represent a wide range of industries

Average number of shareholder proposals received by S&P 500 companies receiving a proposal

2.8

Highest number of shareholder proposals received that were included in the proxy statement (Amazon)

21

Percentage of all S&P 500 shareholder proposals received by companies that received 10+ proposals

17%

Percentage of all S&P 500 shareholder proposals received by the five companies that received the highest number of proposals

10%

Freshfields

Source: Freshfields analysis of ISS data as of June 10, 2023

Shareholder Proposals and SEC No-Action Letters

From January 1, 2023 to July 6, 2023, companies submitted 164 requests for no-action relief to the SEC

- The SEC granted no-action relief for 78 total proposals and 27 proposals were withdrawn by proponents

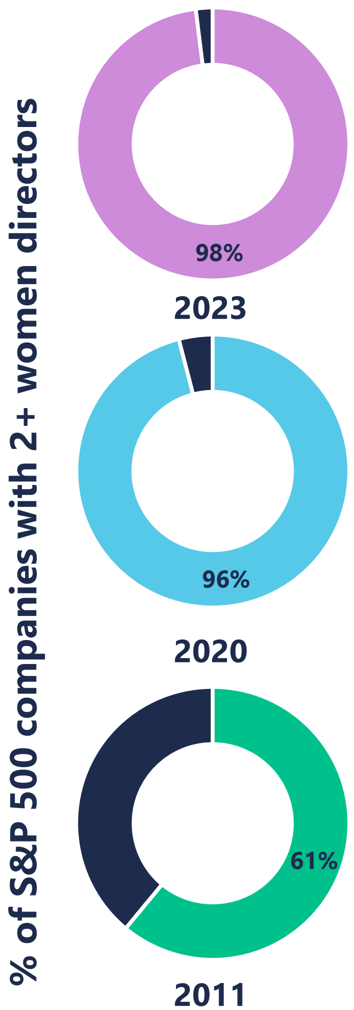
	Relief Granted	Relief Rejected	Withdrawn	Total
Social	**29**	**32**	**14**	**75**
Conservative Proposals	10	3	1	14
Human Capital	2	7	3	12
Lobbying/Political Activities	3	6	3	12
Human Rights	3	2	1	6
Animal Rights	-	1	-	1
Compensation Links to E&S	-	1	-	1
Social Issues – Other	11	12	6	29
Governance	**23**	**12**	**8**	**43**
Board-Related	13	4	6	23
Shareholder Rights	8	6	2	16
Conservative Proposals	2	-	-	2
Governance – Misc.	-	2	-	2
Environmental	**13**	**11**	**5**	**29**
Climate Change	5	8	2	15
Sustainability	-	-	1	1
Conservative Proposals	1	1	1	3
Environmental – Other	7	2	1	10
Compensation	**7**	**3**	**-**	**10**
Other*	**6**	**1**	**-**	**7**
Total	**78**	**59**	**27**	**164**

*Includes proposals that are not generally picked-up in the other categories including but not limited to proposals to approve tender offers, to hire investment banks to explore the sale of a company, to employ advisors in connection with the evaluation of a spinoff or to evaluate extraordinary corporate transactions

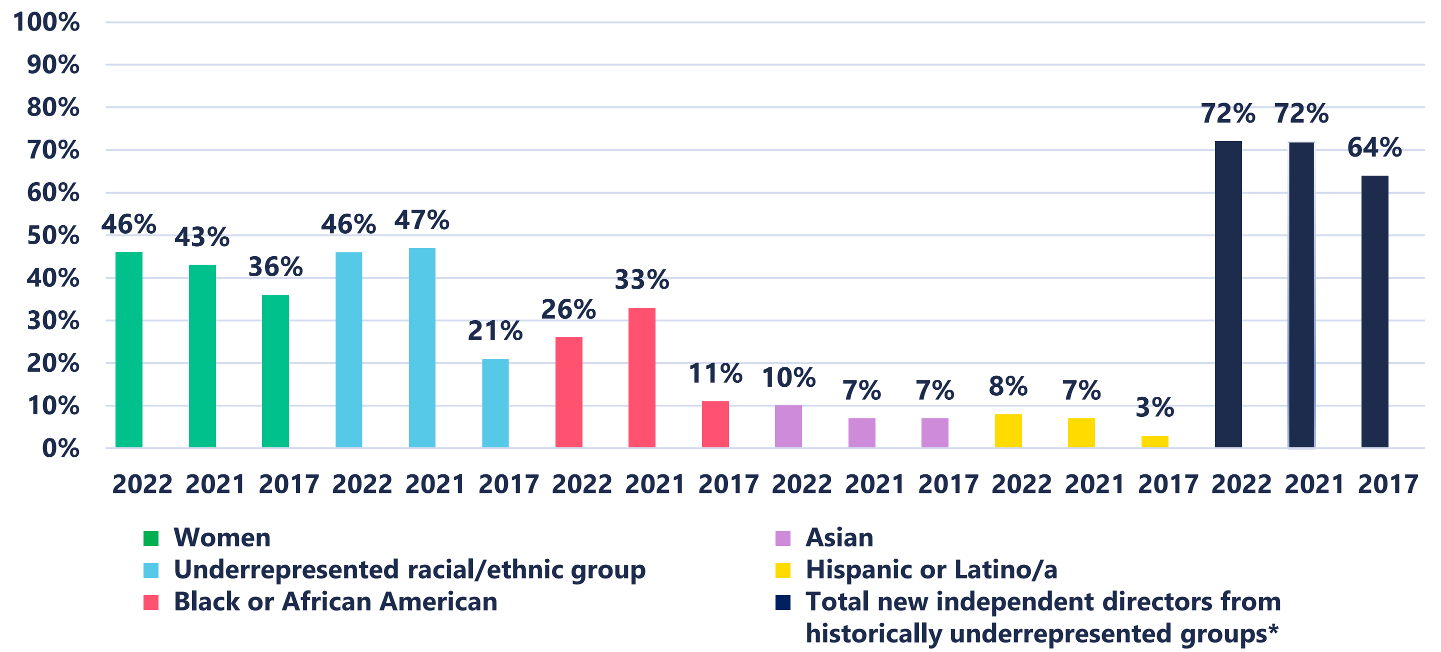
Source: Freshfields analysis of ISS data as of June 15, 2023 and Corp. Fin . Shareholder Proposals as of July 6, 2023

2 Board and Senior Management Diversity

Boardroom Diversity



New S&P 500 Directors: Diversity Breakdown



Underrepresented groups are comprised of women, underrepresented racial or ethnic groups and members of the LGBTQ+ community

99%	Percentage of S&P 500 boards with at least one director from an underrepresented group
22%	Percentage of all S&P 500 directors from an underrepresented racial or ethnic group
32%	Percentage of female directors at S&P 500 boards, compared to 17% in 2012
50%	Percentage of S&P 500 boards that report having "Rooney Rule"-like policy (up from 39% in 2021)
36%	Percentage of Russell 3000 boards with diverse directors, compared to 32% in 2021
20%	Percentage of seats held by racially and ethnically diverse directors in the Russell 3000

Aspira, a women's health company, became the first public company with an all-female board in 2023

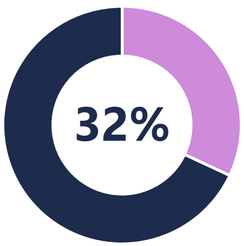
Sources: 2022 Spencer Stuart Board Index, Reuters and ISS

Diversity in Board and Executive Leadership and the Workforce

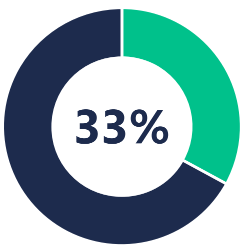
Committee Leadership

Female leadership across committees is nearly equal across committees – the percentage of women chairing audit committees and compensation committees has increased from 20% and 19% in 2018, respectively, to 32% and 33% in 2023, respectively

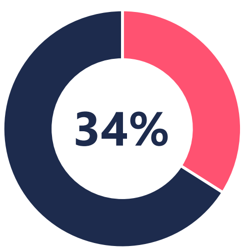
Percentage of Women Chairs at S&P 500 Companies



Audit Committee Chair



Compensation Committee Chair



Nominating and Governance Committee Chair

C-Suite and Director Gender Diversity

- 6.8% of S&P 500 CEOs in 2022 were women up from 5.8% in 2021
- 2023 was the first year female CEOs outnumbered CEOs with the first name John in the S&P 500
- Women accounted for 14% of independent board chairs in 2022, up from 8% in 2021
- Women accounted for 14% of lead independent or presiding directors in 2022, up from 13% in 2021

Workforce Diversity: EEO-1 Report Disclosure

- The New York City Retirement Systems' Diversity Disclosure Initiative launched in July 2020. As of December 21, 2022, more than 90 S&P 100 companies disclosed or committed to disclose, their EEO-1 report (up from about 14 S&P 100 companies in July 2020)
  - This represents a 400% increase in EEO-1 report disclosure since July 2020
- 310 S&P 500 companies disclosed their EEO-1 report, with 25 more committed, as of July 2022
- EEO-1 disclosure is increasingly important to investors, e.g., State Street notes it will vote against the compensation committee chair of S&P 500 companies that do not disclose their EEO-1 report

Freshfields

Sources: 2022 Spencer Stuart Board Index, Equilar, Investment News, ISS, New York City Comptroller, DiversIQ and State Street Guidance on Diversity Disclosure and Practices (May 2023)

Investor Director Diversity Policies (US)

	New in 2023
BlackRock	• Boards should aspire to 30% diversity of membership and have at least two female directors and one director who identifies as a member of an underrepresented group • May vote against members of a nominating and governance committee if a company has not adequately explained its approach to diversity of its board based on BlackRock's assessment of corporate disclosure • Companies with smaller market capitalizations and from certain sectors may face more challenges in pursuing diversity. BlackRock will look at the level of progress when making voting decisions
State Street*	• May vote against the nominating committee chair if – For companies in all markets and indices, the board does not have at least one female member – For Russell 3000, the board the board does not have at least 30% women directors – May vote against all incumbent nominating committee members or those persons deemed responsible for the nomination process if a company fails to meet the above expectation for three consecutive years, • Will vote against the nominating committee chair of Russell 1000 companies that do not disclose the racial and ethnic composition of its board • Will vote against the nominating committee chair of S&P 500 companies that do not have at least one director from an underrepresented racial/ethnic community
Vanguard	• Will generally vote against the nominating and/or governance committee chair (or another relevant director if the chair is not up for election) if the board makes insufficient progress in diversity composition and/or in addressing diversity-related disclosures • Will consider applicable market regulations and expectations as well as company specific context in recommendation: at minimum, a board should represent diversity of personal characteristics, inclusive of at least diversity in gender, race and ethnicity on the board as well as diversity of tenure, skills and experience • Expect disclosure of diversity characteristics on a self-identified basis and may occur on an aggregated level

**Based on SSGA's most recent Guidance on Diversity Disclosures and Practices published in May 2023, we note however that SSGA's Proxy Voting and Engagement Guidelines published in March 2023 state that SSGA "may" vote against nominating chairs for failure to comply with racial/ethnic diversity voting standards*

Investor Director Diversity Policies (US) (cont'd)

	New in 2023
Goldman Sachs	• Will vote against or withhold from members of the nominating committee if: – For US incorporated companies, the board does not have at least 10% women directors and at least one other diverse director – For S&P 500 companies, the board does not have at least one diverse director from an underrepresented ethnic group in addition to the gender expectations above – For companies not incorporated in the US, the board does not have at least 10% women directors or if the board make-up does not meet the requirements of local listing rules or corporate governance codes or national targets • Will vote against or withhold from the full board at companies incorporated in the US that do not have at least one woman director
NYS Comptroller	May withhold support from: • All incumbent board nominees if there are no women on the board or if there are no directors identifying as an underrepresented minority on the board • All incumbent nominating committee nominees if there is not at least one woman director or one director identifying as an underrepresented minority • All incumbent nominating committee nominees at companies that do not disclose the self-identified individual racial/ethnic diversity of directors • All incumbent nominating committee nominees at companies that have not listed both gender and racial/ethnic diversity as explicit considerations in their search for directors
Legal & General Investment Management	• Expects women to make up at least one-third of board directors and Named Executive Officers by 2023 • Will vote against directors of S&P 500 companies with fewer than 25% women on the board – Expects smaller companies to have at least one woman at board level and to reach the one-third target over time • Will apply "voting sanctions" to the S&P 500 companies without at least one ethnically diverse director on board

**2022 standards are not repeated in 2023 if there is no change from 2022*

Investor Director Diversity Policies (US) (cont'd)

	Other Relevant Investor Director Diversity Policies Applicable in 2023
BNY Mellon	• Will generally vote against the nominating committee chair if there is fewer than one woman on the board
Neuberger Berman	• Boards should be at least 30% gender diverse • May hold the chair of the nominating committee accountable if the board fails to disclose board composition and may take voting action if the board lacks racial or ethnic diversity • May hold companies to higher standards of board diversity where market or listing standards are more stringent
J.P. Morgan	• Will generally vote against the nominating committee chair when the company does not disclose the gender or racial and ethnic composition of the board or the company lacks any gender diversity or any racial/ethnic diversity unless there are mitigating factors – Mitigating factors include recent retirement of relevant directors, a relatively new public company and an ongoing search for a director
CalPERS	• On a case-by-case basis, where engagements are not successful, will withhold votes from directors who are nominating/governance committee members, board chairs or long tenured directors on boards that lack diversity and do not make firm commitments to improving the board diversity in the near term when engagements are not successful – Long term means greater than 12 years on the board
Alliance Bernstein	• Will generally vote against the nominating/governance committee chair or a relevant incumbent member in the case of classified boards, when the board has no female members • Based on the outcome of engagements, beginning in 2022, will vote against the nominating/governance committee chair or a relevant incumbent member for classified boards of companies that lack minority ethnic/racial representation without a valid explanation

State Laws on Board Diversity

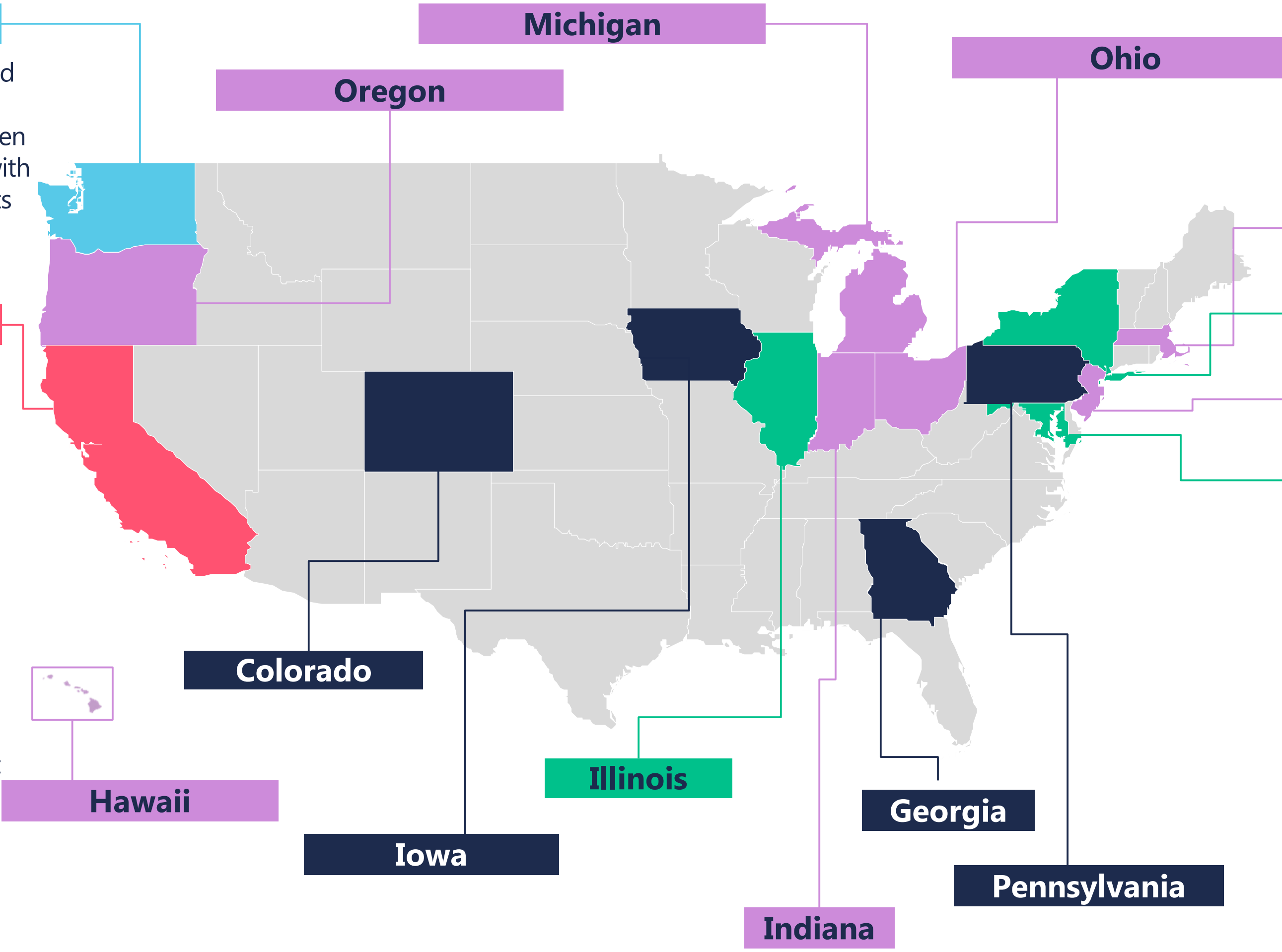
Washington

Public companies headquartered in Washington were required to have 25% of the board be women by January 1, 2022, or comply with diversity disclosure requirements

California

State: In 2022, in separate rulings, the Los Angeles Superior Court overturned California requirements for publicly listed corporations in California to require women (SB 826) and members of underrepresented communities (AB 979) on their boards as violations of California's Equal Protection Clause. These decisions are under appeal

Federal: In 2023, the US District Court for the Eastern District of California determined that AB 979 violates the Fourteenth Amendment Equal Protection Clause



Maryland

Maryland's HB1210 went into effect in July 2022 and requires certain businesses to either demonstrate membership of underrepresented communities on their board or in executive leadership or demonstrate support for underrepresented communities in their mission in order to qualify for state grants, tax credits or contracts worth more than $1 million/ year. HB1210 also requires all businesses in the state to submit data regarding diversity in their organization

- Introduced resolutions encouraging companies to commit to increase gender diversity on boards and senior management (non-binding)
- Have considered minimum requirements for gender or underrepresented minority directors but have not enacted
- Mandated board diversity studies or reports
- Diversity requirements struck down by courts
- Comply or explain requirement

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Sources: CA Secretary of State, State Legislative Bodies

Nasdaq Diversity Requirements – Rule 5605(f)

Nasdaq's board diversity rule requires Nasdaq-listed companies to:

- Publicly disclose board-level diversity statistics using a standardized template; and
- Have or explain why they do not have at least two diverse directors, one of whom is a self-identified female and one of whom self-identifies as an underrepresented minority* or LGBTQ+

	Board Diversity Matrix	One Diverse Director or Provide Explanation	Two Diverse Directors or Provide Explanation
Nasdaq Global Select or Global Markets	To be reported annually by December 31 (or one year from the date of listing)	December 31, 2023 (or one year from date of listing)	December 31, 2025
Nasdaq Capital Market		N/A	December 31, 2026
Boards with 5 or fewer directors		December 31, 2023 or two years from date of listing, whichever is later	N/A

- All companies are required to have one diverse director or provide an explanation by the end of 2023. Non-operating companies (e.g., SPACS) need not comply until they complete their business combination
  - New companies have one to two years to reach compliance from their initial listing on the exchange, depending on their status
- However, companies have until 2025 or 2026 to ensure they have two diverse directors
- The rule provides additional flexibility for smaller reporting companies and foreign private issuers (FPIs)
  - Smaller reporting companies and FPIs can meet the diversity objective by including two female directors (and FPIs may consider a director diverse based on home country diversity metrics)

**Nasdaq defines underrepresented minority as an individual who self-identifies as one or more of the following: Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander or "two or more races or ethnicities"*

3 Spotlight on Board and Director Trends

Board Committee Trends

The majority of S&P 500 companies have one additional committee beyond their standing audit, compensation and nominating and governance committees

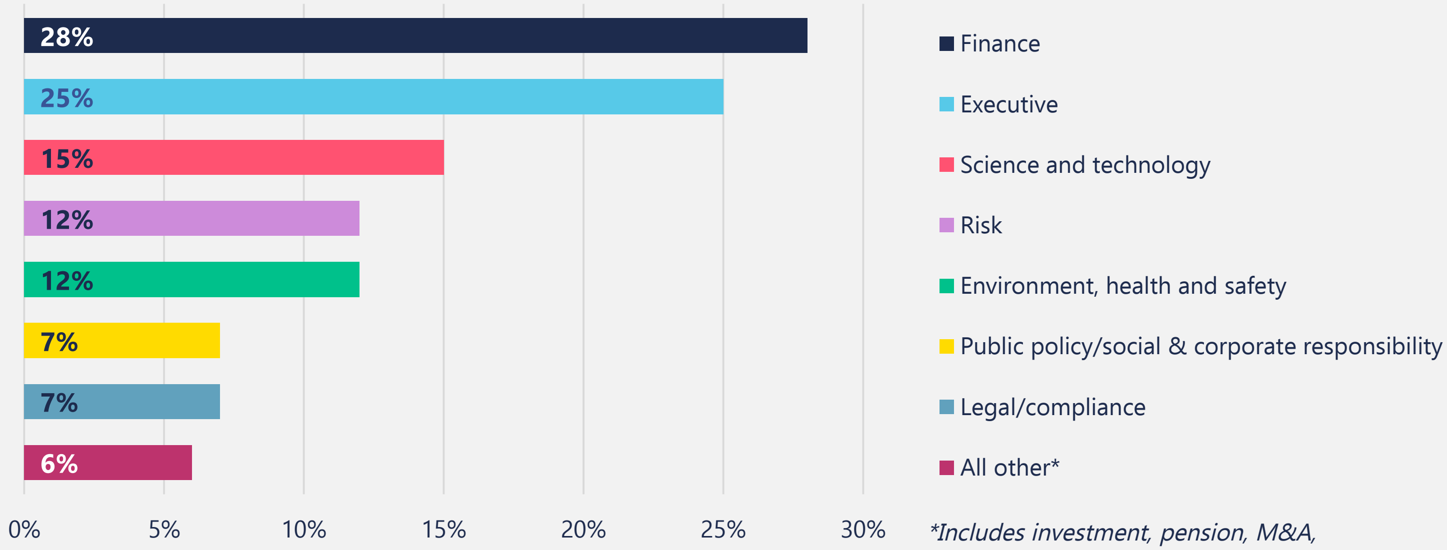
71%

of S&P 500 companies have more than the three NYSE-mandated standing committees

4

Average number of committees
(mostly unchanged for the past decade)

Additional Committees



**Includes investment, pension, M&A, corporate development and strategy & planning*

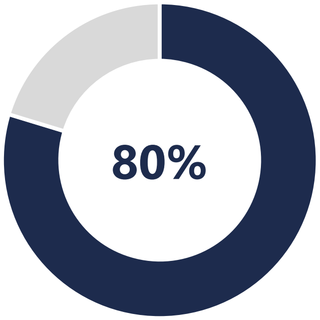
Board and Committee ESG Oversight

- Nominating and governance committees remained the most common choice for sole or primary board oversight of ESG in 2022 (63% of reporting companies, up from 53% in 2021)
- Among S&P 500 companies in 2022, 97% disclosed information about their overall ESG board oversight in their proxy statements, reflecting a sharp increase from 2021 and 2020 (86% and 72%, respectively)
- Among S&P 500 companies in 2022, 51% reported that either (i) the full board combined with a committee or (ii) the full board and multiple committees have oversight responsibility of ESG initiatives
  - Among companies that report the involvement of multiple committees in their ESG governance, audit committees were included as part of the framework 52% of the time, but only 1% indicated that audit committees had primary ESG oversight responsibility

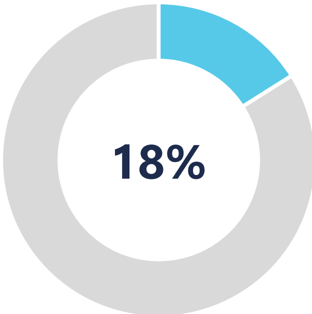
Sources: 2022 Spencer Stuart Board Index, Deloitte Center for Board Effectiveness, On the Audit Committee's Agenda (January 2023)

Board Refreshment Trends

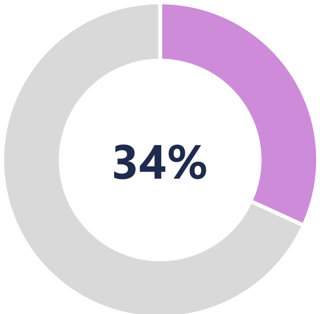
Over half of S&P 500 companies in 2022 elected at least one new director



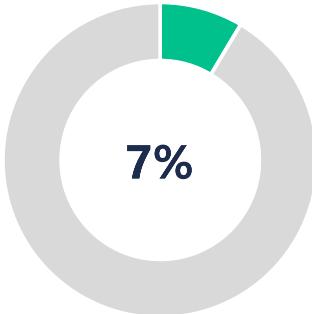
First time directors with non-executive backgrounds
(compared to 51% of newly appointed non-first-time directors)



First time directors aged 50 and younger
(compared to 6% of all directors)



Directors serving on their first public company board
(slightly down from 35% in 2021)



New directors appointed in 2022
(out of all directors appointed, down from 9% in 2021)

395

New independent directors appointed in 2022
(down from 456 in 2021; the lowest since 2017)

- 75% of first-time directors are actively employed, compared to 31% of new non-first-time directors
- 33% of new S&P 500 directors are active or retired corporate executives, excluding CEOs but including line or functional leaders and division or subsidiary leaders, the same as 2021
- 14% of S&P 500 new independent directors are active CEOs or employed as chairs, presidents or COOs and an additional 12% are retired CEOs, chairs, presidents or COOs
  - 2% of first-time directors are actively employed private company CEOs serving on their first public company board
- 37% of newly appointed directors have prior public director experience

Source: 2022 Spencer Stuart Board Index

Age and Term Trends of Directors at S&P 500 Companies

Average age of all independent directors

- Unchanged since 2021
- Average age of first-time directors is 54 years old

63 years

Youngest average director age at one board

50 years

Percentage of new directors ≤50 years old

- Up from 16% in 2021
- Tend to have backgrounds in technology, consumer, and financial services
- 6% of all independent directors are ≤50 years old

18%

Age range of new directors

34-72 years

Average tenure of independent S&P 500 directors

7.8 years

Average number of public corporate board affiliations of independent directors on S&P 500 boards

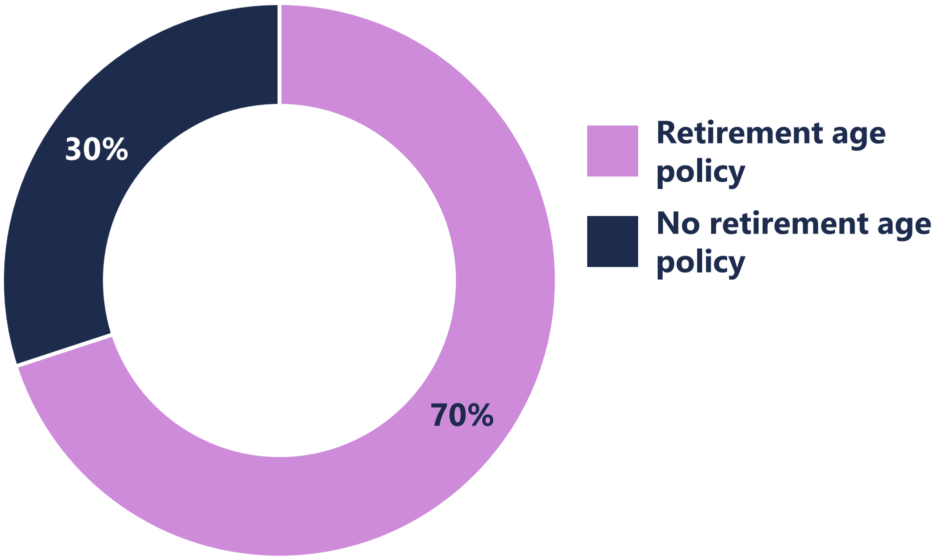
- Unchanged since 2021

2.1

Sources: 2022 Spencer Stuart Board Index

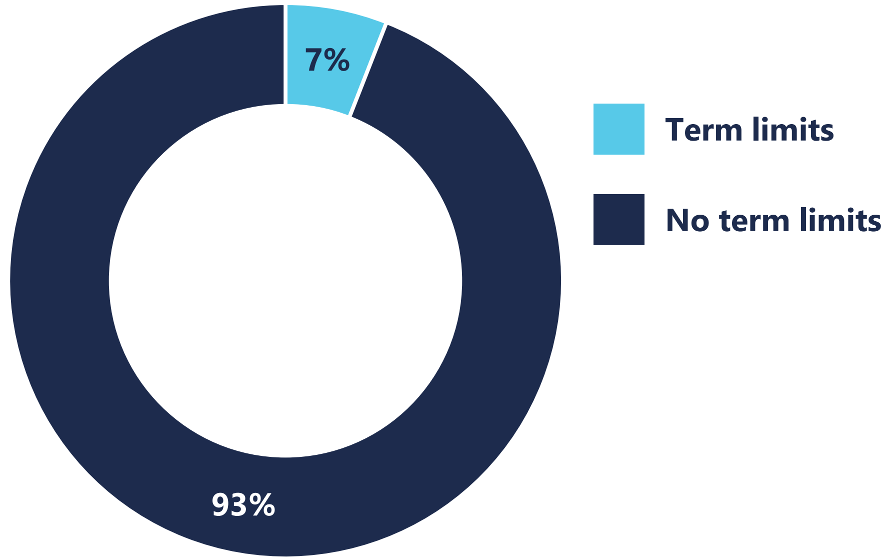
Spotlight on Mandatory Departure Policies

S&P 500 Boards that Disclose a Mandatory Retirement Age



- Over half (53%) of boards with mandatory director retirement ages set them at 75 years old or older (up from 51% in 2021 and 42% in 2017)
- As the mandatory retirement age used in retirement policies gradually increases, so do average and median ages of directors. The average and median age of independent directors at S&P 500 boards is 63.1 years old and 64 years old, respectively, up from 62.6 years old and 63 years, respectively, in 2012

Mandatory Term Limits at S&P 500 Companies for Non-executive Directors



- Term limits of non-executive directors range from 10 to 20 years, with 24 boards (69% of those with term limits) setting limits at 15 years or more

Source: 2022 Spencer Stuart Board Index

4 SEC Updates

SEC’s Proposed Amendment to Shareholder Proposal Rule

In July 2022, consistent with Staff Legal Bulletin No. 14L issued in November 2021, the SEC proposed amendments to Rule 14a-8 that would narrow the grounds for companies to exclude shareholder proposals from their proxy statements, especially those focused on ESG/anti-ESG. The amendments specifically focused on three substantive bases for exclusion under Rule 14a-8: "substantial implementation," "duplication" and "resubmission”

Key Takeaways

The proposed amendments clarify the meaning of “**substantially implemented**”: a proposal may be excluded “if the company has already implemented all essential elements of the proposal”

Currently, companies may exclude a proposal that “**substantially duplicates**” another proposal previously submitted to the company by another proponent that will be included in the company’s proxy materials for the same meeting. The proposed amendments further clarify that exclusion is permitted if the proposal “addresses the same subject matter and seeks the same objective by the same means”

The proposed amendments align the standards for “duplication” and “**resubmission.**” A proposal constitutes resubmission if it substantially duplicates another proposal. “Substantially duplicate” has the same definition as the “duplication” exclusion (a proposal that “addresses the same subject matter and seeks the same objective by the same means”), in addition to excluding shareholder proposals that address substantially the same subject matter as a proposal(s) previously included in a company’s proxy within the past five years

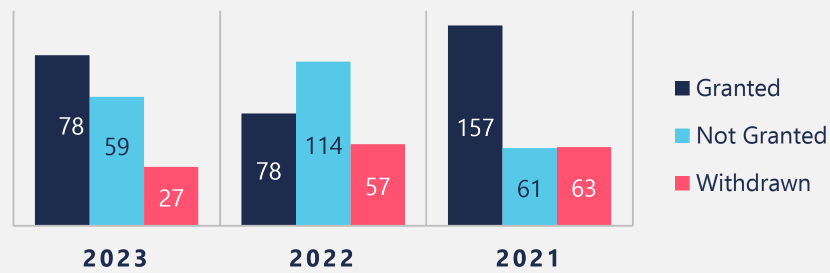
14a-8 Concerns

On June 22, 2023, Commissioner Uyeda expressed concern over the no-action letter process asserting shareholder proposal overload and the high costs to respond. Uyeda referenced the increase in proposals submitted, the number of proposals that made it to a vote and declining levels of support. He suggested, among other things, that there be a single standard to evaluate social policy issues in shareholder proposals under Rule 14a-8 to permit exclusion based on a material relationship between the issue and the company

Result of SLB 14L: Approximately 42% decrease in no-action letter requests since 2021

164	249	281
2023	2022	2021

No-Action Relief Granted by the SEC



Sources: ISS, Intelligize, TheCorporateCounsel.net, Commissioner Mark T. Uyeda, Remarks at the Society for Corporate Governance 2023 National Conference

Proposed Rules on Climate-Related Disclosure in the US

- In March 2022, the SEC unveiled its climate disclosure proposal: "The Enhancement and Standardization of Climate-Related Disclosures for Investors," aiming to establish climate disclosure for certain public companies and creating a new standard for ESG practices
  - The draft proposal drew 14,000+ comments as of April 18, 2023, an unprecedented amount, and has faced significant pushback from the business community including threats of potential lawsuits once the final rule is released

Proposed SEC Phase-in Periods

Filer Type	Narrative and Financial Disclosures		Attestation Report	
	Scopes 1, 2 Emissions Disclosure	Scope 3 Emissions Disclosure	Limited Assurance	Reasonable Assurance
Large Accelerated Filer	FY 2023	FY 2024	FY 2024	FY 2026
Accelerated Filer	FY 2024	FY 2025	FY 2025	FY 2027
Non-accelerated Filer	FY 2024	FY 2025	N/A	N/A
Smaller Reporting Company	FY 2025	N/A	N/A	N/A

- In January 2023, the Corporate Sustainability Reporting Directive (CSRD) became effective in the European Union (EU), imposing new disclosure requirements on EU public and private companies as well as US public and private companies with a significant presence in the EU
  - Significant presence in the EU means companies must have generated a net turnover within the EU of €150 million for two consecutive financial years, and either:
    - Have an EU subsidiary that meets certain thresholds under Article 19a of the CSRD, or
    - Have a branch in the EU that generated €40 million net turnover in the preceding financial year
  - Reporting requirements become effective January 1, 2028, with reports first due in 2029 for non-EU companies

Timeline of SEC Climate-Related Disclosure

March 2020
The Investor-as-Owner Subcommittee of the SEC Investor Advisory Committee Relating to ESG Disclosure recommended that the SEC require ESG disclosure

December 2020
ESG Subcommittee of the SEC Asset Management Advisory Committee recommended the SEC require the adoption of standards for corporate issuers to disclose material ESG risks

March 2021
The SEC formed a Climate and ESG Task Force within the Division of Enforcement to identify and pursue misconduct related to climate and ESG issues

September 2021
SEC Chair Gensler emphasized that climate disclosure would benefit investors before the Senate Committee on Banking, Housing, and Urban Affairs

March 2022
The SEC published the proposed rules on climate-related disclosures and opened the initial comment period, which was extended to June 17, 2022

June 2022
SCOTUS ruled in West Virginia v. EPA, limiting the EPA's ability to regulate power plant emissions and calling into question administrative power and authority

Fall 2023
The SEC included climate disclosure rulemaking in the fall 2023 Reg Flex Agenda (previously targeted for adoption in April 2023); however, the Reg Flex Agenda is subject to change

Source: Testimony of Chair Gary Gensler before the United States House of Representatives Committee on Financial Services (April 18, 2023)

SEC Rule Change Compliance Calendar: Spring 2023 and Beyond

Key Dates/ Deadlines	Disclosure Requirements	Relevant Rule	Disclosure Frequency
Beginning Jan 11, 2023	• Registrants are required to furnish their "glossy" annual reports electronically on EDGAR (in PDF format) no later than the date on which the report is first distributed to stockholders	Rule 101(a) of Regulation S-T	Annually
Beginning Feb 27, 2023	• Amended 10b5-1 rules take effect, including a requirement to have registrants receive certifications from directors and Section 16 officers upon adoption or modification of their 10b5-1 plans	Rule 10b5-1	
Beginning Apr 1, 2023	<u>New Form 4 disclosures:</u> • 10b5-1 plans: Form 4s (and Form 5s) filed on or after April 1, 2023 include – a checkbox disclosing whether the purchases or sales reported are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and – a requirement to disclose the adoption date of the relevant 10b5-1 plan in the "Explanation of Responses" • Bona fide gifts of equity securities: Reported on Form 4 (within 2 business days following the transaction date)		As needed
Beginning Apr 13, 2023	• New Form 144 rules require Form 144 filings to be filed electronically on EDGAR*	Rule 101(a) of Regulation S-T	As needed
Beginning Late Summer 2023 **Q2 Form 10-Q and quarterly thereafter**	<u>Use of Rule 10b5-1 by a registrant's directors or Section 16 officers</u> • Disclose whether, in the most recently completed fiscal quarter, any director or Section 16 officer adopted, modified or terminated a "Rule 10b5-1(c) trading arrangement" or "non-Rule 10b5-1 trading arrangement" each as defined in Item 408(c) of Regulation S-K for the purchase or sale of a registrant's securities • This disclosure must include the material terms of the contract or plan (other than the price at which trades are to be executed), including:* – the name and title of the director or Section 16 officer; – the date on which the plan was adopted, modified or terminated; – the duration of the plan; – the aggregate number of securities to be sold or purchased under the plan; and – whether the 10b5-1 plan is a "Rule 10b5-1(c) trading arrangement" or "non-Rule 10b5-1 trading arrangement"	Item 408(a) of Regulation S-K	Quarterly
Dec 1, 2023	• Deadline for registrants listed on a US exchange to adopt an effective executive compensation clawback policy, including approval by the compensation committee or board, as applicable – Clawback policies to cover executive incentive compensation received or deemed received on or after the October 2, 2023 effective date		

Each of the deadlines assume the registrant is not a smaller reporting company or a foreign private issuer and has a fiscal year end of December 31, unless otherwise noted.
** Asterisks (*) indicate an XBRL tagging requirement*

SEC Rule Change Compliance Calendar: Spring 2023 and Beyond

<table>
<tr><th>Key Dates/ Deadlines</th><th>Disclosure Requirements</th><th>Relevant Rule</th><th>Disclosure Frequency</th></tr>
<tr><td rowspan="2">Beginning Winter 2024

Form 10-K for FY 2023 and quarterly thereafter</td><td><u>Disclosure of share repurchases by the registrant or its “affiliated purchasers”</u>
• Disclosure of daily purchases by or on behalf of the registrant or any “affiliated purchasers” (as defined in Rule 10b-18 of the Exchange Act) as an exhibit in tabular format:*
– the purchase date;
– the class of shares;
– the total number of shares purchased on such date;
– the average price paid per share;
– the total number of shares purchased on this date as part of publicly announced repurchase plans or programs;
– the aggregate maximum number of shares that may yet be purchased under any announced repurchase plans or programs;
– the total number of shares purchased on such date in the open market;
– the total number of shares purchased on such date that are intended to qualify for the Rule 10b-18 safe harbor; and
– the total number of shares purchased on such date that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c)
• By footnote to the table, disclose the date any plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) for the plans covering shares described in the last column of the table was adopted or terminated
• Check the checkbox to indicate whether any officer or Section 16 officer purchased or sold shares that are subject of a publicly announced plan or program within 4 business days before or after the registrant’s announcement of such repurchase plan or program or the announcement of an increase of an existing share repurchase plan or program</td><td>Item 601(b)(26) of Regulation S-K</td><td>Quarterly</td></tr>
<tr><td><u>Additional disclosure of share repurchases</u>
• Narrative disclosure relating to the following information must also be included:*
– the objectives or rationales for each repurchase plan or program and the process or criteria used to determine the amount of repurchases;
– the number of shares purchased other than through a publicly announced plan or program and the nature of the transaction;
– for publicly announced repurchase plans or programs:
  – the date each plan or program was announced,
  – the dollar or share amount approved,
  – the expiration date of each plan or program,
  – each plan or program that has expired during the covered period, and
  – each plan or program the registrant terminated prior to expiration or under which it does not intend to make further purchases; and
– any policies and procedures relating to purchases and sales of the registrant’s securities by its officers and directors during a repurchase program, including any restrictions on such transactions</td><td>Item 703 of Regulation S-K</td><td>Quarterly</td></tr>
</table>

Each of the deadlines assume the registrant is not a smaller reporting company or a foreign private issuer and has a fiscal year end of December 31, unless otherwise noted

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<tr><td rowspan="3">Beginning Winter 2024

Form 10-K for FY 2023 and annually thereafter</td><td><u>Disclosure related to the registrant's clawback policy</u>
• File the clawback policy as an exhibit to the annual report on Form 10-K
• Disclosure via checkbox on Form 10-K indicating:*
– whether the financial statements included in the filing reflect the correction of any error to previously issued financial statements; and
– whether any of those corrections are restatements that required a recovery analysis</td><td>Item 601(b)(97) of Regulation S-K</td><td>Annually</td></tr>
<tr><td><u>Disclosure when clawback policy is triggered</u>
• If the clawback policy has been triggered, disclosure of recovery of excess incentive-based compensation, including:*†
– the amount of excess incentive-based compensation recoverable under the registrant's clawback policy;
– an analysis of how the amount was calculated; and
– to the extent the board determined recovery was impracticable, an explanation of the determination not to pursue recovery</td><td>Item 402(w)(1)-(2) of Regulation S-K</td><td>Annually</td></tr>
<tr><td><u>Disclosure when clawback policy is triggered</u>
• If excess incentive-based compensation previously paid to named executive officers and disclosed in a prior proxy statement has been received:*†
– the amounts recovered under the registrant's clawback policy must be deducted from the summary compensation disclosure relating to the year in which the relevant incentive compensation was reported, with the recovered amounts to be identified via footnote</td><td>Item 402(c) of Regulation S-K</td><td>Annually</td></tr>
</table>

Each of the deadlines assume the registrant is not a smaller reporting company or a foreign private issuer and has a fiscal year end of December 31, unless otherwise noted
† Indicates that this information is required to be disclosed in a registrant's Form 10-K, but may be incorporated by reference from the relevant proxy statement so long as the proxy statement is filed within 120 days of the end of the fiscal year
** Asterisks (*) indicate an XBRL tagging requirement*

SEC Rule Change Compliance Calendar: Spring 2023 and Beyond

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<tr><td rowspan="3">Beginning Winter 2025

Form 10-K for FY 2024 and annually thereafter</td><td><u>Disclosure of the registrant’s insider trading policy as an exhibit</u>
• File any insider trading policies or procedures as an exhibit to the annual report on Form 10-K</td><td>Item 601(b)(19) of Regulation S-K</td><td>Annually</td></tr>
<tr><td><u>Disclosure related to the registrant’s insider trading policy</u>
• Disclose whether the registrant has adopted insider trading policies and procedures designed to promote compliance with insider trading laws, regulations and listing standards, or explain why the registrant has not*†</td><td>Item 408(b) of Regulation S-K</td><td>Annually</td></tr>
<tr><td><u>Disclosure of option awards made close in time to the release of material nonpublic information, including</u>
• If applicable, tabular disclosure of each option award, stock appreciation right or other option-like instrument granted in the past fiscal year to a named executive officer within 4 business days before and 1 business day after the filing of a Form 10-Q or Form 10-K or release of material non-public information, including*†
– the name of the named executive officer;
– the grant date;
– the number of underlying securities;
– the exercise price;
– the grant date fair value; and
– the percentage change in the closing market price of the securities underlying the award between 1 trading day before and after the release of material non-public information
• Narrative disclosure of the registrant’s policies and practices on the timing of awards of options in relation to the disclosure of material nonpublic information, including:*†
– how the board determines when to grant such awards;
– whether and, if so, the board takes material nonpublic information into account when determining the timing and terms of such an award; and
– whether the registrant has timed the disclosure of material nonpublic information for the purpose of affecting the value of executive compensation</td><td>Item 402(x) of Regulation S-K</td><td>Annually</td></tr>
</table>

Each of the deadlines assume the registrant is not a smaller reporting company or a foreign private issuer and has a fiscal year end of December 31, unless otherwise noted

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5 “E”&“S” Proposals

ESG Shareholder Proposals

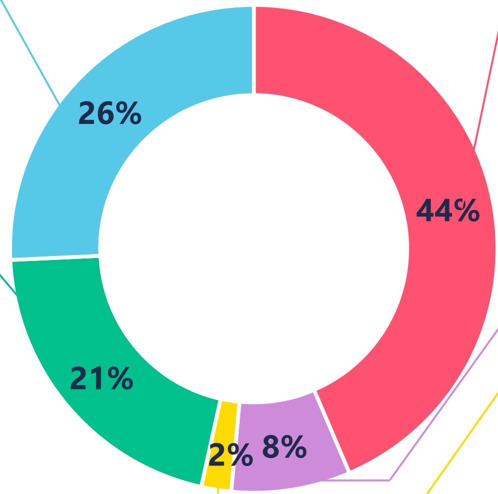
Shareholder Proposals by Category[1]

Governance Proposals: 236

Examples include:
- Independent Chair
- Declassified Board
- Fair Election/Proxy Access
- Shareholder Rights
- Majority Voting Thresholds
- Director Overboarding
- Eliminating Dual-Class

Environmental Proposals: 193

Examples include:
- Climate Change
- GHG Emissions
- Employee Sustainable Investment Options
- Plastic Use and Pollution
- Sustainable Packaging
- Climate Lobbying



Social Proposals: 407

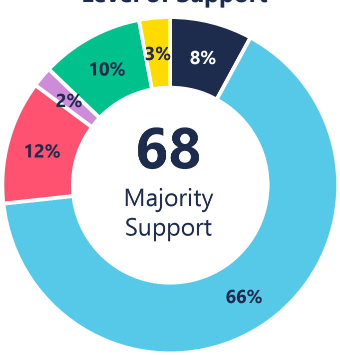
Examples include:
- Human Rights
- Diversity – Board/Workforce
- Racial Equity Audit
- Employee Rights and Safety
- Pay Disparity – Gender/Race/Ethnicity
- Lobbying

Compensation Proposals: 70

Other Proposals: 15

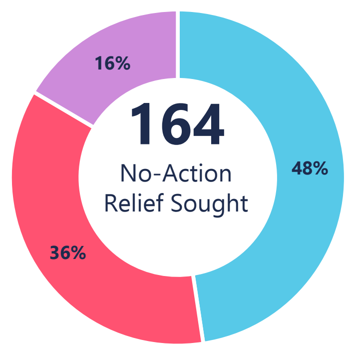
Proposals By the Numbers

Level of Support[1]



- Majority: 68/878
- Non-majority support: 575/878
- Not voted (not in proxy): 107/878
- Not presented/voted on (in proxy): 18/878
- Omitted: 83/878
- Pending: 27/878

Rule 14a-8 No Action Status[2]



- Concur: 78/164
- Unable to concur: 59/164
- Withdrawn: 27/164

Shareholder proposals submitted on or after January 1, 2023

Sources: [1]Deal Point Data as of June 22, 2023, of known proposals, legend as identified by Deal Point Data; [2]Freshfields analysis of ISS data from January 1, 2023 – June 15, 2023

Select Proponent Activity in 2023 Proxy Season

Proponent/Sponsor	Type of Engagement	Substantive Concerns	Number of Targets
Interfaith Center on Corporate Responsibility and its members	Shareholder proposals and letter campaigns	Climate change, racial justice, DEI efforts, human rights, workers' rights, corporate governance and lobbying/political contributions	390+ resolutions
Chevedden/McRitchie/ Steiner/Young	Shareholder proposals	Independent board chair, reduce ownership thresholds for shareholders to call a special meeting, adoption of simple majority vote standards, shareholder approval of severance agreements, shareholder approval of certain bylaw amendments, elimination of supermajority voting requirements, proxy access bylaws, written consent provisions, lobbying, DEI efforts, gender and racial pay gaps and climate change	270+ resolutions
As You Sow	Shareholder proposals	Climate change (specifically emissions targets and reporting), plastics, racial justice, workplace diversity and executive compensation	100+ resolutions
National Center for Public Policy Research	Shareholder proposals	Challenged a wide range of ESG orthodoxy including DEI efforts, corporate financing of the radical gender ideology, companies weighing in on the national abortion debate and companies' support of decarbonization	45+ resolutions
National Legal and Policy Center	Shareholder proposals	Business and relationship with China, government censorship, charitable contribution, lobbying and requirement of independent chairman	25+ resolutions
Arjuna Capital	Shareholder proposals	Climate change, gender and racial pay gaps, reproductive rights, human rights and civil rights	15+ resolutions

Freshfields

Sources: As You Sow, ICCR, Arjuna Capital, NCPPR, NLPC, Freshfields analysis of ISS data as of June 15, 2023

Climate Action 100+ Flagged Climate-Related Shareholder Proposals

Climate Action 100+ is an investor initiative with the aim of holding the world's largest corporate GHG contributors accountable by taking action on climate change in order to achieve the group's objectives of cutting emissions, improving climate governance and strengthening climate-related financial disclosures. Climate Action 100+ 'flags' shareholder proposals submitted to companies that align with its objectives for investors during proxy season. Climate Action 100+ recently announced the launch of phase 2 of its plan to push for climate action by corporations focusing on implementing climate transition plans, while the first phase was focused on climate-related disclosure.

As of June 14, 2023, Climate Action 100+ flagged 20 shareholder proposals at 15 companies, none of which received majority support

Company	Shareholder Proposal	Status
PACCAR Inc	Report on lobbying in line with Paris Agreement	Voted – 47.4% support
Exxon Mobil Corp.	Report on methane measurement	Voted – 36.4% support
Lockheed Martin Corporation	Plan on net zero targets and climate transition	Voted – 35.4% support
Valero Energy Corp.	Report on GHG targets and transition plan	Voted – 33.1% support
Martin Marietta	Adopt GHG targets and transition plan	Voted – 32.8% support
TotalEnergies SE	Align its existing 2030 reduction targets covering the GHG emissions of the use of its energy products (Scope 3) with the goal of the Paris Agreement	Voted – 30.4% support
Glencore plc	Align its projected thermal coal production with Paris Agreement's objective	Voted – 29.2% support
Berkshire Hathaway	Report on physical and transition risks and opportunities	Voted – 26.8% support
Engie SA	Modify the articles of association on the company's climate strategy	Voted – 24.0% support
Marathon Petroleum	Report on asset retirement obligations	Voted – 22.8% support
The Southern Company	Adopt scope 3 GHG targets	Voted – 19.8% support
Berkshire Hathaway	Adopt board oversight of material sustainability issue(s)	Voted – 18.0% support
Suncor Energy Inc.	Report on capital expenditure alignment with GHG reduction targets	Voted – 17.7% support
Exxon Mobil Corp.	Report on climate-related just transition plan	Voted – 16.6% support
Toyota Motor Corp.	Report on climate-related lobbying activities	Voted – 15.3% support
Shell plc	Align its existing 2030 reduction targets covering the GHG emissions of the use of its energy products (Scope 3) with the goal of the Paris Agreement	Voted – 10.2% support
Marathon Petroleum	Report on climate-related just transition plan	Voted – 16.4% support
Exxon Mobil Corp.	Report on impact of energy transition on asset retirement obligations	Voted – 16.0% support
Imperial Oil	Report on impact of energy transition on asset retirement obligations	Voted – 4.4% support
Imperial Oil	Adopt GHG reduction targets	Voted – 3.7% support

Source: Climate Action 100+

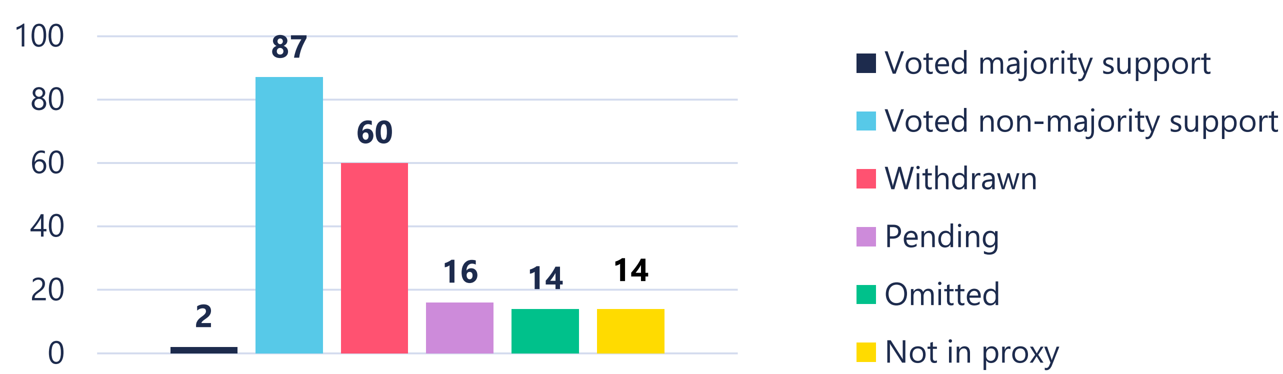
Environmental Proposals Overview

As of June 15, 2023, only two environmental proposals received majority support: One proposal requested a report on the reliability of the company's methane emissions disclosures (74.4%); the other proposal requested a report on the alignment of the company's lobbying activities and the Paris Agreement goal of maintaining global temperature rise at 1.5°C, with the board recommending shareholders vote for the proposal (95.0%)

193* Known Proposals

178* Climate–related Proposals

By the Numbers



Excluding the two proposals that received majority support, support for climate-related proposals ranged from 4.7% – 48.0%

Climate-related proposals topics include:

- ESG policies and standards
- Employee sustainable retirement investment options
- Climate change lobbying
- Cease financing of new fossil fuel supplies
- Climate change risks
- Climate transition plans
- Greenhouse gas emissions
- Scope 3 emissions
- Sustainable packaging
- Plastic use and pollution
- Water risks
- Deforestation

*Includes nine anti-ESG proposals that are all climate-related
Source: Freshfields analysis of ISS data as of June 15, 2023

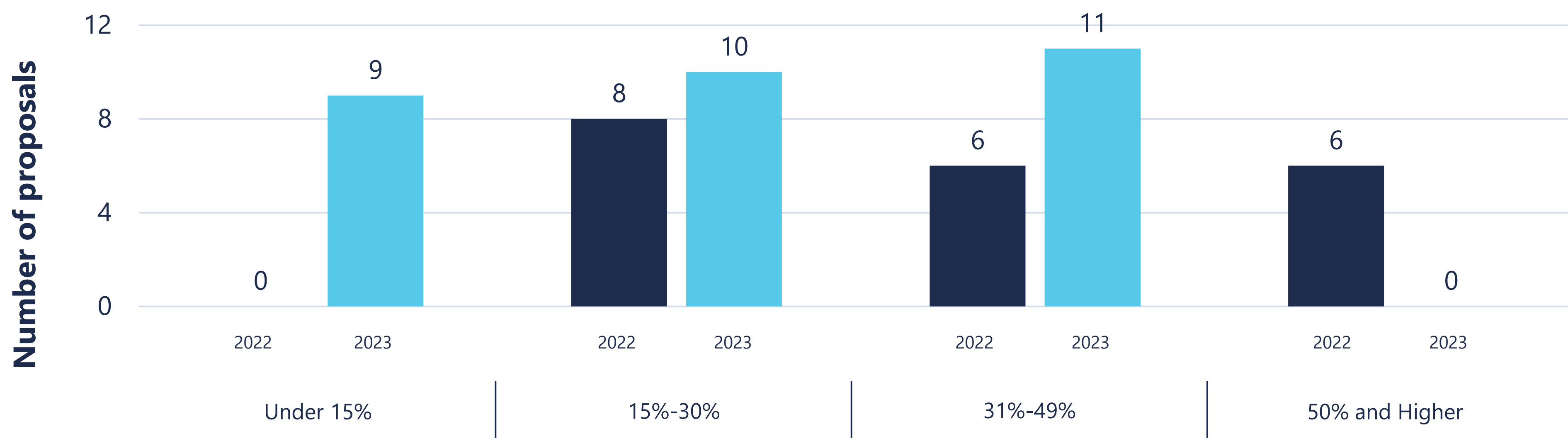
Environmental Proposals – Greenhouse Gas Emissions Reduction

- GHG emissions proposals generally request that companies issue near- and long-term science-based GHG reduction targets consistent with the Paris Agreement goal of maintaining global temperature rise at 1.5°C and request companies summarize their plans to achieve these targets
- Proponents particularly targeted high GHG emitters like energy companies
- As of June 15, 2023, average support for the proposals was 24.4%

As of June 15, 2023, 80 known proposals were filed relating to GHG emissions reduction, over 40% of all environmental proposals

- Like 2022, the most common environmental proposals in 2023 were those related to reducing GHG emissions
- 30 proposals went to vote, 33 were withdrawn, three were omitted, seven were not included in the proxy and seven are pending
- **No proposals received majority support to date**

Shareholder Support Levels in 2022 and 2023

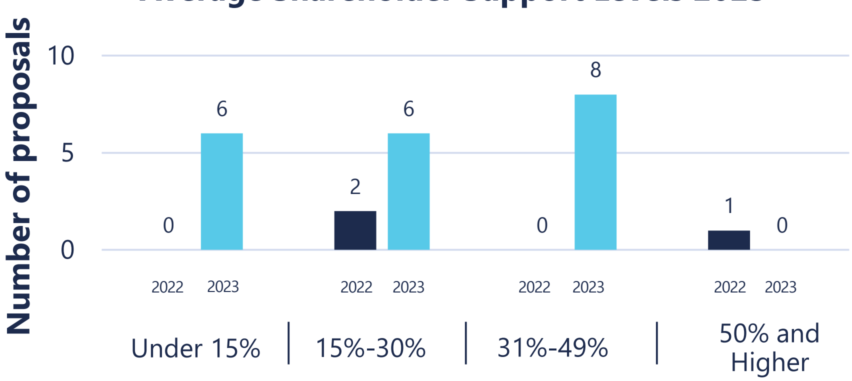


Source: Freshfields analysis of ISS data as of June 15, 2023

Environmental Proposals – Scope 3/Full Value Chain

- In 2023, the language in Scope 3 proposals generally shifted away from reporting requests for "Scope 3 emissions" to reporting requests for emissions covering the "full value chain," and company opposition statements have generally responded to this language by acknowledging that the proposals are referring to Scope 3 emissions
- As You Sow and Follow This requested companies set medium-term or long-term reduction targets covering GHG emissions from the "full value chain" consistent with the Paris Agreement goal of maintaining global temperature rise at 1.5°C
- As of June 15, 2023, the average support for Scope 3 emissions proposals was 25.0%
- In 2022, the average support for Scope 3 emissions proposals was 43.3%. However, when excluding a Boeing proposal that passed with high support with recommendation from the board, the average support in 2022 was 22.0%

Average Shareholder Support Levels 2023



Bar graph contains voted proposals receiving >25% support

As of June 15, 2023, of the 80 known proposals related to GHG emissions reduction, 23 proposals specifically requested Scope 3 emissions (or full value chain) reporting and/or targets

- 20 proposals went to vote, one was omitted and two are pending
- **No proposals received majority support to date**

Company	Status	Proponent
Quest Diagnostics Incorporated	Voted – 48.0% support	John Chevedden
Texas Roadhouse, Inc.	Voted – 40.4% support	Boston Trust Walden Company
Raytheon Technologies Corp.	Voted – 37.8% support	As You Sow
Lockheed Martin Corporation	Voted – 35.4% support	As You Sow
Public Storage	Voted – 34.7% support	As You Sow
Valero Energy Corporation	Voted – 33.1% support	Mercy Investment Services
Martin Marietta Materials, Inc.	Voted – 32.8% support	Amundi Asset Management
NewMarket Corporation	Voted – 31.9% support	Norges Bank Investment Management
The Mosaic Company	Voted – 29.8% support	As You Sow
Chubb Limited	Voted – 28.9% support	As You Sow
CoStar Group, Inc.	Voted – 27.5% support	John Chevedden

Source: Freshfields analysis of ISS data as of June 15, 2023

Environmental Proposals – Plastic Use

- As You Sow submitted a number of proposals on plastic use. The proposal to Yum! Brands was particularly detailed and requested the company issue a report on its plastic use and shift away from single-use plastic, and requested that it:
  - Assess the reputational, financial and operational risks associated with continuing to use substantial amounts of single-use plastic packaging while plastic pollution grows;
  - Evaluate dramatically reducing the amount of plastic used in packaging by transitioning to reusables; and
  - Describe how Yum! Brands can further reduce single-use packaging, including any planned reduction strategies or goals, materials redesign, substitution or reductions in use of virgin plastic
- As You Sow withdrew a similar proposal at McDonald's earlier this year after negotiating with McDonald's and McDonald's agreed to produce a report
- At the Yum! Brands annual shareholder meeting held on May 18, 2023, 36.9% of shares voted in favor of the proposal

As of June 15, 2023, 13 known proposals were filed relating to plastic waste and reducing plastic use. No proposals received majority support to date and average support was 26.1%

Company	Status	Proponent
Restaurant Brands International Inc.	Voted – 36.9% support	As You Sow
Yum! Brands, Inc.	Voted – 36.9% support	As You Sow
Amazon.com, Inc.	Voted – 32.3% support	As You Sow
Dow, Inc.	Voted – 30.2% support	As You Sow
Exxon Mobil Corporation	Voted – 25.3% support	As You Sow
Phillips 66	Voted – 11.6% support	As You Sow
Westlake Corporation	Voted – 9.5% support	As You Sow
The Kroger Co.	Pending	As You Sow
General Mills, Inc.	Pending	Green Century
McDonald's Corporation	Withdrawn	As You Sow
Colgate-Palmolive Company	Withdrawn	Green Century
Keurig Dr Pepper Inc.	Withdrawn	Green Century
Chevron Corporation	Omitted	As You Sow

Sources: Freshfields analysis of ISS data as of June 15, 2023, As You Sow

Select Other Environmental Proposals

Climate Change Lobbying

- 17 proposals requested companies disclose if and how their lobbying activities align with the Paris Agreement goal of maintaining global temperature rise at 1.5°C or align with their net-zero commitments
- Proposals were submitted by multiple proponents, including three by John Chevedden (in cooperation with Ceres)
- Nine proposals went to vote, five were withdrawn, one was omitted, one was not included in the proxy and one is pending
- The New York Community Bancorp proposal received majority support after the board recommended shareholders vote in favor (95.0%)
- Support for the proposals that did not receive majority support ranged from 9.8% – 47.4%

Voted or pending proposals

Financing Fossil Fuels

- Eight proposals requested companies adopt time-bound policies to phase out lending and underwriting of fossil fuels to align their corporate practices with the goals of the Paris Agreement of maintaining global temperature rise at 1.5°C or net-zero commitments by the companies
- Shareholders sent proposals to both banks and insurers
- Proposals were submitted by multiple proponents, including four by the Sierra Club Foundation
- All eight proposals went to vote
- Support for the proposals ranged from 4.8% – 10.1%

Voted proposals

Employee Sustainable Retirement Investment Options

- As You Sow submitted five proposals requesting companies assess and report on how their current retirement plan options align with their climate action goals
- As You Sow specifically requested information regarding how retirement plan investments in high carbon companies could contribute to reduced plan performance over time or put younger plan participants' retirement funds at greater economic risk compared to participants closer to retirement age
- Three proposals went to vote and two are pending
- Support for the proposals ranged from 6.2% – 8.8%

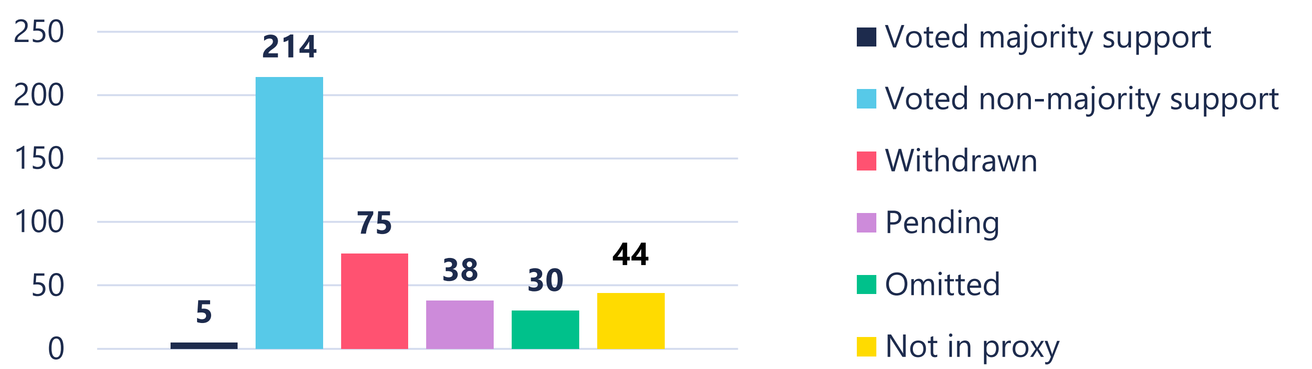
Voted or pending proposals

Social Proposals Overview

As of June 15, 2023, five social proposals received majority support: The proposals receiving majority support ranged from reports on lobbying payments, collective bargaining, prevention of workplace harassment and discrimination, reports on the effectiveness of DEI efforts, and oversight of workplace health and safety and support ranged from 50.3% – 67.7%

By the Numbers

407*
Known Proposals



Excluding the five proposals that received majority support, support for social proposals ranged from 0.3% – 48.9%

Social proposals topics include, but are not limited to:

- Human rights
- Diversity of the board and workforce
- Pay disparity based on gender/race and ethnicity
- Political lobbying and charitable contributions
- Employee rights and safety
- Reproductive rights
- Animal rights
- Collective bargaining rights
- Reports on civil rights and non-discrimination audits
- Reports on the impact of extended patent exclusivities
- Firearms and weapons
- Operations in high-risk countries
- Sick leave policies

Freshfields

**Includes 56 anti-ESG proposals*
Source: Freshfields analysis of ISS data as of June 15, 2023

Anti-ESG Environmental Proposals

Anti-E proposals are on the rise, although anti-E proposals received limited support to date

Feasibility or Appropriateness of Net-Zero GHG Emissions

- Three proposals requested companies prepare a report on the feasibility or appropriateness of achieving net-zero GHG emissions
- Anti-ESG activist Steven Milloy submitted proposals to Alliant Energy, Southern Co. and General Electric
- At General Electric, Milloy requested the company prepare an audited report evaluating material factors as to whether the company's 2050 net-zero carbon goal is appropriate or attainable
- One proposal went to vote, one was omitted and one was not properly presented so no vote was recorded
- The proposal received 1.1% support at General Electric

Creation of a Decarbonization Risk Committee

- Four proposals requested companies create a new board committee to evaluate the risks and drawbacks of attempting to meet prior activist demands for decarbonization based on what the proponents argue are flaws in climate models (e.g., the Paris Agreement)
- David Bahnsen and NCPPR submitted proposals to energy companies Chevron, Duke Energy, Exxon Mobil and First Energy
- The proposals generally stated that the committee should consider the feasibility of achieving net-zero emissions and the risk that the US and other countries will not force decarbonization in accordance with activist demands thus making decarbonization efforts meaningless
- The proposals received less than 3% support at Chevron, Duke Energy, Exxon Mobil and First Energy

No Carbon Reduction

- Steven Milloy submitted a proposal purely for effect and requested Chevron rescind a 2021 shareholder proposal that did not receive majority support on decarbonization of Scope 3 emissions. Milloy argued that the prior proposal was politically motivated and "uncritically accepts the illegal Paris Climate Agreement"
- Milloy argued that the "question of whether emission reduction by corporations can have any effect on the world's climate is highly controversial" and contended that the 2021 proposal would ultimately require Chevron to sell less of its products to achieve decarbonization
- Milloy concluded his proposal by stating the 2021 proposal "can only harm Chevron and its shareholders while accomplishing nothing for global climate," although it is not clear what effect rescinding a proposal that did not receive majority support would have
- The proposal received 1.3% support

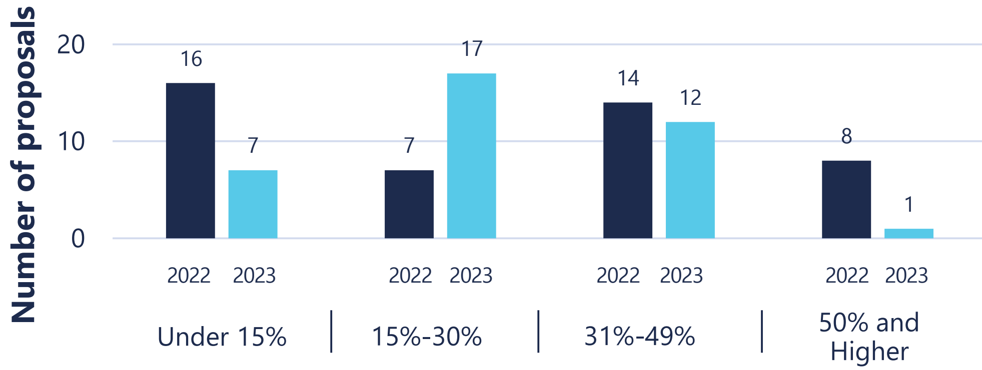
Sources: Freshfields analysis of ISS data as of June 15, 2023, Sustainable Investment Institute

Social Proposals – DEI Efforts

As of June 15, 2023, 125 known proposals were filed with respect to DEI efforts

- 95 proposals generally requested greater disclosure of DEI data and its effectiveness on improving diversity, third-party racial equity or civil rights audits, reports on gender or racial pay gaps, reports on board diversity and other racial equity and justice proposals
  - Of these, 37 proposals went to vote, 31 proposals were withdrawn, one was omitted, 20 were not included in the proxy and six are pending
  - Average support was 25.5% (ranging from 6% – 57.3%)
- 30 of the DEI proposals are considered conservative or "anti-ESG" proposals where proponents generally questioned the rationale of DEI programs and alleged that these programs violate the Civil Rights Act of 1964 by discriminating against "non-diverse" employees
  - 19 proposals went to vote, three proposals were withdrawn, four were omitted and four are pending
  - Average support was 1.9% (ranging from 0.3% – 7.7%)
- Of the 125 known DEI proposals, only three related to EEO-1 reporting, down from 47 and eight in 2021 and 2022, respectively
  - From August 2020 to October 2022, the number of S&P 100 companies releasing EEO-1 data publicly increased by more than 400%
  - Of the three proposals, two were submitted by NCPPR and are anti-ESG proposals

Shareholder Support for DEI Efforts*



Company	Status	Proponent
Expeditors International	Voted – 57.3% support	Clean Yield Asset Management
NextEra Energy	Voted – 48.9% support	Comptroller of the City of New York
Boeing	Voted – 47.4% support	James McRitchie
Capital One	Voted – 44.1% support	New York City Employees' Retirement System New York City Teachers' Retirement System New York City Board of Education Retirement System
GEO Group	Voted – 40.3% support	Service Employees International Union Master Trust
American Water	Voted – 40.0% support	Trillium ESG Global Equity Fund
DexCom, Inc.	Voted – 35.9% support	Myra Young James McRitchie
Travelers	Voted – 35.3% support	John Hancock ESG Large Cap Core Fund Oneida Elder Trust Fund Oneida Minors' Trust Fund Presbyterian Church USA
Intuitive Surgical	Voted – 35.3% support	Myra Young James McRitchie John Chevedden

Table includes voted proposals that received >35% support

**Bar graph excludes support levels for anti-ESG DEI related proposals*
Source: Freshfields analysis of ISS data as of June 15, 2023

Social Proposals – DEI Disclosure and Reports on DEI Effectiveness

As of June 15, 2023, of the 125 known DEI proposals, 36 were filed requesting greater disclosure of material DEI data or reports on the impact of DEI initiatives

- Proposals generally requested companies publish quantitative data related to workforce composition, recruitment, retention, and promotion rates categorized by gender, race and ethnicity in order to assess and compare the effectiveness of DEI programs
  - Six proposals went to vote, 24 proposals were withdrawn, two were not included in the proxy and four are pending
  - Average support was 27.2% (ranging from 16.1% – 57.3%)

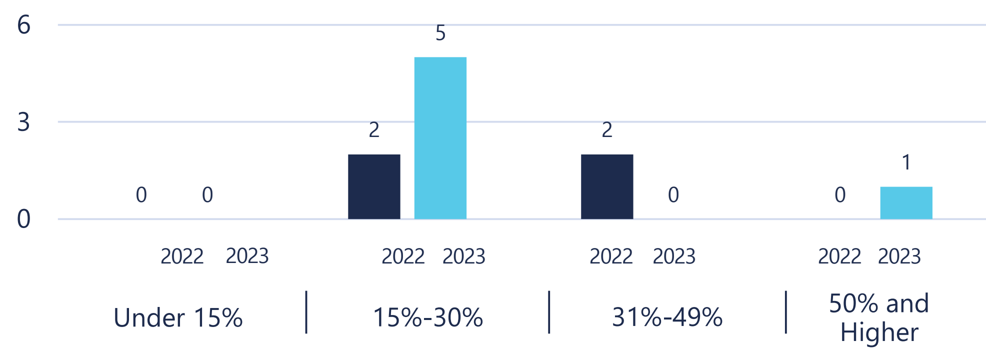
- Expeditors International received a proposal requesting that it report on the effectiveness of its DEI efforts using quantitative metrics for hiring, retention and promotion of employees
  - The proposal stated that Expeditors International has not released its consolidated EEO-1 data or shared sufficient quantitative data to allow investors to determine the effectiveness of its human capital management programs
  - The proposal received majority support (57.3%)

Expeditors

Proposals on Greater Disclosure of DEI Data and DEI Effectiveness

Company	Status	Proponent
Expeditors International	Voted – 57.3% support	Clean Yield Asset Management
Eli Lilly	Voted – 27.1% support	As You Sow
UPS	Voted – 25.0% support	Myra Young As You Sow
Berkshire Hathaway	Voted – 20.9% support	Myra Young
Alphabet	Voted – 17.0% support	John Hancock ESG Large Cap Core Fund
Danaher	Voted – 16.1% support	As You Sow

Shareholder Support Levels in 2022 and 2023



Social Proposals – Civil Rights and Racial Equity Audits

As of June 15, 2023, of the 125 known DEI proposals, 53 are related to civil rights or racial equity audits, of which 33 are ESG proposals and the remaining 20 are conservative or "anti-ESG"

- In 2021 proposals for racial equity audits primarily targeted the financial services sector. In 2023, similar proposals were submitted to a broader cross-section of industries, including healthcare, technology, finance, energy and food services
  - 16 proposals went to vote, six were withdrawn, one was omitted and 10 were not included in the proxy
  - Average support was 21.5% (ranging from 9.8% – 40.3%)

- Trillium ESG Global Equity Fund requested American Water oversee a third-party audit to improve the racial impacts of its policies, practices, products, and services beyond legal and regulatory matters to "help dismantle systemic racism"
- Trillium stated that racial equity audits may potentially unlock value for the company, but that the company's current diversity reporting makes it difficult to identify diversity at the executive committee, named executive officer and board levels
- The proposal was refiled from 2022, and support decreased from 48.3% in 2022 to 40.0% in 2023

AMERICAN WATER

Civil Rights and Racial Equity Audits Proposals

Company	Status	Proponent
GEO Group	Voted – 40.3% support	Service Employees International Union Master Trust
American Water	Voted – 40.0% support	Trillium ESG Global Equity Fund
Travelers	Voted – 35.3% support	John Hancock ESG Large Cap Core Fund Oneida Elder Trust Fund Oneida Minors' Trust Fund Presbyterian Church USA
Altria Group	Voted – 30.8% support	The Sisters of St. Francis, Philadelphia
Equifax	Voted – 30.8% support	City of Philadelphia Public Employees Retirement System

Table includes voted proposals that received >30% support

Source: Freshfields analysis of ISS data as of June 15, 2023

Anti-ESG – Civil Rights and Racial Equity Audits

As of June 15, 2023, of the 53 known proposals related to civil rights or racial equity audits, 20 can be categorized as "conservative" or "anti-ESG" proposals

- These anti-ESG proposals generally question the benefits of civil or racial equity audits, highlight that companies that adopt racial audits may discriminate or may be biased against employees not deemed to be diverse and that the audits themselves are designed to embarrass companies. Proponents also typically question the fiduciary right of boards to consider such audits
  - 13 proposals went to vote, three proposals were withdrawn, two were omitted and two are pending
  - Average support was 1.8% (ranging from 0.9% – 5.6%)

- Home Depot received a proposal from the NCPPR requesting the company rescind a proposal that received majority support at the 2022 annual meeting that called for the company to conduct a racial equity audit. NCPPR argued that a racial audit will not benefit the company, such audits are designed to embarrass companies who conduct them and there is no evidence such audits increase shareholder value. NCPPR further argued that if Home Depot hires, promotes or trains employees on the basis of anything other than merit, "it violates its fiduciary duties"
- Home Depot sought no-action relief to exclude NCPPR's proposal on the basis that the submission was not a proposal for purposes of Rule 14a-8 because it is not a recommendation or requirement that the company or board take. The SEC did not concur with Home Depot's argument that the proposal did not call for action by the company and did not grant no-action relief
- The proposal received 0.9% support

Anti-ESG Civil Rights and Racial Equity Audits Proposals

Company	Status	Proponent
UPS	Voted – 5.6% support	National Center for Public Policy Research
McDonald's	Voted – 2.4% support	National Center for Public Policy Research
JP Morgan Chase	Voted – 2.3% support	David Bahnsen
Kellogg Company	Voted – 2.0% support	Undisclosed
Bristol-Myers Squibb Company	Voted – 1.6% support	National Center for Public Policy Research
Walmart	Voted – 1.5% support	National Center for Public Policy Research
Apple Inc.	Voted – 1.4% support	National Center for Public Policy Research
PayPal Holdings, Inc.	Voted – 1.2% support	National Center for Public Policy Research
BlackRock, Inc.	Voted – 1.1% support	National Center for Public Policy Research
The Kraft Heinz Company	Voted – 1.0% support	National Center for Public Policy Research
The Charles Schwab Corporation	Voted – 1.0% support	National Center for Public Policy Research
Capital One Financial Corporation	Voted – 0.9% support	National Center for Public Policy Research
The Home Depot, Inc.	Voted – 0.9% support	National Center for Public Policy Research

Source: Freshfields analysis of ISS data as of June 15, 2023

Social Proposals – Gender/Racial Pay Gaps

- Boeing received a proposal requesting it report annually on unadjusted median pay gaps, assessing equal opportunity to high-paying roles, statistically adjusted gaps, assessing whether minorities and non-minorities, men and women, are paid the same for similar roles and have equal opportunity for high-paying roles across race and gender (either globally or by country). The proposal also requested the report include associated policy, reputational, competitive, and operational risks and risks related to recruiting and retaining diverse talent
  - The proposal noted that although Boeing disclosed diversity data in its consolidated EEO-1 report, Boeing does not report quantitative unadjusted or adjusted pay gaps, while over 20% of the 100 largest US employers report adjusted gaps
- The proposal received 47.4% support

Arjuna Capital released its 6th annual racial and gender pay scorecard based on quantitative accounting in March 2023

- The scorecard ranked 68 companies, up from 57 companies in 2022
- Apple previously received the highest score in 2018; however, Arjuna Capital submitted a proposal to Apple in 2022 (34.5% support), and refiled it in 2023 (33.9% support) requesting the company release unadjusted median pay gaps in addition to statistically adjusted gaps

As of June 15, 2023, 17 known proposals were filed relating to gender and racial pay gaps

- The number of proposals submitted this year almost doubled from nine proposals in 2022
  - 10 proposals went to vote, six were not included in the proxies and one proposal is pending
  - Average support declined to 29.3%, from 37.7% in 2022
- No proposals received majority support

Gender/Racial Pay Gaps Proposals that Went to Vote

Company	Status	Proponent
Boeing	Voted – 47.4% support	James McRitchie
DexCom, Inc.	Voted – 35.9% support	Myra Young James McRitchie
Intuitive Surgical	Voted – 35.3% support	Myra Young James McRitchie John Chevedden
Apple	Voted – 33.9% support	Arjuna Capital
Goldman Sachs.	Voted – 31.4% support	James McRitchie
Amazon	Voted – 29.2% support	Anne B. Butterfield Arjuna Capital Daughters of Charity
Charles Schwab	Voted – 24.7% support	James McRitchie
Kellogg	Voted – 24.0% support	James McRitchie
Marriott International	Voted – 23.9% support	Myra Young
Dollar Tree	Voted – 6.9% support	United Church Funds

Sources: Freshfields analysis of ISS data as of June 15, 2023, Arjuna Capital

Social Proposals – Human Rights Proposals in High-Risk Areas

Human rights proposals also focused on business operations in conflict zones or high-risk areas

Report on Risk Mitigation for Business Activities in China

- 14 companies received proposals specifically seeking reports on the risks related to conducting operations in China over human rights concerns.
- Of the 15 proposals received (Apple received two proposals), 12 proposals went to vote, two were withdrawn and one is pending;
  - Average support was 4.2% (ranging from 1.3% – 7.5%)
  - IBM's proposal (7.1% support) requested the company publish a third-party review assessing whether the company's activities and expenditures related to business in China align with its ESG commitments, including its Human Rights Statement of Principles. In addition, the proposal requested that the board report on how it addresses and mitigates these risks

Human Right Concerns in Other Jurisdictions

- Six companies received proposals requesting reports on or the adoption of policies regarding human rights to address shareholders' concern over risks caused by doing business in certain countries with allegations of human rights abuses
  - Five of these proposals went to vote and one was omitted
  - Average support was 13.6% (ranging from 4.6% – 25.1%)
- Alphabet received a proposal, resubmitted from 2022, requesting the company commission a report to assess where it places its Google Cloud Data Centers. The proposal focused on the risks of planned data center expansions in Jakarta, Doha, Delhi and Saudi Arabia, countries where, the proponent argues, local government restricts free speech
  - The proposal received 13.1% support, down from 17.1% support in 2022

Proposals Concerning Russia and Ukraine War

- Texas Instruments received a proposal requesting the company commission a report on its due diligence processes to determine whether its customers' use of its products or services contribute to or are linked to violations of international law. The proposal specifically highlighted components used in Russian weapons systems found to be used in Ukraine
  - The proposal received 23.1% support
- Caterpillar received a proposal requesting a third-party assessment and report on the effectiveness of the company's ability to identify if its own operations or its customers' use of its products violates the company's Code of Conduct and Human Rights policy. The proposal specifically referenced Caterpillar operations in Russia
  - The proposal is pending

Source: Freshfields analysis of ISS data as of June 15, 2023

Social Proposals – Other Human Rights Proposals

Third Party Assessment of Forced, Child and Prison Labor in Supply Chain

- TJX received a resubmitted proposal from 2022 calling for its board to oversee a third-party assessment and report to shareholders on the effectiveness of the company's due diligence in preventing forced, child, and prison labor in its supply chain
  - The proposal received 25.7% support compared to 24.6% support in 2022
- Ford received a proposal requesting a report examining the extent to which its business plan may involve, rely or depend on child labor
  - The proposal received 6.5% support
- Retail companies are receiving similar proposals as 2022 requesting third-party assessments and reports with respect to preventing child labor in their supply chains. For example:
  - Hershey and Mondelēz are both signatories to the Harkin-Engel Protocol committed to ending child labor in West African cocoa production by 2025. Both received proposals on how they are tracking their targets or will act to reduce child labor
  - Hershey's proposal received 3.6% support in 2023, down from 7.8% support in 2022
  - Mondelēz's proposal received 19.9% support

Surveillance, Computer Vision and Human Rights

- Amazon received two proposals that have been successively resubmitted in some form for the last five years. The proposals focus on potential human rights violations related to the company's surveillance products, particularly Rekognition
- One proposal called for an independent study of its Rekognition face comparison feature. The proponent was concerned that the company's technology may enable mass surveillance and disproportionately targeting people of color, immigrants and civil society organizations
  - The proposal received 37.5% support, down from 40.7% in 2022
  - The proposal received 34.3% support in 2021, 32.0% support in 2020, and 28.2% support in 2019
- Another proposal requested an independent third-party report assessing Amazon's customer due diligence process to determine whether customers' use of its products and services with surveillance, computer vision or cloud storage capabilities contributes to human rights violations, including whether governmental customers would use Rekognition to violate customers' privacy and civil rights
  - The proposal received 34.2% support, down from 40.3% in 2022
  - The proposal received 35.3% support in 2021, 32.1% support in 2020, and 2.6% support in 2019

Report on Policy Against Doing Business with Governments Complicit in Genocide or Crimes Against Humanity

- Chevron received a proposal for the third time requesting the board prepare a report evaluating the feasibility of not doing business with governments that are complicit in genocide and/or crimes against humanity
- The proponent focused on Chevron's equity in the Yadana gas field and pipeline investment project in Myanmar, which generates large amounts of money for the Myanmar military junta that has a history of committing human rights abuses
- The SEC granted no action relief on the basis that the proposal addressed substantially the same subject matter as proposals previously included in the proxy that failed to meet the 15% resubmission threshold

Source: Freshfields analysis of ISS data as of June 15, 2023

Social Proposals – Workers' Rights

Workplace Health and Safety Audits

- Amazon received a proposal resubmitted from 2022 calling for an independent audit of warehouse working conditions and requesting that Amazon abandon warehouse productivity practices believed to have led to high injury rates
  - The proposal received 35.4% support this year, down from 40.3% in 2022
- Walmart, Dollar General and Dollar Tree received proposals for "an independent third-party audit on the impact of the company's policies and practices on the safety and well-being of workers"
  - Dollar General's proposal received 67.7% support
  - One of Walmart's proposals received 23.9% support, the other was not included in the proxy and the proposal at Dollar Tree was withdrawn
- Uber received a proposal calling for a third-party audit "on driver health and safety, evaluating the effects of Uber's performance metrics and ratings and its policies and procedures on driver health and safety"
  - The proposal received 8.8% support

Freedom of Association

- 14 companies received proposals on labor organizing rights
  - Seven companies received proposals requesting the board adopt and disclose a policy not to interfere with workers' rights to freedom of association and collective bargaining in their operations (support ranged from 33.3% – 36.3%)
  - Six companies received proposals calling for a third-party assessment of companies' adherence to their stated commitment to workers' freedom of association and collective bargaining rights and management non-interference when employees exercise their rights according to the companies' existing human rights policies
    - The Starbucks proposal received 52% support
    - Proposals to other companies received support ranging from 26.4% – 34.9%
    - Apple's proposal was withdrawn following Apple's commitment to conduct a third-party worker rights assessment
  - As You Sow submitted a proposal to Rivian Automotive to adopt a comprehensive human rights policy that adheres to the United Nations Guiding Principles and the International Labour Organization Declaration on Fundamental Principles throughout its operations and value chain
    - The proposal is pending

Source: Freshfields analysis of ISS data as of June 15, 2023

Social Proposals – Workers' Rights (cont'd)

Benefits

- Eight companies received proposals to adopt paid sick-leave policies or to prepare reports on sick leave policies
  - Four proposals went to vote, one was withdrawn, two were omitted and one is pending
  - Average support was 19.8% (ranging from 10.3% – 26.2%)
  - CVS and TJX proposals were resubmissions from 2022
    - CVS received 26.3% and 26.2% support in 2022 and 2023, respectively
    - TJX received 33.7% and 22.3% support in 2022 and 2023, respectively

Workplace Harassment and Discrimination

- 13 companies received proposals to address shareholder concerns regarding alleged workplace harassment and discrimination
  - Eight proposals went to vote, one was withdrawn, one was omitted, two were not included and one is pending
  - Average support was 21.1% (ranging from 5.5% – 55.0%)
  - The Wells Fargo proposal received 55.0% support

Affirmative Transgender Healthcare

- LKQ received a proposal requesting the company adopt and publicly disclose a policy offering all employees affirmative transgender-inclusive healthcare coverage
  - The proposal was withdrawn after the company agreed to improve its public reporting
  - The same proponent also previously withdrew a 2020 proposal asking for gender identity to be added to LKQ's non-discrimination policy after the company updated its workplace policies to include gender identity

Concealment Clauses

- Four companies received proposals related to arbitration, non-disclosure or non-disparagement clauses, also known as concealment clauses sometimes included in employment contracts that an employee will not disparage the company or any of its officers, directors or employees
  - Two proposals were withdrawn and two were pending
- State Street expects companies to disclose a description of concealment clauses used in employment and post-employment agreements, as well as the board's role in overseeing their use

Social Proposals – Reproductive Rights

Reproductive Rights and Privacy Related Proposals

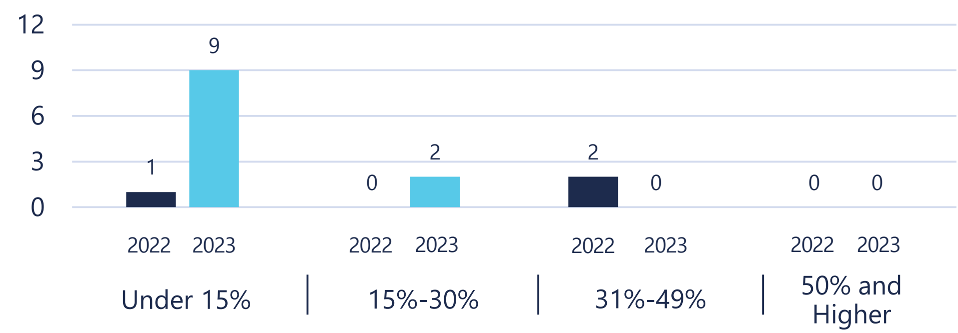
- Reproductive health proposals are appearing on ballots at an increasing rate following the Supreme Court's decision in *Dobbs v. Jackson Women's Health* in June 2022
  - There were 24 known proposals related to reproductive rights, including one anti-ESG proposal, compared to four proposals in 2022
  - Excluding the anti-ESG proposal, 11 proposals went to vote, eight were withdrawn, three were not included in the proxy and one is pending
  - No proposals received majority support (ranging from 5.3% – 16.1%)
  - Support on these proposals was down from 2022 (ranging from 12.8% – 32.2%)
- Reproductive rights and related proposals generally fall into three principal categories:
  - Six companies received proposals calling for a report on risks to the company associated with enacted and proposed state policies that restrict reproductive rights and on the strategies the companies are taking to minimize or mitigate these risks
  - Six companies received proposals requesting a report on the risks of cooperating with law-enforcement officials investigating abortions in states where abortion was criminalized
  - Two healthcare companies received a proposal from the Marguerite Casey Foundation requesting a detailed policy on the availability of abortions to those in emergency situations and how an emergency is defined. The Tenet Healthcare proposal received 8.8% support and the HCA Healthcare's proposal was withdrawn
- Of the 24 known proposals, Eli Lilly received the one anti-ESG proposal. The NCPPR requested a report detailing any known and reasonably foreseeable risks and costs caused by opposing state policies regulating abortion. NCPPR claims the company's public statements in support of abortion rights undercut its diversity policy
  - Eli Lilly sought, but did not receive, no-action relief to exclude the proposal, as the SEC stated the proposal related to workforce management
  - The proposal received 1.9% support

Lilly

Reproductive Rights Proposals that Went to Vote

Company	Status	Proponent
PepsiCo	Voted – 16.1% support	As You Sow Longview Large Cap 500 Index Fund
Laboratory Corporation of America Holdings	Voted – 15.5% support	Tara Health Foundation
PayPal	Voted – 15.0% support	Tara Health Foundation
Costco	Voted – 13.3% support	Arjuna Capital
Coca-Cola	Voted – 13.1% support	As You Sow
American Express	Voted – 11.5% support	Change Finance P.B.C.
Meta Platforms	Voted – 9.6% support	Ellen Cassilly Frank Konhaus Arjuna Capital
UPS	Voted – 8.9% support	Arjuna Capital
Tenet Healthcare	Voted – 8.8% support	Marguerite Casey Foundation
Alphabet	Voted – 7.0% support	Elizabeth Bartle Arjuna Capital
Walmart	Voted – 5.3% support	Julie Kalish Clean Yield Asset Management

Shareholder Support Levels in 2022 and 2023*



The bar graph excludes support levels for anti-ESG reproductive rights related proposals

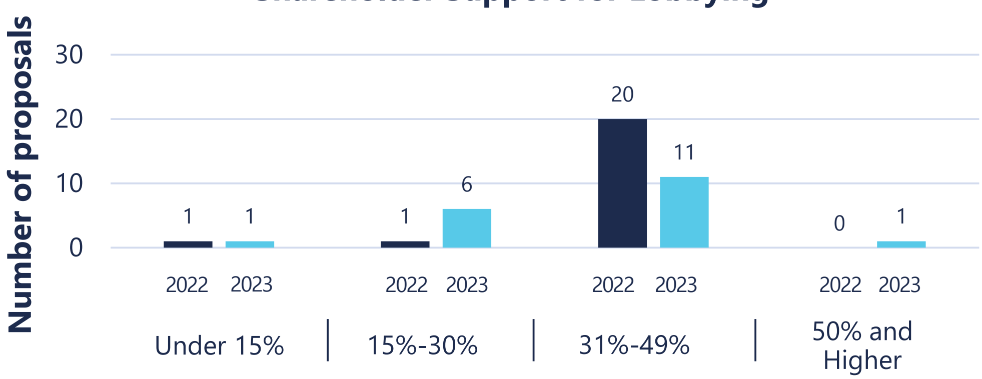
Source: Freshfields analysis of ISS data as of June 15, 2023

Social Proposals – Lobbying

As of June 15, 2023, 37 known proposals were filed relating to lobbying (excluding climate lobbying), including one anti-ESG proposal

- The proposals generally request disclosure of company policies and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications, payments the company used for such direct or indirect lobbying or grassroots lobbying communications, membership in and payments to any tax-exempt organization that writes or endorses model legislation and description of management's decision making and board oversight of such payments on an annual basis
- The number of proposals submitted dropped from 65 in 2022
- Several companies received more than one lobbying-related proposal
  - The proposals McDonald's and Mastercard received requested greater transparency regarding lobbying practices. One of McDonald's lobbying proposals received 50.3% support. Mastercard is pending
- Excluding the anti-ESG proposals, 19 proposals went to vote, five proposals were withdrawn, two were omitted, eight were not included in the proxy and two are pending
- Average support was 32.3% (ranging from 14.6% – 50.3%)

Shareholder Support for Lobbying*



**The bar graph excludes support levels for anti-ESG lobbying related proposals*

Lobbying Proposals

Company	Status	Proponent
McDonald's	Voted – 50.3% support; (One omitted)	SOC Investment Group; (John Chevedden)
IBM	Voted – 48.1% support	John Chevedden
Yum!	Voted – 41.9% support	SOC Investment Group
L3Harris Technologies	Voted – 37.9% support	John Chevedden
Boeing	Voted – 37.3% support	The Province of St. Joseph of the Capuchin Order
Huntington Ingalls Industries	Voted – 36.5% support	John Chevedden
Wendy's	Voted – 36.5% support	SOC Investment Group
AbbVie	Voted – 36.3% support	Dominican Sisters – Springfield Dana Investment Advisors Zevin Asset Management
Goldman Sachs	Voted – 35.6% support	John Chevedden
Douglas Emmett	Voted – 32.6% support	Service Employees International Union Pension Plans Master Trust
Charter Communications	Voted – 31.9% support	Service Employees International Union Pension Plans Master Trust
Eli Lilly	Voted – 31.4% support; Voted – 22.5% support	Service Employees International Union Pension Plans Master Trust; Common Spirit Health School Sisters of Notre Dame
Mastercard	Pending; (One withdrawn)	John Chevedden; (As You Sow)

Table includes voted proposals that received >30% support or companies that received more than one proposals

Social Proposals – Lobbying (cont’d)

Lobbying Proposals

- Eli Lilly received two lobbying proposals, both resubmitted from 2022. One proposal requested the company issue a report on its lobbying payments and policy, and the other proposal requested the company publish a report on whether its lobbying activities align with its public policy position of making medicines more accessible and affordable to patients
- The proposals received 22.5% and 31.4% support in 2023, down from 34% and 37% in 2022, respectively

Anti-ESG Lobbying Proposal

- ConocoPhillips received a proposal from the NLPC requesting the company report annually on its policy and procedures governing direct and indirect lobbying, as well as grassroots lobbying communications, together with payments made
  - The proponent argued that without more transparency in the company’s lobbying disclosures, executives may “use Company assets for objectives that are not shared by and may be inimical to the interests of the Company and its shareholders.” For example, the NLPC asserted there was an “integrity and governance problem” with ConocoPhillips being a member of the American Petroleum Institute (API), because the API may lobby for a carbon dioxide tax which is inimical to the interests of ConocoPhillips shareholders
- The proposal received 9.9% support

Source: Freshfields analysis of ISS data as of June 15, 2023

Social Proposals – Political Contributions

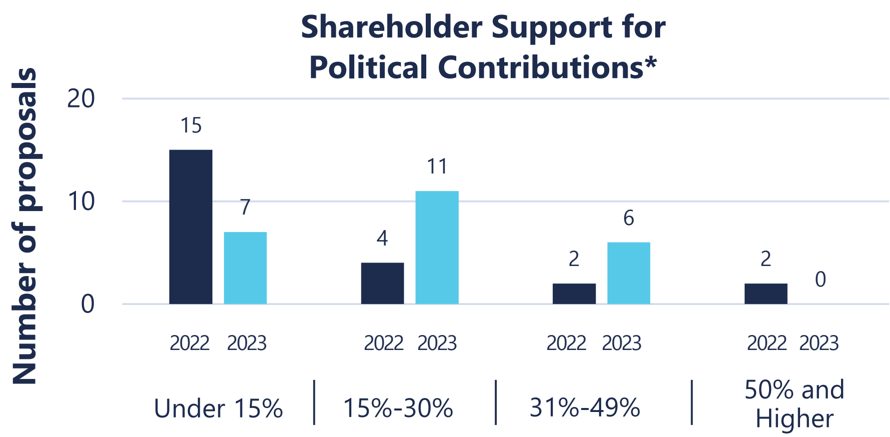
As of June 15, 2023, 46 known proposals were filed with respect to political contributions or spending, including three proposals from anti-ESG proponents, specifically questioning companies' charitable contributions

- These proposals generally request disclosure or reports on political contributions and expenditures, including:
  - Greater transparency regarding company policies and procedures governing political activities and payments, disclosure of policies and procedures for making electoral contributions, disclosure regarding the alignment or conflict with the company's political activities and its publicly–stated positions on, and commitments to, social issues and alignment
  - Of the 43 known proposals (excluding three anti-ESG proposals), 24 went to vote, seven were withdrawn, two were omitted, four were not included and six are pending
  - Average support was 21.8% (ranging from 4.1% – 45.2%)
- Anti-ESG proponents express concern that absent a transparent charitable contributions system, some charitable contributions may be made unwisely, potentially harming the company's reputation and shareholder value. For example, Walt Disney received a proposal from an anti-ESG proponent, Thomas Strobhar (who in previous years has voiced opposition to abortion), requesting the company consider listing on its website any recipient receiving a charitable contribution of $10,000 or more from the company

Political Contributions Proposals

Company	Status	Proponent
Amphenol	Voted – 45.2% support	John Chevedden
Leidos	Voted – 40.6% support	Richard Lippert
Stryker	Voted – 36.8% support	Myra Young
Walt Disney	Voted – 36.3% support	Educational Foundation of America
JPMorgan Chase & Co.	Voted – 32.1% support	James McRitchie
The Home Depot, Inc.	Voted – 31.3% support	Tara Health Foundation

Table includes voted proposals that received >30% support



**This bar graph excludes support levels for anti-ESG political contributions related proposals*

Sources: Freshfields analysis of ISS data as of June 15, 2023, Harvard Law School Forum on Corporate Governance

Social Proposals – Patent Proposals

- Nine pharmaceutical companies received proposals to evaluate the social impact of applying for "secondary or tertiary patents" prior to the companies pursuing the patents
- The proponents questioned whether these patents should be pursued at all, noting that these types of patents would protect the formulation or method of manufacture of a drug or the method of delivery of the drug, and that receiving these types of patent protections would delay the availability of generic medicines and prevent access to critical medications for those unable to afford them
- No proposals received majority support
- Average support was 17.7%, and support ranged from 9.4% – 31.1%

As of June 15, 2023, of the nine known proposals related to patents, seven went to vote, one was withdrawn and one was not included in the proxy

- None received majority support

Company	Status	Proponent
Merck & Co.	Voted – 31.1% support	The Province of St. Joseph of the Capuchin Order
AbbVie	Voted – 29.6% support	Friends Fiduciary Corporation
Gilead Sciences, Inc.	Voted – 16.7% support	Adrian Dominican Sisters
Johnson & Johnson	Voted – 14.4% support	Mercy Investment Services
Pfizer, Inc.	Voted – 12.2% support	Trinity Health
Eli Lilly and Company	Voted – 10.4% support	Trinity Health
Regeneron Pharmaceuticals, Inc.	Voted – 9.4% support	Boston Common Asset Management (co-filed with Trinity Health and Mercy Investment Services)

Sources: Freshfields analysis of ISS data as of June 15, 2023, Harvard Law Petrie-Flom Center

Select Other Social Proposals – Weapons and Firearms

- Mastercard received a proposal from the NYC Comptroller requesting a report on its oversight of management's decision-making regarding an application to the International Standards Organization (ISO) to establish a merchant category code (MCC) for standalone gun and ammunition stores. The proposal is pending
  - American Express received the same proposal from the NYC Comptroller that was withdrawn
  - In 2022, MasterCard received a proposal requesting it evaluate and report on how it intends to reduce risks associated with the processing of payments for the sale and purchase of "ghost guns" (i.e., untraceable firearms). The proposal received 10.3% support
  - In March 2023, payment networks (including American Express, Mastercard and Visa) announced they have paused work on implementing a new sales code for gun merchants. The companies cited concerns regarding tracking of consumer behavior
- PNC received a resubmitted proposal from 2022 and 2021 (7.7% and 7.9%, respectively) requesting the board report on the company's due diligence process to identify and address environmental and social risks related to financing companies that produce controversial weapons or do business in conflict-affected or high-risk areas
  - The SEC granted no-action relief due to failure to meet the required 15% resubmission threshold

- Ruger received a proposal requesting the board issue a report assessing whether Ruger's advertising and marketing practices pose financial and/or reputational risks sufficient to have material impacts on the company's finances and operations due to current levels of gun violence
  - The proposal cited examples of other firearms companies' actual and potential liability and emphasized legislative, media, and public scrutiny surrounding the connection between the marketing of firearms and instances of gun violence
  - The proposal received 26.5% support

Source: Freshfields analysis of ISS data as of June 15, 2023

Social Proposals – Other

Animal rights (with a focus on poultry this year), public health and remote work policies were also trending proposals

Animal Rights

- General Mills, McDonald’s and Royal Caribbean received similar proposals from The Humane Society related to animal welfare in supply chains
  - The proposal McDonald’s received requested the company identify its “15 key welfare indicators (KWI)” for its animal welfare program, including specific details about the KWIs and how the company is using each one to measure and improve the welfare of animals in its poultry supply
- Several companies received proposals to sell or use cage-free eggs or to comply with prior disclosures committing to transition to cage-free eggs
  - Dine Brands Global and Mondelez International received proposals requesting disclosure of the percentage of cage-free eggs in their supply chain, along with certain benchmarks the companies may have for achieving the goals
  - The Dine Brands proposal received 8.9% support; the Mondelez proposal received 9% support
  - Dollar Tree, Dollar General, and Casey's General Stores received similar proposals from The Humane Society, requesting disclosure of the percentage of their eggs that come from cage-free hens, the specific steps taken toward implementing cage-free egg commitments, and the next steps in order to achieve the goal of sourcing only cage-free eggs
- Ford received a proposal requesting an annual report disclosing the number and species of animals used and/or euthanized in testing conducted, funded or commissioned by the company
  - The Ford proposal received 4.9% support

Remote Work Policy

- Apple received two proposals regarding its remote work policy
  - One proposal requested that the board prepare a report to assess the effects of the return-to-office policy on employee retention and the company’s competitiveness
  - The other proposal requested that Apple enable its employees to work from any location that allows them to “do their best work” and urged the company to explore options that grant more worker autonomy
  - However, Apple sought and received no-action relief to exclude the proposal on the ordinary business exception

Public Health Costs Due to Tobacco Product Sales and the Impact on the Overall Market

- Kroger and Walgreens Boots Alliance received proposals requesting disclosure of the public health costs created by the sale of tobacco products
  - The proposals claimed the two companies do not disclose any methodology to address the public health costs of tobacco sales, leaving no guidance for shareholders to "determine whether these externalized costs and the economic harm they may create ultimately serve [the] interests“ of shareholders
- The Walgreens Boots Alliance proposal received 10.3% support; the Kroger vote is pending

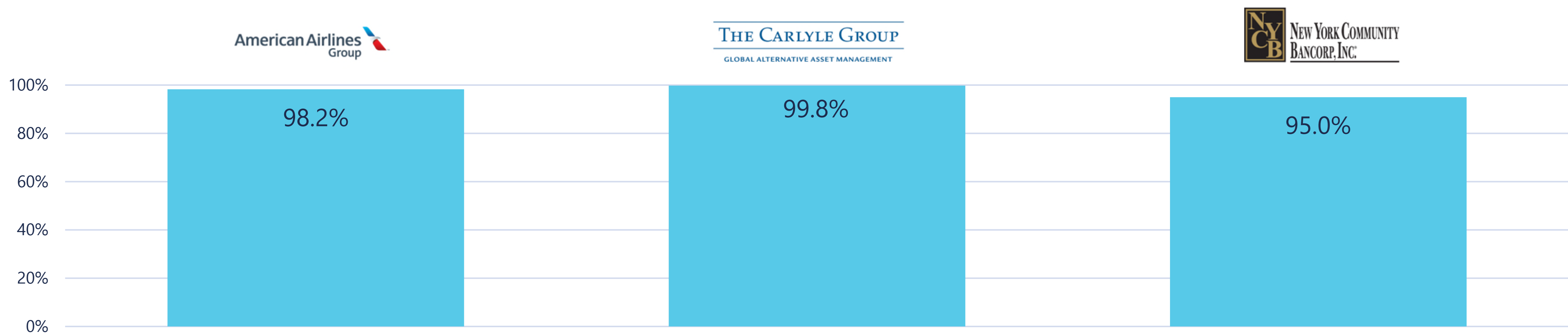
Source: Freshfields analysis of ISS data as of June 15, 2023

Board Support for Shareholder Proposals

In 2023, three boards of directors recommended their shareholders vote "For" shareholder proposals, with support ranging from 95.0% to 99.8%

Shareholder proposals that were supported by the respective board of directors include:

Percentage of Shareholder Approval



The company recommended shareholders vote to adopt a simple majority vote standard

The company recommended shareholders vote to adopt a simple majority vote standard

The company recommended that shareholders vote "For" a report to evaluate and describe how the company's lobbying and policy-influencing activities align with the Paris Agreement goal of maintaining global temperature rise at 1.5°C

Source: Freshfields analysis of ISS data as of June 15, 2023

6 Anti-ESG Trends

Anti-ESG Landscape: Three Types of Anti-ESG Legislation

Despite growing support for ESG measures around the US, a growing counterpoint has emerged, particularly at the state lawmaking level. As of June 2023, state legislators have filed approximately 100 bills across more than 20 states that restrict ESG practices. At least seven of these bills have been enacted, with over 70 pending

Anti-Boycott Bills

These bills restrict state business with companies that boycott certain industries (commonly firearms and oil and gas)

- Alabama S.B. 261 (signed June 6, 2023): prohibits state contracts with businesses boycotting certain industries for ESG reasons
- Montana H.B.356 (signed April 2023): precludes government entities from contracting with companies that "discriminate against" the firearm industry
- Arkansas H.B.1307 (signed March 2023): requires divesting public funds from financial service providers found to discriminate against certain industries (e.g., oil and gas)

No-ESG Investment Bills

These bills prohibit the investment of state funds in ESG plans as well as the use of public funds for social investment purposes

- Oklahoma H.B.2547 (pending, passed the House March 2023): builds on a prior bill to restrict the investment of Oklahoma pension funds by firms that adopt strategies relating to ESG
- Indiana and Florida both recently passed restrictions on investing according to ESG factors in state pension plans
- As a result of the changing legal landscape, some asset managers have added language to annual reports warning that ESG investing now presents a material risk
- Texas S.B.1060 (pending): would prohibit insurers from implementing political shareholder proposals or including them in a proxy statement if they limit work with fossil fuel companies or other industries for ESG reasons

No-ESG Discrimination Bills

These bills prohibit public entities from making investment decisions or discriminating against individuals or companies, based on ESG scores

- Kentucky H.B.236 (signed March 2023): bars the consideration of ESG interests in decisions related to the state retirement system
- West Virginia H.B.2862 (effective June 8, 2023): requires all shareholder votes for state holdings to consider only financial factors, unless doing so increases costs or affects the quality of available services
- Similar legislation has been filed in other right-of-center states, including Arkansas, Missouri, Texas, Montana and West Virginia, with varying levels of success

Other Limitations on Proxy Voting

State lawmakers have introduced bills that target proxy voting as an indirect method to counter pro-ESG shareholder proposals (e.g., withdrawing proxy-voting authority from outside asset managers)

- Utah adopted a bill in March 2023 (S.B.96) requiring public entities to retain the right to vote investor proxies and "ensure proxy voting is exercised to maximize risk-adjusted returns for the exclusive benefit of beneficiaries"

National Center for Public Policy Research v. SEC

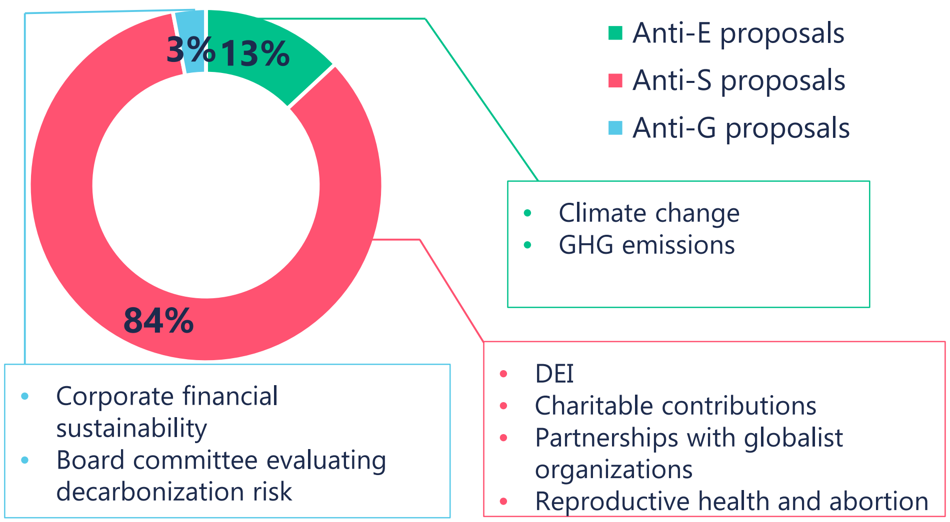
The no-action relief process under Rule 14a-8 was challenged after a proponent sued the SEC following its concurrence with a request for no-action relief

- Kroger initially sought no-action relief to exclude NCPPR's proposal seeking that Kroger issue a public report detailing the potential risks associated with omitting "viewpoint" and "ideology" from its written equal employment opportunity policy. The no-action request sought relief on the basis of the ordinary business exception. The SEC concurred that Kroger could omit the proposal and issued a no-action letter
- NCPPR claimed the SEC is engaged in viewpoint discrimination and requested the Division of Corporate Finance and then the Commission review the staff's no-action decision. From the onset NCPPR asserted that if the "Staff nonetheless find our Proposal omissible, we intend to seek reconsideration of that decision from the SEC Commissioners"
- The SEC declined further review of the no-action relief decision
- Subsequently, Kroger included the proposal in its annual proxy statement, even though it received no-action relief. The proposal received 1.9% support
- As promised, NCPPR brought a suit against the SEC in the United States Court of Appeals for the 5th Circuit, accusing the agency of acting in an inconsistent and politically motivated manner and seeking to challenge the no-action decision
- On May 24, 2023, the National Association of Manufacturers (NAM) moved to intervene in the case. NAM argues that the SEC through Rule 14a-8 is attempting to compel corporations to speak in their proxy statements about "abortion, climate change, diversity, gun control, immigration or other contentious issues unrelated to its core business or the creation of shareholder value", and that this "compelled corporate speech" violates the First Amendment
- NAM is seeking to intervene in what it perceives as the SEC's "overreaching attempts to politicize corporate governance." NAM's stance is that the SEC does not have authority to require Kroger, and by extension all other companies, to force "any public company to include any shareholder-selected policy proposal in the company's proxy solicitation"
- The case is still pending despite the SEC's mootness argument since Kroger included NCPPR's proposal in its proxy

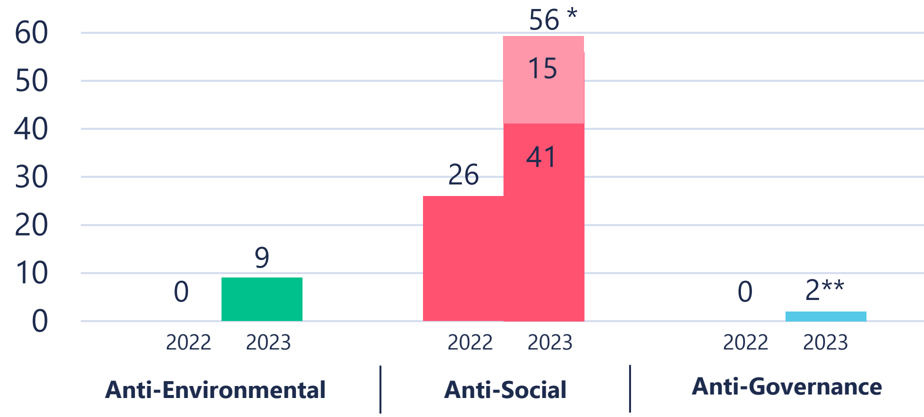
Kroger

Anti-ESG Proposals Are Increasingly Prevalent

Anti-ESG Shareholder Proposals by Category



Anti-ESG Proposals in 2022 and 2023



***** Includes 41 proposals categorized by ISS as social and conservative, as well as 15 social proposals that may be more appropriately categorized as anti-social based on Freshfields review of ISS data. While the 15 proposals appear neutral on their face, the proposals are from anti-ESG activists and are touted on the activists' websites as proposals that advance conservative values

****** Includes two governance proposals submitted by NCPPR that were omitted

Masked ESG proposals

- This year has seen a proliferation of conservative or anti-ESG proposals, the volume of proposals from anti-ESG proponents has more than doubled in the past three years. A subset of these proposals use language to mask the anti-ESG intent by using innocuous language in the resolution but use conservative buzz words and value statements in the statements of support
- In 2022 there were 26 anti-ESG proposals, of which 17 went to vote, one was withdrawn and eight were omitted; average support was 5.2% and ranged from 0.3% — 45.5% compared to 67 anti-ESG proposals in 2023, of which 36 went to vote, seven were withdrawn, 19 were omitted and five are pending; average support was 2.1% and ranged from 0.3% — 10%
- Company responses to these proposals tend to be neutral and do not identify these masked proposals as anti-ESG. Based on analysis of these proposals, we believe conservative proposals were under-counted in formal designations this proxy season and the masked language may also have skewed the level of support of some of these proposals. For example:
  - NCPPR's proposal to Home Depot with respect to racial equity audits requests that the company reject any racially discriminatory practices. However, NCPRR's supporting statement states that racial equity audits do not benefit companies and there is no evidence that such audits increase shareholder value
  - David Bahnsen and NCPPR's proposals to energy companies request a board committee be created to oversee decarbonization risk, but the supporting statements state that the new committee should evaluate the risks and drawbacks of attempting to meet prior activist demands for decarbonization based on what the proponents argue are flaws in climate models (e.g., the Paris Agreement)

Source: Freshfields analysis of ISS data as of June 15, 2023

Company Responses to Anti-ESG Proposals

Companies Approach Anti-ESG Proposals the Same Way Companies Approach Other Shareholder Proposals

- In general, companies do not identify anti-ESG proposals as anti-ESG or conservative in their rebuttals
- In addition, companies generally do not include commentary or argumentation regarding whether the proposals are inconsistent with other shareholder requests or engagement, prior proposals that received majority support and/or company ESG policies or practices

Berkshire Hathaway's Principles-based Rebuttal

- Berkshire Hathaway received an anti-ESG proposal from Conservative Values ETF requesting that the "board of directors and senior management … avoid supporting or taking a public position on any controversial social or political issues" unless there has been a risk analysis of taking the position
  - The proponent stated that the statement of Coca Cola's (a Berkshire Hathaway portfolio company) CEO criticizing voting legislation in Georgia created "an unnecessary maelstrom of publicity," and senior management's fiduciary duties do not allow them to "take political stances on behalf of the company"
  - Berkshire Hathaway recommended against the proposal, stating "it is inconsistent with Berkshire's culture to dictate that public communications by leaders" always be analyzed "without bias" against business strategy
  - The board also noted that its relationship with portfolio companies involves no day-to-day activities at those businesses

Berkshire Hathaway Inc.

Alphabet's Rebuttal Referenced Its Public Policy Guidelines

- Alphabet received an anti-ESG proposal from NCPPR requesting a report about organizations they partner with and how their "political ends" impact their "fiduciary duties" to shareholders
  - NCPPR stated that Alphabet's partnerships with various NGOs with "radical agendas", such as the World Economic Forum, leads them to prioritize special interests over shareholders
- Alphabet recommended against the proposal and directed shareholders to its US Public Policy – Transparency site which states that its "collaboration with a third-party organization doesn't mean that [Alphabet] endorse[s] the organizations' entire agenda, its events or advocacy positions nor the views of its leaders or members"

Alphabet

Pinterest's Rebuttal Noted How Pinterest Is Different From Other Social Media Companies

- Pinterest received an anti-ESG proposal from the NCPPR requesting a report regarding its treatment of requests for removal of content relating to political officials, candidates or related-persons
  - NCPPR stated that certain social media networks "censored" content related to Hunter Biden and expressed concerns that Pinterest may engage in similar behavior
- Pinterest stated that its platform is "fundamentally different" from other social media because it is a "visual discovery engine" and based on collection of ideas for personal use, rather than for the sharing of information

Source: Freshfields analysis of ISS data as of June 15, 2023

7 “G” Proposals

Management Proposals to Amend the Charter to Provide for Officer Exculpation

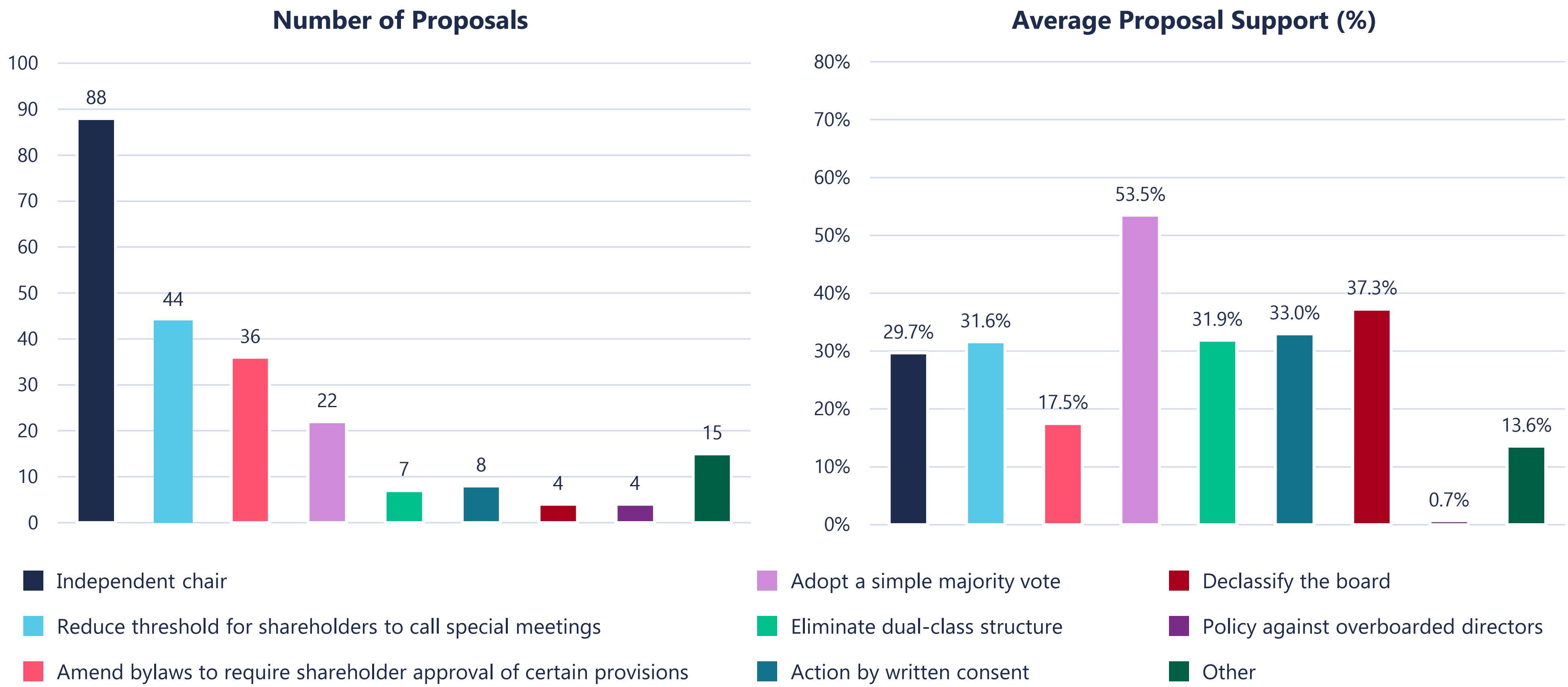
- Effective August 1, 2022, the Delaware General Corporation Law (DGCL) was amended to authorize corporations to adopt a provision in their charter to limit the liability of certain officers for beaches of duty of care in limited circumstances
  - The amendments would permit officers to benefit from Section 102(b)(7) of the DGCL, in most instances, in the same way that this section has long insulated directors from liability for actions taken in good faith
  - To take effect, existing public companies must amend their charters, which requires a shareholder vote
- Between August 1, 2022 to June 22, 2023, 279 management proposals on officer exculpation amendments were put to a vote, 205 (83.7%) passed, 40 (14%) failed and 34 (12%) are pending, two were not disclosed and one was not applicable
  - Average support was 67.4% and ranged from 17.3% – 97.5% as a percentage of outstanding shares
  - Of the proposals that failed, 17 companies require a supermajority vote of the outstanding common stock and 14 of the proposals received majority, but not supermajority support
  - Two of the proposals were submitted at non-Delaware corporations
- Proxy advisory firm support:
  - ISS will generally recommend votes on a case-by-case basis on proposals for officer exculpation, taking into account the disclosed rationale for the vote
    - ISS recommended “For” 222 management proposals and “Against” 49 proposals
  - Glass Lewis’s voting guidelines provide that it will make a recommendation on such proposals on a case-by-case basis and has stated it expects to recommend against such proposals unless there is a compelling rationale and the provision is reasonable
- High levels of support suggest significant institutional support for these proposals

Sources: The Conference Board, Deal Point Data, Freshfields analysis of ISS data as of June 22, 2023

Overview of Governance Proposals

Governance-related proposals accounted for approximately 25% (236) of all known shareholder proposals

- The percentage of governance shareholder proposals that received majority support declined slightly from 2022 from 7.5% – 7.2%
- Only 17 governance proposals received majority support by June 15, 2023
- Two of these proposals were conservative or anti-ESG proposals submitted by the NCPPR but withdrawn



Source: Freshfields analysis of ISS data as of June 15, 2023

Core Governance Proposals

John Chevedden and Kenneth Steiner are proponents for over 90% of the governance proposals voted this year

Independent Board Chair

- There were 88 proposals to split the chair and CEO position, of which 78 proposals went to vote, six were omitted and four are pending
  - This reflects a 45% increase in the number of split chair and CEO proposals since 2022
  - 28 proposals received at least 33.3% support but less than majority support
  - Average support was 29.7% compared to 28.2% in 2022 and support ranged from 2.9% to 46.4%
- John Chevedden and Kenneth Steiner were particularly critical of companies they perceived as not having lead directors that are independent: "It is amazing the number of companies that claim that a lead independent director is some sort of substitute for an independent board chairman and then select a director with the longest independence defeating tenure as lead director" and as "director tenure goes up director independence goes down"
  - Supporting statements also focus on the "exclusive powers of the office of the chair and the de minimis exclusive powers of the lead director" and, in particular, note the inability of lead directors to call a special board or shareholder meeting in certain proposals

Board Declassification

- Of the four proposals to declassify the board, one went to vote, two were omitted and one is pending, compared to 12 proposals in 2022
- The proposal received support of 37.3%

Eliminate Dual-Class Structure

- There were eight proposals to eliminate dual-class structures in each of 2023 and 2022, and in 2023 six went to vote and one was omitted as a duplicate of an earlier submitted proposal
- Average support increased to 31.9% from 29.5% in 2022 and ranged from 17.4% – 45%

Shareholder Action by Written Consent

- There were seven* proposals related to actions by written consent, compared to nine proposals in 2022
  - Four proposals sought the right for shareholders to act by written consent, two went to vote, one was omitted and one is pending. Average support was 32%
  - Three proposals sought to reduce the current ownership threshold to initiate an action by written consent, all three went to vote. Average support was 26.3%
  - No proposal received majority support, compared to five proposals that received majority support in 2022
  - Average support declined from 34.6% in 2022 to 32.7%
  - Two proposals sought to reduce the threshold to request action by written consent to 10% cumulative ownership

Adopt a Simple Majority Voting Threshold

- There were 22 proposals to transition stockholder voting thresholds to a simple majority up by one compared to 2022
  - 16 proposals went to vote, one was withdrawn, three were omitted, one was not included in the proxy and one is pending
- Average support was 53.5% and ranged from 19.1% – 99.8%. The Board of the Carlyle Group supported the shareholder proposal

Policy Against Overboarding

- Of the four proposals on director overboarding, three went to vote and one was withdrawn
  - Average support was 0.7% and support ranged from 0.3% – 1.3%

Freshfields

**This excludes one proposal to Texas Pacific Land Corp. to adopt the right to act by written consent that ISS included in the 2023 data, but was in the 2022 proxy. The 2023 proxy has not yet been filed or voted on. The 2022 proposal received 52.8% support*

Source: Freshfields analysis of ISS data as of June 15, 2023

Core Governance Proposals (cont'd): Reduce Special Meeting Ownership Thresholds

Bloomin' Brands Three-Year Case Study: The Interplay Between Different Governance Proposals

- **Year 1 (2021)**: Bloomin' Brands receives a shareholder proposal to amend its certificate of incorporation to remove all super-majority voting thresholds—receives majority support
- **Year 2 (2022)**:
  - **Management Proposals**: Management submits two proposals: (i) to remove supermajority voting (approved) and (ii) to provide 25% of shareholders holding stock, for at least one-year the right to request a special meeting of shareholders (74% support, below the then-applicable 75% support threshold needed for approval)
  - **Shareholder Proposal**: Steiner submits a proposal to provide shareholders with 10% stock ownership and no minimum holding length the right to call a special shareholder meeting (approximately 40% support). This proposal is advisory and non-binding
- **Year 3 (2023)**: Management and Steiner resubmit their respective 2022 proposals, now both with majority-vote standards
  - **Management Proposal**: Proxy discloses that if shareholders approve management's proposal, the board will amend its charter to provide for certain ownership and procedural requirements relating to the right to call a special meeting. Approved with 86.2% support
  - **Shareholder Proposal**: Steiner resubmits same proposal as 2022, receives majority support of 50.4%
  - **Outcome**: In announcing the results of its annual meeting in a Form 8-K, the company announces that while shareholders approved both proposals, the company implemented management's proposal through the filing of an amended certificate of incorporation to adopt the 25% ownership threshold with a one-year holding requirement and amended its bylaws

- There were 44 known proposals requesting companies reduce the ownership threshold and holding period requirement needed for stockholders to call a special meeting, compared to 114 proposals in 2022
  - 37 proposals went to vote, two were withdrawn, two were omitted and three are pending
  - Five proposals received majority support, all requesting the voting threshold be reduced to 10% with no minimum length ownership requirement (two companies had 25% thresholds, two had 20% thresholds and one company did not have the right for shareholders to call special meetings)
  - Average support was 31.6%, down from 36.6% in 2022, and ranged from 3.6% – 52.4%
  - The majority of the proposals requested a 10% voting threshold to call a special meeting with no minimum length ownership requirement
  - 25 of the 45 known proposals were resubmissions from the 2022 proxy season

Company	Status	Proponent
Zoetis Inc.	Voted – 52.4% support	John Chevedden
The Mosaic Company	Voted – 50.5% support	Kenneth Steiner and John Chevedden
Applied Materials, Inc.	Voted – 50.4% support	Kenneth Steiner
Bloomin' Brands, Inc.	Voted – 50.4% support	Kenneth Steiner
Synopsys, Inc.	Voted – 50% support	John Chevedden

Table includes proposals that received ≥50% support

Freshfields

Source: Freshfields analysis of ISS data as of June 15, 2023

Core Governance Proposals (cont'd): Amend Bylaws to Require Shareholder Approval of Certain Provisions

Following the effectiveness of the universal proxy rules many companies amended their advance notice bylaws, leading to a new crop of shareholder proposals requesting certain guardrails on such amendments

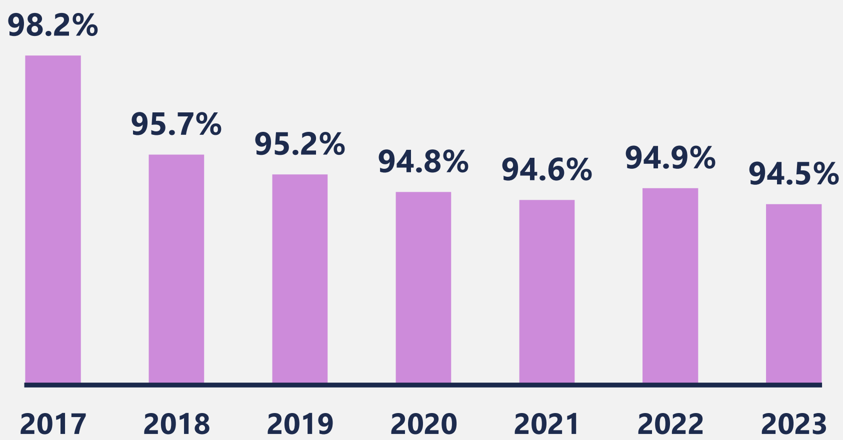
- **Shareholder Approval of Certain Bylaw Amendments**
  - James McRitchie publicly disclosed that in 2023 he filed 30 proposals that he refers to as "fair election" proposals (out of 35 total known proposals on this topic)
    - McRitchie stated he will resubmit proposals at companies next year that received no-action letters to omit the proposals
  - Of 36 known proposals, 14 proposals went to vote, three were withdrawn, 10 were not included in the proxy, eight are pending and one was not applicable
    - Average support was 17.5%, and excluding one proposal that received majority support was 12.5%
    - Zevra Therapeutics received 83.3% support for its shareholder proposal to repeal any provisions in the bylaws in effect at the time of the annual meeting that was not included in the bylaws in effect as of January 1, 2023. However, this proposal was a preemptive proposal as the company had not taken any steps to restrict shareholder nominations. Indeed, the proponent asserted the "Proponent is not aware of any such provision in the Bylaws that has become effective, but it is possible that, following the date of this Notice and prior to the adoption of this resolution, such a provision could be disclosed and/or become effective." Approval also followed a contested election in which three of the proponent's directors were nominated to the board
  - McRitchie stated he reached agreements with one-third of the companies to whom he submitted "fair election" proposals. Those companies generally agreed to include disclosure in their corporate governance guidelines and proxy statements along the following:
    - The board will not, without shareholder consent, adopt any amendment to the company's bylaws that would expressly (1) require nominating shareholders that are investment funds or other investment vehicles to disclose the identities of less than 5% shareholders (subject to certain limitations), (2) require nominating shareholders to disclose plans to nominate candidates to the board of other public companies or (3) require nominating shareholders to disclose prior shareholder proposals or director nominations that such a shareholder privately submitted to other public companies
  - McRitchie's "fair election" proposals typically request shareholder approval (instead of just board approval) for any advance bylaw amendments that:
    - Require the nomination of candidates more than 90 days before the annual meeting;
    - Impose new disclosure requirements for director nominees, including disclosures related to past and future plans; or
    - Require nominating shareholders to disclose limited partners or business associates, except to the extent such investors own more than 5% of the company's shares

Sources: Lazard, Deal Point Data, Freshfields analysis of ISS data as of June 15, 2023

Management Proposals

Institutional investors have indicated that they are more likely to use voting as an engagement tool

Average Level of Support in Director Elections



- Russell 3000 directors have received lower votes over the past six proxy seasons and this trend seems likely to continue
- 1.6% of Russell 3000 directors received support of less than 70% of shares voted
- The total number of management proposals submitted at Russell 3000 is the lowest since 2018 (24,364 proposals in 2023 down from 25,726 proposals in 2022)
- The number of management proposals submitted to declassify the board at Russell 3000 companies is at a five-year low (37 proposals)

- A growing number of investors are voting against companies' auditors, indicating dissatisfaction and concern over conflicts of interest
  - Average support for the ratification of independent auditors at S&P 500 companies between January 1, 2023 to June 15, 2023 was 98.3%
  - The lowest support for auditors was at biote Corp. (48%)
  - Large institutional investors and proxy advisers are showing lack of support by voting against or recommending withholding auditor ratification in cases where audit fees are excessive and some proxy voting guidelines indicate a willingness to evaluate proposals on a case-by-case basis when the proposal requests auditor rotation

Sources: The Conference Board, FactSet, Audit Analytics, ISS and Deal Point Data

8 Activism

2023 Activism Highlights

Activists and companies continue to **favor settlement over drawn-out proxy fights**. Early results suggest that universal proxies are further incentivizing companies to settle. More collective engagement is occurring as well as expanding engagement techniques, including through online technologies

Stockholder activism campaigns volume per company is up slightly for both S&P 500 and Russell 3000 companies[1]

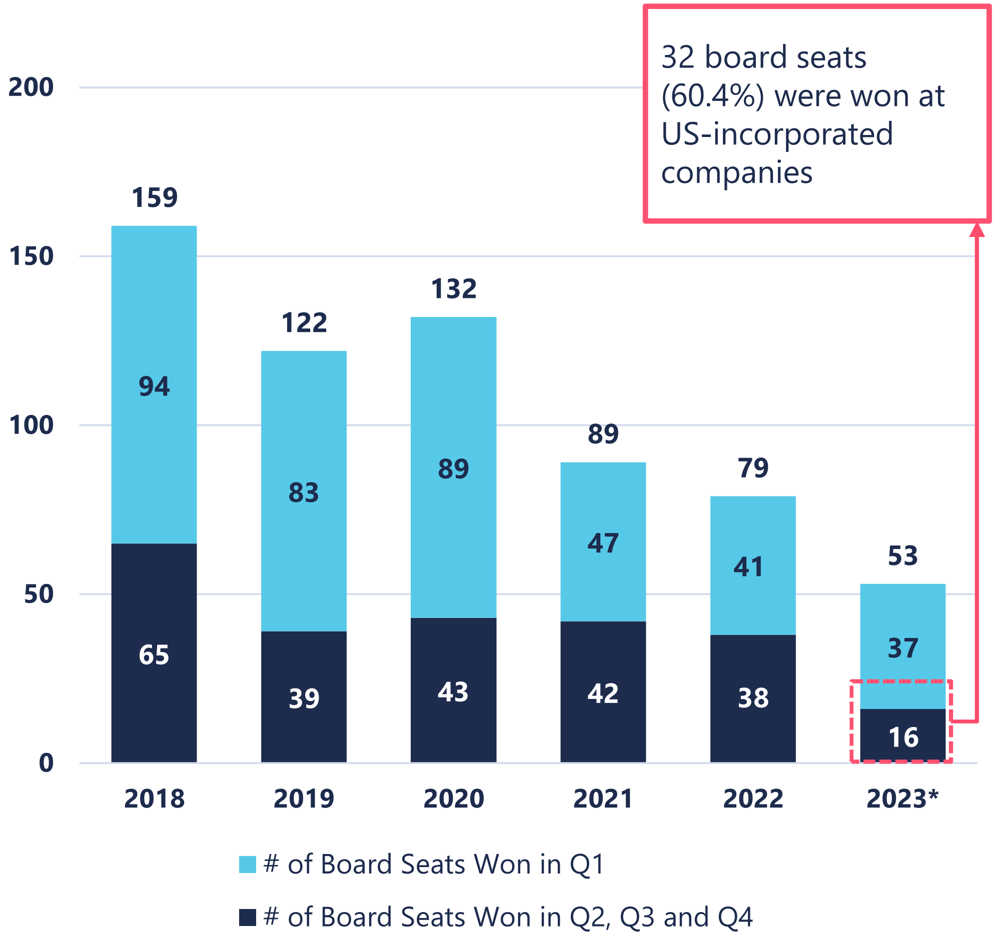
Healthcare was the most popular sector for new activist demands in Q1 2023, compared to industrials in the same period last year[2]

Global expansion of the **"swarming"** phenomenon in which multiple activists pursue the same target either concurrently or in short succession[3]

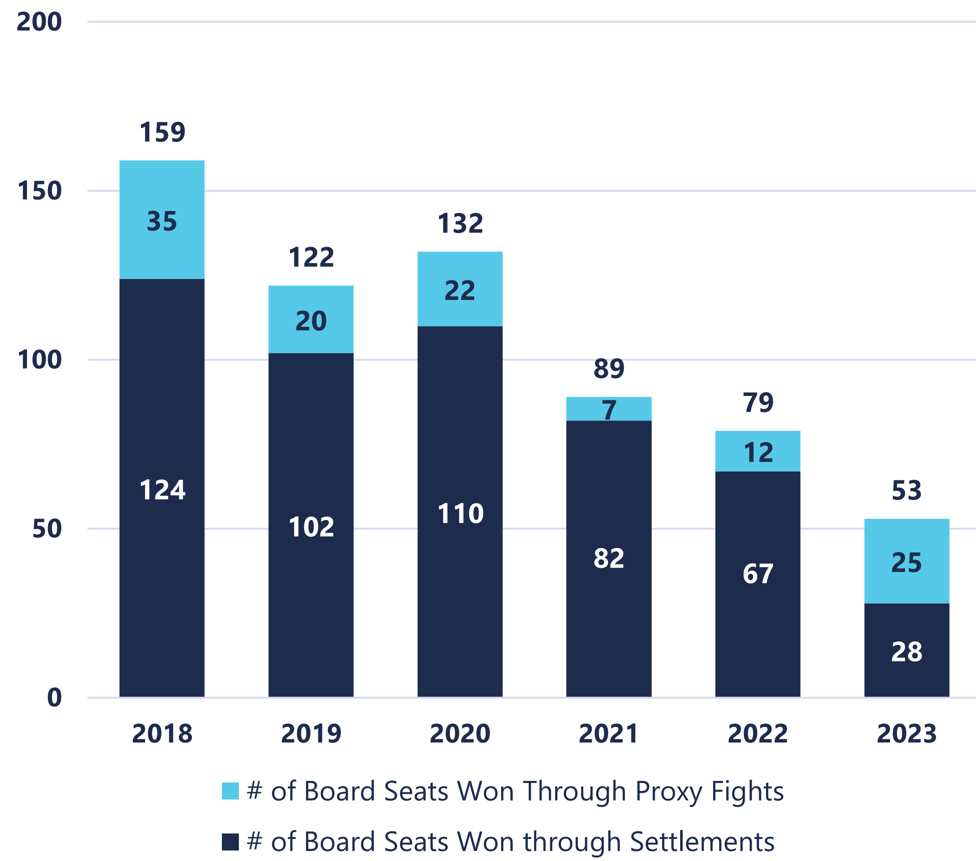
Sources: [1] *The Conference Board*, [2] *Insightia*, [3] *Lazard*

Global Activism Trends

As of May 30, 2023, 53 board seats were won by activists globally, of which 32 board seats were won at US-incorporated companies



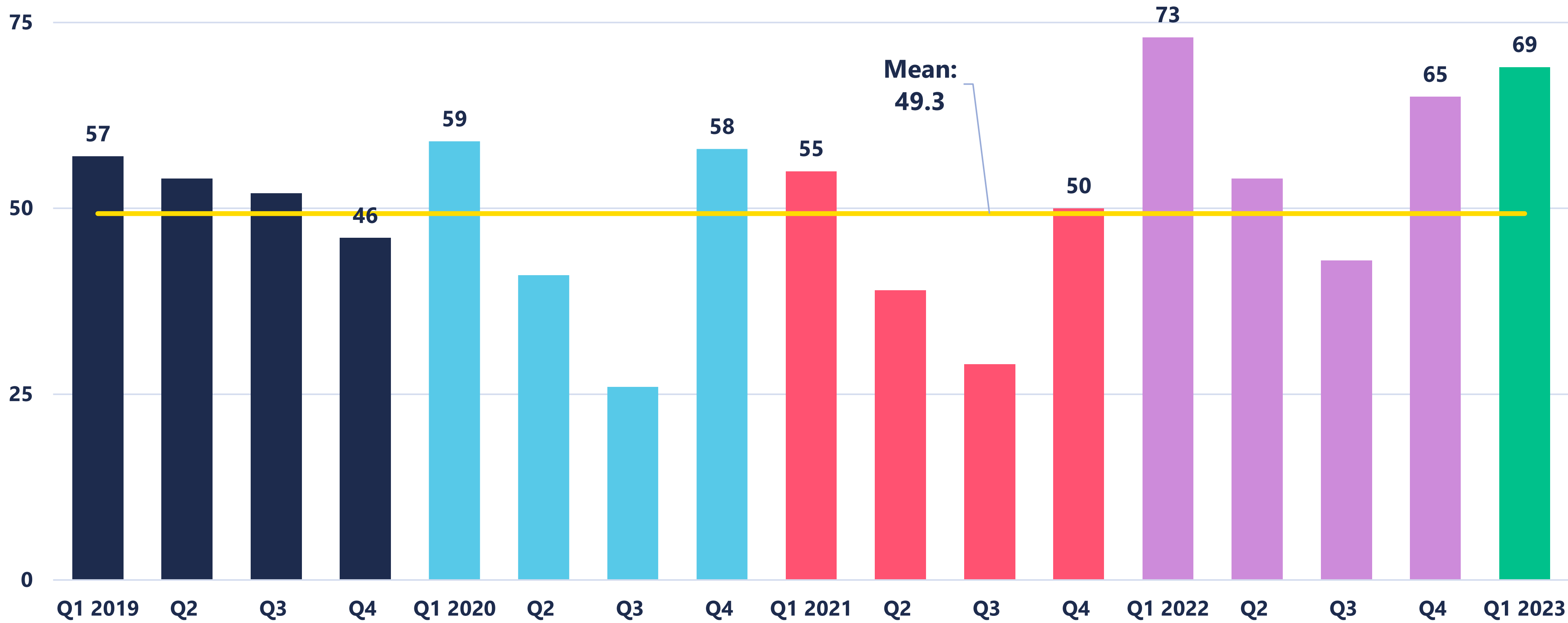
As of May 30, 2023, 28 board seats were won by activists through settlements globally



Note: All data is for campaigns conducted globally by activists at companies with market capitalizations greater than $500 million at the time of campaign announcement

Global Quarterly Review of Campaigns (Q2 2023)

Number of Campaigns Initiated Each Quarter Globally Since 2019



- In Q1 2023, 69 new campaigns launched globally. When aggregated, Q4 2022 and Q1 2023 represent the busiest 6-month period since 2018. Previously, the busiest 6-month period was Q1 2022 and Q2 2022, when aggregated
- The US continues to account for the largest share of global activist activity, representing 60% of new campaigns launched in Q1 2023
- 36% of Q1 2023 campaigns were initiated at companies that were already targeted by activists in recent periods

Recent Activism Campaigns 2023

Trian Fund Management at Disney
($168.4B market cap)

Theses: Classic white paper critique of Disney focused on: governance (succession, compensation, shareholder engagement); performance relative to the S&P 500; strategy and operations (lack of cost discipline and leveraging some parts of the business to cover losses in others) and capital allocation (decreasing return on investment, poor M&A strategy, increased leverage and eliminated dividend)

- January 11: Disney offers to enter an information sharing and observer/advisory arrangement with Trian; Trian requests board representation and issues press release announcing it is nominating Nelson Peltz; Disney recommends stockholders vote 'For' all Disney nominees and against Peltz
- January 12-13: Trian sends letter to Disney's board outlining reasoning for wanting board representation; releases management and board testimonials on its campaign and asserts it is not seeking to replace Bob Iger
- January 17: Disney publishes a presentation defending its board
- January 18-24: Trian begins a media campaign
- January 31: Trian and Disney file revised preliminary proxies anticipating the use of universal proxy; Trian selected the Disney incumbent it will campaign against
- February 2-7: Disney and Trian begin public campaigns
- February 8: Disney issues earnings for Q1 '23, announces cost saving measures and intent to reinstate dividends by end of 2023
- February 9: Trian withdraws nomination following Disney's Q1 2023 earnings

Salesforce
($215B market cap)

Starboard Value LP

- October 2022: Announces stake in Salesforce and that Salesforce's asset growth and profitability are below peers

ValueAct Capital Management

- January 2023: Salesforce enters into a nomination and cooperation agreement with ValueAct Capital Management to include Mason Morfit in board recommended director slate for 2023 annual meeting

Elliott

Thesis: Undervalued after the company's stock was down by half from late 2021 high

- January: Elliott takes approximately 3.3% stake in Salesforce. Jesse Cohn of Elliott quoted in WSJ* as looking "forward to working constructively with Salesforce to realize the value befitting a company of its stature," Elliott starts discussion with management to nominate slate of directors
- February: Reuters reports Elliott is in talks with Salesforce to reach an agreement that may end the board challenge
- March 1: It is reported that Elliott has been in constructive dialogue with Salesforce to make progress to regain investor trust but has nominated an unknown number of nominees to the board
- March 2: Elliott welcomes Salesforce earnings and asserts that earnings represent progress toward "regaining investor trust." Focuses on acceleration of margin targets, Salesforce's commitment to responsible capital-return priorities, creation of a business transformation and disbanding the M&A committee, but asserts that there is still work to be done
- March 27: Salesforce and Elliott issue a joint statement that in light of announced "New Day" multi-year profitable growth framework, strong fiscal year 2023 results, fiscal year 2024 transformation initiatives and focus on value creation, Elliott will not proceed with director nominations and Salesforce annual meeting will proceed as scheduled

*Source: *WSJ January 23, 2023*

Notable US Contested Elections With Board Meetings in Q2 2023

Activists won 18 of 29 nominations through settlement or at annual meetings during Q2 2023

April 3, 2023
Trian
Slate size: 1
Result: Withdrawn

April 20, 2023
Engine Capital
Slate size: 1
Result: Withdrawn

May 3, 2023
Legion Partners Asset
Slate size: 4
Result: Settled for 2 directors

May 5, 2023
Starboard Value LP
Slate size: 6
Result: Activist won one seat

May 9, 2023
Hestia Capital Partners LP
Slate size: 5
Result: Activist won 4 seats. The board of directors recommended 'FOR' the nominees

May 16, 2023
Entered into a cooperation agreement with Engaged Capital, company agreed to expand its board to 12, appointed 1 Engaged director and agreed to cooperate to jointly identify an additional independent director

May 18, 2023
Impactive Capital
Slate size: 4
Result: Settled for 2 directors and will put forth a proposal in 2024 to declassify the board

May 25, 2023
Carl Icahn
Slate size: 3
Result: Settled for 1

May 31, 2023
Farallon
Slate size: 3
Result: Activist won all three seats. The board of directors recommended 'FOR' the nominees

June 6, 2023
Ryan Cohen
Slate size: 2
Result: Withdrawn

June 16, 2023
ETFS Capital
Slate size: 3
Result: Activist won one seat

June 26, 2023
Politan Capital
Slate size: 2
Result: Activist won both seats

April | May | June

- Five board seats were won through cooperation, collaboration or standstill agreements when the activist did not originally seek a board seat: Engaged Capital at Shake Shack (1); JANA Partners at New Relic (1); Estate of Ulloa Walter Francis at Entravision Communications Corporation (1); RTW Investments at Cutera (1) and Vision One Fund at Triumph Group (1)
- Dissidents withdrew director nomination campaigns at Disney (1); Blucora (1); Global Net Lease (1); Necessity Retail REIT (1); Genworth Financial (1); Pitney Bowes (1) and First Foundation (1)

Source: FactSet as of June 26, 2023

Proxy Fight Case Study

illumina
($31.9B market cap.)

ICAHN ENTERPRISES L.P.

Carl Icahn publicly launched a proxy fight to replace three members of the board of directors of Illumina ("Board") and demand the company divest its acquisition of GRAIL, Inc. ("Grail"):

- March 13-20: Icahn and the Company publicly respond to each other. Icahn announces intent to nominate Vincent J. Intrieri, Jesse A. Lynn and Andrew J. Teno to the Board; criticizes the company's decision to proceed with closing the Grail acquisition despite US and European anti-trust regulatory objections alleging it reflects a lack of common sense as reflected by the loss of $50B in value since August 2021. Illumina asserts that Icahn's nominees are not qualified and the company "expects to execute a divestiture [regarding Grail] based on the final order, expeditiously and in a manner that serves the best interests of Illumina's shareholders, unless Illumina wins the jurisdictional appeal."
- March 24: Icahn calls for an investigation into massive value destruction;" argues that the directors' request for additional personal liability insurance in connection with the Grail acquisition and the disclosure of such indemnification only "months after closing the Grail deal," "smells strongly to us like a quid pro quo…" Illumina argues this is market standard
- April 3-5: Icahn criticizes CEO deSouza's compensation in light of decreased shareholder value; asserts that the latest FTC decision to block Grail should be sufficient for Illumina to divest from Grail
- April 11 and 13: Icahn publishes a presentation outlining need for board refreshment; blaming deSouza and the rest of the Board for closing Grail despite opposition from regulators and the fines/ impairment charges associated with the acquisition; will seek to reappoint Mr. Flatley either as CEO or chairman; company releases its own investor presentation
- April 21-24: Icahn urges shareholders to elect the Icahn nominees since "deSouza and his coterie of crony board members have destroyed $50 billion of shareholder value in their quixotic request to acquire Grail…" and criticizes Illumina's proposal to appoint two new directors at the annual meeting as an attempt to disenfranchise shareholders
- April 28: Illumina issues presentation defending Grail and its "long-term value;" Icahn issues open letter to shareholders imploring Illumina's Board to bring in independent counsel and forensic accounting team to investigate questions of insiders profiting from previously splitting-off and then re-acquiring Grail
- May 1: Icahn issues an open letter urging other institutional investors including Vanguard, Blackrock, Baillie Gifford and State Steet support an investigation as to whether insiders profited from the prior split-off and re-acquisition of Grail
- May 10-12: Glass Lewis and ISS recommend shareholders vote for two and one of Icahn's nominees, respectively
- May 15-19: Icahn calls into question the chairman's independence as well as Goldman Sach's fairness opinion on the Grail acquisition
- May 25: At the contested annual meeting, Illumina shareholders voted to re-elect eight of nine Illumina nominees and voted for one of Icahn's nominees, Andrew Teno

Update: On June 7, Illumina announced that effective June 1 it increased the size of the board from nine to 11, and elected two new directors, Stephen P. MacMillan and Scott B. Ullem, with Mr. MacMillan serving as a non-executive chair of the board. Icahn's campaign resulted in one of his nominees elected to the board of directors and a successful vote no campaign against Illumina's prior Chairman of the board, Mr. Thompson. Since the annual meeting, Illumina has also filed an appeal against an FTC order demanding that it divest Grail

Proxy Fight Case Study

($8.426B market cap.)

Politan Capital Management

Politan Capital Management launched a proxy fight to nominate two candidates to the board of Masimo and to repeal Masimo's bylaw amendments adopted without stockholder approval

- August 2022: Politan filed a 13D disclosing an 8.4% stake in Masimo, asserts that Masimo's common stock is undervalued and that Politan intends to engage in conversations, meetings and other communications with certain members of Masimo's board and management team and other stakeholders to discuss Masimo's business, operations, financial condition, strategic plans, governance, the composition of the executive suite and board and possibilities for changes
- September 2022 – October 2022: Masimo amends its advance notice provisions in its bylaws and adopts a poison pill following a meeting with Politan; Politan files 13D/A announcing Quentin Koffey, Managing Partner and Chief Investment Officer at Politan, met and discussed with Joe Kiani, Chief Executive Officer and Chairman of Masimo a number of topics including Mr. Koffey's interest in board representation; Politan files suit to challenge Masimo's new advance notice bylaw's alleging they include "draconian" informational requirements for nominees and their nominating stockholders; Politan files an additional 13D/A announcing it filed a Verified Complaint in the Delaware Court of Chancery against Masimo and members of its board seeking relief to (i) declare the amendments to certain of Masimo's bylaws unenforceable, (ii) alleging the directors breached their fiduciary duties, (iii) seek invalidation of certain change of control provisions in Mr. Kiani's employment agreement and (iv) permanently enjoin Masimo and its board from taking actions to prevent Politan from exercising its rights in accordance with Masimo's prior bylaws to nominate directors; Masimo requests the judge validate the disclosure requirements imposed in the amended bylaws on anyone nominating directors
- February 2023: Masimo reverts changes to its bylaws regarding stockholder nominees' information disclosure requirements
- March 2023: CalSTRS joins Politan's suit against Masimo; Masimo announces the appointment of a lead independent director and changes to its governance policies, including termination of rights agreement and plan to declassify the board
- May 2: Politan announces the nomination of Michelle Brennan and Mr. Koffey, seeks to approve the repeal of any bylaw provisions adopted by the board without stockholder approval prior to April 20, 2023; Politan and Masimo respond publicly to each other with each party urging stockholders vote in their favor; each file investor presentations outlining reasons to vote for their respective director nominees
- June 2: Masimo press release announcing authorization of Ms. Brennan as a sixth director subject to approval of board expansion and the election of the incumbent directors
- June 6: Politan issues letter to stockholders that both directors must be elected; Mr. Kiani waives his rights to assert that a change in control has occurred under his employment agreement
- June 13: Politan announces that ISS has recommended stockholders vote "For" Politan's nominees
- June 15: Politan announces that Glass Lewis has recommend stockholders for "For" Politan's nominees
- June 20: Masimo issues a press release urging stockholders to vote for the incumbent nominees

Update: Both Politan nominees were elected, and shareholders approved an advisory vote to approve the increase in the number of authorized directors from five to seven. Politan's proposal to repeal any provision of, or amendment to, the Masimo's bylaws was not approved because the affirmative vote of the holders of at least 75% of the voting power of all the then-outstanding shares of common stock entitled to vote, voting together as a single class, was needed to amend the bylaws and only 74.7% voted for the amendment

Universal Proxy

- This was the first full proxy season with the new universal proxy rules requiring the proxy card to include all director nominees presented for election at the meeting from both the company and dissidents
- There has not been an increase in proxy fights in the 2023 season after universal proxy
  - However, universal proxy is thought to be a reason that settlements have increased approximately 20% this year, and settlements are occurring earlier in the season than historical trends
  - There has been a shift to smaller activist slates nominated at US companies, with 50% of slates nominating only one to two director candidates (compared to 31% in 2022)
- As of June 15, 2023, 750 companies have filed 8-Ks to amend their bylaws referencing Rule 14a-19 or universal proxy according to Intelligize
  - Bylaw amendments generally align the advance notice bylaw provisions to the 67% solicitation threshold, reserve the white proxy card for management, require information updates about compliance with Rule 14a-19, and specify that failure to meet the Rule 14a-19 requirements are disqualifying, among other changes
  - Many companies also updated their advance notice provisions and reviewed their informational requirements, which have been met with mixed reaction from investors and other stakeholders

Sources: Intelligize, Deal Point Data, Freshfields analysis of ISS data as of June 15, 2023

9 Executive Compensation

Executive Compensation Proposals

As of June 15, 2023, over 60 known compensation-related proposals were submitted covering topics such as shareholder approval of termination pay, adoption of executive share retention policies or clawback provisions

Shareholder Approval of Termination Pay

- 48 proposals requested shareholder approval for termination pay for executives exceeding 2.99 times the sum of the executive's base salary plus target short-term bonus
- Three out of 37 proposals received majority support
  - 67.3% support at Expeditors International of Washington, Inc.
  - 61.7% support at Becton, Dickinson and Company
  - 50.3% support at Resideo Technologies, Inc.
- Seven proposals were omitted and four are pending
- 9 proposals received >35% support, but less than 50%:
  - CTS, Chemed, PACCAR, Crown Holdings, Deere & Company, Global Payments, Alcoa, American Express and UnitedHealth Group
- Average support for proposals was 23.5%

Adopting Executive Share Retention Policies

- Eight proposals requested companies adopt policies requiring senior executives to retain a percentage of stock acquired through equity programs until reaching retirement age (suggested 33% of net after-tax shares until at least age 60)
- Of the six proposals that went to vote, none received majority support
- One proposal was withdrawn and one is pending
- The proposals received between 22.9% — 31.2% support
- Average support for proposals was 24.4%

Clawback Provisions

- Three proposals requested the company broaden the scope of existing management and executive clawback policies
- The proposal was omitted from Occidental Petroleum's proxy
- The proposals received 45.2% support at Marathon Petroleum and 37.9% support at Verizon
- Average support for proposals was 41.6%

Source: Freshfields analysis of ISS data as of June 15, 2023

YTD Say-on-Pay Results

Average support is high in 2023 thus far, currently approximately 91.4% at Russell 3000 companies, with failure rates notably lower than 2022

94.7%
Approximate average

Support rates are highest in energy, utilities and materials sectors

88.8%
Approximate average

Support rates are lowest in communication services and information technology sectors

1.5%
Approximate failure rates (down from 3.5% in 2022)

Most common reasons for failed say-on-pay votes were perceived misalignment with pay vs. performance, lack of rigorous performance goals, CEO mega-grants and other ISS identified problematic pay practices

Proxy advisory firm recommendations continue to have a significant impact on say on pay results, current ISS "against rates" are significantly lower in 2023 than in 2022

6.5%

Approximate percentage of Russell 3000 companies that received an ISS "Against" recommendation for say on pay proposals; 28% downward impact on average support level at companies where ISS recommended "Against" compared to companies that received a favorable vote recommendation

Sources: Semler Brossy, 2023 Say on Pay & Proxy Results (May 18, 2023)

Equity Plan and Related Considerations

Relatively high support for equity plan proposals*, but below the average vote support observed as compared to this time in 2022 (91.0%)

* Approximately 15% decrease in companies with equity plan proposals as compared to this time in 2022

89.2%

Average support for equity plan proposals remains relatively high in 2023 at 89.2% for Russell 3000 companies

* Three proposals received below 50% support, compared with none in 2022 during the same period

Meaningful increase in equity burn rate in 2022, in light of depressed stock prices and continuing competition for key talent

45.0%

Almost half (45.0%) of participating companies in a recent Pearl Meyer poll reported increases in equity burn rate in 2022

* Almost 10% of participating companies increased this rate by 20% or more

Sources: Semler Brossy, 2023 Say on Pay & Proxy Results (May 18, 2023) and Pearl Meyer, Trends in Equity Granting (April 2022)

Pay vs. Performance Disclosures

The SEC "pay versus performance" rules (PvP) require most listed companies to make the following additional disclosures in their proxy statements or similar SEC filings:

- **Table** comparing **executive compensation** in the **summary compensation table (SCT)** and **compensate actually paid (CAP)** to **net income**, **total shareholder return (TSR)**, **compensation peer group TSR** and
  a company-selected financial performance measure (CSM) generally over the last **five** completed fiscal years;
- **Description** of the relationship between (i) **executive pay and the disclosed financial metrics** and (ii) **company TSR and the compensation peer group TSR**
- **Table** of the **most important performance** measures for linking executive pay to company performance

Smaller reporting companies are subject to reduced disclosure requirements; not applicable to **emerging growth companies, foreign private issuers and registered investment companies**

The 2023 proxy filing included the first PvP disclosures for companies with a fiscal year end of December 31, 2022 or later

Key Themes from the First Year of PvP Disclosures:

71%

Approximately 71% of S&P 500 companies making PvP disclosures in 2023 selected either **earnings (54%)** or **revenue (17%)** as their CSM

0.8x

The median CAP to SCT ratio for 2022 CEO compensation of S&P companies making PvP disclosures in 2023 is approximately **0.8x**

-8.2%

The median 1-year 2022 TSR of S&P 500 companies making PvP disclosures in 2023 is approximately **-8.2%**

Freshfields

Sources: Farient Advisors, PvP Tracker™ (data as of June 9, 2023)

SEC Clawback Rules

The SEC clawback rules direct Nasdaq and the NYSE to establish listing standards requiring each listed company to adopt and implement a clawback policy requiring the recoupment of "excess incentive-based compensation" received by current or former officers due to a material misstatement of the company's financial reports, regardless of actual misconduct

Compliant clawback policies must be filed with the SEC and companies will be required to make related proxy disclosures

NYSE and Nasdaq listing standards are currently expected to become effective for incentive compensation received on or after October 2, 2023. Companies would be required to adopt compliant clawback policies by December 1, 2023

In preparation, companies are encouraged to:

- **Review existing compensation arrangements,** employment agreements, equity plans and other incentive arrangements to ensure that they allow for implementation of new clawback policies
- **Examine existing clawback policies**, including policies that may address Board discretion to clawback compensation following non-financial misconduct/breach or apply to broader subset of employees. Determine whether to integrate terms or maintain separate policies
- **Evaluate executive compensation design** and consider adjustments to mitigate exposure
- **Familiarize internal stakeholders** across functions with the new rules to identify covered incentive compensation and prepare plans for clawback policy adoption and potential recovery process

FTC Proposed Ban on Non-Competes

- In January 2023, the FTC proposed a rule banning post-employment non-competes throughout the US, with a limited exception for non-competes executed by 25% stakeholders in connection with M&A transactions. The FTC is not expected to vote on the final version of the rule until at least April 2024, and, depending on its form, the rule is likely to face legal challenges
  - In its current form, the non-compete ban would apply retroactively and prohibit employers from “maintain[ing]” non-compete clauses with employees. To comply with this requirement, “an employer that entered into a non-compete clause with a worker prior to the compliance date must rescind the non-compete clause no later than the compliance date” (which is 180 days after publication of the final rule)
- On June 20, 2023, the New York State Assembly approved bill A01278, a version of the same bill the New York State Senate approved on June 7 (Bill No. S3100A), which seeks to ban new post-employment non-compete agreements under new New York Labor Law Section 191-d
  - This bill conforms closely with the FTC proposed rule described above. However, unlike the FTC proposal, the NY bill does not appear to be retroactive or void current non-compete agreements (although this is not clear)
  - The bill is heading to NY Governor Kathy Hochul’s desk for consideration and the Governor has 30 days from receipt to sign the bill. However, the Governor’s office is likely to receive a flurry of requests for revisions to the bill, given that the bill leaves many open questions, such as whether the bill would make it illegal for employers to negotiate with employees that certain compensation would be forfeited if the employee competes (even if the non-compete is not specifically enforceable)
- Companies continue to monitor developments in this area in order to be able to swiftly respond to inquiries by employees and other stakeholders

Source: Bloomberg

10 Investor Updates

BlackRock 2023 Annual Chairman Letter

BlackRock

On March 15, 2023, BlackRock CEO Larry Fink released his annual letter to investors. Traditionally, the letter is released earlier in the year

Challenging Market Environment

- Aggressive fiscal and monetary policies post-2008 led to high inflation, prompting the Federal Reserve to raise interest rates, impacting bond markets and causing bank failures due to asset-liability mismatches
- The letter notes the recent and moderate-term turbulence in the markets, citing inflation, a historical reliance on easy access to capital, high interest rates and bank failures, noting that further knock-on effects are likely to result in tight lending markets and a reliance on capital markets
  - In 2022, equity and bond markets both declined
- Changes in financial markets coincide with shifts in globalization due to growing geopolitical tensions, supply chain shocks and the lingering effects of the Covid-19 pandemic

Reframing Climate Considerations

- The letter highlights a "silent crisis" regarding retirement due to lower market-return expectations, increased housing and healthcare costs for retirees and shifting retirement risks to individuals
- The letter emphasizes that climate risk <u>is</u> investment and business risk, evidenced by the increasing financial impact of natural disasters due to climate change (e.g., areas where homes are uninsurable due to climate changes)
- However, BlackRock also acknowledges that an economy in climate transition also presents investment opportunities and investment drives the demand for reliable, comparable disclosure and data to understand how to weigh material risks and opportunities
- While never using the term "ESG," the letter effectively serves as a response to the political pressure on ESG investing that BlackRock recently received

BlackRock 2023 Annual Chairman Letter (cont'd)

BlackRock

Fiduciary Duties

- BlackRock frames the business justification for sound corporate governance as an issue that affects investors, which accounts for BlackRock's focus on governance and disclosure
- In addition, there is a significant focus on BlackRock's role as a fiduciary and steward of long-term investment (including investors relying on BlackRock for retirement)

Pass-Through Voting

- The letter underscores BlackRock's ongoing efforts to provide investors with access to vote their own shares and has extended their Voting Choice Program to more than half of BlackRock's index equity assets under management

"As I have said consistently over many years now, it is for governments to make policy and enact legislation, and not for companies, including asset managers, to be the environmental police."

BlackRock Chairman and CEO Larry Fink

BlackRock Investment Stewardship Engagement Priorities

BlackRock

In March 2023, BlackRock Investment Stewardship (BIS) released its engagement priorities, that focused on five key themes that can be applied on a globally consistent, but locally, relevant basis to support long-term shareholder value creation

Board Quality and Effectiveness

- Engage with nominating and/or governance committee to assess whether governance practices and board composition are appropriate based on the business and the broader context
  - The topics include: independent leadership, board oversight of management's strategy and approach to risk management, succession planning for key board and management roles and the board's own nomination and evaluation processes

Strategy, Purpose and Financial Resilience

- Engage to understand long-term corporate strategy and how boards and management align business decision-making with the company's purpose and adjusting strategy and/or capital allocation plans
  - The topics include: strategic framework and its underlying driver, financial metrics management, plans and policies to support financial resilience and enterprise risk management

Incentives Aligned with Financial Value Creation

- Emphasize the importance of well-structured executive compensation policies and the disclosure of outcomes and its impact on long-term value creation
  - If a company uses sustainability-related metrics for compensation criteria they need to be as rigorous as other financial or operational targets
- Engage to understand apparent misalignment between executive pay and company performance and concerns about general compensation policies

Climate and Natural Capital

- Companies should manage climate-related risks and opportunities and disclose the impact of climate change and energy transition on their business strategy and model, as well as capital allocation and investment decisions related to energy transition
- Encourage disclosure on material climate risks based on TCFD, ISSB and SASB guidelines, including targets for Scope 1 and 2 GHG reductions and business adaptability to a global warming scenario below 2°C or 1.5°C.
- Look into risk management and oversight of material nature-related factors with a focus on land use, water and biodiversity

Company Impacts on People

- Companies should disclose how they have identified and managed human rights and the effectiveness of boards and management in ensuring the workforce can deliver long term financial performance

BlackRock's Climate Change Expectations

In March 2023, BlackRock released its expectations related to climate-related risk and the energy transition. According to BlackRock, "it is not our role to engineer a specific decarbonization outcome in the real economy…" Rather, BlackRock's approach is based on its fiduciary responsibility to clients to understand the impact of climate change and the energy transition on the strategy and long-term business model of the companies in which BlackRock's clients invest

Fiduciary Responsibility and Climate-Related Risks

- Encourage companies to have sound corporate governance and business practices, assessing a range of climate-related risks and opportunities
- Recognize the significant risks associated with the energy transition, as it brings uncertainty for business models and consumer demands, but view the transition as a potential driver of long-term value and financial well-being, as an orderly transition would likely lead to higher economic growth

Investment in Energy Transition

- Encourage disclosure of companies' strategies for navigating the energy transition, including capital allocation, evaluating investment opportunities and investment in low-carbon technologies

Disclosure and Preparedness

- Encourage companies to disclose how they identify and manage risks related to climate change and the energy transition
- Encourage disclosures aligned with the TCFD and Scope 1 & 2 GHG emissions disclosures
  - Recognize the complexity and evolution of the Scope 3 GHG framework and understand that companies can only provide scope 3 disclosures "on a good faith and best-efforts basis"
- Encourage companies to disclose details on how their business model aligns to climate-related scenarios, including when global warming is limited to below 2°C or 1.5°C

Engagements on Energy Transition

- Focus engagement with companies on conversations where the energy transition is "most likely to materially impact a company's performance"
- Seek insights on how companies assess climate-related risks and opportunities, set emissions reduction targets, consider shifting demand and incorporate climate-related factors in capital allocation
- Acknowledge the role of a range of stakeholders in the energy transition and engage with companies on how they see its role in achieving that equilibrium

BlackRock's Investment Stewardship Team

70+
Member team

18,200+
Meetings voted in 85 markets

3,880+
Engagements in 51 markets

State Street Global Advisors

STATE STREET GLOBAL ADVISORS

On March 31, SSGA newly appointed CEO Yie-Hsin Hung published her first letter regarding SSGA's proxy voting agenda. SSGA's 2023 stewardship priorities are to encourage transparency and disclosure with regard to board oversight, climate risk management, human capital management and DEI

Board Accountability

- SSGA will continue to use director and committee chair votes to encourage sound governance practices and will hold directors accountable on a case-by-case basis
- Expects robust disclosure regarding directors' time commitment policies as established by nominating and governance committees of portfolio companies
- Effective in 2024, SSGA will no longer use numerical limits to identify overcommitted directors and will instead vote against nominating and governance committee chairs of S&P 500 companies that do not disclose internal policies regarding director time commitments

ESG

- SSGA will continue to expect disclosure on human capital management practices, DEI efforts and transparency on plans to manage climate-related risks based on the pragmatism supported by SSGA's rules and policies developed by regulators, academic research, industry insights, and data gathered and produced by industry experts
- SSGA shortened its Guidance on Climate-related Disclosures published March 2023 and removed reference to climate change as a systemic risk for its portfolio companies

Effective Board Oversight

- SSGA believes that effective oversight and governance are integral components to helping companies identify and integrate risks and opportunities into their strategy and management
- In the 2023 Guidance on Effective Board Oversight, SSGA identifies the following as factors of effective board oversight:
  - Oversee long-term strategy by articulating risks and opportunities, and evaluate the effectiveness of strategy execution
  - Demonstrate robust oversight by clearly defining responsibilities, using KPIs for risk management assessment, and fostering stakeholder engagement
  - Ensure effective leadership and transparency through accountability, skills integration in nominating and hiring processes, periodic reviews, and adherence to disclosure standards like TCFD

SSGA 2022 Stewardship Report

In May 2023, SSGA released its 2022 Asset Stewardship Report on its engagement and voting activity in the 2022 proxy season

Effective Board Oversight (600+ engagements on governance)

- SSGA focused on the following governance-related topics: director elections and governance practices, director time commitments, corporate structure, shareholder rights and executive compensation
- Engagement focus was on disclosure and oversight, but if engagement fails to lead to enhanced disclosure, may vote against select directors
- Intends to publish additional guidance on compensation-related votes

Climate Risk Management (265+ engagements)

- SSGA focused on the following climate change-related topics: climate change, climate transition plans, TCFD disclosure and board oversight
- Expects public disclosure by all companies in its portfolio in accordance with the four pillars of the TCFD framework: 1) governance, 2) strategy, 3) risk management and 4) metrics and targets
- Additional disclosure expected for companies in carbon-intensive sectors

Human Capital Management (HCM) (200+ engagements)

- SSGA focused on the following HCM topics: recruitment and retention, tight labor markets, freedom of association, progress towards DEI goals and board oversight of the effectiveness of key performance indicators
- Will continue to prioritize HCM with a particular focus on employee voice and has already begun outreach to 35 of the largest employers in the SSGA portfolio in the US & UK

DEI (300+ engagements)

- SSGA focused on workforce diversity disclosure, DEI strategy and goals, racial equity risks and board oversight engagements
- Expects all companies in the portfolio to offer public disclosures in five key areas: 1) strategy, 2) goals, 3) metrics, 4) board diversity and 5) board oversight

In 2022, SSGA continued using R-Factor, its ESG scoring system, in engagements and expanded the scope of R-Factor proxy voting screen (now includes S&P 500, FTSE 350, ASX 100, TOPIX 100, STOXX 600; DAX 30 and CAC 40 were replaced in 2022). It voted against companies within those indices whose R-Factor scores ranked in the lowest 10% of their industries with no improvement plans

SSGA's Asset Management Capabilities

57
Countries with clients

22,522
Meetings voted

956
Engagements in 31 countries

Vanguard

Vanguard

Vanguard's 2023 voting policy became effective on February 1, 2023. The changes to the policy focused on overboarding, board accountability, board diversity, climate disclosure, executive compensation and shareholder rights

Overboarding

- Vanguard's overboarding policy remains largely unchanged:
  - It will vote against NEOs who serve on more than two public boards (including the NEO's home board). If an NEO sits on more than two public boards, it will typically vote against the nominee at each company where the NEO serves as a nonexecutive director
  - Nonexecutive directors limited to four public boards
- Add language to encourage companies to adopt overboarding policies and disclose the board's oversight and implementation of the policy, rationales and considerations if a nominee exceeds the policy and how the board settled on its policy and the frequency with which it has reviewed the policy

Climate Disclosure

- Removes explicit types of proposals it would support and corresponding language
  - Signal Vanguard's transition to a more holistic approach while emphasizing the importance of climate disclosure

Board Diversity

- Provide specific examples of diversity-related proposals it supports, which include proposals:
  - Seeking disclosure of a director's personal characteristics
  - Requesting adoption of diversity-related board policies
  - Not overly prescriptive pertaining to director-related skills or disclosure

Board Accountability

- Vanguard now holds committee members accountable instead of the committee chair or board leadership
  - Expand individual director accountability to include relevant committee members, particularly in cases of insufficient board independence or limited responsiveness to shareholder concerns
  - "Zombie" director: it will vote against nominating committee members if a director nominee who does not have majority shareholder support, is renominated without addressing the underlying issue

Vanguard

Vanguard®

Board Independence

- Vanguard will now vote against the entire nominating committee if any of the audit, compensation or nominating committee members are not 100% independent (in 2022, Vanguard only voted against the nominating committee chair).
- Vanguard will generally vote against the nominating committee and all non-independent directors of a noncontrolled company if that company does not maintain a majority independent board
  - In the second year that a board is not majority independent, Vanguard may vote against the entire board

CEO/Chair Split

- Similar to 2022, Vanguard will generally vote against proposals to separate the CEO and chair absent significant concerns regarding a board's independence and effectiveness, which will be assessed based on:
  - Lack of a lead independent director role
  - Lack of board accessibility
  - Low overall board independence
  - Governance structural flaws
  - Lack of responsiveness
  - Oversight failings

Shareholder Rights

- Generally, there are no changes between the Vanguard 2023 and 2022 policies in the shareholder rights section
  - The policy continues to address various proposals regarding board structure and director elections, shareholder access, dual-class stock, defensive structures, voting requirements, special meetings, written consents and shareholder meeting rules and procedures etc. The policies maintain similar positions on these issues

Other

- Executive compensation: Generally, maintains the same position, but adds language to emphasize its position not to take a "one-size-fits-all" approach and objective is to ensure that a company's chosen metrics are rigorously designed, aligned with long-term strategic goals or risks and adequately disclosed
  - Severance packages/golden parachutes: Added language stressing that excessive or unreasonable severance should be approved by shareholders and will support proposals of this type, absent adopted policies
- M&A: Further clarified the review standard for M&A and other transactions, focusing on valuation, strategic rationale, board oversight of the deal and the surviving entity's governance profile

New York State Common Retirement Fund

In its most recent Environmental, Social & Governance Principles and Proxy Voting Guidelines (published 2022), the New York State Common Retirement Fund, the third largest public pension fund in the US, released its expectations with regard to ESG and diversity issues

ESG Strategy & Expectations

- Key ESG factors include:
  - Environmental issues: climate risks and opportunities; natural resource and raw material usage; and pollution and waste management
  - Social: human capital management; labor relations; human rights; health and safety; DEI; supply chain labor standards; privacy and data security; product safety and quality; and community impact
  - Governance: risk oversight; board governance practices; director qualifications and diversity; and corporate strategy
- Companies should identify ESG-related risks and opportunities, integrate ESG considerations into long-term business strategies and have strong senior leadership support to drive ESG improvement

Board & Workforce Diversity

- The fund seeks disclosure of corporations' EEO-1 reports including data on compensation, ethnicity and gender, efforts to enhance board diversity
  - The fund maintains that companies must confront racial inequity as a systemic risk, highlighting that companies promoting diversity and inclusive culture are more likely to outperform and drive long-term shareholder value
  - The fund urges companies in the portfolio to consider diversity of sex, race, ethnicity, sexual orientation and gender identity when selecting board director candidates
  - Strong preference for disclosure of director diversity on an individual level not aggregated basis
- The fund may vote against incumbent directors at companies with no racially or ethnically diverse directors or women on the board

Climate

- Will support proposals that require climate qualifications for director nominees and establish a board committee on climate issues
- Companies in TCFD high impact sectors should report climate risks and opportunities according to TCFD recommendations and name directors in charge of assessing risks and ensure board engagement
- The fund has adopted a goal to align its portfolio with net zero GHG emissions by 2040

Source: New York State Common Retirement Fund

LGIM Remains Focused on ESG-Related Issues

LGIM

- LGIM's Investment Stewardship team made 1,224 engagements in 2022 (held 361 meetings/calls and 863 written engagements)
- Climate Engagement: Continued to hold companies and directors accountable for management of climate risk and introduced 'just transition' considerations and expectations
  - Identified ~80 companies for potential voting sanctions for not meeting minimum climate change standards, divested from two companies, reinstated one and expanded Climate Impact Pledge to 5,000+ companies in 20 "climate-critical" sectors
  - Published a deforestation policy in September 2022 and engaged with 300 companies from deforestation-critical sectors, outlining expectations and potential consequences
- Social Issues Focus: Cast over 100 votes on social matters, including labor rights, inequality and discrimination and expanded engagement globally. Voted against companies lacking board-level ethnic diversity for the first time
- Governance Advocacy: Continued to advocate for better governance structure and transparency
  - Emphasized "one share, one vote" principle for company control and beginning in 2023 will vote against the re-election of the board chair at US companies with dual-class structures without sunsets on dual-class or where shareholders have not voted on continuation of dual-class
  - Opposed 56% of pay-related proposals globally, reinforcing minimum standards for fair and appropriate long-term performance-based pay in a high-inflation environment
- In May 2023, LGIM released its voting intentions for 2023 and voted in favor of the following:
  - Proposal at Amazon.com requesting a report on median and adjusted gender/racial pay gaps
  - Proposal at The Coca-Cola Company requesting a report on the congruency between political spending and company values and priorities
  - Proposals requesting reports on efforts to reduce plastic use at Amazon & Yum! Brands
- LGIM voted against director nominees at UNITE Group PLC, PPL Corp. because of deficiencies in board ethnic diversity, climate risk management, executive pay
- LGIM continues to support proposals for time-bound fossil fuel phase-out, reporting on absolute GHG reduction targets and on aligning financing activities with 2030 targets, at Citigroup, Bank of America, Wells Fargo, Goldman Sachs, JPMorgan Chase and Morgan Stanley etc.

Sources: LGIM, LGIM's voting intentions for 2023 (May 12, 2022), LGIM Active Ownership Report 2022

Investor Overboarding Policies

	Maximum Number of Board Memberships Permitted		
	Independent Directors	**CEO (including own board)**	**Named Executive Officer (other than CEO)**
Institutional Investor			
BlackRock	4	2	2
State Street	4 (3 for board chairs or lead directors), but subject to waiver	2	2
Vanguard (revised in 2023)	4	2	2
Alliance Bernstein (revised in 2023)	4	3	(not addressed)
BNY Mellon (revised in 2023)	5	3	(not addressed)
CalPERS	4	2	2
CalSTRS	4	2	(not addressed)
J.P. Morgan	4	3	(not addressed)
Legal & General	4	2	(not addressed)
Neuberger Berman (revised in 2023)	4	2	2
Norges Bank	5 (2 for board chairs)	5	(not addressed)
NYS Comptroller	4	3	(not addressed)
T. Rowe Price	5	2	(not addressed)
Proxy Advisory Firm			
Glass Lewis	5	2	3 (other than executive chair)
ISS	5	3	(not addressed)

Pass-through Voting Trends

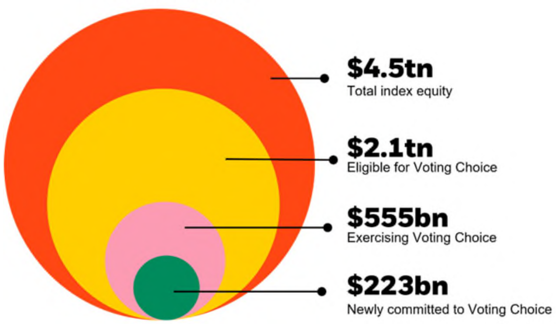
Some of the largest institutional investors have been publicly piloting and committing to engage in "pass through" voting where voting decisions would not be made by fund stewardship teams, but would enable beneficial owners to direct proxy voting for respective owned shares

BlackRock

- BlackRock issued an update on its "BlackRock Voting Choice" program (launched 2021 and expanded in 2022), including extension of the voting policies clients can choose from and expansion of eligible investment strategies
  - $2.1tn of $4.5tn (46.7%) of BlackRock's index equity assets and 95% of the institutional index equity assets are eligible to participate in the program
- Increasing number of index equity clients committed to BlackRock Voting Choice
- Eligible clients can choose one of four options as to how to vote

As of Q1 2023

Index Equity clients participating in Voting Choice as of March 31



State Street Global Advisors

- In December 2022, SSGA announced it would initiate a new proxy voting choice program to offer more power to investors on how they may vote
- In May 2023, SSGA announced it will expand the program to more investors, including those owning US ETFs and US mutual funds
  - The program will cover more than 80% of eligible index equity assets by the end of 2023
- SSGA goal is to include all eligible funds managed by the firm in the proxy voting program by the end of 2024
- The voting policies that investors may choose from are made available through ISS

Vanguard

- In February 2023 Vanguard initiated a pilot program running through June 30, 2023, allowing investors in three Vanguard equity funds to participate more directly in proxy voting by allowing certain investors to select from four different proxy voting policy options
- The pilot program will allow investors to direct how the fund votes on ballot items for certain of the fund's largest holdings, proportionate to their ownership in that fund

Sources: BlackRock, SSGA, Vanguard

11 Proxy Advisory Firm Updates

ISS Voting Policy Considerations 2023

Social and Environmental Issues

- **Climate considerations**:

  Board accountability on climate issues:
  For companies that are deemed significant GHG emitters, generally will vote **against/withhold** from the incumbent chair of the responsible committee (or other directors on a case-by-case basis) if ISS determines that the company is not taking minimum steps to understand, assess and mitigate climate risks

  – For 2023, ISS clarified that GHG emission reduction targets should cover a company’s operations (Scope 1) and electricity use (Scope 2)

- **Shareholder proposals on racial equity and/or civil rights audit guidelines**: ISS will continue to evaluate these proposals on a case-by-case basis, but has added **whether the company adequately discloses workforce diversity and inclusion metrics and goals** to its analysis

Compensation

- **Egregious pay practices**:

  Egregious pay practices now include the provision of severance benefits to an executive officer without involuntary job loss or a material diminution in duties under a new or materially amended agreement

  – ISS clarified that its list of egregious pay practices is considered illustrative rather than exhaustive, meaning pay practices not listed as egregious may still be deemed so

- **Shareholder proposals on ESG metrics in compensation plans**:

  In 2023, will continue to vote on a case-by-case basis for these proposals, but has **added the degree to which the board or compensation committee already discloses information on whether it has considered environmental and social criteria** to its analysis

Source: ISS

ISS Voting Policy Considerations 2023 (cont'd)

Board Diversity

- Gender diversity on boards: In 2023, companies will be at risk of **against/withhold** votes for their nominating committee chair (or other directors on a case-by-case basis) if there are no women on the board
- ISS will generally recommend **against/withhold** from the nominating committee chair at companies in the Russell 3000 or S&P 1500 if there are no apparent racially or ethnically diverse directors
- For complying with both gender and racially or ethnically diverse director requirements, an exception will be made if there was at least one diverse director falling under such category at the preceding annual meeting and the board makes a firm commitment to return to the applicable diverse status within a year

Other Board Changes

- Unequal voting rights: Starting February 1, 2023, generally will recommend **against/withhold** directors individually, committee members or the entire board (except new nominees, who should be considered on a case-by-case basis), if the company employs a common stock structure with unequal voting rights per share. Exceptions generally limited to newly-public companies with a sunset provision of no more than seven years from the date of going public and circumstances where the super-voting shares represent less than 5% of total voting power and are therefore considered *de minimis*, or the company provides sufficient protections for minority shareholders, such as allowing minority shareholders a regular binding vote on whether the capital structure should be maintained
- Director and officer indemnification, liability protection and exculpation: ISS added **the extent to which the proposal eliminates D&O liability for monetary damages for violating the duty of loyalty** as an additional factor to its case-by-case analysis of changes to D&O indemnification

ISS Updates to Disclosure QualityScore

QualityScore

On June 8, 2023, ISS announced updates to its Environmental and Social Disclosure QualityScore expected to become effective in the third quarter of 2023. Companies would be allowed to verify and submit changes on all factors during the data verification period of July 10 – July 21. The QualityScore will now be made up of 360 factors after ISS revises over 150 factors, adds 60 and retires approximately 50

DEI

- ISS will now consider gender pay gaps in its score

Workers' Rights

- ISS is increasing its consideration of disclosure of labor relations in its score
- ISS will be paying closer attention to occupational health disclosures in its score
- ISS has increased its assessment of human rights disclosures for both companies and their suppliers in its score
- ISS has added considerations from the Indigenous and Tribal Peoples Convention as adopted by the International Labor Organization
- ISS has also added consideration of the UN Women's Empowerment Principles

Climate

- ISS has updated its existing framework for assessing companies' natural resource profiles
- ISS is increasing the level of review of carbon- and climate-related disclosures
- ISS will now include principles from RE100 Climate Group in its calculations

Sources: Glass Lewis, ISS, TheCorporateCounsel.net

Glass Lewis Voting Policy Considerations 2023

Social and Environmental Issues

Environmental and social risk oversight

- For 2023, will generally recommend voting **against** the nominating committee chair of a **Russell 1000** company that fails to provide explicit disclosure concerning the board's role in overseeing environmental and social issues
- Beginning 2023, may recommend **against** directors if a company provides insufficient disclosure regarding (i) climate issues under TCFD requirements or (ii) the board's oversight responsibilities for climate-related issues. This applies only to companies with material exposure to climate risk arising from their operations (including the companies identified by the Climate Action 100+ Focus Group)
- Glass Lewis may recommend voting **against** directors of a company that has provided insufficient disclosure or oversight over cyber-related issues when a company has faced a cyber-attack that caused significant harm to shareholders

Diversity disclosures

- Starting in 2023, will generally recommend voting **for** shareholder proposals on racial equity and/or civil rights audits if the audit would help the company identify and mitigate potentially significant risks. Glass Lewis will consider the following:
  - the nature of the company's operations,
  - the level of disclosure provided by the company and its peers on its internal and external stakeholder impacts and the steps it is taking to mitigate any attendant risks and
  - any relevant controversies, fines or lawsuits

Board Diversity

- **Gender diversity**: Will generally recommend voting **against** the nominating committee chair of a board that is not at least 30% gender diverse at Russell 3000 companies, or against all the members of the nominating committee for boards with no gender diverse directors. For all others, the existing policy requiring a minimum of one gender diverse director remains. Beginning in 2023, will also generally recommend against the chair of the nominating committee at boards with fewer than one director from an underrepresented community on the board of companies within the Russell 1000
- **Disclosure of director diversity and skills**: Will review company's disclosures of diversity considerations and may refrain from recommending **against** directors if the disclosure includes sufficient rationales or a plan to address a lack of diversity on the board. For companies in the Russell 1000, lack of disclosure with respect to individual or aggregate racial/ethnic minority board demographic information may result in recommendations to vote against the chair of the nominating committee
- **State laws on board diversity**: Will generally recommend in line with applicable state laws mandating board composition requirements when they come into effect
  - Will refrain from recommending **against** directors due to noncompliance while litigation about a requirement is ongoing
- **Stock exchange diversity disclosure requirements**: In 2023, will recommend voting **against** the chair of the governance committee if the board does not disclose the statistics required by the applicable exchange rules

Source: Glass Lewis

Glass Lewis Voting Policy Considerations 2023 (cont’d)

Compensation

- **Shareholder proposals seeking shareholder approval of certain severance payments**: Glass Lewis clarified that it will recommend voting **against** a shareholder proposal if a company adopted a policy that requires shareholder approval for any cash severance payments exceeding 2.99 times the sum of an executive’s salary and bonus
- **Pay versus performance disclosure**: Glass Lewis clarified that a company’s pay versus performance disclosure required under the SEC’s rule will not impact Glass Lewis’s pay-for-performance model or letter grade. However, the disclosure may be considered in Glass Lewis’s Say on Pay analysis
- **Proportion of long-term incentive awards that are performance-based**: In 2023, will raise concerns with executive pay programs if less than 50% of an executive’s long-term incentive awards are subject to performance-based vesting conditions
- **Mega-grants**: Starting in 2023, will generally recommend **against** the chair of the compensation committee if the company awards a mega-grant that is excessive in magnitude, lacks sufficient performance conditions and/or is excessively dilutive
- **One-time awards**: Expects companies to disclose how their compensation committees determined the value of one-time awards, the design of the award and the impact on regular compensation arrangements
- **Mandatory clawback policies**: In its 2023 policy updates, Glass Lewis clarified that a company’s disclosure that complies with the SEC rule to adopt a mandatory clawback policy may mitigate concerns regarding the scope of the clawback policy

Other Board Changes

- **Officer exculpation**: Will generally recommend voting **against** a proposal to adopt an officer exculpation provision if the provision would eliminate monetary liability of officers for breaches of the duty of care
- **Disclosure of shareholder proposal proponents**: Beginning in 2023, will generally recommend voting **against** the nominating committee chair of a company that does not disclose the identity of the proponent (or lead proponent) of any shareholder proposals
- **Director overboarding**: Beginning in 2023, will determine a director is overboarded if they meet any of the following criteria:
  - A director serves as an executive officer (other than executive chair) of a public company and serves on a total of more than two public company boards,
  - A director serves as an executive chair of a public company and serves on a total of more than three public company boards, or
  - A director serves on more than five public company boards

12 Methodology and Team

Methodology

- Freshfields categorized the proposals highlighted in this Trends and Updates from the 2023 Proxy Season report from ISS data downloaded on June 15, 2023, and adjusted categorization and sub-categorization based on a review of the proposals and/or proponents
  - For instance:
    - Decarbonization proposals that were similar and tagged in different categories and sub-categories were recategorized as a single type of environmental proposal
    - Masked anti-ESG and/or conservative proposals were reviewed and subcategorized as anti-ESG proposals, as applicable
- For purposes of determining the proposal support levels, unless otherwise specified, the report references the percentage of votes cast

Freshfields Team

TEAM

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Thank you

Freshfields