



2021 Corporate Governance Report



Introduction

Segal Marco Advisors (Segal Marco) serves more than 600 clients with advisory assets exceeding \$500 billion. In addition to financial consulting and discretionary services, Segal Marco provides proxy voting and corporate governance services. Segal Marco is a registered investment advisor and assumes fiduciary duty for proxy voting assets.

The *Corporate Governance Report* provides a summary of the market environment for corporate governance, the 2021 proxy votes on the most common issues, including proxy voting statistics and the 2022 proxy policy statement. There are three updates to the proxy policy statement that take effect on March 1, 2022. The three items provide additional policy guidance on new issues in proxy voting.

1. Management proposals to approve climate action plan

Companies seeking shareholder approval for their climate action plan should provide a detailed disclosure that shows consistency with the Paris Agreement's goal of limiting global warming to well below 2 degrees (preferably 1.5 degrees) Celsius compared to pre-industrial levels, as well as achieving net zero by 2050. Careful consideration of the proposed plan will review several key factors, including: (i) whether the plan includes clear and measurable goals of short, medium and long-term emissions reduction targets; (ii) the effectiveness of the company's corporate governance framework to manage climate-related risks; (iii) the alignment of executive compensation and climate change metrics; (iv) how a company addresses its transition plan for employees, including training and support for new employment and disclosure of any job losses; and (v) the company's commitment to regularly report progress on its climate transition plan. A vote will be cast in favor where the climate action plan provides detailed specificity on key factors and against where the plan lacks detail or ambition.

2. Management proposals to approve SPAC merger transactions

A Special Purpose Acquisition Corporation (SPAC) is the shell company created for the sole purpose of merging with a private company to take it public within a two-year time frame as an alternative to the traditional IPO process. SPAC sponsors generally receive a significant premium regardless of the return to public investors. SPAC shareholders are entitled to vote on the transition to bring a specific private company public. A vote will be cast in favor where the stock of the merged entity will trade at a premium to the redemption value for public shareholders and against where it trades at a discount.

3. Shareholder proposals to convert a corporation into a public benefit corporation

A Public Benefit Corporation (PBC) is a legal status for a for-profit corporation that has a dual purpose of providing a public benefit, such as fulfilling a social or environmental mission. A vote may be cast in favor of a proposal seeking the conversion to a PBC where the entity ensures no shareholder rights are weakened and where the entity does not subordinate financial return for the public benefit. Additional criteria to evaluate the firm's readiness to sustain success as a PBC include: (i) company performance over the past five years; (ii) approach and history with the stated public benefit it seeks to achieve; (iii) designated board committee to oversee the transition; (iv) absence of a dual class stock structure with different voting rights and (v) shareholder rights in the form of ability to call a special meeting, act by written consent and proxy access.

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Contents

I. The Market Environment For Corporate Governance	1
II. 2021 Proxy Voting Summary	15
III. 2022 Proxy Policy Statement	25
Appendix to the Proxy Voting Policy Statement	31
IV. Proxy Voting Statistics for 2021	33



I. The Market Environment For Corporate Governance

2021 Regulatory developments

Department of Labor



The Department of Labor (DOL), under new leadership with the election of President Biden, announced on March 10, 2021 that it would not enforce the rules finalized late in 2020 on ESG investing and proxy voting. The 2020 rules created obstacles to ESG investing and permitted funds regulated under ERISA to avoid voting proxies in certain cases. Segal Marco's perspective is that the rules harmed investor interests and that the changes were unnecessary. For additional background on the 2020 rules, please see our 2020 *Corporate Governance Report*.

On October 13, 2021, six months after the non-enforcement announcement, the DOL released a new proposed rule on proxy voting and ESG investing that would replace the 2020 rules. Segal Marco submitted a comment letter prior to the December 13, 2021 deadline. A final version of the rule is expected to follow shortly. The new rule essentially rolls back all the changes put forward in the 2020 rules.

The proposed rule will ensure fiduciaries are permitted to select from a wider pool of investment strategies with the greatest potential to generate risk-adjusted competitive financial returns. The provisions on proxy voting reaffirm the Department's long-standing position that fiduciaries should ensure proxy votes are cast in the best interest of plan participants. One new development in the proposed rule is that the DOL outlined three examples of ESG issues that a fiduciary may consider in the evaluation of an investment or investment course of action if material, namely: "(i) Climate change-related factors, such as a corporation's exposure to the real and potential economic effects of climate change, including its exposure to the physical and transitional risks of climate change and the positive or negative effect of Government regulations and policies to

mitigate climate change; (ii) governance factors, such as those involving board composition, executive compensation and transparency and accountability in corporate decision-making, as well as a corporation's avoidance of criminal liability and compliance with labor, employment, environmental, tax and other applicable laws and regulations and (iii) workforce practices, including the corporation's progress on workforce diversity, inclusion and other drivers of employee hiring, promotion and retention; its investment in training to develop its workforce's skill; equal employment opportunity and labor relations."

The proposed rule also reinstates a return to the tiebreaker standard in which collateral benefits may be considered where financial expectations are similar in two or more investment product offerings. The DOL removed the two safe harbors for proxy voting policies in the 2020 rule as well as the documentation requirement on the decision-making of whether to exercise proxy voting rights. Those requirements increased the costs of proxy voting and would likely discourage fiduciaries from casting votes on impactful ESG issues.



Prudence and loyalty in selecting plan investments and exercising shareholder rights

RIN 1210-AC03

Press release:

www.dol.gov/newsroom/releases/ebsa/ebsa20211013

Fact sheet:

www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/fact-sheets/notice-of-proposed-rulemaking-on-prudence-and-loyalty-in-selecting-plan-investments-and-exercising-shareholder-rights.pdf

Proposed rule:

www.federalregister.gov/documents/2021/10/14/2021-22263/prudence-and-loyalty-in-selecting-plan-investments-and-exercising-shareholder-rights

Select SEC announcements

Shareholder proposals:

Staff Legal Bulletin No. 14L (CF):

www.sec.gov/corpfin/staff-legal-bulletin-14l-shareholder-proposals

SEC adopts new rules for universal proxy cards in contested director elections:

<https://www.sec.gov/news/press-release/2021-235#:~:text=The%20Securities%20and%20Exchange%20Commission>

Finally, the SEC is expected to soon release new rules on climate disclosure and human capital management.

Securities and Exchange Commission



The Securities and Exchange Commission (SEC) likewise passed two rules in 2020 on the topics of shareholder advocacy and proxy advisors. On shareholder advocacy, the rule increased the amount of stock an investor must hold to be eligible to file a shareholder proposal; increased the required support level needed to re-file a proposal in additional years and created additional procedural requirements when filing, such as fixing engagement to a particular schedule. This rule is in effect for 2021 and the SEC has not addressed whether they intend to make changes to it. Institutional investors organized under the Interfaith Center for Corporate Responsibility filed suit against the SEC, which remains pending as of this publication.

The second SEC rule, known as the proxy advisors rule, required proxy advisory firms to share their research with companies at no cost and to share any corporate critique with the advisory firm's clients. New leadership at the SEC early in 2021 indicated they would review and potentially replace the rule. On June 1, the SEC announced that it would not enforce the proxy advisors rule.

The SEC also rescinded several Staff Legal Bulletins passed under the prior administration that disadvantaged investors raising ESG issues with companies. New bulletins issued in 2021 allowed that the SEC will consider proposals that raise matters of social policy significance based on the subject matter rather than on the nexus between a company's operations and the issue. Also, the SEC created a wider berth for its consideration of whether a shareholder proposal is deemed to be micromanaging a company. Additional improvements include allowing investors to use graphics in their submission under certain guidelines and encouragement of the use of email as a primary means for correspondence between investors and companies rather than mail. The SEC also moved to establish universal proxy cards for proxy contests. Historically, if a dissident shareholder contested board elections each side would issue its own proxy cards. This approach required shareholders to pick a side and select among candidates for that side. Under the new system, investors will be able to select nominees from a single list comprised of candidates proposed by company management and the activist investor.





Spotlight: COVID impacts

Segal Marco joined with other institutional investors in 2020 to ask key firms to take steps to protect workers in the pandemic. The key firms had large workforces that did not have the luxury of working from home given their role. The beginning of the pandemic showed weakness in oversight of worker safety. Firms have had time since the spread of COVID-19 to put appropriate safety protocols in place that continue to be critical in light of new variants and the ongoing threat to health and safety.

In 2021, we had a second year of virtual corporate annual meetings. The virtual format allows investors to attend meetings with greater ease. However, there are several downsides. The in-person meeting is the only access most investors have to a corporate CEO and board. There is no substitute for eye contact when an investor is questioning corporate leadership. Additionally, the virtual format provides companies with gatekeeper tools that can be used to limit questions or participants. It remains to be seen how companies will handle annual shareholder meetings going forward. A virtual format or hybrid which provides for both in-person and online participation are likely for 2022 given we are not out of the woods on COVID. A return to in-person meetings when it's safe to gather, however, will ensure investors have one day a year to raise concerns directly to corporate leadership.

2021 Investor initiatives on ESG

The year of 2021 brought new and recurring ESG issues into light. COVID-19 continues to impact how investors and issuers engage. Diversity in the boardroom and throughout the workforce remains a dominant focus of institutional investors. On climate, investors took to director elections as a tool to urge companies to move faster on climate transition. Governance concerns remain, particularly on executive pay, independent leadership and political spending transparency.

The goal of shareholder engagement is to prompt a particular change in corporate policy or practice on an ESG issue. Where negotiations fail to achieve a mutual agreement, shareholder proposals go to a vote at the company's annual stockholders' meeting. In 2021, 89 shareholder proposals received a majority vote in 2021. Table 1 shows the top ten vote results for shareholder proposals in 2021.

2021 Investor initiatives on ESG: Board diversity

Board diversity is a key priority for Segal Marco and many of our clients. Equity is good policy for all institutions and studies show that diversity can drive financial performance as well (see appendix to proxy policy statement for a list of studies). Investors make an impact in this area through proxy voting policies and direct shareholder advocacy. Segal Marco's proxy voting policy for U.S. firms is to vote against the nominating committee members of boards that have fewer than two women and/or fail to disclose the racial composition of their boards.

Table 1: Top 10 Vote Results for Shareholder Proposals in 2021

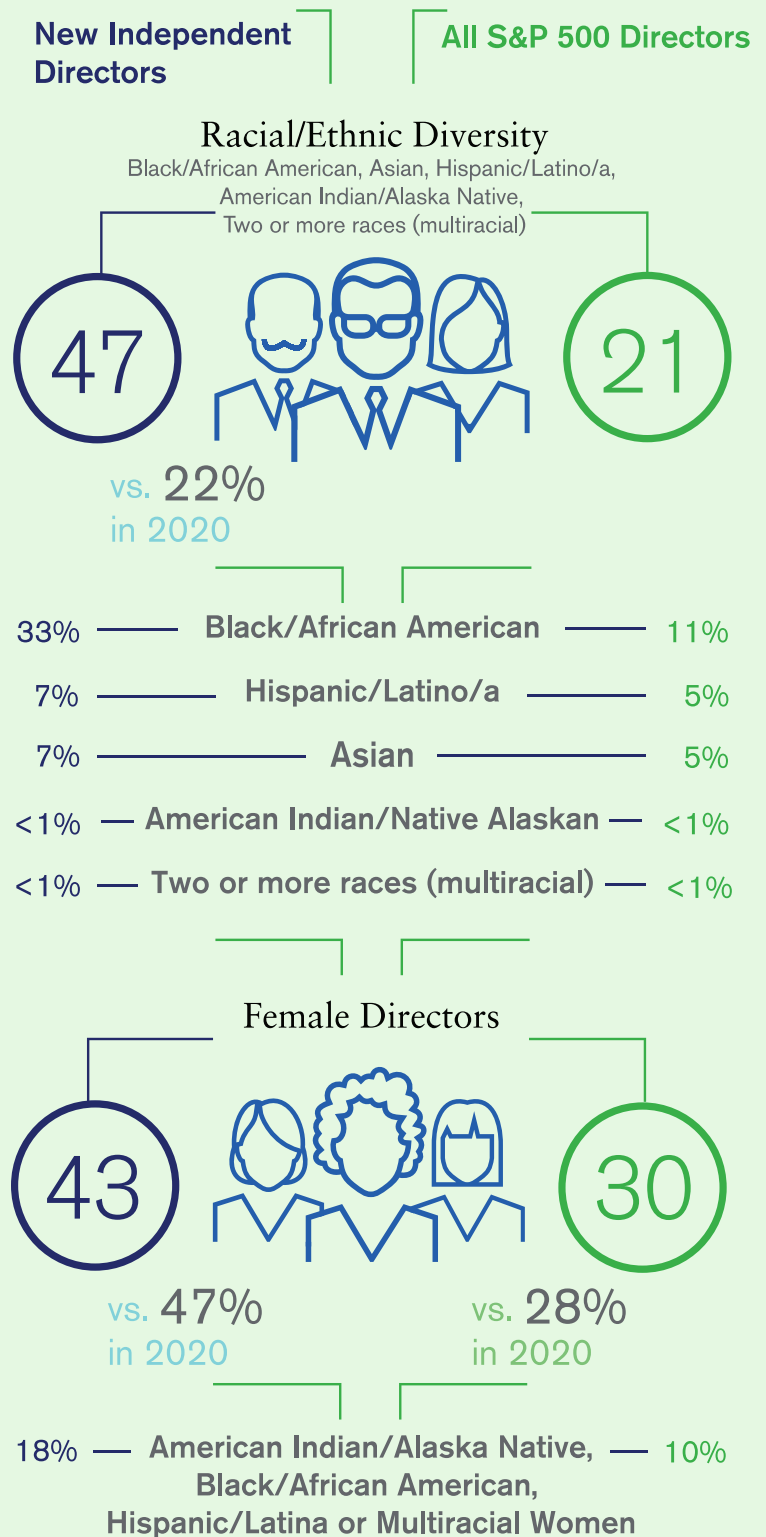
Issuer	Proposal	For (%)
ConocoPhillips	Adopt simple majority vote	99.3
Bunge Limited	Report on the soy supply chain	98.9
Centene Corporation	Declassify the board of directors	98.7
Citrix Systems Inc.	Adopt simple majority vote	98.1
Redfin	Majority vote for the election of directors	98.1
General Electric Company	Provide net zero indicator	98
2U, Inc.	Declassify the board of directors	97.7
Skyworks Solutions Inc.	Adopt simple majority vote	96.9
Teleflex Incorporated	Declassify the board of directors	96.4
The Wendy's Company	Report on human rights risks in operations	95.3

While proxy voting results show firms where they do not have investor support, board elections most frequently function as an affirmation process rather than an election. Where 10 seats are available, corporate management puts forth 10 directors, providing shareholders with a simple up or down vote. The turnover rate among corporate directors has also been an impediment in adding women and underrepresented communities to the board. The Conference Board, a member-driven think tank for corporate leaders, reported in [Corporate Board Practices in the Russell 3000, S&P 500 and S&P MidCap 400: 2021](#) that average tenure among directors is between 11 and 13 years.

Women comprise 25.6 percent of Russell 3000 board seats as of mid-year 2021, according to the Gender Diversity Index compiled by the advocacy group 50/50 Women on Boards. The group changed its name from 2020 Women on Boards after successfully achieving their goal of women occupying 20 percent of Russell 3000 board seats by 2020. The new name also communicates the group's updated goal that women comprise half of corporate board seats by 2050. Female representation has slowly and steadily grown over time, from 22.6 percent in 2020, 20.4 in 2019, 17.7 in 2018 and 16 in 2017. Only four percent of the Russell 3000 are exclusively male, down from 11 percent in 2019. Research firm Equilar reported that in the third quarter of 2021, 47.7 percent of new directors were women, the highest level to date.

The Gender Diversity Index report also tracks racial representation of boards; however, the data is less clear because it requires self-reporting or assumptions based on skin color. Companies are not yet required to report on the racial composition of the corporate boards, although investors are seeing success in asking firms to take this step voluntarily. The Index reported that people of color comprise 12 percent of corporate board seats. Consulting firm Deloitte partnered with the advocacy group Alliance for Board Diversity to issue the sixth edition of the [Missing Pieces Report: The Board Diversity Census of Women and Minorities on Fortune 500 Boards](#) in 2020. The investigation found 11.8 percent of board seats for Fortune 500 firms are occupied by minority men and 5.7 percent by minority women. The percent increases are moving at a snail's pace, from 3.2 percent between 2016 and 2018 to 4.3 percent between 2018 and 2020. Among Fortune 100 board seats, Asian/Pacific Islanders held 4.4 percent of board seats, Hispanic/Latinos held 4.7 percent and African American/Black held 11.4 percent. Graphic A shows that women and racial minorities are being added at a faster pace at S&P 500 firms.

Graphic A: Gender and Racial Diversity at S&P 500 Firms



Source: U.S. Spencer Stuart Board Index 2021 Highlights



On Aug 6, 2021, the SEC also approved the NASDAQ stock exchange's new requirements for diversity. Companies listed on the exchange must include diverse directors on their boards. Specifically, the requirement is for companies to have at least one woman on their boards, as well as a director that identifies as a racial minority or a member of the LGBTQ community. If not the company must explain their failure to meet the requirement. Fourteen states have enacted or are considering mandatory disclosure and/or thresholds on diversity.¹

Segal Marco works with three investor-led organizations to effectively engage companies on board diversity. The Thirty Percent Coalition is a national organization working towards the goal of women representing 30 percent of board seats and advocates for racial representation as well. Segal Marco joins the Illinois State Treasurer's Office in co-leading the Midwest Investors Diversity Initiative (MIDI), a coalition of institutional investors dedicated to increasing racial, ethnic, and gender diversity on corporate boards of companies headquartered in Midwestern states. Our clients are also active in MIDI's counterpart, the Northeast Investors Diversity Initiative (NIDI).

¹ Aguiar, Lauren, Lui, Jessie K., Saltzstein, Susan, and Woan, Tansy. 2021. "Skadden Offers a Scorecard on Diversity in the Corporate Boardroom." *The CLS Blue Sky Blog*. July 14. www.skadden.com/insights/publications/2021/07/skadden-offers-a-scorecard-on-diversity

MIDI represents more than \$820 billion in assets under management and advisement. Its members include: Ariel Investments, City of Chicago's Treasurer's Office; Illinois State Board of Investment; Minnesota State Board of Investment; Ohio Public Employees Retirement System; School Employees Retirement System of Ohio; SEIU Master Trust; Sundance Family Foundation; Seventh Generation Interfaith; Trinity Health; UAW Retiree Medical Benefits Trust; Wespath Benefits and Investments and the YWCA Metropolitan Chicago.

The corporate engagements center on asking firms to adopt a Rooney Rule policy that requires every candidate pool for board of director searches include both women and underrepresented communities. MIDI expanded the scope of its engagement in 2021 by asking firms to disclose the racial composition of the board in the firm's proxy filing and to post their EEO-1 report to the website. The EEO-1 report details the racial and gender composition of the work force. Firms with at least 100 employees are required to file the report with the Equal Opportunity Employment Commission. While required annually, the report is not publicly disclosed.

Table 2 shows Segal Marco clients' successful efforts on corporate board diversity in 2021, demonstrated by corporate adoption of the Rooney Rule as well as an increased number of diverse directors following the submission of a shareholder proposal. Table 3 shows the list of companies that added diverse directors following investor engagement with MIDI.

Table 2: Corporate Engagement Gains on Board Diversity in 2021

Shareholder Proponent	Diverse Search Policy Adopted/Strengthened
City of Philadelphia Public Employees Retirement System	Royal Gold
City of Philadelphia Public Employees Retirement System	St. Joe Company
Midwest Diversity Initiative	Medpace Holdings
Midwest Diversity Initiative	Century Aluminum
Midwest Diversity Initiative	First Financial Corp.
Midwest Diversity Initiative	Lancaster Colony Corp.
Midwest Diversity Initiative	Steel Dynamics
Segal Marco	Skyline Champion Corp.
Segal Marco	Allscripts
SEIU MasterTrust	Franklin Street
Vermont Pension Investment Committee	Prosperity Bancshares

Source: Segal Marco Advisors, 2021

Table 3: MIDI-Engaged Companies that Added Diverse Board Members

2021	2020	2019	2018	2017
Ramaco Resources Inc. Retail Value, Inc. Air Transport Services Group, Inc. Thor Industries First Financial Corp. TFS Financial Corp.	Lancaster Colony Corp Marten Transport Pharmaceutical Marten Transport Century Aluminum	American Axel Assertio Therapeutics Exact Sciences Corp. Gardner Denver Holdings	Ferro First Industrial Realty Trust Taubman Centers	Knowles Corp. SPS Commerce A Schulman Industries The Tile Shop TransDigm Group

Segal Marco joined an initiative led by Illinois Treasurer Michael W. Frerichs in October 2020, repeated in 2021, that asked Russell 3000 firms to disclose their boards' racial, ethnic and gender data. The Russell 3000 Board Diversity Disclosure Initiative found that 62 percent of index firms failed to disclose racial composition in their public filings. The group represented 26 investor organizations with more than \$3 trillion in assets. Additional asset owner signatories include Connecticut State Treasurer Shawn Wooden, the Chicago City Treasurer, the Delaware State Treasurer, the Illinois State Board of Investment, the Minnesota State Board of Investment, the New York City Comptroller, the Oregon State Treasurer, the Seattle City Employees' Retirement System, SEIU Master Trust, SOC Investment Group, UAW Retiree Medical Benefits Trust, the Vermont Pension Investment Commission, the Vermont State Treasurer and the Wisconsin State Treasurer.

Spotlight: Exxon board upset

Los Angeles Times

Exxon CEO is dealt a stinging setback at hands of activist



REUTERS

Exxon loses board seats to activist hedge fund in landmark climate vote

BARRON'S

Exxon's Shareholder Revolt Is a Warning for Boards Everywhere

For the first time in the oil giant's history, activist investors won board seats at the expense of management nominees at Exxon Mobil's May 26, 2021 stockholders' meeting. Three of the activist's four nominees won seats: Gregory Goff, a retired Executive Vice Chairman of Marathon Petroleum; Kaisa Hietala, a sustainable business consultant and former Executive Vice President of renewable products at oil refiner Neste Oyj and Alexander A. Karsner, a Senior Strategist at X (formerly Google X) and a founder and former CEO of the investment firm Manifest Energy.

Shareholders backed the activist's critique, which focused largely on the company's preparedness for the energy transition because its strategy too heavily relied on carbon capture. The company also suffered from declining stock prices, poor operational performance and an unfavorable capital allocation program started in 2017 that resulted in a severe cash flow deficit and required debt financing.

2021 Investor initiatives on ESG: Racial equity audits

Segal Marco client SEIU MasterTrust undertook a new approach on DEI in 2021 by filing five shareholder proposals seeking a racial equity audit (REA). The shareholder proposal asked the firms to analyze the company's impacts on nonwhite stakeholders and communities of color with input from civil rights organizations and other stakeholders. The pension fund focused on banks, asset managers and private prison contractors. As the United States continues to grapple with racial inequities, particularly in the unrest following the murder of George Floyd, there is growing recognition of systemic biases in many sectors, including the private sector. The SEIU MasterTrust reasons that key companies have a large role to play in addressing and remedying systemic bias in their own operations. Airbnb and Starbucks were early movers in announcing they would undertake REA or civil rights audits on their own impacts. Following engagement with SEIU MasterTrust, Blackrock and State Street agreed to conduct a similar review. CoreCivic, a private prison contractor, also agreed to issue a REA and has begun work towards that end.

2021 Investor initiatives on ESG: Environment

Climate change initiatives are coming into stronger focus in shareholder advocacy. The Biden Administration identified action on climate change as a key priority, which is showing up in regulatory actions (see earlier section on Regulatory Developments on previous page). Segal Marco joined Ceres in 2021 to assist in our engagement efforts on climate. Ceres is a nonprofit organization that educates and connects investors and companies on sustainability issues. Ceres also co-founded Climate Action 100+ (CA100) which is an investor-led initiative to urge the top 100+ corporate emitters of greenhouse gas (GHG) to take a set of actions.

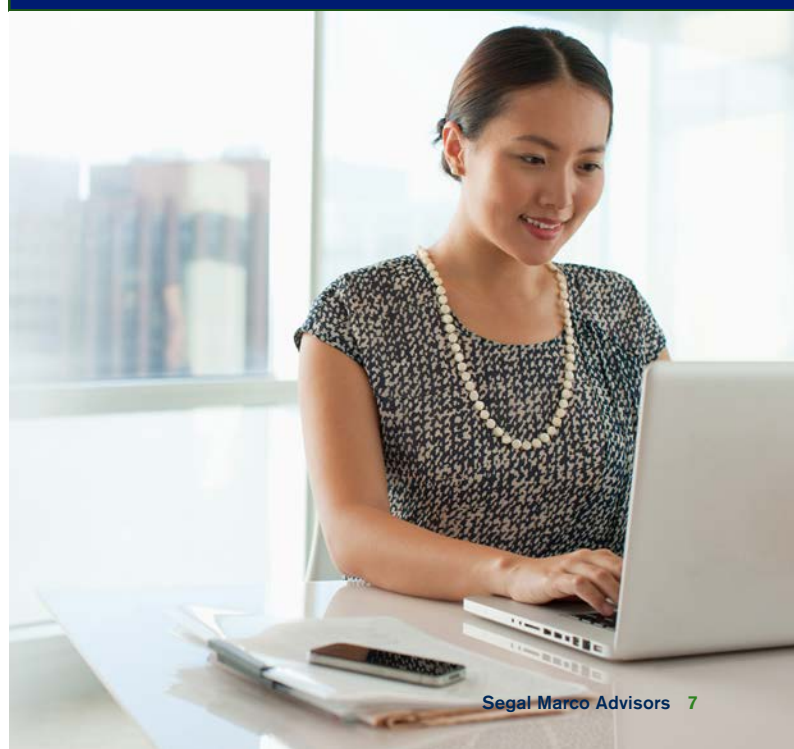
CA100 publishes a 10-point scorecard, as presented in Table 4, for investors and stakeholders to evaluate and compare corporate roadmaps on the transition to a lower carbon economy. The Paris Agreement, to which the United States is a party, is a binding international commitment to limit global warming to well below 2 degrees Celsius and preferably to 1.5 degrees. For nations to reach that benchmark, the private sector must do some heavy lifting on reducing GHGs.

Spotlight: Auditing racial equity in company operations

Excerpt from Airbnb's REA:

Issue identified: "...Airbnb's research also has generally confirmed public reports that minorities struggle more than others to book a listing."

Solution proposed: "...Airbnb will modify the reservation request system to better feature objective information regarding trip details and — where available — reputation-enhancing data such as reviews and verified ID to reduce the potential for bias. As part of the process outlined above, Airbnb will also experiment with reducing the prominence of guest photos in the booking process. These changes are rooted in research. Airbnb recently partnered with experts at Stanford University who found that reputation systems like review scores can significantly extend the trust between dissimilar users. Making review and other objective data more readily available could help overcome some people's inclination to only trust people who are like them. The initial study performed by the Stanford researchers examined a range of demographic features, but did not include race. Airbnb is currently working with the same researchers on a new study that will consider race as a factor."



Majority Action, a non-profit, non-partisan organization that advocates for corporate governance actions to address climate change, urged shareholders to oppose board members of companies that are not disclosing sufficient action on the climate transition. Majority Action's analysis of companies reviewed similar data including target setting, policies and financing on fossil fuels as well as disclosure. Specifically, the group put out proxy voting guides for board elections of approximately 20 companies in four sectors: electricity generation, oil and gas, automotive manufacturers and banks. Segal Marco reviewed the group's research and, in many cases, opposed board nominees at these firms.

Table 4: Climate action 100+ scorecard

Disclosure assessment indicators measured on a 3-point scale of no, partially and yes

1. Net-zero GHG emissions by 2050 (or sooner) ambition

The company has set an ambition to achieve net-zero GHG emissions by 2050 or sooner.

2. Long-term (2036-2050) GHG reduction target(s)

The company has set a target for reducing its GHG emissions by between 2036 and 2050 on a clearly defined scope of emissions. The long-term (2036-2050) GHG reduction target covers at least 95 percent of scope 1 & 2 emissions and the most relevant scope 3 emissions (where applicable). The target (or, in the absence of a target, the company's latest disclosed GHG emissions intensity) is aligned with the goal of limiting global warming to 1.5°C.

3. Medium-term (2026-2035) GHG reduction target(s)

The company has set a target for reducing its GHG emissions by between 2026 and 2035 on a clearly defined scope of emissions. The medium-term (2026-2035) GHG reduction target covers at least 95 percent of scope 1 & 2 emissions and the most relevant scope 3 emissions (where applicable). The target (or, in the absence of a target, the company's latest disclosed GHG emissions intensity) is aligned with the goal of limiting global warming to 1.5°C.

4. Short-term (up to 2025) GHG reduction target(s)

The company has set a target for reducing its GHG emissions up to 2025 on a clearly defined scope of emissions. The short-term (up to 2025) GHG reduction target covers at least 95 percent of scope 1 & 2 emissions and the most relevant scope 3 emissions (where applicable). The target (or, in the absence of a target, the company's latest disclosed GHG emissions intensity) is aligned with the goal of limiting global warming to 1.5°C.

5. Decarbonization strategy

The company identifies and quantifies the set of actions it intends to take to achieve its GHG reduction targets over the targeted time frame. These measures clearly refer to the main sources of its GHG emissions, including scope 3 emissions where applicable.

6. Capital allocation alignment

The company is working to decarbonize its future capital expenditures. The company discloses the methodology used to determine the Paris alignment of its future capital expenditures.

7. Climate policy engagement

The company has a Paris-Agreement-aligned climate lobbying position and all of its direct lobbying activities are aligned with this. The company has Paris-Agreement-aligned lobbying expectations for its trade associations, and it discloses its trade association memberships. The company has a process to ensure its trade associations lobby in accordance with the Paris Agreement.

8. Climate governance

The company's board has clear oversight of climate change. The company's executive remuneration scheme incorporates climate change performance elements. The board has sufficient capabilities/competencies to assess and manage climate-related risks and opportunities.

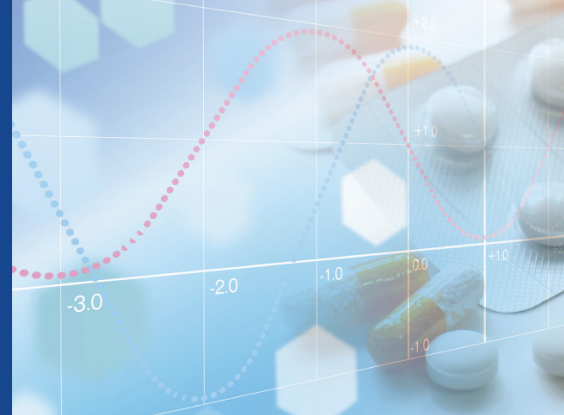
9. Just transition

A just transition requires that the company consider the impact of transitioning to a lower-carbon business model on its workforce and communities.

10. TCFD Disclosure

The company has committed to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The company employs climate-scenario planning to test its strategic and operational resilience.

Two-Year Progress Report



2021 Investor initiatives on ESG: Opioids

Segal Marco co-founded the Investors for Opioid and Pharmaceutical Accountability (IOPA) in 2017 to call for governance improvements at companies that manufacture, distribute and sell opioids to the public. The IOPA came together out of a collective concern that the opioid crisis impacts the economy at a systemic level and poses risks to companies in the supply chain that impact long-term shareholder value. The IOPA has 67 members with more than \$4.2 trillion in assets under management and advisement.

The IOPA proposed several governance reforms, and the efforts and outcomes are detailed in IOPA's *Two-Year Progress Report*, available here: www.iccr.org/sites/default/files/page_attachments/iaa_accountability_two_year_summary_report-oct2019.pdf

A key issue raised by the IOPA is how companies account for opioid-related litigation costs. In most cases, corporate executives receive the bulk of their compensation through long- and short-term incentive plans. These plans typically rely on metrics to drive the payout and the metrics are designed to align the interest of executives with the interests of shareholders. A common metric used in incentive plans is earnings per share (EPS) and is intended to reward executives that provide EPS gains for investors. However, the IOPA found most companies in the opioid supply chain calculate metrics using the GAAP calculation in financial reporting and use a different "adjusted" calculation for purposes of determining executive compensation.

Frequently, companies exclude litigation costs, including those stemming from opioid lawsuits, from the final number. The impact of this practice is twofold. First, executives are

being rewarded based on an inflated result that disconnects the alignment of interests with shareholders. Second, executives are being insulated from the financial penalty of missteps in oversight of their impact on the opioid crisis. How will executives be incentivized to avoid repeating oversight failures if they don't have to bear the costs?

Board decisions to factor out the impact of legal settlements related to opioids is a key indicator of whether the company believes senior leadership should have skin in the game. The opioid crisis has led to 841,000 deaths since 1999.² As reference point, as of Dec. 14, 2021 the United States has seen 797,000 deaths from COVID-19.³

In 2021, the IOPA organized "no vote" efforts against key companies in response to their practice of excluding litigation costs from executive pay. The Illinois State Treasurer, who is also an IOPA member, filed an exempt solicitation with the SEC in advance of Johnson & Johnson's (J&J) 2021 shareholder meeting. The solicitation urged investors to vote against the advisory vote on executive compensation (say-on-pay) in response to J&J's practice of excluding opioid-related legal costs. As stated in the exemption: "The Company has failed to explain its decision to remove the impact of opioid litigation, which over the past two years has caused \$5 billion in charges to be booked to earnings.¹ By excluding these costs from the earnings calculations used in the incentive plans, the Committee has inexplicably chosen to insulate named executives from the fallout of Johnson & Johnson's role in the opioid crisis. For long-tenured CEO Alex Gorsky, the exclusion boosts payouts by more than \$2 million over the past two years."³

² "Drug Overdose Deaths," Centers for Disease Control and Prevention, available at: <https://www.cdc.gov/drugoverdose/deaths/index.html>

³ "Coronavirus in the U.S.: Latest Map and Case Count." *The New York Times*, December 14, 2021, available at: <https://www.nytimes.com/interactive/2021/us/covid-cases.html>



The vote outcome showed an opposition vote of 43.3 percent. Available data shows more than 100 funds specifically referenced the litigation expense calculation in their rationale for opposing the say-on-pay in 2021, according to Proxy Insight and internal Segal Marco Advisors proxy voting records.

In addition, investors logged sizable opposition votes at other firms following their decisions to likewise exclude opioid-related legal costs from executive pay calculations. At AmerisourceBergen's 2021 shareholder meeting the opposition vote was 48.4 percent and at Cardinal Health's 2020 shareholder meeting the opposition vote was 38.6 percent. In their exempt solicitation urging a vote in opposition to the say-on-pay ahead of the AmerisourceBergen meeting, IOPA members the Connecticut Retirement Plans and Trust Funds and the Rhode Island Employees' Retirement Systems Pooled Trusts wrote: "One way or another, we believe it is critical that long-tenured executives share responsibility for the billions in costs the company has incurred as a result of its opioid distribution practices, not to mention the societal damage associated with the company's business practices. Failure to do so suggests a startling sense of entitlement and a worrying lack of self-awareness and accountability at AmerisourceBergen. Accountability starts at the top."

Cardinal Health and McKesson Corporation announced changes to executive compensation in light of opioid-related legal charges and following shareholder engagement on the issue. McKesson, the nation's largest wholesale drug distributor, disclosed that current and former executives would forfeit nearly \$7 million in bonuses after the company booked \$8.1 billion in charges for anticipated settlement costs of opioid-related litigation. The cuts include a \$2 million reduction to CEO Brian Tyler's incentive payouts. Cardinal Health reduced the CEO's annual cash incentive award by 65 percent and other named executive officers by 20 percent. Cardinal Health acknowledged investor concern on excluding

legal costs from executive pay calculations as a reason for the low vote result. The 2021 proxy statement reads:

“In response to the disappointing 2020 say-on-pay vote, our Human Resources and Compensation Committee Chair and [Board Chair] undertook a broad-based and multi-faceted effort to meet with investors and understand and address their concerns. In these meetings, shareholders expressed support for the fundamentals of our executive compensation program and its alignment of pay and performance but thought that we should have disclosed how the Committee considered opioid legal accruals in our compensation determinations last year. Based on what we heard from shareholders as well as on progress on the opioid legal settlement, the Human Resources and Compensation Committee took a set of actions. We provide detailed disclosure in this proxy statement about how the impact of the opioid litigation on the company and its shareholders was considered in fiscal 2021 compensation decisions.”⁴

While the amounts of pay reductions were modest at McKesson and Cardinal Health, they are a signal the companies are beginning to strengthen accountability mechanisms at the top.

⁴ 2021 Proxy Statement, Notice of Annual Meeting of Shareholders, Cardinal Health, available at: https://www.sec.gov/Archives/edgar/data/721371/000130817921000318/lcah2021_def14a.htm

2021 Investor initiatives on ESG: Executive compensation

Excessive executive compensation is a perennial concern for shareholders because an overpaid CEO may be an indicator of a beholden board of directors. A top-heavy pay structure also risks dampening morale and career growth opportunities. At a systemic level, research by the French

economist Thomas Piketty, among others, faults executive pay for rising income inequality in the United States.

Segal Marco convenes an investor group (Say-on-Pay Working Group) with the AFL-CIO Office of Investment to engage companies on executive compensation concerns. Table 5 provides the participant list.

Table 5: Say-on-Pay Working Group Participants

- AFL-CIO Equity Index Fund
- As You Sow
- CtW Investment Group
- City of Philadelphia Public Employees Retirement System
- Connecticut Retirement Plans and Trust Funds
- Firefighters' Pension System of Kansas City, Missouri, Trust
- Hitchcock Law Firm PLLC
- IBEW Pension Benefit Trust
- International Brotherhood of Teamsters General Fund
- Laborers International Union Pension Fund
- Segal Marco Group Trust
- Service Employees International Union MasterTrust
- Miami Firefighters' Relief and Pension Fund
- Nathan Cummings Foundation
- New York City Pension Funds
- New York State Common Retirement Fund
- Office of the State Treasurer of Illinois
- Trillium Asset Management
- Trowel Trades Large Cap Equity Index Fund
- SHARE – Shareholder Association for Research & Education
- UAW Retiree Medical Benefits Trust
- Vermont Pension Investment Committee

Source: Segal Marco Advisors, 2021

As detailed in the prior section, pay-related corporate engagements focused on several companies in the opioid supply chain in 2021. The Illinois State Treasurer and the Teamsters ran a vote no campaign against the say-on-pay vote at Johnson & Johnson which received support of 43.3 percent. A similar campaign was planned for McKesson until the firm announced it would reduce CEO pay in light of the financial impact of opioid litigation settlements. At Cardinal Health, a vote no against pay ran by General Treasurer State of Rhode Island Seth Magaziner, Rhode Island Employees' Retirement Systems Pooled Trust, Connecticut State Treasurer Shawn T. Wooden and Connecticut Retirement Plans and Trust Funds received 38.6 percent support. The same group ran a vote no effort at AmerisourceBergen as well, which garnered 48.4 percent support.

Cardinal Health likewise announced a reduction to CEO pay in response to investors' view that the board take into account opioid litigation when determining payouts. Similar to McKesson, the reductions at Cardinal Health fell short of IOPA expectations but are a move in the right direction.

In addition, the City of Philadelphia Public Employees Retirement System filed on adjusted GAAP metrics at U.S. Silica Holdings, which received 43.8 percent support. The Company improved 2021 proxy disclosure by including a list of the additions and subtractions to EBITDA adjustments. Table 6 shows the results of shareholder engagement on executive pay from the say-on-pay working group members.

Table 6: Say-on-Pay Working Group Corporate Engagements in 2021

Company	Ticker	Proponent/Lead	Votes in support of effort
U.S. Silica	SLCA	Phila	43.8%
Vote no efforts on SOP at opioid supply chain firms excluding litigation costs from pay			
AmerisourceBergen	ABC	RI/CT	48.4%
Cardinal Health	CAH	RI/CT	Not needed — reduced the CEO's annual cash incentive award by 65 percent and other named executive officers by 20 percent and acknowledged investor concern on excluding legal costs from executive pay calculations.
McKesson	MCK	RI/CT	Not needed — reduced CEO pay in light of opioid settlement charges
Johnson & Johnson	JNJ	IL/Teamsters	43.3%

2021 Investor Initiatives on ESG: Independent board chair

Advocates of independent chairs view the role of the board as protecting investors and a CEO or former CEO serving as chair as an impediment to impartial oversight. Many shareholders submit independent chair proposals as a first step to advocate for stronger governance when a company appears headed in the wrong direction on a particular issue.

As of 2021, 37 percent of S&P 500 boards have an independent chair, according to executive search firm Spencer Stuart, up three percent from 2020. A larger portion — 59 percent — maintain split roles between the CEO and chair, up from 55 percent last year.

Several investors — including the Treasurers for the States of Illinois and Vermont — petitioned Meta Platforms (formerly Facebook) in 2021 asking the social network firm to adopt an independent chair model in response to ongoing controversies related to election interference and human rights concerns. The Vermont State Treasurer also submitted independent chair proposals to Exxon and AbbVie.

2021 Investor initiatives on ESG: Political disclosure

A shareholder effort long in the making aims to have all publicly traded U.S. companies provide detailed reports on their political spending on their websites. The Center for Political Accountability (CPA), a non-partisan, non-profit advocacy group based in Washington D.C., is one of many investor groups working on the issue. The CPA began

drafting shareholder proposals urging disclosure in 2004 and produces an annual scorecard on corporate political spending and disclosure, the CPA-Zicklin Index. The CPA reports that 293 of S&P 500 firms disclose some or part of their corporate political spending.

Efforts by other investors have broadened the disclosure ask to include lobbying reports as well as, in some cases, reporting on spending through charity organizations that may have political ties. Trade association spending is a focus of investors given that business organizations can lobby on members' behalf without disclosing the source of funds underpinning their efforts. Given this reality, a company could advocate for one position publicly and at the same time fund trade associations that lobby the alternative position. Following a 2020 shareholder proposal that received a majority vote, Chevron issued a report on how its climate lobbying aligns with Paris Agreement goals to limit global warming to well below 2 degrees, preferably 1.5 degrees Celsius compared to pre-industrial levels.

In 2021, political disclosure is increasingly relevant to large asset managers that are often the top shareholders in U.S. publicly traded firms. The CPA reported on December 20 that "Investment Manager Titans Finally Come to the Table on Corporate Political Disclosure." The Center's analysis using Proxy Insight data showed BlackRock and Vanguard voted in favor of a CPA resolution for the first time in 2021. State Street, which had been voting in favor of these proposals already, supported a record number of 75 percent. Goldman Sachs Asset Management and Dimensional Fund Advisors are the only two large investors CPA surveyed that voted against all CPA proposals.

The Center for Political Accountability reported that BlackRock and Vanguard voted in favor of its political disclosure proposals for the first time in 2021.



Spotlight: SPACs

The demand for this unique investment vehicle has gained traction in the last few years. SPACs are non-operating, publicly listed shell companies created for the sole purpose of merging with a private firm as way to publicly list it on a stock exchange. SPACs were created as an alternative to the traditional IPO process as they offered less share price volatility, a speedier merger process and a strategic partnership with an experienced team. SPACs have a two-year life span in which to complete a merger.

The parties in the SPAC include the sponsor, typically an experienced management team, the targeted private company and investors who fund the deal. SPAC investors generally pay \$10 per share. For each share purchased, investors also receive “warrants,” which give the warrant holders the right to buy a fraction of a share from the merged company at a specified price on a specified date in the future. These warrants can be traded separately from the shares. Investors vote on the merger once the sponsor identifies a private firm with which to merge.

If the merger is approved, the SPAC buys the company with money from its IPO and usually gets additional funding from investors to complete the deal. The private firm then merges with the SPAC and shares of the SPAC common stock convert to the merged entity and trade on a new ticker symbol. If the merger fails to receive approval, the SPAC liquidates and IPO proceeds are returned to the investors.

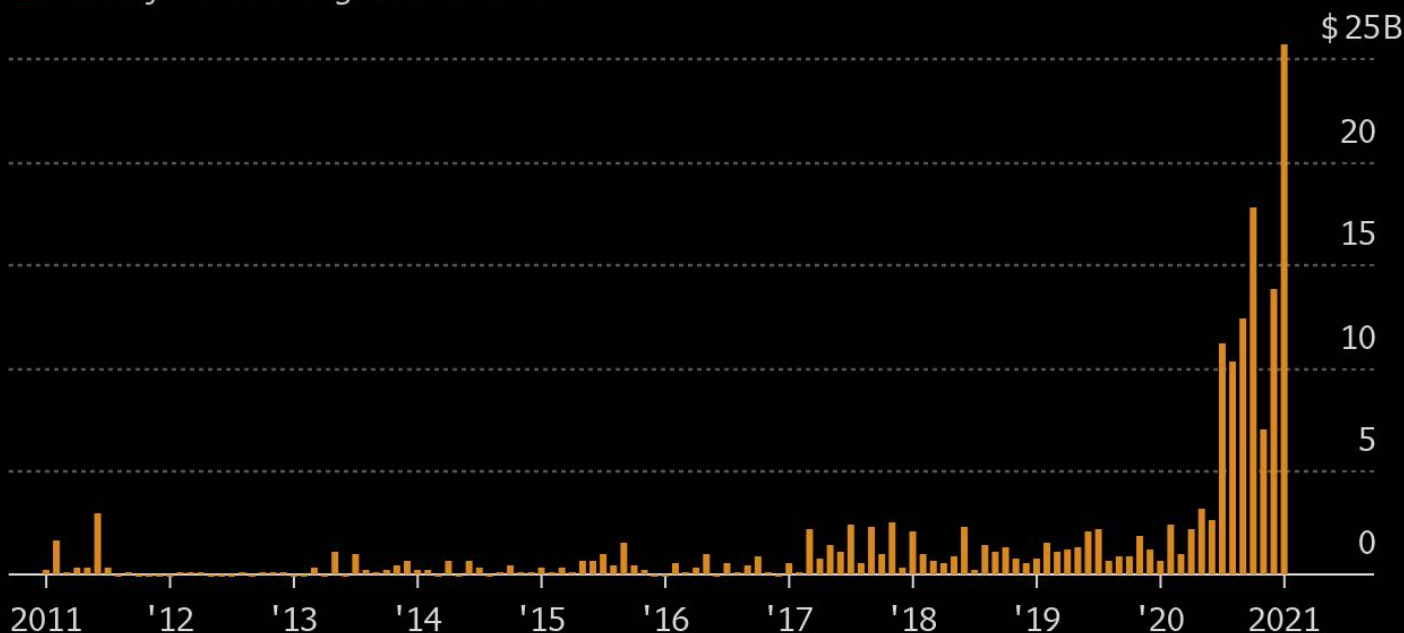
Shareholders who oppose the merger may redeem their shares and be repaid from the trust account at \$10 per share plus interest. The track record on SPACs is mixed. The SEC issued an advisory to investors in September 2021 that warned of questionable business practices, inadequate disclosures and conflicts of interest. A rash of celebrities have come on as sponsors on SPACs to help with promotion and SPAC sponsors generally receive a hefty premium regardless of whether public investors see a premium on their investment.

Data provider SPACs Analytics reported that 2021 saw 574 SPACs seeking acquisition, which accounted for 63 percent of all U.S. IPO activity and an estimated \$162 billion in raised funds. In 2021, Segal Marco voted against 18 proposals (78 percent) and in favor of five proposals (22 percent) to approve a SPAC transaction. We vote against where the share price lacks a premium to the redemption price. For our new proxy voting policy on SPACs, see section I.

Blank-Check Boom

SPAC fundraising soars to monthly record of nearly \$26 billion in January

■ Monthly volume of global SPAC IPOs



Source: <https://www.bloomberg.com/news/articles/2021-01-29/spac-listing-boom-drives-record-63-billion-january-for-ipos>

2021 Investor Initiatives on ESG: Human capital management

Established in 2013, the HCMC is a cooperative effort among 35 institutional investors representing more than \$6.6 trillion in assets under management to further elevate human capital management (HCM) as a critical component in company performance and the creation of long-term value. The group is co-chaired by the UAW Retiree Medical Benefits Trust and the California State Teacher's Retirement System. Segal Marco, as well as several of our clients, are HCMC members.

The SEC is expected to issue a rule on corporate HCM disclosure. The pathway to get consistent reporting on the work force has been a long one. In June 2017, the HCMC submitted a petition to the SEC to require that listed companies report on human capital management policies, practices and performance. The petition outlines nine areas for further reporting:

(1) demographics; (2) workforce stability; (3) workforce composition; (4) workforce skills and capabilities; (5) workforce culture and empowerment; (6) workforce health and safety; (7) workforce productivity; (8) human rights commitments and implementation and (9) workforce compensation and incentives.

On Aug. 26, 2020, the SEC modernized reporting requirements under Regulation S-K. HCMC investor members filed comments requesting the SEC add HCM reporting as part of the modernizing effort. The Commission included reporting on HCM in a less specific format as part of the Regulation S-K modernizing effort. It called on companies to report:

A description of the registrant's **human capital resources, including the number of persons employed** by the registrant and any **human capital measures or objectives that the registrant focuses on in managing the business** (such as, depending on the nature of the registrant's business and workforce, measures or objectives that address the **development, attraction and retention of personnel**).

Corporate disclosures have been inconsistent given the vague guidance, but it's a move in the direction of better tracking and reporting of labor resources.

The HCMC undertook an effort in 2021 to ask select compensation committees to amend their committee charters to consider workforce pay while setting executive pay. The HCMC argued that the committee needs the context of pay, demographic, skills and incentives that exist across the workforce, including the supply chain, when determining executive pay. This idea stemmed from a paper proposed by the former Delaware Chief Justice, Leo Strine ([Leo Strine Paper](#)).

While the wider scope concept predates COVID-19, the pandemic highlighted how health and work challenges have disproportionately fallen on low-wage frontline workers, many of whom are women and people of color. The HCMC engaged with several companies that expanded the scope of their committee charters to include human capital considerations including: Gap Inc., Hilton Hotels Corp., LYFT Inc., Southwest Airlines, Uber and Walt Disney Co.



“Investors want to better understand one of the most critical assets of a company: its people. I’ve asked staff to propose recommendations for the Commission’s consideration on human capital disclosure.”

– SEC Chairmen Gary Gensler on Twitter, Aug 18, 2021



II. 2021 Proxy Voting Summary

Proposals land on company ballots through one of two avenues: either management puts forward a proposal to comply with legal requirements or to gauge shareholder sentiment or investors that meet a certain threshold submit a proposal to the company. The most commonly voted proposals in both categories — shareholder proposals and management proposals — are described below. A full report on Segal Marco's voting is at the end of this report.

In total, Segal Marco voted on behalf of clients on 112,271 proposals at 11,313 corporate annual meetings in 2021. Segal Marco cast votes pursuant to and in accordance with the proxy policy statement.

There are three updates to the proxy policy statement that take effect on March 1, 2022. The three items provide additional policy guidance on new issues in proxy voting.

1. Management proposals to approve climate action plan

Companies seeking shareholder approval for their climate action plan should provide a detailed disclosure that shows consistency with the Paris Agreement's goal of limiting global warming to well below 2 degrees (preferably 1.5 degrees) Celsius compared to pre-industrial levels, as well as achieving net zero by 2050. Careful consideration of the proposed plan will review several key factors, including: (i) whether the plan includes clear and measurable goals of short, medium and long-term emissions reduction targets; (ii) the effectiveness of the company's corporate governance framework to manage climate-related risks; (iii) the alignment of executive compensation and climate change metrics; (iv) how a company addresses its transition plan for employees, including training and support for new employment and disclosure of any job losses; and (v) the company's commitment to regularly report progress on its climate transition plan. A vote will be cast in favor where the climate action plan provides detailed specificity on key factors and against where the plan lacks detail or ambition.


2. Management proposals to approve SPAC merger transactions

A Special Purpose Acquisition Corporation (SPAC) is a shell company created for the sole purpose of merging with a private company to take it public within a two-year time

frame as an alternative to the traditional IPO process. SPAC sponsors generally receive a significant premium regardless of the return to public investors. SPAC shareholders are entitled to vote on the transition to bring a specific private company public. A vote will be cast in favor where the stock of the merged entity will trade at a premium to the redemption value for public shareholders and against where it trades at a discount.

3. Shareholder proposals to convert a corporation into a public benefit corporation

A public benefit corporation (PBC) is a legal status for a for-profit corporation that has a dual purpose of providing a public benefit, such as a fulfilling a social or environmental mission. A vote may be cast in favor of a proposal seeking the conversion to a PBC where the entity ensures no shareholder rights are weakened and where the entity does not subordinate financial return for the public benefit. Additional criteria to evaluate the firm's readiness to sustain success as a PBC include: (i) company performance over the past five years; (ii) approach and history with the stated public benefit it seeks to achieve; (iii) designated board committee to oversee the transition; (iv) absence of a dual class stock structure with different voting rights and (v) shareholder rights in the form of ability to call a special meeting, act by written consent and proxy access.



Segal Marco issues new proxy voting policy guidance on corporate climate action plans, SPACs and conversions to public benefit corporations.

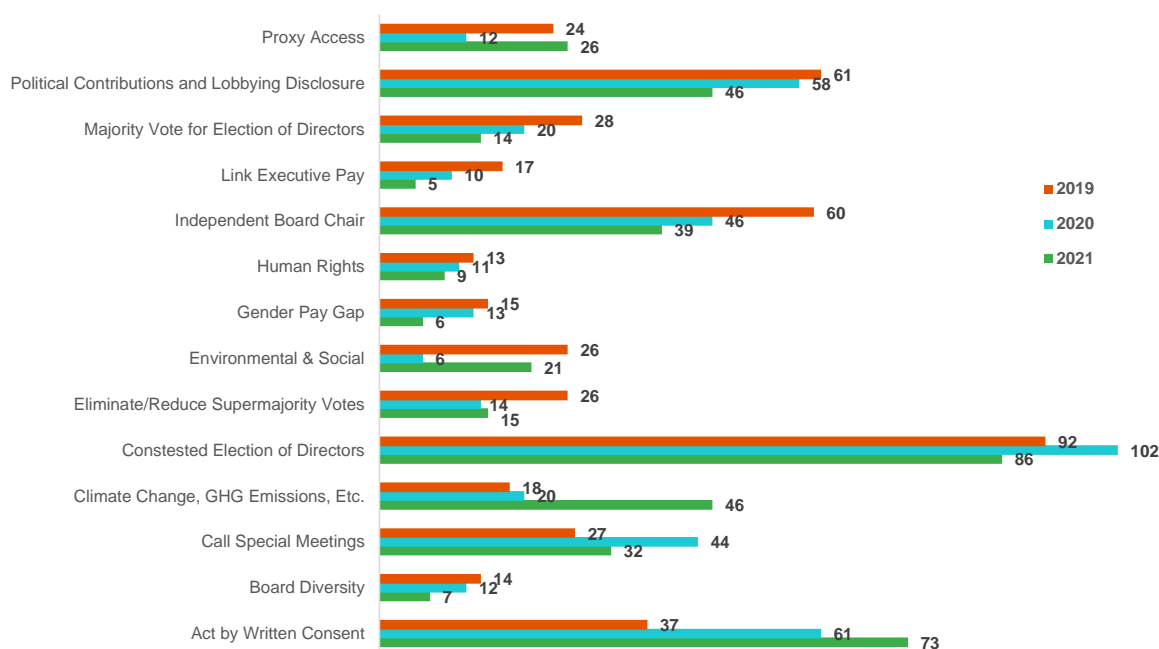
Table 7: Most Commonly Voted Proposals at U.S. Companies in 2021

Proposal Type	Proposal Name	2021		2020		2019		
		Total No. Proposals	% Supported	Total No. Proposals	% Supported	Total No. Proposals	% Supported	
Management Proposals	Adjourn Meeting	280	48%	208	45%	241	63%	
	Advisory Vote on Executive Compensation	2806	57%	2,860	55%	2,754	53%	
	Advisory Vote on Golden Parachutes	142	38%	69	10%	118	30%	
	Advisory Vote on Say-on-Pay Frequency	254	100%	274	99%	452	100%	
	Amend Articles/Bylaws/Charter - Non-Routine	138	69%	148	79%	85	85%	
	Board Declassification	55	100%	79	100%	49	100%	
	Cash Bonus and Stock Plans	1223	17%	1,149	14%	1,080	14%	
	Common Stock Increases	177	46%	129	43%	122	55%	
	Contested Election of Directors	81	43%	97	9%	39	85%	
	Election of Directors	26063	37%	25,057	47%	24,547	71%	
	Eliminate/Reduce Supermajority Votes	71	100%	76	100%	87	99%	
	Merger & Acquisitions	304	97%	173	98%	223	99%	
	Ratification of Auditors	3380	75%	3,260	75%	3,271	73%	
	Reverse Stock Split	38	92%	109	98%	79	99%	
	Shareholder Proposals	Act by Written Consent	73	100%	61	100%	37	100%
		Board Diversity	7	100%	12	92%	14	64%
		Call Special Meetings	32	100%	44	98%	27	100%
Climate Change, GHG Emissions, Etc.		46	98%	20	100%	18	94%	
Constested Election of Directors		86	24%	102	60%	92	75%	
Eliminate/Reduce Supermajority Votes		15	100%	14	100%	26	100%	
Environmental & Social		21	67%	6	100%	26	81%	
Gender Pay Gap		6	100%	13	100%	15	100%	
Human Rights		9	89%	11	100%	13	100%	
Independent Board Chair		39	100%	46	100%	60	100%	
Link Executive Pay		5	100%	10	100%	17	88%	
Majority Vote for Election of Directors		14	100%	20	100%	28	100%	
Political Contributions and Lobbying Disclosure		46	100%	58	100%	61	98%	
Proxy Access		26	100%	12	100%	24	100%	

Shareholder proposals

Segal Marco voted a total of 1,764 shareholder proposals in 2021 at 859 corporate meetings. Shareholders that meet certain ownership eligibility requirements may file proposals. The topics of shareholder proposals tackle a variety of areas: compensation, corporate governance, director elections as well as their term limits and composition, general economic issues, health and environment, human rights and other routine and non-routine items. For U.S. corporate meetings, Segal Marco voted on 587 shareholder proposals at 454 meetings. The most commonly voted proposals for U.S. meetings are detailed below and cover 72 percent of all shareholder proposals voted. The table below shows the year over year comparison of the most commonly voted shareholder proposals at U.S. company meetings.

Table 8: Number of Shareholder Proposals at U.S. Companies Voted by Segal Marco



Note to table: The number of total proposals excludes miscellaneous votes and those cast as “do not vote” for ballots that were unsupported in proxy contest.



Act by written consent

The proponents of the resolution, which first began appearing with regularity in the 2010 season, state that to act by written consent gives shareholders the opportunity to raise important matters outside the normal annual meeting cycle. An action by written consent gives shareholders the right to approve certain corporate matters without having to call a meeting of shareholders or to give notice to all shareholders about the matters being approved. In some instances, an action by written consent could be more efficient and cost-effective than holding a special meeting.

In 2021, Segal Marco voted in support of all 73 proposals to provide the right to act by written consent (100 percent).

Board diversity

Investors continue to view board composition as a critical issue, filing on a range of proposals that prompt companies to evaluate their current policies and board structure and new nominee candidates. Board diversity proposals ask companies to report on the board's diversity and qualifications, report on plans to increase board diversity or adopt a policy on board diversity where nominee pools for new director searches include minority candidates in terms of race and gender.

In 2021, Segal Marco voted in favor of all seven proposals on board diversity (100 percent).

Call special meetings

Shareholders with the right to call a special meeting have an additional tool for weighing in on critical issues. The corporate laws of some states (although not Delaware, where most companies are incorporated) provide that holders of 10 percent of the shares outstanding of a

company may call a special meeting of shareholders, absent a contrary provision in the company's charter or bylaws. Most companies' charter or bylaws only grant the board of directors the ability to call a special meeting of shareholders — typically to consider a merger or acquisition. Australia, Canada and the United Kingdom have corporate laws that allow shareholders to call special meetings. In the United States, a few such proposals were filed in the past, sporadically. But starting in 2007, proposals were filed by a coalition of individual shareholders which asked companies to amend their bylaws to establish a process by which the holders of 10 percent to 25 percent of outstanding shares may call a special meeting.

In 2021, Segal Marco voted for in favor of all 32 proposals to provide the right to call a special meeting or to amend the right to call a special meeting (100 percent).

Climate change and related sustainability items

Environmentally focused investors have long filed proposals to request companies provide disclosure and act on climate change, greenhouse gas emission and sustainability efforts. In recent years, these efforts received growing support among the mainstream proxy voting community. Segal Marco supports proposals on environmental topics that seek clarity from companies on how they approach environmental concerns, what actions they are undertaking and how they are reporting their efforts. Shareholder proposals that ask for more aggressive action by companies are evaluated on a case-by-case basis.

In 2021, Segal Marco voted in favor of 45 of 46 proposals on climate change, greenhouse gas emissions, recycling and sustainability (98 percent).



Contested election of directors

In a contested election of directors, shareholders make a twofold decision between voting on the company proxy card, which includes only the company's director nominees or the shareholder's proxy card, which includes the activist's nominees and/or the company's nominees recommended by the activist. Activists typically seek a number of board seats as a mean to implement their strategic vision for the company. Segal Marco evaluates the slates on the individual qualification of the candidates, the quality and feasibility of the plan that the dissident has put forth to add long-term corporate value, management's performance record, the background of the proxy contest and the equity ownership positions of the activist.

In 2021, Segal Marco voted in favor of 21 out of 86 shareholder proposals to elect directors in contested elections (24 percent).

Eliminate/reduce supermajority votes

The bylaws at some companies provide that on certain issues — such as amending bylaws — a simple majority vote of the shareholders will not suffice and a supermajority (e.g., 66.6 percent or 75 percent) is required. Shareholders can address the supermajority issue head-on by filing proposals asking companies voluntarily to eliminate supermajority vote provisions. Segal Marco's position is that a majority vote by shareholders should be sufficient for all matters.

In 2021, Segal Marco voted in favor of all 15 proposals to reduce a supermajority-voting requirement (100 percent).

Environmental & social

Environmental and social shareholder proposals are a comprehensive list of various proposals that span from investors requesting companies to adopt policies regarding prison labor to reports on company risks, media content management, sexual harassment and impacts of company-specific events.

In 2021, Segal Marco voted in favor of 14 out of 21 proposals related to environmental & social issues (67 percent).

Gender Pay Gap

In 2016, shareholders began filing proposals on pay equity, asking companies about the risks of the pay disparities between genders. A number of these proposals have evolved to include pay disparities by gender, race and ethnicity, to provide data on the global median gender pay gap and the risks companies face with emerging public policies addressing the gender pay gap.

In 2021, Segal Marco voted in favor of all six proposals on gender pay gap (100 percent).

Human rights proposals investors request companies to report on how they are assessing human rights risks and currently implementing policies. These proposals vary from addressing disclosure about immigrants and the penal system to seeking accountability on how companies assess human-rights related risks within their supply chain and operations.

In 2021, Segal Marco voted in favor of eight of nine proposals related to human rights risk assessment (89 percent).

Independent board chair

The chairman of the board supervises and monitors the executives that manage the company on behalf of shareholders. When a chairman is the chief executive officer or has close ties to the CEO or the other principal executive officers, a potential conflict of interest is inherent. The combined role CEO/chairman role is still prevailing among U.S. publicly traded firms where the separation of those roles is standard in other markets, most notably in the United Kingdom where it is a requirement.

In 2021, Segal Marco voted for all 39 proposals for an independent board chair (100 percent).

Link executive pay

Linking executive pay to social criteria proposals call on companies to assess supplementing or reforming compensation policies and report on risks of specific performance measures for compensation relating to drug pricing or cybersecurity.

In 2021, Segal Marco voted in favor of all five proposals to link executive pay to social criteria (100 percent).

Majority vote for election of directors

Countless companies in the U.S. continue to maintain the plurality vote standard in uncontested director elections which allows director nominees to be elected through receiving a minimum of one vote cast “For” even when a nominee fails to receive support from the majority of votes cast. Although some companies have introduced a “director resignation policy” where a director is required to submit their resignation to the board if they fail to receive support by the majority of votes cast, the board has the authority to accept or reject the resignation. Segal Marco supports resolutions asking companies to adopt a majority-voting model for the election of their board members.

In 2021, Segal Marco voted in favor of all 14 proposals asking for majority vote for election of directors (100 percent).

Political contributions and lobbying disclosure

A wide coalition of institutional investors have been filing proposals seeking disclosure on corporate political spending for more than a decade. Shareholders argue boards of



Segal Marco voted in favor of all 14 proposals asking for majority vote for election of directors (100 percent).

directors should oversee the corporate political spending to ensure it supports corporate goals and priorities. Advocates of the disclosure argue companies will better weigh the benefits and risks of political spending when the reporting is public.

In 2021, Segal Marco voted in favor of all 46 proposals on political contributions and lobbying disclosure (100 percent).

Proxy access

Proxy access proposals ask companies to provide shareholders access to the proxy materials to nominate their own candidates for the election of directors. The SEC approved a proxy access rule in 2010 that was later invalidated by a federal appellate court on the grounds the Commission had acted arbitrarily and capriciously in not weighing the costs and benefits of the rule. It is worth noting the Commission took a few years shy of a decade to craft the rule and that a CFA Institute study found proxy access has the potential to raise overall U.S. market capitalization by up to \$140.3 billion if adopted market wide.

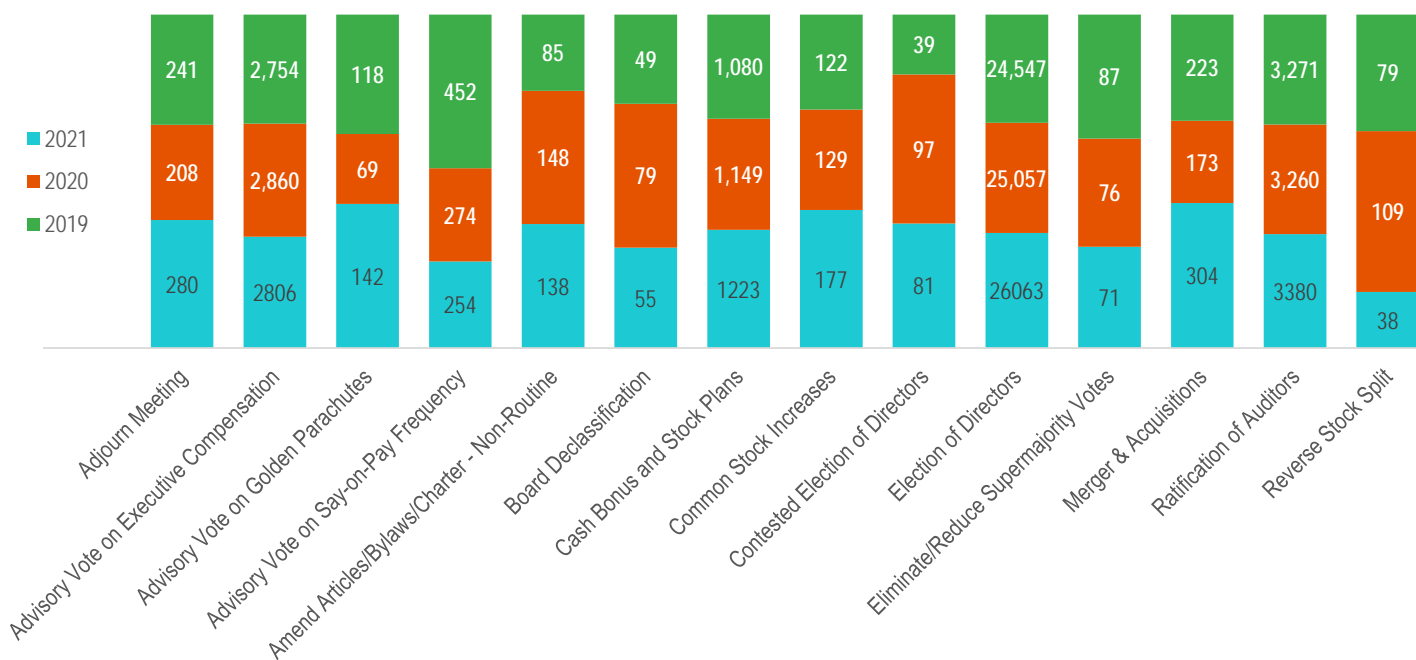
In 2021, Segal Marco supported all 26 proposals on proxy access (100 percent).

Segal Marco voted on 38,392 management proposals at 4,772 meetings.

Management proposals

The clear majority of proposals at corporate annual meetings are put on the ballot by management. In 2021, 98 percent of all proposals fell under the management category. In total, Segal Marco voted on 110,346 management proposals at 11,313 corporate annual meetings this year. The topics of management proposals relate to how the company is run by directors and financed. Several proposals deal with corporate transactions, auditors and compensation. For U.S. corporate meetings, Segal Marco voted on 38,392 management proposals at 4,772 meetings. The most commonly voted management proposals at U.S. meetings are detailed in the chart below and cover 91 percent of management proposals voted. Table 8 shows the most commonly voted management proposals at U.S. companies.

Table 9: Number of Management Proposals at U.S. Companies Voted by Segal Marco



Note to table: The number of total proposals excludes votes cast as "do not vote" for ballots that were unsupported in proxy contest.

Election of directors

Shareholders vote annually on the election of directors to publicly traded firms. Companies with a declassified board structure put all director nominees up to a vote each year, while firms with a classified structure typically put forward three nominees each election. Except for rare occasions, the elections for board seats go uncontested. Where 10 seats on the board are available, the company will propose 10 nominees. Segal Marco evaluates nominees for boards of directors on a case-by-case basis considering the key factors listed below. These factors relate to incumbent nominees (new directors are not held accountable for actions of the board prior to their tenure).

- **Diversity:** Segal Marco reviews the gender composition of the board and withholds on the nominating committees of boards that lack at least two women. A similar review is not possible for the racial composition of directors given the lack of available data.
- **Financial performance:** Segal Marco evaluates how the company performed compared to a board market index and/or its peer group over an extended time. Segal Marco may withhold from directors when a company has underperformed for a sustained period.
- **Independence:** When a board has less than two-thirds independent directors, Segal Marco votes in favor of outsiders and against/withhold on insiders. An insider is a director who also serves as an executive officer, has familial or business ties to an executive officer, is recently a former executive officer or poses other potential conflicts of interest to independent thought.
- **Egregious actions adverse to shareholder interests:** Segal Marco may vote against or withhold votes from directors when the board has taken an action that threatens shareholders' interests. Such actions include repricing underwater stock options or ignoring a majority vote on a shareholder proposal.
- **Attendance:** Segal Marco may withhold from directors that attend fewer than 75 percent of board and committee meetings without providing a valid explanation for the absence.

Of the 26,063 proposals that Segal Marco voted in 2021 to elect directors of U.S. companies, 9,695 proposals (37 percent) were supported.

Contested election of directors


In a contested election of directors, shareholders make a twofold decision between voting on the company proxy card, which includes only the company's director nominees, or on the shareholder's proxy card, which includes the activist's nominees and/or the company's nominees recommended by the activist. Activists typically seek a number of board seats as a mean to implement their strategic vision for the company. Segal Marco evaluates the slates on the individual qualification of the candidates, the quality and feasibility of the plan that the dissident has put forth to add long-term corporate value, management's performance record, the background of the proxy contest and the equity ownership positions of the activist.

In 2021, Segal Marco voted on 81 management proposals to elect directors in contested elections and supported 35 (43 percent).


Ratification of auditors

In 2001 the SEC began requiring companies to disclose how much they paid their accountants for both audit and non-audit work in the prior year. The disclosures revealed that many companies were paying their auditors three times more for "other" work than for their audit work. The 2002 Sarbanes-Oxley Act (SOX) limited the auditor conflict issue, although auditors are still permitted to perform tax and other non-audit related services for companies they audit. The vote to ratify auditors is a routine vote in favor unless auditors receive substantial enough sums for non-audit services that it poses a potential conflict of interest for an independent audit.

In 2021, Segal Marco cast votes to ratify the auditor of U.S. companies on 3,380 proposals and voted in favor of 2,551 proposals (75 percent).



Segal Marco cast votes to ratify the auditors of U.S. companies on 3,380 proposals and voted in favor of 2,551 proposals (75 percent).



Segal Marco voted on 1,223 compensation plans and supported 213 (17 percent).

Compensation

Cash bonus and stock plans

Companies implement and amend cash bonus and stock plans to award their key executives, outside directors and rank-and-file employees. Segal Marco votes on these plans on a case-by-case basis and supports plans that include specific and challenging performance standards without excessive rewards. Stock plans can take many forms. The most common are: stock option plans, which give the holder the right to exercise the option to buy stock at a set price in the future; restricted stock plans, which grant stock to a person at no cost, but the person has no right to the stock until certain conditions are met (sometimes the mere passage of time) and employee stock ownership plans, which allow stock to be purchased by all full-time and some part-time employees through payroll deductions and are subject to federal guidelines.

Segal Marco weighs the following factors when voting on compensation plans.

- **Performance standards:** Compensation plans should reward specified performance or serve as an incentive for future performance.
- **Dilution:** The dilution to current shareholder equity should not exceed 5 percent.
- **Change-in-control provisions:** Options and restricted stock awards should not automatically accelerate in a change-in-control scenario.
- **Underwater options:** Options that drop below their exercise price should not be repriced.
- **Participation and distribution:** Plans made available to rank-and-file employees help drive company performance. The number of shares per individual should have a reasonable limit.


In 2021, Segal Marco voted on 1,223 compensation plans and supported 213 (17 percent).

Advisory vote on executive compensation

Since 2011, the Dodd-Frank legislation granted shareholders with an advisory vote on executive compensation. Shareholders weigh in on whether they support the structure and amounts of the compensation plans companies provide to the top executives. Segal Marco weighs the following factors when voting on compensation plans:

- **Alignment:** Company performance and compensation amounts should compare favorably relative to its peer group.
- **Stock awards:** Performance-based stock awards drive superior performance as compared to time-vested awards that are paid out regardless of performance.
- **Dilution:** The dilution to current shareholder equity should not exceed 5 percent.
- **Severance payments:** A company should not provide severance payout that qualifies as a golden parachute under the IRC Code. A company also should not gross-up excise taxes owed by the executives in receipt of golden parachute payments.
- **CEO pay ratio:** Ratios will be monitored in comparison to peer groups and on year over year basis.

In 2021, Segal Marco voted on 2,806 U.S. advisory votes on compensation and supported 1,596 (57 percent).



Segal Marco voted in favor of an annual frequency on the say-on-pay vote at all 254 proposals (100 percent).

Advisory vote on say-on-pay frequency

Dodd-Frank also enables shareholders to decide if they want to vote on a company's executive compensation annually, every two years or every three years. The vote on how frequently shareholders will vote on the say-on-pay vote occurs every six years. Since the first round of say-on-pay votes was in 2011, in 2017, most U.S. companies put forward the frequency vote for the second time. Segal Marco supports an annual say-on-pay vote in all cases because it provides shareholders with the opportunity to inform boards of their views on a more routine basis.

In 2021, Segal Marco voted in favor of an annual frequency on the say-on-pay vote at all 254 proposals (100 percent).

Adjourn Meeting

Proposals that request to adjourn the meeting ask shareholders to permit suspension of a meeting, indefinitely or resumed at a future date. There are instances where companies request to adjourn a meeting to extend the voting period to solicit more votes for a merger or acquisition. The vote to adjourn meeting is a routine vote in favor unless there are other matters on the ballot that are not supported.

In 2021, Segal Marco voted on 280 proposals for the adjournment of a meeting and supported 133 (48 percent).

Mergers and Acquisitions

For mergers and acquisitions at U.S. public companies, the target firm's stockholders typically have a vote on the merger or acquisition transaction. Segal Marco assesses the fairness of the cost and the strategies for these transactions when making a vote determination.

In 2021, Segal Marco voted on 304 proposals for mergers and acquisitions and supported 295 (97 percent).

Advisory vote on golden parachutes

With the advisory vote on executive compensation, companies are also required to give shareholders an advisory vote on golden parachutes which asks stockholders to approve merger-related severance payments that become payable to executives at the time of a change in control. Shareholders will vote on the advisory vote on golden parachutes at the time of merger, acquisition, consolidation, proposed sale or disposition assets. Segal Marco assesses the total payment is over 2.99 times salary and bonus, whether excise taxes are grossed-up, if there is a double trigger for cash payments and whether the accelerated vesting of stock awards is excessive.

In 2021, Segal Marco voted on 142 advisory proposals on golden parachutes and supported 54 (38 percent).

Amend articles/bylaws/charter — non-routine

Articles of association, corporate bylaws and company charters are company documents that provide a framework for a company's existence and outlines the legal parameters the company must follow which vary from company to company. Commonly, a company's board of directors approves the articles, bylaws and charters and require a majority of shareholders to vote in favor. The amendments can request approval for items relating to changing the state of incorporation, number of authorized shares of stock or include matters such as budgets and declaring dividend distributions. Segal Marco will vote in favor of amendments that improve shareholder rights and reflects corporate governance best practices.

In 2021, Segal Marco voted on 138 proposals to amend articles/bylaws/charters and supported 95 (69 percent).

Board declassification

Following the passage of Sarbanes-Oxley along with shareholder pressure, companies have moved towards de-classifying their boards. Declassification of the board elects all members of the board of the directors annually instead of staggered terms. Staggered terms are when a portion of the board is put up for election each year for different periods. The annual election of the entire board creates stronger accountability that is valuable to stockholders. Segal Marco will support proposals that declassify the board.

In 2021, Segal Marco vote on 55 proposals to declassify the board of directors and supported all 55 proposals (100 percent).

Common stock increases

Increases in common stock authorizations can negatively affect shareholder value because once shareholders approve the increases, the board of directors can issue the additional shares at its discretion without seeking shareholder approval. This could include issuance of shares for financial recapitalization plans, acquisitions or to thwart acquisitions. Share issuances also dilute current shareholders' equity.

Segal Marco analyzes whether a request for an increase in common stock seeks an excessive amount. Segal Marco also studies whether there is a specific purpose for increasing the stock authorization — such as an acquisition or a stock split.

In 2021, Segal Marco voted on increases in common stock authorization on 177 proposals and supported 82 (46 percent).

Eliminate/reduce supermajority votes

The bylaws at some companies provide that on certain issues — such as amending bylaws — a simple majority vote of the shareholders will not suffice and a supermajority (e.g., 66.6 percent or 75 percent) is required. Shareholders can address the supermajority issue head on by filing proposals asking companies voluntarily to eliminate supermajority vote provisions. Segal Marco's position is that a majority vote by shareholders should be sufficient for all matters.

In 2021, Segal Marco voted on 71 management proposals to reduce a supermajority-voting requirement and supported all 71 proposals (100 percent).

Reverse stock split

Proposals that implement reverse stock splits ask shareholders to approve a stock consolidation at a ratio of 1-for-5, 1-for-10, or 1-for-20. In some cases, companies that request the stock consolidation to conduct a merger transaction or to avoid delisting are supported. Votes for reverse stock splits are routine votes in favor unless the number of authorized shares is not proportionately reduced.

In 2021, Segal Marco voted on 38 management proposals to reverse stock split and supported 35 (92 percent).



Conclusion

In 2021, investors increasingly expressed dissent on how companies are tracking on the environmental transition by voting against corporate directors, mostly notably at ExxonMobil. Other large carbon emitting firms saw opposition votes against their directors as well. A strong share of U.S. companies have begun reporting on racial diversity at the board level and throughout the firm. This trend looks likely to continue particularly with the SEC considering a requirement for enhanced reporting on DEI. The growing share of IPOs through SPACs was also a dominate theme in 2021.

Segal Marco voted on 71 management proposals to reduce a supermajority-voting requirement and supported all 71 proposals (100 percent).



III. 2022 Proxy Policy Statement

Our policy is designed to reflect the fiduciary duty to vote proxies in favor of shareholder interests. In determining our vote, we will not subordinate the economic interest of the plan participants to any other entity or interested party.

Per the terms of ERISA, we will “cast the (client’s) proxies in a timely manner solely in the interests of the participants and beneficiaries of (client’s) Plan for the exclusive purpose for providing benefits to participants and their beneficiaries and defraying the reasonable expenses of administering the Plan with care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity familiar with such matters would use in the conduct of an enterprise of like character and with like aims in accordance with the documents and instruments governing the Plan in accord with the provisions of ERISA.”

Numerous studies and surveys of leading institutional investors demonstrate the value of good corporate governance. (See appendix for research sources.)

Each proxy will be reviewed on a case-by-case basis with final decisions based on the merits of each case. In reviewing the proxy issues, we will use the following Issue Guidelines for each of the categories of issues listed below. If any conflicts of interest should arise, Segal Marco will resolve them pursuant to the steps prescribed in the Administrative Procedures section below.

Issue guidelines

Election of directors

The members of the boards of directors are elected by shareholders to represent the shareholders’ interests. This representation is most likely to occur if two-thirds of the members are independent outsiders as opposed to insider directors (such as long-tenured directors of 10 years or more; senior management employees, former employees, relatives of management or contractors with the company). If two-thirds of the board is not represented by independent outsiders, a vote will usually be cast to withhold authority on the inside directors.

Other factors that will be considered when reviewing candidates will be the diversity of board nominees in terms of race, gender, experience and expertise; the number of corporate boards on which they already serve (CEOs should serve on no more than one other corporate board, while non-CEO directors with full-time jobs should serve on no more than three other boards and no individual should serve on more than five other boards), whether they have pledged a substantial amount of company stock, their performance on committees and other boards, the company’s short-term and long-term financial performance under the incumbent

candidates, the company’s responsiveness to shareholder concerns (particularly the responsiveness to shareholder proposals that were approved by a majority of shareholders in the past 12 months) and other important corporate constituents, the overall conduct of the company (e.g., excessive executive compensation, adopting anti-takeover provisions without shareholder approval) and not attending at least 75 percent of board and committee meetings unless there is a valid excuse. Votes may be cast against nominating committee members where companies fail to provide the criteria necessary to determine the composition of the board and whether it is sufficiently diverse.

Recently, more emphasis has been placed on the independence of key board committees — audit, compensation and nominating committees. It is in the best interests of shareholders for only independent directors to serve on these committees. Votes will be withheld from any insider nominee who serves on these committees. Votes will also be cast against board chairs concurrently serving as CEOs or are otherwise non-independent. An independent chair helps avoid any conflicts of interest in the board’s role of overseeing management.

Directors will not be supported where the board has failed in its oversight responsibilities (such as where there is significant corporate misbehavior, repeated financial restatements or inadequate responses to systemic risks including climate change that may have a material impact on performance).

In contested elections of directors, the competing slates will be evaluated upon the personal qualifications of the candidates, the quality of the strategic plan they advance to enhance long-term corporate value, management’s historical track record, the background to the proxy contest and the equity ownership positions of individual directors.

Ratification of auditors

The ratification of auditors used to be universally considered a routine proposal, but a disturbing series of audit scandals at publicly-traded companies and SEC-mandated disclosures that revealed auditors were being paid much more for “other” work at companies in addition to their audit work have demonstrated that the ratification of auditors needs to be scrutinized as much as the election of directors.

Although the Sarbanes-Oxley Act of 2002 attempted to address the issue of auditor conflicts of interest, it still allows auditors to do substantial “other” work (primarily in the area of taxes) for companies that they audit. Therefore, Segal Marco will weigh the amount of the non-audit work and if it is so substantial as to give rise to a conflict of interest, it will vote against the ratification of auditors. Concern will be raised if the non-audit work is more than 20 percent of the

total fees paid to the auditors. Other factors to weigh will be if the auditors provide tax avoidance strategies, the reasons for any change in prior auditors by the company and if the same firm has audited the company for more than seven years.

Routine proposals

Routine proposals are most commonly defined as those which do not change the structure, bylaws or operation of the company to the detriment of the shareholders.

Traditionally, these issues include:

- Indemnification provisions for directors
- Liability limitations of directors
- Stock splits/reverse stock splits
- Name changes

Given the routine nature of these proposals, proxies will usually be voted with management. However, each will be examined carefully. For example, limitations on directors' liability will be analyzed to ensure that the provisions conform with the law and do not affect their liability for such actions as the receipts of improper personal benefits or the breach of their duty of loyalty. The analysis of a proposal to limit directors' liability would also take into consideration whether any litigation is pending against current board members.

Non-routine proposals

Issues in this category are more likely to affect the structure and operation of the company and therefore will have a greater impact on the value of a shareholder's investment. We will review each issue in this category on case-by-case basis.

As previously stated, voting decisions will be made based on the financial interest of the plan beneficiaries. Non-routine matters include:

Climate Action Plan

Companies seeking shareholder approval for their climate action plan should provide detailed disclosure that shows consistency with the Paris Agreement's goal of limiting global warming to well below 2 degrees (preferably 1.5 degrees) Celsius compared to pre-industrial levels and with achieving net zero by 2050. Careful consideration of the proposed plan will review several key factors, including: (i) whether the plan includes clear and measurable goals of short, medium and long-term emissions reduction targets; (ii) the effectiveness of the company's corporate governance framework to manage climate-related risks; (iii) the alignment of executive compensation and climate change metrics; (iv) how a company addresses its transition plan for employees, including training and support for new employment and disclosure of any job losses and (v) the company's commitment to regularly report progress on its climate transition plan. A vote will be cast in favor where the climate action plan provides the detailed specificity on key factors and against where the plan lacks detail or ambition.

SPAC merger transactions

A special purpose acquisition company (SPAC) is a shell company created for the sole purpose of merging with a private company to take it public within a two-year timeframe as an alternative to the traditional IPO process. SPAC sponsors may hold founder shares and receive a premium regardless of the return to public investors. SPAC shareholders are entitled to vote on the transition to bring a specific private company public. A vote will be cast in favor where the stock of the merged entity will trade at a premium to the redemption value for public shareholders and against where it trades at a discount.

Mergers/acquisitions and restructuring (see also Reincorporating/inversions)

Our analysis will focus on the strategic justifications for the transaction and the fairness of any costs incurred.

Advisory votes on compensation policies and practices

To evaluate compensation policies and practices, the threshold query is "Does a company's compensation reflects its performance?" This will be determined by how a company has performed for shareholders compared to its peer group as well as by how a company has compensated its executives compared to its peer group. Whether restricted stock awards are time vesting or performance vesting will also be taken into consideration. Additional queries will be made to determine the level of dilution in stock compensation plans as well as to ascertain if golden parachutes have been awarded to executives and, if they have, whether they pay tax gross-ups. The ratio of pay to the CEO as compared to the average worker will also be taken into consideration, as well as whether companies adjust GAAP metrics and the robustness of the explanatory disclosure. The threshold query will carry the most weight, but the additional queries can be persuasive in the event the answer to the threshold query is not clear-cut. There will also be an option as to whether the company should have these advisory votes on compensation on an annual basis or every two or three years. An annual basis is in the best interests of shareholders.

Advisory votes on severance packages in connection with mergers/acquisitions

The factors to weigh are whether the total payment is in excess of 2.99 times salary and bonus, whether excise taxes are grossed-up, if there is a double trigger for cash payments and whether the accelerated vesting of stock awards is excessive.

Fair-price provisions

These are attempts to guard against two-tiered tender offers, in which some shareholders receive less value for their stock than other shareholders from a bidder who seeks to take a controlling interest in the company. There can be an impact on the long-term value of holdings in the event shareholders do not tender. Such provisions must be analyzed on a case-by-case basis.

Reincorporating/inversions

A company usually changes the state or country of its incorporation to take advantage of tax and corporate laws in the new state or country. These advantages should be clear and convincing and be supported by specific, legitimate business justifications that will enhance the company's long-term value to shareholders and will be weighed along with any loss in shareholder rights and protections (e.g., dilution of management accountability and liability, anti-takeover devices), reputational risk, damage to governmental relationships, adverse impact on the company's employees and erosion of the local/state/federal tax base.

Changes in capitalization

Our inquiry will study whether the change is necessary and beneficial in long run to shareholders. Creation of blank check preferred stock, which gives the board broad powers to establish voting, dividend and other rights without shareholder review, will be opposed.

Increase in preferred and common stock

Such increases can cause significant dilution to current shareholder equity and can be used to deter acquisitions that would be beneficial to shareholders. We will determine if any such increases have a specific, justified purpose and if the amounts of the increase are excessive.

Stock/executive compensation plans

The purpose of such plans should be to reward employees or directors for superior performance in carrying out their responsibilities and to encourage the same performance in the future. Consequently, the plan should specify that awards are based on the executive's/director's and the company's performance. In the case of directors, their attendance at meetings should also be a requirement. In evaluating such plans, we will also consider whether the amount of the shares cause significant dilution (5 percent or more) to current shareholder equity, how broad-based and concentrated the grant rates are, if there are holding periods, if the shares are sold at less than fair market value, if the plan contains change-in-control provisions that deter acquisitions, if the plan has a reload feature and if the plan allow the repricing of "underwater" options.

Employee stock purchase plans

These are broad-based plans, federally regulated plans that allow almost all full-time and some part-time workers to purchase limited amounts of company stock at a slight discount. Usually the amount of dilution is extremely small. They will normally be supported because they do give workers an equity interest in the company and better align their interests with shareholders.

Creation of tracking stock

Tracking stock is designed to reflect the performance of a particular business segment. The problem with tracking stocks is they can create substantial conflicts of interest between shareholders, board members and management. Such proposals must be carefully scrutinized and they should be supported only if a company makes a compelling justification for them.

Approving other business

Some companies seek shareholder approval of management being given broad authority to take action at a meeting without shareholder consent. Such proposals are not in the best interests of shareholders and will be opposed.

Corporate governance proposals

We will generally vote against any management proposal that is designed to limit shareholder democracy and has the effect of restricting the ability of shareholders to realize the value of their investment. Proposals in this category would include:

Golden parachutes

These are special severance agreements that take effect after an executive is terminated following a merger or takeover. In evaluating such proposals, we will consider the salaries, bonuses, stock option plans and other forms of compensation already available to these executives to determine if the additional compensation in the golden parachutes is excessive. Shareholder proposals requesting that they be approved by shareholders will be supported.

Greenmail Payments

Greenmail is when a company agrees to buy back a corporate raider's shares at a premium in exchange for an agreement by the raider to cease takeover activity. Such payments can have a negative impact on shareholder value. Given that impact, we will want there to be a shareholder vote to approve such payments and we will insist that there be solid economic justification before ever granting such approval.

Supermajority voting

Some companies want a supermajority (e.g., 66 percent) vote for certain issues. We believe a simple majority is generally in the best interest of shareholders and we will normally vote that way unless there is strong evidence to the contrary.

Dual class voting

Some companies create two classes of stock with different voting rights and dividend preferences. We will examine the purpose that is being used to justify the two classes as well as to whom the preferred class of stock is being offered. Proposals that are designed to entrench company management or a small group of shareholders at the expense of the majority of shareholders will not be supported. Proposals that seek to enhance the voting rights of long-term shareholders will be given careful consideration.

Fair price proposals

These require a bidder in a takeover situation to pay a defined “fair price” for stock. Our analysis will focus on how fairly “fair price” is defined and what other anti-takeover measures are already in place at the company that might discourage potential bids that would be beneficial in the long term to shareholders.

Classified boards

These are boards where the members are elected for staggered terms. The most common method is to elect one-third of the board each year for three-year terms. We believe the accountability afforded by the annual election of the entire board is very beneficial to stockholders and it would take an extraordinary set of circumstances to develop for us to support classified boards.

Shareholders' right to call special meetings and act by written consent

These are important rights for shareholders and any attempts to limit or eliminate them should be resisted. Proposals to restore them should be supported.

Shareholder proposals

Proposals submitted by shareholders for vote usually include issues of corporate governance and other non-routine matters. We will review each issue on a case-by-case basis in order to determine the position that best represents the financial interest of the plan beneficiaries. Shareholders' matters include:

Public benefit corporation

A public benefit corporation (PBC) is a legal status for a for-profit corporation that has a dual purpose of providing a public benefit, such as a fulfilling a social or environmental mission. A vote may be cast in favor of a proposal seeking the conversion to a PBC where the entity ensures no shareholder rights are weakened and where the entity does not subordinate financial return for the public benefit. Additional criteria to evaluate the firm's readiness to sustain success as a PBC include: (i) company performance over the past five years; (ii) approach and history with the stated public benefit it seeks to achieve; (iii) designated board committee to oversee the transition; (iv) absence of a dual class stock structure with different voting rights and (v) shareholder rights in the form of ability to call a special meeting, act by written consent and proxy access.

Poison pill plans

These plans are designed to discourage takeovers of a company, which can deny shareholders the opportunity to benefit from a change in ownership of the company. Shareholders have responded with proposals to vote on the plans or to redeem them. In reviewing such plans, we check whether the poison pill plans were initially approved by shareholders and what anti-takeover devices are already in place at the company.

Independence of boards and auditors

The wave of corporate/audit scandals at the start of the 21st century provided compelling evidence that it is in the best interests of shareholders to support proposals seeking increased independence of boards (e.g., requiring supermajority of independents on boards, completely independent nominating, compensation and audit committees, stricter definitions of “independence,” disclosures of conflicts of interest) and auditors (e.g., eliminate or limit “other” services auditors perform, rotation of audit firms). A related issue is the independence of analysts at investment banking firms. Proposals seeking to separate the investment banking business from the sell-side analyst research and IPO allocation process should be supported.

Cumulative voting

This allows each shareholder to vote equal to the number of shares held multiplied by the number of directors to be elected to the board. Shareholders can then target all their votes for one of a few candidates or allocate them equally among all candidates. It is one of the few ways shareholders can attempt to elect board members. In studying cumulative voting proposals, we will review the company's election procedures and what access shareholders have to the nominating and voting process.

Confidential voting

Most voting of proxies in corporate America is not confidential. This opens the process to charges that management pressures shareholders or their investment managers to vote in accordance with management's recommendations. We believe the concept of confidential voting is fundamental to the democratic process and is so much in the best interest of shareholders that we would oppose it only in the most extraordinary circumstances.

Shareholder access to the proxy for director nominations

Proposals to provide shareholders access to the company proxy statement to advance non-management board candidates will generally be supported if they are reasonably designed to enhance the ability of substantial shareholders to nominate directors and are not being used to promote hostile takeovers.

Separate chairperson and chief executive officer

The primary purpose of the board of directors is to protect shareholder interests by providing independent oversight of management. If the chair of the board is also the chief executive officer of the company, the quality of oversight is obviously hindered. Therefore, proposals seeking to require that an independent director serve as chair of the board will be supported. An alternative to this proposal would be the establishment of a lead independent director, who would preside at meetings of the board's independent directors and coordinate the activities of the independent directors.

Term limit for directors

Proposals seeking to limit the term for directors will normally not be supported because they can deny shareholders the service of well-qualified directors who have effectively represented shareholder interests.

Broader participation on boards

A more diverse board of qualified directors is in the best interests of shareholders. Therefore, proposals requesting companies to make efforts to seek more qualified women and minority group members will be supported.

Greater transparency and oversight

Shareholders benefit from full disclosure of board practices and procedures, company operating practices and policies, business strategy and the way companies calculate executive compensation. Proposals seeking greater disclosure on these matters will generally be supported.

Executive/director compensation

Proposals seeking to tie executive and director compensation to specific performance standards, to impose reasonable limits on it or to require greater disclosure of it are in the best interests of shareholders. The expense of options should be included in financial statements (as required in Canada). Financial performance is the traditional measurement for executive compensation — the more specific the better. Where executive pay is based on metrics that are improved through share repurchases the impact of repurchases should be neutralized to avoid artificially inflating executive pay. Other performance measures can be a useful supplement to the traditional financial performance measurement and are worthy of consideration. Examples are regulatory compliance, international labor standards, high performance workplace standards and measures of employee satisfaction.

High performance workplaces

We will support proposals encouraging the high-performance workplace practices identified in the DOL's report that contribute to a company's productivity and long-term financial performance.

Codes of conduct

Proposals seeking reports on and/or implementation of such commonly accepted principles of conducts as the Ceres Principles (environment), MacBride Principles (Northern Ireland), Code of Conduct for South Africa, United Nations' International Labor Organization's Fundamental Conventions, fair lending practices and the U.S. Equal Employment Opportunity Commission are in the best interests of shareholders because they provide useful information and promote compliance with the principles.

Pension choice

There has been a recent trend by companies to convert traditional defined benefit pension plans into cash-balance plans. This has proved controversial because cash-balance plans often hurt older workers and may be motivated by a company's desire to inflate its book profits by boosting surpluses in its pension trust funds. Proposals giving employees a choice between maintaining their defined benefits or converting to a cash-balance plan will generally be supported.

Say-on-pay

Shareholders in the United Kingdom, Australia, Norway, the Netherlands and Sweden have had an advisory vote on companies' compensation reports for several years. Say-on-pay proposals will be supported because they give shareholders meaningful input on a company's approach to executive compensation without entangling them with the micromanagement of specific plans.

Majority vote standard for director elections

For years, most boards of directors were elected by a plurality vote standard — nominees who get the most votes win. In a non-contested election (which most are) the only vote options are “for” and “withhold authority.” That means a nominee could have only one share cast “for” him/her and still be elected, regardless of how many shareholders withheld their votes for that nominee. Therefore, proposals requesting that nominees in non-contested elections receive a majority of the votes cast will be supported.

Administrative procedures

The procedures for receipt and voting of proxies by Segal Marco are as follows:

1. The client notifies the custodian bank to forward all proxies to us.
2. We track the portfolio to ensure current listing of all securities held.
3. We track the shareholders meeting dates to ensure that all proxies are voted on time.
4. We notify the bank of any missing or improper proxies to secure all proxies due the fund.
5. We provide a report annually on shares voted and positions taken. Clients are welcome to contact Segal Marco at any time to find out how we have voted on a particular issue.
6. We monitor for conflicts. The Securities and Exchange Commission (SEC) has expressed concern that proxy-voting agents may have material conflicts that can affect how they vote proxies. The SEC notes that advisers may render services to a publicly traded company or they may have business or personal relationships with participants in proxy contests, corporate directors or candidates for directorships. If conflicts arise, any Segal Marco employee will immediately recuse himself/herself from the analysis/voting of the pertinent issue.
7. For SEC recordkeeping purposes, we will retain copies of (i) our proxy voting policies and procedures; (ii) proxy statements received as preserved through access to the SEC’s EDGAR system; (iii) records of the votes we cast as preserved on Segal Marco’s proxy voting platform; (iv) records of client requests for proxy voting information; (v) documents we prepared material to making a decision on how to vote as preserved on Segal Marco’s proxy voting platform.



Appendix to the Proxy Voting Policy Statement

Select studies, surveys and papers demonstrating the value of corporate governance

Citation	Findings
Yasser Eliwa, Ahmed Aboud and Ahmed Saleh, "ESG practices and the cost of debt: Evidence from EU countries." <i>Critical Perspectives on Accounting</i> , September 2021, Vol. 79, 102097. https://doi.org/10.1016/j.cpa.2019.102097	The study finds that lending institutions value both ESG performance and disclosure and integrate ESG information in their credit decisions — in that firms with stronger ESG performance have a lower cost of debt and ESG disclosure has an equal impact on the cost of debt as ESG performance. The authors provide evidence that the impact of ESG performance and disclosure on the cost of debt is more dominant in the stakeholder-oriented countries (where the community is more prevalent).
S. Lakshmi Naaraayanan, Kunal Sachdeva and Varun Sharma. "The Real Effects of Environmental Activist Investing." European Corporate Governance Institute, March 2021, Finance Working Paper No. 743/2021 https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3483692	We study the real effects of environmental activist investing. Using plant-level data, we find that targeted firms reduce their toxic releases, greenhouse gas emissions, and cancer-causing pollution. Improvements in air quality within a one-mile radius of targeted plants suggest potentially important externalities to local economies. These improvements come through increased capital expenditures on new abatement initiatives. We rule out alternative explanations of decline in production, reporting biases, and forms of selection, while also providing evidence supporting the external validity of environmental activism. Overall, our study suggests that engagements are an effective tool for long-term shareholders to address climate change risks.
David C. Broadstock, Kalok Chan, Louis T.W. Cheng and Xiaowei Wang, "The role of ESG performance during times of financial crisis: Evidence from COVID-19 in China." <i>Financial Research Letters</i> , January 2021. https://www.sciencedirect.com/science/article/pii/S1544612320309983	ESG performance lowers financial risk during a crisis. High-ESG (performance) portfolios generally outperform low-ESG portfolios. The focus of the study is one China's CSI300 members during the period of financial crisis triggered by COVID-19.
Alareeni, B.A. and Hamdan A. (2020), "ESG impact on performance of US S&P 500-listed firms," <i>Corporate Governance</i> , Vol. 20 No. 7, pp. 1409-1428. https://doi.org/10.1108/CG-06-2020-0258	The results showed that ESG disclosure positively affects a firm's performance measures. Furthermore, the higher level of ESG, EVN, CSR and CG disclosure, the higher the ROA and ROE.
David Katz and Carmen X. W. Lu, "ESG in the Mainstream: Sell-Side Analysts Addressing ESG Concerns," Harvard Law School Forum on Corporate Governance, May 29, 2020. https://corpgov.law.harvard.edu/2020/05/29/esg-in-the-mainstream-sell-side-analysts-addressing-esg-concerns/	Looking ahead, companies will face growing scrutiny from investors and other stakeholders on their ESG performance, including their performance relative to industry peers and should stay abreast of how their ESG data is being collected and evaluated by third parties.
Miriam Breitenstein, Duc Khuong Nguyen and Thomas Walther, "Environmental Hazards and Risk Management in the Financial Sector: A Systematic Literature Review." University of St. Gallen, School of Finance Research Paper No. 2019/10, May 2020. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3428953&dgcid=ejournal_html_email_risk:management:ejournal_abstractlink	We find that financial institutions can reduce their risk exposure by highly committing with environmental responsibility and performance. Moreover, the increase in willingness to assess climate-related financial risk incentivizes corporate managers to adopt more proactive environmental policies and practices.
Ashish Lodh, "ESG and the Cost of Capital," MSCI, Feb. 2020. https://www.msci.com/www/blog-posts/esg-and-the-cost-of-capital/01726513589?utm_source=onemsci&utm_medium=email&utm_campaign=msci-weekly-2020-02-27	Companies with high ESG scores, on average, experienced lower costs of capital compared to companies with poor ESG scores in both developed and emerging markets during a four-year study period. The cost of equity and debt followed the same relationship. In developed markets, companies with lower ESG scores, upon improving their MSCI ESG rating, experienced reduced costs of capital.
Caroline Flammer, Michael W. Toffel, and Kala Viswanathan, "Shareholder Activism and Firms' Voluntary Disclosure of Climate Change Risks," October 2019. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3468896&dgcid=ejournal_html_email_harvard:business:school:technology:operations:management:unit:working:paper:series_abstractlink	This paper found companies that voluntarily disclose climate change risks following environmental shareholder activism achieve a higher valuation post disclosure, suggesting that investors value transparency with respect to climate change risks.

Citation	Findings
<p>Karl V. Lins, Henri Servaes and Ane Tamayo, "Social Capital, Trust, and Corporate Performance: How CSR Helped Companies During the Financial Crisis (and Why it Can Keep Helping Them)," <i>Journal of Applied Corporate Finance</i> 31(2), May 2019. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3604416</p>	<p>CSR investments can help companies when they perhaps need it most — that is, during sharp downturns, when overall trust in companies and markets declines. Companies with high-CSR rankings experienced stock returns that were five to seven percentage points higher than their low-CSR counterparts during the 2008–2009 financial crisis. High-CSR companies during the crisis also reported better operating performance, higher growth, higher employee productivity and greater access to debt markets — while continuing to generate higher shareholder returns as late as the end of 2013.</p>
<p>Jonathan M. Karpoff, John R. Lott and Eric W. Wehrly, "The Reputational Penalties for Environmental Violations: Empirical Evidence," <i>Journal of Law and Economics</i>, Vol. 68, October 2005. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=747824</p>	<p>Firms violating environmental laws suffer statistically significant losses in the market value of firm equity. The losses, however, are of similar magnitudes to the legal penalties imposed; and in the cross-section, the market value loss is related to the size of the legal penalty.</p>
<p>Carbon Beta and Equity Performance: An Empirical Analysis," <i>Innovest Strategic Value Advisors</i>, October 2007. www.kellogg.northwestern.edu/faculty/mazzeo/html/sp_files/021209/(4)%20innovest/innovest%20publications/carbon_20final.pdf</p>	<p>Companies' responses to both the risks and opportunities driven by climate change are becoming increasingly critical to their competitiveness and financial performance. Investors require in-depth, company-specific research which addresses each of the critical dimensions of climate risk, not simply companies' gross carbon footprint, such as:</p> <ul style="list-style-type: none"> ▪ Companies' overall carbon footprint or potential risk exposure, adjusted to reflect differing regulatory circumstances in different countries and regions ▪ Their ability to manage and reduce that risk exposure ▪ Their ability to recognize and seize climate-driven opportunities on the upside ▪ Their rate of improvement or regression
<p>Guido Giese, Linda-Eling Lee, Dimitris Melas, Zoltán Nagy, and Laura Nishikawa, "Foundations of ESG Investing: How ESG Affects Equity Valuation, Risk, and Performance," MSCI, July 2019. https://www.msci.com/documents/10199/03d6faef-2394-44e9-a119-4ca130909226</p>	<p>That companies' ESG information was transmitted to their valuation and performance, both through their systematic risk profile (lower costs of capital and higher valuations) and their idiosyncratic risk profile (higher profitability and lower exposures to tail risk). The research suggests that changes in a company's ESG characteristics may be a useful financial indicator. ESG ratings may also be suitable for integration into policy benchmarks and financial analyses.</p>
<p>John Bae, Wonik Choi and Jongha Lim, "Corporate Social Responsibility: An Umbrella or a Puddle on a Rainy Day? Evidence Surrounding Corporate Financial Misconduct," <i>European Financial Management</i>, Sept 2019. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3443824&dgcid=ejournal_html_email_corporate:governance:social:responsibility:social:impact:ejournal_abstractlink</p>	<p>Firms with good CSR performance suffer smaller market penalties upon the revelation of financial wrongdoing, supporting the buffer effect, as opposed to the backfire effect, of a good social image.</p>
<p>Ferri, Fabrizio, and David Oesch. "Management Influence on Investors: Evidence from Shareholder Votes on the Frequency of Say on Pay." SSRN, 25 Mar. 2013, revised Feb. 2016, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2238999.</p>	<p>"Compared to firms adopting an annual frequency, firms following management's recommendation to adopt a triennial frequency are significantly less likely to change their compensation practices in response to an adverse say on pay vote, consistent with the notion that a less frequent vote results in lower management accountability."</p>
<p>Hunt, Vivian, et al. "Why Diversity Matters." McKinsey & Company, Feb 14, 2020, www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters#.</p>	<p>Companies in the top quartile for gender or racial and ethnic diversity tend to report financial returns above their national industry medians.</p>
<p>Misercola, Mark. "Higher Returns with Women in Decision-Making Positions." Credit Suisse, 10 Mar. 2016, https://www.credit-suisse.com/about-us-news/en/articles/news-and-expertise/higher-returns-with-women-in-decision-making-positions-201610.html.</p>	<p>Companies with more female executives in decision-making positions continue to generate stronger market returns and superior profits, and contrary to conventional wisdom, women in leadership roles do not actively exclude other women from promotions to top management.</p>
<p>Appel, Ian R, et al. 2015, "Passive Investors, Not Passive Owners." https://rodneymwhitecenter.wharton.upenn.edu/wp-content/uploads/2014/04/12-15.keim_.pdf</p>	<p>Found passively managed mutual funds exert influence on firms' governance. The research also found the significant governance changes associated with the funds such as more independent directors, removal of takeover defenses and more equal voting rights improve firms' long-term performance.</p>
<p>Gompers, P., et al. "Corporate Governance and Equity Prices." <i>The Quarterly Journal of Economics</i>, vol. 118, no. 1, 2003, pp. 107–156., doi:10.1162/00335530360535162.</p>	<p>Firms with stronger shareholder rights had higher firm value, higher profits, higher sales growth and lower capital expenditures.</p>

IV. Proxy Voting Statistics for 2021

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	DNV	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Preferred/Bondholder												
Bondholder Proposal	2	5	1	0	0	0	4	0	0	0	1	0
If you are X as defined in X, vote FOR. Otherwise, vote against.	2	2	1	1	0	0	0	0	0	0	2	0
If you are a Senior Officer as defined in Section 37(D) of the Securities Law, 1968, vote FOR. Otherwise, vote against.	142	142	0	142	0	0	0	0	0	0	142	0
If you are an Institutional Investor as defined in Regulation 1 of the Supervision Financial Services Regulations 2009 or a Manager of a Joint Investment Trust Fund as defined in the Joint Investment Trust Law, 1994, vote FOR. Otherwise, vote against.	142	142	142	0	0	0	0	0	0	0	142	0
If you are an Interest Holder as defined in Section 1 of the Securities Law, 1968, vote FOR. Otherwise, vote against.	143	143	0	143	0	0	0	0	0	0	143	0
If you do not fall under any of the categories mentioned under items A2a through A2c, vote FOR. Otherwise, vote against.	2	2	2	0	0	0	0	0	0	0	2	0
Indicate That You Do Not Have Personal Interest in Proposed Agenda Item	10	10	10	0	0	0	0	0	0	0	10	0
Limited Partnership/Limited Liability Corporation	4	7	0	0	7	0	0	0	0	0	0	7
Preferred Proposal	2	4	0	0	4	0	0	0	0	0	1	3
Private Company	13	86	10	15	31	30	0	0	0	0	10	76
The Undersigned Hereby Certifies that the Shares Represented by this Proxy are Owned and Controlled by a @ Citizen	5	7	3	2	2	0	0	0	0	0	7	0
Totals for Preferred/Bondholder:	177	550	169	303	44	30	4	0	0	0	460	86
Routine/Business												
Accept Consolidated Financial Statements and Statutory Reports	358	360	358	2	0	0	0	0	0	0	358	2
Accept Financial Statements and Statutory Reports	2613	3135	3093	34	6	0	2	0	0	0	3093	40
Acknowledge Proper Convening of Meeting	248	249	249	0	0	0	0	0	0	0	249	0
Adopt New Articles of Association/ Charter	219	220	201	18	1	0	0	0	0	0	201	19
Adopt the Jurisdiction of Incorporation as the Exclusive Forum for Certain Disputes	10	11	1	9	0	0	1	0	0	0	1	9
Allow Board to Change the Investment Objective Without Shareholder Approval	2	2	0	2	0	0	0	0	0	0	0	2
Allow Electronic Distribution of Company Communications	9	9	9	0	0	0	0	0	0	0	9	0
Amend Articles/Bylaws/Charter -- Non-Routine	1008	1340	1148	165	27	0	0	0	0	0	1148	192
Amend Articles/Bylaws/Charter -- Routine	137	152	146	6	0	0	0	0	0	0	146	6
Amend Corporate Purpose	84	94	88	0	6	0	0	0	0	0	88	6
Amend Investment Advisory Agreement	2	2	2	0	0	0	0	0	0	0	2	0
Appoint Appraiser/Special Auditor/ Liquidator	31	67	63	4	0	0	0	0	0	0	63	4
Appoint Auditors and Deputy Auditors	5	6	6	0	0	0	0	0	0	0	6	0
Appoint Censor(s)	8	9	0	9	0	0	0	0	0	0	0	9
Approve Allocation of Income and Dividends	2577	2589	2577	2	9	0	1	0	0	0	2577	11
Approve Auditors and Authorize Board to Fix Their Remuneration Auditors	1191	1203	654	377	45	127	0	0	0	0	654	549

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	DNV	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Approve Change in Investment Objective	1	1	1	0	0	0	0	0	0	0	1	0
Approve Change of Fundamental Investment Policy	22	92	89	3	0	0	0	0	0	0	89	3
Approve Charitable Donations	48	50	37	0	13	0	0	0	0	0	37	13
Approve Company's Membership in an Association/Organizaton	3	5	5	0	0	0	0	0	0	0	5	0
Approve Continuation of Company as Investment Trust	1	1	1	0	0	0	0	0	0	0	1	0
Approve Delisting of Shares from Stock Exchange	7	7	7	0	0	0	0	0	0	0	7	0
Approve Dividend Distribution Policy	46	46	44	1	1	0	0	0	0	0	44	2
Approve Dividends	838	854	852	0	1	0	1	0	0	0	852	1
Approve Financial Statements, Allocation of Income, and Discharge Directors	437	439	436	1	1	0	1	0	0	0	436	2
Approve Investment Advisory Agreement	28	38	36	0	0	0	2	0	0	0	36	0
Approve Investment and Financing Policy	11	13	13	0	0	0	0	0	0	0	13	0
Approve Listing of Shares on a Secondary Exchange	6	6	4	2	0	0	0	0	0	0	4	2
Approve Meeting Procedures	3	3	3	0	0	0	0	0	0	0	3	0
Approve Minutes of Previous Meeting	440	448	445	0	0	0	3	0	0	0	445	0
Approve Political Donations	199	199	199	0	0	0	0	0	0	0	199	0
Approve Provision for Asset Impairment	4	4	4	0	0	0	0	0	0	0	4	0
Approve Provisionary Budget and Strategy for Fiscal Year 20XX	44	44	37	7	0	0	0	0	0	0	37	7
Approve Publication of Information in English	9	12	12	0	0	0	0	0	0	0	12	0
Approve Remuneration of Directors and Auditors	49	49	27	22	0	0	0	0	0	0	27	22
Approve Remuneration of Members of Audit Commission	9	9	1	0	8	0	0	0	0	0	1	8
Approve Special Auditors' Report Regarding Related-Party Transactions	155	156	132	24	0	0	0	0	0	0	132	24
Approve Special/Interim Dividends	151	162	146	4	11	1	0	0	0	0	156	6
Approve Standard Accounting Transfers	37	39	39	0	0	0	0	0	0	0	39	0
Approve Stock Dividend Program	53	62	62	0	0	0	0	0	0	0	62	0
Approve Treatment of Net Loss	58	60	60	0	0	0	0	0	0	0	60	0
Approve XX XXX, 20XX, as Record Date for Effectiveness of This Meeting's Resolutions	9	9	9	0	0	0	0	0	0	0	9	0
Approve/Amend Regulations on General Meetings	235	294	281	11	2	0	0	0	0	0	281	13
Authorize Board to Fix Remuneration of External Auditor(s)	753	754	499	248	4	1	2	0	0	0	499	253
Authorize Board to Ratify and Execute Approved Resolutions	309	343	339	2	2	0	0	0	0	0	339	4
Authorize Filing of Required Documents/Other Formalities	210	214	212	0	2	0	0	0	0	0	212	2
Change Company Name	88	88	87	0	1	0	0	0	0	0	87	1
Change Date/Location of Annual Meeting	3	3	3	0	0	0	0	0	0	0	3	0
Change Fiscal Year End	1	1	1	0	0	0	0	0	0	0	1	0
Change Location of Registered Office/Headquarters	20	21	21	0	0	0	0	0	0	0	21	0
Consider Measures to Address the Decline in the Company's Net Asset Value Relative to Its Capital	3	4	4	0	0	0	0	0	0	0	4	0
Designate Inspector or Shareholder Representative(s) of Minutes of Meeting and/or Vote Tabulation	312	429	428	0	0	0	1	0	0	0	428	0
Designate Newspaper to Publish Meeting Announcements	14	14	14	0	0	0	0	0	0	0	14	0

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	DNV	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Designate Risk Assessment Companies	27	27	27	0	0	0	0	0	0	0	27	0
Designate X as Independent Proxy	136	136	135	0	1	0	0	0	0	0	135	1
Discuss/Approve Company's Corporate Governance Structure/ Statement	25	25	25	0	0	0	0	0	0	0	25	0
Elect Chairman of Meeting	357	360	355	0	1	0	4	0	0	0	355	1
Elect Member of Audit Committee	203	485	315	160	10	0	0	0	0	0	315	170
Elect Member of Nominating Committee	142	234	199	17	11	0	7	0	0	0	199	28
Elect Member of Remuneration Committee	135	430	177	246	7	0	0	0	0	0	177	253
Elect Member of X Committee	10	23	10	11	2	0	0	0	0	0	10	13
In the Event of a Second Call, the Voting Instructions Contained in this Proxy Card may also be Considered for the Second Call?	47	48	48	0	0	0	0	0	0	0	48	0
Miscellaneous Proposal: Company-Specific	85	106	86	8	12	0	0	0	0	0	88	18
Open Meeting	32	33	33	0	0	0	0	0	0	0	33	0
Other Business	300	326	0	324	2	0	0	0	0	0	46	280
Prepare and Approve List of Shareholders	241	241	241	0	0	0	0	0	0	0	241	0
Ratify Alternate Auditor	6	8	7	1	0	0	0	0	0	0	7	1
Ratify Auditors	4989	5100	3802	1029	234	20	15	0	0	0	3802	1283
Ratify Past Allocation of Income and Dividends	3	3	3	0	0	0	0	0	0	0	3	0
Receive Financial Statements and Statutory Reports (Non-Voting)	1	1	1	0	0	0	0	0	0	0	1	0
Receive/Approve Report/ Announcement	100	200	200	0	0	0	0	0	0	0	200	0
Receive/Approve Special Report	10	10	8	0	1	0	1	0	0	0	8	1
Totals for Routine/Business :	9166	22217	18857	2749	421	149	41	0	0	0	18915	3261
Directors Related												
Adopt Cumulative Voting for the Election of the Members of the Board of Directors at this Meeting	35	35	5	0	30	0	0	0	0	0	35	0
Adopt Majority Voting for Uncontested Election of Directors	5	5	5	0	0	0	0	0	0	0	5	0
Adopt or Amend Board Powers/ Procedures/Qualifications	2	2	2	0	0	0	0	0	0	0	2	0
Adopt/Amend Nomination Procedures for the Board	126	126	126	0	0	0	0	0	0	0	126	0
Allow Board to Appoint Additional Directors Between Annual Meetings	2	2	1	1	0	0	0	0	0	0	1	1
Allow Directors to Engage in Commercial Transactions with the Company and/or Be Involved with Other Companies	193	230	229	0	1	0	0	0	0	0	229	1
Amend Articles Board-Related	208	267	242	22	2	0	1	0	0	0	242	24
Amend Articles of Association Regarding Party Committee	18	18	0	18	0	0	0	0	0	0	0	18
Amend Quorum Requirements	1	1	1	0	0	0	0	0	0	0	1	0
Announce Vacancies on the Board	2	2	2	0	0	0	0	0	0	0	2	0
Appoint Alternate Internal Statutory Auditor(s) [and Approve Auditor's/ Auditors' Remuneration]	278	307	226	60	21	0	0	0	0	0	226	81
Appoint Internal Statutory Auditor(s) [and Approve Auditor's/Auditors' Remuneration]	689	1121	522	414	185	0	0	0	0	0	522	599
Appoint Internal Statutory Auditors (Bundled) [and Approve Auditors' Remuneration]	31	31	27	0	4	0	0	0	0	0	27	4
Approve Commitment of Directors, Supervisors, Senior Managers and/ or Controlling Shareholders in Connection with the Company's Business	2	2	2	0	0	0	0	0	0	0	2	0
Approve Decrease in Size of Board	10	10	9	1	0	0	0	0	0	0	9	1

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	DNV	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Approve Director/Officer Liability and Indemnification	79	103	92	11	0	0	0	0	0	0	92	11
Approve Discharge -- Other	20	24	23	1	0	0	0	0	0	0	23	1
Approve Discharge of Auditors	60	62	0	62	0	0	0	0	0	0	0	62
Approve Discharge of Board and President	484	2139	2132	7	0	0	0	0	0	0	2133	6
Approve Discharge of Directors and Auditors	25	25	1	23	1	0	0	0	0	0	1	24
Approve Discharge of Management Board	427	725	547	171	7	0	0	0	0	0	549	176
Approve Discharge of Management and Supervisory Board	30	30	28	2	0	0	0	0	0	0	28	2
Approve Discharge of Supervisory Board	306	931	845	63	23	0	0	0	0	0	845	86
Approve Dispute Settlement with (Former) Director(s)/(Internal) Auditors	1	3	0	0	3	0	0	0	0	0	0	3
Approve Executive Appointment	43	53	50	1	2	0	0	0	0	0	50	3
Approve Increase in Size of Board	40	40	18	21	1	0	0	0	0	0	18	22
Approve Remuneration of Directors and/or Committee Members	1533	2064	1220	373	466	0	5	0	0	0	1220	839
Approve the Spill Resolution	20	20	0	20	0	0	0	0	0	0	20	0
Approve/Amend Regulations on Board of Directors	48	73	61	10	2	0	0	0	0	0	61	12
Approve/Amend Regulations on Management	1	1	1	0	0	0	0	0	0	0	1	0
As a Preferred Shareholder, Would You Like to Request a Separate Minority Election of a Member of the Fiscal Council, Under the Terms of Article 161 of the Brazilian Corporate Law?	1	1	1	0	0	0	0	0	0	0	1	0
As a Preferred Shareholder, Would You like to Request a Separate Minority Election of a Member of the Board of Directors, Under the Terms of Article 141 of the Brazilian Corporate Law?	9	9	9	0	0	0	0	0	0	0	9	0
As an Ordinary Shareholder, Would You Like to Request a Separate Minority Election of a Member of the Fiscal Council, Under the Terms of Article 161 of the Brazilian Corporate Law?	4	4	3	0	1	0	0	0	0	0	4	0
As an Ordinary Shareholder, Would You like to Request a Separate Minority Election of a Member of the Board of Directors, Under the Terms of Article 141 of the Brazilian Corporate Law?	22	22	21	0	1	0	0	0	0	0	22	0
Authorize Board Chairman to Serve as CEO	1	1	0	1	0	0	0	0	0	0	0	1
Authorize Board to Fill Vacancies	7	8	0	7	0	0	1	0	0	0	0	7
Authorize Board to Fix Remuneration of Internal Statutory Auditor(s)	103	103	89	5	9	0	0	0	0	0	89	14
Change Range for Size of the Board	1	1	0	1	0	0	0	0	0	0	0	1
Classify the Board of Directors	13	13	0	13	0	0	0	0	0	0	0	13
Company Specific--Board-Related	40	57	40	12	5	0	0	0	0	0	40	17
Declassify the Board of Directors	58	59	58	0	0	0	1	0	0	0	58	0
Deliberations on Possible Legal Action Against Directors/(Internal) Auditors	83	83	0	0	83	0	0	0	0	0	83	0
Dismiss/Remove Director(s)/Auditor(s) (Contentious)	6	6	2	2	1	0	1	0	0	0	2	3
Dismiss/Remove Director(s)/Auditor(s) (Non-contentious)	37	47	40	6	1	0	0	0	0	0	40	7
Do You Wish to Request Installation of a Fiscal Council, Under the Terms of Article 161 of the Brazilian Corporate Law?	36	36	36	0	0	0	0	0	0	0	32	4
Elect Alternate/Deputy Directors	150	210	156	35	19	0	0	0	0	0	156	54
Elect Board Chairman/ Vice-Chairman	251	278	84	183	11	0	0	0	0	0	93	185
Elect Board of Directors and Auditors (Bundled)	1	1	0	1	0	0	0	0	0	0	0	1

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	DNV	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Elect Company Clerk/Secretary	1	1	1	0	0	0	0	0	0	0	1	0
Elect Director	8278	50602	17854	22750	186	9801	11	0	0	0	17858	32733
Elect Director (Cumulative Voting or More Nominees Than Board Seats)	262	2214	319	654	1104	137	0	0	0	0	825	1389
Elect Director (Management)	14	81	35	1	0	14	31	0	0	0	35	15
Elect Director and Approve Director's Remuneration	37	118	30	88	0	0	0	0	0	0	30	88
Elect Directors (Bundled)	240	248	26	186	32	3	1	0	0	0	28	219
Elect Directors (Bundled) and Approve Their Remuneration	25	25	0	14	11	0	0	0	0	0	0	25
Elect Members and Deputy Members of Corporate Assembly and/or Committee of Representatives	10	87	81	6	0	0	0	0	0	0	81	6
Elect Representative of Employee Shareholders to the Board	14	24	14	10	0	0	0	0	0	0	24	0
Elect Subsidiary Director	3	36	36	0	0	0	0	0	0	0	36	0
Elect Supervisory Board Member	250	700	372	278	50	0	0	0	0	0	382	318
Elect Supervisory Board Members (Bundled)	5	5	0	4	1	0	0	0	0	0	0	5
Eliminate Cumulative Voting	4	5	0	4	0	0	1	0	0	0	0	4
Establish Range for Board Size	4	4	2	2	0	0	0	0	0	0	2	2
Fix Board Terms for Directors	16	16	1	13	2	0	0	0	0	0	1	15
Fix Number of Directors and/or Auditors	436	526	281	243	1	1	0	0	0	0	281	245
In Case Cumulative Voting Is Adopted, Do You Wish to Equally Distribute Your Votes to All Nominees in the Slate? OR In Case Cumulative Voting Is Adopted, Do You Wish to Equally Distribute Your Votes for Each Supported Nominee?	41	43	3	0	40	0	0	0	0	0	41	2
In Case Neither Class of Shares Reaches the Minimum Quorum Required by the Brazilian Corporate Law to Elect a Board Representative in Separate Elections, Would You Like to Use Your Votes to Elect the Candidate with More Votes to Represent Both Classes?	13	14	13	0	1	0	0	0	0	0	14	0
In Case One of the Nominees Leaves the Fiscal Council Slate Due to a Separate Minority Election, as Allowed Under Articles 161 and 240 of the Brazilian Corporate Law, May Your Votes Still Be Counted for the Proposed Slate?	18	18	0	18	0	0	0	0	0	0	18	0
In Case There is Any Change to the Board Slate Composition, May Your Votes Still be Counted for the Proposed Slate?	28	28	0	28	0	0	0	0	0	0	27	1
Indicate Personal Interest in Proposed Agenda Item	162	166	0	166	0	0	0	0	0	0	166	0
Indicate X as Independent Board Member	79	166	44	122	0	0	0	0	0	0	44	122
Install and/or Fix Size of Fiscal Council	12	13	13	0	0	0	0	0	0	0	13	0
Provide Proxy Access Right	4	5	4	0	0	0	1	0	0	0	4	0
Ratify Changes in the Composition of the Board	25	25	7	10	8	0	0	0	0	0	7	18
Remove Age Restriction for Directors	1	1	1	0	0	0	0	0	0	0	1	0
Totals for Directors Related :	9717	64562	26093	26144	2315	9956	54	0	0	0	27018	37490
Capitalization												
Adopt/Amend Dividend Reinvestment Plan	25	27	27	0	0	0	0	0	0	0	27	0
Amend Articles/Charter Equity-Related	63	69	54	14	1	0	0	0	0	0	54	15
Amend Articles/Charter to Reflect Changes in Capital	86	91	77	10	4	0	0	0	0	0	77	14
Amend Votes Per Share of Existing Stock	2	2	0	2	0	0	0	0	0	0	0	2
Approve Cancellation of Capital Authorization	9	10	10	0	0	0	0	0	0	0	10	0

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	DNV	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Approve Capital Raising	21	29	27	2	0	0	0	0	0	0	27	2
Approve Change-of-Control Clause	22	30	29	1	0	0	0	0	0	0	29	1
Approve Increase in Borrowing Powers	9	9	9	0	0	0	0	0	0	0	9	0
Approve Issuance of Equity or Equity-Linked Securities with or without Preemptive Rights	729	759	425	330	4	0	0	0	0	0	425	334
Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights	1347	1722	1232	445	43	0	2	0	0	0	1232	488
Approve Issuance of Preferred Stock without Preemptive Rights	3	7	2	5	0	0	0	0	0	0	2	5
Approve Issuance of Securities Convertible into Debt	4	4	4	0	0	0	0	0	0	0	4	0
Approve Issuance of Shares Below Net Asset Value (NAV)	6	6	6	0	0	0	0	0	0	0	6	0
Approve Issuance of Shares for a Private Placement	191	433	334	98	1	0	0	0	0	0	334	99
Approve Issuance of Warrants/Convertible Debentures	21	120	103	16	1	0	0	0	0	0	104	16
Approve Reduction in Share Capital	278	284	281	3	0	0	0	0	0	0	281	3
Approve Reduction/Cancellation of Share Premium Account	19	19	19	0	0	0	0	0	0	0	19	0
Approve Reverse Stock Split	58	59	56	2	1	0	0	0	0	0	56	3
Approve Shares Issued for a Private Placement to a Director or Executive	6	11	11	0	0	0	0	0	0	0	11	0
Approve Stock Split	53	53	53	0	0	0	0	0	0	0	53	0
Approve Tender Offer	3	3	3	0	0	0	0	0	0	0	3	0
Approve Use of Proceeds from Fund Raising Activities	47	75	68	7	0	0	0	0	0	0	68	7
Approve/Amend Conversion of Securities	35	54	54	0	0	0	0	0	0	0	54	0
Approve/Amend Securities Transfer Restrictions	4	4	3	1	0	0	0	0	0	0	3	1
Authorize Board to Increase Capital in the Event of Demand Exceeding Amounts Submitted to Shareholder Vote Above	81	86	56	30	0	0	0	0	0	0	56	30
Authorize Board to Set Issue Price for 10 Percent of Issued Capital Pursuant to Issue Authority without Preemptive Rights	38	38	21	17	0	0	0	0	0	0	21	17
Authorize Capital Increase for Future Share Exchange Offers	29	30	19	11	0	0	0	0	0	0	19	11
Authorize Capital Increase of up to 10 Percent of Issued Capital for Future Acquisitions	79	82	62	20	0	0	0	0	0	0	62	20
Authorize Capitalization of Reserves for Bonus Issue or Increase in Par Value	152	158	157	1	0	0	0	0	0	0	157	1
Authorize Company Subsidiary to Purchase Shares in Parent	1	1	0	0	1	0	0	0	0	0	0	1
Authorize Directed Share Repurchase Program	16	20	5	0	13	2	0	0	0	0	5	15
Authorize Issuance of Bonds/Debentures	85	179	170	8	1	0	0	0	0	0	170	9
Authorize Issuance of Equity Upon Conversion of a Subsidiary's Equity-Linked Securities	7	11	7	4	0	0	0	0	0	0	7	4
Authorize Issuance of Equity or Equity-Linked Securities with Preemptive Rights	136	168	131	37	0	0	0	0	0	0	131	37
Authorize Issuance of Investment Certificates	1	1	0	0	1	0	0	0	0	0	0	1
Authorize Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds with Preemptive Rights	2	2	2	0	0	0	0	0	0	0	2	0
Authorize Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights	87	88	77	9	2	0	0	0	0	0	77	11
Authorize New Class of Preferred Stock	14	14	0	14	0	0	0	0	0	0	0	14

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	DNV	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Authorize Reissuance of Repurchased Shares	332	333	8	293	32	0	0	0	0	0	8	325
Authorize Repurchase of Debt Instruments and Reissuance of Repurchased Debt Instruments	5	5	5	0	0	0	0	0	0	0	5	0
Authorize Share Repurchase Program	1459	1503	41	387	1072	3	0	0	0	0	41	1462
Authorize Share Repurchase Program and Cancellation of Repurchased Shares	38	45	44	0	1	0	0	0	0	0	44	1
Authorize Share Repurchase Program and Reissuance of Repurchased Shares	213	221	0	56	164	0	1	0	0	0	0	220
Authorize Use of Financial Derivatives	31	34	22	3	9	0	0	0	0	0	22	12
Authorize a New Class of Common Stock	9	14	1	13	0	0	0	0	0	0	1	13
Company Specific - Equity Related	116	168	131	28	9	0	0	0	0	0	131	37
Eliminate Class of Common Stock	1	1	1	0	0	0	0	0	0	0	1	0
Eliminate Class of Preferred Stock	2	2	2	0	0	0	0	0	0	0	2	0
Eliminate Preemptive Rights	66	75	72	3	0	0	0	0	0	0	72	3
Eliminate/Adjust Par Value of Common Stock	9	9	9	0	0	0	0	0	0	0	9	0
Increase Authorized Common Stock	209	210	106	104	0	0	0	0	0	0	106	104
Increase Authorized Preferred Stock	6	6	0	6	0	0	0	0	0	0	0	6
Increase Authorized Preferred and Common Stock	7	7	0	7	0	0	0	0	0	0	0	7
Ratify Past Issuance of Shares	32	38	0	38	0	0	0	0	0	0	0	38
Reduce Authorized Common and/or Preferred Stock	15	15	15	0	0	0	0	0	0	0	15	0
Set Global Limit for Capital Increase to Result From All Issuance Requests	37	40	28	12	0	0	0	0	0	0	28	12
Totals for Capitalization :	2934	7484	4079	2037	1360	5	3	0	0	0	4080	3401
Reorg. and Mergers												
Acquire Certain Assets of Another Company	10	11	10	0	1	0	0	0	0	0	10	1
Amend Articles to: (Japan)	352	365	319	46	0	0	0	0	0	0	319	46
Amend Articles/Bylaws/Charter -- Organization-Related	111	134	81	48	5	0	0	0	0	0	81	53
Approve Accounting Treatment of Merger, Absorption, or Similar Transaction	2	2	2	0	0	0	0	0	0	0	2	0
Approve Acquisition OR Issue Shares in Connection with Acquisition	193	288	283	5	0	0	0	0	0	0	283	5
Approve Affiliation Agreements with Subsidiaries	27	38	38	0	0	0	0	0	0	0	38	0
Approve Amendments to Lending Procedures and Caps	51	67	57	4	6	0	0	0	0	0	57	10
Approve Conversion from Closed-End to Open-End Fund	1	1	1	0	0	0	0	0	0	0	1	0
Approve Exchange of Debt for Equity	2	2	2	0	0	0	0	0	0	0	2	0
Approve Formation of Holding Company	13	13	13	0	0	0	0	0	0	0	13	0
Approve Investment in Another Company	13	15	13	1	1	0	0	0	0	0	13	2
Approve Joint Venture Agreement	7	12	12	0	0	0	0	0	0	0	12	0
Approve Loan Agreement	41	53	41	11	1	0	0	0	0	0	41	12
Approve Merger Agreement	245	341	324	9	2	0	6	0	0	0	327	8
Approve Merger by Absorption	29	45	45	0	0	0	0	0	0	0	45	0
Approve Merger of Funds	10	10	10	0	0	0	0	0	0	0	10	0
Approve Multi-Manager Structure	7	7	1	6	0	0	0	0	0	0	1	6
Approve Plan of Liquidation	2	2	2	0	0	0	0	0	0	0	2	0
Approve Pledging of Assets for Debt	18	19	17	0	2	0	0	0	0	0	17	2
Approve Public Offering of Shares in Subsidiary	4	4	4	0	0	0	0	0	0	0	4	0
Approve Recapitalization Plan	1	1	1	0	0	0	0	0	0	0	1	0

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	DNV	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Approve Reorganization/Restructuring Plan	19	26	25	0	1	0	0	0	0	0	25	1
Approve Request for Bankruptcy Protection	2	2	2	0	0	0	0	0	0	0	2	0
Approve SPAC Transaction	23	23	5	18	0	0	0	0	0	0	5	18
Approve Sale of Company Assets	96	107	96	9	2	0	0	0	0	0	96	11
Approve Scheme of Arrangement	49	52	52	0	0	0	0	0	0	0	52	0
Approve Spin-Off Agreement	53	95	92	2	1	0	0	0	0	0	92	3
Approve Squeeze-Out of Minority Shareholders by the Majority Shareholder	4	4	3	1	0	0	0	0	0	0	3	1
Approve Transaction with a Related Party	281	510	441	65	4	0	0	0	0	0	441	69
Approve/Amend Investment in Project	4	5	5	0	0	0	0	0	0	0	5	0
Approve/Amend Investment or Operation Plan	1	1	1	0	0	0	0	0	0	0	1	0
Approve/Amend Loan Guarantee to Subsidiary	136	192	131	61	0	0	0	0	0	0	131	61
Approve/Amend Subadvisory Agreement	17	18	18	0	0	0	0	0	0	0	18	0
Black Economic Empowerment(BEE)Transactions(SouthAfrica)	2	10	10	0	0	0	0	0	0	0	10	0
Change Jurisdiction of Incorporation []	25	26	5	19	1	0	1	0	0	0	5	20
Change of Corporate Form	12	12	11	1	0	0	0	0	0	0	11	1
Company Specific Organization Related	44	54	49	3	2	0	0	0	0	0	49	5
Investment in Financial Products	26	32	13	19	0	0	0	0	0	0	13	19
Miscellaneous Mutual Fund - Company-Specific	5	5	3	0	0	0	2	0	0	0	3	0
Waive Requirement for Mandatory Offer to All Shareholders	13	15	11	4	0	0	0	0	0	0	12	3
Totals for Reorg. and Mergers :	1694	2619	2249	332	29	0	9	0	0	0	2253	357
Non-Salary Comp.												
Advisory Vote on Golden Parachutes	145	151	56	88	1	0	6	0	0	0	53	92
Advisory Vote on Say on Pay Frequency	264	264	0	0	0	0	0	264	0	0	210	54
Advisory Vote to Ratify Named Executive Officers' Compensation	4582	5042	2636	2385	9	0	12	0	0	0	2648	2382
Amend Articles/Charter Compensation-Related	18	19	13	1	5	0	0	0	0	0	13	6
Amend Executive Share Option Plan	92	97	12	85	0	0	0	0	0	0	12	85
Amend Non-Employee Director Omnibus Stock Plan	19	19	0	19	0	0	0	0	0	0	0	19
Amend Non-Employee Director Restricted Stock Plan	7	7	0	7	0	0	0	0	0	0	0	7
Amend Non-Employee Director Stock Option Plan	2	2	0	2	0	0	0	0	0	0	0	2
Amend Non-Qualified Employee Stock Purchase Plan	8	8	8	0	0	0	0	0	0	0	8	0
Amend Omnibus Stock Plan	541	545	0	541	1	0	3	0	0	0	0	542
Amend Qualified Employee Stock Purchase Plan	98	99	98	0	0	0	1	0	0	0	98	0
Amend Restricted Stock Plan	73	81	15	66	0	0	0	0	0	0	15	66
Amend Share Appreciation Rights/Amend Phantom Option Plan	2	2	0	2	0	0	0	0	0	0	0	2
Amend Share Matching Plan	1	1	0	1	0	0	0	0	0	0	0	1
Amend Terms of Outstanding Options	7	7	4	3	0	0	0	0	0	0	4	3
Approve Alternative Equity Plan Financing	19	23	0	23	0	0	0	0	0	0	0	23
Approve Annual Bonus Payment for Directors and Statutory Auditors	90	90	0	90	0	0	0	0	0	0	0	90
Approve Bonus Matching Plan	8	8	2	6	0	0	0	0	0	0	2	6
Approve Compensation for Employees	1	1	0	0	1	0	0	0	0	0	0	1

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	DNV	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Approve Equity Plan Financing	115	181	74	104	2	0	1	0	0	0	74	106
Approve Executive Share Option Plan	207	234	69	165	0	0	0	0	0	0	70	164
Approve Increase in Aggregate Compensation Ceiling for Directors	202	204	62	4	138	0	0	0	0	0	64	140
Approve Increase in Aggregate Compensation Ceiling for Directors and Statutory Auditors	5	5	0	0	5	0	0	0	0	0	0	5
Approve Increase in Aggregate Compensation Ceiling for Statutory Auditors	74	74	0	0	74	0	0	0	0	0	0	74
Approve Non-Employee Director Omnibus Stock Plan	3	3	0	3	0	0	0	0	0	0	0	3
Approve Non-Employee Director Restricted Stock Plan	7	7	1	6	0	0	0	0	0	0	1	6
Approve Non-Employee Director Stock Option Plan	1	1	0	1	0	0	0	0	0	0	0	1
Approve Non-Qualified Employee Stock Purchase Plan	8	9	8	1	0	0	0	0	0	0	8	1
Approve Omnibus Stock Plan	337	343	9	334	0	0	0	0	0	0	14	329
Approve Outside Director Stock Awards/Options in Lieu of Cash	8	13	12	1	0	0	0	0	0	0	12	1
Approve Qualified Employee Stock Purchase Plan	259	309	282	25	1	0	1	0	0	0	273	35
Approve Remuneration Policy	1022	1336	732	587	13	0	4	0	0	0	732	600
Approve Remuneration of Executive Directors and/or Non-Executive Directors	593	689	43	19	627	0	0	0	0	0	48	641
Approve Repricing of Options	7	7	1	6	0	0	0	0	0	0	1	6
Approve Restricted Stock Plan	649	737	148	588	1	0	0	0	0	0	149	588
Approve Retirement Bonuses for Directors	70	72	29	43	0	0	0	0	0	0	29	43
Approve Retirement Bonuses for Directors and Statutory Auditors	8	8	0	8	0	0	0	0	0	0	0	8
Approve Retirement Bonuses for Statutory Auditors	9	9	0	9	0	0	0	0	0	0	0	9
Approve Share Appreciation Rights/ Approve Phantom Option Plan	4	4	1	3	0	0	0	0	0	0	1	3
Approve Share Plan Grant	285	416	170	245	1	0	0	0	0	0	177	239
Approve Special Payments to Continuing Directors in Connection with Abolition of Retirement Bonus System	7	7	0	7	0	0	0	0	0	0	0	7
Approve Stock Option Plan Grants	125	194	14	179	1	0	0	0	0	0	27	167
Approve Stock/Cash Award to Executive	14	15	7	8	0	0	0	0	0	0	7	8
Approve Supervisory Board Remuneration Policy	6	6	5	1	0	0	0	0	0	0	5	1
Approve or Amend Option Plan for Overseas Employees	5	5	5	0	0	0	0	0	0	0	5	0
Approve or Amend Severance Agreements/Change-in-Control Agreements	29	30	18	11	1	0	0	0	0	0	18	12
Approve/Amend All Employee Option Schemes	1	1	1	0	0	0	0	0	0	0	1	0
Approve/Amend All Employee Share Schemes	19	24	24	0	0	0	0	0	0	0	24	0
Approve/Amend Bundled Remuneration Plans	51	52	5	45	2	0	0	0	0	0	5	47
Approve/Amend Deferred Share Bonus Plan	29	32	30	2	0	0	0	0	0	0	30	2
Approve/Amend Employee Share Ownership Trust	2	2	2	0	0	0	0	0	0	0	2	0
Approve/Amend Employment Agreements	87	119	53	66	0	0	0	0	0	0	53	66
Approve/Amend Executive Incentive Bonus Plan	33	37	14	22	1	0	0	0	0	0	14	23
Approve/Amend Issuance of Warrants Reserved for Founders	9	13	0	13	0	0	0	0	0	0	0	13
Approve/Amend Non-Employee Director Deferred Share Unit Plan	6	7	5	2	0	0	0	0	0	0	5	2

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	DNV	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Approve/Amend Profit Sharing Plan	3	3	1	2	0	0	0	0	0	0	1	2
Approve/Amend Retirement Plan	1	1	1	0	0	0	0	0	0	0	1	0
Approve/Amend Stock-for-Salary/Bonus Plan	5	5	5	0	0	0	0	0	0	0	5	0
Company-Specific Compensation-Related	63	90	32	47	11	0	0	0	0	0	35	55
Fix Maximum Variable Compensation Ratio	19	19	19	0	0	0	0	0	0	0	19	0
Grant Equity Award to Third Party	7	9	1	8	0	0	0	0	0	0	2	7
Totals for Non-Salary Comp. :	6665	11798	4727	5884	895	0	28	264	0	0	4975	6795
Antitakeover Related												
Adjourn Meeting	284	290	137	147	0	0	6	0	0	0	140	144
Adopt Double Voting Rights for Long-Term Registered Shareholders	6	6	2	4	0	0	0	0	0	0	2	4
Adopt or Increase Supermajority Vote Requirement for Amendments	18	25	0	25	0	0	0	0	0	0	0	25
Adopt or Increase Supermajority Vote Requirement for Removal of Directors	2	2	0	2	0	0	0	0	0	0	0	2
Adopt, Renew or Amend NOL Rights Plan (NOL Pill)	18	18	18	0	0	0	0	0	0	0	18	0
Adopt, Renew or Amend Shareholder Rights Plan (Poison Pill)	50	51	0	50	0	0	1	0	0	0	0	50
Allow Board to Use All Outstanding Capital Authorizations in the Event of a Public Tender Offer or Share Exchange Offer	2	10	0	10	0	0	0	0	0	0	0	10
Amend Articles/Bylaws/Charter to Include Antitakeover Provision(s)	1	1	0	1	0	0	0	0	0	0	0	1
Amend Articles/Charter Governance-Related	11	13	5	8	0	0	0	0	0	0	5	8
Amend Right to Call Special Meeting	6	6	6	0	0	0	0	0	0	0	6	0
Approve Modification in Share Ownership Disclosure Threshold	4	4	1	3	0	0	0	0	0	0	1	3
Authorize Board to Issue Shares in the Event of a Public Tender Offer or Share Exchange Offer	5	5	0	5	0	0	0	0	0	0	0	5
Authorize Board to Repurchase Shares in the Event of a Public Tender Offer or Share Exchange Offer	2	2	0	2	0	0	0	0	0	0	0	2
Authorize the Company to Call EGM with Two Weeks Notice	335	335	335	0	0	0	0	0	0	0	335	0
Company-Specific--Organization-Related	1	1	1	0	0	0	0	0	0	0	1	0
Eliminate/Restrict Right to Act by Written Consent	7	7	0	7	0	0	0	0	0	0	0	7
Eliminate/Restrict Right to Call a Special Meeting	3	4	0	3	0	0	1	0	0	0	0	3
Permit Board to Amend Bylaws Without Shareholder Consent	1	1	0	1	0	0	0	0	0	0	0	1
Provide Directors May Only Be Removed for Cause	4	4	0	4	0	0	0	0	0	0	0	4
Provide Right to Act by Written Consent	11	11	11	0	0	0	0	0	0	0	11	0
Provide Right to Call Special Meeting	14	14	14	0	0	0	0	0	0	0	14	0
Reduce Supermajority Vote Requirement	58	74	71	0	0	0	3	0	0	0	71	0
Remove Double-Voting Rights for Long-Term Registered Shareholders	2	2	2	0	0	0	0	0	0	0	2	0
Renew Partial Takeover Provision	29	30	0	30	0	0	0	0	0	0	0	30
Require Advance Notice for Shareholder Proposals/Nominations	11	11	11	0	0	0	0	0	0	0	11	0
Totals for Antitakeover Related :	838	927	614	302	0	0	11	0	0	0	617	299
Miscellaneous												
Accept/Approve Corporate Social Responsibility Report	66	67	66	0	1	0	0	0	0	0	66	1
Approve Cost Auditors and Authorize Board to Fix Their Remuneration	64	66	66	0	0	0	0	0	0	0	66	0

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	DNV	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Management Climate-Related Proposal	35	36	33	3	0	0	0	0	0	0	33	3
Totals for Miscellaneous :	160	169	165	3	1	0	0	0	0	0	165	4
Other/Misc												
Allow Shareholder Meetings to be Held in Virtual-Only Format	84	130	15	115	0	0	0	0	0	0	15	115
Amend Certificate of Incorporation to Add Federal Forum Selection Provision	18	19	14	3	1	0	1	0	0	0	14	4
Approve Allocation of Income and Class Share Dividends	14	14	14	0	0	0	0	0	0	0	14	0
Totals for Other/Misc :	116	163	43	118	1	0	1	0	0	0	43	119
Directors Related II												
Elect Members of Audit Committee (Bundled)	8	8	1	3	4	0	0	0	0	0	1	7
Totals for Directors Related II :	8	8	1	3	4	0	0	0	0	0	1	7
SH-Routine/Business												
Allow Shareholder Meetings to be Held in Virtual-Only Format	3	5	5	0	0	0	0	0	0	0	3	2
Amend Articles/Bylaws/Charter -- Non-Routine	30	31	23	5	1	0	2	0	0	0	9	20
Amend Articles/Bylaws/Charter -- Routine	5	6	4	0	0	0	2	0	0	0	0	4
Amend Meeting Procedures	1	1	1	0	0	0	0	0	0	0	0	1
Amend Ordinary Business Items	19	41	12	29	0	0	0	0	0	0	29	12
Approve Additional Income Allocation/Distribution	4	5	2	3	0	0	0	0	0	0	5	0
Approve Allocation of Income/Distribution Policy	10	11	2	8	1	0	0	0	0	0	11	0
Approve Alternative Income Allocation/Distribution Policy	3	3	1	2	0	0	0	0	0	0	3	0
Company-Specific -- Miscellaneous	40	107	17	58	32	0	0	0	0	0	36	71
Country-by-Country Tax Reporting	3	3	3	0	0	0	0	0	0	0	2	1
Require Independent Board Chairman	39	40	39	0	0	0	1	0	0	0	1	38
Totals for SH-Routine/Business :	145	253	109	105	34	0	5	0	0	0	99	149
SH-Dirs' Related												
Adopt Proxy Access Right	4	4	4	0	0	0	0	0	0	0	1	3
Allow Directors to Engage in Commercial Transactions with the Company and/or Be Involved with Other Companies	1	1	0	1	0	0	0	0	0	0	1	0
Amend Articles Board-Related	3	4	1	1	2	0	0	0	0	0	3	1
Amend Articles/Bylaws/Charter - Call Special Meetings	32	33	32	0	0	0	1	0	0	0	2	30
Amend Articles/Bylaws/Charter - Removal of Directors	1	1	1	0	0	0	0	0	0	0	0	1
Amend Proxy Access Right	26	26	26	0	0	0	0	0	0	0	0	26
Amend Vote Requirements to Amend Articles/Bylaws/Charter	6	6	6	0	0	0	0	0	0	0	2	4
Appoint Alternate Internal Statutory Auditor(s) [and Approve Auditor's/Auditors' Remuneration]	88	150	63	38	49	0	0	0	0	0	101	49
Appoint Chairman of Internal Statutory Auditor(s) [and Approve His/Her Remuneration]	17	20	17	1	2	0	0	0	0	0	20	0
Appoint Internal Statutory Auditor(s) Nominated by Preferred Shareholders [and Approve Auditor's/Auditors' Remuneration]	16	17	15	0	2	0	0	0	0	0	17	0
Board Diversity	8	8	7	1	0	0	0	0	0	0	2	6
Change Size of Board of Directors	25	25	2	20	2	0	1	0	0	0	24	0
Company-Specific Board-Related	59	94	63	23	7	0	1	0	0	0	79	14
Declassify the Board of Directors	8	8	8	0	0	0	0	0	0	0	4	4
Deliberations on Possible Legal Action Against Directors/(Internal) Auditors	5	8	0	4	4	0	0	0	0	0	8	0
Elect Alternate Director Nominated by Preferred Shareholders	1	1	1	0	0	0	0	0	0	0	1	0

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	DNV	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Elect Director (Cumulative Voting or More Nominees Than Board Seats)	34	206	48	130	18	0	10	0	0	0	116	80
Elect Director (Dissident)	17	104	29	4	2	10	59	0	0	0	26	19
Elect Director Nominated by Preferred Shareholders	11	12	6	2	4	0	0	0	0	0	12	0
Elect Minority Representative under Majority Board Election	4	13	11	0	2	0	0	0	0	0	13	0
Elect Minority Representative under Majority Fiscal Council Election	1	2	2	0	0	0	0	0	0	0	2	0
Elect Supervisory Board Members (Bundled)	44	78	32	44	2	0	0	0	0	0	78	0
Elect a Shareholder-Nominee to the Board (Proxy Access Nominee)	60	105	18	68	19	0	0	0	0	0	67	38
Elect a Shareholder-Nominee to the Supervisory Board	13	18	0	16	2	0	0	0	0	0	17	1
Establish Environmental/Social Issue Board Committee	1	1	1	0	0	0	0	0	0	0	0	1
Establish Mandatory Retirement Age for Directors	1	1	0	1	0	0	0	0	0	0	1	0
Establish a Nominating Committee	2	2	1	1	0	0	0	0	0	0	2	0
Limit Composition of Committee(s) to Independent Directors	1	1	1	0	0	0	0	0	0	0	0	1
Provide Right to Act by Written Consent	73	73	73	0	0	0	0	0	0	0	0	73
Removal of Existing Board Directors	21	58	24	26	2	0	6	0	0	0	27	25
Require Director Nominee Qualifications (Excluding Environmental & Social)	1	1	0	1	0	0	0	0	0	0	1	0
Require Environmental/Social Issue Qualifications for Director Nominees	3	3	3	0	0	0	0	0	0	0	0	3
Require Majority of Independent Directors on Board	1	1	0	1	0	0	0	0	0	0	1	0
Require More Director Nominations Than Open Seats	1	1	0	1	0	0	0	0	0	0	1	0
Require a Majority Vote for the Election of Directors	14	14	14	0	0	0	0	0	0	0	2	12
Restore or Provide for Cumulative Voting	1	1	1	0	0	0	0	0	0	0	1	0
Totals for SH-Dirs' Related :	418	1101	510	384	119	10	78	0	0	0	632	391
SH-Corp Governance												
Approve Recapitalization Plan for all Stock to Have One-vote per Share	13	13	13	0	0	0	0	0	0	0	1	12
Company-Specific--Governance-Related	22	24	3	18	3	0	0	0	0	0	20	4
Initiate Share Repurchase Program	2	2	0	1	1	0	0	0	0	0	1	1
Miscellaneous -- Equity Related	8	10	4	3	3	0	0	0	0	0	6	4
Reduce Supermajority Vote Requirement	15	15	15	0	0	0	0	0	0	0	1	14
Submit Severance Agreement (Change-in-Control) to Shareholder Vote	2	2	2	0	0	0	0	0	0	0	0	2
Totals for SH-Corp Governance :	59	66	37	22	7	0	0	0	0	0	29	37
SH-Soc./Human Rights												
Human Rights Risk Assessment	9	9	8	1	0	0	0	0	0	0	2	7
Improve Human Rights Standards or Policies	3	3	3	0	0	0	0	0	0	0	0	3
Totals for SH-Soc./Human Rights :	12	12	11	1	0	0	0	0	0	0	2	10
SH-Compensation												
Adopt Policy on Bonus Banking	2	2	2	0	0	0	0	0	0	0	0	2
Clawback of Incentive Payments	3	3	3	0	0	0	0	0	0	0	0	3
Company-Specific--Compensation-Related	17	24	12	12	0	0	0	0	0	0	14	10
Increase Disclosure of Executive Compensation	7	10	9	1	0	0	0	0	0	0	1	9
Limit Executive Compensation	2	2	1	0	1	0	0	0	0	0	1	1
Limit/Prohibit Accelerated Vesting of Awards	2	2	2	0	0	0	0	0	0	0	0	2

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	DNV	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Link Executive Pay to Social Criteria	5	5	5	0	0	0	0	0	0	0	0	5
Non-Employee Director Compensation	4	5	2	2	1	0	0	0	0	0	5	0
Performance-Based and/or Time-Based Equity Awards	2	2	0	2	0	0	0	0	0	0	2	0
Report on Pay Disparity	4	4	4	0	0	0	0	0	0	0	0	4
Totals for SH-Compensation :	46	59	40	17	2	0	0	0	0	0	23	36
SH-Gen Econ Issues												
Mandatory Arbitration on Employment Related Claims	3	3	3	0	0	0	0	0	0	0	0	3
Totals for SH-Gen Econ Issues :	3	3	3	0	0	0	0	0	0	0	0	3
SH-Health/Environ.												
Climate Change Action	10	25	9	16	0	0	0	0	0	0	21	4
Community -Environment Impact	6	8	7	1	0	0	0	0	0	0	2	6
GHG Emissions	13	13	12	1	0	0	0	0	0	0	3	10
Phase Out Nuclear Facilities	11	40	0	40	0	0	0	0	0	0	40	0
Prepare Report on Health Care Reform	1	1	1	0	0	0	0	0	0	0	0	1
Prepare Tobacco-Related Report	2	2	2	0	0	0	0	0	0	0	0	2
Product Toxicity and Safety	3	4	3	1	0	0	0	0	0	0	1	3
Proposals Requesting Non-Binding Advisory Vote On Climate Action Plan	6	6	5	1	0	0	0	0	0	0	2	4
Recycling	1	1	1	0	0	0	0	0	0	0	0	1
Renewable Energy	6	9	0	9	0	0	0	0	0	0	9	0
Report on Climate Change	38	46	40	4	0	0	2	0	0	0	12	32
Report on Environmental Policies	1	1	1	0	0	0	0	0	0	0	0	1
Review Drug Pricing or Distribution	3	3	3	0	0	0	0	0	0	0	0	3
Review Foreign Military Sales	1	1	0	1	0	0	0	0	0	0	1	0
Weapons - Related	1	1	1	0	0	0	0	0	0	0	0	1
Totals for SH-Health/Environ. :	88	161	85	74	0	0	2	0	0	0	91	68
SH-Other/misc.												
Animal Welfare	2	2	2	0	0	0	0	0	0	0	0	2
Charitable Contributions	2	2	0	2	0	0	0	0	0	0	2	0
Company-Specific -- Shareholder Miscellaneous	4	4	2	2	0	0	0	0	0	0	3	1
Gender Pay Gap	6	6	6	0	0	0	0	0	0	0	0	6
Labor Issues - Discrimination and Miscellaneous	17	18	17	1	0	0	0	0	0	0	2	16
Political Activities and Action	1	1	0	1	0	0	0	0	0	0	1	0
Political Contributions Disclosure	21	22	21	0	0	0	1	0	0	0	1	20
Political Lobbying Disclosure	27	28	27	0	0	0	1	0	0	0	1	26
Report on EEO	10	12	12	0	0	0	0	0	0	0	1	11
Workplace Sexual Harassment	2	2	1	1	0	0	0	0	0	0	1	1
Totals for SH-Other/misc. :	71	97	88	7	0	0	2	0	0	0	12	83
Social Proposal												
Adopt a Policy on Ideological Board Diversity	1	1	0	1	0	0	0	0	0	0	1	0
Miscellaneous -- Environmental & Social Counterproposal	6	7	1	5	0	0	1	0	0	0	5	1
Miscellaneous Proposal -- Environmental & Social	10	14	13	1	0	0	0	0	0	0	2	12
Totals for Social Proposal :	17	22	14	7	0	0	1	0	0	0	8	13
Totals for the report :	11313	112271	57894	38492	5232	10150	239	264	0	0	59423	52609





