

2020 SHAREHOLDER PROPOSALS

A total of 425 shareholder proposals went to a vote as of August 1, 2020. Overall volume has slightly decreased year over year since 2017 potentially due to an increase in company proactiveness, successful negotiations with proponents and no action relief letters granted by the SEC. **Governance** related proposals have represented over half of all shareholder proposals in each of the last four years. We highlight a number of the shareholder proposal trends we saw during the 2020 Proxy Season on the following pages.

TOTAL SHAREHOLDER PROPOSALS 2017-2020

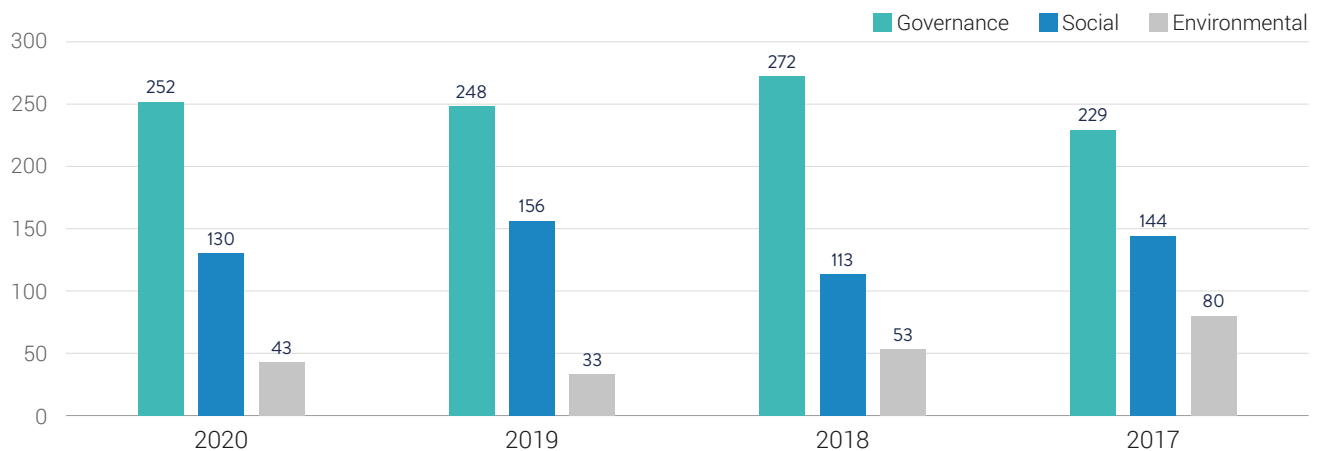


Chart represents shareholder proposals voted on at companies within the Russell3000 from January 1, 2017 through August 1, 2020. Excludes contested situations.



GOVERNANCE PROPOSALS

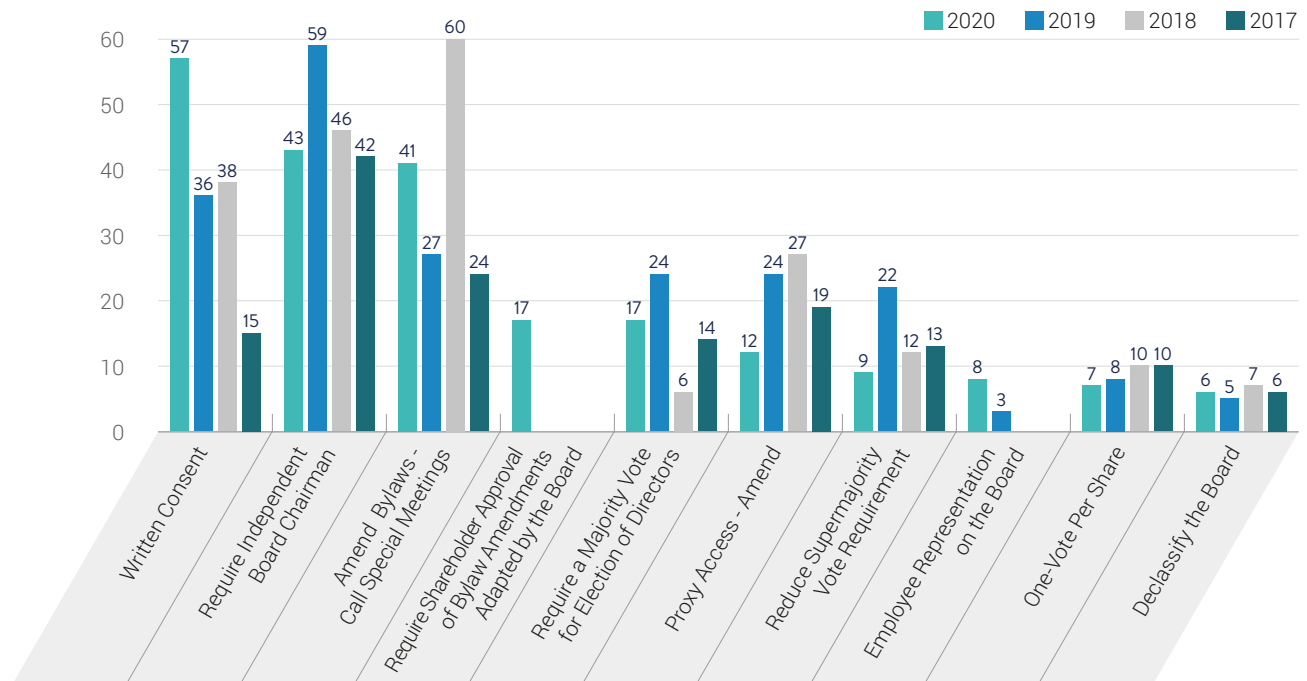


Chart represents common Governance shareholder proposals voted on at companies within the Russell3000 through August 1, 2020.

WRITTEN CONSENT

Proposals related to shareholders' right to act by written consent increased substantially this year. Average support decreased slightly from 40% in 2019 to 37% in 2020. Only three proposals, at **Berry Global Group, Inc. (BERY)**, **OGE Energy Corp. (OGE)** and **Stanley Black & Decker, Inc. (SWK)** received a majority of the votes cast compared to six in 2019. John Chevedden was the main proponent behind most written consent proposals. Chevedden was the sponsor or co-sponsor of over half of the proposals that went to a vote.

INDEPENDENT BOARD CHAIR

The volume of proposals requesting a split Chair/CEO decreased but average support was up from 29% in 2019 to 34% in 2020. Two proposals received a majority of the votes cast at **Baxter International (BAX)** and **The Boeing Company (BA)** compared to none in 2019. Investors consider many factors when voting on this proposal including clearly defined duties of a Lead Independent Director, strong financial/stock price performance and robust governance practices.

SHAREHOLDERS' RIGHT TO CALL SPECIAL MEETINGS

Average support for this proposal was 41% which is consistent with previous years. Over half of the proposals voted on received support over 40%. Shareholders' ability to call special meetings is considered a fundamental shareholder right and as such, it remains a common proposal. The five proposals that passed consisted of two that requested the right to call a special meeting and three aimed to reduce the ownership threshold required to call a meeting. Company specific factors including size, performance, existing anti-takeover provisions and responsiveness to shareholders are all considerations for institutions and advisory firms when reviewing these proposals.

REQUIRE SHAREHOLDER APPROVAL OF BYLAW AMENDMENTS ADOPTED BY THE BOARD

New this year were proposals requesting shareholder approval of bylaw amendments adopted by the Board. 17 proposals were submitted and none received a majority of the

ENVIRONMENTAL & SOCIAL PROPOSALS

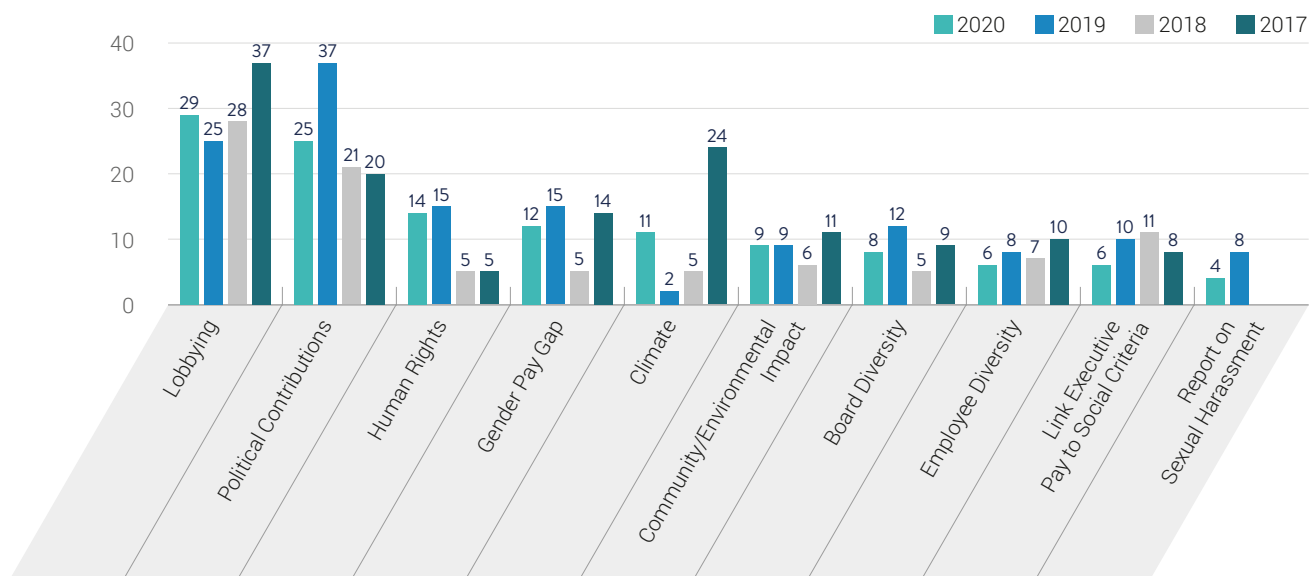


Chart represents common E & S shareholder proposals voted on at companies within the Russell3000 through August 1, 2020.

votes cast. Average support was just 2% of the votes cast. Proponents argued that certain amendments potentially limit the rights of shareholders and reduce accountability of directors and management. The main proponent was John Chevedden, who submitted the majority of these proposals.

LOBBYING/POLITICAL CONTRIBUTIONS

Lobbying proposals were up slightly this year and average support was 32% which is consistent with last year. Only one proposal at **Alaska Air Group, Inc. (ALK)** received a majority of the votes cast which is also consistent with 2019. Proposals related to Political Contributions were down but average support was up from 36% in 2019 to 41% in 2020. Four proposals received a majority of the votes cast compared to two last year. Several proposals were narrowly defeated receiving above 45% of the votes cast. ISS recommended a vote in favor of all proposals related to political contributions this year and opposed only two in 2019.

HUMAN RIGHTS

Twelve proposals requested a report on human rights while

two requested the company adopt a formal human rights policy. Average support was 24% compared with 32% in 2019. No proposal received a majority of the votes cast compared with two last year.

GENDER PAY GAP

Arjuna Capital and Proxy Impact were the main proponents of Gender Pay proposals this year. The number of proposals was consistent with 2019 but average support was down considerably from 24% in 2019 to 13% in 2020. The decrease in support may be attributed to additional disclosure from companies on the topic. Additionally, ISS recommended against all but one proposal this year compared to recommending in favor of all but one proposal in 2019. To date, no proposal has received a majority of the votes cast.

CLIMATE RELATED PROPOSALS

There was an increase in climate change proposals this year and average support increased to 36% compared to 32% in 2019. Two proposals requesting a report on climate change received a majority of the votes cast at **J.B. Hunt**

Transport Services, Inc. (JBHT) and **Ovintiv, Inc. (OVV)** and a proposal requesting a report on climate lobbying aligned with Paris Agreement goals received a majority of votes cast at **Chevron Corporation (CVX)**. Neither of the two climate change proposals passed in 2019.

COMMUNITY – ENVIRONMENTAL IMPACT

Proposals in the community/environmental impact category varied widely based on the individual company and industry. Proposals ranged from reporting on coal combustion, deforestation, food waste, and health harms to communities of color, petrochemical operations, plastic bag use and water pollution. Average support was 22% and only one proposal received a majority of the votes cast compared with none in 2019. The proposal that passed was at **Phillips 66 (PSX)** and requested a report on risks of Gulf Coast petrochemical investments.

DIVERSITY

A total of eight proposals relating to Board Diversity went to a vote compared to twelve in 2019 and average support of 20% was up slightly from 18% in 2019. Three proposals requested companies adopt a policy regarding Board Diversity, one of which received a majority of the votes cast at **Expeditors International of Washington, Inc. (EXPD)**. This compared with four proposals that went to a vote in 2019 with two receiving a majority of the votes cast. Four proposals that requested companies disclose a board diversity and qualifications matrix went to a vote. Average support was just 4% and none received a majority of the votes cast which was consistent with 2019. One proposal requested a report on plans to increase board diversity which received 60% of the votes cast at **National HealthCare Corporation (NHC)**. A similar proposal was submitted at a controlled company in 2019 and did not receive a majority of votes cast.

Average support for proposals related to employment diversity continued to increase from 38% in 2019 to 53% in 2020. Three proposals at **Fastenal Company (FAST)**, **Fortinet, Inc. (FTNT)** and **Genuine Parts Company (GPC)** received a majority of the votes cast compared to two in 2019.

LOOKING AHEAD

It is unclear how COVID-19 and social unrest will affect the 2021 proxy season. Due to the current environment, issues related to Human Capital Management, Supply Chain, Diversity and Community Support may garner more attention and potentially more support.

As always, engagement with institutional investors for companies is crucial, as is adding appropriate and thoughtful disclosure in the proxy statement.

