About Glass Lewis
The World's Choice for Governance Solutions

We enable institutional investors and publicly listed companies to make sustainable decisions based in research and data.

• Our customers include the majority of the world’s largest pension plans, mutual funds, and asset managers, collectively managing over $40 trillion in assets.

• We have teams located across the United States, Europe, and Asia-Pacific giving us global reach with a local perspective on the important governance issues.

• We cover 30,000+ meetings each year, across approximately 100 global markets.

• Our offerings include Proxy Paper proxy research reports, Viewpoint Proxy voting platform, and extensive thought leadership (learn more at GlassLewis.com).

• For public companies, our Governance Hub provides easy access to tools and resources, including Glass Lewis research and thought leadership, to help companies optimize their corporate governance programs and ESG strategies.

Contact your Glass Lewis representative to discuss further or email our teams at:

grow@glasslewis.com (institutional investors) | engage@glasslewis.com (public companies)
Our Leadership Team
North American Research Leadership

Moderator: Brianna Castro - Senior Director, U.S. Research

- Joined Glass Lewis in 2016
- Specializes in stakeholder engagement, corporate governance analysis, and research operations
- Leading role in Glass Lewis policy and product development

Courteney Keatinge - Senior Director, ESG Research

- Joined Glass Lewis in 2011
- Leads Glass Lewis partnerships with ESG data providers as well as ESG-related stakeholder engagement and analysis
- Has contributed to a variety of papers with organizations including the UN PRI and Ceres on issues related to ESG and corporate governance

Maria Vu - Senior Director, Executive Compensation Research

- Joined Glass Lewis in 2016
- Leads specialized team analyzing North American compensation issues, including proposals relating to Say-on-Pay and equity plans
U.S. and Canadian Policy Leadership

Aaron Wendt - Director of U.S. Governance Policy

• Joined Glass Lewis in 2017
• Oversees the development and implementation of Glass Lewis' research policy guidelines for the U.S. market
• Plays a leading role in the production of research reports and engagement with corporate issuers for the U.S. market

Oren Lida - Research Product Lead & Lead Analyst, Canada and Israel

• Joined Glass Lewis in 2016
• Co-ordinates Glass Lewis' research product initiatives and oversees governance, equity plan and executive compensation research for the Canadian market
Agenda
Agenda

Housekeeping

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- Colleagues can still sign up and view on-demand via our website (or you can forward them a link)
- View additional webinars at [www.glasslewis.com/webinars](http://www.glasslewis.com/webinars)

Agenda

- Voting Guideline Updates
- Q&A
- What’s next at Glass Lewis
North American Governance
Board Gender Diversity

• As of January 1, 2023, our policy for the Russell 3000 and all TSX listed companies transitions from a fixed-numerical approach to a percentage-based approach - at least 30% of the entire board, including executive directors. For companies outside of the Russell 3000, our policy will stay the same at one gender diverse director on the board.

• Generally, we will recommend against the nominating/governance chair if a company in the Russell 3000 index or TSX does not meet the threshold. However, we will consider disclosure provided by the Company regarding its plans for increasing the board’s gender diversity and may refrain from an against recommendation if we find the disclosure and plans to be sufficient.

  o Disclosure should include:
    - **Reasonable Timeline** (by the next annual meeting, or less than 1 year since a diverse director stepped off the board)
    - **Description of Actions** the board has taken or is taking (i.e. initiated a director search through a third-party search firm)
Disclosure of Diversity Metrics

• We will generally recommend against nominating/governance committee chairs at companies in the Russell 1000 when they have not provided any disclosure of individual or aggregate racial/ethnic minority demographic information.

Underrepresented Community Diversity

• We will generally recommend against nominating/governance committee chairs at companies in the Russell 1000 when they have fewer than one director from an underrepresented community on the board.

  o Underrepresented Community: An individual who self-identifies as Black, African American, North African, Middle Eastern, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, Alaskan Native, or who self-identifies as gay, lesbian, bisexual or transgender.

• Due to the change in status of certain state laws, we will not make recommendations based on such laws at this time. We will rely on our standard US policies on board diversity outlined here and on the previous slide.
E/S Oversight

Board oversight of E/S issues is more important than ever

- Collect this information for Russell 3000
- We will generally recommend voting against the governance chair of a company in the **Russell 1000 and S&P/TSX Composite** indices who fails to provide explicit disclosure concerning the board’s role in overseeing environmental and social issues.

<table>
<thead>
<tr>
<th>BOARD OF DIRECTORS</th>
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<tbody>
<tr>
<td><strong>Name</strong></td>
</tr>
<tr>
<td>Timothy D. Cook*</td>
</tr>
<tr>
<td>James A. Bell</td>
</tr>
<tr>
<td>Albert A. Gore</td>
</tr>
<tr>
<td>Alex Gorsky*</td>
</tr>
<tr>
<td>Andrea Jung</td>
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<tr>
<td>Arthur D. Levinson</td>
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<tr>
<td>Monica C. Lozano</td>
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<tr>
<td>Ronald D. Sugar</td>
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<td>Susan L. Wagner</td>
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Officer Exculpation Provisions

• Section 102(b)(7) of the DGCL amended in August 2022 to authorize corporations to adopt a provision in their certificate of incorporation to eliminate or limit monetary liability of certain corporate officers for breach of fiduciary duty of care.

• We will generally recommend voting against proposals amending the certificate to eliminate monetary liability for certain corporate officers (i.e. exculpate officers), unless compelling rationale for the adoption is provided by the board and the provisions are reasonable.
  • Compelling Rationale example: Confirmed difficulty hiring or keeping executives (not that it may be more difficult). Material reasons
  • Reasonable Provisions: Comply with those under applicable state law
Director Commitments

Overboarding Remains a Concern Among Investors

• Generally recommend that shareholders vote against a director in North America who serves:
  o As an executive officer (other than executive chair) of any public company while serving on more than *one external* public company board
  o If an executive officer also serves on the board of the same issuer by which they are employed as an executive, it will not be considered as external
  o As executive chair of any public company while serving on *two external* public company boards (no change)
  o As any other director who serves on more than *five* public company boards (no change)
Canada - Governance Policies

Multi-Class Shares

• For newly public companies adopting the structure without a reasonable sunset (7 years), no change: recommend against governance committee chair

• Acknowledgement of certain tradition of multi-class share structures outside of the U.S., including multi-generational family companies.
  • Arguments in favor may include legal differences from U.S., benefits of maintaining regional/national ownership; fending off opportunistic hostile takeovers.

• We may consider recommending against a representative of the multi-class shareholder group or family instead in cases where we deem it more appropriate to hold them accountable for this issue.

• Multi-year evidence of exemplary governance may be taken into account.
Shareholder Proposals and E&S Issues
ESG

• **Director Accountability for Climate-related Issues**
  • Continue to focus on oversight of material ESG risks at the board level
  • For emissions-intensive companies, Glass Lewis may vote against management proposals if companies do not have disclosures that aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) and/or insufficient board-level oversight of climate-related issues

• **Disclosure of Shareholder Proponents**
  • May recommend against governance committee chair of U.S. companies that fail to provide disclosure of shareholder proponents
  • Continued focus on identity of proponents in shareholder proposal research
  • Companies also encouraged to provide information regarding the share ownership of proponents
Shareholder Proposals

• **Shareholder Approval of Severance Policies**
  • Generally supportive of proposals requesting that shareholders approve any severance benefits above 2.99 times bonus and salary
    • Proposals often request that the 2.99 figure represent cash payments and equity
    • Codified our approach to provide that, when companies have adopted policies that require shareholder approval for severance payments above 2.99 times bonus and salary, excluding equity, we may recommend against these proposals

• **Racial Equity Audit Proposals**
  • Generally supportive, but will approach on a case-by-case basis with a view to risks associated with impacts on external stakeholders
    • Considerations:
      • Nature of the company’s operations
      • Disclosure provided by company and its peers
      • Relevant controversies/lawsuits/fines
Executive Compensation
Executive Compensation Updates

Performance-based Allocation of the Long-Term Incentive Award

• Appropriate threshold level was raised to 50% from 33% of the overall long-term incentive.

• We will raise concern regarding insufficient performance-based accountability for long-term incentive compensation for allocations below 50%.

• Low allocation may result in an against recommendation for the say-on-pay in the presence of other concern factors such as poor structure of time-based awards or a pay-for-performance disconnect.
Executive Compensation Updates

Clarifications for both U.S. and Canadian Markets

• Company Responsiveness to Shareholder Dissent
  • In situations with high insider ownership, Glass Lewis will also expect expanded disclosure on
  shareholder outreach and efforts to address concerns for low levels of disinterested shareholder
  support.

• Disclosure Around Committee Discretion Over Incentive Payouts
  • For significant events that are not adequately accounted for in the formulaic structure of incentive
  programs, we emphasize the importance of providing disclosure around the committee's
  consideration of such events when determining final payout.

• Grants of Front-Loaded Awards
  • In situations where multi-year awards were provided for the performance-based component of the
    long-term incentive only, Glass Lewis will monitor the year-over-year change in the annualized
    value of whole long-term incentive.
    o Additional supplemental grants during the vesting period of the multi-year award may be negatively
      viewed unless a convincing rational is provided.
Executive Compensation Updates

Clarifications for the U.S. Market Only

• Pay For Performance
  • New disclosure related to the August 2022 SEC ruling on pay-versus-performance will not impact the Glass Lewis Pay-For-Performance Model in 2023.
  • New disclosure may be reviewed for the overall assessment and recommendation for the say on pay.

• Recoupment Provisions
  • For companies that currently do not have a clawback provision, we will raise concern.
    o Inclusion of thorough disclosure of efforts to adopt a provision ahead of new listing requirements will be viewed favorably.
Q&A
What’s Next at Glass Lewis

- **New Features in Proxy Paper**
  - **Glass Lewis ESG Profile Page**: Expanding coverage to approx. 5,500 companies, including Russell 3000 and TSX Composite companies.
  - Reports are bolstered by information from Sustainalytics, Diligent, SASB, BitSight and ESG Book

- **Issuer Data Report (IDR)** - Registration for public companies is always open

- **Active Ownership Engagement Solution and Letter Writing Campaigns** - Reports coming soon for subscribers. See our website for further information.

- **Engagement Management Platform** - Manage Engagements by Recording Information, Tracking Progress, and Reporting Outcomes, etc.

Contact your Glass Lewis representative to discuss further or email our teams at:

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Thanks for Listening!

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