Taft-Hartley

Benchmark Policy Guidelines

2025

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Summary of Changes for 2025

On an ongoing basis, Glass Lewis extensively reviews and consults with stakeholders and clients on its policy guidelines. Annually, Glass Lewis updates its policy guidelines in accordance with market trends, developments and the results of our ongoing consultations.

In advance of the 2025 proxy season, Glass Lewis has not made material revisions to the Taft-Hartley Policy.

Introduction

In addition to the standard detailed analysis conducted by Glass Lewis for all its clients, Glass Lewis conducts an additional level of analysis on behalf of its Taft-Hartley clients relevant to their specific regulatory responsibilities and their long-term perspective on value creation. These guidelines are designed with the fiduciary voting responsibilities of the Employee Retirement Income Security Act of 1974 ("ERISA") in mind. Under ERISA, the fiduciary act of managing retirement plan assets that are shares of stock includes the management of proxy voting rights associated with those shares. In carrying out their duties, ERISA fiduciaries must act prudently and loyally. The duty of loyalty requires that the voting fiduciary exercise proxy voting authority solely in the interests of participants and beneficiaries and for the exclusive purpose of providing plan benefits to participants and beneficiaries. Plan participants' and beneficiaries' interest in their retirement income or financial benefits under the plan must not be subordinated to any non-pecuniary objective.

The guidelines are designed for plan trustees who have elected to follow the AFL-CIO proxy voting guidelines and investment managers who vote proxies for plans with guidelines based on the AFL-CIO proxy voting guidelines and its annual Key Vote Survey. In addition to the standard extensive review of the financial and corporate governance issues implicated in voting proxies at portfolio companies, these guidelines are intended to encourage corporations to focus on building and maintaining responsible business practices that will lead to long-term, sustainable value and thereby promote retirement security for plan participants and beneficiaries.

While Glass Lewis' analysis is grounded in case-by-case review of the circumstances presented, the following guidelines, coupled with close attention to the issues highlighted in the annual Key Vote Survey, describe how the Taft-Hartley Policy will generally vote on these issues, unless the particular circumstances presented suggest another approach would be in the economic interest of plan participants and beneficiaries.

Election of Directors

The Taft-Hartley Policy recognizes the critical role of the board in preserving and enhancing the long-term value of the corporation and, in turn, the long-term economic interests of plan participants. From the financial reporting and accounting scandals of the early 2000s to the excessive risk taking during the Global Financial Crisis of 2007-2008 to the repeated examples of companies facing severe fines, litigation and reputational damage from inattention to environmental laws or other safety and compliance issues in more recent years, it is clear that a lack of necessary monitoring and corporate governance can severely harm shareholders. A properly composed board, with the right governance structures, is an essential safeguard against this sort of damage to plan participants' capital and retirement security.

Board of Directors

Boards are established in order to represent shareholders and protect their interests. Glass Lewis seeks boards that have a record for protecting shareholders and delivering value over the medium- and long-term. For boards that wish to protect and enhance the interests of shareholders they must have sufficient levels of independence (the percentage varies by local market practice and regulations), boast a record of positive performance, have directors with diverse backgrounds, and appoint new directors that have a depth of relevant experience.

Board Composition

The Taft-Hartley Policy examines a variety of elements to the board when voting on director elections. In terms of the directors, the policy looks at each individual on the board and explores their relationship with the company, the company's executives and with other board members. This is to ensure and determine whether a director has an existing relationship with the company that are likely to impact any decision processes of that board member.

The biographical information provided by the company on the individual director is essential for investors to understand the background and skills of the directors of the board. This information should be provided in the company's documents well in advance of the shareholder meeting, in order to give shareholders sufficient time to analyze the information. In cases where the company fails to disclose the names or backgrounds of director nominees, the Taft-Hartley Policy may vote against or abstain from voting on the directors' elections.

The Taft-Hartley Policy will vote in favor of governance structures that will drive positive performance and enhance shareholder value. The most crucial test of a board's commitment to the company and to its shareholders is the performance of the board and its members. The performance of directors in their capacity as board members and as executives of the company, when applicable, and in their roles at other companies where they serve is critical to this evaluation.

Directors are formed into three categories based on an examination of the type of relationship they have with the company. The table below includes a breakdown of how Glass Lewis classifies these director relationships with the company.

Insider	Affiliate	Independent
> Someone who serves as a director and as an employee of the Company	>A director who has a material financial, familial or other relationship with the company, or its executives, but is NOT an employee of the company	>No material financial, familial or other current relationships with the company, it's executives or other board members except for service
>May also include executive chairs (who act as an employee of the company or is paid as an employee of the company)	>A director who owns or controls, directly or indirectly 20% or more of the company's voting stock (except where local regulations or best practices set a different threshold).	> A director who owns, directly or indirectly less than 10% of the company's voting stock (local regulations and best practices may set a different threshold)
	>A director who has been employed by the company within the past 5 calendar years	>A director who has not been employed by the company for a minimum of 5 calendar years
	>A director who performs material consulting, legal, advisory, accounting or other professional services for the company	>A director who is not involved in any Related Party Transactions (RPT) with the company (most common RPT's - Consulting, Legal, and Accounting/Advisory services)
	>A director who is involved in an "Interlocking Directorship"	

Common other reasons the Taft-Hartley Policy will vote against a director:

(i) A director who attends less than 75% of the board and applicable committee meetings.

(ii) A director who is also the CEO of a company where a serious restatement has occurred after the CEO certified the pre-restatement financial statements.

(iii) An affiliated director when the board is not sufficiently independent in accordance with market best practice standards.

(iv) An affiliate or insider on any of the key committees (audit, compensation, nominating) or an affiliate or insider on any of the key committees and there is insufficient independence on that committee, both of the above can vary in accordance with the markets best practice standards.

The following conflicts of interests may hinder a director's performance and may result in a vote against:

(i) A director who presently sits on an excessive number of public company boards (see the relevant market guidelines for confirmation of the excessive amount).

(ii) Director, or a director whose immediate family member, or the firm at which the director is employed, provides material professional services to the company at any time during the past five years.

(iii) Director, or a director whose immediate family member, engages in airplane, real estate or other similar deals, including perquisite type grants from the company.

(iv) Director with an interlocking directorship.

(v) All board members who served at a time when a poison pill with a term of longer than one year was adopted without shareholder approval within the prior twelve months.

(vi) A director who has received two against recommendations from Glass Lewis for identical reasons within the prior year at different companies.

Board Independence

A board composed of at least two-thirds independent directors is most effective in protecting shareholders' interests. Generally, the Taft-Hartley Policy will vote against non-independent directors if the board is less than two-thirds independent.

Board Committee Composition

It is best practice to have independent directors serving on the audit, compensation, nominating and governance committees. As such, the Taft-Hartley Policy will support boards with this structure and vote against board members who are not deemed independent and sit on one of these key committees.

Board Diversity, Tenure and Refreshment

The Taft-Hartley Policy acknowledges the importance of ensuring that the board is comprised of directors who have a diversity of skills, backgrounds, thoughts, and experiences. As such, having diverse boards benefits companies greatly by encompassing an array of different perspectives and insights. The Taft-Hartley Policy may vote against the chair of the nominating committee when the board has failed to address the lack of diverse skills, and experience of the board members or when it fails to meet legal requirements or relevant market best practice standards, and when the company has not disclosed any explanation or plan regarding its approach to board diversity.

In terms of board tenure and refreshment, the Taft-Hartley Policy strongly supports routine director evaluations, including independent external reviews, and periodic board refreshment in order to enable the company to maintain a fresh set of ideas and business strategies in an ever-changing world and market. Having directors with diverse experiences and skills can strengthen the position of a company within the market. Therefore, the Taft-Hartley Policy promotes refreshment within boards, as a lack of refreshment can lead to poor company performance. Thus, the Taft-Hartley Policy may consider voting against directors with a lengthy tenure (e.g. over 12 years) when we identify significant performance or governance concerns indicating that a fresh perspective would be beneficial and there is no evidence of any plans of future board refreshment.

Director Overboarding

The Taft-Hartley Policy will closely review director board commitments and will vote against directors serving on more than five total boards, for directors who are not also executives; and against directors serving on more than three total boards, for a director who serves as an executive.

Board Size

Although there is not a universally acceptable optimum board size, boards should have a minimum of five directors to ensure sufficient diversity in decision making and to enable the establishment of key committees with independent directors. Further, boards should not be composed of more than 15 directors as the board may suffer as a result of too many voices to be heard and have difficulty reaching consensus on issues with this number of members. As a result, the Taft-Hartley Policy will generally vote against proposals that would set the board size at fewer than five directors or more than 15 directors.

Classified Boards

The Taft-Hartley Policy favors the repeal of staggered boards in favor of the annual election of directors. Staggered boards are generally less accountable to shareholders than annually elected directors to the board. In addition, the annual election of directors encourages board members to focus on protecting the interests of shareholders. Further to this, if shareholders are unsatisfied with board members the annual election of directors allows them to voice these concerns.

Significant Shareholders

Significant shareholders are either an individual or an entity which holds between 20-50% of a company's voting power, and the Taft-Hartley Policy provides that shareholders should be allowed proportional representation on the board and in committees (excluding the audit committee) based on their percentage of ownership.

Performance

Board members performance and their actions in regard to performance of the board is an essential element to understanding the board's commitment to the company and to shareholders. The Taft-Hartley Policy will look at the performance of individuals as directors and executives of the company and of other companies where they have served. Often a director's past conduct is indicative of future conduct and performance.

The Taft-Hartley Policy will typically vote against directors who have served on boards or as executives of companies with records of poor performance, inadequate risk oversight, excessive compensation, audit or accounting-related issues, and other actions or indicators of mismanagement. However, the Taft-Hartley Policy will also reevaluate the directors based on factors such as the length of time that has passed since the incident, the director's role, and the severity of the issue. Further, The Taft-Hartley Policy will vote against all members of a compensation committee who have demonstrated significant failure in appropriately aligning executive pay with company performance.

Review of Risk Management Controls

The Taft-Hartley Policy evaluates the risk management function of a public company on a case-by-case basis. Companies, particularly financial firms, should have a dedicated risk committee, or a committee on the board in charge of risk oversight, as well as a chief risk officer who reports directly to that committee, not to the CEO or another executive of the company. When analyzing the risk management practices of public companies, the Taft-Hartley Policy takes note of any significant losses or write-downs on financial assets and/or structured transactions. In cases where a company has disclosed a sizable loss or write-down, and where the company's board-level risk committee's poor oversight contributed to the loss, the Taft-Hartley Policy will recommend that shareholders vote against such committee members on that basis. In addition, in cases where a company maintains a significant level of financial risk exposure but fails to disclose any explicit form of board-level risk oversight (committee or otherwise), the Taft-Hartley Policy may vote against the chair of the board on that basis.

Slate Elections

In some countries, in particular Italy, companies elect their board members as a slate, whereby shareholders are unable to vote on the election of an individual director, but rather are limited to voting for or against the board as a whole. The Taft-Hartley Policy will generally support the slate if no major governance or board-related concerns have been raised in the analysis, and the slate appears to support and protect the best interests of all shareholders.

Board Responsiveness

When shareholder proposals receive significant support (generally more than 30% but less than majority of votes cast), we believe an initial level of board responsiveness is warranted. In instances where a shareholder proposal has received at least 30% shareholder support, we generally believe boards should engage with shareholders on the issue and provide disclosure addressing shareholder concerns and outreach initiatives.

Further, as discussed above, at controlled companies and companies that have multi-class share structures with unequal voting rights, we will carefully examine the level of approval or disapproval attributed to unaffiliated shareholders when determining whether board responsiveness is warranted.

Separation of the Roles of CEO and Chair

The separation of the positions of CEO and chair creates a better and more independent governance structure than a combined CEO/chair position. The role of executives is to manage the business based on the course charted by the board. Executives should be in the position of reporting and answering to the board for their performance in achieving their goals as set out by the board. This would become more complicated if they too held the position of chair as it would be difficult for them to fulfil the duty of being both the overseer and policy setter when they, the CEO/chair control both the agenda and boardroom.

The Taft-Hartley Policy views an independent chair as better able to oversee the executives of the company and set a pro-shareholder agenda without the management conflicts that a CEO and other executive insiders often face. Such oversight and concern for shareholders allows for a more proactive and effective board of directors that is better able to look out for the interests of shareholders.

Furthermore, it is the board's responsibility to select a chief executive to best serve the company and its shareholders and to replace this person when his or her duties have not been appropriately fulfilled. Such a replacement becomes more difficult and happens less frequently when the chief executive is also in the position of overseeing the board.

However, even considering the above, the Taft-Hartley Policy will not vote against CEOs who also chair the board. The Taft-Hartley Policy will support separating the positions of CEO and chair whenever the question is posed in a proxy, as in the long-term it is in the best interests of the company.

In the absence of an independent chair, the Taft-Hartley Policy will support the appointment of a presiding or lead independent director with authority to set the agenda for the meeting and to lead sessions. In the case where the company has neither an independent chair nor independent lead director, the Taft-Hartley Policy may vote against the chair of the governance committee.

Governance Following an IPO or Spin-off

Companies that have recently completed an initial public offering ("IPO"), or spin-off should be given adequate time to fully adjust and comply with marketplace listing requirements and meet basic corporate governance standards. The Taft-Hartley Policy generally allows the company a one-year period following the IPO to comply with these requirements and as such refrains from voting based on governance standards (e.g., board independence, committee membership and structure, meeting attendance, etc.).

However, there are some cases that warrant shareholder action against the board of a company that have completed an IPO or spin-off in the past year. The Taft-Hartley Policy will evaluate the terms of applicable governing documents when determining the recommendations and whether the shareholders rights will be severely restricted. In order to come to a conclusion the following points will be considered:

1. The adoption of anti-takeover provisions such as a poison pill or classified board;
2. Supermajority vote requirements to amend governing documents;
3. The presence of exclusive forum or fee-shifting provisions;
4. Whether shareholders can call special meetings or act by written consent;
5. The voting standard provided for the election of directors;
6. The ability of shareholders to remove directors without cause;
7. The presence of evergreen provisions in the company's equity compensation arrangements; and
8. The presence of a dual-class share structure which does not afford common shareholders voting power that is aligned with their economic interest.

Anti-takeover provisions can negatively impact future shareholders who (except for electing to buy or sell the stock) are unable to weigh in on matters that might negatively impact their ownership interest. In cases where the anti-takeover provision was adopted prior to the IPO, the Taft-Hartley Policy may vote against the members of the board who served when it was adopted if the board:

(i) Did not also commit to submit the anti-takeover provision to a shareholder vote at the company's next shareholder meeting following the IPO; or

(ii) Did not provide a sound rationale or sunset provision for adopting the anti-takeover provision.

Financial Reporting

Accounts and Reports

Excluding situations where there are concerns surrounding the integrity of the statements/reports, the Taft-Hartley Policy will generally vote for Accounts and Reports proposals.

Where the required documents have not been published at the time that the vote is cast, the Taft-Hartley Policy will abstain from voting on this proposal.

Income Allocation (Distribution of Dividends)

The Taft-Hartley Policy will generally vote for proposals concerning companies' distribution of dividends. However, particular scrutiny will be given to cases where the company's dividend payout ratio is exceptionally low or excessively high relative to its peers, and where the company has not provided a satisfactory explanation for this disparity.

Appointment of Auditors and Authority to Set Fees

The role of the auditor is crucial in protecting shareholder value. Like directors, auditors should be free from conflicts of interest and should assiduously avoid situations that require them to make choices between their own interests and the interests of the shareholders. Because of the importance of the role of the auditor, rotating auditors is an important safeguard against the relationship between the auditor and the company becoming too close, resulting in a lack of oversight due to complacency or conflicts of interest. Accordingly, the Taft-Hartley Policy will vote against auditor ratification proposals in instances where it is clear that a company's auditor has not been changed for 7 or more years.

In instances where a company has retained an auditor for fewer than 7 years, the Taft-Hartley Policy will generally support management's recommendation for the selection of an auditor, as well as the board's authority to fix auditor fees. However, there are a number of exceptions to this policy, and the Taft-Hartley Policy will vote against the appointment of the auditor and/or the authorization of the board to set auditor fees in the following scenarios:

- The independence of an incumbent auditor or the integrity of the audit has been compromised.
- Audit fees combined with audit-related fees total less than one-half of total fees.
- There have been any recent restatements or late filings by the company and responsibility for such can be attributed to the auditor (e.g., a restatement due to a reporting error).
- The company has aggressive accounting policies.
- The company has poor disclosure or lack of transparency in financial statements.
- There are other relationships, or issues of concern, with the auditor that might suggest a conflict of interest.
- The company is changing auditors as a result of a disagreement between the company and the auditor on a matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures.

Further, in addition to voting against the ratification of auditor proposal, the Taft-Hartley Policy will vote against any nominee who sits on the audit committee if fees paid by the company for non-audit services in the prior fiscal year exceed 50% of the aggregate fees paid to the company's outside auditor.

Compensation

The Taft-Hartley Policy recognizes the key role of compensation in incentivizing performance and that, too often, excess pay without performance has benefitted corporate management to the detriment of plan participants and beneficiaries. The Taft-Hartley Policy is also cognizant of the potential for outsized, inappropriately designed compensation plans to damage internal company morale and to encourage excess risk-taking or even illegal conduct, with long-term adverse consequences for the company and its shareholders in the form of adverse legal judgments or settlements or even threats to the company's continued existence. Accordingly, the Taft-Hartley Policy carefully evaluates compensation plans to ensure that executives' pay is aligned with performance and that companies have established mechanisms to mitigate against behavior that may be contrary to shareholders' long-term interests.

Compensation Reports and Compensation Policies

Depending on the market, Compensation Report and Policy vote proposals may be either advisory or binding, e.g. in the UK a non-binding Compensation Report based upon the most recent fiscal year is voted upon annually, and a forward-looking Compensation Policy will be subject to a binding vote every three years.

In all markets company filings are evaluated closely to determine how well information pertinent to Compensation practices has been disclosed, the extent to which overall compensation is tied to performance, which performance metrics have been employed, as well as how the company's remuneration practices compare to that of its peers.

The Taft-Hartley Policy will vote against the approval of the Compensation Report or Policy in the following scenarios:

- There is a significant disconnect between pay and performance;
- Performance goals and metrics are inappropriate or insufficiently challenging;
- There is a lack of disclosure regarding performance metrics as well as a lack of clarity surrounding the implementation of these metrics.
- Short-term (e.g., generally less than three year) performance measurement is weighted excessively in incentive plans;
- Excessive discretion is afforded to, or exercised by, management or the Compensation Committee to deviate from defined performance metrics and goals in determining awards;
- Ex gratia or other non-contractual payments have been made and the reasoning for this is inadequate.
- Guaranteed bonuses are established;
- Egregious or excessive bonuses, equity awards or severance payments have been granted;
- Excessive increases (e.g. over 10%) in fixed payments, such as salary or pension entitlements, that are not adequately justified
- Where there is an absence of structural safeguarding mechanisms such as clawback and malus policies included in the Incentive plan.

Long Term Incentive Plans

The Taft-Hartley Policy recognizes the value of equity-based incentive programs. When used appropriately, they provide a means of linking an employee's pay to a company's performance, thereby aligning their interests with those of shareholders. In addition, equity-based compensation is an effective way to attract, retain and motivate key employees.

In order to allow for meaningful shareholder review, incentive programs should generally include:

(i) specific and appropriate performance goals;
(ii) a maximum award pool; and
(iii) a maximum award amount per employee.

In addition, the payments made should be reasonable relative to the performance of the business and total compensation paid to those included under the plan should be in line with compensation paid by the company's peers.

Equity Compensation

The Taft-Hartley Policy supports performance-based equity compensation plans for senior executives; where it is warranted by both their performance, and that of the company. While it is unnecessary to base equity-based compensation for all employees to company performance, placing such limitations on grants to senior executives is considered advisable (although in specific scenarios equity-based compensation granted to senior executives without performance criteria is acceptable under Glass Lewis guidelines, such as in the case of moderate incentive grants made in an initial offer of employment). While it is not uncommon for a board to state that tying equity compensation to performance goals may hinder them in attracting, and retaining, talented executives, the Taft-Hartley Policy takes the stance that performance – based compensation aids in aligning executive interests to that of shareholders, and as such will support the company in achieving its objectives. Accordingly, the Taft-Hartley Policy will generally oppose a company's advisory vote on executive compensation when its long-term incentive award does not have any performance-based elements.

The Taft-Hartley Policy will generally vote in favor of performance-based option or share schemes; with the exception of plans that include a provision to allow for the re-testing of performance conditions; for which a vote against is recommended. The Taft-Hartley Policy will also generally vote against equity compensation plans that bundle several kinds of awards into one plan, also known as "omnibus plans."

The Taft-Hartley plan also considers any potential dilutive effects of equity compensation plans. As equity plans can dilute the earns and voting power of shares outstanding, the Taft-Hartley Policy will vote against an equity plan if the total dilution of either outstanding voting power or outstanding shareholders equity is greater than 10%.

Director Compensation

The Taft-Hartley Policy supports non-employee directors receiving an appropriate form, and level, of compensation for the time and effort they spend serving on the board and its committees; and director fees being at a level that allows a company to retain and attract qualified individuals. The Taft-Hartley Policy compares the cost of director compensation to that of peer companies with similar market capitalizations in the same country so that compensation plans may be evaluated thoroughly, and a fair vote outcome reached.

Retirement Benefits for Directors

The Taft-Hartley Policy will typically vote against the granting of retirement benefits to non-executive directors. Such extended payments can impair the objectivity and independence of these board members. Initial, and annual fees should be of a level that provides appropriate compensation to directors throughout their service to the company.

Limits on Executive Compensation

As a general rule, shareholders should not seek to micromanage executive compensation programs. Such matters should be left to the board's compensation committee. The election of directors, and specifically those who sit on the compensation committee, is viewed as an appropriate mechanism for shareholders to express their support, or disapproval, of board policy on this issue. Further, companies whose pay-for-performance is in line with their peers should be granted the flexibility to compensate their executives in a manner that drives sustainable growth. However, the Taft-Hartley Policy favors performance-based compensation as an effective means of motivating executives to act in the best interests of shareholders. Performance-based compensation may be limited if a chief executive's pay is capped at a low level rather than flexibly tied to the performance of the company.

Governance Structure

Amendments to the Articles of Association

The Taft-Hartley Policy will evaluate proposed amendments to a company's articles of association on a case-by-case basis. The Taft-Hartley Policy is generally opposed to bundling several amendments under a single proposal as it prevents shareholders from evaluating each amendment on its own merits. In cases, where it is a bundled amendment, the Taft-Hartley Policy will evaluate each amendment individually and only support the proposal if, in the aggregate, the amendments are in the best interests of shareholders.

Anti-Takeover Measures

Multi-class Share Structure

The Taft-Hartley Policy views multi-class share structures as not in the best interests of shareholders and instead is in favor of one vote per share. This structure operates as a safeguard for common shareholders by ensuring that those who hold a significant minority of shares are still able to weigh in on issues set forth by the board. The economic stake of each shareholder should match their voting power and that no small group of shareholders, family or otherwise, should have differing voting rights from those of all other shareholders.

The Taft-Hartley Policy considers a multi-class share structure as having the potential to negatively impact the overall corporate governance of a company. Companies should have share class structures that protect the interests of non-controlling shareholders as well as any controlling entity. Therefore, the Taft-Hartley Policy will generally vote in favor of recapitalization proposals to eliminate multi-class share structures. Similarly, the Taft-Hartley Policy will typically vote against proposals to adopt a new class of common stock.

Cumulative Voting

When voting on cumulative voting proposals, the Taft-Hartley Policy will factor in the independence of the board and the company's governance structure. Cumulative voting is often found on ballots at companies where independence is lacking and where the appropriate balances favoring the interests of shareholders are not in place. However, cumulative voting increases the ability of minority shareholders to elect a director by allowing shareholders to cast as many shares of stock they own multiplied by the number of directors to be elected. Cumulative voting allows shareholders to cast all their votes for one single nominee, or a smaller number of nominees than up for election, thereby raising the likelihood of electing one or more of their preferred nominees to the board. Accordingly, cumulative voting generally acts as a safeguard for shareholders by ensuring that those who hold a significant minority of shares can elect a candidate of their choosing to the board. As a result, the Taft-Hartley Policy will typically vote in favor of proposals concerning cumulative voting.

In cases where the company has adopted a true majority vote standard (i.e., where a director must receive a majority of votes cast to be elected, as opposed to a modified policy indicated by a resignation policy only), the Taft-Hartley Policy will vote against cumulative voting proposals due to the incompatibility of the two election methods. For companies that have not adopted the true majority vote standard but have some form of majority voting, the Taft-Hartley Policy will also recommend voting against cumulative voting proposals if the company has also not adopted anti-takeover provisions and has been responsive to shareholders.

In instances where a company has not adopted majority voting standards and is facing both an election on the adoption of majority voting and a proposal to adopt cumulative voting, the Taft-Hartley Policy will support only the majority voting proposal.

Fair Price Provision

Fair price provisions, which are rare, require that certain minimum price and procedural requirements to be observed by any party that acquires more than a specified percentage of a corporation's common stock. The intention of this provision is to protect minority shareholder value when an acquirer seeks to accomplish a merger or other transaction which would eliminate or change the rights of the shareholder. Fair price provisions sometimes protect the rights of shareholders in a takeover situation. However, more often than not, they act as an impediment to takeovers, potentially limiting gains to shareholders from a variety of transactions that could potentially increase share price. As a result, the Taft-Hartley Policy will generally vote against fair price provisions.

Supermajority Vote Requirements

The Taft-Hartley Policy favors a simple majority voting structure except where a supermajority voting requirement is explicitly intended to protect the rights of minority shareholders in a controlled company. In the case of noncontrolled companies, supermajority vote requirements act as impediments to shareholder action on ballot items that are critical to their interests. For example, supermajority vote requirements can strongly limit the voice of shareholders in making decisions on critical matters such as the selling of the business. Supermajority vote requirements can also allow small groups of shareholders to overrule and dictate the will of the majority of shareholders. Thus, having a simple majority is appropriate for protecting the rights of all shareholders.

Poison Pills (Shareholder Rights Plan)

The Taft-Hartley Policy will generally oppose companies’ adoption of poison pills, as they can reduce management accountability by substantially limiting opportunities for corporate takeovers. As a result, rights plans can prevent shareholders from receiving a buy-out premium for their stock. Generally, the Taft-Hartley Policy will vote against these plans to protect their financial interests. While boards should be given wide latitude in directing the activities of the company and charting the company’s course, on an issue such as this where the link between the financial interests of shareholders and their right to consider and accept buyout offers is so substantial, shareholders should be allowed to vote on whether or not they support such a plan’s implementation. In certain limited circumstances, the Taft-Hartley Policy will support a limited poison pill to accomplish a particular objective, such as the closing of an important merger, or a pill that contains what we believe to be a reasonable ‘qualifying offer’ clause.

Increase in Authorized Shares

Adequate capital stock is important to a company’s operation. When analyzing a request for additional shares, the Taft-Hartley Policy will typically review four common reasons why a company may need additional capital stock:

1. Stock Split	Three Metrics: (a) Historical stock pre-split price (if any) (b) Current price relative to the company's most common trading price over the past 52 weeks (c) Some absolute limits on stock price (that will either make the split appropriate or would produce an unreasonable price)
2. Shareholder Defenses	Additional authorized shares could be used to bolster takeover defenses such as a poison pill. The proxy filings often discuss the usefulness of additional shares in defending against a hostile takeover.
3. Financing for Acquisitions	Examine whether the company has a history of using stock for acquisitions and attempts to determine what levels of stock have generally been required to accomplish such transactions.
4. Financing for Operations	Review the company's cash position and its ability to secure financing through borrowing or other means.

The Taft-Hartley Policy will generally support proposals when a company could reasonably use the requested shares for financing, stock splits and stock dividends, as having adequate shares to allow management to make quick decisions and effectively operate the business is critical. The Taft-Hartley Policy favors that, when a company is undertaking significant transactions, management will justify its use of additional shares rather than providing a blank check in the form of large pools of unallocated shares available for any purpose.

Generally, the Taft-Hartley Policy will support proposals to increase authorized shares up to 100% of the number of shares currently authorized unless, after the increase, the company would be left with less than 30% of its authorized shares outstanding. In markets where such authorities typically also authorize the board to issue new shares without separate shareholder approval, the Taft-Hartley Policy applies the policy described below on the issuance of shares.

Issuance of Shares

The issuance of additional shares generally dilutes existing shareholders in most circumstances. Further, the availability of additional shares, where the board has discretion to implement a poison pill, can often serve as a deterrent to interested suitors. In cases where a company has not detailed a plan for use of the proposed shares, or where the number of shares far exceeds those needed to accomplish a detailed plan, the Taft-Hartley Policy will typically vote against the authorization of additional shares. In the case of a private placement, the Taft-Hartley Policy will also factor in whether the company is offering a discount to its share price.

Generally, the Taft-Hartley Policy will support proposals to authorize the board to issue shares (with pre-emptive rights) when the requested increase is equal to or less than the current issued share capital. The authority of these shares should not exceed five years unless that is the market best practice. In accordance with the different market practices, the specific thresholds for share issuance can vary. And, as a result, the Taft-Hartley Policy will vote on these proposals on a case-by-case basis.

The Taft-Hartley Policy will also generally support proposals to suspend pre-emption rights for a maximum of 520% of the issued ordinary share capital of the company, depending on best practice in the country in which the company is located. This authority should not exceed five years, or less for some countries.

Repurchase of Shares

The Taft-Hartley Policy typically supports proposals to repurchase shares when the plan includes the following provisions:

(i) A maximum number of shares which may be purchased (typically not more than 10-15% of the issued share capital); and

(ii) A maximum price which may be paid for each share (as a percentage of the market price).

Reincorporation

A company is generally in the best position to determine the appropriate jurisdiction of incorporation. The Taft-Hartley Policy will factor in several elements when a management proposal to reincorporate the company is put to vote. These elements include reviewing the relevant financial benefits, generally related to corporate tax treatment, as well as changes in corporate governance provisions, especially those related to shareholder rights, resulting from the change in domicile. In cases where the financial benefits are too small to be meaningful and there is a decrease in shareholder rights, the Taft-Hartley Policy will vote against the transaction.

Advance Notice Requirements

Typically, the Taft-Hartley Policy will vote against provisions that would require advance notice of shareholder proposals or of director nominees. Advance notice requirements typically range between three to six months prior to the annual meeting. These requirements often make it impossible for a shareholder who misses the deadline to present a shareholder proposal or director nominee that may be in the best interests of the company. Shareholders should be able to review and vote on all proposals and director nominees and are able to vote against proposals that appear with little prior notice. Therefore, by setting advance notice requirements it limits the opportunity for shareholders to raise issues that may arise after the window closes.

Transaction of Other Business

In general, the Taft-Hartley Policy will vote against proposals that put the transaction of other business items proposal up for vote at an annual or special meeting, as granting unfettered discretion is unwise.

Anti-Greenmail Proposals

The Taft-Hartley Policy will support proposals to adopt a provision preventing the payment of greenmail, which would serve to prevent companies from buying back company stock at significant premiums from a certain shareholder. The anti-greenmail provision helps to protect the company as it requires that a majority of shareholders other than the majority shareholder approve the buyback, thus eliminating cases where a majority shareholder could attempt to charge a board a large premium for the shares.

Virtual-Only Shareholder Meetings

A growing number of companies have elected to hold shareholder meetings by virtual means only. The Taft-Hartley Policy supports companies allowing a virtual option alongside an in-person meeting, so long as shareholder interests are not compromised. Without proper controls, conducting a virtual-only meeting of shareholders could eliminate or significantly limit the rights of shareholders to confront, and ask management to address any concerns they may have. When companies decide to only hold virtual-only meetings, the Taft-Hartley Policy will examine the level of disclosure provided by the company on the virtual meeting procedures and base the voting outcome on that level of disclosure.

Mergers, Acquisitons and Contested Meetings

For merger and acquisition proposals, the Taft-Hartley Policy undertakes a thorough examination of all elements of the transaction and determine the transaction's likelihood of maximizing shareholder return. In order to make a voting recommendation, the Taft-Hartley Policy will examine the process conducted, the specific parties and individuals involved in negotiating an agreement, as well as the economic and governance terms of the proposal.

In the case of contested merger situations, or board proxy fights, the Taft-Hartley Policy will evaluate the plan presented by the dissident party and how, if elected, it plans to enhance or protect shareholder value. The Taft-Hartley Policy will also consider any concerns presented by the board, including any plans for improving the performance of the company, when making the ultimate recommendation.

Shareholder Proposals

The Taft-Hartley Policy takes a long-term perspective on shareholder value, understanding that in order to ensure financially sustainable operations, companies must consider their employees, suppliers and customers as well as the environment and surrounding communities. With a view to these considerations, the Taft-Hartley Policy will support proposals related to the aforementioned matters if they contribute to the long-term economic best interests of shareholders. In doing so, the Taft-Hartley Policy will pay close attention to, and will vote in line with, the proposals identified by the AFL-CIO's Key Vote Survey.

The Taft-Hartley Policy will examine the circumstances at each company on a case-by-case basis. The evaluation is based on publicly available information, such as annual reports, sustainability reports, companies' websites, NGO websites, and news sources. When situations where shareholder value may be at risk are identified, the Taft-Hartley Policy will vote in a manner that promotes enhanced disclosure and board accountability. In extraordinary cases when companies have failed to adequately mitigate risks stemming from environmental or social practices, the Taft-Hartley Policy may vote against:

(i) ratification of board and/or management acts;
(ii) approving a company's accounts and reports and/or;
(iii) relevant directors.

Governance Proposals

The Taft-Hartley Policy is broadly supportive of governance-related proposals. For example, the Taft-Hartley Policy supports increased shareholder participation and access to a company and its board of directors. Accordingly, the Taft-Hartley Policy will vote in favor of initiatives that seek to enhance shareholder rights, such as the introduction of majority voting to elect directors, the adoption and amendment of proxy access bylaws, the elimination/reduction of supermajority provisions, the declassification of the board, the submission of shareholder rights' plans to a shareholder vote, and the principle of one share, one vote.

The Taft-Hartley Policy will also support proposals aimed at increasing the diversity of boards or management as well as those requesting additional information concerning workforce diversity and the adoption of more inclusive nondiscrimination policies. Further, the Taft-Hartley Policy will support enhanced oversight of environmental and social issues at the board level by supporting resolutions calling for the creation of an environmental or social committee of the board and will vote support proposals requesting that the board adopt a subject-matter expert, such as one with deep knowledge and experience in human rights or climate change-related issues when it is evident that such oversight is lacking from a company's boardroom. The Taft-Hartley Policy will also generally vote for proposals seeking to increase disclosure of a company's business ethics and code of conduct, as well as of its activities that relate to social welfare.

Compensation Proposals

The Taft-Hartley Policy places a strong emphasis on companies putting in place mechanisms to ensure that executives' compensation is reasonable and aligned with long-term shareholder value. Accordingly, the Taft-Hartley Policy will be broadly supportive of proposals that seek to establish these mechanisms.

The Taft-Hartley Policy will support shareholder proposals to link pay with performance, to eliminate or require shareholder approval of golden coffins and to clawback unearned bonuses. The Taft-Hartley Policy will also support proposals seeking to tie executive compensation to performance measures such as compliance with environmental regulations, health and safety regulations, nondiscrimination laws and compliance with international human rights standards.

The Taft-Hartley Policy will vote in favor of proposals seeking to prohibit or require more disclosure about stock hedging and pledging by executives and will also support proposals requesting that companies adopt executive stock retention policies, prohibit the accelerated vesting of equity, seek shareholder approval of extraordinary retirement benefits for senior executives, i.e., benefits not generally offered to all employees, and report on vesting of government service golden parachutes for senior executives.

General Approach to Environmental and Social Shareholder Proposals

The Taft-Hartley Policy will generally support proposals requesting increased disclosure on environmental and social issues. For example, the guidelines will generally support proposals requesting that companies produce sustainability reports or provide reporting on specific environmental or human-rights-related issues, as such disclosure ensures that companies are monitoring and managing these important issues.

The Taft-Hartley Policy recognizes that human capital is a material issue for virtually every company. In addition, as highlighted by the COVID-19 pandemic, compliance with health and safety regulations, international human rights standards and other laws and norms that govern the company's relationship with its stakeholders can directly affect the company's short- and long-term success. Accordingly, the Taft-Hartley Policy generally supports human capital management-related proposals, as well as those reasonably designed to promote consideration of the communities and broader constituents in the areas in which companies do business. Accordingly, the Taft-Hartley Policy will generally vote for proposals requesting that companies provide greater disclosure regarding their impact on local stakeholders, workers' rights and human rights in general. In addition, the Taft-Hartley Policy supports proposals for companies to adopt or comply with certain codes of conduct relating to labor standards, human rights conventions and corporate responsibility at large. The Taft-Hartley Policy will also support proposals requesting independent verification of a company's contractors' compliance with labor and human rights standards. In addition, the Taft-Hartley Policy supports the International Labor Organization standards and proposals that encourage companies to adopt such standards in their business operations.

Given that companies' adverse environmental impacts can result in fines, lawsuits, penalties and reputational damage that can threaten long-term shareholder value, the Taft-Hartley Policy generally supports environmental proposals, including those seeking improved sustainability reporting and disclosure about company practices which impact the environment. The Taft-Hartley Policy also supports increased disclosure of a company's environmental risk through company-specific disclosure as well as compliance with international environmental conventions and adherence to environmental principles. Similarly, the Taft-Hartley Policy supports proposals requesting companies develop greenhouse gas emissions reduction goals, comprehensive recycling programs, and other proactive means to mitigate a company's environmental impact. The Taft-Hartley Policy also supports proposals requesting that a company consider energy efficiency and renewable energy sources in its project development and overall business strategy.

Responsible business practices can provide a foundation for the creation and maintenance of long-term shareholder value. Accordingly, the Taft-Hartley Policy generally supports proposals seeking to increase disclosure of a company's business ethics and code of conduct, as well as of its activities that relate to social welfare. The Taft-Hartley Policy generally supports proposals requesting that a company develop sustainable business practices, such as animal welfare policies, human rights policies, and fair lending policies.

Likewise, a lack of transparency around political contributions can lead to corporate assets being used in ways that are not in the company's or its shareholders' long-term best interests. Accordingly, the Taft-Hartley Policy supports reporting and reviewing a company's political spending, including proposals requesting reporting on a company's lobbying practices and expenditures as well as reporting on membership in tax-exempt organizations that write and endorse model legislation. Further, the Taft-Hartley Policy will support other initiatives aimed at either prohibiting, limiting or requiring shareholder approval for the use of corporate funds for political purposes.

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