



**Minnesota State Board of Investment
Current Proxy Voting Practices
Updated August 2021**

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Minnesota State Board of Investment Current Proxy Voting Practices

This set of voting practices is a summary of Proxy Committee precedents drawn from various Proxy Committee actions over the course of past years. It is used by the Proxy Committee to give direction to staff in voting proxies and is subject to review at any time, at the request of any Proxy Committee member. Underlined text indicates precedent set in 2021.

CORPORATE GOVERNANCE ISSUES

I. Board of Directors

Voting on Director Nominees in Uncontested Elections

The SBI typically votes FOR management's nominees for directors. However, the Proxy Committee approved following the proxy research provider's recommendations for directors based on their parameters for determining when to WITHHOLD or vote AGAINST directors.

The Proxy Committee approved voting CASE-BY-CASE regarding directors, individually or the entire board, for egregious actions or failure to replace management as appropriate or for Minnesota companies.

“Vote No” Campaigns

Vote FOR supporting shareholder “vote no” campaigns to vote against certain proposals or directors if a voting precedent has previously been set on the issue in question. Vote CASE-BY-CASE in other situations.

Voting on Directors in Contested Elections of Directors

The Proxy Committee has approved voting CASE-BY-CASE in contested elections of directors, if it is a large company facing a contentious issue or if it is a Minnesota company. The Proxy Committee has approved using the proxy research provider's voting recommendations at smaller or less contentious, non-Minnesota companies or if there is not sufficient time for the Committee's review.

Reimbursement of Dissident Expenses

Vote AGAINST shareholder proposals requiring reimbursement of reasonable expenses for a shareholder in a contested election of directors.

Majority Voting

Majority vote standard is preferred. Vote FOR the adoption of majority voting. Vote FOR the elimination of cumulative voting if the company has adopted a majority vote standard. Vote AGAINST proposals to eliminate cumulative voting if the company does not have majority vote standards. Vote FOR proposals to allow cumulative voting if the company does not have majority vote standards.

Removal of Directors

Vote FOR proposals to approve charter or bylaw provisions that limit the grounds for removal of board members to “for cause” only and to vote AGAINST proposals allowing the removal of board members “without cause,” unless required by law.

Size of Board

Vote FOR proposals to increase or decrease size of board within reasonable parameters under normal circumstances. Not all company charters or bylaws require shareholders to approve the size of the board. Vote CASE-BY-CASE on proposals requesting that no shareholder approval is needed to fill vacancies on boards or to give the board full authority to set board size.

Repeal Classified Board

Vote FOR shareholder proposals that ask for the repeal of a company's charter or by-law provisions that classify its board of directors and to return to the annual election of the entire board. Vote AGAINST proposals asking shareholders to establish a classified board of directors. Also includes proposals to reduce the number of classes in the company's board structure.

Independent Chairperson of Board/Separation of Positions

Vote FOR shareholder proposals requiring that the chairman's position be filled by an independent director

Require Majority of Independent Directors on Board

Vote FOR shareholder proposals asking a company to establish a policy that its board will have a majority of independent directors.

Create Independent Audit, Nominating and Compensation Committees

Vote FOR shareholder proposals that ask a company to establish discrete audit, nominating and compensation committees that are composed of all independent directors.

Form Independent Directors Committee

Vote AGAINST shareholder proposals to form a Committee of Independent Directors to evaluate management proposals to board of directors. Includes proposals to have committee review internal financial statements monthly.

Include Women and Minorities on Board/Board Inclusiveness

Vote FOR shareholder proposals that ask a company to seek out and nominate qualified women and minorities to its board or to publicly commit company to Board inclusiveness.

Labor Union/Employee Representation on Board

Vote AGAINST shareholder proposals requesting a by-law amendment allowing labor organizations to submit nominees for consideration as directors or to provide for employee representation on the board. Vote CASE-BY-CASE if there are unusual circumstances.

Director Nominee Information

Vote FOR shareholder proposals that ask the company to provide more information on nominated directors unless proposal specifically asks for ideological or political information.

Adopt/Amend Director Liability or Indemnification Provisions

Vote FOR proposals to adopt or amend company bylaws to set guidelines for director and officer liability or indemnification provisions if a director or officer has acted in good faith.

Create Shareholder Advisory Committees

Vote AGAINST shareholder proposals that ask a company to establish a committee of shareholder representatives to advise the board of directors about issues of shareholder concern, including the nomination of candidates for director.

Limit Director Tenure

Vote AGAINST shareholder proposals asking a company to impose age or term limits on the members of its board.

Eliminate Non-Employee Directors Retirement Plan

Vote FOR shareholder proposals that ask the company to eliminate non-employee retirement plans.

Proxy Access for Director Nominees

Vote FOR shareholder proposals to allow nominators who meet 3% ownership and 3 year ownership requirements to nominate up to one quarter of candidates for election at a meeting, including binding shareholder proposals on this issue.

Equal Proxy Access

Vote FOR shareholder proposals asking a company to allow shareholders (who meet certain criteria of stock ownership and written notice requirements) access to the company's proxy materials to express views that may be at variance with management's.

Shareholder Proposals to Report on or Create Board Level Committees

Vote FOR reports discussing the merits of establishing a board committee to monitor a risk material to the company. Vote AGAINST creating board committees focused on a specific outcome to an issue faced by the company unless there are allegations of wrong doing or inaction, then vote CASE-BY-CASE.

II. Meeting and Voting Process

Adopt Confidential Voting

Vote FOR shareholder proposals to adopt confidential voting. In addition, it often also asks the company to use an independent tabulator to tally the votes.

Counting Shareholder Votes

Vote FOR shareholder proposals asking the company to amend its bylaws to clarify how votes—particularly abstentions are to be counted on shareholder sponsored resolutions. Also includes proposals to eliminate the counting of any proxies in which the shareholder does not actually vote for or against a proposal and to eliminate the line that states “unmarked proxies will be counted as being votes in favor of the position favored by management.”

Reduce or Eliminate Supermajority Vote Provisions

Vote FOR shareholder proposals asking the company to reduce or eliminate its supermajority vote requirements. Vote AGAINST proposals asking shareholders to approve requiring a shareholder vote of approval greater than a simple 50 percent majority in specified circumstances. Vote CASE-BY-CASE on proposals asking for other types of amendments of these provisions.

Special Meeting

Vote AGAINST proposals asking shareholders to approve eliminating or limiting shareholder's rights to call a special meeting. Vote FOR proposals asking shareholders to approve restoring shareholders' rights to call a special meeting and allow shareholders with at least 10% of the Company's outstanding common stock to call a special meeting. Minnesota Statute 302A.433 may be used as a reference for these proposals.

Written Consent

Vote AGAINST proposals asking shareholders to approve eliminating or limiting shareholders' right to act by written consent. Vote FOR proposals asking shareholders to approve restoring (partially or in full) shareholders' right to act by written consent.

Change Annual Meeting Location or Date

Vote AGAINST proposals that ask a company to change or rotate the location of its annual meeting each year or change the date of the annual meeting.

Exclusive Forum

Vote AGAINST shareholder proposals to adopt jurisdiction of incorporation as exclusive forum for certain issues.

Transaction of Other Business

Vote AGAINST proposals that give management unfettered discretion to conduct business in addition to the proxy agenda except in the case of a merger.

Routine Management Proposals

Vote FOR management proposals on matters required by foreign jurisdictions as long as not inconsistent with precedent.

Bylaw Amendments

Vote AGAINST proposals requiring non-binding shareholder votes on bylaw amendments except in unusual circumstances or unless shareholder votes are required by law.

III. Auditors and Financials**Approval of Auditors**

Vote FOR proposals that ask shareholders to ratify the selection of the company's auditors. Follow proxy research service provider's recommendations for voting AGAINST certain situations, as outlined in Appendix A.

Auditor Related Proposals

Vote FOR shareholder proposals to seek shareholder approval for the selection of the company's outside auditors. Vote AGAINST shareholder proposals that ask the company to use competitive bids in hiring auditors. Vote FOR shareholder proposals asking for a policy that accounting firms retained for audit purposes not be hired for non-audit services.

Dividend Payout Policy

Vote AGAINST shareholder proposals asking the company to increase the dividend payout ratio or that allows shareholders to determine dividend policy.

Government Guaranteed Financing and Tax Policy

Vote AGAINST shareholder proposals asking the company to forego legal tax reductions strategies, reject taxpayer-guaranteed loans, credits or subsidies for overseas business activities.

IV. Management Stock Proposals**Increase/Decrease or Amend Common Stock**

Vote FOR proposals that ask shareholders to approve an amendment to the company's charter to increase or decrease the number of shares of its authorized common stock. Vote AGAINST if proxy research provider recommends a vote AGAINST. Vote CASE-BY-CASE if increase is an unusual amount, violates the 4% dilution limit precedent for management compensation, is under unusual circumstances or if amendment affects shareholders rights in a negative manner.

Increase/Decrease or Amend Preferred Stock

Vote FOR proposals that ask shareholders to approve an amendment of the company's charter to create, eliminate, increase or decrease the number of shares of its authorized and specified preferred stock. Vote AGAINST proposals to create or increase "blank check" preferred stock where the company withholds designating the stock's voting, dividend, conversion or other features until the stock is issued. Vote CASE-BY-CASE any proposals which are brought due to unusual circumstances at the company or that amend the stock which would affect shareholder's rights in a negative manner.

Approve/Eliminate/Amend Dual Class Stock

Vote AGAINST proposals to create dual class stock and FOR proposals to eliminate dual class stock. Vote CASE-BY-CASE on proposals to amend dual class stock if it negatively impacts shareholder's rights or if there are unusual circumstances.

Eliminate/Restore Preemptive Rights

Vote FOR proposals to eliminate preemptive rights and AGAINST proposals that restore preemptive rights.

Approve Share Repurchase

Vote FOR proposals that ask a company's shareholders to approve a share repurchase or buy back program except when proxy research provider recommends AGAINST, then vote CASE-BY-CASE.

Approve Stock Split or Reverse Stock Split

Vote FOR proposals that ask a company's shareholders to approve a stock split or reverse stock split. Stock exchange rules may require shareholder approval before the split can be made.

V. Merger, Restructuring, and Takeover Related Proposals**Approve Merger/Acquisition**

Vote FOR proposals that ask shareholders to approve a merger with or acquisition by another company, unless the proxy research provider recommendation is AGAINST or it is a controversial or contested transaction, in which case vote CASE-BY-CASE.

Voting on Postponement of Special Meeting

Vote FOR the postponement of a special meeting if you are voting FOR the merger/acquisition. Vote AGAINST the postponement of a special meeting if you are voting AGAINST the merger/acquisition.

Approve Restructuring/Recapitalization

Vote FOR approval of a restructuring or recapitalization of the company, including bankruptcy restructurings. Vote CASE-BY-CASE if the proposal is a controversial or contested transaction.

Separation/Spinoff/Sale of Company

Vote AGAINST shareholder proposals asking the company to spinoff, or separate into independent companies or to hire an investment banker to pursue the sale of the company.

Approve Reincorporation

Vote AGAINST proposals that ask shareholders to approve the reincorporation of the company from one state to another. Vote CASE-BY-CASE in unusual situations.

Offshore Reincorporation

Vote AGAINST proposals asking shareholders to approve the reincorporation of the company offshore in places such as Bermuda.

Reincorporate from Indiana to Delaware

Vote FOR shareholder proposals to reincorporate from Indiana to Delaware (due to changes in Indiana's law now mandating classified boards.)

Opt Into/Opt Out of State Takeover Statutes

Vote AGAINST shareholder proposals to adopt coverage offered by a state takeover statute. Many states have passed takeover laws that allow a company's shareholders to decide whether the company will be covered by all or some of the laws' provisions. Vote FOR shareholder proposals to reject coverage offered by the statutes. Vote CASE-BY-CASE in special circumstances.

Approve Company Name Change

Vote FOR proposals that ask shareholders to approve a change in the company's name.

Poison Pill

Vote AGAINST proposals asking shareholders to approve the company's poison pill shareholder rights plans. Vote FOR proposals asking shareholders to approve the elimination of a poison pill shareholder rights plan.

Shareholder Approval/Redemption of Poison Pill

Vote FOR shareholder proposals that ask a company to seek shareholder approval for its poison pill shareholder rights plan or to redeem its poison pill.

Adopt Nonfinancial Effect of a Merger

Vote CASE-BY-CASE proposals asking a company's shareholders to allow the company's board of directors to consider the nonfinancial effects of a proposed business combination. Nonfinancial effects typically include the impact of the combination on employees, host communities, suppliers and others, thus providing grounds for rejecting a purchase offer that may be attractive financially. Such provisions are also known as a "directors' duties."

VI. Management Compensation

Vote AGAINST option or incentive plans or proposals to add shares for employees or non-employee directors that contain language which allows for excise tax gross-ups, single trigger change-in-control acceleration, pyramiding, reloads, loans, underwater re-pricing, or is higher than the 4% threshold range of potential dilution of shares over the course of the program (evergreen) with regard to new issuance. Vote FOR option or incentive plans or proposals which add shares to plans for employees or non-employee directors that do not include these features.

Adopt/Amend Employee Stock Purchase Plans

Vote FOR proposals asking shareholders to approve, amend, or add shares to a stock purchase plan under which the company's rank-and-file employees may purchase shares of company stock. Often, the shares are offered at discount prices during annual, short-term purchase periods.

Vote AGAINST proposals that result in more than 4% of potential dilution of shares with regard to new issuance. Consider the proxy research service provider's recommendation when they advise AGAINST.

Say On Pay/Advisory Votes to Ratify NEO's Compensation

Vote AGAINST management proposals on advisory votes of ratify Named Executive Officers' compensation ("say on pay" or "SOP" proposals) that contain any of the following:

- Provisions from the Management Compensation intro paragraph
- Excise tax gross-ups.
- Has a current "D" or "F" pay for performance grade,
- Unreasonable one-off or reach-back bonuses not linked to performance
- With a current C grade and the following:
 - Excessive amount of total compensation
 - Total compensation to CEO is 4 times more than the average NEO.
 - Excessive NEO compensation compared to its Peer Group
 - Poor company performance compared to its competitors
 - Poor disclosure of compensation practices
 - Lack of a performance based long-term incentive plan (LTIP) as part of the compensation agreement

Vote CASE-BY-CASE on these proposals when proxy research service provider advises to vote AGAINST or for other reasons (if time allows).

Say When on Pay

Vote for "1 Year" frequency for all "say on pay" proposals to be put on the ballot for shareholder approval.

Executive Cash Incentive Plan Amendments

Vote AGAINST amendments to executive cash incentive plan when proxy research provider recommends AGAINST or Pay for Performance grade is D or F. Vote FOR other amendments to executive cash incentive plan when proxy research provider recommends FOR.

Employment Contracts

Vote FOR shareholder proposals to include the following in employee employment contracts: a termination date not to exceed 3 years (with no evergreen clause); no acceleration of awards; and no tax gross-ups or other make-whole arrangements.

Eliminate Short-Term Incentive Plans

Vote AGAINST or CASE-BY-CASE shareholder proposals to eliminate executive short-term incentive plans.

Tax Gross-Up Payments

Vote FOR shareholder proposals to eliminate tax gross-up payments.

Linking Executive Pay to non-Financial metrics

Vote FOR reports on the feasibility of linking sustainability, cybersecurity drug-pricing concerns or other non-financial metrics to executive compensation when relevant to the company's business. Vote AGAINST shareholder proposals mandating that the company include social non-financial metrics in determining executive compensation.

Approval of Certain Compensation Levels

Vote AGAINST shareholder proposals requiring a by-law amendment to require shareholder approval of executive compensation which is greater than the IRS deductibility limits.

Pay Disparity

Vote FOR reports on pay disparity, including but not limited to the company's CEO to employee pay ratio, whether compensation should be adjusted during layoffs, and whether there should be a ceiling on executive compensation. Vote AGAINST shareholder proposals that compare pay disparity levels or sets arbitrary limits between highest and lowest paid employees or other arbitrary limits.

Restrict Executive Compensation

Vote FOR shareholder proposals that ask a company to place limits on its long-term incentive compensation and associated stock option plans. Vote AGAINST shareholder proposals that ask the company to eliminate stock option plans for employees and officers. Vote CASE-BY-CASE on unusual proposals.

Share Repurchases

Vote FOR the exclusion of share repurchases when determining the amount or vesting of any senior executive incentive compensation grant or award.

Restricted Stock Option Plans

Vote AGAINST proposals to approve or add shares to restricted stock option plans that are separate from or in addition to other option or incentive plans for employees or non-employee directors.

Option Exercise Price Restriction

Vote AGAINST shareholder proposals that no stock options be granted unless the exercise price is equal to or higher than the lowest exercise price for any stock option granted during the year immediately preceding the grant.

Expensing of Stock Options

Vote FOR shareholder proposals to require the expensing of stock options.

Restrict Options During Workforce Reductions

Vote AGAINST shareholder proposals requesting that the company adopt a policy that no executives may cash in stock options within 6 months of a significant workforce reduction (unless the reduction is significantly greater than the 1% cited in proposals.)

Recoup Bonuses During Restatement

Vote FOR shareholder proposals requesting that management bonuses be recouped in the event of a restatement of earnings, misconduct or failure of management to properly manage risks, and report when this occurs.

Exclusion of Compliance Costs

Vote FOR shareholder proposals to exclude compliance costs for executive compensation.

Limit Retirement Pensions

Vote FOR shareholder proposals that ask the company to put a ceiling on retirement pensions payable by the corporation to its officers.

Shareholder Approval of Supplemental Retirement Plans (SERP's)

Vote FOR shareholder proposals to require shareholder approval of supplemental retirement plan packages for senior executives.

Disclosure of Relationships

Vote FOR shareholder proposals requesting disclosure of relationships with executive compensation consultants or firms.

Report on Non-Deductible Compensation

Vote FOR shareholder proposals to report on non-deductible compensation.

Retention of Shares

Vote FOR shareholder proposals to have senior executives retain 75% of shares acquired through compensation plans for 2 years or that executives hold a significant portion of shares until normal retirement age (or similar wording).

Five Year Lock Up Period

Vote FOR shareholder proposals to adopt a policy requiring a five year lock up for senior executive equity incentive awards.

Government Service

Vote AGAINST Shareholder Proposals to prohibit vesting of compensation for senior executives who resign to enter government service. Vote AGAINST shareholder proposals asking the company to report on prior government service by executives of the company.

Eliminate Existing/Approval of Future Golden Parachutes

Vote FOR shareholder proposals to eliminate existing golden parachutes or to seek shareholder approval before entering into future golden parachute agreements. Vote AGAINST management proposals to approve golden parachutes. The Committee reaffirmed its position even though they don't always approve of the arbitrary limits included in some proposals.

Prohibit CEO's from Serving on Compensation Committee

Vote AGAINST shareholder proposals to adopt a policy prohibiting any current or former CEO of a public company from serving on the Compensation Committee at any other company. Controversial situations will be voted CASE-BY-CASE.

Elect Shareholders as Advisors to Compensation Committee

Vote AGAINST shareholder proposals to allow shareholders the opportunity to elect a specified number of members to serve as advisors to the compensation committee.

Hire Independent Compensation Consultant

Vote CASE-BY-CASE on shareholder proposals that ask a company to fire an independent compensation consultant to advise the company's compensation committee.

Executive Compensation Adjustments

Vote FOR shareholder proposals requesting disclosure of adjustments to non-GAAP metrics in executive compensation calculations.

SOCIAL RESPONSIBILITY ISSUES**I. Military/Nuclear Weapons****Report/Create Military Contracting Criteria or Sales**

Vote CASE-BY-CASE on shareholder proposals that ask a company to report on or establish ethical criteria to use in determining which military contracts the company will bid on and how it will fulfill the contracts. Vote AGAINST if proposal includes language regarding offset agreements.

Report-Create Economic Conversion Plan

Vote AGAINST shareholder proposals to report on or create plan for converting from military to non-military business.

Nuclear Weapons Related Proposals

Vote CASE-BY-CASE on all shareholder proposals related to the production or involvement with nuclear weapons programs. Includes proposals to terminate or report on involvement in strategic defense initiatives, missile development, and other nuclear weapon production.

II. Funding/Contribution**Political Contributions**

Vote FOR shareholder proposals that ask a company to establish corporate political contribution guidelines and reporting provisions or that the company disclose its political spending.

Report on Lobbying Activities

Vote FOR shareholder proposals asking a company to report on lobbying activities.

Advisory Vote Regarding Electioneering

Vote AGAINST shareholder proposals to require an annual shareholder advisory vote on electioneering expenditures.

Regarding Political Non-Partisanship

Vote FOR shareholder proposals asking a company to affirm political non-partisanship in political contributions in the normal conduct of the company's business.

Report on Donations and Contributions

Vote FOR shareholder proposals that ask a company to list in its annual report all donations and contributions made to charitable organizations.

Eliminate Charitable Contributions

Vote AGAINST shareholder proposals that ask a company to eliminate charitable contributions.

Contributions to Fisheries & Wildlife

Vote AGAINST shareholder proposals that ask a company to make charitable contributions to improve fisheries and wildlife habitat.

III. Tobacco/ Alcohol**Report on Cigarette Marketing**

Vote FOR shareholder proposals asking a company to review and report on its cigarette marketing plans, often specifying marketing plans that target minors, minorities, low income, or less educated. Legal concerns regarding wording may result in CASE-BY-CASE voting.

Review Cigarette Sales to Minors

Vote FOR shareholder proposals asking a company to review and report to shareholders on how much of its cigarette revenue is attributable to illegal sales to minors.

Labeling Standards for Cigarettes

Vote FOR shareholder proposals asking a company to adhere to World Health Organization standards for cigarette labeling, which would require U.S. companies to comply with U.S. labeling standards on their overseas products.

Phase Out Tobacco-Related Business

Vote AGAINST or CASE-BY-CASE shareholder proposals asking a company to initiate the process of amending the purposes of the corporation that the company will not conduct any business related to tobacco products after a specified date.

Divestment of Tobacco Holdings

Vote AGAINST shareholder proposals that ask that no further purchases be made or that possible divestment of tobacco stocks in portfolios take place by a specified date.

Separation of Tobacco Business

Vote CASE-BY-CASE shareholder proposals asking management to take necessary steps in the separation of the company's tobacco business and its non-tobacco business within a year.

Report on Alcohol Advertising

Vote FOR shareholder proposals asking a company to report on the effects of beer advertising on minors.

IV. Health/Animal**Animal Welfare**

Vote FOR shareholder proposals asking a company to review its animal welfare standards or report on its progress in reducing its reliance on animal testing.

Phase Out Animal Testing

Vote AGAINST shareholder proposals asking companies to phase out all animal testing at in-house facilities, to no longer use independent outside laboratories for product testing on animals or both.

Animals in Trauma Tests for Vehicular Safety

Vote AGAINST shareholder proposals asking a company to immediately end all trauma experiments using live animals.

Controlled Atmosphere Killing of Poultry

Vote AGAINST shareholder proposals requesting a report on the feasibility of requiring its suppliers to phase in "controlled atmosphere killing" of poultry.

Report on Factory Farming Affects

Vote AGAINST shareholder proposals asking a company to form a review committee to investigate and report to shareholders on the effect that factory farming conditions have on animals where meat and poultry the company buys for sale in its restaurants, and recommend ways to encourage the development of more humane methods of raising these animals.

Antibiotics

Vote AGAINST shareholder proposals requiring companies to phase out the use of antibiotics in its supply chain, unless issues have been discovered at the company, then vote CASE-BY-CASE.

Health Care Reform

Vote FOR shareholder proposals asking a company to report on various health care reform proposals and report its finding to shareholders. Vote AGAINST shareholder proposals to adopt principles for healthcare reform.

Cannabis Advocacy

Vote AGAINST shareholder proposals requiring the company to announce support for the descheduling of cannabis.

Infant Formula Marketing Report

Vote FOR shareholder proposals asking a company to endorse World Health Assembly resolution and end free or subsidized supplies of breast milk substitutes to maternity wards and report to shareholders.

Pharmaceutical Product Price Restraints

Vote AGAINST shareholder proposals asking a company to create and implement a policy of price restraint on pharmaceutical products. Vote FOR shareholder proposals asking a company to report on risks related to its pricing policies for pharmaceutical products.

Opioid Report

Vote FOR reports on opioid-related risks faced by the company.

Genetically Engineered Organisms

Vote AGAINST shareholder proposals asking a company to adopt a policy of removing genetically engineered crops, organisms, etc. from all products sold by the company.

Vote AGAINST shareholder proposals asking a company to label and identify all food products that may contain genetically engineered ingredients.

Vote AGAINST proposals that require a company to educate the American public about the health and environment benefits of genetically modified ingredients.

Public Health Risks Report

Vote FOR reports on the risks faced by the company due to public health concerns reasonably related to its products.

Pesticide Report

Vote FOR reports on the risks faced by the company due to pesticide use.

V. Environmental**Report on Nuclear Waste/Emissions/Plant Safety**

Vote FOR shareholder proposals asking a company to report to shareholders on nuclear waste or radioactive emissions from its nuclear or radioactive operations or to review and report on plant safety.

Shut Down or Phase-Out Nuclear Power Plant

Vote AGAINST shareholder proposals asking for immediate shutdown of the company's nuclear power plant and arrange for its orderly retirements.

Report on Transporting of Nuclear Waste

Vote AGAINST shareholder proposals asking a company to make available to all shareholders information regarding transportation of nuclear material.

Report on Cost of Storing Radioactive Waste

Vote FOR shareholder proposals asking a company to report on its policy and expected costs to store irradiated fuel and other radioactive waste generated at nuclear plant, and cost placing plant in standby condition or decommissioning.

Proposal Regarding Nuclear Plant Decommissioning

Vote Case-BY-CASE on shareholder proposals asking a company to prepare updated decommissioning study, describing the method, procedures and resulting cost, political realities, nuclear industry's limitations and procedures designed to protect workers, public safety and the environment.

Sustainability Report

Vote FOR shareholder proposals requesting the company issue a sustainability report, to report on recycling strategy, or require suppliers to report on their sustainability progress and performance.

Report on Renewable Energy

Vote FOR shareholder proposals asking a company to report to shareholders on its effort to develop renewable energy sources.

Report on Risk to Climate Change

Vote FOR a shareholder proposal requesting the company to report on the risks of sea level rise or other climate related events if the company's business is vulnerable to such an event and there is extraordinary risk to the Company's markets and/or facility. This would include shareholder proposals that request an annual assessment of long-term portfolio impacts of public climate change policies

Water Stewardship Report

Vote FOR shareholder proposals asking the company to report on the company's impacts on the human right to water and sanitation.

Report on Acid Rain Issue

Vote FOR shareholder proposals asking a company to report on its programs to control emissions at coal-burning plants and progress toward curbing power plant emissions.

Environmental Hazards Assessment

Vote AGAINST shareholder proposals requesting the company to adopt a policy to make publicly available information that will allow concerned organizations to assess Company's environmental hazards to local and communities, inspect such facilities, or arrange for emergency preparedness. Vote FOR shareholder proposals asking a company to report on how it uses, controls and disposes of hazardous materials and if anybody is harmed by these materials.

Goals for Greenhouse Gas Emissions

Vote FOR shareholder proposals asking the company to adopt goals and report on greenhouse gas emissions or to assess how it could adapt its business model to enable increased deployment of distributed low-carbon electricity generation resources as a means to reduce greenhouse gas emissions.

Reduce Emissions

Vote FOR shareholder proposals asking a company to reduce the amount of chemical emissions it produces.

Natural Gas Hydraulic Fracturing

Vote FOR shareholder proposals to report on the impact of natural gas hydraulic fracturing.

Oil Sands Drilling

Vote FOR shareholder proposals to report on oil sands drilling.

Continued Coal Reliance

Vote FOR shareholder proposals to report on the financial risks of continued coal reliance.

FSC Certification for Wood Products

Vote FOR shareholder proposals to prepare a cost/benefit analysis of incorporating FSC certified wood products into the company's North American corporate strategy.

Report on Bisphenol (BPA)

Vote FOR shareholder proposals to report on Bisphenol (BPA).

Modify Products to Reduce the Escape or Harmful CFC's

Vote FOR shareholder proposals asking a company to modify products now in service to reduce the escape of harmful CFC's into the atmosphere and introduce new product lines that use environmentally safe substitutes for CFC's.

Halon Production

Vote AGAINST shareholder proposals asking a company to end production and sale of new halons immediately.

Phase out uses of PVC's in Medical Supplies

Vote AGAINST shareholder proposals asking a company to phase out production of medical supplies made with PVC's.

Deforestation Reports

Vote FOR shareholder proposals for the company to report on risk related to deforestation.

VI. Foreign Countries**Implementation of the 8 Holy Land Principles**

Vote to ABSTAIN on shareholder proposals that require a company with operations in Israel-Palestine to adhere to the Holy Land Principles.

Code of Conduct for Human Rights Violations

Vote FOR shareholder proposals to adopt a Code of Conduct if the company has not adopted a code or if there is evidence of wrong doing or if the company does not include third party monitoring in their policy. (The Proxy Committee has not approved the use of any specific code of conduct.)

Vote AGAINST shareholder proposals to adopt a different code than the company has already adopted.

Vote AGAINST shareholder proposals that require a company to set a policy that requires suppliers to verify compliance regarding immigrant laborers who have had to pay to cross the border.

Vote CASE-BY-CASE on shareholder proposals to limit investing in or withdrawing from countries where there is a pattern of on-going systematic violation of human rights.

Slavery and Human Trafficking Report

Vote FOR reports on slavery and human trafficking in the company's supply chain.

Human Rights

Vote FOR shareholder proposals for the company to report on human rights related issues in its supply chain locations of operation, services or products. Vote AGAINST discontinuing operations, services or products.

VII. Discrimination

Report on Affirmative Action

Vote FOR shareholder proposals asking a company to report to shareholders on its affirmative action practices and procedures that ensure sensitivity to the concerns of women and minorities in the work place.

Nondiscrimination Clause in Contracts

Vote FOR shareholder proposals asking a company to include nondiscrimination clauses in its contracts with other companies.

Asking Company to Prohibit its Employees to Engage in Discriminatory Acts

Vote FOR shareholder proposals asking a company to include in its contracts that already contain a nondiscrimination clause, a prohibition against discrimination against race, sex, marital status, sexual orientation, age, handicap and religions.

Sexual Orientation/Gender Identity

Vote FOR shareholder proposals regarding prohibiting discrimination based on sexual orientation and gender identity if company doesn't currently include sexual orientation in their policy.

Report on Equal Employment Practices

Vote FOR shareholder proposals asking a company to provide to all shareholders a report on non-discriminatory policies in hiring and promotion.

Racial Equity Audits

Vote FOR shareholder proposals requesting the company conduct a racial equity audit. Vote CASE-BY-CASE if there are unusual circumstances.

Phase Out Affirmative Action Program

Vote AGAINST shareholder proposals asking a company to phase out programs which are directed toward recruiting, employing or promoting individuals from any particular racial or ethnic group.

Report on Comparable Worth Issues

Vote FOR shareholder proposals asking a company to report whether that company reviews job classifications and evaluations systems for sex and race bias and readjust the compensation systems for jobs that are found to be underpaid relative to equally rated jobs.

“High-performance Workplace”

Vote FOR shareholder proposals in creating “high-performance workplace practices, includes employee training, employee involvement in management decisions, cross functional work teams, and compensation tied to unit or corporate performance.

Report on Code of Conduct

Vote FOR shareholder proposals requesting that companies report on Code of Conduct for international labor standards.

Equal Employment Diversity Report

Vote FOR shareholder proposals requesting the company to prepare an equal employment diversity report. Vote FOR proposal asking a company to disclose annually its EEO-1 data.

Content Policy Enforcement Report

Vote FOR reports on the efficiency of enforcement of content policy and related risks, including but not limited to, online child exploitation and hate speech.

Sexual Harassment Report

Vote FOR reports on the risks faced by the company due to sexual harassment complaints.

Prison Labor Report

Vote FOR reports on the use of prison labor in the company's supply chain.

Arbitration for Employees

Vote FOR reports on the risks of requiring employees to agree to arbitration in employment-related claims

Review of Controls for Foreclosures, etc.

Vote FOR shareholder proposals to require audit committee review and report on controls related to loans, foreclosures and securitizations.

Report on Credit Card Predatory Lending

Vote FOR shareholder proposals to report on credit card predatory lending practices.

Report on Overdraft Policies

Vote FOR shareholder proposals to report on overdraft policies.

VIII. Miscellaneous**Cyber Risk Report**

Vote AGAINST reports on the details of the cyber risks the company faces when such a report could potential make the company more vulnerable to cyber-attack.

Student Loan Crisis

Vote FOR reports on the company's governance response to the student loan crisis.

Report on Company's Activity in Poor and Minority Communities

Vote FOR shareholder proposals asking a company to report on the company's activity or involvement with respect to poor and minority communities.

Appointment of Ombudsman

Vote AGAINST shareholder proposals asking a company to appoint an ombudsman to set standard of accuracy, fairness and balance in news reporting.

Report on Plant Closing Policies

Vote FOR shareholder proposal asking a company to establish board/employee committees on closure of facilities and relocation of jobs. This committee would be advisory only.

Succession Planning Policies

Vote FOR shareholder proposals to establishing and disclosing information regarding succession planning policies.

Purpose of a Corporation

Vote FOR reports and recommendations related to the Purpose of a Corporation. Vote CASE-BY-CASE on proposals that require amendments.

Appendix Legacy Precedents

Below is a set of precedents established by the Proxy Committee in the past. These precedents still apply but relevant proposals on company proxy statements rarely appear.

Statement in Support of Candidacy

Vote FOR shareholder proposals asking that the Board adopt a policy that every nominee provide a statement in support of their candidacy.

Two Candidates for each Directorship

Vote AGAINST shareholder proposals requesting that the nominating committee should nominate two candidates for each directorship.

Minimum Stock Ownership by Directors

Vote AGAINST shareholder proposals to require that its non-employee board members hold a specified number (or minimum value) of the company shares during their board tenure.

Director Compensation

Vote FOR shareholder proposals that request that the company pay directors a portion of their compensation in common stock rather than cash. Vote AGAINST proposals to require that 100 percent of their compensation be in common stock. Vote AGAINST proposals for compensation that is above the 90th percentile of peer companies unless there is substantive justification for the high level of compensation.

Director Attendance

Vote AGAINST shareholder proposals that request director attendance records be published at board meetings or that require that annual meeting attendance is mandatory for all board members.

Vote FOR shareholder proposals that ask the company to restrict compensation for directors who miss meetings.

Early Vote Disclosure

Vote FOR shareholder proposals to have company provide early disclosure of shareholder proposal voting results (5-10 days).

Improve/Distribute Meeting Reports

Vote AGAINST shareholder proposals that ask a company to provide meeting reports that include a summary of discussions, actual vote counts on resolutions, identification of participants, and important shareholder questions and management's answers within a specified time following its annual meeting.

Report on Fees Paid

Vote FOR shareholder proposals asking a company to report on fees paid to law firms, auditors and consultants.

List Consulting Firms

Vote AGAINST shareholder proposals asking the company to disclose a list of consulting firms which have received more than \$9,999 in compensation during the year.

Information on Derivative Trading

Vote AGAINST shareholder proposals to provide shareholders information on claims arising from derivative trading.

Report on Collateral for Derivative Trades

Vote FOR shareholder proposals to report on collateral for over-the-counter derivative trades.

Capital Budgeting

Vote AGAINST shareholder proposals requiring the board to favor capital allocation policies that give preferential treatment to specific methods (i.e. dividends or share repurchases) used by the company to return capital to shareholders.

Approve/Restrict/Prohibit Targeted Share Placements

Vote FOR shareholder proposals asking the company to seek shareholder approval before placing 10 percent or more of its voting stock with any one shareholder or group of shareholders, including placements with an employee stock ownership plan; to restrict the circumstances under which it would make a targeted share placement; or to refrain from making targeted share placements.

Fair-price Provision

Vote AGAINST proposals asking shareholders to adopt or amend a provision that requires a takeover bidder for the company to pay a defined per-share “fair price” to all shareholders. Vote FOR proposals asking shareholders to repeal the company’s existing fair-price provision.

Greenmail

Vote FOR proposals asking shareholders to approve a provision that prohibits a company from paying greenmail. Greenmail is the term for a deal struck between a hostile acquirer and a company in which the company buys back the acquirer’s shares at a premium and the hostile acquirer agrees to stop its takeover activities. Vote FOR proposals asking shareholders to decide whether the company should have shareholder approval before paying greenmail. Vote CASE-BY-CASE to approve greenmail payments under certain circumstances.

Annual Ratification of Executive Compensation

Vote FOR shareholder proposals to allow shareholders to vote annually on an advisory resolution to ratify compensation for named executives.

Pay for Superior Performance Standard

Vote FOR shareholder proposals to create a pay for superior performance standard for executive compensation.

“Commonsense” Executive Compensation

Vote to ABSTAIN on shareholder proposals to adopt a specifically defined “commonsense executive compensation” policy.

Performance Based Stock Options

Vote FOR shareholder proposals to adopt a policy of executive compensation that utilizes performance based stock options.

Discontinue All Rights/Options

Vote AGAINST shareholder proposals to discontinue all rights and options, for top 5 executives.

Restriction of Bonuses

Vote AGAINST shareholder proposals requesting that all top executive bonuses be voted on by shareholders and limited to 10% of executive’s annual salary.

Removal of Pension Credits

Vote FOR shareholder proposals that request a company remove “pension credits” from the earnings per share calculation for performance based compensation.

Redistribution of Surplus

Vote AGAINST shareholder proposals asking the company to redistribute retirement surplus to employees.

Create Shareholder Designated Funding

Vote FOR shareholder proposals that ask a company to establish a charitable contribution plan that would distribute funds to organizations that the company’s shareholders deemed worthy.

Warning Labels

Vote AGAINST shareholder proposals asking a company to put warning labels on all promotional items for tobacco products.

Comply to Voluntary Advertising Code

Vote FOR shareholder proposals that ask a company to establish a committee of outside directors and experts to review and report on consumer perceptions of cigarette advertising and to recommend policies and practices that will help the company adhere to the tobacco industries’ 1984 voluntary advertising code.

Report on or Sign the Valdez Principles

Vote FOR shareholder proposals asking a company to participate in a 10-point coding system that focuses on a company’s environmental record or to report compliance to the principles.

Convert to Solar/Wind Power

Vote AGAINST shareholder proposals asking a company to convert 20% solar/wind energy over the next 20 years (arbitrary limits are problematic).

Equator Principles

Vote AGAINST shareholder proposals to prepare an Equator Principles Report. (Precedent applies only to proposals sponsored by the Free Enterprise Action Fund.) Vote CASE-BY-CASE on proposals brought by other proponents.

Report on or Implement the MacBride Principles

Vote FOR shareholder proposals asking a company with operations in Northern Ireland to adhere to the MacBride principles, which prohibit employment discrimination against Catholics or to report to shareholders on its equal employment opportunity policies and practices at Northern Ireland facilities.

Extend/Forgive Loans to Third World States

Vote AGAINST shareholder proposals asking a bank to extend additional credit to or to forgive or write down loans made to Third World countries and to report on efforts to stem capital flight.

Establish Criteria for Extending Loans

Vote FOR shareholder proposals asking a bank to establish criteria for extending new loans to third world governments in order to protect themselves from bad loans.

Report on Payments to Overseas Entities

Vote FOR shareholder proposals asking a bank to report on payments to overseas entities and on loans to various countries.

Limit Loans to Communist Countries

Vote AGAINST shareholder proposals asking a bank to limit the amount of money it will lend to communist countries.

Restrict Loans to Anti-American Countries

Vote AGAINST shareholder proposals asking a bank to restrict loans to anti-American countries with voting record of 80% against U.S. proposals in United Nations.

Negotiate Debt Reduction in Exchange for Conservation

Vote AGAINST shareholder proposals asking a bank to negotiate with Third World borrowers to encourage sound natural resources management. In return the lender could reduce interest rates, stretch out payments against outstanding debt.

To Report on Outstanding Loans to LDC Countries

Vote AGAINST shareholder proposals asking a bank to prepare a report on all outstanding loans and total dollar amount of those loans, as well as factors considered in making loans.

Capital Investment in Mexico

Vote AGAINST shareholder proposals asking a company to discontinue further capital investment in Mexico.

On Purchasing of El Salvadorian Coffee

Vote AGAINST shareholder proposals asking a company to adopt a policy of not purchasing Salvadorian coffee.

Nondiscrimination in Company Sponsored Programs

Vote AGAINST shareholder proposals asking a company to restore explicit application of nondiscrimination policy to “company sponsored” programs. Specifically to terminate support for Boy Scouts of America and its Explorer program that requires a religious oath.