

2022 Proxy Voting



The 2022 Proxy Voting Season is underway!

While every proposal is unique, the Minnesota State Board of Investment (MSBI) continues to vote for a significant number of proposals geared towards improving environmental sustainability and diversity. The MSBI also continues to vote against a significant number of proposals related to unsatisfactory executive compensation proposals.

Prior to the 2022 proxy season, the MSBI was more active than it has been in recent years in terms of engaging with public companies in its portfolio. The MSBI led engagements and filed resolutions with four different companies on the topics of diversity and climate change. In the previous quarter's ESG report, the MSBI highlighted its successful engagement with Marathon Oil which resulted in public commitments to reduce flaring and methane venting. This quarter's report focuses on the results of three engagements related to diversity.

Diversity, Equity and Inclusion Engagement Efforts



To help multiply its ability to promote Diversity, Equity, and Inclusion (DEI) in its portfolio, the MSBI is part of the Midwest Investors Diversity Initiative (MIDI). For the 2022 season, MIDI identified 19 public companies in the Midwest with little or no documented racial, ethnic, and/or gender diversity on their boards of directors, fail to disclose individual-level board diversity in the proxy, and fail to disclose their EEO-1 report. The MSBI took the lead on engaging six of those companies and filed shareholder proposals at three of them: Perficient, R1 RCM, and OptimizeRx.

THE PROPOSALS RESOLVED THAT:

"Shareholders request the Board of Directors prepare a report by 2023, at reasonable expense and omitting proprietary information, on steps the Company is taking to enhance board diversity, such as:

- *Embedding in governance documents a commitment to diversity inclusive of gender, race, and ethnicity;*
- *Committing publicly to include women and people of color in each candidate pool for board and senior leadership seats;*
- *Disclosing in annual proxy statements the gender, racial, and ethnic composition of the board; and*
- *Detailing board strategies to reflect the diversity of the company's workforce, community, and customers."*

The results of the DEI engagements are discussed on the following page.

Results of SBI's DEI Engagement Efforts with Companies

Perficient

From December through March, the SBI engaged with Perficient by filing a proposal, writing emails and participating in a video call. During the course of the engagement, Perficient made the following steps to enhance board diversity:



- A director that self-identified as an underrepresented minority was appointed to the Board;
- Information regarding the Board nominees' diversity will be disclosed in the Proxy Statement; and
- The initial "Rooney Rule" was adopted, whereby the Nominating and Corporate Governance Committee will interview at least one candidate who is a member of one or more underrepresented group for each future vacant Board position.

Based on this productive result, the SBI withdrew its proposal.

R1 RCM

From December through March, the SBI engaged with R1 RCM by filing a proposal, writing emails and participating in a video call. During the course of the engagement, R1 RCM made the following steps to enhance board diversity:



- R1 RCM published its 2021 ESG report which highlighted the Company's commitment to diversity at all levels of the organization (including in its governance documents);
- Disclosed employee demographics;
- Disclosed the gender and ethnic composition of the Board; and
- In addition, Company representatives committed to present language at an upcoming board meeting that would explicitly include female and minority candidates in all future director candidate pools.

Based on this productive result, the SBI withdrew its proposal.

OptimizeRx

From January through March, the SBI engaged with OptimizeRX by filing a proposal, writing emails and participating in a video call. During the course of the engagement, OptimizeRX made the following steps to enhance board diversity:



- Expanded its 2021 commitment to the Parity Pledge (a pledge to interview and consider at least one qualified woman and one underrepresented minority for every open senior leadership role, VP or higher) to include the board of directors;
- Committed to disclosing the gender, racial, and ethnic composition of their Board in the 2022 proxy statement; and
- Committed to disclose a consolidated EEO-1 report once they grow above 100 U.S.-based employees.

Based on this productive result, the SBI withdrew its proposal.

MINNESOTA STATE BOARD OF INVESTMENT

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