

“Conduct of the Annual Meeting”

Wednesday, April 2, 2025

Companies and investors are busy navigating significant change as the new Presidential Administration moves quickly to implement priority reforms, but peak annual meeting season is right around the corner and will be here before we know it! Our panelists will discuss the latest developments and provide practice pointers to help you prepare for your meeting.

Join our panelists:

- **Mary Francis**, Corporate Secretary and Chief Governance Officer, Chevron
- **Carl Hagberg**, Independent Inspector of Elections and Editor of *The Shareholder Service Optimizer*
- **Peder Hagberg**, Independent Inspector of Elections and Co-Editor of *The Shareholder Service Optimizer*
- **Matthew Kane**, Deputy General Counsel, Lucky Strike Entertainment
- **Jason Vinick**, Senior Vice President, Alliance Advisors

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John Jenkins, Managing Editor, TheCorporateCouncil.net: Welcome to today's "Conduct of the Annual Meeting" webcast.

With the deadline for calendar year companies to finalize proxy materials behind us, peak annual meeting season will be here before we know it. We have a terrific panel of experts with us today to discuss the latest developments and provide practice pointers to help you prepare for your meeting.

Joining me today are Mary Francis, corporate secretary and chief governance officer at Chevron; Carl Hagberg, who is well known to our members, he's independent inspector of elections and editor of the *Shareholder Service Optimizer*; Peder Hagberg is also well known to our members, independent inspector of elections, and co-editor of the *Shareholder Service Optimizer*; Matthew Kane, deputy general counsel of Lucky Strike Entertainment; and Jason Vinick, senior vice president of Alliance Advisors. Now I will turn things over to Jason to kick things off for our panel.

▲ OBO/NOBO Lists: The Basics and Why Shareholder Ownership Transparency Alliance Seeks to Eliminate the OBO Classification

Jason Vinick, Senior Vice President, Alliance Advisors: Thank you very much, John. Welcome, everybody. I'm glad everybody can join today. I will start off, I'm tasked with the OBO/NOBO list portion of that, and it's called SOTA. SOTA is basically Shareholder Ownership Transparency Alliance. Here at Alliance Advisors, we've kicked off a campaign to change a 40-year-old SEC rule that allows large stockholders to remain anonymous to the companies that they're invested in. SOTA is our organization that, when ready, will lobby the SEC and Congress to remove the OBO shareholder designation.

Before I move on, I'll take a quick step back. I know everybody pretty much is aware of what OBO versus NOBO is, but my apologies if you do. Basically, an OBO is an objecting beneficial owner who has chosen to object to the disclosure of their ownership information to the company in which they hold their shares. They do not consent to have their identity or contact details disclosed as well as the number of shares with the issuing company.

Conversely, a NOBO, not objecting beneficial owner, is a shareholder who holds shares of a company through a brokerage firm, financial intermediary, and has not objected to having their identity disclosed to the company. Companies or their representatives can communicate directly with the NOBO holders and take voting instructions through phone, text, chat, email and social media.

Currently, companies do not have the ability to communicate directly with OBOs except through third-party mail, which can be costly and does not provide the

needed results. Therefore, they're forced to commit a disproportionate amount of expenses to the largest number of NOBO shareholders that, on average, usually holds less than 20% of the outstanding shares. Companies with large retail shareholder bases can expect to pay high and unnecessary costs to conduct a full-scale proxy campaign. These costs are borne directly by the shareholders, and in fact, would be greatly reduced if companies had the ability to communicate directly with all their shareholders. For small companies, this greatly impacts the bottom line, ultimately the stock price.

I've been involved with many retail campaigns where you're scraping the barrel to get additional shares. You know that there's an OBO universe out there. You just don't have that ability to see them. The elimination of the OBO will dramatically improve shareholder meetings and vote returns, create better democracy, and allow for shareholders to be heard. When a company has the ability to talk with a shareholder, they now have a number of tools that will align them to solicit a vote quickly and in a cost-effective manner.

More targeted solicitation is a win, in my opinion, for both the company and the shareholders. I understand this is not going to be an easy task to bring to fruition, and it may take some time. But I can't imagine any issuer not wanting to know who all their investors are, which is why we need support. We have a link available to sign a petition in an effort to gain as many signatures towards this initiative as possible. That link is sotanow.org. That "sotanow" is one word, .org. I welcome my fellow panelists' views on this and their opinions on how important this could be for future meetings and just having that transparency of who your shareholders are.

Matthew Kane, *Deputy General Counsel, Lucky Strike Entertainment*: I will say, in addition to what you're talking about, it's also very important on the debt side. If you need an amendment and you're trying to get consents, understanding who holds your debt is very important. It's often very challenging, especially if you want to reach out to people individually as opposed to doing just a full tender. That's another area where the existence of OBOs makes it very difficult for a company to transact business or to make amendments where they need. I've seen that firsthand.

Carl Hagberg, *Independent Inspector of Elections and Editor, The Shareholder Service Optimizer*: If I could chime in too, I was around when there was this big effort to solicit information from beneficial owners as to who was an OBO and who was a NOBO. One of the most important things to know, this was 40 years ago, when there were probably 3,000 people at different companies involved in the proxy voting process. Many of them, you wouldn't want them to have these records.

We didn't have strong data protection, and there was nothing to prevent them from using this for marketing or whatever. We're in a very different world today where we're down to a relatively small handful of providers. We're all highly reputable, highly audited. The fears that generated this NOBO mania then were real. But they're not warranted in my opinion in today's environment. I'll be signing the petition, Jason.

Shareholder Engagement Challenges in 2025

Vinick: Thanks, Carl. I think the next topic is shareholder engagement challenges. I'll start on this. Again, I'm going to opine on my panels because this is an ever-changing landscape right now. Day to day, these changes are happening. As you're all aware, the SEC has issued new guidance on shareholder engagement requiring increased disclosures from shareholders with large equity stakes, 5% or more, who engage with a company to improve business practices or reporting, potentially triggering longer schedule 13D filings instead of the shorter schedule, 13G.

The timing of this could be a bit more difficult. The question is how difficult it's going to be as we progress into the proxy season. When issuers are preparing for the 2025 annual meeting and are faced with addressing a possible negative recommendation by advisory firms that would usually warrant an engagement with these large investors, these engagements could be difficult to have, forcing possible extended outreach to the broader universe of a lower threshold, which is not a problem. I just think that, like I said, this is an ever-changing environment and we're learning things day by day.

I remember when this was announced, we immediately saw pullback from Vanguard and BlackRock, and several others declining to engage. I had at least 10 or 15 calls lined up that investors cancelled. They since have pulled back on that and are starting to engage, but not without some rules on how the conversation's going to play out. They'll start off with their playbook as to how things are going to go. Prior to these changes, the 5% holders were considered passive, whose prior engagements may have utilized pressure or possible encouragement in changing its governance policies to align with theirs — this will likely change.

Personally, now I think the engagement process could change significantly or possibly halt altogether as they will likely be pushed to a more stringent, costly, and not to mention a more complex filing requirement, that being a 13D filer. There's likely to be less transparency now in conversation with boards about their views on executive comp, board compensation and other topics as well.

I think a more robust disclosure is going to be a must in the upcoming proxies to get in front of any possible negative advisory recommendation that would require shareholder engagement. Again, this is ever changing. I'd like to just turn it over to the panelists to get your views on this, because I'm sure everyone's got their views on how challenging exactly this is going to be.

Mary Francis, Corporate Secretary and Chief Governance Officer, Chevron: I'll chime in. This is Mary Francis from Chevron. I agree, the timing wasn't ideal because many companies are locked and loaded with their proxies, so it is what it is, and that work was underway quite a while ago. I do think it is evolving. We've seen an immediate pause on engagements, and then the large institutional firms are coming back and participating.

I do think it's going to be more listen-only. It's on the issuers to really think through and anticipate what information they might want to know and not feel comfortable asking in this new environment. I think it's more incumbent on issuers to front load and lead these engagements and not expect to get a whole lot of response but still

make space for the opportunity to communicate what you expect they want to hear as part of their education and informing their voting.

C. Hagberg: I think that's very good advice, Mary. I think that's excellent advice because everybody is pussyfooting around and this is a good way to handle it, I think.

Vinick: If there's no other comments from the panels, I'll pass this on now to Peder.

▲ Pre-Meeting Voting (Developments in Pass-Through Voting, Disclosing Voting Mechanics, Getting Out the Vote, Monitoring the Vote)

Peder Hagberg, *Independent Inspector of Elections and Co-Editor, The Shareholder Service Optimizer*: Thanks, Jason. I'm going to cover off on pre-meeting voting and really four key areas companies can focus on going into the 2025 meeting season to increase participation. A lot of the work is already in process, especially from individual investors who, in many cases, are important in closely contested outcomes. Four areas that I'm going to talk quickly about and then hopefully get input maybe from Mary and Matt what their companies are doing on pass-through voting, voting mechanics, getting out the vote and then monitoring that vote.

Pass-through voting is a hot topic for sure. It seems to have potential, but its impact so far has been limited, and I'll just touch briefly on some of the stats related to 2024. As many folks know, the big-time asset managers like BlackRock and Vanguard and State Street, they've introduced pass-through voting programs to give shareholders more control in corporate decision-making. While adoption is growing and the firms seem committed to growing their platforms, and putting money into these efforts, the overall impact has been limited.

If you look at 2024 participation rates of Vanguard and BlackRock, for example. Vanguard, of the 2 million eligible investors, only 40,000 or 2% participated in their pass-through voting platform. They seem to think that that was an excellent result and there's big upside, so time will tell and we'll see what happens this year, but 2% is low.

At BlackRock, of the \$2.8 trillion in index assets that were eligible for their Voting Choice platform, that's the name of their platform, of the 7.75 trillion in index assets that they have under management, only 646 billion participated. That's 24% of the index assets that were eligible. Large number, but a very small portion of the eligible participants there.

Interest is certainly present. The adoption is low. That said, I think pass-through voting is here to stay, giving more direct control to investors and potentially reducing the influence of asset managers in the long term. I see this as a big opportunity for proxy solicitation firms and for companies to better educate their shareholders and be more closely in touch with them. Mary, do you have experience, maybe share something from what you're seeing on that front or anyone else?

Francis: It's early days, and I think the big asset managers who are pioneering this recognize that they're in the beta version of this. They're learning to crawl before they walk and then they run. It creates a challenge for — when you're engaging with

Vanguard, you know who you're talking to, you know their voting guidelines, you have a relationship with them. You might not always like how they come out on something, but at least you feel you've been heard, and you get consolidated feedback.

When it atomizes out to their clients, it creates a challenge with reaching them and communicating, and it's not a one-to-one communication anymore. It does make an issuer fundamentally rethink how they show up in the marketplace more broadly, knowing they're not going to have that one-to-one communication with all the people who are voting on them. Not that they have it anyways with all voters, but it's going to take more effort to reach the diverse shareholders behind the Vanguard wall now.

Kane: Mary, that's true. Though, I would say for those companies that find themselves perhaps at odds with the Vanguards of the world on a specific governance matter, the prospect of their influence being diluted is maybe welcome. Vanguards, BlackRocks, they'll always be there. They'll always be many companies' most important or largest single shareholder. If they go from 12% to 7% at some point because of the distributed voting, that could actually take some pressure off the horse-trading and the individual negotiation that some companies have to do with those firms.

P. Hagberg: Good point. If nothing else on pass-through voting, I'm going to cover next quickly, voting mechanics, another hot topic. Clear communication is the most important thing — making it easy for shareholders to understand the voting process and making it easy for them to vote. Sounds easier than it is in many cases., but really then making those instructions readily available across channels, printed materials on pages, text messaging, through social media, using AI tools to personalize reminders, automate communications. This whole AI movement is certainly happening here in the IR world and communication to shareholders.

Working with firms, suppliers who you properly vet and have the tools to help you implement these strategies is very key to have better disclosure for your voting mechanics, which leads into getting out the vote. The next step here is getting out the vote. Target your outreach campaigns through the channels that are most applicable to each segment of your investor base. Again, carefully selecting those partners, those suppliers to help you facilitate that.

Another idea to get out the vote is offer incentives for voting participation. Some companies, as we've discussed in the past, have offered charitable contributions for your votes. Others may offer incentives or discounts for your participation. Make sure that messaging is clear, emphasizing the importance of their shareholder participation. Then, obviously, educating your shareholders on the importance of their vote in shaping decisions, utilizing short videos, whatever it is that would appeal to your shareholder base, which you've had segmented, and used the tools to better understand reaching them in the ways that are most effective and then tracking that effectiveness.

I will have to give a plug to the *Optimizer's* own pamphlet that we've worked on over the years, "[Shareholder Votes Have Value](#)," is the name of it, and maybe we'll be able to share a link to that, which clearly outlines to individual investors in particular, the importance of their vote and how easy it could be, and how part of the process

they could be. We'll share that, and it's really a roadmap for companies to disseminate that messaging to their shareholder base.

Finally, on pre-voting measures is monitoring the vote in addition to the standard tabulation reports everybody gets leading up to their meeting. Really having a closer look at the data in real time, will allow you to assess early participation rates and adjust your outreach campaigns accordingly. Back to this AI, using AI and other technologies to track which messages and methods are most effective in driving participation and then changing your strategy to focus on the things that are working and get rid of the things that aren't.

Then as a postmortem, sharing the results of your annual meeting and the voting results with your shareholder base. You can break it down to how votes were cast, especially if there was pass-through voting. This builds trust and helps shareholders feel more engaged in the process, and hopefully, next year, we'll have them vote again, easier than they did this year. I'm sure there's some input on that. I'll open it up to anyone there.

C. Hagberg: I want to have to jump in with a couple of facts and a few numbers. I consider the retail investor voting, current levels of retail investor voting to be a four-alarm fire for a lot of companies. When I started in this business, depression-era kids were the voters, and they voted about 72% of their shares regularly, faithfully. Today, at many companies, it's under 10%. If you have a lot of retail investors, and you have proposals that you don't want to pass or proposals that you do want to pass, this vote can often become very, very important to you.

We can all understand why people aren't doing this. They're very busy, they have other fish to fry, but the biggest problem we feel is that people don't understand the importance - that it really is important. Our actual last reason is, it isn't so much about voting, it's about doing your due diligence and looking at the company's material and saying, "Gee, is this thing performing the way I'd like? Is it the same reason I bought it?" That alone is worth the price, really, of the little bit of time it should take to do this. We do consider this to be something of a four-alarm fire.

Then on the other — I could never understand why people aren't offering more charitable donations. They're giving to charity anyway, so it isn't going to cost you a penny more, but I know at least three companies that have increased their retail vote by six percentage points. Most of these were companies where the executive comp had been passing by 1% or less. This cushion of the six percentage points of quorum really saved them a lot of embarrassment, a lot of grief. Then, of course, on life or death proposals, the retail vote can often be a decisive thing.

I think people really should be paying much closer attention to this. Just putting a slogan on — my favorite one is, "Let your proxy vote be heard." I'm thinking, "Oh, gee, I didn't know that my proxy had an audio feature." Anyway, these things don't get you anywhere. You definitely, in our opinion, need to do a better job of educating people about why they should be voting and how important it could be to them. We'll talk later about proxy fights, and boy, this is where you really need to get out the vote.

Then, one last thing, and I know that Jason will second me on this. If you really rely on the retail investor vote, you need to know this way before you even make your mailing. You need to make your mailing promptly, and you need to also realize that the postal system, guess what, no surprise, has not been very effective.

I got my Apple proxy 12 days before the meeting, and I realized if I had signed it and sent it back, as sometimes I do, it wouldn't even have gotten there. Yet, I'm one of the 10% probably of Apple holders who sign proxies and send them back. It takes time to get retail investors motivated. If you need them to be part of your plan, you've got to have a long plan, 30, 40 days before you prepare and mail your material. That's it from me.

Vinick: I agree with you, Carl, on that one. Thanks. Pre-plan. Stratify your mailing. Do everything you can to get the mailing out to your holders so they get in time.

C. Hagberg: In our latest newsletter, I advise first-class mail for anybody that is a large holder, because when you get a full package of material, your propensity to vote is about 50 times what it is when you only get one of those notices in the mail. They're important voters, and for the extra few dollars it costs to stratify them and send them first class, it actually pays off, as opposed to making frantic calls in the middle of the night to try to get over the hump, which often doesn't pay off. That's that.

Improving Your Meeting “Run of Show” — Script, Rules of Conduct and Meeting “Playbook”

P. Hagberg: I'll keep going here on the next topic, which is really about the run-of-show and your annual meeting playbook, but specifically on some of the nitty-gritty elements, which are improving your script, the agenda, and the rules of conduct. These are mandatory pieces, but they're also things that I see as an inspector of election attending many meetings each year, often neglected, and I think there's upside for every company to look at what they did last year, what worked, and realize that this year's meeting isn't necessarily last year's meeting, to make sure you have a fresh look at these three elements, starting with the script. We'll get into that and have some best practices that I'll run through quickly.

One thing I do see often as an inspector is far too many companies just outsource their script to their outside counsel or to their inside counsel and say, "Okay, you take care of this, and we'll maybe weigh in at the last minute." I think that's a bad way to go about it. This basically is the outline of your meeting, so all the key players, whether it's the IRO, corporate secretary, general counsel, the CEO, the chair, should be involved early in the process, weeks before, months before the meeting, to get that script going.

So when you're coming to the meeting itself, it's buttoned up, knowing some last-minute things will change. The “meat and potatoes” of it should be looked at by those involved in the meeting, not just the outside counsel, particularly for smaller companies who oftentimes outsource that. Also making sure that this year's script reflects this year's conditions for your company for your proposals, and that may be very different from years past.

Then finally, that meeting moderator, whoever's in charge of the final script, should definitely get the input from the chairman, the CEO, the inspector of election, or any other key speakers to make sure that they have any final input before it's finalized.

A few kind of basics, but best practices for the script itself, the document, use large readable fonts and format. Make sure that the spacing is easy to follow, especially when folks are remote or virtual, so everybody is seeing this the same way. Color code the script to make sure when you have multiple speakers, they know when it's their turn. Then also any technical cues for audiovisual people, so they know what they're doing, if they're advancing slides or turning on and off audio. Identify the live action areas in your script, things that need to be filled in, *i.e.*, the official start of the meeting, the quorum numbers, preliminary results presented by the inspector of election.

The last thing you want is to trying to figure out what those numbers are during the live meeting. Having that stuff plugged in or knowing where to plug it in, then having the right person plug it in before you go live is important. Contingency plans. This is a big one. Make sure your script includes contingency plans if something were to happen, technical issues, fire alarms.

Another important thing is to have, not related to the script, but to make sure that the proxy committee or master ballot is signed by the appointed proxies before the meeting starts. In the case of an issue, you don't have to adjourn that meeting and reconvene it. Then, on the adjournments itself, if you don't have quorum leading up to the meeting, for example, make sure you have a script that would cover off for that if the meeting does need to be adjourned. We saw that more times than ever, probably in 2024, meetings were adjourned because of lack of quorum. Many times, in many cases for small companies, and then you'd say, who are you working with as a proxy solicitor? They said no one. These things happen. Planning for that is important and making that part of the script in those, if something happens, the person knows where that language is in the script to have a plan for any contingencies.

Then, finally, before your meeting, make sure that the final script is fully vetted for accuracy. Double-check people's names. I mean, names, many names are very difficult to announce. Phonetic spellings, especially if the chairman is announcing whole list of directors, they should know, but other outside vendors to make sure that they have their names and titles correct.

Clarity. Make sure that script flows properly. Then time it up, do obviously a sample run of show to ensure that that script flows nicely and fits into the allotted time of your meeting and, of course, follows the agenda that you're presenting to shareholders. That's another point. Make sure that that meeting agenda and rules of conduct, which I'll touch on next, are presented on the VSM platform. If it's a virtual meeting or available for anybody who shows up, if it's an in-person meeting, make sure that that is there in print for everybody to see.

Quickly on the rules of conduct, every company has rules of conduct. Many of them probably have not been dusted off in quite a while, but they cover a lot of basic things I'll run through quickly. It's something you should look at and update and maybe shorten, maybe lengthen, depending on the situation. Some of the basic

elements of rules of conduct are the registration criteria for your meeting. All stockholders and proxy holders must register and present valid identification. If they're coming into a meeting, whatever is particular to your company, virtual attendees have to enter their control numbers in order to vote, outlining all of these things particular to the registration criteria is important.

The recording restrictions, *i.e.*, no audio or photography unless authorized in person. Agenda adherence, making sure that people know that you're going to be following the agenda and identifying times where questions can and cannot be asked. What types of questions will be asked as they relate to the business of the meeting or unrelated. When the eligibility to speak, only stockholders of record can address the meeting. Whatever is particular to your company, this is a big one question. Question submission, clearly defines how questions will be submitted online. Make sure that your virtual meeting provider, your team is on the same page on how that platform works. Each one is a little different. Make sure you have, internally, somebody assigned to monitor those questions and then present them for answering.

Speaking protocol, attendees should state their name and status as a stockholder before speaking. Now, these are all basic things, and I will share a link. We have best practices for rules of conduct that we'll share. Time limitations for speakers, fairness in question and answer. These are all things that need to be going into your rules of conduct. If they were to get out of control, you, the moderator, you have authority over all of these procedural matters and can make a decision quickly if they violate rules of conduct. Without them, you leave yourself subject to problems that could be prevented. I don't know if anybody has thoughts on rules of conduct, but it's a necessary part that a lot of people often overlook.

Kane: Peder, I agree with you about refreshing these documents every year. One thing in particular is if you're a company that has a virtual meeting, even a hybrid/person-virtual meeting, you have to keep in mind how the vendor you choose for your virtual meeting might change how your script, how your code of conduct might need to flow.

For example, we had used Broadridge in the past, and then we went with a non-Broadridge provider. Actually, it made a lot of things more difficult. I don't need to get into all the details, but the way shareholders were verified in a non-Broadridge-run virtual shareholder meeting was much more complicated and voting was more complicated. We had to make adjustments to our disclosures and our code of conduct just to accommodate the technical change. If you are a company that may be shopping around vendors for virtual meetings, definitely open up your binder on your code of conduct and your extra script modules and whatnot.

Francis: I would just chime in that, to reinforce what you said, to keep it fresh and evergreen. I would have an immediate look back after your annual meeting and think about, what do you wish you had had in your code of conduct, because you're right, you don't want to act beyond what you've given yourself the ability to do via your code of conduct.

For example, if you had a disruptive person in your live meeting and you wanted to be able to escort them out, you ought to have some authority in your code of conduct, giving them forewarning that that'll happen. If you're virtual and you want

the ability to synthesize questions or avoid duplicative questions, give some disclosure of that fact so that you're not called out for cherry picking or being less than forthcoming in how you address your questions.

P. Hagberg: Great. Good segue to the next part. Disruptions.

Disruptions: How Much Can or Should You Plan Ahead?

C. Hagberg: That's me. I've been waiting patiently. It's sort of my favorite subject. Gee, I have really been at so many meetings. I've been at several where I actually feared for my own safety. You don't want to have disruptions, or if you do have them, you want to be sure that you know how to shut them down quickly.

The code of conduct is actually your strongest tool and the strongest rule — I call it the first commandment of shareholder meetings — is that the chairman must always be in charge. You have to script this, and your code of conduct has to do this so that the chairman clearly is always in charge, and after fair warning, boom, you shut down whatever has to be shut down.

In any event, and I know we'll all second this, you can never have too much planning ahead. As Pete mentioned, one of the biggest mistakes that people make, they think, "Oh, our meetings have gone the same for the past three years or five years, and I guess it'll be another good year." Biggest mistake you can make: this is when you really are most vulnerable, when something takes you by surprise and you don't have a playbook to deal with it.

Apropos, this season, there's been a new development here, and that is that a lot of activist investors, the Center for Corporate Responsibility, the As You Sow group, and some of the public pension funds have vowed to monitor virtual shareholder meetings, especially to make sure that shareholders are given a fair chance to be heard, to speak, to ask questions, and - another bugaboo - that they have time to vote over the web. Many people, including me, hold back their votes on some issues until I hear what the dissident has to say. I think, "Well, maybe I'll keep an open mind here."

If you don't have sufficient time to check all those boxes, or remember which one you want to change, this is not a good thing. For over 150 years, Annual Meetings have been called m\ Meetings of Shareholders." A meeting where shareholders are not allowed to speak or to be heard does not "pass muster" with me – and I don't think it passes muster with state laws on VSMS. I'm not a lawyer, by the way - but every state makes it pretty clear that you must be able to hear and to be heard for a virtual meeting to be legal.

I also believe that in many cases - where the rules are abused - people could go to court and have the meeting results overturned because there wasn't a fair process. I say to you all, please pay particular attention to this.

We had a question that was sent over to John from a lawyer who said, "We're thinking about going on total autopilot. We're going to have our entire meeting prerecorded. The chairman's speech, the introduction of the proposals, will be all prerecorded," which some proponents wouldn't stand for. They want to speak

directly, so you're hearing from them. Several companies have said, "We won't take any questions except for those that have been submitted in advance."

Well, to me, this is really asking for huge trouble. The questioner said, "Oh, one of the big transfer agents told us that this was the trend of the future." Well, please think 100 times before you put down draconian rules like that, because in some cases, you'd be in serious trouble, and you'll be ticking off some people that you would be dumb to tick off. That's that.

Kane: In some of this, it might depend on who your company is, who your shareholders are, what you have on the ballot. You could also imagine a situation where maybe you're just doing directors and your auditor, and your CEO likes the idea of being able to rehearse. Get a nice, clean audio down. You could say, "Well, the risk here is much less. We get a nice, clean presentation. We're not going to have a lot of controversy." There could be some benefits there.

C. Hagberg: It sounds good until it's not. There's somebody who says, "Wait, I couldn't get my question in. I have a right to be heard." You can get away with this - sometimes. Small companies maybe can get away with this most of the time, but large companies, they do this at their peril, in my opinion. I do believe, seriously, maybe all of us should brush up the state legislation that enabled virtual-only meetings. I believe that every single state makes it clear that you need to have a chance to be heard at the meeting. Otherwise, it doesn't even rise to the level of being a meeting, much less being a legal meeting.

I hear what you're saying, but you know what? Especially for small companies, these meetings are over so quickly. In many cases, they're better off having a live meeting. Go to your counsel's office where the coffee is already made and have your meeting; nobody comes, there are no questions, you adjourn, you go home, no fuss, no muss. To me, if you are at that end of the spectrum, have an in-person meeting and save yourself some money and grief on technology.

As I say, you are really acting at your peril, in my opinion, if you completely foreclose the ability of stockholders to ask a question and receive an answer at a shareholder meeting. Check with your own counsel - and with your own conscience on that one. In any event, I do think that the greatest thing about virtual meetings is, it's very difficult to have a disruption. Except, lo and behold, in this case, the disruption will come after the meeting is over. People will be up in arms and banging on your door and pillorying you in the press.

Yes, virtual meetings — it's hard to have disruptions with a well-run annual meeting. You can shut the mic off or you could do any number of things to make sure. Since no one can come, they can't come, they can't do much to disrupt you.

The other major disruption to think about though - and I think you may have alluded to that, Matt - is if there are systems disruptions. Last year one big transfer agent had to adjourn a meeting of one of the most popular meme stocks out there because they didn't have enough capacity to take in the number of people wanting to attend. What an embarrassment to adjourn your meeting and then set it for eight days later because your vendor didn't have capacity to handle you. Sometimes other bad

things happen. The internet goes down in your building, or the power goes off in your building. You do have to have backup plans. What would you do?

Again, most of the best vendors have something that they can broadcast either as a visual or audio to say, "We're having technical difficulties. Please stay on the line, and we'll let you know what our next steps will be." You have to definitely have a fallback plan for doing that. That is a disruption that you do need to think about and plan for.

Now, if you have in-person meetings, of course, and I know Mary has had some experience with this. You need to have the staff. You need to have good security, and you need to have enough staff to remove people. Sometimes, they're very clever, and they will scatter themselves around the hall and take turns shouting out and singing out. You need to have enough people to remove them if they fail to answer the chairman's warning to sit down and shut up. Make sure that they register if there's an in-person meeting. Check the registry. One tipoff is if you suddenly have 10 people with one share each, they probably bought that one share just to come and make trouble at your meeting. You should be on guard.

My last bit of advice on this is if you really are expecting a disruptive meeting, use a hotel, because hotels can keep these people out of your immediate area. They can confine them to certain areas. They have tremendous experience in dealing with disruptive people and working with local law enforcement. People even tend to be a little better behaved in a hotel. If you really think you're going to have disruption, a hotel is really the best place.

Probably your own office is absolutely the worst place because they think, "Well, I'm shareholder, how could you stop me from doing what I'm doing?" They tend to be on bad behavior. I think that's it for me in terms of disruption and planning ahead. Anybody have any questions? If not, we could just move on. Guess what? Let's move on to Mary Francis, because how to have a really first-class meeting is what we all want to know about. I know Mary and her staff know how to do this. On to you, Mary.

Tips for Hosting a "Best-in-Class" Annual Meeting — Whether In Person, Virtual or Hybrid

Francis: Thank you, Carl. Tips on having a best-in-class annual meeting. I would counsel all issuers to think about what you want to achieve. That will help frame your measurement of whether you have achieved success in it. There's typically the standard elements of electing your directors, getting approval say-on-pay, ratifying your auditor selection, you perhaps have some stockholder proposals, and you'll certainly want Q&A.

Is there anything beyond that? Do you want to sell a merger? Do you want to win support for something where you might need to make an extra effort to get support? Maybe you're challenged on pay that year. You might want to showcase a new technology. The point is, think about what you want to accomplish and then frame, allocate your time, identify your speakers accordingly. This intentional planning will pay off because there is a lot to accomplish.

I would say the hallmarks of a successful meeting are updating the audience on what is new at the company and its governance and then allowing your shareholders a meaningful opportunity to raise questions and have them answered. At Chevron, we conduct our meetings virtually. We've done this since we were required to with the pandemic. We found we reach more people, we can address more questions. We use technology, but technology is not our core offering.

We're not out there trying to showcase gee-whiz production value in our meeting. We want something that works. We've had experience with a few hiccups in that. We aim for a reliable meeting that meets the legal requirements and the objectives of providing a forum for shareholders to ask questions.

Some best practices that we've developed through our experience, in the virtual meeting, open the Q&A lines early. We receive questions well in advance of our meeting date because it benefits both ways. We get visibility on questions most of interest. As we address them, we can avoid repetition, we can pick the one most representative of the interest or topic that we're seeing interest in. It also benefits shareholders who might not be able to dial in at that precise hour of your meeting. There are probably many concurrent meetings going on. This gets them an opportunity to submit a question in advance.

I heard the discussion about pre-recording the entire meeting. We don't do that. We do encourage our shareholder proponents to pre-record their presentation of it. We ask them to keep it to a two-minute presentation so they get certainty that they can put forward their best articulation of their proposal, one that they're satisfied with, and it meets the timing requirements that we announced. Also, we can rehearse that. We do a dry run of the meeting in advance to make sure with our meeting provider, our host platform, that this all works. We have something that eliminates risk of a malfunction on that aspect of it.

There are a lot of moving pieces, even when you're virtual-only. There are directors needing a dedicated line to participate, the auditor, the inspector. It's a very complicated, complex theater going on and very high stakes. Rehearsing is very important to doing that successfully, so you can minimize surprises. I will say, even though we are virtual, we will have protesters outside our headquarters. We've got that security issue in the background that we're mindful of. Just underscoring that there's a lot going on in the moment and a lot to keep track of. If you can get the recordings in advance and rehearse as it will play out, that's valuable.

I would encourage involvement of different functions, particularly in addressing the questions, identifying the questions. If you get 50 questions on, in our field, it might be climate change, or other topics of great interest to shareholders, having different IR, our communications group, our governance group, other functions, security, weigh in on what's the most representative question to address, that's helpful, and it really fosters transparency.

No one can say, "Well, I know that person. They were rude to me. Don't take their question." It really fosters internal alignment and making sure that the company's doing the right thing. I did allude to we're not going to take 50 questions on this exact same topic, so we do — I wouldn't call it filtering — but we do take the best representative of the interest in that topic. We will post all questions and respond to

all of them on our website if we don't get to any particular question in our meeting because it might be a personal grievance or very specific and not appropriate for the larger audience. We do promise that integrity that we will address all questions.

In the interest of time, I'll leave it at that, see if there's others who want to comment on best practices before I move on to the next topic.

Shareholder Proposals: Working with Proponents

I also want to talk about working with proponents. We at Chevron, in my history, we always have a number of shareholder proposals. It is very important. I'm very proud of how we proactively reach out to proponents. We have, in many cases, long, deep, ongoing relationships with them. It's an ongoing dialogue. Some are more interested in talking to us than others, but I would counsel, don't view them as the enemy.

Oftentimes, very good ideas, they germinate as a shareholder proposal, and then they take root in the whole ecosystem and become a best practice. You should look at them as a source of an idea for consideration. We have a history of our board supporting proposals. Look at them objectively, try to understand what the proponent's true interest is. Sometimes, you'll find that what they say in the proposal when you talk about, "Well, could we do this?" and then you would withdraw it from the proxy, you might find they actually want something else. We often find that's the case.

It's good to understand what's behind their proposal, whether there's another ask that they have. See if there's room for a negotiated withdrawal. We have much history of being able to successfully negotiate a withdrawal by providing more disclosure or a "convening" or whatever it is. That's a win on both sides. I think it's only upside to engage with your proponents and look for common ground, and look to seek understanding with where they're coming from. I'd invite anyone else to comment on this.

Kane: This is Matt. I agree that, in general, reaching out to the proponents can be useful. I think there are serious proponents and less serious proponents. Pension funds, state AG offices, they have agendas, but I find they're willing to work with you, and they're happy to withdraw their proposals. The Cheveddens of the world, I think, less so. Unfortunately, in 2025, in the world in which we live, there's a lot of people — I wouldn't necessarily call them bad-faith actors but people that have very specific agendas — and they're not interested in playing by corporate rules. They may not be people that you can come to the table with, and you just have to rely on your process.

If you can identify those proponents that are in it for the right reasons, I think it can be very helpful.

Francis: I would agree with that. We've got experience with that as well, but we'll always take the high ground and try. Our investors will ask us, "Well, did you talk to the proponent?" If we say, "Well, they wouldn't take our call," that's a factual statement, and the investor will be aware of it. I'm going to hand it over for our next topic back to Carl on how to challenge-proof your proxy voting and tabulation process.

Why and How to “Challenge-Proof” Your Proxy Voting and Tabulation Process

C. Hagberg: I'm going to try to squeeze this into one minute so that Matt has decent time to talk about postmortems because that's incredibly important, too. Challenge proofing your vote, this is an important thing. My number one suggestion, make sure you have a good inspector of election who, (A) has written presumptions as to the validity of proxies, and (B) knows what they mean, knows how to enforce them and rule on them, and (C) who can stand up if challenged and explain.

At least five times a year, our inspectors get questions like, "How do you really know these votes are right?" We have a little mini script in our heads, where we tell them what we did to assure that the numbers are right. Also, make sure that your inspector and your proxy solicitor has what I call a "good sniffer." They smell trouble when the numbers don't look right. We've had many cases where they discovered, "Oh, they forgot to mail to the employee plan," or some big giant pile of proxies got left in a corner and didn't get counted, or there's something wrong, and you need to swing into action, or it's just a mistake. Somebody made a big mistake and voted the wrong way.

We always look at the big voters. If you don't see JP Morgan Chase voting only 70% of their position, you know there's something wrong there. That would be number one - to make sure that you see potential problems coming and you're prepared to respond to it.

One other quick thing that I want to mention is that this year, I just saw a report by *The Activist Investor* who follows these, what he calls proxy contests under the universal proxy card. This universal proxy card really did make it much, much easier for dissident people to elect directors because letting people pick and choose among the slate, and then picking two of the weakest ones to pillory, it increases their success rate tremendously.

In March of this year, there were almost three times as many fights on the calendar as there were March of last year. While most of them so far are happening at small companies, you've got to think about this happening at your company, too. We had a great article in our last magazine called "Be Your Own Activist." Have your board think like an activist investor, and make sure that you had the proper defenses there.

Just very quickly, I just did an article on proxy fights, specifically focusing on trickery. How people win through dirty tricks or just clever tricks, then, on other things that are really important in a proxy fight. It's on our website. Bone up on that in your spare time because these things can take you by total surprise, and they are truly life-changing experiences. You want to avoid this at all costs, and you want to have a good battle plan on the drawing board in case this happens. Now, back to Matt on postmortems.

Post-Meeting Activities, Post-Mortems

Kane: Thank you, Carl. What happens after your meeting is hopefully a much shorter list on everything you have to do before the meeting, but still very important.

Everyone should have an annual meeting checklist that includes post-meeting items. Don't forget to check it. Don't get through your annual meeting and take the rest of the day off. I always create my own spreadsheet that I use to track the votes, that I use to double-check the Inspector of Elections' final report.

A tip I have is make sure your spreadsheet is formatted in the same way that you're going to report the results in your 8-K. That'll save you a lot of time in terms of having to redo things, and just be familiar with how you report it and add it up that way. Talking about the 8-K, I think everyone should probably always wait a full day to file the 8-K after the meeting, because you don't want to forget that there may be last minute votes coming in maybe late in the prior night or of course live in the meeting and your inspector will have to go back to Broadridge and get that last vote, and you want to pick that up.

Other post-meeting activities is, if you are on the New York Stock Exchange, you have to file your annual written affirmation and the exchange will reach out to you so you don't forget. NASDAQ is similar. Something I would always recommend is looking at your major stockholders, and if any of them failed to vote. Certainly, if they voted against your proposals, you may want to reach out, but if they fail to vote, there could be a technical problem. Things got lost in the mail. People earlier talked about making sure your big investors get a first-class mail package. Definitely, if you can identify large stockholders who didn't vote, there should be prime targets for outreach from the IR folks, and figure out why they didn't vote and how you get them to vote next time.

Other things you'll want to do is have a record of all your directors who attended the meeting. You may be reporting that in your proxy statement. You'll want to know which one of them has participated and attended and did not.

Of course, preparing a presentation for your nominating governance committee at this next annual meeting. That's where you probably have your most serious postmortem. You'll want to look at the proposals you had, make sure they know the ISS and Glass Lewis recommendations, the board recommendations, the vote results, anything surprising or interesting. A lot of time and energy should be spent by management preparing to present to the governance committee.

Small things, track your invoices. Everyone will probably be looking for their Broadridge invoice, but then there's also the smaller agencies that deal with some of the brokers that are outside of Broadridge. You'll get \$100, \$200 invoice from them and your other vendors. Cost is always important. We try and track that year over year, and make sure that we are not overpaying or forgetting to pay somebody one year or another.

Then, one of the other things you could have the pleasure of doing is thinking about next year's meeting. If you're a Delaware Corporation, think about when your next annual meeting is going to be. It has to be no more than 13 months from the date of the meeting you just finished. Also, the deadline for shareholder proposals is also based on the proxy filing date. Shareholder director nominees is from the meeting date, no more than 90 to 100 days prior to the anniversary of the meeting you just finished. You can start building out your calendar for the next year.

▲ How to Better Understand Your Voting Outcomes

Then I'll close by just talking a little bit more about specific vote outcomes. From the mechanical, if you had a charter amendment or bylaws amendment on the ballot and it was approved, then your board has to go through and actually adopt those amendments. Those charter amendments will have to get filed with your state of incorporation. You can't forget then to file them on EDGAR because those amendments will be required to be filed and also updated on the company website.

For director elections, make sure, if you're in-house counsel, that you understand the voting standards. It might be canned language for the proxy statement, but you don't want to be there on the day of your meeting, being like, "Wait a second. Majority, plurality standard. What happens if you have an uncontested election, but someone doesn't receive majority support?" Your job is to not wait for the inspector of elections to tell you what happened but to know what the right answer is so you can work with them and make sure there's no mistakes. How are broker non-votes tallied and not tallied depending on the proposal?

Of course, the most complicated could be shareholder proposals. If a shareholder proposal passes, then, depending what it is, after the meeting, the real action will start. You'll have to go to the board. They'll have to make a decision on what to do. That could lead to a proposal the next year. It could lead to direct action. Obviously, there's so many different kinds of proposals, but having a game plan ahead of time, especially if you think it might pass, can probably help you stay organized and stay ahead of the game following the meeting.

Same thing applies to Say-on-Pay and Say-on-Frequency. If you have a Say-on-Pay vote on the ballot and you did not receive majority support — and of course, according to ISS, passing is getting 80% — if you have a low result on Say-on-Pay, then for the next year, your IR teams are really going to have to develop a strong strategy. Because ISS and Glass Lewis are going to expect you to take a number of actions, even more shareholder outreach. They're going to want to see changes to your exec comp plan. You're going to have to have additional proxy disclosures. A failed vote is really the bell to kick off a full year of efforts on executive compensation if you have a Say-on-Pay failure. I'll leave it at that and would just invite other comments from the panel if they have thoughts on postmortems and what they do after difficult meetings.

C. Hagberg: Could I add one quick comment that goes to my own presentation and yours, Matt? The most important rule of all when it comes to reporting and understanding votes, don't ever rush. So often, somebody will be standing behind you, looking over your shoulder while you're trying to do the math and distracting you. This is where most mistakes happen because people are rushing and they're not focusing fully on the task. Never, never rush, whether it's reporting the results or it's analyzing the results.

So many people want to go on vacation. They want to file their 8-K that day and go on vacation the next morning. Don't ever rush yourself on either of those things. You'll have a much happier life in the end, for sure.

Kane: Don't rush, and don't take anyone's word for it. If you have a multi-class structure, Class A, Class B preferred, whatnot, I've seen inspectors of election make mistakes. They don't understand how the voting power works for each class. They may not realize. Always walk them through it. Always double-check everything.

P. Hagberg: Matt, just on that point, making sure that the tabulation reports you're receiving are factoring in voting power properly. We see that all too often when it's not. The client assumed it is, and the inspector assumes it. Double-checking that, from the get-go, the math is right. That's important.

Kane: I've seen errors in tabulation reports as well. I think that's all our time today. Not on behalf of everybody, but thank you. I think we're at the end now.

Jenkins: We are. Thanks very much, Matt. We appreciate everybody's contribution. Carl, your words about not rushing things are well taken, particularly by the moderator today. I think in my haste to introduce everyone, I stumbled and said that the deadline for calendar year companies to file their proxies has passed. Of course, it hasn't. I mixed up my months, which, when you become my age, you do. In any event, terrific job covering a lot of great information, and really appreciate the time that everybody has taken to share their insights with our members.

Thank you very much, everyone. This concludes today's webcast.