

THE ESG WARS RAGE ON

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MORE NOTES FROM THE ESG BATTLEFIELD



PEDER HAGBERG
CO-EDITOR

CORPORATE RESPONSES TO ESG CONCERNS IN 2023

Several notable companies, including Apple, McDonald's, Chubb, and Standard Chartered, have responded to shareholder concerns raised during the 2023 proxy season. Here are the headlines:

Apple

Addressing worker treatment concerns, Apple agreed to conduct a human rights audit by the end of 2023 (findings still pending as of January 2024 - [see the recent SEC Communication](#)).

Apple promptly addressed transparency issues related to concealment clauses in response to a second ESG proposal.

McDonald's

Shareholders' demand for a civil rights audit led to McDonald's commitment to an assessment.

McDonald's continues efforts to improve diversity and faces a coalition's demand for a human rights investigation.

Chubb

Shareholders voted in favor of disclosure on net-zero greenhouse gas emissions.

Chubb has implemented changes in underwriting criteria to address concerns about fossil fuel companies.

Standard Chartered:

Despite a failed resolution, Standard Chartered adjusts its revenue-based target to reduce emissions.

For a detailed look at the specific ESG shareholder proposals that were approved and insights into how these companies are responding, you can refer to a [September 2023 article by ESG Clarity](#).

UNDERSTANDING ESG SCORES: WHAT ARE THEY AND WHY DO THEY MATTER?

An ESG (Environmental, Social, and Governance) score serves as a quantitative measure for investors, company and board management, and the analyst community to evaluate a company's performance across these three areas.

These scores typically range from 0 to 100, with lower scores indicating greater challenges and risks associated with ESG matters. It is critical to acknowledge the limitations of ESG scores: there's a lack of standardization among rating agencies and a big potential for the dreaded, but often employed, greenwashing, which is not often reflected in ESG scoring.

Despite these limitations, ESG scores are significant since they offer a comprehensive look at a company's performance beyond traditional financial metrics. This holistic view helps stakeholders make more informed decisions by considering the company's impact on its ESG practices.

TOP 10 COMPANIES BY ESG SCORE IN 2023:

RANK	COMPANY	ESG SCORE
1	MICROSOFT	72.76
2	APPLIED MATERIALS	71.71
3	WOODWARD	71.69
4	VERISK ANALYTICS	71.58
5	MASTERCARD	71.57
6	CATERPILLAR	70.66
7	MARATHON PETROLEUM	69.42
8	NVIDIA	69.4
9	DOVER	68.65
10	MOTOROLA SOLUTIONS	68.54

Ranked by ESG sustainability score from Dow Jones Newswires.

The Evolution of ESG Sentiment

On Wall Street, the term "ESG" is seeing a precipitous decline in popularity, evident in fewer mentions on S&P 500 earnings calls and a waning interest in dedicated ESG funds.

During the first quarter of 2023, total assets under management in ESG funds globally declined by approximately \$163.2 billion compared to the previous year, as reported by data provider **Lipper**. The shift is further emphasized by the fact that about half of the U.S. states are implementing provisions to impede investments in state-run accounts through an ESG lens, according to Lipper. Notably, a coalition of Republican-led states unsuccessfully took legal action against the Biden administration, challenging rules that enable 401(k) managers to consider climate change factors in investment decisions.

Interestingly, even advocates are expressing reservations about the continued relevance of the ESG term.

Rothschild suggests retiring the ESG acronym while emphasizing the importance of its underlying principles. She believes the finance world should shift focus from the term to the objectives it represents.

THE CALL TO MOVE BEYOND ESG: A SHIFT IN SUSTAINABLE INVESTING

In a featured article on **CNN.com**, **Lynn Forester de Rothschild**, founder of the **Council for Inclusive Capitalism**, advocates discarding the ESG (Environmental, Social, Governance) name. Rothschild, known for convening global leaders to discuss inclusive and sustainable economic practices, argues that ESG has “created the elements of its own demise.”

While efforts like Rothschild’s aimed to align businesses with sustainability for a more inclusive global economy, Wall Street, according to Rothschild, “focused more on financial gains than a green future.” She criticizes investment companies, especially mutual funds and ETFs, for engaging in “greenwashing” by using ESG and sustainable terms in fund names without substantial changes in investment holdings...ugh!

Rothschild points out that money managers charge extra for ESG investing without thoroughly assessing companies’ environmental impacts, relying on “meaningless checklists.” This practice, she argues, has led companies like tobacco giant Philip Morris and gas titan Shell to be included in ESG funds.

Rothschild suggests retiring the ESG acronym while emphasizing the importance of its underlying principles. She believes the finance world should shift focus from the term to the objectives it represents.

Robert Jenkins, head of global research at **Lipper**, considers ESG a buzzword, likening it to the “artificial intelligence of six years ago.” He notes that the term has been overused with companies built around selling ESG information and hosting related conferences.

Looking ahead, Rothschild calls for regulatory agencies and governments to reinforce environmental measurement requirements and objectives. She emphasizes the need for

verifiable and standardized metrics, available to both investors and consumers. Jenkins supports this idea, advocating for more focused, thematic metrics to enable investors to target specific impact areas with greater assurance.

NAVIGATING THE FUTURE OF ESG:

As the ESG landscape undergoes continued evolution, companies need to tailor their messaging to align with the shifts in investor sentiment. To truly define and implement “ESG,” there is a pressing need for standardized metrics, reinforced by regulatory measures, and a renewed focus on real sustainability efforts. With SEC legislation pending, the year 2024 could mark a pivotal moment for these advancements. Until then, the “ESG Wars Rage On!”

ESG BY THE NUMBERS: ENVIRONMENTAL & SOCIAL PROPOSALS

At least three prominent commentators reported a “noticeable decline” in “support” of ESG proposals. But this was because they included “Anti-ESG Proposals” in their totals – which typically got less than 3% “support” from voters. And this accounts almost entirely for the drop in “average support.” All three commentators also failed to note the fact that roughly 100 companies reached agreements with shareholder proponents, which shows a *major increase* in “successful engagement” with shareholders on ESG issues.

One commentator published a widely noticed chart that greatly mis-stated the extent to which individual investors vote their proxies by including “broker votes” in their calculations – which, typically, account for around 20% of the total votes cast. But brokers can’t vote for “non-routine items” – which all shareholder proposals ARE. We estimate that only about 10% of retail owners cast their votes these days – and “on average” their votes are somewhere between 10% and 15% of all “votes cast” – but the “averages” are meaningless: Issuers need to assess their own actual numbers to see how important (or not) the retail vote is to their own company.

ESG Lawsuits Abound

TENNESSEE FILES LAWSUIT AGAINST BLACKROCK ALLEGING DECEPTIVE ESG PRACTICES

ESG Dive recently reported that Tennessee **Attorney General Jonathan Skrmetti** has filed a lawsuit against **BlackRock**, accusing the global investment management firm of making “false or misleading representations” to consumers regarding the impact of ESG considerations on its investment strategies. The legal action, filed in state court, contends that BlackRock has consistently misled consumers about the scope and consequences of its ESG activities, releasing conflicting statements regarding the influence of ESG factors on its business decisions.

The lawsuit asserts that despite marketing some of its funds as free from ESG considerations, BlackRock is a member of ESG coalitions such as the **Net Zero Asset Managers Initiative** and **Climate Action 100+**. These organizations advocate for comprehensive ESG commitments, creating a contradiction with BlackRock’s public stance, Skrmetti stated, “We allege that BlackRock’s inconsistent statements about its investment strategies deprived consumers of the ability to make an informed choice.”

The complaint further accuses BlackRock of adopting a strategy aimed at appeasing both pro-ESG organizations and investors primarily focused on financial returns. It suggests that the firm has tailored its statements to cater to both sides, potentially to maintain business relationships.

Tennessee seeks injunctive relief, civil penalties, and the recovery of the state’s costs through the lawsuit, emphasizing the importance of ensuring fair and honest treatment of consumers by corporations.

NEW HAMPSHIRE BILL WOULD MAKE USE OF ESG IN INVESTMENTS A “FELONY”

In a separate legislative development also reported on **ESG Dive**, New Hampshire has introduced a bill that could significantly impact ESG considerations in state investments. Republican legislators in the state house have proposed a bill that would prohibit the inclusion of ESG factors for state investment funds. More notably, the bill would classify “knowingly” investing using ESG criteria as a **felony, carrying a potential punishment of up to 20 years in prison. Wow, we say!**

This proposed legislation adds to a growing trend of anti-ESG laws across various states. However, the severity of classifying the use of ESG criteria as a felony sets New Hampshire apart from other states with similar legislation. The bill, if enacted, would further shape the evolving regulatory landscape surrounding ESG investments in the United States.

EXXON MOBIL VS. ESG ACTIVISTS

In a late development, energy giant **Exxon Mobil** is seeking to exclude proposals from environmental activist shareholders from their upcoming Annual Meeting on May 29th, arguing that the activists’ proposal to limit emissions poses a potential threat to the company’s financial stability.

The energy company has filed a complaint against **Arjuna Capital** and **Follow This** in the U.S. District Court for the Northern District of Texas. Exxon Mobil claims that the activists’ initiative does not align with enhancing the company’s economic performance or creating shareholder value. The corporation perceives the non-binding resolutions proposed by the activist investment firms as excessively restrictive and controlling, with the aim of diminishing the company’s existing business.

Exxon Mobil contends that the activists’ proposal violates SEC rules and has requested the court to block it by March 19. The company’s annual meeting, where the motion will be subject to a vote if not blocked, is scheduled for May 29.

A spokesperson for Exxon Mobil expressed concerns about the breakdown of the shareholder proposal process, emphasizing the need to apply SEC’s proxy rules to prevent abuse and reduce the significant resources required to address such proposals. The company is urging the court to intervene in what it perceives as a misuse of the shareholder proposal process.

Follow This, a Dutch activist investor group, has previously submitted Scope 3 proposals for the other four major firms. Follow This founder **Mark van Baal** commented, “With this remarkable step, ExxonMobil clearly wants to prevent shareholders from exercising their voting rights. Apparently, the board fears investors will vote in favor of emissions reduction targets. It seems that ExxonMobil is afraid of its shareholders.”

But then... both proponents withdrew their proposals - and Exxon decided to sue them anyway - to make its points and also to recover its legal fees.

THE BROADER SIGNIFICANCE

The Exxon complaint emphasizes that “Arjuna and Follow This are not typical shareholders.” They have “become shareholders solely for the purpose of advocating for change through shareholder proposals aimed at altering the company’s existing business.”

In contrast, Exxon clarifies that the majority of shareholders usually invest in companies with the aim of fostering growth and realizing a return on their investment.

This legal dispute arises in the context of a wider conservative resistance to corporate environmental and sustainable governance practices. Republican officials have frequently criticized such practices, resulting in the enactment of 12 state laws restricting them in 2023. The case is now under the jurisdiction of **Judge Mark Pittman**, a former appointee of President Trump, who has previously ruled against policies of the Biden administration.

ALSO ON THE ISSUER FRONT, Publisher Penguin Random House has filed a federal lawsuit in Iowa against three state education executives and two local school districts and their superintendents over book-banning practices to prevent the removal of books from school shelves. Among the titles that have been removed in Iowa are George Orwell’s “1984,” Toni Morrison’s “The Bluest Eyes” and Aldous Huxley’s “Brave New World.” according to a WSJ article on the litigation. Penguin Random House and **free-speech advocate PEN America filed suit in Florida** in May against the Escambia County School District and the School Board to block the removal of books from public libraries.

AI (ARTIFICIAL INTELLIGENCE) CHAOS AT YOUR ANNUAL MEETING? BE PREPARED

Meredith Ervine and other colleagues from **TheCorporateCounsel.net** have reported on a recent **Fortune** article, emphasizing the need for preparedness in the face of potential chaos at annual meetings, driven by technological advancements, global conflicts, and political factors.

The Fortune article issues a warning concerning digital strategies:

“Despite numerous AGM rehearsals, management and staff often underestimate the impact of new digital strategies employed by advocacy groups. A proficient team is essential to monitor these developments and respond proactively—prior to, during, and after the AGM—to counter adverse groups. These groups frequently capture audio or video clips, sharing them along with alternative commentary. Moreover, pre-prepared clips act as a megaphone for these groups, providing unconventional observations against company positions and capitalizing on the AGM spotlight.”

The bill would classify “knowingly” investing using ESG criteria as a felony, carrying a potential punishment of up to 20 years in prison.

“In this emerging era of artificial intelligence (AI), anyone can now deploy deepfake audio or video clips, posing an additional threat to AGMs, business operations, and potentially resulting in severe consequences.”

JUST BEFORE GOING TO PRESS CAME SEVERAL MORE INSTANCES WHERE THE ESG WARS CONTINUE TO RAGE ON WITH A VENGEANCE:

Activist investor **Ancora Group**, with a billion-dollar stake, has launched a big proxy fight at troubled railroad **Norfolk Southern** to overhaul the board and oust the CEO - with a major chance to win, we think. An analyst from **Stifel** summed things up succinctly: “Norfolk has long been an underperforming self-help story that simply can’t figure out how to help themselves.”

At underperforming **Mattel**, **Burlington Capital** sent a letter to the CEO, asking them to “take steps that include pursuing strategic alternatives for its Fisher-Price and American Girl businesses, what the investor views as excessive stock-based compensation and launching a \$2 billion share-buyback program [and] asking the toy maker to separate the CEO and Chairman roles.” according to a WSJ article, which, while noting that “There’s no guarantee Barrington’s campaign will gain traction,” they note their previous successes at **L Brands**, and **Darden Restaurants**.

In perhaps the biggest ESG bombshell of all - with the accent on the G - a Delaware court voided Elon Musk’s \$51 billion pay package at Tesla, finding its approval as “deeply flawed” due to Musk’s control over the board and “not entirely fair” as required by DE law. Musk wants to move the company’s state of incorporation to Texas, which requires a shareholder vote - and will likely ask the board to affirm, or somehow alter - and increase - the terms of his compensation - which he was angling to do before the court decision. A mighty heavy lift, we’d say, given Tesla’s stock performance of late and Musk’s threats to take his talents elsewhere if his demands for more control are not met - And - as another WSJ article on this pointed out, individual investors own an unusually high 43% of the voting shares. Stay tuned for a bumpy ride!.

Button up. we say again, for the wildest and wooliest proxy season ever!

ESG Reporting: How Companies Focus on Long-Term Performance

ESG reporting is simply good governance for the modern corporation. Investors expect transparency around risks, leadership, and how issuers treat shareholders and employees alike. The ESG moniker might be new, but the fundamental practices it embodies aren't.

STAYING FOCUSED ON THE "SIGNAL"

For years, ESG reporting has been a stalwart for issuers and investors. Businesses that are focused on sustainable financial performance tout their progress toward social, environmental, or good governance goals, and investors track how corporations are making progress. This transparency means that when issuers benchmark and report on their progress, investors' conviction increases, creating a symbiotic relationship that historically drives the economy forward.

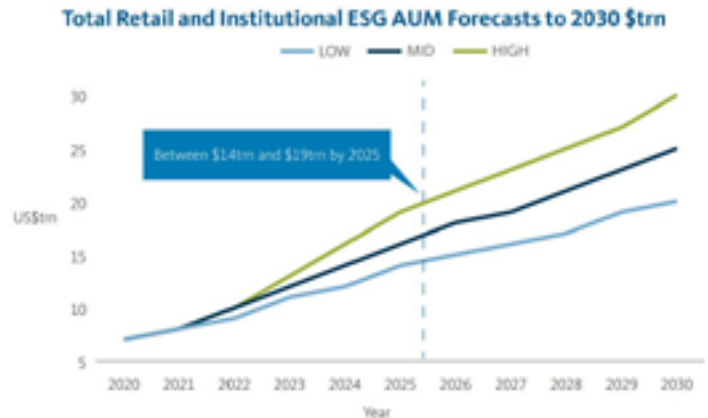
THE NUMBERS TELL THE REAL STORY

Companies and their boards are increasingly focused on good governance and financial returns. To make meaningful progress in these areas, they will need the kind of information only data can provide in order to assess and execute.

Joseph Vicari, ESG Practice Lead at Broadridge, says large-cap companies are still bullish on ESG for the long haul. "In 2021, the majority of large cap companies voluntarily disclosed ESG data at a high rate, especially in areas of the environment," he says. "The Broadridge ESG Analyzer data shows that 75% of large-cap companies disclosed Scope 1 emissions and 73% disclosed Scope 2 emissions. Additionally, 86% of these large caps published sustainability reports."

These trends are not isolated to large-cap companies. In the mid-cap market, 69% of companies are publishing sustainability reports and 41% are disclosing Scope 1 emissions. The small cap market is taking notice and following suit, with 29% of companies under \$2 billion in market cap publishing sustainability reports based on data from ESG Analyzer.

Today's retail and institutional investors are driven to find companies that are committed to sustainability. Issuers demonstrating dedication to operating in a sustainable and socially responsible manner are primed to attract long-term investment from the growing pool of professionally managed ESG assets, notwithstanding short-term market fluctuations.



GIVEN THE POWERFUL UNDERCURRENTS SUPPORTING ESG INVESTING, ASSETS COULD GROW TO \$14-19 TRILLION BY 2025, AND POTENTIALLY \$20-30 TRILLION BY THE END OF THIS DECADE.

Corporate issuers continue to:

- Map out goals with set targets and evaluate how they will be achieved
- Disclose and report on ESG factors that demonstrates oversight of non-financial risks and opportunities
- Ensure that sustainability is integrated into corporate strategy and organizational culture.

Of course, results can only ever be as good as the inputs that drive them. Accurate and timely data is the foundational bedrock on which successful corporate strategy is built. With good ESG data as a core component, leaders can identify areas prime for improvement while building on current success stories. ESG reporting sends a powerful signal that leadership is dedicated to long-term success. Having the best available data is the most effective and straightforward way to stay focused on what matters - be it for your business, the world, or both.

LET'S TALK ABOUT WHAT'S NEXT FOR YOU

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Transforming Shareholder Engagement

AN INTERVIEW WITH JOE CARUSO, CEO OF ALLIANCE ADVISORS, INC.

JOE, IT'S BEEN A FEW YEARS SINCE OUR LAST INTERVIEW WITH YOU. CAN YOU GIVE US AN UPDATE ON HOW THINGS ARE GOING AT ALLIANCE ADVISORS?

Best-in-class customer service and product innovation have always been the hallmark of the Alliance Advisors' customer experience since we started as a business in 2010.

The company is doing especially well as we focus on new and better products and a commitment to improve our services to our new and existing clients. Our new company slogan - "Going Beyond To Achieve Your Goals" - encapsulates our focus on bringing meticulous customer service to clients and the unwavering pursuit of product innovation. Alliance now offers clients the most comprehensive and user-friendly 360-degree approach to shareholder engagement of any company in the market....and our recent client growth reflects this.

TALK ABOUT ALLIANCE'S CUSTOMER GROWTH AND EXPANSION OVER THE PAST SEVERAL YEARS.

In 2022, we served nearly 900 US and multi-national companies and in 2023 we worked with over 1,200 companies. We are predicting to have over 1,400 clients in 2024, so you can see that our growth trajectory is among the best in the industry.

Alliance now offers clients the most comprehensive and user-friendly 360-degree approach to shareholder engagement of any company in the market....and our recent client growth reflects this.

Our client growth reflects our focus on our geographical expansion. We now have offices and 'boots on the ground' in six markets including the United States, Canada, London, Hong Kong, Taipei, and Korea, with plans to open an office in Tel Aviv in the near future. We completed 120 international assignments across 14 countries in 2023.



We also have a state-of-the-art virtual call center that allows for limitless expansion and shareholder contact.

Because of our focus on expansion, we engaged with over 4 million retail investors in the past 12 months through various communication methods including phone calls, text messaging, social media engagement and a unique direct mail operation.

One of the things I am most proud of is that nearly 50% of our new customers come to Alliance through referrals. That, coupled with our 99.9% customer retention rate, illustrates our clients' belief in our service - which is second to none.

What differentiates Alliance from others in the industry is the quality and reliability of the data we provide to our clients, our 24/7 customer service model and our proactive customer communication approach.

WHAT ARE THE CORE SERVICES THAT ALLIANCE PROVIDES TO CLIENTS?

Alliance continues to be a leader in offering Shareholder Meeting Advisory, off season Shareholder Engagement, Compensation, Governance & ESG advisory, Stock ID and Proxy Logistics.

Alliance has a leading compensation consultancy team that works closely with outside compensation consultants, company CFOs and management, which underscores our comprehensive approach to meeting each client's unique needs. Compensation plans are now heavily influenced by ESG scores and we provide gap analysis between company actions and investor expectations, while focusing on execution of the plan to get the vote.

On the ESG front, our experts are fully up-to-date on the ever-changing disclosure requirements and we work with each of our customers on a very granular level to identify the policies that apply to their business - and those that don't - and how best to disclose them in the proxy statement.

TELL US ABOUT ALLIANCE'S RECENT ACQUISITION OF LHA ADVISORS AND WHAT THIS MEANS TO CLIENTS.

Alliance Advisors entered the investor relations business in a major way with the acquisition of New York-based LHA Advisors in Q3 of 2023. This important addition complements our existing services and provides a 360-degree view of shareholder engagement, particularly when engaging with portfolio managers and the buy side... versus folks on the stewardship side. There has always been a major gap for most companies trying to engage with their unique shareholder bases; the acquisition of LHA makes Alliance the only company offering this fully integrated service to close that gap

WHAT ARE THE BENEFITS OF THIS IR COMPONENT FOR CLIENTS AND HOW ARE YOU DELIVERING THIS SERVICE?

Our proprietary Invictus platform was developed in-house at Alliance to allow clients to access a single platform to see the full results of their investor relations engagement efforts in real-time.

No other firm except Alliance Advisors can provide clients with data to measure if IR shareholder engagement is actually working. This is where the "rubber meets the road." The Invictus platform provides companies with a real-time scorecard on the efficacy of their IR effort. You will know within two weeks if the IR campaign is working - or not - and we work with our clients to re-adjust their campaigns accordingly.

Invictus was introduced as the only comprehensive system that interconnects the shareholder ecosystem, providing clients with access to data on roadshow results, stock buying and selling, and voting information. This is a real game-changer.

HOW DOES THIS PLATFORM WORK?

Invictus was developed in-house by Alliance Advisors to "Smash the Black Box" around proxy solicitation manage-

ment and shareholder ownership insights. Through a customized digital portal, Invictus brings our clients inside the action by providing on-demand access to:

- **Deep Ownership Insight & Peer Group Analysis**
- **Complete Digital Management of your Annual/ Special Meetings**
- **Comprehensive, Real-time Vote Reporting**
- **Historical Voting Actions and Outcomes.**

Share ownership movement and proxy solicitation functions have been opaque for too long. Invictus changes the game by providing full transparency of critical shareholder data in a modern digital framework. With three distinct customer modules, Invictus simplifies access to institutional investor activity, facilitates intelligent IR decision-making, and streamlines the management of Annual and Special meetings.

No other firm except Alliance Advisors Investor Relations can provide clients with data to demonstrate if IR shareholder engagement is actually working. This is where the 'rubber meets the road.'

JOE, THE FUTURE SEEMS VERY BRIGHT FOR ALLIANCE ADVISORS - DO YOU HAVE ANY FINAL COMMENTS?

There has been a serious lack of innovation in the proxy solicitation and corporate consulting industries for decades.

One of our top priorities at Alliance is to bring meaningful innovation to the industry; innovation that helps our clients get a deeper understanding of their investors and the issues that the corporations face. Ultimately, we are in the problem-solving business - and we want to be the best at what we do - and I believe we are.

With our pursuit of innovation, coupled with our ongoing commitment to customer service, dedicated market expansion, strategic customer acquisition and product development, Alliance Advisors is well-positioned for continued market share growth as we bring our innovative solutions to market to better serve our clients.

We welcome you to reach out to our team for a demonstration of the Invictus platform and to learn more about how Alliance can save you time and money and improve your shareholder engagement efforts.

www.allianceadvisors.com

Originally attributed to Mark Twain, with respect to ESG:

REPORTS OF MY DEMISE ARE PREMATURE!



BY RON SCHNEIDER

DIRECTOR, CORPORATE GOVERNANCE SERVICES
DONNELLEY FINANCIAL SOLUTIONS (DFIN)

Increasing scientific evidence of human-caused climate impacts, ever-increasing global temperatures and intensifying incidents of extreme weather are impacting people, companies and ecosystems around the world.

The focus on environmental impacts, originally championed by a small but vocal group of “social” or “sustainable” investors starting in the 1970’s, is now embraced by mainstream long-term investors throughout the world. For a sense of the magnitude of this adoption, consider just the UN-sponsored Principles for Responsible Investment (PRI), which at the end of 2022 included 4,902 signatory investors with an estimated total of AUM of US\$121.3 trillion.

These signatories include the “big three” US-based indexed managers, BlackRock, Vanguard and State Street Global Advisors (SSGA), which collectively own up to 20% of corporate America.

Why are they so interested in ESG factors and data? Given their size and significant degree of indexation, they consider themselves “permanent” investors and maintain very long-term views of value creation and risk mitigation. They consider relevant ESG data to be “pre-financial” as opposed to “non-financial”, meaning that ESG weaknesses, if undetected or unattended, can presage future operational or performance deficiencies. Having identified a direct line between climate risk and financial risk, they consider these metrics to be necessary tools for long term risk mitigation in their portfolios. “Active” managers can avoid such stocks, and “passive” (indexed) investors can focus their engagement efforts on these issues.

That said, “anti-woke, ESG backlash”, often politicizing what fundamentally are scientific issues, is causing investors and companies alike to “unpack” this broad, catch-all phrase.

As stated in June by BlackRock CEO Larry Fink: “I don’t use the word ESG anymore, because it’s been entirely weaponized ... by the far left and weaponized by the far right”.

Some readers, seeing that headline, incorrectly jumped to the conclusion that “BlackRock is backing off from ESG”. This is hardly the case, as Fink went on to say that the world’s largest asset manager hasn’t changed its stance on ESG issues and would continue to talk to companies it has stakes in about decarbonization, corporate governance and social issues to be addressed.

This “unpacking” of the umbrella term “ESG” is overdue, since it means different things to different people. Now, the conversation is becoming more specific and focused. By “E”, are we referring to climate impact, greenhouse gas emissions, transition plans or water use? By “S”, are we referring to DE&I, employee health & safety, or community impacts? By “G”, are we referring to board skills and diversity, oversight, executive compensation, or cybersecurity? This should help clarify and focus these various discussions.

CURRENT STATUS OF REPORTING - AND IMPEDIMENTS

According to the WSJ Pro Sustainable Business Survey 2023, 63% of US public companies responding to their survey reported disclosing sustainability and ESG information, up from 56% last year. Those that don’t yet report this data but plan to was 16%, down from 25% last year. About one-fifth of respondents said their organization had no plans to report their progress, virtually unchanged from last year.

Many of the late adopters to ESG reporting indicate that they either a) have been waiting for more clarity around the alphabet soup of materiality and reporting standards (which thankfully are converging), and b) for final regulatory rules from the SEC as well as from state and EU sources, and as they see the dust settle and such reporting moving from a “voluntary” to “mandated” status, will then start their reporting.

The problems with this approach are that a) other jurisdictions such as the EU and California have leapfrogged the proposed SEC mandates, and b) investors, customers, employees and participants in company supply chains want this information now!

WHAT COMPANIES SHOULD BE DOING NOW

Engage with your investors – As with so many disclosure topics, engaging with your top investors can help you identify their hot button ESG-related issues and informational needs – which may extend well beyond SEC and other regulatory disclosure requirements.

Review your peer company disclosures – To help you successfully compete with peer companies for investment capital, review your ESG disclosures against theirs (across a range of documents and information channels). This can help both to benchmark where you are -- and to set achievable short, mid and longer-term messaging objectives.

WHERE THIS IS HEADING

As we move from unstructured data in relatively unregulated CSR and ESG reports, toward standardized, structured and audited data delivered in regulatory reports – companies increasingly will want to apply similar controls as they do over traditional financial data.

In the coming year, Boards and audit committees increasingly will focus on preparing for auditing and assurance of company ESG data. Boards and audit committees, as part of their oversight, should confirm that management has the requisite governance and control processes in place, just as they do over traditional financial reporting.

We are already seeing evidence of these new oversight and control procedures in updated governance documents and committee charters, clearly assigning responsibility and accountability for the controls of ESG data, moving towards the CFO position, supported by existing financial reporting SaaS products like DFIN's ActiveDisclosure. In practice, we are seeing more cross-functional collaboration with legal, IR, sustainability, HR and financial reporting coming together to identify the relevant ESG data, and procedures for updating and secure maintenance required for auditing, assurance and disclosure in a regulated environment.

DFIN'S FIVE STEP ESG REPORTING PROCESS

DFIN guides our clients through the following five key steps to help them both initiate and drive their ESG processes and disclosures:

1. Select Material Indicators

While the major materiality and reporting frameworks aren't yet fully integrated, there is substantial overlap among them. Focusing primarily on SASB, GRI, and TCFD (to be taken over by the International Sustainability Standards

I don't use the word ESG anymore,
because it's been entirely weaponized
... by the far left and weaponized by
the far right.

-BlackRock CEO Larry Fink

Board (ISSB) in 2024), we select five to seven material indicators relevant to your industry group and for which your company will have important information to disclose.

2. Conduct a Peer Review

Given the relative nature of ratings and rankings, analyzing peer disclosures (proxies, 10-Ks/ARs, and websites) can identify industry-specific topics not captured in step 1, and establish what it would take to match or exceed the disclosures of your peers.

3. Identify Thematic Messaging

Based on steps one and two, you may have identified seven to 10 topics as the foundation for your ESG program and disclosures. Here, for communications purposes, we distill these topics down to three to five thematic buckets or tenets (e.g., "our people," "our purpose," "our planet"). These tenets are then harmonized and reinforced throughout all reporting channels.

4. Create Content

We help you identify subject matter experts (SME's) and establish working groups to collect, update, and maintain relevant data. Our ESG consultants, analysts, and writers then advise on and/or draft content that meets the above-described materiality and thematic messaging criteria.

5. Develop Infographics

Our creative designers transform ESG text and data into marketable documents via impactful design in harmony with your company branding.

The good news is that this five-step process is repeatable, and equally applicable to your proxy, annual report, website, and ESG/CSR report development. Following these steps helps ensure consistent prioritization of materiality topics – and of messaging – across your various documents and channels.

To learn more about how DFIN can help you in your ESG journey, please go to:
dfinsolutions.com/products/esg/esg-reporting

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Journey to 10,000: The evolution of Virtual Shareholder Meetings

William Kennedy, VP Product, Corporate Issuer Solutions, Broadridge

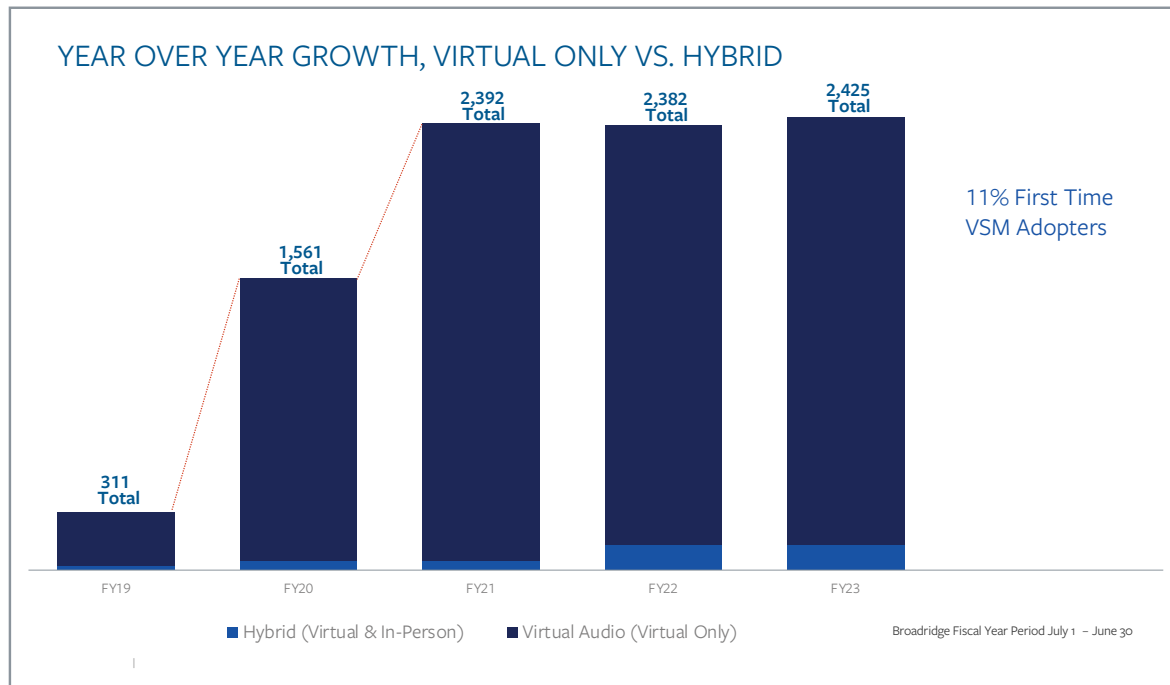
This past proxy season Broadridge successfully hosted its 10,000th Virtual Shareholder Meeting (VSM). More than 85% of those meetings occurred in the past three years, and VSMs are now commonplace among issuers and shareholders.

First launched in 2009, our VSM platform made shareholder meetings more efficient to conduct while providing another avenue for companies and shareholders to interact.

Nevertheless, some institutional investors and governance proponents were skeptical about meetings held fully online. They worried that VSMs might erect a technology wall between shareholders, directors, and management. Even though we were adding the features and functionality they asked for, acceptance was slow to build.

Fast forward to proxy season 2020 and a devastating COVID pandemic where social distancing regulations made in-person gatherings impossible or inadvisable. In this context, the virtual format was the best option for shareholder meetings. And the industry looked to Broadridge to quickly scale up its VSM service so that corporate governance could proceed without interruption.

The pandemic led to a major spike in VSM adoption and few companies are returning to an in-person meeting format even with “employee return-to-office” policies growing among many firms.



VSMs are here to stay. Our clients are sticking with VSMs because the technology is making shareholder meetings more efficient, more secure, and more convenient for their shareholders. The benefits are compelling including, among others, the following:

- **VSMs make shareholder meetings more accessible, not less.** Shareholders and registered guests can join meetings and engage the board from anywhere. It is easy for authenticated shareholders to ask questions and vote.
- **VSMs reduce the effort to plan and manage shareholder meetings.** In-person meetings can involve complex logistics such as arranging suitable venues, travel and accommodations. VSMs eliminate the work and worry.
- **VSMs are more secure.** In-person meetings can entail physical security risks, including unauthorized access or disruption. VSMs eliminate the need to hire security personnel, screen in-person attendees, and respond to incidents.

Based on our experience in hosting over 10,000 VSMs, there are at least five best practices companies should consider:

- 1 **Provide participants with clear instructions and guidance.** Companies should educate shareholders on what to expect and how to participate. Consider giving participants step-by-step guidance on how to log in, vote, ask questions, and access materials. Use plain language and distribute across multiple channels: email, web, and the VSM platform itself.
- 2 **Be proactive — and coach the board.** Preparing the board and management team is just as crucial as preparing shareholders. Offer training sessions or rehearsals to familiarize them with the VSM platform and its features. Encourage board members to practice delivering their presentations and responding to questions in the virtual format.

- 3 **Make it easy to participate during the event.** The success of a VSM hinges in part on the ease of participation. Simplify the entry process by providing direct links and clear log-in instructions. Ensure that all shareholders can join the meeting and provide log-in hand holding where appropriate.
- 4 **Choose the right VSM platform — and partner.** Evaluate VSM platforms based on their reliability, security, user-friendliness, and scalability. Make sure the VSM can adapt to your specific needs and provide proactive support. And look for a partner with the right experience to help manage even the most complex events.
- 5 **Stay connected after the event. Engagement doesn't end when the VSM concludes.** Share the meeting's recording and transcripts, allowing those who couldn't attend the meeting to view it. Encourage feedback and questions post-event to address any lingering concerns.

What's next. Our VSM platform can be deployed for special meetings and investor-day events as well.

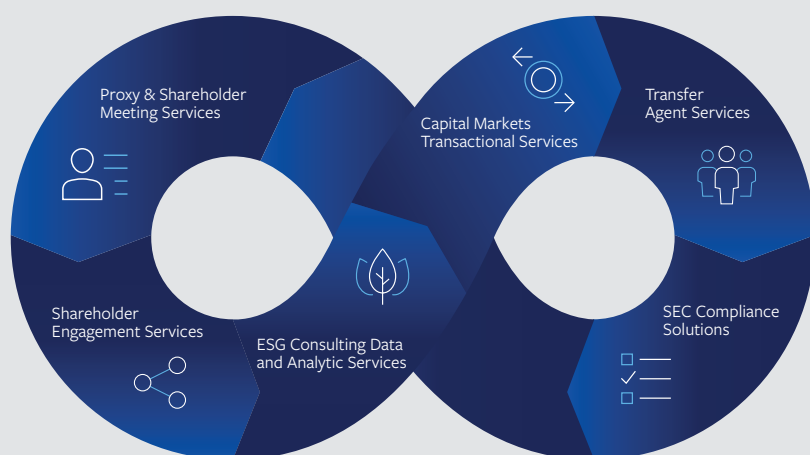
Special meetings. Issuers can quickly convene special meetings when critical decisions require shareholder consent for M&A transactions and other solicitations. In this context, real-time interaction, information dissemination, and stakeholder engagement can be facilitated by the platform.

Investor day events. Virtual investor day events are another avenue to engage with shareholders outside of the annual meeting process. The platform can enable dynamic presentations, the use of multimedia content, and in-depth financial discussions. The platform can assist companies in reaching out to current as well as potential new investors, along with analysts and other stakeholders worldwide.

Go further. With Broadridge

An integrated approach to shareholder communications and regulatory disclosures, driven by innovation and accountability.

Corporate Issuers and law firms rely on us for their investor and shareholder communications and regulatory disclosures. Our end-to-end, integrated solutions simplify their workload, provide budget clarity and deliver results.



Broadridge Financial Solutions (NYSE: BR), a global Fintech leader with over \$6 billion in revenues, provides the critical infrastructure that powers investing, corporate governance, and communications to enable better financial lives. We deliver technology-driven solutions that drive business transformation for banks, broker-dealers, asset and wealth managers and public companies. Broadridge's infrastructure serves as a global communications hub enabling corporate governance by linking thousands of public companies and mutual funds to tens of millions of individual and institutional investors around the world. Our technology and operations platforms underpin the daily trading of more than \$10 trillion of equities, fixed income and other securities globally. A certified Great Place to Work®, Broadridge is part of the S&P 500® Index, employing over 14,000 associates in 21 countries. For more information about us, please visit broadridge.com.

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Ready for Next

Ask The Experts As The ESG Wars Rage On in 2024

ADVICE AND TOP TIPS FROM LEADING LIGHTS IN THE ISSUER, INVESTMENT MANAGEMENT AND PROXY ADVISORY COMMUNITIES



MARY FRANCIS

Corporate Secretary and Chief Governance Officer of Chevron - which was recognized with the 2023 Best Proxy Statement Award (Large Cap) from Governance Intelligence - shares her insights on shareholder engagement and on ESG.



High quality engagement between companies and their shareholders and other stakeholders has never been more critical. Boards are being held accountable not just for financial results at companies, but also for the ways in which those results are achieved and for impacts that might not be reflected in financial statements. It is important that companies have an effective and fully integrated approach to how they communicate on issues of broad interest as well as issues that are unique to their company or industry. For Chevron as a global energy company, climate change and the energy transition are among the most significant and complex issues we face, and our stakeholders are very interested in how we are navigating these matters.

As I reflect on my almost nine years as Chevron's Corporate Secretary and Chief Governance Officer, I see a clear evolution in our company's approach to engagement. Previously, we had separate channels for communicating with our investors: through our IR group on financial performance and through our governance team on ESG matters, and these two channels were not strongly connected. Our ESG engagements with stewardship teams were twice per year (once in-season and once off-season), and our corporate responsibility/sustainability report was the main formal communication on ESG matters. Our proxy statement was largely a compliance document, setting forth the required disclosures and matters to be voted on.

Today, I am pleased to see tremendous advances in how we engage and communicate with our stakeholders. Our stewardship engagements are year-round and often include members of our Board of Directors. We have a dedicated team to lead our ESG engagements, and they are highly connected with our IR team so that there is a consistent message shared with active and passive investors and with the broader array of stakeholders. Now, in addition to our sustainability report, we regularly publish a detailed and thoughtful report on how we're addressing climate change, and we also share reports on other matters of interest to our investors, like how we manage methane, how we address political spending, and how we approach racial equity concerns. We've also enhanced our website so that we can update this information more frequently.

"I am particularly proud of what we did to enhance our most recent proxy statement. Our goal was to evolve from our proxy being just a compliance document and use it to provide a more complete picture of our company, our purpose, our strategy and our actions, so that investors can make more fully informed decisions on how they vote on our proxy items. Rather than asking investors to vote on our Board nominees based on Directors' static biographies, we wanted to draw a throughline to connect why these nominees are the right people and the right team to oversee the company. Accordingly, rather than jumping right into the legal disclosures and matters to be voted on, we started our proxy statement with an explanation of what our strategy is and why it is the right one for our company. That set the tone for a discussion of why our nominees are proposed to serve another term on our Board. We recognize that a factual biography does not say much about how the Director actually performs, so we added quotes from each Director, to provide personal insights based on their experience with our company. Throughout the proxy we sought to reveal more about how our Board governs the company through its processes and Committees.

We also evolved how we approach stockholder proposals. It's easy to get defensive if a proposal makes unfounded allegations against the company. Our Board responses are now drafted to be constructive in tone, recognizing that voting investors want to focus on the merits of the proposal and whether or not it makes sense for the company. Accordingly, our Board responses were succinct and to-the-point rather than seeking to challenge various allegations of the proposal.

Our team is proud of the good work we've done and the way it's been received by investors. This motivates us to continue to look for ways to provide information that is of most interest to them. We look forward to continuing to be responsive to all our stakeholders as they seek to better understand our company and the important role we play in providing energy to enable human progress around the world."



TIMOTHY SMITH

Senior Policy Advisor, Interfaith Center on Corporate Responsibility and a 50+ year advocate for good corporate governance comments on the rising criticism of ESG and provides some valuable resources for issuers as they draft their 2024 Proxy Statements.



In the last two years there has been a tidal wave of criticism of investors who integrate ESG issues into their investment processes and also of companies which champion sustainability issues like climate change, diversity and respect for human rights. These are no longer simply vicious verbal attacks - they have become campaigns at the state and federal level with attempts to pass laws that penalize ESG investors. For example, states like Texas and Florida have passed legislation prohibiting state pension funds from using managers like BlackRock, State Street and others that have taken positions on climate change. They have also attacked companies that address issues like climate risk, arguing that they have taken their eye off their primary purpose, which is to provide returns for shareholders. While these attacks are based more on political and ideological beliefs than wisdom for investors, they have risen in visibility to the extent that BlackRock recently listed ESG attacks in its fourth quarter earnings release as one of the risks they face as an investment firm.

Most public companies, however, understand the wisdom of operating responsibly and sustainably. In fact, literally thousands of companies actively addressing climate change, or advancing equal opportunities regardless of

race or gender, carefully explain that a company committed to sustainability is in fact building long term shareholder value and this is simply "smart business."

For decades investors have worked to be responsible and sustainable - and many have been responding vigorously to protect their rights and challenge the myths being perpetuated in the Anti-ESG attacks. For example, the Principles for Responsible Investing (PRI) have been adopted globally by investors with over \$120 Trillion in AUM. And investors working on climate (Climate 100+) have members with over \$60 Trillion in AUM urging companies to be climate leaders.

Unfortunately, the attacks on ESG investing and sustainability at companies are expected to grow. It is really imperative I think, for companies and investors to work together this proxy season to protect our common interests.

Fortunately, there are numerous responses helping set the record straight and these resources are well worth studying as companies prepare to draft their proxy materials. Here are a few links to get you started: Ceres: freedomtoinvest.org USSIF (The Forum for Sustainable and Responsible investing): esgtruths.com As You Sow: investingesg.org



BRUCE GOLDFARB

Bruce Goldfarb, Founder and CEO of OKAPI Partners offers important advice on the use of social media to reach retail investors.



Companies and activist investors are going "Back to the Future" by realizing that retail investors matter now more than ever, especially in contested corporate elections. Roughly 58 percent of US households owned stocks in 2022, according to the Federal Reserve's survey of consumer finances released late last year. That percentage--the highest the survey has ever recorded--increased from 53 percent in 2019.

Reaching retail investors and getting them to vote remains notoriously challenging and labor intensive, even with all the advances in technology regarding the distribution of proxy materials and increased access to online voting platforms. While these individual investors like--even love--to trade stocks, their ardor wanes when it comes to voting their shares. Social media campaigns, synchronized as an integral piece of a thoughtful proxy solicitation, will make the effort easier.

Last year, a survey by the FINRA Foundation and CFA Institute found that 48 percent of Gen Z investors use social media as a prime source of information about investing and finance, with their preferred online resource being YouTube (60 percent of respondents), followed by internet searches, Instagram, TikTok, Twitter, Reddit and Facebook.

Given the relatively high level of retail ownership at companies like Starbucks and Disney - large-cap consumer brands facing activist campaigns this proxy season - it's certain that social media will play a key role in communicating with shareholders this year. And, the solicitation campaigns of tomorrow will build on these current campaigns and make use of the next decade's new (and even old) social media and other technological advances to assist in efforts to get out the vote.



BOB MARESE

President of MacKenzie Partners on "The Transformative Role of Generative AI in ESG Reporting" - A Major Area of Growth and Focus in 2024



The integration of artificial intelligence (AI) into ESG disclosure reporting is becoming a huge focal point for investors, companies, and their service providers.

However, this rapidly evolving landscape is facing serious headwinds, including the lack of standardized disclosure standards and metric measurements, or scoring, for ESG.

Simultaneously, the advent of generative artificial intelligence (AI) presents both significant opportunities and complexities. Investors are increasingly demanding transparency regarding a companies' utilization and investment in generative AI.

Despite challenges in AI data collection (ie, gathering greenhouse gas emission data), the emergence of machine learning and generative AI provides promising solutions. These tech-

nologies offer promises of real-time data retrieval, anomaly detection, and streamlined auditing processes, leading to substantial time and effort savings.

As the field progresses, generative AI holds the potential to address ESG challenges effectively. While advancements may be hindered by the current lack of clarity in AI reporting and ESG disclosure standards, once established, generative AI is anticipated to seamlessly integrate ESG reporting with financial reporting.

MacKenzie Partners is working closely with our clients on this important development and we predict AI's role in ESG reporting to grow quickly in 2024 and beyond.



EMMANUELLE PALIKUCA

Managing Director and Head of Sustainability Advisory at Alliance Advisors on Preparing for the New Sustainability Reporting Regime.



With the introduction or evolution of major ESG-related regulatory mandates and voluntary disclosure standards, we are entering a new era of sustainability reporting—2024 marks a pivotal year for companies to position themselves for the changes ahead.

In the next two to three years, companies will be subject to a myriad of regulations. In the U.S., the SEC is expected to release its final Climate Disclosure Rules this April to be implemented in 2025. In the EU, the transitional period of the Carbon Border Adjustment Mechanism (CBAM) has gone into effect with the first reporting period ended on January 31st. Looking ahead, companies around the globe are also preparing for compliance with the Corporate Sustainability Reporting Directive (CSRD) beginning as early as 2026.

Even with the significant rise in regulation, there is a noticeable lack of specific guidance around how these requirements should be implemented. Despite the uncertainty that still looms around these tangible details, companies can still take a few key steps over the course of 2024 to get started and ensure they are adequately prepared to meet these new expectations:

1. Understand the Applicability of Requirements

Determine the scope and timing of relevant ESG regulatory requirements as they apply to the business and operations. For example, companies should identify which of their EU imports are covered by CBAM based on whether they fall under designated categories of goods. Similarly, the implementation timeline of CSRD requirements for companies is based on a phase-in schedule according to specific entity criteria. Companies should continue to monitor updates on evolving ESG regulations of the regions in which they operate.

2. Establish Governance and Accountability

The foundation of any strong, effective ESG-related program is clear assignment of oversight and responsibility for management of relevant topics or regulatory regimes. With key priorities and requirements in mind, companies should create a dedicated and cross-functional ESG governance structure within the organization to oversee and drive progress. This may involve establishing a board-level committee, appointing ESG officers, or integrating ESG responsibilities into existing roles or structures. Clearly defining responsibilities, as well as establishing account-

ability mechanisms, are critical to ensure that the organization complies with ESG-related regulations and achieves its sustainability objectives.

3. Conduct a Materiality Assessment and Climate Scenario Analysis

While the specific metrics of disclosure obligations may vary, two commonalities are that these regulations are focused on material sustainability-related risks and opportunities, and many are centered around climate change. Performing a thorough materiality assessment to identify and prioritize ESG issues that are most relevant and impactful for the company and its stakeholders is a critical step for informing reporting in line with CSRD or the International Sustainability Standards Board (ISSB).

Similarly, many climate-related regulations and voluntary reporting frameworks, including the SEC proposed climate disclosures and the Task Force on Climate-Related Financial Disclosures (TCFD), require companies to identify, discuss, and manage their material climate risks, opportunities, and impacts. A climate scenario analysis is a powerful tool for companies to understand how the global risks of climate change will impact their business, to limit financial losses, manage disruptions to operations, and provide investors with insight into how they are preparing for a changing climate.

4. Enhance Data Collection and Reporting Processes

Mandated sustainability-related disclosures entail increased scrutiny of the accuracy and thoroughness of ESG data. Companies should implement robust systems to gather, analyze, measure, and report ESG-related information. As part of this, companies should establish proper processes or procedures to prepare for assurance of sustainability disclosures that will be required under various regulations in the future.

5. Engage with Stakeholders

Throughout this process, companies must continue to understand and monitor the expectations and concerns of key stakeholders, including investors, customers, employees, and communities. At the end of the day, a primary purpose of the increased standardization of ESG-related disclosures is to provide stakeholders with complete, accurate, and decision-useful information. Therefore, companies must engage with their stakeholders to ensure sustainability priorities and progress is being effectively communicated.



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- If investors are voting on *any* “material items” - like a merger, recapitalization or a bylaw change, or, for that matter, the election of directors - that *require* shareholder approval, an expert and Independent certification of the Final Vote is also a must, we say.
- If you want to be sure that any firm or individual inspector that you and your board appoints has rigorous procedures in place - and actually follows them - and that the inspector(s) can stand up and be effectively counted themselves if challenged - look us up, we urge.
- If you are having a Virtual Shareholder Meeting - where everything takes place in “cyberspace” and where investors really need some specific assurances that all of the voting is taking place, and being recorded completely, and strictly “according to Hoyle.”

To reserve an Inspector for the upcoming **Proxy Season** please call Team Manager **Carl Hagberg** at **(732) 778-5971** or email him at cthagberg@cthagberglc.com. **And do please remember that April, May and June get booked-up mighty fast these days.**



RON SCHNEIDER

Director of Corporate Governance Services at Donnelley Financial Solutions (DFIN) reports on The COSO Framework's Updated Sustainability Reporting Guidance.



The Committee of Sponsoring Organizations of the Treadway Commission (COSO), a private sector initiative originating in 1985, although not a “regulator”, develops *guidelines* for businesses to design, implement, and conduct systems of internal control over financial reporting and assessing their effectiveness. In 1992 (and subsequently re-released in 2013), COSO published the *Internal Control – Integrated Framework (ICIF)*, which became the gold standard for managing financial reporting.

Fast forward to 2023 and the dual forces of:

- intensifying pressure by investors and others for companies to report material, quantitative, decision-useful *sustainability-related data*, and
- recent and pending regulatory requirements moving this reporting *from unregulated web-site reports into regulatory documents with auditable data*,

And the need for companies to develop and maintain systems and controls to safeguard the quality and accuracy of this new layer of sustainability-related information is evident.

To address this need, in March 2023 COSO issued supplemental guidance for organizations to achieve effective internal control over sustainability reporting (ICSR). The ICSR report and its recommendations can be found [here](#).

Many companies are already following - or mirroring - these recommendations.

As with any set of best practices, organizations that effectively implement them may gain competitive advantage over others that do not do so effectively or that simply are late to the game.

That said, to get “maximum credit” for these best practices, they need to be publicized so investors and other parties can appreciate the robust structures, procedures and cross-functional teams required.

Increasingly, we are seeing companies more clearly describe their multi-layered approach to ESG oversight and reporting, whether in response to the COSO framework, or in parallel with it.

DFIN's Guide to Effective Proxies, now in its 11th annual edition, features a number of companies doing an exceptional job describing their ESG oversight and reporting structures, processes and participants, in enough detail to engender confidence in them, but without sharing their “secret sauce”.

One that stands out is **Avery Dennison's** description of its ESG governance, data and reporting as contained in its 2023 proxy statement:

EVERY DENNISON EXAMPLE: ESG GOVERNANCE STRUCTURE



ESG DATA AND REPORTING

Our ESG data is indexed to the Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI) frameworks to facilitate comparability with other companies. In 2022, we partnered with a third-party expert to assess our current disclosures against the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) regarding the information that companies should disclose to allow their stakeholders to assess and price their climate-related risks. We are establishing our plan to enable timely TCFD compliance.

We have also reported to Carbon Disclosure Project (CDP) Climate, Water and Forests since 2010, 2015 and 2016, respectively. We continue to expand the volume of ESG information we disclose, which has resulted in our scores from ESG rating agencies, including CDP, continuing to improve.

Our ESG Program Management Office assesses our reporting in accordance with the external frameworks; engages with ESG rating agencies; manages our data collection and reporting processes; creates assurance guidance and controls; and approves reports, data and information prior to their publication. In addition, we engage an **independent third party to validate our energy and GHG emissions data** with our Internal Audit team performing walkthroughs of key metrics and providing advisory engagement. After aligning with our Board's Audit and Finance Committee (the “Audit Committee”) to ensure Board oversight, we formalized our processes for **data owner sign-off, ESG Disclosure Committee review and senior management approval**.

Our March 2023 ESG Download, published concurrently with this proxy statement on our ESG website at esg.averydennison.com, reflects our focus on these matters. It includes ~140 metrics covering our policies, goals, strategies, risks, outcomes and certifications. Information on our website is not and should not be considered part of, nor is it incorporated by reference into, this proxy statement.

[Avery Dennison Corporation | 2023 Proxy Statement](#)

This and many other examples of ESG oversight and other ESG, governance, compensation and other topics contained in DFIN client 2023 proxies can be accessed at our [Guide to Effective Proxies, 11th edition](#).



KATE REBERNAK

**Managing Director of FrameworkESG, a Morrow Sodali company advises,
"To signal through the ESG noise, anchor on value creation."**

MORROW
SODALI

This year again promises amplified rhetoric and competing agendas on important ESG issues such as climate change and diversity, equity, and inclusion. Courageous leaders can cut—and signal—through this noise by connecting their ESG efforts to business value.

CENTER ON VALUE

When it comes to navigating the current ESG landscape, many leaders find themselves with a Hobson's choice: stick your neck out on critical ESG issues and risk backlash or stay on the sidelines and risk the perception from employees, customers, and investors that you aren't doing enough. Here's how to understand and navigate through competing views:

- **Deconstruct the concept of "ESG" into component risks and opportunities.** Prioritize the ESG issues that truly matter to your strategy and get specific about the business value of managing each effectively. We've seen over and over how this specificity drives engagement, loyalty, performance, and value.
- **Align your ESG story to value creation, including your employee value proposition.** Authentically communicate your ESG commitments, progress, and challenges. Acknowledgement of challenges alongside celebrations of success will lend credibility and resonate with investors and customers, opening doors to new markets and sources of capital. And don't forget to weave ESG into your employee value proposition to attract and retain top talent, which in turn, can drive innovation and customer retention.

- **Listen to diverse internal and external perspectives.** Embracing the complexity of your stakeholder landscape is crucial to avoid being swayed by any single squeaky wheel. Tune into the diverse voices of your internal and external stakeholders to understand their priorities and tailor your strategy accordingly. Whether from investors, trusted customers, NGO partners, consultants, or informal advisory boards, external perspectives in particular can help you identify blind spots that undermine the consistency of your ESG efforts and story and ensure that you "walk the talk."
- **Play the long game.** Progress doesn't happen in a quarter or even an election cycle. Understanding and being clear about the value from your efforts will enable you to prioritize, engage stakeholders within and outside the company, and build resilience.

More than ever, navigating the ESG landscape requires courage, conviction, and a willingness to learn and adapt. Ultimately, aligning ESG efforts to your business objectives and demonstrating genuine commitment to key stakeholders will lead to greater trust, engagement, and long-term value creation—even in this uncertain and increasingly noisy landscape.

Kate Rebernak is managing director of FrameworkESG, a Morrow Sodali company. Kate advises clients and executives on the integration of sustainability considerations into their business strategies.



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ANTHONY VITELLOZZI

Executive Vice President at LAUREL HILL ADVISORY GROUP, LLC
Advocates for "A Pro-Active Approach to ESG".



At Laurel Hill Advisory Group, we always recommend a proactive approach to ESG for our clients in engaging their shareholders- in particular, Institutions. Here are some key considerations and advice:

A CHECKLIST TO IMPROVE YOUR ESG APPROACH

1. Transparent ESG Reporting:

- Enhance transparency in ESG reporting. Provide clear and comprehensive information on your company's performance in environmental, social, and governance aspects.
- Use standardized reporting frameworks such as GRI (Global Reporting Initiative) or SASB (Sustainability Accounting Standards Board) to ensure consistency and comparability.

2. Alignment with Corporate Strategy:

- Demonstrate how ESG initiatives align with your overall corporate strategy. This helps investors understand the long-term value and sustainability of your business.

3. Engagement with Stakeholders:

- Actively engage with shareholders and other stakeholders to understand their ESG concerns and expectations.
- Consider forming an ESG committee or appointing a dedicated executive to oversee ESG initiatives.

4. Set Clear ESG Goals:

- Establish measurable and time-bound ESG goals. Clearly communicate the targets and the steps your company is taking to achieve them.
- Regularly update shareholders on progress toward these goals.

5. Risk Management:

- Assess and disclose the potential ESG-related risks your company may face. Outline strategies for mitigating these risks to reassure investors and stakeholders.

6 Diversity and Inclusion:

- Emphasize your commitment to diversity and inclusion within the workforce and leadership. Share metrics on gender and ethnic diversity, and highlight programs promoting inclusion.

7. Climate Action:

- Showcase your company's efforts to address climate change. Discuss initiatives to reduce carbon emissions, increase energy efficiency, and promote sustainable practices.

8. Shareholder Engagement on ESG:

- Proactively engage with shareholders on ESG matters well before the annual meeting. This could involve holding dedicated ESG-focused investor calls or webinars.

9. Proxy Statement Clarity:

- Ensure that the proxy statement clearly communicates your company's stance on ESG issues and the related initiatives in a way that is easily understandable for shareholders.

10. Stay Informed on Regulatory Changes:

- Stay abreast of any evolving regulations and standards related to ESG reporting and disclosure. Adapt your practices accordingly to meet or exceed these requirements.

11. Utilize Technology:

- Leverage technology for effective ESG data collection, analysis, and reporting. Technology can enhance efficiency and accuracy in managing ESG-related information.

Remember that ongoing communication and engagement with shareholders on ESG matters are crucial. By integrating these considerations and being proactive, your company can demonstrate a commitment to responsible and sustainable business practices, thereby fostering trust and confidence among investors.

You deserve to have the Winning Team on your side!

Victory in a thoroughbred race requires a talented jockey, an experienced trainer, a strong, sound horse and sometimes a little luck. Don't rely on luck in your proxy campaign, governance battle, tender offer, merger or restructuring. Call on **MACKENZIE PARTNERS** and ask us to join your team so that you too will cross the finish line first.

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BIG-COMPANY PROXY FIGHTS - BACK IN A BIG WAY ... SMALL AND MICRO-CAP FIGHTS LOOK TO SURGE IN 2024... ANTI-ESG PROPOSALS EXPECTED TO SURGE TOO

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Big-Company Proxy Fights - Back In A Big Way... Small And Micro-Cap Fights Look To Surge In 2024 ... Anti-ESG Proposals Expected To Surge Too...Hostile Takeovers Are Back

The 2024 Annual Meeting Season and the Big-Company Proxy Fight Season is off to a roaring start - with Nelson Peltz of Trian back yet again at Disney with a big new backer, major investor Isaac "Ike" Perlmutter, whom Disney fired not so long ago... And even before preliminary proxy materials were filed the fight moved to "stage three" where many of the key issues have become highly personal ones - and "down and dirty" from the very get-go.

Peltz is looking to add himself - and former Disney CFO **Jay Rasulo** to the board, who says "The Disney I know and love has lost its way." **Iger** has added two strong new directors to the board - **Morgan Stanley CEO John Gorman** and **former Sky CEO Jeremy Darroch** - and has flatly turned down Peltz and co. as being too personally disruptive to add value to the board.

And, in a very interesting twist, another activist investor **SAYS** they are supportive of **Iger and co.** - but want to add three board candidates of their own! How 'helpful' is this? Having three competing slates on a Universal Proxy card would surely be a "first" - but it complicates the math significantly - and the strategies of all three groups - and runs the risk of drawing away votes from the Iger slate, to make way for their three - leaving a better chance for Peltz, we think, to add at least one of his candidates to the board.

Meanwhile, in what some say is the first "E&G Proxy Fight" - **Starbucks** will see three board candidates backed by a coalition of three labor unions at its AGM. A proxy fight looks certain at **Wendy's**. **Starboard Value** is pressing **Rupert Murdoch's News Corp** to spin off its digital-real-estate division and hedge fund **HG Vora Capital Management**, with an 18.5% stake in **Penn Entertainment**, is pressing them to add three of its own director candidates to the board and seems to be planning a proxy fight if the answer is no.

On the small and micro-cap front, we predict and even bigger and better year for Proxy Fights in that space because (a) so many firms are struggling to stay afloat and (b) the chances for adding directors - and potentially taking control of a company "on the cheap" - have been significantly enhanced with the Universal Proxy Card.

And speaking of ways to acquire beaten-downed companies on the cheap - the hostile tender offer seems to be coming back in a noticeable way, witness the pending offer to acquire **Macy's**.

CONT'D ON P.2 →

Last but far from least, we expect an even bigger upsurge in Anti-ESG shareholder proposals which make it more important than ever for companies to be sure that proposals they want to pass do – and proposals they don't want to pass lose by a big margin.

With this as background, please read our advice on courting retail investors with special care. If they DO make a real difference for you, start your engines NOW.

And if your company is unlucky enough to be the focus of a Proxy Fight - OR, if you want to be fully prepared for the worst - tune in the webcast we did with Broc Romanek <https://lnkd.in/eS4zCJM8>

Step-One In Prepping For Your 2024 AGM: Make Sure You Know Exactly How Important The Retail Investor Vote Is To Your Company's Voting Outcomes

With all the sturm und drang surrounding shareholder proposals looming over the 2024 proxy season, every public company really needs to know the extent to which the retail investor vote (or lack thereof) can impact the final outcomes.

No CEO - and no BoD -- wants to see the management position barely squeak by - or, far worse, lose by a hair's breadth - which is sometimes a death sentence for meeting-managers and their service suppliers.

So NOW, we say, is the time to find out exactly where your company stands, since in very close votes, retail investor turnout IS the difference between winning and losing. And, good news, the answers are not that hard to discover.

If you are a large or mega-cap company – with, say, 80% or more of your shares held by fewer than 50 investors, which is often the case for them – the answer is easy: retail investors, for better or worse, are totally immaterial to the outcomes.

But there are still many large and mega-cap companies (and lots of small and micro-cap companies too) that have 30% or 40% or more of their shares held by individual investors – including founders, employee and retiree owners and major fans of your products or services – who tend to back the management position on most proxy issues. So here, strong retail turnout is critically important. **And please note well: Proxy voting by retail investors is at an all-time low. At most companies where we look at the numbers, the average retail turnout is only 10-15% of the potential voters, where once, in the good old days, it was in the mid 70% range.**

Figuring out where your own company stands is not all that hard:

- **Start by finding out exactly how many retail investors you actually have, since yes, it costs some time and money to reach them effectively:** Broadridge can tell you how many of your street-name investors will get a 'full-package' of paper materials, how many get "Notices" only – and how many get materials pushed to their e-mail addresses. And if they are also tabulating the registered shareholder vote, they can tell you how many retail positions are *there*, which are virtually the entire file – ex the CEDE position. If you are using your transfer agent – or some other agent to tabulate the registered shareholder votes – ask them for the numbers.
- **Do remember that while this will tell you the number of potential voters there are, it's really the number of *shares* that are held by this group – and how many of the votes are likely to show up at your Meeting – that really matters.**
- **So next, look carefully at your tabulating agent's Final Report on the Voting for your last shareholder meeting:** All of the better tabulators will typically show you a breakdown of the way "the street vote" has gone – and exactly how many retail votes have *not been cast* – since that number is the basis for the "broker vote" that has been cast by them on routine matters.
- **Then, normally, the tabulator's report will show you how many votes have been cast by registered holders.** Here you have to do a tiny bit of math to see how many registered holder votes have **not** been cast, which is the "total shares outstanding" – MINUS the CEDE position, and MINUS the votes that *were* cast. (If your tabulator has not broken down the vote this way, remind them that they owe you this information.)
- **Next, look carefully at how many votes were actually represented by *actual* voters.** The answers will often surprise you: Since brokers can not cast votes on non-routine matters (which all shareholder proposals are) you will see how broad – or more usually,

how *slim* your actual margin of victory may be. Here's where issuers often miss the boat: Their official quorum is often quite robust - typically around 80%, plus or minus a few percentage points. But once you subtract the "broker non-vote" you may see that the percentage of votes on shareholder proposals is often less than 60% of the shares outstanding - and where say 50% of the votes cast came from institutional investors, and only 10% or so from retail investors - showing just how important they are as "swing voters" and also how big a swing you could engineer if you increase retail voting, even by a few percentage points.

- **Bear in mind that institutional owners *always* vote - and that they usually make it very clear in advance as to how they will vote on specific matters. So those votes will be "in the bag" for better or worse.**
- **Meanwhile, the retail vote is akin to a "wild card in the deck":** If few retail voters vote, the vote is truly "in the bag" for the big institutional investor positions. But since retail investors generally vote mostly in line with the management recommendations, a strong turnout by them can and often will tip the scales the other way - while a weak retail turnout will assure that the institutional votes will rule the day.
- **There's an important exception here worth noting: If your company has a lot of Gen-Z investors, as many new and high-tech companies often have, know that a great many of them are highly sympathetic to "climate change proposals" and to "E and S" proposals in general, so you will need to work extra hard to convince them not to vote for any proposals on those subjects you don't favor.** This is *especially true* if you are a meme stock, where retail investors are often a majority of investors, ranked by *shares owned* - and where they tend to vote almost religiously. (Often, many votes cast by Gen-Z investors are cast via **SAY**, or maybe by **Mediant**, rather than via Broadridge and/or a transfer-agent tabulator. So be sure to take a look at those numbers too, which your "master tabulating agent" or proxy solicitor can easily show you.)
- **Another extremely important takeaway here - it takes a strong effort - and a long time - to marshal the retail vote.** So be sure to get your game-plan - and your team - together, well before the mailing date if you want to maximize the retail vote.
- **Lastly, and most important of all, we say, please review our little educational pamphlet, "Shareholder Votes Have Value" which can be found in this magazine, along with a link to the e-version. If the retail vote is really important to your company, you should absolutely plan to enclose it with the materials you send to all your paper-based voters - and to have a live link to the text on your company's official Voting Page for e-voters. The text should also be available on your company's Investor Page.**

Step-Two If Retail Votes Are Important To You: Make Sure All Your Share-Owners Get Our Primer On Proxy Voting.

Shareholder Votes Have Value!

The hard-copy version is a single piece of paper, folded into a 4 page booklet for light weight, easy-enclosing, easy reading - and very low cost. It can be easily and inexpensively enclosed with paper proxy materials - and, for e-voters - and for future voters too - it should be made easily accessible via your own company's Voting Page and your IR Page.

Contact us directly for information on the very affordable pricing for the printed booklets and the modest royalty for making our copyrighted materials readily available to all of your e-voters.

cthagberg@cthagbergllc.com or call 732-778-5971
phagberg@cthagbergllc.com or call 917-848-6772

We bet you will spend less than most companies spend on those cardboard inserts saying "Vote Now" - or "Let Your Voice Be Heard" - which rarely if ever boost the retail vote.

And please be sure to contact us in time to include this information with your 2024 Meeting materials.



SHAREHOLDER VOTES HAVE VALUE

DO NOT LET YOUR VOTES GO TO WASTE!

Dear Shareholders,

Your participation in the decision-making process of the companies you invest in is crucial, and your votes hold substantial value.

A survey conducted by Broadridge Investor Solutions in 2019 revealed that 75% of individual investors believe that voting on investment-related issues contributes to their financial well-being. But over the past ten years we have observed a concerning decline in retail investor voting: Where once, over 70% of individual investors regularly cast their votes, today, at many companies, only 10-15% of them do so. And through September 2023 Broadridge reported a 20% decline in individual voting vs. 2022.

Your votes matter - not only to your financial well-being but also to the companies you own, which invest significant resources each year in preparing and circulating voting materials and tabulating shareholder votes.

To encourage your active participation, we have prepared a concise booklet providing insights into:

- The economic value of your votes and why it is essential to exercise your voting rights.
- Simple steps to make informed decisions on common proxy proposals.
- Efficient ways to decide on and cast your votes - ideally within ten minutes or less.

We hope this information will convince you that casting your votes in time to be counted is very much worth your time and effort - and, very importantly - that no votes are too small to make a difference.

By voting your share of America, you contribute to shaping the future of the companies you invest in - and you assure that your share of the significant amounts of money that companies spend to round up shareholder votes does not go to waste.

About the author: Carl Hagberg, a former Bank and Trust Company executive, is the Chairman of Carl T. Hagberg and Associates, a shareholder services consulting and publishing company founded in 1992. He is also the founder and Managing Partner of CT Hagberg LLC, a team of Independent Inspectors of Elections whose members oversee and certify the voting at over 600 shareholder meetings a year. Mr. Hagberg has over 50 years of experience in the securities industry and has served as a director at two highly successful financial service companies - a California-chartered trust company and an Equity Mutual Fund. He is considered one of the country's leading experts on individual stock ownership programs and on the proxy voting process and is the author of numerous articles on proxy voting and related corporate governance issues. His 1994 publication, "What Every Stockholder Needs to Know about 'Registered' and 'Street-Name' Ownership" has been sent by U.S. companies to nearly three million investors. His 2019 white paper, "How to Make Your Annual Meeting Day Run Smoothly and Successfully" has been distributed to every publicly traded U.S. company.

Special thanks to co-editor Peder Hagberg for his help in 'boiling this down' to as few pages as possible.

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VOTE YOUR SHARE OF AMERICA!

SHAREHOLDER VOTES HAVE VALUE!

VOTE YOUR SHARE OF AMERICA! ©2024

Here are ten facts underscoring the value of your votes:

1. Shares with full voting rights are usually more valuable in the stock market than shares of the same company with lower or no voting rights.
2. Trustees of federally insured pension funds are legally obligated to cast votes, because of their potential impact on share value.
3. Authorizing the issuance of additional shares - say to make an acquisition or to provide incentives to executives and employees - can significantly affect the value of your investment going forward - for better, as we'd hope, or sometimes for worse.
4. Many shareholders believe that votes on environmental, social, and governance proposals not only increase share value but add "societal value" while others feel that such actions are not proper ones and/or not worth the money it costs to take them. Do remember that it is *your money* that is at stake as you decide on your vote.
5. It costs a company somewhere between \$6 and \$15 per shareholder to prepare and circulate shareholder meeting materials. Failing to vote wastes the company's money - and yours, as a shareholder.
6. If the meeting needs to be postponed for lack of a quorum, thousands of dollars more are wasted to round-up votes and re-book the meeting.
7. Professional investors vote almost 100% of their shares. But *their* priorities may not be the same as those of employees, retirees, customers and other long-term holders.
8. Do not think that your vote is "too small to matter." Each year, more and more proposals are decided by very narrow margins.
9. Your vote can make a difference even if proposals you favor fail to win. A proposal with 10 - 15% support will attract attention and influence corporate decisions.
10. Most important to note, regularly and carefully reviewing your stock holdings as you prepare to vote helps you preserve and optimize the value of your personal stock portfolio.

TIPS FOR REVIEWING PROXY MATERIALS:

- Assess the company's financial performance over the past five years.
- Evaluate stock price performance against the market and against peer companies.
- Read the Chairman's Letter and the Management Discussion sections for insights into management's competence, candor and plans.
- Pay special attention to proposals requiring a majority vote since these tend to have the largest financial impacts on your investment going forward.
- Consider the diversity and skills of directors up for election.

TIPS TO MAKE THE VOTING PROCESS AS QUICK AND EASY AS POSSIBLE:

- Review the Annual Report and Proxy Statement promptly and adopt a "once and done" approach to voting.
- Develop a system for deciding on votes based on your priorities.
- If you can't make up your mind on any matters, simply use the ABSTAIN option, which sends a message of its own.
- Choose the most convenient method to cast your votes, such as by mail, phone, internet, or by using QR codes that will take you directly to the voting site.

YOUR VOTES HOLD CONSIDERABLE VALUE. DO NOT LET THEM GO TO WASTE. VOTE YOUR SHARE OF AMERICA!

AN INTERWEAVING OF CULTURES

Dear friends and colleagues,

I am delighted to announce the publication of my art and history book, “An Interweaving of Cultures” - illustrated by 70 Indian paintings and drawings of the Mughal, Rajput and Deccani schools from 1595 - 1875, which I have been collecting since my college days.

The book is available now at [amazon.com](https://www.amazon.com) - and if you are a fan of art, or history - or both - I think you will enjoy it.

Sincerely, Carl Hagberg

Here’s an overview:

In 1526 the founder of the Mughal Empire, Babur - a descendent on his father’s side of the Turkman Timur “the lame” - best known to westerners as Tamerlane - and, on his mother’s side, of the Mongol Emperor Genghis Khan - completely destroyed the army of Sultan Ibrahim of Delhi. With a mere 5,000 troops vs. the Sultan’s 100,000, an estimated 40 to 50 thousand of Ibrahim’s soldiers were killed in a matter of hours, as you will read, as was he.

Within a year, Babur and his fast-growing army of Turkmen, Mongols, Persians, mercenary troops from around the world - and well-rewarded Indian allies - ruled most of northern India.

By the mid 1600s Babur’s great-great grandson Shah Jahan was widely recognized as the richest man in the world, as was his usurping son, Aurangzeb - until his treasury was divided among his three sons after his death in 1707.

Meanwhile, independent Rajput and Deccani rulers were not far behind the Mughal Emperors in terms of wealth - and in terms of “conspicuous consumption.” By the mid 1700s India produced an estimated 25 percent of all of the world’s manufactured goods by value. And, much like the Italian Renaissance rulers who lavishly patronized the arts, most of the Indian Rulers adopted the kitabhkhana system - where large groups of highly skilled artists and artisans were maintained to produce the vast array of paintings, elaborate textiles, jewels, illuminated manuscripts, beautiful palaces inlaid with precious stones and a host of other luxury goods the rulers coveted and grandly showed off as symbols of their boundless power - and claims of actual Godhood.

It is this “interweaving of cultures” - and the striking cross-pollinating effects on the arts and culture of India, as illustrated so beautifully by the artworks shown here that inspired this book. It will, we think, inform and surprise readers about this all too little noted empire - while providing a feast for their eyes.

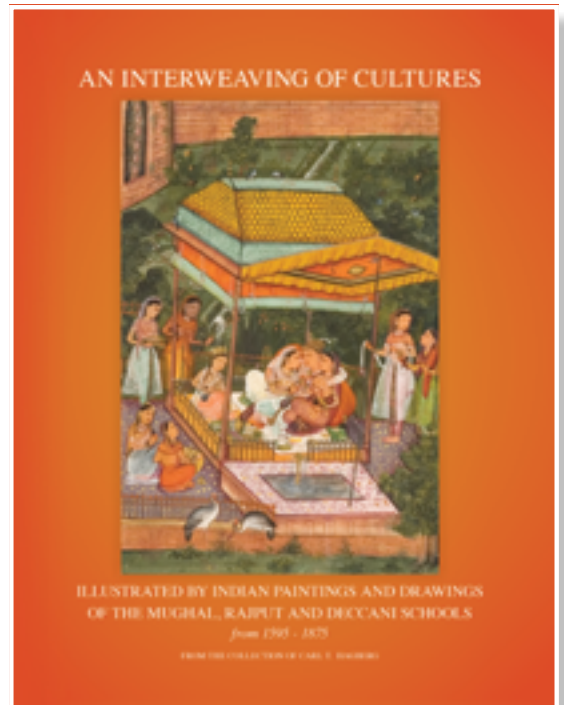
EARLY REVIEWS

“Carl Hagberg’s An Interweaving of Cultures is a stunning accomplishment. Hagberg’s book presents the author’s remarkable art collection, acquired over sixty years, of Indian artwork produced during the Mughal and Rajput empires – powerful and wealthy kingdoms which rivaled any contemporaneous European empire.”

For those accustomed to early western European art, the colors and mixing of realism and abstraction in Hagberg’s collection are striking. But beyond describing the qualities of each of the book’s seventy pieces, Hagberg also discusses the subjects and events, largely unrecognized in the western world, depicted in the artwork. For many lovers of art, Hagberg’s book will present a refreshingly new artistic and historical perspective and is highly recommended”

RON GRUNER

RETIRED CEO AND AUTHOR OF THE AWARD-WINNING BOOK, “WE THE PRESIDENTS”. IN 2023 HIS BOOK RECEIVED A GOLD MEDAL FOR GENERAL NON-FICTION FROM THE FLORIDA BOOK AWARDS.



Cover image, ca. 1600: Akbar, “The Great” and his three principal wives. His first, “The Turkish Sultana,” to whom he was betrothed when still a young boy, is toward the back of the pavilion, wearing a Byzantine Empire style crown of golden plaques. The fair-skinned lady on his right arm is his second, Persian wife, Mariam uz Zamani. The beautiful Indian lady on his left arm, and the mother of Akbar’s successor Jahangir, is the Rajasthani princess Manmati, daughter of Raja Bhagwandas of Amber.

AVAILABLE NOW!

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“Carl Hagberg’s unwavering curiosity has led him on a path of collecting and discovery. A highly intelligent and accessible account of what is clearly a passion, Indian Miniatures. Specifically those from the 17th to the 19th Century focused on the Mughal, Rajput and Deccani Schools. His stunning book is highly informative, a joy to read and to look through.”

JENNY DIXON

DIRECTOR EMERITUS, THE ISAMU NOGUCHI FOUNDATION AND GARDEN MUSEUM

En Garde - For 2024 Meeting Disruptions From "Climate Defiance" Activists: Highly Shrewd, Highly Skilled And Exceptionally Well Funded Actors-Out... Even Scariest Than The 'Zombie Invaders!'

Climate Defiance activists landed big on our radar screen when, on November 30 they disrupted the Met Opera's Opening Night revival during the second act of Wagner's Tannhäuser, featuring two major stars, one in her much-awaited Met debut.

"Our oceans are dying. We must end fossil fuels," one of the activists shouted from the left balcony. "There is no opera on a dead planet, no food on a dead planet, no art on a dead planet," a second actor-out chimed in from another spot. And on the main floor, a third activist stood up from her expensive orchestra seat and triggered a mêlée by unfurling a sign and shouting that the earth is "in a climate crisis." Audience members grabbed her scarf and her sign and threw objects and curse words at her until Met security could forcibly escort the three out, interrupting the performance for 28 minutes.

Wow! What a well-planned, well-staged and well-funded performance this was, thought we. Perfectly timed for the opening second-act aria on a beautifully flowing spring - and with Met seats so scarce and so expensive - and all caught by them on video and posted on Hyperallergic. This is surely a group to watch out for this proxy season.

A few days later the NY Times reported on two attacks on Fed Chairman **Jerome Powell**, where an activist from **Climate Defiance** was "wrestled to the ground at the Jackson Lake Lodge in Wyoming. The now 30-year-old founder of Climate Defiance **Michael Greenberg** told the Times that he, "realized there was a big need for disruptive action. It just gets so. so. so, so, so much more attention."

But wait - there's more! They blocked entrances to the White House Correspondents' Dinner - and "shut down or disrupted speeches by top White House climate officials...and upended a book talk by Senator **Amy Klobuchar**." And when we Googled them up we saw them exulting "This is huge... momentous...We just shut down an event honoring Exxon CEO **Darren Wood**" - and noting that the group has gotten at least \$500,000 in funding to date.

We thought that last year's invasion of the **Walgreens** Meeting by actors-out who hid in the closet of a posh resort overnight and sprang our right behind the CEO and GC with bull-horns, shouting "shame" was the scariest thing we'd ever heard of at a Shareholder Meeting. The Climate Defiance folks make them look like rank amateurs, although we expect the Anti-Abortion activists back in 2024 too. En garde, indeed, for your 2024 AGM.

Out Of Our Inbox:

NICE NEWS FROM BROADRIDGE as they donate \$1 to **Ronald McDonald House** for every shareholder account that voted at its 3rdQ 2023 AGM, joining **BofA** and **IBM** to donate cash to charities, and the pioneer incentivist, **Prudential**, which has long been giving shareholders a choice of a tree-planting or a nifty tote as a thank you for voting.

NASTY NEWS FROM PWC: *For the fifth year in a row, PWC's survey of over 600 corporate directors shows that nearly HALF of all directors surveyed believe that one or more directors they serve with should be replaced.* While a bit of progress has been made since 2019, when 49% of directors said that one or more directors should be replaced, 27% of the 2023 respondents would replace one director, an astounding 13% would replace two and 5% would replace more than two. See [pwc-gic-acds-2023.pdf](#) for details.

The mind-blowing thing from our perspective is how easy - and quick - and how relatively painless a process it is to solve this outrageous issue: All a company needs to do is Google-up a decent set of Director Evaluation questions (10 questions are usually plenty and lots of decent examples are on the web, free of charge.) Have every director rate their peers - and themselves too - on a 1-5 scale, with 1 and 2 as "needing improvement" and 3 as "satisfactory" and turn their cards in anonymously to the Chief Governance officer for tabulation. Then, simply tabulate the scores, director-by-director and item-by-item and have the Chairman, or the Chair of the Nominating Committee or the CGO quietly and privately show their scores to every director who scored a 1 or 2 on any measure and gently inquire if they are willing to work on the low-scoring aspects or - if more than one or two areas average a two or less and the director doesn't volunteer to retire, as almost all will under the circumstances - to suggest that perhaps they should consider that it's time to do so.

CONT'D →

DISTURBING ANSWERS ON AN IMPORTANT ISSUE FROM A MAJOR TRANSFER AGENT'S "SERVICE CENTER" - Ray Riley, our colleague for more than 50 years, and the co-manager of our IOE Team - and a former president of the **STA** - called to say, "Here's another weird item for the **OPTIMIZER** on the sorry state of affairs at one big Transfer Agent: I called the toll free number of T-A "X" [one of the top-two] because we received a notice that our small holdings in a major insurance company were in danger of being escheated for 'lack of activity.' We were sure we'd voted our proxies faithfully, but that, said the Rep, who seemed to be flipping pages on a script to find the answer, was not deemed by them to be *acceptable* activity" to prevent escheatment.

WRONG, we both agreed - but then we realized that the TA in question seemed not to have been *recording* proxy voting activity - either (a) because they were not geared to do so or (b) maybe another entity was tabulating the proxy votes and no one at the TA took care to record the activity on its master file. "*Does this call now count as acceptable 'activity'?*" Ray asked. But NO! "You will have to go to our website, establish an account with us and log-in with your account number in order for your activity to be recorded." *How's THAT for "shareholder service", we'd ask?*

OUCH AGAIN! ROACH-MOTEL PROVISIONS RETURN TO THE TRANSFER AGENCY SCENE: Your editor-in-chief received a call in December from an attorney for a small NASDAQ listed company that had just gone through a reverse-split to raise the price per share and keep its listing. The split reduced the number of shareholders from a few thousand to a mere 85 - which caused the issuer, quite reasonably one would think, to ask for a reduction in the Transfer Agent's fee. But NO - once again - from the very same agent that was not recording proxy voting as valid "shareholder contact."

Worse yet - when told the company would seek a new agent they were informed that it would cost them a whopping \$9,000 to have the 85 records 'transferred over' to a new agent. We urged the attorney to write them a nice letter, pointing out that this fee did not meet the test of the "reasonable and customary fee" that was called for in the contract - and ask them to please describe EXACTLY what records they would receive for their money - which we felt sure would jolt them back to "reasonableness." All a new agent would need to receive would be an Excel spreadsheet with the names, addresses, TINs, the current balance of the "exchanged holders" and maybe any 'alerts' - like stop-transfer orders that might be on file (no new certificates were issued upon exchange) plus similar info for the 10 or so still unexchanged holders. A mere 85 lines and maybe a dozen columns on the spreadsheet! We also advised the attorney to advise the TA in writing that they would be well-advised to preserve all of the old records - to protect themselves if allegations of errors or omissions on their part might come to light - and to save this letter in case any threatened lawsuits arise in the future.

Come the end, they got the 'termination charge' reduced - though still not to a "reasonable and customary" one in our book - but they were so disgusted they moved out as soon as they possibly could. ***What, we'd ask, is this TA thinking?? News like this tends to spread like wildfire in today's competitive environment. What a scandalous way to treat any client! And, as this ex-client said, "What a way to end a 30-year relationship!"***

PODCASTS ARE "OUT" IN 2024 - At least according to the New York Times, reporting on polls of "influencers" over **TIK-TOK** and **Instagram** - and to us: Good riddance we say to most of the podcasts we reviewed in 2023: Dreary tag teams of 3-4 "corporate insiders" basically - and usually ineffectively - peddling their wares. No knowledgeable and impartial moderators to generate useful discussion, and often no Q&A session at all - mostly because no one seems to be tuning them in as best we can tell! (Remember when most podcasts showed the number, and sometimes the names and photos of attendees? We did not see one such instance in the 20-odd podcasts we tuned into in 2023 - and mostly tuned out quickly from sheer boredom.)

WEBINARS MAY STILL BE IN - IF, that is, they provide a real learning experience, as the folks at **CCN**, and our good friend **Broc Romanek** consistently do - and allow for a robust Q&A session, ideally live.

PRINT STILL RULES we say - especially where the issues are complex and need careful consideration - and study. **To wit...**

"A Decade of Armageddon" - a fascinating and still instructive and *infuriating* look-back to the many abuses and abject legislative and financial industry failures of the Y-2K decade, just out from the irrepressible **Susanne Trimbath**, PhD and the author of "*Lessons Not Learned*" and "*Naked, Short and Greedy*", a must-read primer on the evils of naked short selling...which still ain't cured... all available on **Amazon.com**.

What became of the \$23 trillion dollar bailout funds - where \$16 trillion were sent directly - by a basically unsupervised group of bureaucrats - to a small handful of banks, brokerage firms, **AIG, Fannie and Freddy**? Many of them continued to pay gigantic bonuses as being "required by contract" and pile on "retention bonuses" to top execs, who really had no place to go - and to indulge in super-expensive "executive retreats" they claimed were "essential to doing business." Many of the bailed-outers sent big chunks of money overseas to bail out bad businesses there, and moved jobs overseas in the bargain. And how about the fact that one-third of all Asset-Backed bonds outstanding at the height of the crisis were not backed by valid mortgages at all? The worthless bonds "bought out" with government cash represented money that went straight to "money heaven" - never to be seen again.

To get your juices flowing even faster, how about the \$75 billion **“Homeowner Stability Initiative to reach up to 3 to 4 million At-Risk’ Homeowners”**? As it turned out, by mid-2009 only 325,000 homeowners of the 3-4 million that had been promised “help” with their underwater real estate had been bailed out by the aptly-named **TARP** – which threw a largely impenetrable blanket over the massive giveaways to Wall Street institutions.

In her epilogue, where Trimbath briefly covers the short-selling blowouts of the following decade and the 2023 bailouts of **Silicon Valley Bank** and **Signature Bank**, she repeats the warnings she issued in her introduction to the tales of what we call the “decade of the ‘Noughties – and the Naughties” (see **“The Noughties” | Optimizer Online** for more.) **“Regulators failed to learn the lessons of previous crises, lessons about prudent regulation, strict enforcement and the disciplinary actions that remove the incentive for Wall Street to do it all again” she warns. Sad to say, given the gaping holes in Reg-SHO – and lax enforcement of the ‘rules on the books’ – we must agree.**

BIG Troubles In T-A Land

Five events in late 2023 startled us into realizing that most Transfer Agents seem to be in a big heap of trouble these days:

The first and second were the two calls we received – one about bad TA service and one about bad TA behavior – described in detail elsewhere in this issue.

Third, and sort of out-of-the blue, one of our old articles on “Small Transfer Agents” popped up on our screen as we were browsing some of our back issues – and WOW! Virtually every one of the “small agents” that passed our sniff-test for respectability in 2009 is now GONE! One was closed down by the SEC, after the owner was caught using issuer and shareholder funds to fund his own failed expansion efforts. Another escaped an impending SEC shut-down by selling out precipitously – but profitably, to our surprise – in a sort of shotgun marriage arrangement. Two other small agents we deemed respectable ones back then sold out to slightly bigger ones.

And WOW AGAIN! – while we are always hoping to have some reputable ‘small agents’ run an ad – or sign up for our Directory of Pre-Vetted Service Suppliers – we could not come up with a single one that we’d even approach, much less admit to our Directory, all things considered – some because of recent regulatory problems and some because of the low levels of protection they can offer issuers in the event of a major mistake, or worse, a defalcation on the part of a key employee – or the owner.

Fourth – and the biggest shocker to us of all – two of the three biggest Transfer Agents – one of which had advertised in every one of our annual magazines since the first one, in 1994 – dropped out of the magazine – and our much-visited print and online Directory altogether!

What can possibly be going on here, we asked ourselves. Are they that short of money these days? Here’s what we concluded:

- Most issuers seem to be way too busy with other priorities to shop around – and are definitely not looking to jump from the frying pan into the fire, where so many were burned before. The “shopping-around market” is almost nonexistent these days.
- But most transfer agents are not looking to rock the boat either. And WHY? First, because they have not been having much success at getting issuers to switch to them: 2023 had, by far, the lowest number of TA searches – and actual moves – we’ve seen in our 50+ years as TA watchers.
- And WHY is that? – In part, it is because most TAs do not have a ‘better mousetrap’ to induce new clients to switch. But in larger part, it’s because they don’t want to trigger a fee-war – especially when they can cut sales and marketing expense while quietly milking their own market for the “high 20th century fees” they’re collecting for “low touch, low tech and low volume 21st century services.” [Please see our article on THIS, elsewhere in this issue.]
- Another important thing to note, historically, the main driver of T-A-switching has been a surge in major ‘service issues’ – usually triggered by systems-conversions and mismanaged systems ‘upgrades.’ And today, we say, the customer and shareholder complaint levels are way, way down: Not due to great service, as our two horror stories illustrate – but due to the very low transaction volumes that most TAs are dealing with these days! The fifth thing that has caught our attention, as keen, and fairly well-known observers of the Transfer Agency world, is that we have had THREE interactions this year with would-be disrupters of the entire marketplace – promising to provide simpler, superior and far more secure 21st century services – at much lower prices.

The fifth thing that has caught our attention, as keen, and fairly well-known observers of the Transfer Agency world, is that we have had THREE interactions this year with would-be disrupters of the entire marketplace – promising to provide simpler, superior and far more secure 21st century services – at much lower prices. Here, we say, low-tech, high-priced and low-value-added TAs are extremely vulnerable – IF, that is, the newcomers can deliver – AND, most important, if they have the financial backing needed to achieve the size, scale, trustworthiness and financial resources to cover the significant financial liabilities that come with being a Transfer Agent. **Fair warning, TAs – we think that one of the wannabies can actually pull it off!**

A Top Priority For Issuers In 2024 We Say: Conduct A Quick Review Of How Well Your Transfer Agent Is Serving Your Company And Its Shareholders.

ASK THESE FOUR SIMPLE QUESTIONS TO SEE IF YOU ARE PAYING "HIGH, TWENTIETH-CENTURY-LEVEL PRICES FOR TODAY'S LOW-TECH, LOW-TOUCH 21ST CENTURY ACTIVITY LEVELS" - OR, AN EVEN MORE IMPORTANT QUESTION THESE DAYS - IF YOUR COMPANY RECORDS ARE AT RISK OF BEING HACKED

- Question one: "How well is my Transfer Agent providing service to my shareholders these days?" "Try your own cooking" as served up by your TA, as we have been advising for years. Call your company's toll-free number. See how user-friendly and helpful the 'pre-vetting messages' and 'menu selections' are. Are they designed mainly to take up time until understaffed call-center staffers can get on the line, as so many seem to be? Keep track of how long you have to wait to get a real person. Then ask a few basic questions, like "I need to transfer stock to settle an estate. What do I have to do?" Or "Can I buy stock directly from you? And if so, how much do each of your services cost?" How would YOU rate the service here?
- Question two: Are you paying more than the "going rate" for T-A services, and if so, by about how much? Review our article on "RFP Lite" as a way to get a quick idea of how much money you might save simply by "asking around" a bit. Typically, the answers will surprise and even shock you.
- Question three - and the number-one question to ask if you may be tempted to leap into the blue with a new "bargain basement" provider: Does this provider have the financial resources to protect itself - and, more importantly, your company - against the possibility of a major error, omission or an owner or key-employee defalcation?
- Question four: How confident do I feel about the levels - and the strengths - of my current provider's cyber-security protections? This has become the number-one risk for publicly-traded companies - and for their transfer agents. Your shareholder records are among the most important records your company has - and they contain extensive information on all your shareholders - like names, addresses, zip-codes, TINs, banking info for ACH users and other info that can indicate the age and wealth of each stockholder - and typically, passcodes that make it a snap for hackers to siphon-off their assets. The biggest threat, however, comes from hackers who might gain entrance to all the many bank accounts a T-A maintains - for uncashed dividends, for pending disbursements of exchange and tender offers and pending investment in DRPs, to cite a few examples. Are you confident that your T-A will be able to make good if funds were to be hacked away? Your company will be on the hook if not.

The answers to questions three and four are also likely to shock you to the core where most bargain-basement providers, and more than one, we think, of the top-four of the larger agents are concerned. Please be sure to read our article on "[Transfer Agent Liabilities: Under-Estimate Them At Your Peril | Optimizer Online](#)" and think carefully about cybersecurity protections - AND the ability of your provider to "make good" if there are serious breaches before you jump ship from a 'recognized' and well-capitalized, well-insured provider. Most important, we say, don't assume that your current provider IS one.

Feel free to contact us for a brief and free consultation if you plan to shop around - as you should really plan to do.

Then, Conduct A Quick Review To See If You Are "Paying High, Twentieth-Century-Level Prices For Today's Low-Tech, Low-Touch 21st Century Activity Levels".

- **Step one:** "Try your own cooking" as served up by your TA - as we have been advising issuers for years. Call your company's toll-free number. See how user-friendly the 'pre-vetting messages' and 'menu selections' are - and how long you have to wait to get a real person. Ask a few basic questions, like "I need to transfer stock to settle an estate. What do I have to do?" Or "Can I buy stock directly from you? And if so, how much do each of your services cost?"
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- **Step three** - and the number-one question to ask if you may be tempted to leap into the blue with a new “bargain basement” provider: Does this provider have the financial resources to protect itself - and, more importantly, your company - against the possibility of a major error, omission or an owner or key-employee defalcation?
 - The answers here are also likely to shock you to the core where most bargain-basement providers, and more than one, we think, of the top-four of the larger agents are concerned. Please be sure to read our article on “Transfer Agent Liabilities” [Transfer Agent Liabilities: Under-Estimate Them At Your Peril | Optimizer Online](#) before you jump ship from a ‘recognized’ and well-funded, well-insured provider. And, P.S. - don’t assume that your current provider IS one.
 - Feel free to contact us for a brief and free consultation if you plan to shop around - as you should really plan to do.
-

Our Top Tips For Service Suppliers In 2024

For many service suppliers to the public-company community, 2023 was a mighty tough year - with a shortage of big and lucrative “deals” - and of big IPOs - and not that many really big proxy fights to gin-up the related advising, printing and mailing and processing machinery.

We too have been affected - and shocked this year - to see how many transfer agents, proxy solicitors and advisors - and financial printers too - have disappeared entirely from our own much-visited Directory of Pre-Vetted Service Suppliers.

While many of our top-tips may seem a bit self-serving, they are based on your senior editor’s 50+ years in the trenches, where he has seen, and participated in, earthshaking shifts in market-share on all these fronts - and watched dozens and dozens of suppliers slowly disappear from the competitive scene by failing to keep up with the best in class.

Here are our top-tips - and we sincerely hope that readers will follow them, since we too need all the clients we can get - as long as they pass our vetting-process, that is.

- **Make sure your company maintains a super-strong “Share of Mind” where current and prospective clients - and other ‘influencers’ too are concerned.** Ask yourself, “What are the top-three or four names that come to mind when you think of Transfer Agents - or Proxy Solicitors - or Financial Printers - or Legal Advisors - or Financial Public Relations companies? Every public company wants to be with a “big name” - and with a proven winner in its field - especially if, as is often the case, the provider needs to be run by your Board. Try this test on a colleague, or, ideally someone from the issuer community if you dare to do so. If your company’s name is not among the top three or four names that come immediately to mind, you’d better get busy, or prepare to fade away.
- **It does pay to advertise:** Not just to build share-of-mind - and market share - and to let prospects know that you are eager for their business - but to reassure existing clients that they are in safe and secure hands. Clients do notice when providers drop off the advertising and marketing scene and, historically, it sends the first signal of financial stress, as well as a clear signal of waning lack of management focus on the product or service.
- **Here’s a strong bit of proof about the power of advertising:** In the early 1970s, the “old Manny Hanny” became the first agent ever to advertise its Stock Transfer and its Corporate Trust services. At the time, the bank was the fifth largest of the NY Clearinghouse Banks - and our stock transfer business was in a *five-way tie for fifth place* - as was our Corporate Trust business - well behind **Bankers Trust, Chase, Citi** and **JP Morgan** - and basically tied with four big-ish banks in Chicago, California and Seattle WA. By the early 1980s and through 1992, however, we had become the largest T-A by far - ranked by number of clients and by gross revenues - and we consistently ranked number-one in new Corporate Trust business as well, despite our modest banking clout. Largely, of course, it was because we were very good at what we did - but our ads - and our ‘share of mind’ - and our clear confidence as a competitor - were key components in the major reshuffling of market share we engineered.
- **Advertising helps to build your business in other important ways:** It forces you to think long, and hard and deeply about what makes you tick - and what, exactly, makes you different - and a better choice. And it forces you to articulate these things in a clear and compelling way - and to create new things too, to maintain your leadership. (If you can’t do this, folks, your business is almost certainly destined to fall by the wayside, year after year.)

- **The most important thing to know about advertising and marketing - and about building share-of-mind - is the need to repeat, repeat and repeat a clear and consistent and convincing message.**
- **Print advertising is still the very best and most cost-effective way to get your message out, by far:** Aside from commanding attention, it allows you to repeat, and re-market your message by including reprints of your ads and advertorials in your pitch letters and leaving them out on the table at conventions and seminars where your sales folks are in attendance.
- **Our own favorite advertising vehicle is what we call an “infomercial” - which is basically what *this* is:** It is designed to convey information, of course, but it also gives readers a sense of the culture and values of the company - and of its corporate spokespeople - and, especially, its leadership team. It also attracts the attention of other important “influencers” - who will quote or mention you in posts of their own if your info is fresh, and good - and invite you to appear as a guest or panelist at events they host. Also, the “third-party imprimatur” of the *OPTIMIZER*'s own well-respected brand name is a valuable feature for suppliers and readers alike.
- **A lot of people have been telling us that they want to spend all of their ad budget on “Digital Advertising.”** We absolutely agree that having a super-strong “digital presence” is a must these days. But if one carefully measures the number of readers your own digital messages get you will find that those that have strong and fresh and creative content - and that have a “third-party element” and come from a ‘trusted source’ - will outdraw anything else you may try.
- **Be sure to measure the results of your various advertising vehicles:** When we post our annual magazine online - after sending it by mail to 6500 “C-Suite” officers, by name, the digital version typically draws over 2,000 additional sets of eyeballs in the first two weeks. Our current record for a single post is over 5000 views within less than two months! Each month we track the top articles that have been read on our website. Some of the most popular articles are often two or more years old, since ‘best practices’ are basically timeless. The ‘top-drawing topics’ are always about AGMs, Proxy Solicitors, Activist Investors - and Transfer Agents. If your own “digital advertising systems” are up to snuff, you can easily track how many visits to your website have been automatically switched from our site,

Please note, dear service suppliers, that blasting out emails that do not have compelling content is simply swarming readers with spam. And, as we mention elsewhere in this issue, those home-made ‘podcasts’ are fast becoming ‘outcasts’ where viewers hit delete within the first few minutes...if they tune in at all.

If your company failed to appear in this issue - and in our Directory of Pre-Vetted Service Suppliers, please know that you can become a featured sponsor of one of our quarterly advisory letters - and get up to three listings in our Directory free of charge - IF you pass our pre-vetting drill. For more information, contact phagberg@cthagbergllc.com or chagberg@cthagbergllc.com

A Sales And Marketing Tip “To Grow On” If You Are A Service Provider, From The Optimizer’s Senior Editor

One of the most valuable maxims I learned, and tried to follow in the course of my long career is this; “Leaders must move among their followers.”

If you look at the authors and advertisers in this issue, I’d bet that you will be able to name the “leader” - and sometimes many of the leaders - at every single one.

And if you try to come up with the names of their competitors who are NOT represented here, I’ll bet that you will not come up with the name of a single “leader” - as we were largely unable to do. Proof positive we say, that “Leaders” who do not move among their followers will soon have no followers.

Sell Your Proxy Votes? Good Idea, We Say, But Lots Of Practical Problems

Shareholder Vote Exchange, which was featured in a January 22 *WSJ* article, was started in 2021 by **Preston Yadegar**, 25 years old, a 2020 BU graduate whose venture has been funded so far by friends and family but who says that talks are underway with potential investors. **Andrew Shapiro**, the activist investor founder and managing member of **Lawndale Capital Management** is an advisor to the Vote Exchange board.

The "auction market" - where rates are currently at one-cent per vote and where 200,000 votes have been sold to date - is clearly legal in Delaware - and not illegal in any state we know about - but *"The catch is that the buyers could run into trouble, especially if they are the company itself"* the article opines.

But we'd say - after noting that vote-buying has gone on since there first were publicly owned companies - and has been going on ever since - is that neither the current "Vote Exchange System" (which relies entirely on an 'attestation' from the seller that he or she has a "net long position" of "x shares" on the record date) - nor the current "proxy plumbing system" - have any reliable ways to assure that the votes being "sold" are legally valid. Nor can the existing "systems" ensure that the votes will actually get into the final vote count.

The article fails to note that votes are currently being bought by buyers who "borrow the shares" from brokers - usually for a cash fee that depends on supply and demand - and that almost all of these shares actually belong to individual investors with margin accounts, where the terms allow the broker to lend the shares out (for cash) but do not require the broker to share the proceeds with the unwitting owners. This is a HUGE moneymaking business for brokers - and for many institutional investor owners too, although we would also opine that if an ERISA fiduciary does not recall stocks loaned over a record date, and earns a fee instead of voting, they are likely in serious breach of their fiduciary duties. A January 23 *WSJ* story, reporting on a hack of **Equi-Lend Holdings** "handled transactions \$2.44 trillion in December alone."

Then, to add insult to injury, most broker lenders automatically issue voting credentials to the borrowers - as well as to the legal owners - a MAJOR flaw in the proxy plumbing process - so that many duplicate votes can cancel each other out! The only time an alarm bell rings is if the broker votes more than 100% of its record date position - which rarely happens because individual investor voting is so low (usually around 10% on average, and NOT the 30% cited in the *WSJ* article,) But if it DOES happen - no one really knows whose votes are cast out: the buyers'? - or the borrowers'??? The "over-votes" are simply withdrawn, without any real account-by-account reconciliation to enfranchise the *owners*.

Bottom line - the only truly legal - and truly effective way to sell one's votes at present is to have the shares transferred to registered form - and then to execute an "Irrevocable Proxy" to the buyer - for transmission, while the polls are still open - to the proxy tabulator.

We are 100% in favor of a system that would let share owners sell their votes to the highest bidder - AND to receive the proceeds, which, in a proxy fight or tender offer, can be worth MUCH MORE than a penny a vote. **Allen Media Group** is currently offering \$28.58 per voting share of **Paramount Global** - a premium of \$7.05 per share over the \$21.53 bid for non-voting shares - a 32.7% premium!

We would also argue that such an auction is precisely the right way to determine the real economic value of a vote when the fate of the company is on the line.

As to potential problems for issuers who may decide to buy votes against a potential plunderer - or to simply assure that its own agenda will be pursued - the fears here are bogus: The risk of being sued by disaffected parties is no greater or no less than it always is. And directors clearly have the right to act as they decide, and strong legal protections for doing so - as long as they have exercised due care.

Good luck with this, we say to the Shareholder Vote Exchange - but recognize that you are going up against a Wall Street cartel that is making billions of dollars a year from "Securities Lending Programs."

THE SHAREHOLDER SERVICE **OPTIMIZER**

is published quarterly by
CARL T. HAGBERG & ASSOCIATES

SUBSCRIPTION PRICE:
\$245 per year E-Edition

Questions, comments or letters to the editor
about material in this newsletter are also
most welcome.

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People

Patrick "Pat" Burke – who had been responsible for the oversight of risks and controls at **JPMorgan's** Office of the Secretary has been assigned to oversee risks and controls for the entire Legal Department where he leads a team of ten and reports to the Chief Legal Control Officer.



Chevron's Corporate Secretary, **Mary Francis** (whose top tips for drafting winning Proxy Statements appear elsewhere in this issue) has been named to the **2023 NACD Directorship 100™** list by the **National Association of Corporate Directors**.

The estimable **Keir Gumbs** who has served as a senior **SEC** staffer, an attorney with a major law firm, as CGO at **UBER**, and most recently as the senior attorney at **Broadridge** has signed on with **Edward Jones** as General Counsel. Keir, who is also serving as chair of the **Society for Corporate Governance** has also been named to the **2023 NASDAQ 100** list. What a big "get" for Edward Jones.



Our great friend **Broc Romanek** has announced his **Transparency Scientific Committee**, with a truly amazing team of experts. "As laid out in the **Committee Charter**, the committee operates independently to update the objective criteria that is used to determine the annual **"Transparency Awards"** (The Committee also oversees the Awards). The core of the Committee's mission is to represent the interests of readers of corporate disclosure – and the Committee is also dedicated to providing disclosure practitioners with opportunities for which they can further their professional development and receive recognition for their efforts in drafting corporate disclosure that is transparent. The seven members are:



Donna Anderson, CFA

Vice President, Head of Corporate Governance – T. Rowe Price Group



Doug Chia

President, Soundboard Governance; former Executive Director, The Conference Board ESG Center; former Chair, Society of Corporate Governance



Ginny Fogg

Consultant; retired General Counsel, Norfolk Southern; former Chair, Society of Corporate Governance



Dan Goelzer

former PCAOB Board Member and Acting Chair; former SASB Board Member; former SEC General Counsel



Courteney Keatinge

Senior Director, Environmental, Social & Governance Research – Glass Lewis & Co.



Broc Romanek

Transparency Champion, RealTransparentDisclosure.com editor; former editor of TheCorporateCounsel.net, CompensationStandards.com and DealLawyers.com



Carol Ward

Corporate Governance and Business Advisor; retired Vice President and Corporate Secretary, Mondelez International (formerly Kraft Foods); Corporate Secretary and Chief Compliance Officer, CIGNA Corporation; former Chair, Society of Corporate Governance. [Editor's note – the toughest, most meticulous and most insightful "editor" your own editor has ever known.]

The group has posted a new blog entitled: The Updated "Transparency Criteria" for 2024: 238 Criteria for Five Disclosure Documents. [Here's the link.](#)

CONT'D →

The Shareholder Services Association (SSA) has added two highly experienced new members to its Board of Directors: **Robert Franz** from **Broadridge** and **Viella Bardouille** from **Pfizer**.

Regulatory Notes... and Comment

ON THE HILL: House Judiciary Committee Chair Jim Jordan has subpoenaed BlackRock, State Street, Glass Lewis and ISS for more answers as to whether, as he seems to think, the companies' climate-related efforts violate federal antitrust laws, **Bloomberg** reported in December, just days after Jordan subpoenaed investment firms Vanguard and Arjuna Capital for documents related to the committee's investigation into allegations that the firms colluded in committing to invest in the promotion and adoption of "left-wing environmental, social, and governance goals." *What a huge waste of taxpayers' time and money, we say. Obviously, the committee failed to listen - and to learn from the testimony offered by Nell Minow - which described the corporate governance environment - and the importance of "good governance" in clear and compelling detail - and totally debunked the weird conspiracy theories being advanced by Jordan himself. Required reading, for sure.* [HHRG-118-BA16-Wstate-MinowN-20230713.pdf \(house.gov\)](#)



AT THE SEC: Their biggest news this quarter to date is that their website on "X" (formerly known as **Twitter**) was hacked - with a phony release posted announcing approval of Bitcoin Fund offerings several days before the SEC actually did so - in a bid, we think, to profit from the quick rise in Bitcoin funds that occurred on both the fake and real news. Investigations to follow.

IN THE COURTHOUSE: Four New York City employees and the conservative nonprofit **Americans for Fair Treatment** have filed suit before the **New York Supreme Court** alleging that a decision by former Mayor **Bill de Blasio** to rid public pension funds of billions of dollars in fossil fuel investments put their retirement at risk. This, despite the fact that a federal lawsuit against a Labor Department rule that allowed investment managers to consider ESG factors in decisions regarding retirement funds failed earlier this year.

QUOTES OF THE QUARTER

JPMorgan's CEO Doesn't Plan on Changing DEI

'I'm a Full-throated, Red-blooded, Patriotic, Unwoke, Capitalist CEO'.

Jamie Dimon, CEO JPMorgan Chase

"Put simply, neither the Compensation Committee nor the Board acted in the best interests of the Company when negotiating Musk's compensation plan. In fact, there is barely any evidence of negotiations at all"

- Regarding the decision by Delaware Chancellor Kathaleen McCormick to throw out Elon Musk's \$56 billion Tesla pay package.

THE OPTIMIZER'S 2024 DIRECTORY OF PRE-VETTED SERVICE SUPPLIERS

ABANDONED PROPERTY



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866-950-9229

Abandoned property compliance is complex. And, in today's highly regulated business and consumer environment, corporations and financial institutions need a partner they can trust.

The Abandoned Property Advisors (APA) team brings decades of experience combined with unparalleled resources to help thousands of corporations conduct due diligence to locate owners and ensure accurate annual state filings.

Our goals are simple-minimize risk and maximize results through proven methodologies and cost-effective end-to-end compliance services:

SEC 17Ad-17 and DMF Requirements Due Diligence and In-Depth Search Annual Reporting and Advisory

Contact Carol Irvine to learn how APA can help your company with an integrated approach to all aspects of abandoned property compliance.



Broadridge, a full-service provider of unclaimed property solutions, helps clients manage ongoing reporting and regulatory requirements related to unclaimed property. We help our clients simplify the process and execute an effective compliance strategy by developing best practices for each reporting cycle, ensuring full compliance with state unclaimed property and escheatment laws. Our Abandoned Property Management Platform is easy to use and provides efficient compliance.

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ANNUAL MEETING SERVICES



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Alliance Advisors is an independent advisory firm focused on Shareholder Meeting Advisory, Shareholder Engagement, Compensation, Governance & Sustainability Advisory, M&A - Activism, Institutional Investor Intelligence, Proxy Logistics and Retail Outreach strategies.

We work around the world for publicly traded companies, operating at board and C-suite levels. We go beyond the norm to develop and execute bold, client-first strategies, resulting in winning outcomes. We have a longstanding client base of over 1200 active public companies from a range of industries and market capitalization size.

Our clients engage with us on multiple assignments on a year-round basis. We are headquartered in the US, working together as one team, around the world, in multiple locations.

Proxy Logistics

The Proxy Logistics Group at Alliance Advisors provides clients with a single source solution to handle all aspects of your obligations and tasks required to conduct a shareholder meeting.

Our single source solution eliminates the need for our clients to coordinate scheduling and production with their transfer agent, DTC, financial printers, transporters, web hosting firms, mailing and distribution centers and the various proxy intermediaries for their shareholder meetings.

With hundreds of corporate clients serviced annually, our Proxy Logistics experts will take over managing this end-to-end process from printing and mailing to vote tabulation and Inspector of Elections for annual, special and contested meetings.

Our clients, both large and small, utilize our turnkey model to ensure all procedures are properly executed, all timetables are met, and the entire proxy process is professionally managed with a view towards financial efficiencies.

For more information on Shareholder Meeting Advisory, please contact Krystle Di Laura at **kdilaura@allianceadvisors.com**

Virtual Shareholder Meetings

Alliance Advisors offers a convenient and effective solution for companies that want to conduct a virtual or hybrid shareholder meeting.

Our service includes:

- Shareholder Verification Protocol.
- Meeting Presentation Materials and Branding.
- Administrative Privileges to Board Members.
- Beneficial and Registered Holder Day of Meeting Secure Voting Capabilities.
- Shareholder Q&A Features.
- Meeting Playback File for your Company Website

For more information on Shareholder Meeting Advisory, contact Krystle Di Laura at **kdilaura@allianceadvisorsllc.com**

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Of Essential Products And Services To Publicly-Traded Companies.
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No more struggles to coordinate multiple vendors. No missed deadlines or budget surprises. Save time and cut costs by consolidating all steps of the annual meeting process—from planning and distribution to vote tabulation and reporting—across all shareholders. Virtual, in-person, and hybrid meeting options engage shareholders and offer a full range of voting methods.

A secure campaign management portal provides guidelines, timeline requirements, pricing tools, job status, and more.

Print and electronic delivery options speed turnaround and reduce printing and postage costs. Shareholders can view materials online and vote from the mobile device of their choosing. Targeted reminders increase participation and stimulate voting.

Shareholder Data Services provides a complete, actionable view of shareholder ownership, voting behavior and results at critical milestones throughout the proxy campaign. It offers the ability to segment and identify critical unvoted accounts for timely reminders.

Broadridge Virtual Shareholder Meeting service allows validated shareholders to participate fully in online annual meetings—hearing or watching the proceedings, voting and asking questions.

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Transfer Agent Services. Broadridge offers a simplified approach to shareholder management, more flexibility based on your unique needs, and more insight into your shareholder base.

Shareholder Communications. Proxy, annual report, and corporate actions and solutions help you communicate effectively with shareholders and efficiently manage the complexities of corporate governance.

Shareholder Data Services. To gain a complete, actionable view of shareholder ownership, voting behavior and results at critical milestones throughout the proxy campaign, Broadridge now offers Shareholder Data Services, a comprehensive reporting package. It uniquely provides a multi-dimensional view of data to deliver an “early warning” detection of potential issues during the campaign; a vote projection analysis based on ownership and voting trends; and historical voting results, including benchmarking data.

Annual Meeting Services. We provide the resources to help you manage the entire annual meeting process -- from planning and distribution to vote tabulation and reporting—across all shareholders Virtual, in-person, and hybrid meeting options engage shareholders and offer a full range of voting methods.

A Seamless Proxy Process. Our Registered and Beneficial Shareholder Proxy Solutions remove the burden from you to coordinate multiple vendors. There are no budget surprises, and we help you save time and cut costs by consolidating all steps of the process—from planning and distribution to vote tabulation and reporting—across all shareholders.



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DFIN can help streamline your annual meeting and proxy events, thanks to our broker-search capabilities, real-time online vote results, final tabulation and inspector-of-election services through 8-K filing of tabulation results. We support in-person, virtual, digital as well as hybrid meetings. We can also manage and centralize communications for all parties, fulfill and distribute proxy materials.

Cut through the annual meeting complexity

Rely on DFIN to help you understand the fast-changing regulatory environment, get shareholders relevant information on time, manage the logistics of printing and proxy distribution to both registered and beneficial shareholders and proactively monitor voting results in the days leading up to your meeting.

Dedicated, expert project manager

An experienced project manager serves as a single point of contact to streamline and build accountability into your annual-report process, freeing your resources for other priorities.

Regulatory expertise

Our experts are well versed in the ever-changing SEC, NYSE and FINRA rules. At every step in the process, you can feel confident that your regulatory requirements will be met.

State-of-the-art systems

Stay informed and in control with real-time tabulation reporting.

Comprehensive service

Our skilled, accountable and responsive team is available 24/7/365.

CORPORATE GOVERNANCE CONSULTING



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Each year, DFIN helps more than one-third of the publicly held companies in North America produce and distribute their proxy materials. This assistance includes content advisory and management, message development, writing and editing, design, web hosting, regulatory filing, printing, and distribution, as well as end-to-end annual meeting services. We deliver thought leadership, best practices and primary research about key audiences, asking the questions that challenge traditional assumptions and enable us to distill the issues about which investors care most.

Strategic discussions with DFIN's director of corporate governance services help develop a tailored approach to reach shareholders more effectively. During these strategy sessions, we review:

- Past voting results and recent performance
- Goals and objectives for the proxy statement
- Best practices on content, structure, format, design, and document navigation to support the company's goals and objectives

Based on this assessment, we recommend high-impact changes in content, structure, language and design to highlight your company's strengths, achievements and executive compensation alignment and to demonstrate your commitment to good governance and shareholder engagement. Additionally, our designers find solutions that are visually appealing, functionally resilient and strategically sophisticated.

Our financial writers and editors are experts in clarifying core messages and in helping clients articulate their vision, their practices and their performance in plain English. Whether crafting a narrative from scratch or editing existing prose, we work with your executives and legal and compliance professionals to ensure the language in the proxy statement is clear, accessible and useful to the investment community – as it satisfies compliance obligations. Particular focus is given to explaining the relevance of items subject to voting decisions.

ESG, pay ratio disclosures, Say on Pay, record levels of investor activism, unprecedented focus on company boards and executive compensation are but a few of the issues you face. A well-structured, reader-friendly proxy statement is your most effective tool for constructively engaging shareholders and engendering goodwill from the investor community. Our comprehensive proxy services will help you achieve this goal.

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with the corporate structure and practices of their investments. Moreover, many institutions have established their own proxy guidelines and committees, effectively taking the matter out of the hands of the portfolio manager.

The significance of a sound corporate governance policy is unprecedented in today's environment of shareholder activism. In particular, institutions are becoming increasingly active, aggressive and influential shareholders.

Until recently, most institutions were content to remain on the sidelines during annual meeting season, often deferring their vote to management. However, these institutional investors today are now becoming increasingly concerned

The following is a brief list of what InvestorCom offers clients with our Corporate Governance Consulting service:

- Review of Corporate Governance Practices
- Institutional Shareholder Activism Profiling
- Proxy Voting Recommendation Agency Policy Review



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MacKenzie Partners, Inc. is a full-service proxy solicitation, investor relations and corporate governance consulting firm specializing in mergers-and-acquisitions related transactions. Our extensive work and experience in corporate control contests keeps us at the forefront of the leading issues in corporate governance and how they affect both management and the investment community.

We provide background research and analyses on shareholder proposals covering a broad area of governance issues, including but not limited to, cumulative voting, director compensation, classified boards, shareholder rights plans and how various institutions tend to vote in these situations. We also counsel management and the Board as to whether a proposal is likely to pass and develop vote projections to support our views.



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consulting engagement, we analyze each client's shareholder profile, provide guidance on the full range of ESG matters, and most importantly, anticipate potential ESG challenges to minimize the risk of shareholder activism. As we assess potential risks from emerging trends or changes in ownership position, we provide strategic, practical and insightful advice to help clients make informed decisions. Our subject matter expertise covers the full spectrum of ESG matters, including sustainability, executive compensation, and board composition and evaluation, to name a few. In addition to proxy solicitation, our team members have expertise in stock surveillance and executive compensation.

Through our ESG Advisory and Corporate Governance Consulting, **Morrow Sodali** provides our clients with insights and updates on environmental, social and governance-related matters on an ongoing basis, including the assessment of best practices and emerging trends as they relate specifically to our client's circumstances. As part of our year-round

Morrow Sodali is a global corporate advisory firm that provides clients with comprehensive advice and services relating to corporate governance, ESG, sustainability, proxy solicitation, capital markets intelligence, shareholder and bondholder engagement, M&A, activism and contested situations.

From headquarters in New York and London and offices in global capital markets, Morrow Sodali serves over 1,000 clients in more than 80 countries, including many of the world's largest multinational corporations. Clients include listed and private companies, mutual fund groups, stock exchanges and membership associations.

In 2022, Morrow Sodali celebrated its 50th anniversary and also secured majority investment from TPG Growth, the middle market and growth equity platform of alternative asset firm TPG. This partnership will significantly advance the firm's mission of providing clients worldwide with unrivaled strategic advice and comprehensive support, enabling them to maximize value and expertly manage stakeholder relations.



Okapi Partners helps clients understand the ever-changing expectations of investors and how to address them appropriately through planning and managing Shareholder Engagement programs as well as Annual and Special meetings.

Through modeling various vote projection scenarios, Okapi assists corporate issuers in planning and executing strategy for successful solicitation programs for director elections, executive compensation plans, and dealing with shareholder proposals.

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DATA MANAGEMENT, DOCUMENT DESIGN & CONVERSION SERVICES



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Let DFIN transform your proxy from a traditional, SEC compliance document into a visually inviting, compelling communications showpiece that effectively tells your story to your investors. We work with you to identify a style and format that matches your company's unique corporate culture and proxy-related objectives. Financial writers and editors expertly craft narrative from scratch or work with you to edit your existing prose, enhancing readability and satisfying compliance obligations. This is an excellent way to ensure that your proxy statement clearly communicates your unique corporate culture, objectives, and goals to the investment community. Our state-of-the-art hosting platform is mobile ready and SEC-compliant—and unlike many IR sites, our hosted sites have no cookie tracking. We help you simplify communications with investors and tell a better story via images, text, video and graphics.

Our ActiveDisclosure solution helps you collaborate across teams and simplify your reporting process. Our web-based document management tools enable legal, investor relations, and finance teams to create and edit critical sections of the proxy statement, while fully utilizing Microsoft Word and Excel tools for formatting efficiency and version flexibility. With ActiveDisclosure, you can even create a more stylized proxy that delivers greater visual impact.

EXECUTIVE COMPENSATION NEW CATEGORY!



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Our clients engage with us on multiple assignments on a year-round basis. We are headquartered in the US, working together as one team, around the world, in multiple locations.

Compensation, Governance, & ESG Advisory

Proactive analysis and research in advance of a shareholder meeting are critical components to the success of a campaign. We provide the following advisory services:

Equity Plan Analysis: Help develop and model an equity compensation plan to maximize shareholder support.

Governance advisory: We will help you understand how your company's governance policies and practices compare to peers, provides valuable perspective on the evolution of best-practice and advise on areas where your company may be lagging.

ESG Advisory: We provide year-round support to companies at every stage of their ESG program to manage key risks, create value for stakeholders, and clearly communicate their sustainability story.

For more information on Shareholder Meeting Advisory, please contact Day Thomas at lvega@allianceadvisorsllc.com

Post Meeting Shareholder Engagement

This service provides an analysis of data from NPX filings and other research on how your institutional shareholders voted, their voting rationales and what influenced their decisions.

Alliance Advisors then develops and implements a tailored off-season program to reach out and communicate with these institutional shareholders. The benefits of post meeting Shareholder Engagement are as follows:

- Data-driven knowledge of who your institutional shareholders are and how they voted.
- In-depth knowledge of the governance profiles of your largest shareholders.
- What drives the voting decisions and which institutions had issues with agenda items and which did not.
- Actionable data for shareholder-related decision-making for management, council, and the Board of Directors.

For more information on Shareholder Meeting Advisory, please contact Lou Vega at lvega@allianceadvisorsllc.com

FINANCIAL PRINTING



Capitalize on true end-to-end service, from disclosure composition, EDGAR and SEC filing to document design and virtual data room. One vendor provides for greater accountability, transparency and cost savings. Plus, hands-on delivery gives you maximum control at every step.

Let us help you prepare and file SEC documents quickly and accurately with our lightning-fast composition platform. Our proprietary system processes routine tasks at the click of a mouse and seamlessly exports into HTML, EDGAR, print and web ready PDFs and Word. Automatic blacklining, repagination and TOC updates accelerate execution and eliminate associated per-page costs. Alternatively, leverage our self-service filing software solution to generate, complete, review and file financial statements and other SEC forms securely in minutes.

Select our advanced EDGAR filing software or outsource everything to Broadridge experts. You decide how much or how little of the process to manage on your own.

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DFIN is dedicated to service. Our global, 24/7/365 customer-service team is available whenever and wherever you need help. Each client is assigned an experienced deal manager to serve as your "go-to" person for all questions and concerns, ensuring there are no surprises around document specifications, costs, or deadlines. Our EDGAR filing experts are unmatched in their regulatory knowledge and sustained record of filing accuracy. In fact, DFIN handles more than 160,000 EDGAR filings each year—more than any other filing agent. Leverage our global network of manufacturing locations, including digital presses, for quick-turnaround projects, premium color services, state-of-the-art technology, and expansive logistics services. We own our facilities, and our service team ensures your documents are produced accurately and delivered on time.

INSPECTORS OF ELECTION



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If you think you may have matters on your shareholder meeting ballot where the outcomes could turn out to be close or contentious... If investors are voting on one or more "material items" – like a merger, recapitalization or a bylaw change that requires shareholder approval... If you simply want to follow "best practices" when it comes to 'inspecting the election' and certifying the final results... If you want to be sure that any firm or individual inspector that you and your board appoint has rigorous procedures in place – and actually follows them – and that the inspector(s) can stand up and be effectively counted themselves if challenged...

Please think about having one or more expert and truly independent Inspectors as a part of your company's official shareholder meeting team.



We provide inspector-of-election services and final vote certification, as well as on-site support for any needs that may arise during your meeting from quorum monitoring to in-person voting. You can rely on us to determine that ballots were properly cast, and announce the results at the appropriate time.

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NOTICE & ACCESS SUPPORT SERVICES



Broadridge supports all proxy communications options, including Notice

and Access. We will work with you to determine which distribution model offers the greatest combination of benefits for your particular situation. Many issuers will choose a hybrid approach, sending full packages to certain shareowners, while sending the Notice to others.

In addition to creating an individualized project plan, timeline analysis and notice design, print and mailing, your Broadridge representative will help you determine the breadth of services you require for implementing Notice and Access, which may include:

- Annual Report and Proxy Statement conversions with enhanced interactive navigation for an improved user experience Customized shareowner landing page and portal
- Web hosting
- Inventory management, warehousing and fulfillment
- Online options to collect shareowner future delivery preferences; paper or electronic
- Cost benefit analysis
- Customizable Notice templates and forms
- Windowed notice envelopes that can showcase colorful, double-sided inserts with messaging customized to your needs
- Voting through proxyvote®.com for beneficial, registered and employee shareowners
- Shareowner stratification analysis based on shares, geographic region and voting criteria
- Pre-record date shareowner mailing

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NOTICE & ACCESS MADE EASY

Harness the DFIN's regulatory expertise, service excellence and online toolset to simplify your annual meeting process, help you better connect with your shareholders, and take full advantage of the SEC's Notice & Access rule.

A single point of contact throughout your proxy event streamlines the process.

- A dedicated project manager partners with all members of the working group to expertly manage every aspect of the issuer's event, and determine quantities and requirements under the Notice & Access rule.
- Comprehensive checklists, calendar and project plans are in place to manage each task through completion, provide clear communication throughout the process, and help you meet required deadlines
- Assistance composing the Notice of Internet Availability, mailing and merging shareholder records, printing personalized copies and hosting the materials, along with providing the platform for fulfilling full-set proxy requests from shareholders

Custom-branded electronic voting and document-hosting sites enhance your shareholder communications

- Branded sites reflect an issuer's image and corporate profile and complement the stylized proxy
- Custom-hosting sites are SEC-compliant, touch/tablet enabled, and designed to auto-fit wide screens, and link to social media and voting sites; they also include interactive components, such as visual image sliders, tabbed panels, reminder/info fly-outs, embedded video, and Google maps
- Telephone voting services include a dedicated 1-800 number with a customized greeting

Real-time, online reporting provides up-to-the-minute updates and an evaluation of voting results

- Master tabulator services included
- Choice to log in to the online tabulation tool or receive scheduled reports via email
- Online system reflects both voted and un-voted results

PROXY DISTRIBUTION & VOTE TABULATION SERVICES



Broadridge provides companies with the strategic approach they need to effectively reach both registered and beneficial shareowners. We uniquely have the capabilities to cover all of the details of your proxy distribution - from initial planning through proxy mailing to vote tabulation and reporting of your annual meeting - while you focus on increasing investor confidence and reducing your bottom line.

Simplify your experience by letting Broadridge manage your proxy process. One point of contact advises you from start to finish.

Move your communications quickly and get them into the hands of shareowners efficiently and accurately. Our complete distribution/mailing services include duplicate proxy card detection, and high speed insertion technology.

Reduce processing and mailing expenses by combining ballots that are mailed to a common address into one envelope, or by merging several accounts onto one document to one address.

Save money with Broadridge's electronic delivery technology. Broadridge can gather and maintain your shareowner consents for both householding and electronic delivery.

As the largest processor of beneficial proxies for publicly traded companies in the U.S., Broadridge process over 2 billion in investor communications annually - more than 80% of all outstanding shares voted in the United States.

For those issuers utilizing Broadridge for both the registered and the beneficial shareholders for their proxy mailings, we provide complete vote tabulation and reporting services. Using Broadridge as your tabulator will ensure that you have fully reconciled and audited vote reports delivered on time, on a daily basis, covering the registered, beneficial and employee shareholder segments.

Our services include:

- **Transfer Agent Services.** Broadridge offers a simplified approach to shareholder management, more flexibility based on your unique needs, and more insight into your shareholder base.
- **Shareholder Communications.** Proxy, annual report, and corporate actions and solutions help you communicate effectively with shareholders and efficiently manage the complexities of corporate governance.
- **Shareholder Data Services.** To gain a complete, actionable view of shareholder ownership, voting behavior and results at critical milestones throughout the proxy campaign, Broadridge now offers Shareholder Data Services, a comprehensive reporting package. It uniquely provides a multi-dimensional view of data to deliver an "early warning" detection of potential issues during the campaign; a vote projection analysis based on ownership and voting trends; and historical voting results, including benchmarking data.
- **Annual Meeting Services.** We provide the resources to help you manage the entire annual meeting process - from planning and distribution to vote tabulation and reporting-across all shareholders Virtual, in-person, and hybrid meeting options engage shareholders and offer a full range of voting methods.
- **A Seamless Proxy Process.** Our Registered and Beneficial Shareholder Proxy Solutions remove the burden from you to coordinate multiple vendors. There are no budget surprises and we help you save time and cut costs by consolidating all steps of the process-from planning and distribution to vote tabulation and reporting-across all shareholders.

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DFIN provides an unrivaled, networked print platform, delivering world-class service across the globe with distribution capabilities to match. We are also committed to meeting your proxy statement needs, including color printing, separate covers and the utilization of special paper stock, in a timely, accurate and efficient manner.

We assemble financial reports, deliver consultative and expedited document management services, and handle the logistics for hard copy and electronic content that must be delivered to stakeholders. We can meet all your shareholder communication needs in a timely, accurate and efficient manner. As part of our process, each client is assigned an experienced account manager who serves as the "go-to" for all questions and concerns and ensures there are no surprises when it comes to document specifications, costs or deadlines.

Sustainability Initiatives

DFIN does our part to reduce, reuse and recycle. Our FSC- (Forest Stewardship Council-) certified plants help companies easily execute eco-friendly plans without having to trade cost effectiveness for being environmentally friendly.

Custom-branded electronic voting and document-hosting sites enhance your shareholder communications:

- Branded sites reflect an issuer's image and corporate profile and complement the stylized proxy
- Custom-hosting sites are SEC-compliant, touch/tablet enabled, and designed to auto-fit wide screens and link to social media and voting sites. These sites include interactive components, such as visual image sliders, tabbed panels, reminder/info fly-outs, embedded video, and Google maps
- Interactive documents have enhanced functionality for easy navigation, full-search capabilities and access on all devices for download, email and print
- Telephone voting services include a dedicated 1-800 number with a customized greeting

Real-time, online reporting provides up-to-the-minute updates and an evaluation of voting results:

- Master tabulator services included
- The Meeting Information Center, which is our fully-integrated voting platform, immediately consolidates Internet, telephone and paper votes into a single database, including outside feeds from proxy solicitors
- Capability to log in to the online tabulation tool or receive scheduled reports via email
- Online system reflects both voted and un-voted results
- Proxy tabulation services require the use of the DFIN-style proxy card.

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Alliance Advisors is an independent advisory firm focused on Shareholder Meeting Advisory, Shareholder Engagement, Compensation, Governance & Sustainability Advisory, M&A - Activism, Institutional Investor Intelligence, Proxy Logistics and Retail Outreach strategies.

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Our clients engage with us on multiple assignments on a year-round basis. We are headquartered in the US, working together as one team, around the world, in multiple locations.

Shareholder Meeting Advisory

We provide the following Shareholder Meeting functions:

Alliance Advisors will consult with the company and its advisors on the shareholder meeting and proxy solicitation process. Alliance Advisors will provide advice on solicitation strategies, the solicitation timeline, and targeting of solicitation efforts.

We coordinate outreach to ISS & Glass Lewis will obtain and review advisory firm reports and coordinate response to negative recommendations.

Alliance Advisors will coordinate outreach to institutions including setting up calls as requested, preparing management to dialogue with institutions, providing investor dossiers, identifying proxy advisory firms' (ISS/Glass Lewis) influence on investor proxy voting decisions, and coordinating investor follow up.

We design and implement Retail Outreach campaigns to registered and NOBO shareholders. These campaigns include customized, targeted communications via phone campaigns, emails, text messages and follow up mailings.

For more information, please contact Lou Vega at lvega@allianceadvisorsllc.com

Proxy Logistics

The Proxy Logistics Group at Alliance Advisors provides clients with a single source solution to handle all aspects of your obligations and tasks required to conduct a shareholder meeting.

Our single source solution eliminates the need for our clients to coordinate scheduling and production with their transfer agent, DTC, financial printers, transporters, web hosting firms, mailing and distribution centers and the various proxy intermediaries for their shareholder meetings.

With hundreds of corporate clients serviced annually, our Proxy Logistics experts will take over managing this end-to-end process from printing and mailing to vote tabulation and Inspector of Elections for annual, special and contested meetings.

Our clients, both large and small, utilize our turnkey model to ensure all procedures are properly executed, all timetables are met, and the entire proxy process is professionally managed with a view towards financial efficiencies.

For more information please contact Krystle Di Laura at kdilaura@allianceadvisorsllc.com



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Governance Advisory divisions to identify institutional investors, analyze each institution's voting tendencies based on management's proposals, and develop and implement a strategy that will maximize shareholder voting and provide the best opportunity for passage of all management sponsored proposals.

There are now virtually dozens of crucial steps that need to be performed in order to maximize voter response at even the most "routine" Annual Meeting. InvestorCom is well positioned to address each of its client's particular needs given the direct involvement of its senior management team in every solicitation and the aggressive, "hands-on" approach it employs. InvestorCom's Proxy Solicitation division combines forces with its Stock Surveillance and Corporate

The following is a brief list of what we offer with our Proxy Solicitation service:

- Corporate Proxy Solicitation and Consulting
- Shareholder Proposal Analysis and Management Proposal Development
- Proxy Fights
- Logistical Support



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Annual & Special Meetings - In our work with annual and special meeting proxy solicitation clients, MacKenzie Partners is often asked for an analysis and recommendation regarding the probability of passing specific proposals, and for the development of the most cost effective solicitation campaign that ensures a successful outcome.

Proxy Contests - Whether we advise a dissident shareholder or incumbent management, one of our key strategic roles is to frame the issues and shape the message to be delivered to a company's shareholders. The goal is to convince shareholders to vote their proxies in favor of our client and against the opponent.

We also provide advice regarding the timing of proxy material mailings, press releases and advertising to receive maximum impact, to respond to the oppositions' communications with counter-arguments, and to try to "get in the last word" before the annual meeting takes place.

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The cornerstone of a successful solicitation is viewing it as a year-round commitment. Our seasoned staff has extensive experience which enables us to devise and implement customized solutions for your organization's unique requirements. Our dedicated teams handle all aspects of your solicitation for annual and special meetings. We begin with an analysis of your shareholder profile and follow that with a thorough review of your preliminary proxy statement with a particular focus on identifying potential issues with proxy advisory firms. We provide full logistical support as well as continual updates throughout the solicitation. Combining our global reach and years of experience, we furnish our clients with information on corporate governance, SEC and SRO rule changes, and emerging environmental, social and governance issues in real-time.

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In 2022, Morrow Sodali celebrated its 50th anniversary and also secured majority investment from TPG Growth, the middle market and growth equity platform of alternative asset firm TPG. This partnership will significantly advance the firm's mission of providing clients worldwide with unrivaled strategic advice and comprehensive support, enabling them to maximize value and expertly manage stakeholder relations.



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For our clients' meeting preparation, we deliver counsel on forecasting and maximizing shareholder support. In addition, we provide guidance on how to effectively engage with the proxy voting advisory firms.

Increased shareholder activism, coupled with heightened awareness of ESG matters, have become more common obstacles as meetings approach. To address this new reality, we provide a year-round process for our clients to engage with their investors.

Our research, knowledge and analysis of our clients' shareholders combined with our best-in-class execution, enables us to deliver optimal results.

**Leading the way in Proxy Solicitation, Mutual Bank and Credit Union Conversions, and Proxy Fights**

Always remember: "What works on Wall Street doesn't always work on Main Street" We are THE EXPERTS at what will work on Main Street.

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RETAIL OUTREACH NEW CATEGORY!



ALLIANCEADVISORS.COM

Alliance Advisors is an independent advisory firm focused on Shareholder Meeting Advisory, Shareholder Engagement, Compensation, Governance & Sustainability Advisory, M&A - Activism, Institutional Investor Intelligence, Proxy Logistics and Retail Outreach strategies.

We work around the world for publicly traded companies, operating at board and C-suite levels. We go beyond the norm to develop and execute bold, client-first strategies, resulting in winning outcomes. We have a longstanding client base of over 1200 active public companies from a range of industries and market capitalization size.

Our clients engage with us on multiple assignments on a year-round basis. We are headquartered in the US, working together as one team, around the world, in multiple locations.

Every year, Alliance Advisors reaches millions of retail shareholders through a variety of solicitation strategies. Our campaigns are conducted across a range of shareholder profiles and product types.

We are retained by a wide variety of company types including traditional publicly traded corporations, from small to large market caps, retail heavy, public and private REITS, BDC's and SPAC'S. In addition, we conduct retail campaigns investment companies including open-end funds, closed-end funds, and ETFs.

Our platform has the following modules:

- **Outbound telephone:** Our virtual cloud based "call center" has agents geographically dispersed to allow for maximum time zone management. Our platform allows us to scale outbound capacity up and down at will. We can provide inbound agents and bilingual agents, if required.
- **Text to Vote:** Since many shareholders are reluctant to pick up a call from an unknown caller, we offer Text to Vote services. Text to Vote is an effective vote gathering tool and allows us to send a short message containing an embedded link to a voting page. Registered or NOBO shareholders can quickly and easily vote from their mobile phones.
- **Email Voting:** Email voting is like Text to Vote but with email we can deliver a more descriptive message to registered and NOBO shareholders. With both methods, shareholders have the ability to simply click and vote.

SHAREHOLDER ID & STOCK WATCH

JOHN GLENN GRAU
INVESTOR-COM.COM

InvestorCom recognizes the link between the knowledge of shareholders and their trading behavior, and the effectiveness in being able to communicate with them. Our ability to timely and accurately identify "who" owns stock and "why" trading activity is occurring allows InvestorCom to provide clients with the highest level of market insight and the ability to look far beyond the mask of shares held in "street" name. At InvestorCom this is what we call "Shareholder Intelligence." Simply stated, it's the knowledge of who currently owns your stock, what their motivation is for trading in your stock, and, of equal importance, how to act on this information.

The following is a brief list of what we offer with our Stock Surveillance service:

- Daily Monitoring and Reporting
- Weekly Trading Memos
- Executive Monthly Summary
- Shareholder Profiles
- Institutional Targeting

CONT'D



Okapi Partners Market Intelligence Group specializes in stock watch (equity and debt surveillance): identifying real-time institutional ownership on behalf of publicly traded companies globally. The OMIG Team can:

- Identify who really owns a company's shares
- Intelligently respond to senior management inquiries
- Quantify effects on institutional targeting programs
- Develop institutional support for an engagement campaign or shareholder meeting
- Monitor which investors are trading in and out of the stock on real-time basis

Okapi Partners' combination of proprietary databases and unparalleled knowledge of the institutional investment community allows us to deliver timely and accurate information to clients faced with an activist campaign, a merger or a De-SPAC transaction.



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Morrow Sodali has extensive experience providing Strategic Stock Surveillance for our corporate clients. Since our inception more than 50 years ago, Morrow Sodali has been helping clients by combining superior data analysis and technology with strategic consulting to assess institutional ownership. Our stock surveillance experts monitor your stock, all day, every day, and track critical movements with real-time trading analytics. With emphasis on block trades and an intimate knowledge of trading activity, we provide a deep level of insight backed by years of experience tracking and analyzing stock movements, including activist accumulations, institutional sell-offs, short selling as well as other unique and often nuanced situations that result in stock price fluctuations. We monitor stock trading activity for companies of all sizes - from nano-cap to mega-cap - and take into account the trading patterns and context of companies within certain market capitalization parameters.

Morrow Sodali is a global corporate advisory firm that provides clients with comprehensive advice and services relating to corporate governance, ESG, sustainability, proxy solicitation, capital markets intelligence, shareholder and bondholder engagement, M&A, activism and contested situations.

From headquarters in New York and London and offices in global capital markets, Morrow Sodali serves over 1,000 clients in more than 80 countries, including many of the world's largest multinational corporations. Clients include listed and private companies, mutual fund groups, stock exchanges and membership associations.

In 2022, Morrow Sodali celebrated its 50th anniversary and also secured majority investment from TPG Growth, the middle market and growth equity platform of alternative asset firm TPG. This partnership will significantly advance the firm's mission of providing clients worldwide with unrivaled strategic advice and comprehensive support, enabling them to maximize value and expertly manage stakeholder relations.

SUSTAINABILITY INITIATIVES NEW CATEGORY!



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DFIN does our part to reduce, reuse and recycle. Our FSC- (Forest Stewardship Council-) certified plants help companies easily execute eco-friendly plans without having to trade cost effectiveness for being environmentally friendly.

Custom-branded electronic voting and document-hosting sites enhance your shareholder communications

- Branded sites reflect an issuer's image and corporate profile and complement the stylized proxy
- Custom-hosting sites are SEC-compliant, touch/tablet enabled, and designed to auto-fit wide screens and link to social media and voting sites. These sites include interactive components, such as visual image sliders, tabbed panels, reminder/info fly-outs, embedded video, and Google maps
- Interactive documents have enhanced functionality for easy navigation, full-search capabilities and access on all devices for download, email and print
- Telephone voting services include a dedicated 1-800 number with a customized greeting

Real-time, online reporting provides up-to-the-minute updates and an evaluation of voting results:

- Master tabulator services included
- The Meeting Information Center, which is our fully-integrated voting platform, immediately consolidates Internet, telephone and paper votes into a single database, including outside feeds from proxy solicitors
- Capability to log in to the online tabulation tool or receive scheduled reports via email
- Online system reflects both voted and un-voted results
- Proxy tabulation services require the use of the DFIN-style proxy card.

TRANSFER AGENTS & AGENCY SERVICES



It's time to take a fresh look at your Transfer Agency program and make sure you're getting the most out of it. You want a partner that can handle all your shareholder communication needs. One that taps into opportunities to create efficiencies and increase engagement with your shareholders. One that offers you a more simplified approach, more flexibility based on your needs, and more insight into your shareholder base. That partner is Broadridge.

Get the most out of a Transfer Agent relationship with Broadridge:

- A single source solution tailored to your needs from the only Transfer Agent that can support both beneficial and registered shareholders.
- Superior shareholder and client service with a dedicated Relationship Management Team, Broadridge-staffed and US-based Call Center, and a secure, easy-to-use portal that offers unique features such as client alerts.
- A customizable Shareholder Portal that offers everything your shareholders need to access and manage their accounts - personalized with your branding to differentiate your company and enhance loyalty.
- A secure, proven onboarding process that provides a smooth transition and creates opportunities for long-term improvement.
- Timely data and analysis that reveal insights and opportunities to gain efficiencies, reduce your costs and tailor your communication strategies.
- Fully transparent contracts with no hidden clauses and no costly penalties. Just a clear, easy-to-understand contract.

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Going Beyond

Shareholder Meeting Advisory
Shareholder Engagement
Compensation Advisory
Governance & ESG Advisory

Virtual Shareholder Meeting
Institutional Investor Intelligence
Retail Outreach
Proxy Logistics



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