THE SHAREHOLDER SERVICE
OPTIMIZER
PROVIDING STRATEGIC AND PRACTICAL ADVICE - AND MONEY-SAVING TIPS…SINCE 1994

Q2 | 2026

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ISSN:1091-4811

MID-YEAR UPDATES ON THE 2026 MEETING SEASON

Through June, CTHagberg LLC Inspectors of Elections have served at 395 of the 600+ Shareholder Meetings we expect to serve at this year, providing a very broad overview of how things have gone this season - straight from the Meeting Room floor.

Of these, 342 or 86.5% were Virtual Only Meetings, we handled no Hybrid Meetings, and the remaining 58 or a mere 14.6% were In-Person only.

At seven in-person Meetings, our Inspectors were able to attend "remotely" – via an open phone line, producing very nice savings in travel and lodging expenses. Very much worth considering for next year. We need to make arrangements for a corporate officer to receive any Votes In Person and scan or photo the fronts and backs and promptly forward them to the Inspector. Unless you are expecting hordes of attendees, or otherwise need or want us there, it's no big deal to do – and very often, there is NO in-person voting these days – even at VSMs.

HATS OFF TO GEORGESON ADVISORY'S MID-SEASON REPORT, "An Early Look at the 2026 Proxy Season," that highlighted these three important findings:

1. **A 15% DECLINE IN THE NUMBER OF SHAREHOLDER PROPOSALS** – due, we say, to a huge drop in the number of Environmental and Social proposals, offset in part by an uptick in an assortment of Governance and Anti-Governance proposals.
2. **"NO ENVIRONMENTAL OR SOCIAL PROPOSALS PASSING SO FAR" and "GOVERNANCE PROPOSALS ACCOUNTING FOR OVER HALF OF ALL SUBMISSIONS FOR THE FIRST TIME IN RECENT YEARS" the Georgeson Report also noted.**

TO DRILL DOWN MORE DEEPLY, here are some excerpts from [this Cooley Alert] penned by Beth Sasfai, Brad Goldberg, Michael Mencher, Vince Flynn, Victoria Peluso, Reid Hooper and Justin Kisner – hats off to them too - with some comments of our own in italics:

3. **"GOVERNANCE PROPOSALS REMAINED STEADY** [*actually, up a bit*] in volume and continue to receive relatively robust support. Proponents submitted 319 governance proposals in 2026, compared to 305 in 2025 and 316 in 2024, and average support of 33.8% is only slightly below the 35.2% and 35.1% averages observed in 2025 and 2024, respectively. As in prior seasons, governance proposal submissions were heavily concentrated among a small group of serial proponents, who collectively accounted for more than 75% of this season's submissions.

Several governance proposal topics stand out this season:

INDEPENDENT BOARD CHAIR SUBMISSIONS SURGED to 99 submissions in 2026 from just 31 in 2025, with average support of 24.6% (down from 31.3% in 2025).

> ***[Our take as investors:*** *We think that most of these proposals are a total waste of time – and fail to acknowledge the fact that when in troubled waters companies need to have a strong and experienced hand firmly at the helm: An insider – a hands-on doer - and not a "governance guru." This year's numbers show increasing Voter Fatigue where proponents should take note: Pick the targets with much greater care – and best of all, we say, look to settle for Board reassurances that they will make decisions 'on the ground' in response to business conditions – and certainly, never forever, as most proposals call for.]*

- **Shareholder written consent rights – Submissions increased sharply to 51 submissions in 2026 from 11 in 2025, all from the same group of proponents referenced above, and average support increased to 38.3% (from 26.3% in 2025).**

  [Allowing shareholders to act by written consent is fine with us as investors – even though it's often used to jump-start a proxy fight. So we HATE proposals that look to lower the threshold to a ridiculously low 10%. How is THAT a "good governance' measure?? And, btw, the stats contain a mix of items, like 'institute' and 'decrease' the thresholds that muddies the waters a bit. But clearly, issuers need to up their game here – a lot – in light of the stats on "average support."]

- **Shareholder special meeting rights – This remained a prominent proposal topic in 2026, with 59 submissions (down from 70 in 2025), and average support of 39.2% (up from 32.8% in 2025). [**

  [We hate most of these proposals too: *What could possibly be so important that investors can't wait until the upcoming Annual Meeting…unless, maybe, 25% or more of them are alarmed enough to join forces here? Historically, please note, calling a "Special Meeting" has been a standard weapon of professional Proxy Fighters, hoping to seize control of the company or simply to put it in play. – where they often buy in with borrowed money, then sell out after the typical jump in price following the announcement of the Meeting. Issuers really need to up their game here too. Support for a 10% threshold this year is, undeservedly, and dangerously, we say, way too high!]*

- **Simple majority voting – Proposals to eliminate supermajority voting provisions from governing documents declined to 32 submissions in 2026 from 40 in 2025 but remain among the highest-supported proposal topics at 59.1% average support, albeit down from 71.9% in 2025.**

  [We LOVE these proposals, as a majority of investors do too. But often, issuers are unable to come up with the super-majority of Votes-Yes needed to pass the damned thing. And, btw, these provisions often cause issuers to fall short of approving things they themselves want to get done.]

Worth looking at, we think – to assess your possible vulnerabilities next season, Cooley notes "The following governance proposal topics have achieved majority support in 2026 to date:

- **Elimination of supermajority voting provisions from governing documents (5 proposals)**
- **Establishment of shareholder special meeting rights (4)**
- **Establishment of shareholder written consent rights (3)**
- **Board declassification (3)**
- **Shareholder approval prior to issuance of blank check preferred shares (2)**
- **Adoption of a majority vote standard for director removal (1)**
- **Shareholder approval of certain change-in-control severance agreements (1)**

Notably, as the Cooley blog reported, "Exxon Mobil Corporation received a proposal this season relating to its new retail voting program, launched in September 2025, which allows retail holders to opt in to provide standing instructions to vote their shares at all future meetings in line with the board's recommendations. The proposal requested that the company modify the program to offer additional voting options not aligned with the board's recommendations. It failed with 23.5% support, but litigation challenging Exxon's program remains ongoing." **[An important issue in the court case may be exactly how many of the votes against were cast via the Robo-Voting platform. We bet it laid a very heavy hand on the scale – which is exactly the issue here. Stay tuned!]**

HERE ARE A FEW MORE TAKEAWAYS FROM OUR OBSERVATIONS OF MEETINGS TO DATE:

A MUCH MORE CONSIDERED APPROACH TO OMITTING SHAREHOLDER PROPOSALS IN THE ABSENCE OF NO ACTION LETTERS - as the season picked up steam and issuers wised up to the advisability of dropping obvious clunkers but allowing most to simply go to a vote, as we and several other observers advised.

A BIG DECLINE IN GENUINE ANTI-ESG PROPOSALS - but still some misleading anomalies in the way the statistics are calculated

As the Cooley blog noted, "During the 2026 season so far, anti-ESG proposal submissions have slightly decreased (121 proposals in 2026 YTD down from 128 proposals in 2025). 48 anti-ESG proposals have been voted YTD and average support is still in the single digits at 5%, brought up by 25% average support for independent chair proposals. *[Oops – how, we'd ask, is an independent board chair proposal an 'anti-ESG proposal'?]*

A BIG DECLINE IN THE NUMBER OF MEETINGS THAT HAD TO BE ADJOURNED FOR LACK OF A QUORUM: Last year we had a dozen such meetings, including a few that had to be adjourned twice. vs. only two, one-time adjournments, so far this year. Aside from the fact that most companies can easily avoid being burned twice, issuers have been doing a better job of counting the house in advance, as we always urge them to do – and making sure that all their officers, directors and major holders vote – and VOTE EARLY.

MOST OF THE BETTER PROXY SOLICITORS HAVE BEEN DOING A BETTER JOB HERE TOO, rather than laying in the weeds, as many did, in order to sell expensive, last-minute campaigns to round up telephone votes.

A SMALL BUT UNUSAL JUMP IN THE NUMBER OF LAST-MINUTE DIRECTOR WITHDRAWALS – We noted six so far this year, related, we think, to the fact that being a board director involves more time and effort every year.

TWO MEETINGS WHERE THE PROXY FOR THE PROPONENT FAILED TO SHOW UP, WHICH WERE DROPPED… At one meeting the Chair allowed about 20 minutes for the Proxy holder to show, since they had been in contact with him, while at the other they moved on immediately to strike the proposal. (Those old days, when Chairmen would often move the proposal as a courtesy, are gone for good we think.)

THE BEST VIRTUAL-ONLY MEETINGS EVER: So far this year our team of Inspectors have served at 343 Virtual Meetings - where issuers and their service providers have seriously upped their games to produce the best and smoothest VSMs ever: Not a single technical glitch, good audio quality, good reviews of operating results and the outlook for the future and ample times allotted for the Q&A – AND for participants to cast their votes online. (Full disclosure, 342 of the Meetings were managed by Broadridge and one Mega-Cap Meeting used the Computershare app. This year we had no Meetings hosted by EQ – where earlier, we'd been turned off by a Meeting host with a hard-to-understand English accent, which we hope they've remedied.)

ON THE MINUS SIDE, A SWARM OF LAW FIRMS TRYING TO REINVENT THE WHEEL: *While almost all of the hundreds of outside law firms our Inspectors of Elections work with each year are a joy to work with, this season we've seen more than 20 instances where outside counsel tried to revise longstanding templates for written materials related to the Annual Meeting – for no purpose we could discern, other than to make themselves seem super-important - or simply to run up the bill.*

In one case, outside counsel asked us to substitute the term "Judges of Elections" for "Inspectors of Election" on the normally one-sentence Oath of the Inspector – a document that has been in use for over 100 years – and in the draft of the Final Report on the Voting as well. [We acceded to keep the peace, even though the issuer's State Corporate Code referred to "Inspectors" rather than "Judges."]

Several other lawyers tried to add more specific language to the oath, regarding the "duties of the Inspector" – which WE think are purposefully left vague - often getting them incomplete and often completely wrong!

Over a dozen law firms – for no good reason we could see - tinkered with the draft Final Report we always prepare and submit for review, which tracks the sequence and the language that's on the Proxy Card, And worst of all, all of them re-formatted the form - which we create as an Excel document - as a Word document. This created extra work all around – for us to manually enter and double-check all of the numbers – and for the issuer to re-transcribe the form to file the 8-k - plus the risks of typos or transpositions in re-transcribing –

whereas Excel always assures that all of the many long numbers on the Report will prove to the quorum, as they must.

We also witnessed half a dozen lively debates about "Votes in Person" – how to count them, and how to report them, if at all - at Virtual and Hybrid Meetings. *(See our discussion below on the all-important Ballot of the Appointed Proxies – how and when to file it – and what it should include.)*

MORE ON THE ESSENTIAL BALLOT OF THE APPOINTED PROXIES... AND HOW TO FILL IT OUT

Many publicly traded companies—and often their counsel as well—overlook the requirement to execute the Ballot of the Appointed Proxies, sometimes referred to. for short, as the "Master Ballot." Please note that the term "Master Ballot" is something of a misnomer, in that it implies a single, "master document" - which is NOT THE CASE if other entities are soliciting proxies separately from the company. In such cases, each such entity must submit its own Ballot – of its own Appointed Proxies - in order to legally cast the votes that run to them.

A proxy card, as noted above, is not a vote; it is an authorization granting the designated Proxy Committee the authority - *and the duty* - to vote on a shareholder's behalf, as each shareholder directs. If a proxy card is signed, and some or all of the "boxes" are left unchecked, they will be voted by the Proxy Committee as the issuer has recommended.

The Ballot of the Appointed Proxies is the definitive legal instrument that formally casts all votes assigned by shareholders to the management Proxy Committee - and if other entities are soliciting proxies, to THEIR Appointed Proxies. To be valid, it must be signed by at least one member of the Proxy Committee.

Ideally, all such forms should be filed with the Inspector of Elections before the Annual Meeting begins - and all must be in the Inspectors' hands before the polls officially close.

For more than 50 years, we have advised clients to sign and file the Ballot of the Appointed Proxies in advance of the Annual Meeting. In addition to ensuring votes will be properly cast, a properly signed Ballot allows a meeting to be "concluded" - rather than "adjourned" - in the event of a power outage or other disruption… as long as a quorum and sufficient votes to pass the proposals the management wishes to see passed are present.

A LITTLE FOOTNOTE ON WHY THE PROXY BALLOTS ARE CRITICAL

The importance of the Ballot of the Appointed Proxies was underscored by the court's decision in *The Stilwell Group v. First Financial Northwest, Inc. (2012)*. In that matter, our Inspector of Elections (Ray Riley) determined that only 850 out of approximately 8 million claimed votes were valid – and would otherwise have carried the day - due to the company's failure to properly file its Master Ballot to vote the proxies that had been granted to it.

Among numerous other parties, the Inspector was sued personally based on his ruling. After a lengthy and costly legal process, the court ultimately upheld the ruling, reaffirming a core principle of corporate governance: "Proxies are not votes." A proxy is an authorization to vote; the Ballot of the Appointed Proxies is the mechanism by which those votes are actually cast.

And, oh yes, thanks to the naïve newbie the proxy solicitor sent to the Meeting, they were sued too – and had to sell the business to pay the judgment.

VOTES "IN PERSON" vs. "VOTES BY PROXY"

With the rise of Virtual and Hybrid Annual Meetings, differing views have emerged among issuers, service providers, and counsel to the various parties involved regarding what constitutes a "Vote in Person" versus a "Vote by Proxy," and how those votes should be reported.

By way of background, there was a time when activists such as the Gilbert brothers solicited large numbers of proxies from individual voters and insisted on separate reporting of votes running to them. That practice has largely disappeared, and generally, no purpose is served by breaking out those categories, since "a vote is a vote" and votes in person vs. votes by proxy will have no effect whatsoever on the reported outcomes.

That said, however, an important legal distinction between the two forms of voting remains and should be observed, we think, since in a formal proxy challenge there may be grounds to toss out some of the votes, as happened in the. Stilwell Group case.

HOW TO FILL OUT THE BALLOT(s) of the APPOINTED PROXIES

- **The Ballots themselves do not need to include any numbers at all in order to be valid. They should simply instruct the Inspector of Elections to "cast the votes that run to the Proxy Committee in accordance with the instructions thereon."**
- **They are valid when properly executed by any authorized member of the Proxy Committee. Only one signature is needed.**
- **Ideally, the Ballot that runs to the company's Proxy Committee will be filed with the Inspector before the Annual Meeting begins – and sometimes – in the case of a proxy fight, the opposing side's proxies, and it's ballot too – may need to be on file to establish that there is a quorum present – which is one of the top duties of the Inspector.**
- **The best practice here is to attach the Day of Meeting Report from the issuer's tabulating agent to the issuer's ballot – and to attach a comparable report from an insurgent group if needed to establish that there IS a quorum present.**
- **Note well that at this point, all of the votes at a Virtual Meeting are "Votes by Proxy."**

- **If there is in-person voting at the meeting, once the master file has been updated, the differences between the tabulator's "Day of Meeting Report" and the "Final Report" are the "Votes in Person."**

- **Lastly, as the Stilwell Group case illustrates, all of the Ballots of Appointed Proxies must be signed and in the Inspectors' hands before the polls officially close, in order for them to count as votes.**

TRANSFER AGENCY SEARCHES SEEM TO BE BOILING UP: OUR LIST OF TRAPS FOR THE UNWARY T-A COMPARISON SHOPPER

Suddenly, the U.S. Transfer Agency business is stirring up on a number of fronts, with more new entrants than we've seen in many years banging on corporate doors, as many public companies seem to be putting their business up for bids and/or negotiating renewals of old contracts.

Whenever the subject of T-A contracts comes up, we are reminded of George Bernard Shaw's line from his 1906 play, The Doctor's Dilemma, that "all professions are conspiracies against the laity" – where - especially when it comes to contracts - issuers need to pay very special attention.

Accordingly, here's our short list of the most dangerous traps for unwary signers:

- **Limitations of liability:** Every first draft of every T-A contract we've reviewed over the past 20 years has had one or more attempts – like trying to cap the liability at some fraction of the T-A's annual fee or, outrageously, actually indemnifying the TA entirely for its own mistakes. No public company should ever sign-on to provisions that absolve or limit the liability of a Transfer Agent for its own mistakes. Period.

- **Under-insured TAs:** The primary reason for hiring a "professional" Transfer Agent is to insure your company against the very considerable risks – and liabilities – of BEING a Transfer Agent. Please take a few moments to review the article on "Transfer Agent Liabilities" on our website, and please understand clearly – that if a Transfer Agent does not have sufficient insurance – and other assets to pay for a big mistake – or for outright fraud by one or more company employees….YOUR COMPANY will be fully liable to make good.

- **Automatic Contract Renewals:** Even though such provisions are illegal in many states, we have seen many T-As write them into contracts and then take care not to notify clients when the initial term is up – and sometimes to try to raise the fee upon the "automatic renewal," One of the scummiest T-A tricks in the book – and an automatic disqualifier in our own book – but we've seen many ill-informed companies cave in rather than sue the TA. (Call the SEC, we advise, if a TA tries to hold your records hostage.)

- **"Roach-Motel Provisions"....**Where it's easy to get in but impossible to get out. Not so long ago one of the largest U.S. Transfer Agents routinely insisted on being paid exceptionally high "Termination Fees"

– plus outlandishly high fees for furnishing the books and records to successor agents. And sometimes, they, and others still do, if they think they can get away with it. Make sure your contract addresses Termination Fees and Expenses in a clear and commercially reasonable manner.

- **Over-aged, outmoded and "creaky" legacy TA systems:** Our recent post on LinkedIn, in response to a new entrant raising $20million to build a TA system from scratch, likened the systems environment at most TAs as being like a 100-year-old house, with shaky wiring, creaky plumbing, 100 poorly constructed and connected mini-systems and over one hundred separate rooms that do not connect well – nor did the people in them. Be sure to do your own careful due diligence here – and ideally – get some professional help before renewing your TA contract – or before jumping ship to another TA.

OUT OF OUR IN-BOX:

On the Transfer Agency Scene, BULLISH – a cryptocurrency exchange run by former NYSE President Tom Farley, has acquired number-two TA Equiniti (formerly AST) for a whopping $4.2 billion - including debt. This deal changes the fact that TAs are not "digitally native" Farley told the WSJ. *"This deal changes that. This is about acquiring a traditional financial business with sticky customers* [more than 3000 of them, we'd note – and mighty 'sticky' indeed] and *deep-moat but not the technology know-how.*" Present Equiniti management will stay in place.

As to "tokenization" which has taken service providers - and the media - by storm, we say "the only benefit that we can see is that it facilitates money-laundering."

REGULATORY NOTES…AND COMMENTS

AT THE SEC: Six big initiatives to re-write - and in one case revoke existing SEC rules and regs – all laboring under the clearly mistaken belief that somehow, this will generate more IPOs to more than offset the number of public companies that disappear each year in mergers – and oops… bankruptcies. Here's a quick review, with our comments on the "merits" of each:

- **A TOTAL RE-THINKING AND RE-WRITE OF THE PROXY RULES:** We have mixed emotions here, since we believe that STATE REGULATIONS should indeed have primacy here – and have long had reservations about the need for "no action letters." Let issuers be the judges, we say, while reminding them of the risks of lawsuits if they overreach. Also, we need to note that many of the old rules are actually helpful to issuers – like rules and thresholds for resolutions that fall short – or when the proponent tries to enter multiple proposals per issuer - or fails to appear at the Meeting – all things that most state codes fail to address.

- **A SEMI-ANNUAL REPORTING PROPOSAL,** which seems totally stupid to us – and actually dangerous to unwary investors – all in the guise of "saving time and money." What kind of business – and what kind of Board – would NOT want to formally review, release and comment on reliable quarterly results, we'd ask? Much more money is likely to be lost here, we say – both in stock-price penalties for companies that cut back on basic business info – and much bigger money lost by investors who are kept in the dark when warning signs are flying for folks with the "inside poop." And often, poop it is!

- **TWO PROPOSALS TO RE-JIGGER AND RECLASSIFY ISSUER FILING STATUS AND A "REGULATORY OFFERING PROPOSAL" –** both designed to make it easier, we say, to Jumpstart Our Bilking of Suckers by shortening and dumbing-down the disclosure regime.

- **CLIMATE CHANGE RECISSION:** Here too, we think that state laws, and non-US laws on appropriate disclosures – supplemented by the demands of savvy lenders – and stock buyers too – may save the day for investors. But a very good case can be made for uniform federal guidelines since (hello, SEC) climate – and climate crises – cross state lines!

- **JUST AS WE WERE SET TO GO TO PRESS - A top-to-bottom review of executive comp disclosures is in the works -** with a review of those dumb "Say When on Pay" provisions, we hope.

All in all, we're content to let "Mister Market" settle all these issues in the end – and say to issuers, "Beware of what you wish for" – even as we, as investors, stick entirely to companies with high reporting and ethical standards, robust financial disclosures - and smart and ethical jockeys in the saddle.

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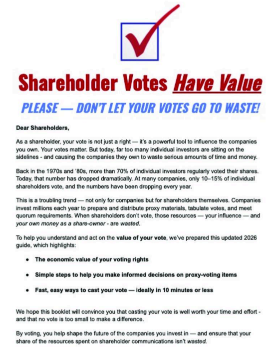
Shareholder Votes Have Value!

A RADICAL SOLUTION TO ADDRESS THE "RETAIL VOTING APATHY CRISIS"

Announcing our educational and motivational booklet, "Shareholder Votes Have Value…Do Not Let Your Votes Go to Waste!" With retail voting at all-time lows, even as more proxy proposals are being decided by razor-thin margins, this easy-to-read booklet addresses the top three factors that hinder most individual investors:



Shareholder Votes *Have Value*

PLEASE — DON'T LET YOUR VOTES GO TO WASTE!

Dear Shareholders,

As a shareholder, your vote is not just a right — it's a powerful tool to influence the companies you own. Your votes matter. But today, far too many individual investors are sitting on the sidelines - and causing the companies they own to waste serious amounts of time and money.

Back in the 1970s and '80s, more than 70% of individual investors regularly voted their shares. Today, that number has dropped dramatically. At many companies, only 10–15% of individual shareholders vote, and the numbers have been dropping every year.

This is a troubling trend — not only for companies but for shareholders themselves. Companies invest millions each year to prepare and distribute proxy materials, tabulate votes, and meet quorum requirements. When shareholders don't vote, those resources — your influence — and *your own money as a share-owner* - are *wasted.*

To help you understand and act on the **value of your vote**, we've prepared this updated 2026 guide, which highlights:

- **The economic value of your voting rights**
- **Simple steps to help you make informed decisions on proxy-voting items**
- **Fast, easy ways to cast your vote — ideally in 10 minutes or less**

We hope this booklet will convince you that casting your vote is well worth your time and effort - and that no vote is too small to make a difference.

By voting, you help shape the future of the companies you invest in — and ensure that your share of the resources spent on shareholder communications isn't *wasted.*

- **Lack of Understanding:** Many investors are unaware of the importance and intricacies of the proxy voting process.
- **Perceived Effort:** Some believe that the time and effort required to vote are "not worth it."
- **Small Holdings, No Impact:** There's a common misconception that their often smallish holdings are "too small to matter."

Our 4.25″ x 5.5″ booklet (a single sheet folded in quarters) is cost-effective to produce and mail. The text can and should be posted on your Voting Site and Investor Page for online voters.

Our "Shareholder Votes Have Value" booklet can be customized with your Company logo and branding.Please contact us to get started in time for the 2026 Proxy Season on this cost-effective initiative to improve retail shareholder voting results.

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