

OPTIMIZER

PROVIDING STRATEGIC AND PRACTICAL ADVICE - AND MONEY-SAVING TIPS...SINCE 1994

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NOW IN OUR 31ST YEAR!

FIRST QUARTER 2022

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Not by our reckoning: After reading the ISS assessment in their quarterly update, we went straight to the books - and to our own records of 2022 Shareholder Meetings scheduled as of April 1, 2022. That day, we had 480 meetings booked where our team of Inspectors were scheduled to serve, and only 51 of them - or 10.6% - were in-person meetings. And, somewhat to our surprise, 52 of the scheduled meetings were VSMs that were new to us - so actually, a small increase in VSMs scheduled as of April 1 vs. 2021 - and actually, a net increase overall, when we added in the eight Hybrid Meetings that were on the books that day vs. none we handled last year.

The most surprising thing we noted, however, were the number of meetings through July that had already been scheduled: In our 55+ years of staffing, scheduling and attending shareholder meetings we have never seen so many companies book so early! We were only 50 or so meetings away from all the meetings we DID in all of 2021 - with more June and July meetings still to be scheduled and with the rest of the year still ahead!

Here’s What We Say Is Happening On The 2022 Meeting Scene:

- Public companies are being very smart indeed to schedule their meeting so much earlier than usual - in order to get first crack at their preferred dates - and times - and also to assure that they will get the “A-Team” - both from their preferred VSM provider, and from their preferred Inspector of Election.
- There has been a *modest increase* in the number of in-person meetings - mainly at companies located in warmer climate zones

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- with a big uptick at oil and gas companies - but only a small increase in the number of in-person meetings at other large-companies to date (so far we've seen **AFLAC**, **Berkshire Hathaway** and **Verizon** come back to in-person) with a few late-season meeting-holders keeping their options open. (Bear in mind that overall, in-person meetings have always been in the majority - because at very small companies, where there is nothing controversial on their "routine agendas" and where in-person attendance by outside shareholders is rare - in-person meetings make the most economic sense - and can usually be held comfortably within local Covid guidelines.)

- Another major finding for us is that as shareholder meetings have been getting more and more attention from investors - and in the press - "the ante" has gone up considerably: More and more companies are securing professional help to plan, staff and deliver meeting services, rather than relying solely on "do-it-all-yourself" solutions.
- So far this year we have seen only a modest number of Hybrid Meetings. But long term, as companies become more accustomed to the not-terribly-complicated technological bells and whistles - and as the very best service-providers continue to beef up their own support services - and as companies realize that they CAN have the best of both worlds with a Hybrid Meeting - we expect the number of Hybrid Meetings will continue to grow steadily in coming years.
- Overall, we are betting, based on our own statistics to date, that there will be a fairly significant *increase* in the number of VSMs in 2022 - as even small companies are finding that "upgrading" to a VSM provides savings in travel expense, security and meeting arrangements and logistics - vs. even the simplest in-person events - while providing much better "accessibility" to shareholders who may wish to "attend" - at zero cost to *them*. (We are betting on a 20% increase in our own business, which is admittedly skewed a bit by the high percentage of "investment-worthy companies" that, wisely, hire professional Inspectors of Election.) And please see the article below on moves to make VSMs a **mandatory feature**.

The 2022 Season Starts Out With A Big Bang - As Green Century's Proposal To Speed Up "Green Packaging" At Jack In The Box Gets Record-breaking 94.2% Support - In Its First Outing!

As **Liz Dunshee** reported in her March 13 blog, "This voting outcome arrives at the same time that the **UN Environment Assembly** has agreed to negotiate a legally binding treaty to tackle plastics, which many are calling the next 'Paris Accord.' That comparison is significant because the targets in the Paris Treaty jump-started the focus on emissions. Meanwhile, other companies are proactively announcing steps that they're taking to disclose & reduce their plastics impact." (Liz - and we at the *OPTIMIZER* - were among the very first people to note the shocking facts about "plastics" - and to bet that this would quickly - and inevitably - capture the attention - and the votes it deserves to have.)

Liz also noted the fact that 69% of the voting shareholders also voted to approve a proposal for all shareholder meetings to be held in whole or in part through virtual means - which also popped-out from the Jack in the Box 8-K with a surprisingly high vote. So much for "the waning of VSMs: we say. Still further, this is strong evidence of the major shift in investor sentiment when it comes to voting on ESG - and DEI issues as well - that we predicted in our last issue. So readers, stay alert for more surprises.

When Pigs Fly

Ever hear this old expression, to indicate a totally unlikely event? Well damned, if pigs aren't indeed flying high - on the proxy voting front!

More kudos to Liz Dunshee for reporting that activist investor **Carl Icahn**'s fight for the rights of pregnant pigs not to be confined to cramped "gestational pens" will move forward to votes at **McDonalds** - and at **Kroger**, where Icahn is putting two directors forward - including one who would be over-boarded if elected - in order to let pregnant pigs fly more freely. And oops! The **NY Times** reported another tasty tidbit in February - that Icahn has a majority ownership in pork-producer **Viskase** - where McDonald's aptly noted in its response "it's noteworthy that Mr. Icahn has not publicly called on Viskase to adopt commitments similar to those of McDonald's 2012 commitments."

Liz also reported that the **SEC** denied a request for no-action relief from **Wendy's** on a **Humane Society** proposal that requests the Company confirm the individual crate confinement of gestating pigs will be eliminated from its North American supply by the end of 2022. If the Company cannot so confirm, the proposal requests: 1) its percentage of gestation crate-free pork, and 2) risks the Company may face over the disparity between its gestation crate assurances and the use of crates beyond 2022. The company had sought exclusion under 14a-8(i)(7) (ordinary business) and 14a-8(i)(10) (substantial implementation).

And wow! As Liz also reported, the **Supreme Court** has agreed to hear a challenge to a Ninth Circuit decision to uphold a California ballot initiative that banned sales of pork within the state when the pigs were born from confined sows.

Will 'Big Brother' Really Be Looking At Your VSMs This Year?

We have been reporting on comments from ISS - and from several large investors as well - that they would be monitoring Virtual Shareholder Meetings to assure that shareholders will have a meaningful chance to ask questions - and to "engage in a dialogue with management" - and will consider voting against some or maybe even all directors in 2023 at companies that fail to meet these objectives. So - as the 2022 ramps up fast, we reached out to a number of people to test the wind.

We started with our old friend **Tim Smith**, Director of ESG Engagement at **Boston Trust Walden Company**, who has been introducing shareholder proposals in person since the 1970's - and who invariably acts as a "big brother" in the best sense of the words, urging companies to follow their better natures in dealing with shareholder matters. "Yes, big investors will be monitoring and reporting on VSMs this season," he said, "but not as a 'penalty stick' this year" he thinks.

Next, we reached out to **James McRitchie**, who, aside from submitting 80 shareholder proposals of his own this season (many of which are 'settling out' he noted) and also coordinates with and shares info with proponents **As You Sow** - and with **John Chevedden**. McRitchie routinely fills out forms on VSMs using an online system provided by the **Interfaith Center on Corporate Responsibility (ICCR)** and the **Shareholder Rights Coalition**, with about 48 boxes to check. It also includes extensive additional space to gather statistical info about meetings and for respondents to provide fairly extensive feedback - where, McRitchie notes, ICCR "maintains a database for use by **Miriam Schwartz Ziv** and other academics." He plans to monitor and report on as many meetings as he can this season - and we will plan to fill out the ICCR forms too, for the meetings we plan to monitor.

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Check out the IRRC website for their 9-point statement on VSM best practices - [Shareholder Participation and Virtual Annual Meetings During the Coronavirus Crisis | ICCR \(Interfaith Center on Corporate Responsibility\)](#) - and take a look at the extensive questionnaire for 2022 Virtual-Only Meetings. We also heard from **Nadira Narine**, the Senior Program Director at ICCR, who said, “We are tracking experiences of our members with VSMs and I’m happy to share with you. So far, no big issues have been brought to my attention, but most meetings are ahead.”

We also reached out to the overseer of stewardship strategies at **CalSTRS** and to **ISS**, where we reached out via their website, neither of whom have gotten back to us as we went to press.

Our conclusion: Yes, big investors will be very actively monitoring VSMs this season, as we will do too. But the main cudgel will come from the public “naming and shaming” of companies that fail to provide robust opportunities for shareholders to be heard, and where companies fail to allow a meaningful dialog between management and investors. Please DO bone up on our best-practice tips for fostering dialogue - and on the ICRR guidelines too... And stay tuned for more and more focus on meeting practices.

Get Ready: A Compendium Of Shareholder Meeting Planning Tips

With the annual meeting season now in full swing, we thought it would be helpful to summarize some of our most-widely read and widely-resourced how-to articles to be sure your company is prepped to “ace” its 2022 meeting.

Highlights From The Optimizer’s “Playbook For A Top-Flight Shareholder Meeting” In 2022

Step 1: SCOPING & MAPPING:

The first and most important step in designing your Playbook is the “scoping and mapping phase” - to produce a broad *outline* of the overall “run of show.” You need to understand the kinds of issues that will be up for a vote, your shareholder demographics - and the *concerns* and *expectations* of your expected audience with respect to your Meeting.

You also need to consider the kinds of “other issues” that might be swirling around come Meeting-time - not just at your company, or your industry, but in the overall economy, in the press, and in society at large that might well “spill over” into your Meeting. Especially important, you need to understand up-front - and plan for the possibilities that the entire *mise-en-scene* you envision in stage-one might change as you get closer and closer to the event itself, which, of course, would call for any number of needed adjustments and additions - both to the Playbook and often to the supporting cast.

In the simplest of all worlds - and if you are lucky, as is the case with roughly 90% of all shareholder meetings - there will only be the most routine items on the agenda - the election of directors, the Say-On-Pay and the ratification of auditors. In such cases - regardless of whether you plan an in-person or a Virtual-Only Meeting - or a Hybrid Meeting - shareholder expectations for the Meeting will be relatively low. There is nothing much to discuss or ask questions about - and most often, no one but the official “performers” and a few “back-stage stagehands” will show up or tune-in at all. You need to be properly prepared regardless, but the preparations will be fairly simple ones.

If you will have shareholder proposals - where happily you will have ample notice - unless you foolishly agree to allow “proposals from the floor” - you will need and want to reach out to the proponents early and make arrangements as to how, exactly, they will present their proposals, and who will do so - and then follow up with them as the date gets closer. Note well, however: the mere existence of one or more shareholder proposals increases the likelihood that shareholders will want to attend - whether in person or virtually - but usually not by much - unless your company or industry has performance issues or has been much in the press.

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STEP 2: KNOW YOUR SHAREHOLDER DEMOGRAPHICS

- **Institutional investors** rarely if ever attend Shareholder Meetings (unless they are proponents, and even then they mostly send paid or volunteer ‘presenters.’) If they do want to come in person, as occasionally they do, they’ll usually let you know ahead of time. At newly-public companies however - and increasingly at seasoned companies too - a few professional investors often tune-in to a VSM, or come by in person if a physical meeting site is convenient for them, simply to get a first-hand impression of the management team. And increasingly, a few *very large investors* will have a staff member listen in to your VSM, to see if it passes their own good-governance sniff-tests. So doing a half-hearted job of planning and execution - and especially paying insufficient attention to the Q&A process - is not a smart thing to do - and could blow back very badly indeed, as ISS has very pointedly warned.
- **Having a fairly large number of individual investors really requires you to take a much deeper dive into your demographics in order to perfect your Playbook** - and to avoid being caught flat footed and seriously under-prepared on Meeting day. Companies that have many shareholders near their headquarters - many employees and retirees for example - and many customers (as regional banks and local utilities tend to have) - tend to have much larger than average turnouts. And companies that have long been in existence, and that have “iconic” products and services - and that have many big and loyal fans - tend to draw the biggest crowds by far (think **Berkshire Hathaway, Disney, Starbucks** and **Walmart**, for example - but also think of the many newly-public companies that suddenly become the rage with Gen-X and Gen-Z investors.)
- **Gadflies, governance gurus and the press have also been “making hay” at shareholder meetings, and making noise about poorly managed VSMs with increasing frequency - increasingly searching out examples of really bad meetings** - and occasionally, good ones too, as we try to do at the *OPTIMIZER*. There is a very real risk these days that your company’s meeting will be singled out for a scathing naming-and-shaming in the press - to be followed next year with votes against directors - which is to be avoided at all costs, we say.

STEP 3: PICK A LOCATION & MEETING FORMAT

Now that you’re done with the preliminary homework of scoping, mapping and analyzing your shareholder demographics, the next step is to review your meeting options with regard to “location” - and to decide on a venue, an agenda, and the technological tools - including potential bells and whistles that are the “best fit” for your own company this coming year - and that, ideally, answer the demands of your institutional investors.

[CLICK HERE](#) for the complete list of meeting formats and the pros and cons of each:

Now for the Playbook Itself:

- **First and most important, it should be a fully-written-out and carefully annotated script** - ideally color-coded with large, easy-to-read type and clearly written cues for all participants - with color-coded speakers’ and technicians’ names - and with easily accessed text to be used if speakers are out of order or if an unexpected event arises - like a fire alarm or some other “disturbance” to the performance as a whole.
- **Like all good performances, the “play” - and the Playbook - need to have a “Director” - a “Meeting Moderator” we would urge - whose job is to keep the entire production “moving” and on schedule.** The most successful and satisfying VSMs we have listened in on this season and last, have used the Investor Relations Officer as the moderator - to go over the agenda and ground rules, then tee-up the official business portion - to be run by the Corporate Governance Officer or Corporate Secretary - and then to vet and tee-up and ask the shareholder questions that have been sent in over the app or in advance - and to call on shareholders whose are “in the queue” if a call-in feature is provided - and then to allow the Chair to answer. Even better, we say, is to have the Chair - or the IRO - call on the CEO, the CFO, or a Director or another senior

officer to answer, as he or she deems most appropriate. (Here, it is especially smart to have a few questions teed-up in advance - and to decide ahead of time who would be the best person to answer. This gets the Q&A portion off on a good note, greatly adds to a more “in-person feel” and allows time for the moderator to review and properly tee-up, and sometimes combine Questions that have been sent in via the Meeting app.)

- **Special attention must be paid this year to the handling of both Q&A periods.** Please see our sample “Run of Show” and our Revised Rules of Conduct, below, for our advice on best practices here. ***Bear in mind that institutional investors are demanding that there be opportunities for a dialog with shareholders and NOT a pre-scripted or entirely pre-recorded set of answers to pre-selected questions.***
 - **We also suggest that script-writers begin with and pay special attention to “Meeting Etiquette”** (see our articles on this: [“Meeting Etiquette”](#) | [Optimizer Online](#).)
 - **Successful Virtual Meetings also require a highly skilled “Meeting Manager”** - to manage and coordinate all of the technological “bells and whistles” a good Meeting should have and to be sure that they will be promptly and smoothly launched - such as slides, opening music, pre-recorded audio/visual sections - both prior to and interspersed in the Meeting itself - plus all of the necessary telephonic systems and equipment and other “Meeting-Apps.” In the ideal world, and to best achieve a “live and lively in-person-like experience” your Meeting will incorporate apps like Zoom, Go-To-Meeting or Google Meet. ***Do not leave the “management job” solely to outside service providers, we say - many of whom, quite understandably, have no clue as to what a shareholder meeting is “all about.” You really need a fairly senior and experienced staff member to follow every aspect of the Meeting - and to jump in immediately if anything goes off-track.***
 - **The script should be carefully vetted by all of the “performers”** of course - and by the entire Meeting Team - and reviewed one final time, well before the Meeting begins, to assure a smooth and seamless and “glitch-free” “Run of Show.”
 - **The script, and of course the Meeting as a whole, should closely follow the formal Agenda and the Official Rules of Conduct** - which, ideally, will be made available to early-attendees, and to all others on demand, with an easy to find and reliable “click.” (A sample Run of Show - along with a few brief comments on best and worst practices - will be found below. Our sample Rules of Conduct - which should always be “tweaked” to the circumstances surrounding your company’s Meeting - can also be found below)
 - **Special attention should be paid to any and all of the technologies and “tech-support” systems that could potentially “go down” - and what to do and say in each such case.** (If a shareholder proponent fails to call in, or accidentally hangs-up, the Chair, or better, the Meeting Moderator, should have a short script to introduce the proposal. If a scheduled management speaker experiences “technological difficulties” either the Chair, or the Meeting Moderator should quickly step up to ‘cover.’ If power, and/ or the Internet connection is lost, the tech-provider should be prepared to post a notice on home-viewers’ screens, with info on what to do - and with periodic updates as needed.)
- See: The [Biggest VSM Bloopers To Avoid: Lost Connectivity](#)
- **Be sure to include the Inspector(s) of Election in the review:** The best of them - which you should aim to *have* on your Team - have been to many shareholder meetings and will

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very often be able to offer suggestions on additions, deletions and refinements to the script - and to the overall Run of Show - that will smooth, and often speed things up - and that will assure the Meeting will be run with scrupulous fairness to all involved...which actually is, or should be, part of the Inspector's job.

- **Formal dress-rehearsals with “all hands on deck” are a must for a smooth and seamless Meeting.** An important part of the effort here is to “time” the meeting - and to tweak all the parts to fit the times allotted - and to note them in the final script - so all the players will be *ready* when their time comes to speak - and to finish speaking.
- **At least one of the earlier rehearsals should be devoted to all of the “tech support people”** - to be sure they know exactly what time they are likely to be called upon, and what, exactly, they need to say and do - like “roll the tape” for pre-meeting items (like music, or an audio-visual presentation); for *all* pre-recorded segments - and with clear cues to bring up each slide. Telephone and conference call providers need to open and close the microphones as appropriate - both for official participants and proponents - and to allow directors or senior managers to participate as warranted - and ideally, for call-in questions to be asked and answered.
- **All of the tech support people should be present for the final rehearsal - and special attention should be paid to the Q&A session - and to the way questions will be received, selected, teed-up and *fielded* during the live event.**

See [the full 2022 Playbook](#)

A Sample “Run-Of-Show” For A Satisfying And Successful VSM

With our comments on the most important best practices to adopt - and on bad and worst practices to avoid:

- Twenty minutes prior to the Meeting time there should be a welcoming message on the Meeting site - with a visually pleasing background, easy-to-read typefaces and your company name and logo, of course - since many attendees will need and want to tune in early. There should also be a reminder that the Meeting will begin at X o'clock - or in X minutes.
- It is a very good idea to have icons to click on to review the Agenda and the Official Rules of Conduct - and to type in a question in advance if attendees wish to do so - and even, perhaps, to review the proxy statement. But PLEASE - be absolutely sure that attendees will be able to toggle back and forth smoothly - without delay and without being disconnected, as so often happens with these apps... and which may, actually, be unavoidable with lengthy documents like a proxy statement that need time to load, and where the formatting may not be compatible with many attendees' laptops.
- Ideally, there will be some cheerful background music - not too loud or strident, please - that will be timed to end nicely - non-abruptly and on an upbeat note, we suggest - and at the very moment the Meeting “goes live” - which should be at precisely the appointed time.
- Best practice, we say, is to have the Chairman introduce herself or himself, welcome shareholders to the Meeting and provide a brief overview of the agenda and the Rules of Conduct - with particular emphasis on exactly when and how attendees will be able to submit questions - and receive the answers.
- The Chairman should introduce all of the directors and key officers in attendance, as well as the outside auditor rep(s) and the Inspector(s) of Election. The very best practice is to have Directors appear live, on Zoom or a similar app, and ideally to smile and say good morning or happy to be here, to confirm their attendance and provide a “human touch.” Second-best would be to have photos of them as they are introduced, and - at a bare minimum - to have them un-mute to confirm they're there.

- We think that providing a brief overview of the prior year - and perhaps a brief overview of the outlook for the coming year - is a good and very appropriate way to set the stage for the business portion of the Meeting, and, of course, for the voting. But this should not preclude a more extensive review of the opportunities and the challenges ahead, later in the Meeting - as a prelude to the Q&A period - which it actually helps to introduce and to expedite nicely.
- The “Official Business of the Meeting” should begin next, however - and it is the best practice, we say, to make it clear that there will be an opportunity for questions and comments after each item of business is introduced - with time limits for each item that are appropriate to the subject matter and complexity of each item - and that, following the voting, there will be a separate General Question and Answer Period to cover all other matters. (Note well: Postponing the Q&A period for all of the items to be voted on until all items are introduced is decidedly NOT a best practice.)
- Having the Chief Governance Officer or Corporate Secretary to declare the polls open and conduct the official business portion is usually the most efficient and expeditious way to accomplish this. Please be sure to allow proponents, and any shareholders who may wish to be heard on a matter, ample time to do so. Usually, the Governance Officer will have spoken to proponents in advance, reviewed the guidelines with them, and agreed on time limits that will not force proponents to rush, or to have to be “warned” as to the time - or, worst of all - abruptly cut off. Failing to manage this smoothly - and especially failing to allow sufficient time, and a bit of slack for proponents to make their points, really sets a bad tone with shareholders, proponents, governance-watchers and “meeting reviewers” alike.
- Closing of the polls: We believe that the polls should be “officially closed” after all the proposals have been introduced and discussed - AND after a “fair warning” - AND, of course, after a reasonable period of time for in-person and online voters to record - or change their votes. (Two minutes is usually about right for this.) While a few companies keep the polls open until after the general Q&A period - and while that is “OK” - the polls MUST be “officially closed” - but only after fair warning and a fair chance to change one’s vote. So closing them as the last official act is not the best time to do this in our view, and often tends to make the next item of business awkward, and sometimes a bit rushed.
- Announcement of the voting outcomes: The Inspector of Elections is the best person to report on and summarize the “preliminary” voting outcomes, we say, since the responsibility is clearly theirs, and that it is the Chairman’s role to “declare” which items have been approved, and which have not been, based on the IOE’s Final Report. (Sometimes, and especially if there are close or contested items, it IS better to have the IOE make the declaration.) Note well, that at VSMs, the Final Numbers will not usually be known until all the online votes are vetted and tallied, so the IOE should summarize the items that have clearly “been approved” - “not approved” - and any that are still “subject to final verification.” If no items are in doubt, the Chair can and should “declare them” to have been approved - or not approved in accordance with the IOE’s report - but if there are any uncertainties, to simply note that the final results will be posted to the company’s website as soon as the final review is completed.
- The currently all-important Question and Answer Period is best moderated, we believe, by the company’s chief Investor Relations Officer, since that person is likely to have the best handle on current items of real importance to investors. They also have the most day-to-day experience with smoothly and diplomatically fielding questions - and directing them to the best person for the answers, or, on occasion, ruling a question as out of order. And, thanks to earnings calls, they are usually among the most tech-savvy candidates to run this session. This year, Meeting Managers will be held to particularly high standards here, so we urge readers to refer to the detailed tips on managing the Q&A period that are on our website - but, in a nutshell, to be scrupulously fair and even-handed in alternating questions received in advance, presented in person, if there is an in-person component, and received via the web-app - and to very seriously consider allowing shareholders to call-in questions live, via a dedicated toll-free, operator-attended phone line. The Moderator should work hard - and

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creatively - to generate a dialog rather than a series of monologs. This can be done by teeing-up related questions in a good sequence - and by having questions fielded by a variety of people - and by allowing for and facilitating follow-up questions. The Moderator should also mention how unanswered questions will be handled if time runs out, and whether (the best practice) all questions and answers will be posted to their website.

- Extremely important - Be sure to conduct a complete and thorough dress rehearsal - with all of the technologies to be used ON - and WORKING - well before the Meeting date. Pay special attention to sound-checks - and coach all phone and web attendees on how to unmute - and to “go on mute” when not speaking to minimize background noise and jarring “interference.”
- Please be sure to have one or more people monitor the Meeting while it is in progress - to make adjustments to the volume as necessary - and to spring into action immediately if any of the systems develop glitches, go-down completely, or if presenters or questioners have sound-quality issues, or get disconnected.

Rules of Conduct For In-Person, Virtual-Only and Hybrid Meetings of Shareholders

XYZ Corporation welcomes you to its ____th Annual Meeting of Stockholders. In fairness to all stockholders in attendance, and in order to provide stockholders an opportunity to be heard – and in the interest of conducting an orderly meeting, within a reasonable time period – we require you to honor the following rules of conduct:

1. All stockholders and proxy holders attending in person must register at the reception desk and show valid identification as a stockholder or as a proxy holder and proof of Covid vaccination before entering the meeting room. Shareholders attending virtually will be required to enter the control number that appears on their proxy card when they sign in to the Meeting in order to ask a question or to vote, or change their vote online.
2. The taking of photographs and the use of audio or video recording equipment in the Meeting room is prohibited without the express consent of XYZ Co. Also, please be sure to silence all cell phones and electronic devices. Please note that the meeting is being recorded, and the recording will be posted to our Investor Website within a few days and available for review through [X date]
3. Subject to the discretion of the Chairman of the Meeting, the meeting will follow the Agenda that was provided as you entered the meeting room in-person, or available on the Meeting app when you signed in.
4. Only stockholders of record on [enter date] the record date for the Meeting, or their proxy holders, may address the meeting.
5. All questions and comments should be directed to the Chairman of the Meeting, who will either respond directly, or invite another officer or director of XYZ to respond.
6. If you wish to address the Meeting, please raise your hand, or line up at a microphone if you are here in person - or type your question into the box that is available on the Meeting screen. (*Optional, but a best practice to consider:* We have provided a toll-free number for shareholders to call if they wish to ask a question by phone while the meeting is in progress. The toll-free number is _____. Your call will be placed in a queue until the operator calls on you, on a first-come first-served basis.) Upon being recognized, please state your name, affirm your status as a stockholder or as a proxy holder, and present your question. Please try to do so as concisely as you can.
7. In order to use the time of all attendees as effectively as possible, we will handle the official business of the meeting first, as outlined on the Agenda. We ask you to confine questions or comments strictly to the matter that is then under consideration. There will be a separate question and answer period to cover other matters that may be of concern to attendees after the voting on proposals is concluded. We plan to conclude the Meeting by [].

8. There are [X] management proposals and [Y] shareholder proposals to be voted on. Each shareholder proponent will have [three - or four] minutes to introduce their proposal, or make a statement in support of it. The management position is already stated in the proxy materials you received.
9. Other shareholders who may wish to comment on a proposal will have up to [three] minutes each. Please permit each speaker the courtesy of concluding his or her remarks without interruption. We have allotted a maximum of [Y] minutes for discussion of each matter to be voted on.
10. To allow as many shareholders to be heard from as possible, we ask attendees who have already asked a question to understand that other shareholders who raise their hands [or queue up for the microphone - or submit a question online] will be heard before prior speakers will be called on again – and we ask you to limit their own questions and or comments during the Meeting as a whole to a maximum of three.
11. The views and concerns of all shareholders are welcome; however, the business purpose of the meeting will be strictly observed, and the Chairman or Secretary may rule the following kinds of questions or comments as out of order: questions that are not related to the business at hand during the business portion of the Meeting; questions that are irrelevant to the business of the company; questions relating to pending or threatened litigation; comments or questions that are derogatory in nature, or related to personal matters or personal grievances. Your strict adherence to these rules will be greatly appreciated.

More For Your Annual Meeting Toolkit

[The Virtual Shareholder Meeting Q&A – and How to Tackle It](#)
[The Best, Worst and a few So-So VSMs of 2021 to Learn From](#)
[Inspectors Of Election: More Important Than Ever With VSMs](#)

Stock Splits Are Coming Back. Three Cheers, We Say!

Three big companies with high-priced stocks announced stock splits in the first quarter; Alphabet and Amazon.com (each at 20-for-1) and Tesla Inc. - with the ratio to be determined later this year, after the shareholder vote - all of them looking to make the stock more “affordable” to individual investors and employees.

This is great news to the OPTIMIZER’s editors - long-term investors who are big fans of stock splits and who have had great success with splitting-stocks - like Apple, where at the current price is around \$170 a share, while our cost base is a mere \$0.41 per share - thanks mostly to outstanding performance, but in no small part, we say, to their 7-for-1 split a few years ago, which did indeed attract hordes of new buyers.

Most stocks pop noticeably in price when a split is announced (Tesla soared 8% - to \$1,0981.84 the day after it announced the split) and the news usually generates massive amounts of new purchases over the next 30-90 days - because, almost always (except for reverse-splits, which often fail to produce the hoped-for future upticks) the split shares continue to increase in price - partly in response to new split-generated demand, but largely because stock splits strongly signal that management thinks the stock will continue to be a good buy - which usually turns out to be the case.

In the “old days” most investment gurus (and even **Warren Buffett**, whose stagnant stock could use a split itself, we say) tut-tutted that splits merely create a financial chimera - and asserted that splits actually *cost shareholders money* when they sell because of per-share add-ons to brokerage commissions. But that was back before discounted brokerage commissions - and way before today’s widely flat and often *free* commissions. So today, those arguments are largely bogus.

There are four other very good reasons to favor a stock split, assuming the stock is solid to begin with - which a very-highly-priced stock *always* indicates:

1. There *IS* a powerful “psychological barrier” against buying a stock that seems “too high” relative to the universe of stocks on the market - when one can buy many more shares of some other good company - at a much lower price per share. And aside from drawing new money to lower-priced stocks - it actually lowers demand in the auction market for *your company’s* “high-priced stock.”
2. Most people who are looking to buy a stock correctly try to assess the likelihood of a 5% or 10% - or better rate of price appreciation - where it is, mathematically, much easier - and quicker, other things being equal - for a moderately-priced stock to achieve vs. say, a 10% appreciation in a very high-priced stock. Do the math: a \$50 stock only needs to rise only two-and-a-half bucks to give you a 5% return before dividends, while a \$1000 stock has to rise by fifty dollars. So “psychologically” - and mathematically too, we say - the lower-priced stock is a far better bet - at least in the short run - and a safer one too, we say, in terms of the potential *downside risks* of owning any stock.
3. Buyers get an *added bonus* for choosing lower-priced stocks over higher ones, since spreading the risk among two or more stocks, rather than betting the house on one, is a very prudent thing for any investor to do.
4. Making one’s stock more “affordable” now has a new advantage - in terms of short-circuiting all the firms that allow “investors” to buy tiny “slices of shares” - and to build entire portfolios of basically immaterial investments in dozens and dozens of companies. Meanwhile, please note, the brokers of such deals wait patiently until the slices grow to one full share, when they can “harvest” a big chunk of the proxy distribution fees - busting your corporate budget without doing much of anything useful.

Readers: Please consider sharing this article with your CFO and your IRO if your stock is in the mid-triple digits or higher. And please watch for our next issue too, which will re-visit and expand our advice on why public companies should “Grow - and Guard - their Retail Investor Base” - which stock splits help to do in a major way.

New Nonprofit - Ownership Works - Launches Movement To Help Create At Least \$20 Billion In Wealth For Working Families, Through Employee Ownership Programs

Ownership Works, “a new nonprofit with a mission to increase prosperity through shared ownership at work” launched on April 5th with a major splash - Full-page, full-color ads in the **NY Times** and **WSJ** “with the support of over 60 partners across the private, public and nonprofit sectors. Ownership Works will develop and help implement broad-based employee ownership programs to create better work environments and financial opportunities for employees, and to help businesses improve their performance by attracting and retaining engaged employees who are invested in their company’s success. This new movement is particularly timely as many Americans are leaving jobs to seek better pay, benefits and corporate cultures.

“Ownership Works is supported by an unprecedented consortium of corporations, foundations, investors, labor advocates and pension funds that recognize the power of employee ownership to unlock new levels of success

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for companies while creating a pathway to wealth creation for workers. This approach can play a role in helping to address the lack of stock ownership among the bottom 50% of households and by people of color. Ownership Works aims to catalyze a groundswell of interest in employee ownership across corporate America, and to provide private and public companies with practical models and tools to support program implementation. By 2030, the nonprofit anticipates that the shared ownership movement will create hundreds of thousands of new employee-owners [and] generate at least \$20 billion of wealth for working families. At scale, this movement has the potential to extend ownership to millions of lower-income workers and people of color who have been excluded from this wealth-building opportunity for generations.

Ownership Works' founding partners include 19 asset management and financial services firms, like **BofA, Citi, Goldman Sachs, JPMorgan Chase and Morgan Stanley** to name a few, 19 major investment firms, like **Apollo Global Management, Berkshire Partners, Goldman Sachs Asset Management, KKR, Silver Lake and Warburg Pincus**, six major pension funds, "to elevate shared ownership as a leading ESG strategy," eight major foundation and nonprofit donors, five professional services firms, **Deloitte, EY, Gallup, Kirkland & Ellis, McKinsey & Company** - and two publicly-traded companies that have successful Employee Ownership Plans in place and that have committed to sharing insights and expertise in designing ESOPs - **Harley-Davidson and Ingersoll Rand**.

"This movement is about working in concert to create a future of work where employers and employees can win together," said Anna-Lisa Miller, Executive Director of Ownership Works. "We believe broad-based employee ownership should be an important pillar of stakeholder capitalism and of an inclusive, equitable and resilient economy. We're grateful to our partners for helping us create new models of shared ownership that can generate superior financial returns for businesses, investors and employees alike" - and we at the OPTIMIZER congratulate them most heartily.

On The Supplier Scene:

- **Alliance Advisors acquires The Proxy Advisory Group, (PAG)** "a strategic component of Alliance's expanding market position, talent base, and service offerings that support over 750 global clients.

"Alliance is rolling like a juggernaut with no end in sight. Our amazing people supporting this momentum are where the credit resides. The Proxy Advisory Group with its leader, industry veteran **Bill Poudrier**, is a force multiplier to that momentum" Alliance's Chief Executive, **Joseph Caruso** said in the February 28 press release: "The new combined client base positions Alliance as the largest proxy-solicitation firm in the world" the press release said.

- **ISS ESG, "the responsible investment arm of Institutional Shareholder Services Inc. (ISS)... announced the launch of the ISS ESG Water Risk Rating** on World Water Day, March 22. "World Water Day, supported by the United Nations, celebrates the importance of water to global society, and highlights the plight of the two billion members of the global population who currently live without access to safe water. Freshwater resources have come under increasing pressure due to population growth, climate change, and unsustainable production and consumption patterns. In addition to the humanitarian and environmental impacts, the water crisis constitutes an economic risk with implications for the business community and its investors.

"Institutional investors can mitigate water risks across their investment portfolio by identifying industries and business activities that depend on or greatly impact water resources, and by actively engaging with company management to improve transparency with regard to water-related strategy and risk management. The ISS

ESG Water Risk Rating offers a holistic solution to support a range of investor use cases. This includes helping investors identify and manage freshwater-related risks in portfolios, build freshwater-focused portfolios, funds and indices, through to supporting their water-related stewardship and engagement programs.

“The ISS ESG Water Risk Rating features a holistic and granular assessment of a company’s exposure to and management of freshwater-related risk comprised of 11 data points per company. “Initial coverage consists of approximately 7,400 companies globally, and is powered by ISS ESG’s Corporate Rating, Norm-Based Research, SDG Solutions Assessment, as well as data on baseline water stress from the World Resource Institute (WRI) Aqueduct Water Risk Atlas.”

Note to readers: “Water Risk” is yet another hot new issue on the ESG agenda - and a hugely important one. An even bigger one: related to but even bigger than “PLASTICS” we say.

Out of Our In-Box

A great new take on stock buybacks as Starbucks “new CEO” Howard Schultz - back temporarily as the CEO for the third time - suspends the stock buyback plan on his first day back on the job. Writing to employees, customers, investors and others in a note “On the Future of Starbucks” Schultz said that stopping buybacks will allow Starbucks “to invest more profit into our people and our stores - the only way to create more value for all stakeholders.”

Another of our favorite causes - putting caps on adding new business, and in extreme cases, revoking the operating licenses of repeat offenders altogether also got some great publicity in the March 28 NY Times, reporting on a speech by Rohit Chopra, the director of the Consumer Financial Protection Bureau. Speaking at the University of Pennsylvania’s law school. Chopra called on fellow regulators like the Federal Reserve, the FDIC and the SEC to cooperate in fashioning and enforcing sanctions, noting that “Government enforcement agencies have an arsenal of options to truly stop the repeated illegal practices at big financial institutions.” He noted that *state agencies* also have powers to take action” - and that “Such actions are more likely to halt recidivism than fines paid from the profits of wrongdoing.” As the OPTIMIZER has been saying for many years now, many federal and state agencies have the power to revoke banking and trust division charters entirely - which, aside from becoming a major issue for financial institutions to actively avoid - would, if applied, halt recidivism altogether!

Chopra “took the unusual step of labeling what he called the worst repeat offenders” - Wells Fargo, Citigroup, JPMorgan Chase and American Express, which, he said, “have broken consumer protection laws at least three times.” ***We say - start with Deutsche Bank, which Chopra oddly failed to mention - and the absolute worst offender of all, we say - which just the week before was found to have violated terms of one of its many DOJ settlement agreements...not by the DOJ but by the WSJ! And OUCH! The only penalty (so far) has been for Deutsche Bank to extend the terms of its 2015 agreement to hire a “monitor” by a mere matter of months - until February 2023. Why we let a non-U.S. entity continue to do business here - while continually violating U.S. laws - is beyond our comprehension. Revoking their charter here would surely serve to keep U.S. firms on straighter and narrower paths... and in a mighty big way.***

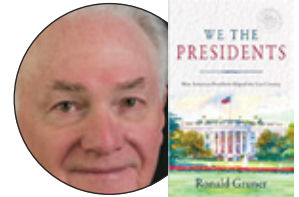
PEOPLE:



William Ackman, the founder and CEO of **Pershing Square Capital Management** - who for nearly 20 years hounded - and often shorted stock in companies like **Herbalife Nutrition**, **J.C. Penney**, **Proctor & Gamble**, **Target** and **Valeant** - announced that he has “permanently retired from short-selling” (where he mainly lost millions) and is now taking a “cordial, constructive and productive” approach to activism, which, he said, “makes our job easier and our quality of life better” - not to mention the greatly improved quality of life for corporate folks too.

Ron Gruner, a serial entrepreneur whom many readers may remember as the founder of **Shareholder.com** - one of the earliest companies to apply modern technologies to enhance shareholder communications - has published a wonderful book, “**We The Presidents - How American Presidents Shaped the Last Century.**”

A highly readable book, it covers presidents from **Warren Harding** through **Donald Trump** from the perspective of a seasoned and highly savvy business executive. “Every generation tends to believe they live in unique times,” Gruner notes, “but immigration, healthcare, civil rights, tax policy, income distribution, globalization and the evolving role of government have all had their roots in earlier presidencies - and continue to affect every American today” - which he illustrates in a very enlightening, thought provoking and refreshingly a-political way. A real eye-opener on problems that vex us today - and definitely worth a read!



A true giant of a man, Edward “Ned” Johnson - who grew his modest family-firm into giant **Fidelity Investments** - passed away in **March** at the age of 91. Taking the helm during the bear market of the 1970s, his hands-on approach to business - and his keen understanding of technology - and of marketing and advertising - powered the firm to the giant it is today. He was the first mutual fund to offer clients a toll-free number, the first to go into the brokerage business, to offer a money-market fund with a check-writing feature - and to

introduce ‘discount brokerage.’ Fidelity was the first firm to sell retirement accounts to corporations, and one of the first firms to market Individual Retirement Accounts, where Fidelity remains the leader by far. In 1995 Fidelity became the first major investment firm to have a website - which he was intimately involved in designing. His biggest achievement, however, was to introduce tens of millions of ordinary Americans to the power of “individual investment” - where Fidelity was able to capitalize on Johnson’s stunning investment record - one that continued under his star stock-picker/stock booster extraordinaire **Peter Lynch**. At year-end 2021 Fidelity had 32.4 million retail client accounts. But it was his commitment to putting customers first that powered the firm to such remarkable growth, we’d say. The WSJ obituary recounts the 2012 dinner to honor the Johnsons, where daughter Abigail, his successor as CEO, recounted the Sunday dinners that were constantly interrupted by calls from customers - which he always took. Would that we had more companies - and more ‘leaders’ that would follow his example.

The peripatetic Tom Kies - who may hold the record for appearances in our **PEOPLE** column - has been named **Senior Vice President Corporate Actions at Alliance Advisors**. What a great fit for both - and what a great time to catch what is shaping up to be a big wave of activity in 2022.



Another remarkable business leader passed away in February, at 82 - John Torell, III, who started at **Manufacturers Hanover Trust Company** as a management trainee, right out of Princeton - went on to be President in 1981, then went on to be Chairman & CEO of **Cal-Fed** and later, of **Fortune Bancorp** of Tampa FL, which he “righted” before founding his own investment firm, where he continued to come to the NYC office until he was 80. As his obituary noted, Torell “thought of himself as a builder, and indeed he never stopped expanding his banking and business interests.” Our own readers - and history buffs in general - might be

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interested in knowing that Torell was the major “mover” behind Manny Hanny’s acquisition of the Corporate Trust and Stock Transfer businesses of the original **Wells Fargo Bank**, with offices in San Francisco and LA. It took off like a rocket, and started a major consolidation of the industry. Soon afterwards, MHT acquired the stock transfer business of **NCNB**, **PNC** and **Bank of America** - and continually won business from other “New York Clearinghouse Banks” that had fallen far behind technologically - turning little Manny Hanny into the country’s largest transfer agent by a wide margin... until it fell victim (after Torell had moved on) to the aptly-named **Chemical-Mellon** venture...which very soon (bad chemistry indeed!) came a’cropper.

REGULATORY NOTES - AND COMMENTS:

Gensler’s Sec Issues A Boatload Of New Initiatives This Quarter

The biggest news, perhaps, is the “sweeping” 500-page release in late March, intended to provide a detailed framework for environmental disclosures that most big companies - and even the U.S. Chamber of Commerce - say they are supporting in principle. But, no surprise, many complain it will apply to all public companies if adopted - so “too sweeping” - and maybe even beyond the SEC’s legal authority to regulate, some say. So battles will likely continue, but we say the war is already over. As Gensler pointed out, “Investors with \$130 trillion of assets under management have requested that companies disclose their climate risks” - and there IS agreement that a common framework is needed. And, in case you haven’t noticed, the climate is now considered much more dangerously impaired than anyone thought a year ago. Sadly, this seems to be turning into a political battle instead of an honest effort to assess and report on issues that are literally imperiling our very survival. But on the good side, the war IS really over - and smart companies are already moving forward briskly on their own.

More great news, the SEC has, at long last, proposed new rules - by a unanimous vote - to create greater disclosure of short-selling activities - long one of the *OPTIMIZER*’s favorite topics as an issue requiring more sunlight. It will require asset managers to file a new, monthly form, for every short position where the manager has a \$10 million short position or a 2.5% stake. This comes on top of a still-pending proposal that would require stock lenders to report on each loan - within 15 minutes! - with an oversight body such as FINRA, where the data would become public. This comes on the heels of a February announcement by the Justice Dept. that they were investigating whether short sellers were sharing information on damaging (and often false) “research reports,” coordinating trades - and “spoofing” - i.e. flooding markets with false orders to drive down prices. Oh my! Who would ever suspect short sellers to engage in such dastardly behavior?

More good news, on March 30 the SEC issued proposed rules to “level the playing field” between SPACs, and De-SPAC transactions, and traditional IPOs: Among other things, the proposal calls for:

- Enhanced disclosures regarding SPAC sponsors, conflicts of interest, and dilution
- Additional disclosures on de-SPAC transactions, including info on the fairness of the transactions to the SPAC investors
- A requirement that the private operating company would be a *co-registrant* when a SPAC files a registration statement on Form S-4 or Form F-4 for a de-SPAC transaction
- A re-determination of smaller reporting company status within four days following the consummation of a de-SPAC transaction
- An amended definition of “blank check company” to make the liability safe harbor for forward-looking statements, such as projections, *unavailable* in filings by SPACs and certain other blank check companies

- A rule that deems underwriters in a SPAC initial public offering to be underwriters in a subsequent de-SPAC transaction when certain conditions are met
- A new Rule 145a, which provides that a business combination involving a reporting shell company and another entity that is not a shell company constitutes a “sale” of securities to the reporting shell company’s shareholders.

Still more good news: The SEC’ newly proposed Rule 10B-1 - that would require investors to make additional - and earlier disclosures of “SWAPS” - which many activist investors regularly use to sneak up on companies in preparation for hostile activities.

But some BAD NEWS here - and again, no real surprise - the sneaky-swapsters are enlisting self-appointed governance gurus to protect their behaviors on the crazy grounds that this will somehow “hinder shareholder activism” - which - if true - would be BAD. The WSJ gave two-thirds of a page to an article by Dr. **Alex Edmans**, a professor at the **London School of Economics** who started off nicely enough, by reminding that *“the misuse of one type of swap, credit default swaps, was a major contributor to the global financial crisis of 2007-08. And a second type, total return swaps, contributed to the multibillion-dollar collapse of Archegos Capital Management last year.”* But - oh horrors - *“If passed, the rules could severely restrain shareholder activism - a key market mechanism for holding corporate managements accountable, improving governance and creating sustainable value”* says he. How might this happen? Security based swaps “allow investors to obtain economic exposure to an asset without owning it” he explains - which allows people with *no economic ownership whatsoever*, we would note, to evade the current 5% “ownership threshold” - which, if exceeded, would force the so-called “investor” to *“disclose its position, which moves the market and hinders it from buying more.”* But, says Edmans, *“A 5% stake, however, is often insufficient to make activism worthwhile,”* This, we must state - *from numerous experiences* - is total hogwash. In FACT, the current scheme - which allows holders of even less than 5% to put companies “in play” - and typically, to pop in price, however briefly - and thus to walk away with significant amounts of money - without being “owners” at all - and while hardly “investing” anything of significance. And hello, Doctor, legitimate “activist investors” *do “invest”* nearly every day in trying to wring more value from the companies they have invested in, without the use of “artificial securities” like swaps.

One last regulatory note: Thank God for a free press: The Wall Street Journal announced in March that an analysis it conducted of 393 block trades between 2018 and 2021 “found that 58% of the time, the share price declined in trading session immediately beforehand [and] Of the 268 trades for which the Journal was able to determine how much the banks paid, the sellers would have received \$382 million more if the stocks had performed in line with the benchmarks... That pattern is now at the heart of a federal investigation into whether banks tip off favored clients to coming block trades.” The SEC has sought trading records...and the Justice Department is now running its own probe, as first reported by the WSJ in February.

AS WE WENT TO PRESS: President Biden announced his intention to nominate **Mark T. Uyeda** - a career attorney with the SEC, to fill the vacant Republican seat. Uyeda is currently on detail to the U.S. Senate Committee on Banking, Housing, and Urban Affairs, where he serves as Securities Counsel on the Committee’s Minority Staff .He joined the SEC in 2006 and has worked in various capacities, including as Senior Advisor to Chairman **Jay Clayton** and Acting Chairman **Michael S. Piowar**, and as Counsel to Commissioner **Paul S. Atkins**. He has also served as Assistant Director and Senior Special Counsel in the SEC’s Division of Investment Management

Jaime Lizárraga, who currently serves as Senior Advisor to Speaker of the House **Nancy Pelosi**, was named to fill the Democratic seat when Commissioner **Allison Herren Lee**’s term expires in June. Lizárraga oversees issues relating to financial markets, housing, international financial institutions, immigration, and small business policy and serves as the Speaker’s liaison to the Congressional Hispanic Caucus. He previously served on the Democratic staff of the House Financial Services Committee, and as a presidential appointee at the U.S. Department of the Treasury and the U.S. Securities and Exchange Commission. **Two very solid-looking choices, we’d say.**