Trends and Updates from the 2025 Proxy Season

June 2025

FRESHFIELDS

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1.

Overview of Proxy Season

2025 Proxy Season Highlights

FEWER PROPOSALS, LESS SUPPORT

There has been a drastic reduction in the overall number of shareholder proposals, in part due to the SEC's willingness to grant no-action relief after publication of SLB 14M, coupled with lower levels of shareholder support for environmental and social proposals

ZEROING IN

Following a multi-year trend of shareholder proposals reflecting issues of societal importance, proponents are increasingly tailoring proposals to specific company practices and industry

RETREAT TO COMFORT & SAFETY

As the regulatory and global environment becomes more uncertain for institutional investors and other shareholders, there has been a retreat to the relative safety of supporting traditional governance and compensation proposals

INVESTORS GO DARK

After SEC guidance changed, investors dramatically changed their engagement practices, leaving companies without feedback on topics of interest and raising the specter of an uncertain engagement season this fall

NEW ADMIN INFLUENCE OVER PROXY SEASON

A new administration led to significant mid-season changes to the SEC, recommendations from proxy advisory firms and policies and voting of institutional investors, although shareholder proposals generally were submitted before the administration change

ANTI-ESG IS ALL AROUND US

Despite limited support for proposals, anti-ESG considerations continue to be a significant topic for companies and their stakeholders and drive changes in the ecosystem

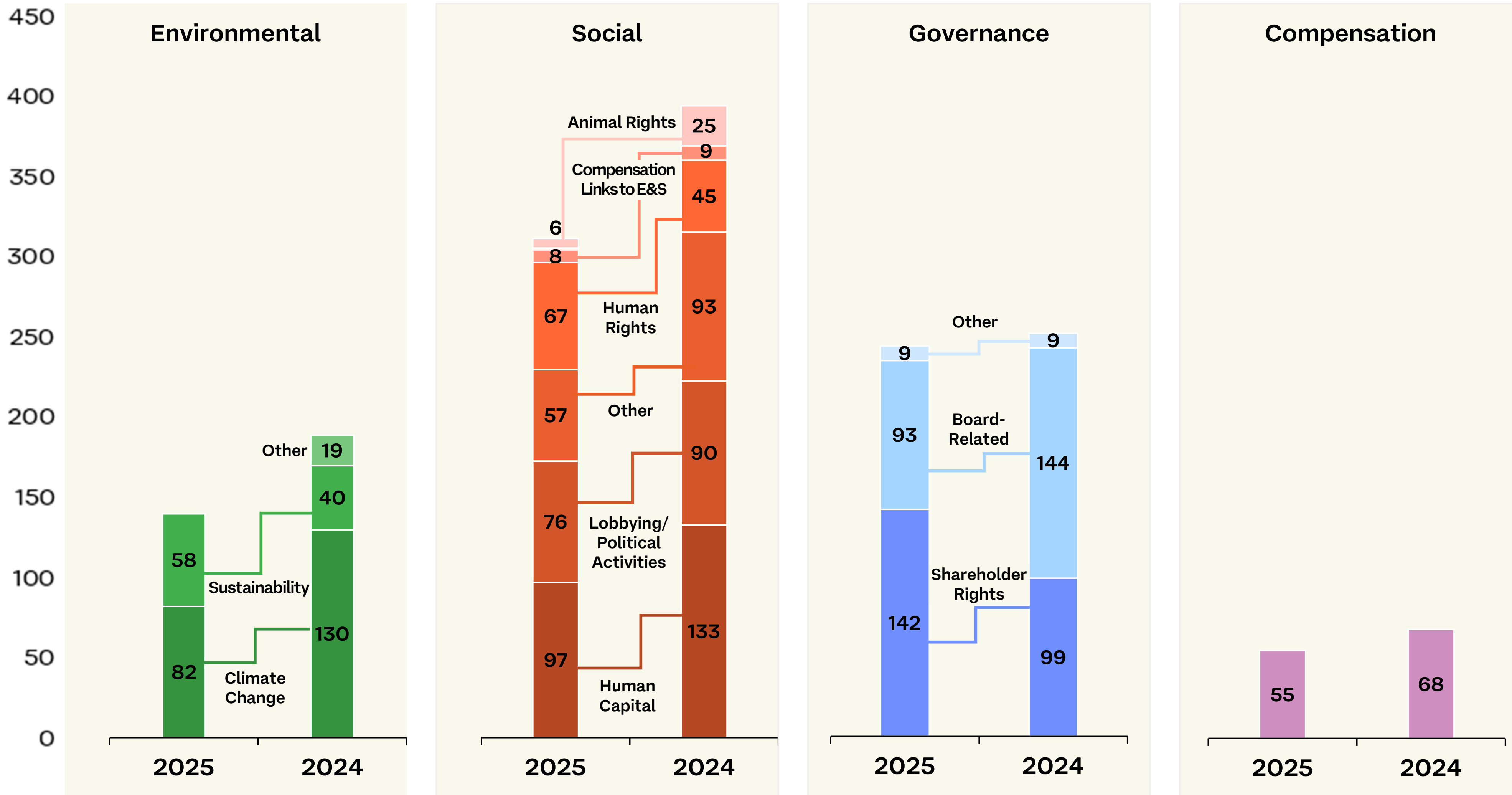
ACTIVISTS IN THE BOARDROOM?

While large-scale proxy contests were won and lost in 2025, activists also focused their efforts outside of boardroom representation, demonstrating a willingness to wage vote-no campaigns, settle without boardroom representation or settle for unnamed future directors

Source: Freshfields analysis of ISS data as of June 16, 2025

2025 Shareholder Proposals by Category

January 1, 2025 – June 16, 2025*



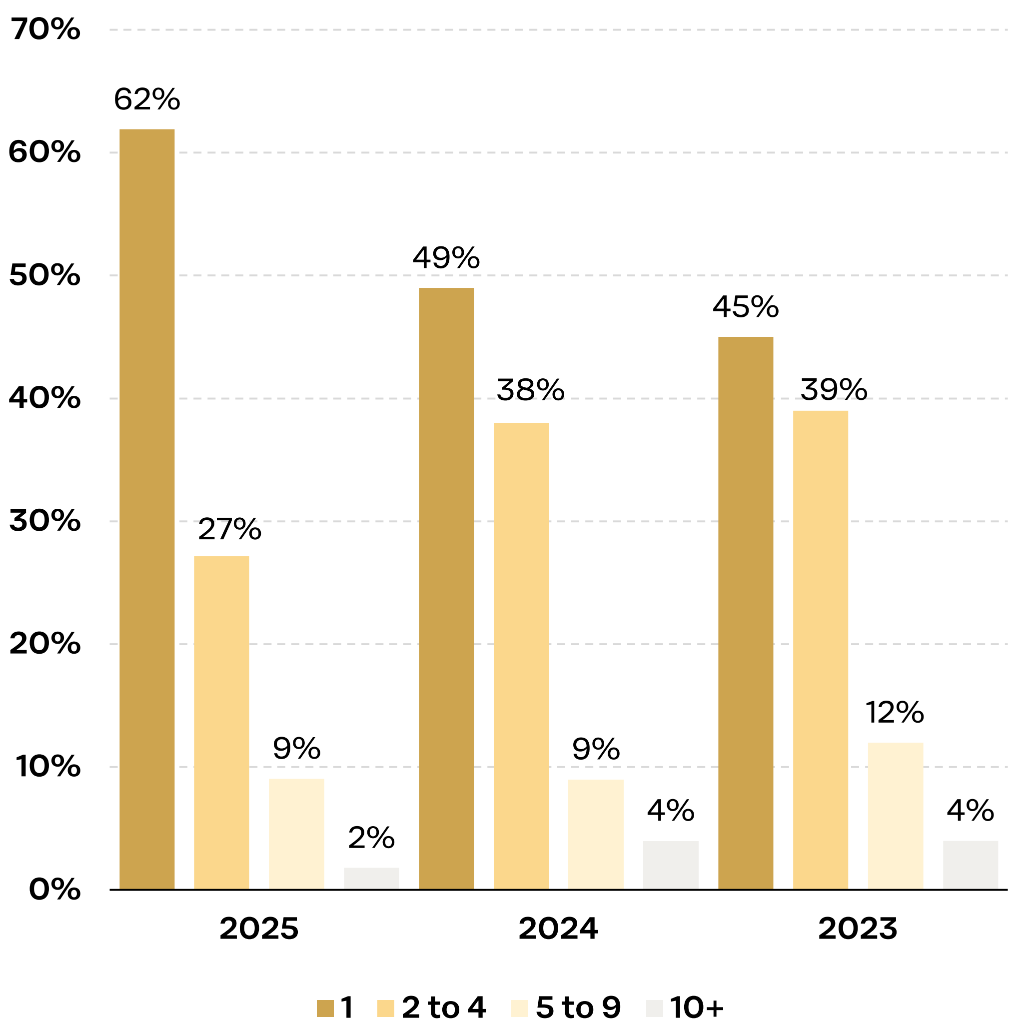
* Totals include the following proposals categorized by Freshfields as "anti-ESG": 2025: 14 Environmental proposals, including 12 Climate and two Sustainability proposals; 92 Social proposals, including 31 Human Capital, 28 Human Rights, 17 Lobbying/Political Activities, eight Compensation Links to E&S and eight Social Issues – Other proposals; and one Governance proposal (Board-Related); 2024: 15 Environmental proposals relating to climate change; 67 Social proposals, including three Compensation Links to E&S, two Human Rights, nine Lobbying/Political Activities 25 Social Issues – Other, 28 Human Capital and nine Governance proposals

Source: Freshfields analysis of ISS data as of June 16, 2025

Continued Decline in S&P 500 Proposal Concentration

276 companies in the S&P 500 received an aggregate of 595 known shareholder proposals in 2025—72% of all known proposals, compared to 76% in 2024 and 80% in 2023

Number of Shareholder Proposals S&P 500 Companies Received for Companies that Received at Least One Proposal



2.2

Average number of shareholder proposals received by S&P 500 companies receiving a proposal, compared to 2.5 in 2024 and 2.8 in 2023

16

Amazon received the highest number of known shareholder proposals sent to a single S&P 500 company for the third year in a row, after receiving 18 in 2024 and 21 in 2023

10%

Five companies received 10% of all proposals submitted to S&P 500 companies in 2025

Sector Focus

Consistent with recent years, there are no discernable trends based on sector – companies that receive multiple proposals represent a wide range of industries

Source: Freshfields analysis of ISS data as of June 16, 2025

Shareholder Proposals and SEC No-Action Letters

From January 1, 2025 to June 16, 2025, companies submitted 363 requests for no-action relief to the SEC, a 36% increase from 267 in 2024

- As of June 16, 2025, 194 proposals received no-action relief (up from 145 in 2024), 88 did not receive no-action relief (up from 66 in 2024), 74 proposals were withdrawn (up from 56 in 2024) and seven requests are pending
- This increase in successful requests for no-action relief is partly due to Staff Legal Bulletin (SLB) 14M, which rescinded prior SLB 14L (November 2021) and expanded the circumstances under which the SEC will grant no-action relief pursuant to Rule 14a-8

	Relief Granted	Relief Rejected	Withdrawn	Pending	Total
Social	**75**	**40**	**45**	**1**	**161**
Human capital	17	11	18	0	46
Lobbying/political activities	22	5	15	0	42
Human rights	9	14	8	0	31
Compensation links to E&S	3	4	0	0	7
Animal rights	0	1	0	0	1
Social issues – other	24	5	4	1	34
Governance	**49**	**10**	**14**	**0**	**73**
Board-related	20	4	7	0	31
Shareholder rights	23	6	5	0	34
Governance – other	6	0	2	0	8
Environmental	**23**	**24**	**11**	**3**	**61**
Climate change	16	19	4	2	41
Sustainability	7	5	7	1	20
Compensation	**7**	**12**	**3**	**0**	**22**
Other*	**40**	**2**	**1**	**3**	**46**
Total	**194**	**88**	**74**	**7**	**363**

No-Action Relief Granted by the SEC

* Includes proposals that are not generally accounted for in the other categories, including, but not limited to, proposals to acquire a domain name, update the corporate website, offer a certificated share option, hire investment banks and explore the sale of a company or other strategic alternative considerations

Source: Freshfields analysis of ISS data as of June 16, 2025

ESG Shareholder Proposals

Shareholder Proposals by Category[1]

Governance Proposals: 244

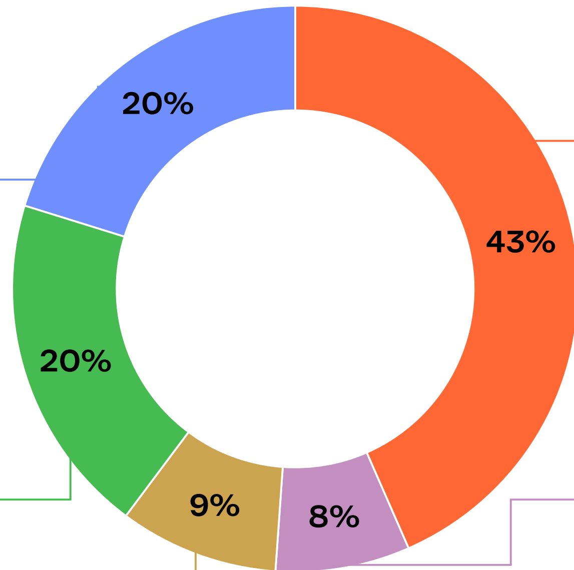
Examples include:

- Independent chair
- Director resignation policy
- Simple majority voting threshold
- Right to act by written consent
- One vote per share
- Right to call special meeting
- Board declassification
- Board committee creation

Environmental Proposals: 140

Examples include:

- Climate Transition Plans
- Plastic packaging and pollution
- Reporting on GHG emissions
- Deforestation
- Water use
- Climate lobbying
- Food waste
- Community impact reporting



Other Proposals: 65

Social Proposals: 311

Examples include:

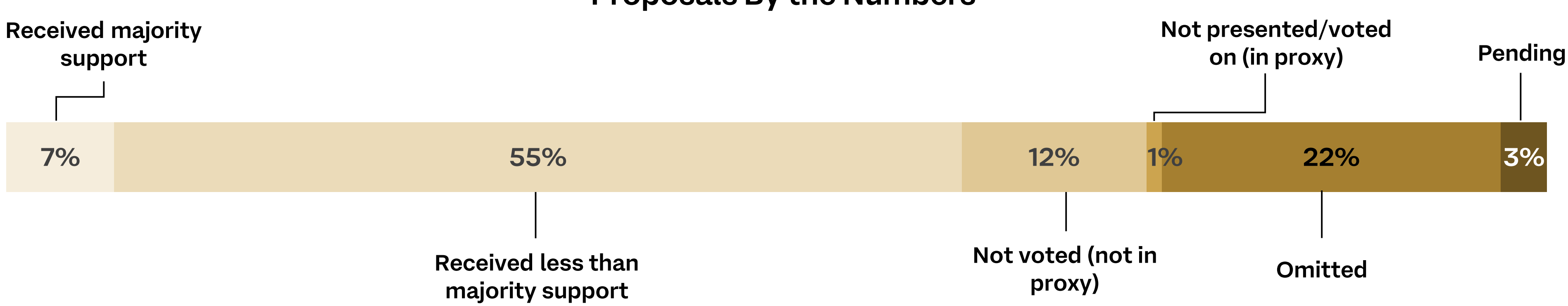
- Human rights
- Diversity – board/workforce
- Racial equity audit
- Workplace safety
- Child safety
- Pay disparity – gender/race
- Political/lobbying/ charitable contributions

Compensation Proposals: 55

Examples include:

- Shareholder approval of termination pay
- Share retention policies
- Clawback provisions
- Executive pay ratio

Proposals By the Numbers[2]



Sources: [1]Freshfields analysis of ISS data as of June 16, 2025;
[2]Deal Point Data as of June 16, 2025, of known proposals, legend as identified by Deal Point Data

Select Frequent Proponent Activity in 2025 Proxy Season

Proponent/Sponsor	Substantive Topics	Number of Known Proposals
John Chevedden	Predominantly governance focused: Independent board chair, adoption of simple majority thresholds, board declassification, special meeting call rights, lobbying and political contributions, amendment of clawback policy, share retention policy, shareholder approval of severance arrangements and GHG emissions	240+
Interfaith Center on Corporate Responsibility and its members (ICCR)	Predominantly environmental and social focused: Climate change (including GHG targets, climate transition plans, aligning with international goals like those in the Paris Climate Agreement and climate lobbying transparency), shareholder special meeting rights, human rights and social justice, lobbying and political contributions, workers' rights and labor practices, diversity equity and inclusion (DEI) efforts, corporate political responsibility, health equity, independent board chair and board declassification	210+ (additional letter campaigns)
As You Sow	Predominantly environmental and social focused: Climate change (including GHG targets, climate transition plans, climate risk and sector-specific net zero goals reports), plastics and pollution reduction, DEI, racial justice and diversity, supply chain, deep sea mining and carbon offset accounting	50+
National Center for Public Policy Research (NCPPR)	Predominantly social focused: Abolishing DEI initiatives, reporting on risks posed by DEI initiatives, religious and viewpoint discrimination, cessation of participation in the Human Rights Campaign's Corporate Equality Index and racial equity audits	35+
National Legal and Policy Center (NLPC)	Predominantly social focused: Removing DEI criteria from executive compensation incentives, reports on racial and gender discrimination, unethical use of artificial intelligence (AI), GHG targets and independent board chair	25+
Green Century Capital Management	Predominantly environmental focused: GHG targets and climate transition plans, single-use plastics policies, deforestation, biodiversity and supply chain management	20+

2.

Spotlight on Board and Director Trends

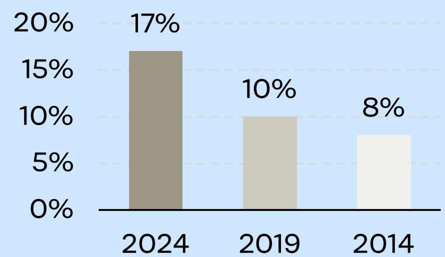
Board Committee Trends at S&P 500 Companies

The majority of S&P 500 companies continue to have one additional committee beyond their standing audit, compensation and nominating and governance committees

72% of S&P 500 companies have more than the three NYSE-mandated standing committees, up slightly from 70% in 2023 and 71% in 2022

4.2 average number of standing committees on the board of an S&P 500 company (mostly unchanged for the past decade)

The percentage of S&P 500 companies with a standalone science and technology committee has more than doubled since 2014:



3% of S&P 500 companies in 2024 had a standalone ESG or sustainability committee

- Compared to 20% of energy companies in the Russell 3000

Most Common Additional Standing Board Committees at S&P 500 Companies*

- Finance – **26%**
- Executive – **25%**
- Science & technology – **17%**
- Environment, health and safety – **13%**
- Risk – **12%**
- Public policy/social and corporate responsibility – **7%**
- Legal/compliance – **5%**
- Investment/pension – **3%**
- Acquisitions/corporate development – **2%**
- Strategy and planning – **1%**

* Percentages are not intended to add to 100%

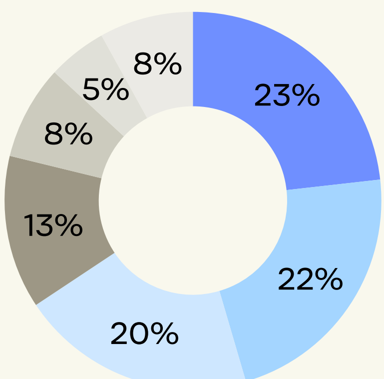
Source: 2024 US Spencer Stuart Board Index; The Conference Board, Board Practices and Composition: 2024 Edition

Emerging Trends in Board Oversight of AI

Board or Committee Oversight[1]

Based on a Deloitte 2025 survey of a set of public companies, the most frequently cited response to "where does primary oversight for AI lie within your company's board" was that "neither the board nor a committee has express responsibility for AI"

- No express delegation
- Audit committee (or similar)
- Full board only
- Risk committee
- Technology committee
- Nominating committee (or similar)
- Not discussed or other



Director Expertise[2]

20%

of S&P 500 companies in 2024 had at least one director with AI expertise

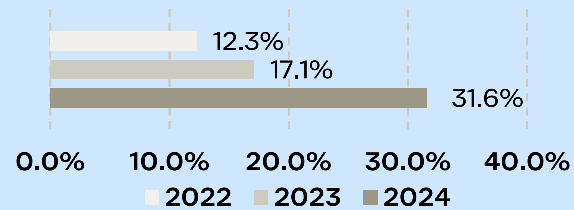
This increases to

37%

of S&P 500 companies in the information technology sector

32%

of S&P 500 companies included disclosure about AI board oversight or competency in their 2024 proxy statements



Frequency of AI Topics on Board Agendas[1]

Based on the Deloitte survey, far more companies have included AI-related topics on their board or meeting agendas in 2025 compared to 2023

Frequency	Change from 2023
On an ad hoc or as-needed basis (59%)	▲ 22%
Annually (14%)	▲ 14%
Semiannually (14%)	▲ 6%
Quarterly (11%)	▲ 8%
Not yet on agenda (9%)	▼ 35%
Every regular meeting (7%)	▲ 3%
Other (4%)	No change

Note: some respondents selected multiple options

Sources: 1. Deloitte and Society for Corporate Governance: Board Practices Quarterly: Artificial intelligence (AI) revisited (2024)
2. ISS-Corporate AI in Focus in 2025: Boards and Shareholders Set Their Sights on AI (2025)

Emerging Trends in Board Oversight of Cybersecurity

Many public companies are electing to disclose greater cybersecurity information than the SEC disclosure regulations related to risk management and oversight require

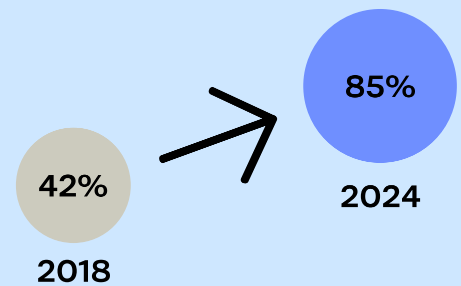
Board-Level Committee Oversight

95% of Fortune 100 companies disclose that cybersecurity oversight has been delegated to at least one board committee

- 81% disclose that the audit committee is responsible for oversight
  - Up from 61% in 2018
- Other committees sometimes delegated oversight are risk committees (13%) and technology committees (10%)
- Some companies delegate oversight to multiple committees

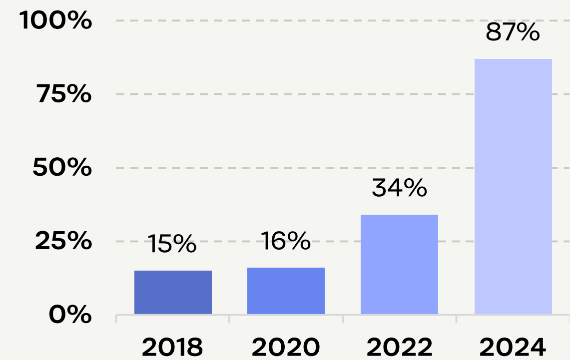
Director Expertise

The number of Fortune 100 companies that disclosed having or seeking at least one director or director nominee with cyber expertise or background has more than doubled since 2018



Independent Advisors

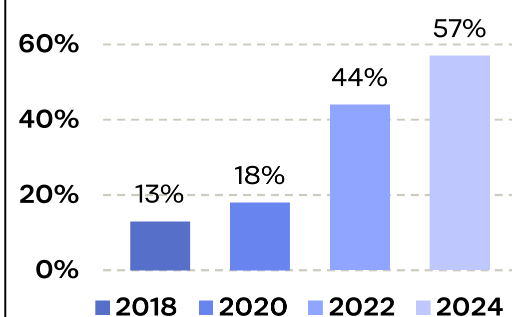
87% of Fortune 100 companies disclosed hiring services of an external independent cybersecurity advisor, a more than fivefold increase since 2018



Chief Information Security Officer

- There has been a dramatic increase in the number of Chief Information Security Officers that report cyber risk information directly to the board of directors at Fortune 100 companies, from 9% in 2018 to 70% in 2024

Fortune 100 Companies Disclosing Annual or Quarterly Meeting Frequency



Dedicated Board Time

- 57% of Fortune 100 companies reported meeting with management on cybersecurity at least annually or quarterly, up significantly from 2018
- The remaining companies are less specific, reporting that they meet on a “frequent” or “periodic” basis with management on cybersecurity matters

Source: EY Center for Board Matters: Cybersecurity oversight disclosures: what companies shared in 2024

Board Refreshment Trends at S&P 500 Companies

406

New independent directors appointed in 2024

- Up from 388 in the prior year but down from 432 in 2019
- 58% of S&P 500 boards appointed at least one new independent director in 2024
- New independent directors appointed in 2024 represent approximately 8% of total directors in the S&P 500
- Of all independent directors appointed in 2024, 8% have never previously served as an independent director
    - Roughly consistent over the last decade

58 years

Average age of a new independent director

- Largely unchanged since 2014
- Five years younger than the average age of all independent directors
- 14% of new independent directors are under the age of 50

42%

New independent directors who have spent time working in an international location

(a 12% decrease after a few years of steady increases)

18%

New directors who are not from the U.S.

(unchanged from the prior year)

29%

New directors with financial backgrounds

(up from 20% in 2014)

30%

New directors who are active or retired CEOs

(unchanged since 2019 but up 5% since 2014)

67%

First-time directors who are actively employed

(compared to 43% of experienced directors)

Source: 2024 U.S. Spencer Stuart Board Index

Age and Term Trends of Directors at S&P 500 Companies

63

Average age of all independent directors

- Generally unchanged since 2014
- Average age of first-time directors is 55 years old, which has been relatively stable over the last decade

14%

Percentage of new directors ≤50 years old

- Up from 11% in 2023
- New directors tend to have backgrounds in technology/ telecommunications, industrials/ manufacturing, consumer goods and services and financial services

8 years

Average tenure of independent S&P 500 directors

- Generally unchanged since 2014

2

Median number of total directorships held by independent directors on S&P 500 boards

- Consistent over the past decade

47 — **82**

Age range of independent directors in 2024

Source: 2024 US Spencer Stuart Board Index

Spotlight on Mandatory Departure Policies at S&P 500 Companies

Retirement Age Policies

67%

Percentage of S&P 500 companies with mandatory retirement policies (compared to 69% in 2023)

- Of these, 98% set the retirement age at 72+ and 60% set the age at 75+ (compared to 93% and 30%, respectively, in 2014)

19%

Percentage of S&P 500 companies that disclose they do not have a mandatory retirement age policy

74

Average actual age of retirement

- 50% of independent directors who retired in 2024 were three or fewer years from the mandatory retirement age

Mandatory Term Limits

9%

Percentage of S&P 500 companies that report having term limits for non-executive directors (up from 8% in 2023 and 3% in 2014)

- By contrast, 63% of companies affirmatively state in their corporate governance guidelines that they do not have term limits
- 28% of companies do not mention term limits at all

15 years

Average term limit for S&P 500 boards

- Terms typically range from 10-20 years, with 72% of companies with term limits setting limits at 15 years or more

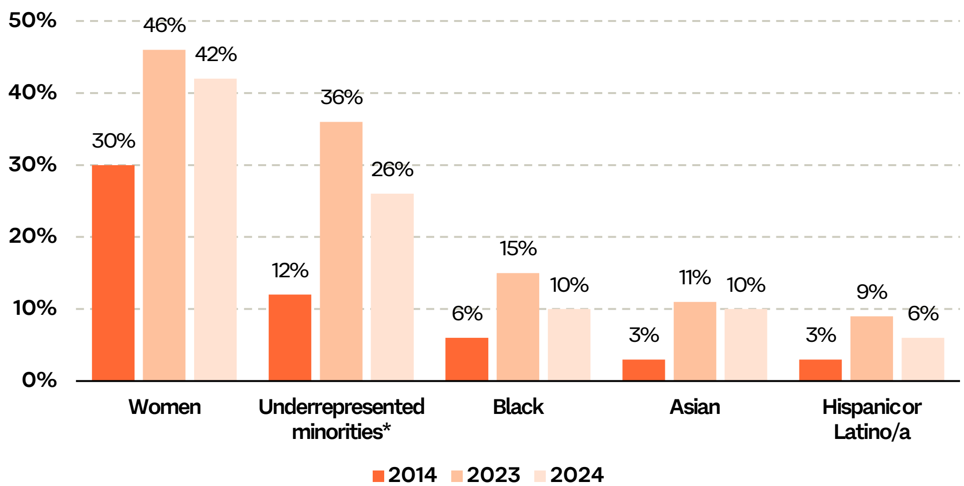
11

Number of companies that disclosed rationales for waiving the retirement age or term limit policy in 2024

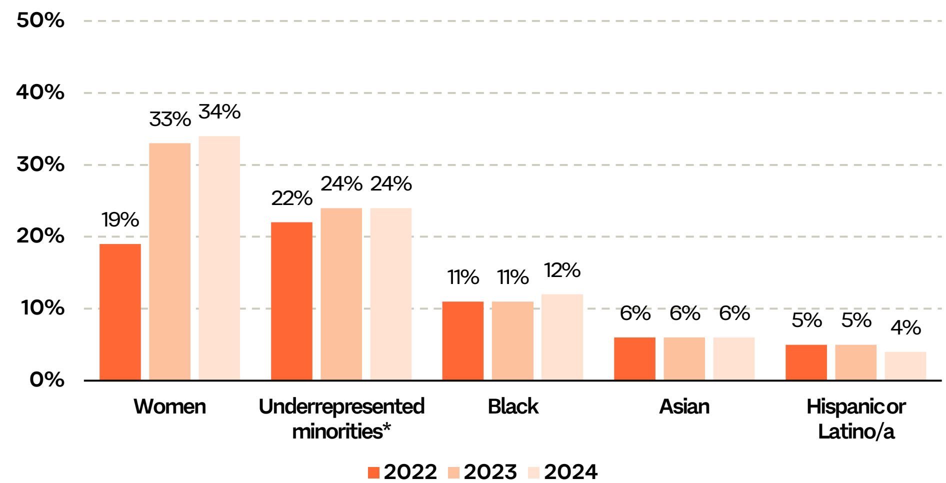
Source: 2024 US Spencer Stuart Board Index

Boardroom Composition

Class of 2024 S&P 500 Directors: Composition[1]

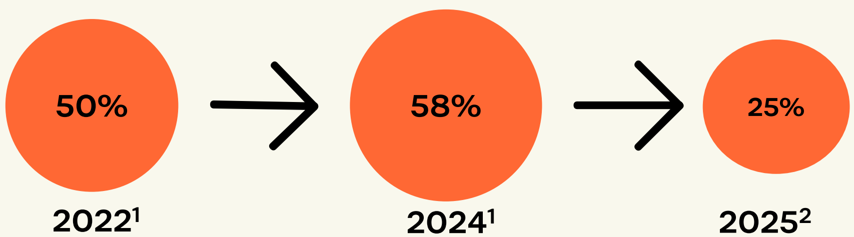


All S&P 500 Directors: Composition[1]



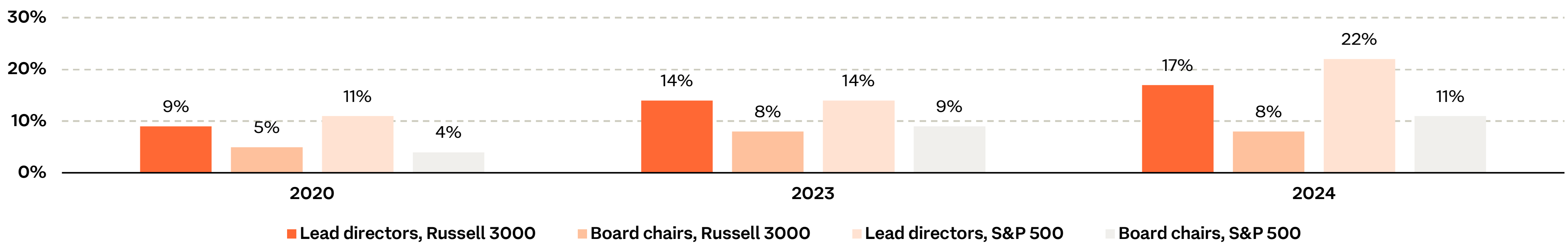
*Defined as Black or African American, Asian, Hispanic or Latinx, Native American or Alaska Native, Native Hawaiian or Pacific Islander, or two or more races

S&P 500 Rooney Rule-type Commitment



In 2025 to date there was a dramatic reduction in the number of S&P 500 companies with Rooney Rule-type commitments to include diverse candidates in searches, reversing a prior increasing trend

Percentage of Female Board Directors and Chairs[1]



Sources: 1. 2024 US Spencer Stuart Board Index; 2024 Spencer Stuart S&P 500 New Director and Diversity Snapshot; 2022 Spencer Stuart Board Index; 2. The State of Human Capital and DEI in 3 Charts, DiversIQ May 12, 2025

Leadership Composition

S&P 500 CEOs

- S&P 500 companies appointed 47 new CEOs in 2024
  - 85% were first-time CEOs
  - 66% were internal promotions
  - 6% are women
  - 45% have public company board experience
- CEOs retiring in 2024 had an average tenure of 8.6 years and were on average 62 years old
- 9% of all CEOs are women, a modest increase from 8% in the prior year
- 13% of all CEOs self-identify as underrepresented minorities, compared to 5% in 2014

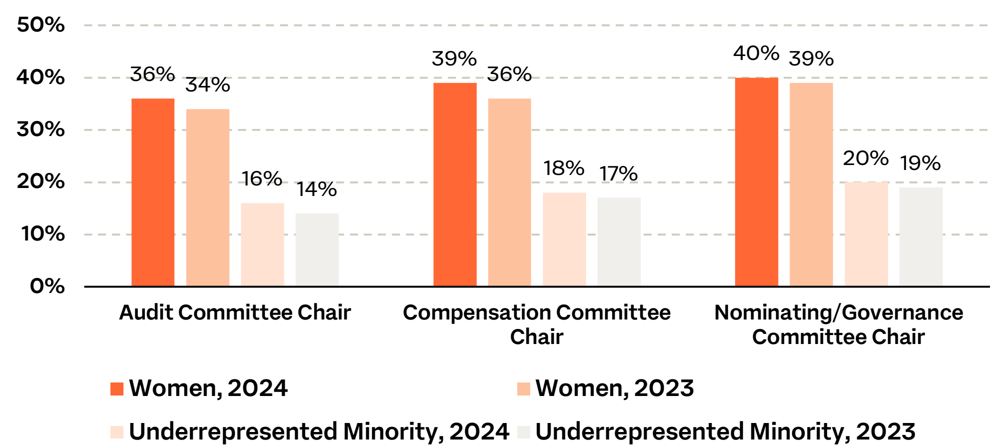
S&P 500 CFOs

- S&P 500 companies appointed 89 new CFOs in 2024
  - 64% were first-time CFOs
  - 57% were internal promotions
  - 26% are women
- Global CFOs retiring in 2024 had an average tenure of 5.9 years

S&P 500 Board and Committee Leadership

- Women accounted for 18% of independent board chairs in 2024, unchanged from the prior year, and represented 20% of lead directors in 2024, compared to 15% in the prior year
- Underrepresented minorities accounted for 7% of independent board chairs in 2024, compared to 8% in the prior year, and represented 11% of lead directors in 2024, compared to 12% in the prior year
- 53% of boards in 2024 had an independent chair who was an active or retired CEO, chair, vice chair, president, or COO, compared to 55% in the prior year
- 66% of boards in 2024 had a lead or presiding director
  - 91% of such boards had a lead director

Percentage of Female and Underrepresented Minority Committee Chairs at S&P 500



Sources: 2024 US Spencer Stuart Board Index; 2024 US Spencer Stuart Board Index; Russell Reynolds Global CFO Turnover Index

3.

SEC Updates

New C&DI on Schedule 13G Eligibility

Summary of New Guidance

- In February 2025, the SEC issued new guidance related to Regulation 13D-G for investors that own more than 5% of a company's outstanding equity
- The new guidance provides that certain engagements that are "for the purpose of or with the effect of changing or influencing the control of the issuer" may cause an investor to lose short-form Schedule 13G (13G) eligibility. Whether engagement has a purpose to influence "control" is a facts-and-circumstances test informed by the meaning of control in the Exchange Act. The new guidance provides that both the subject matter and the context of the engagement may be dispositive

Subject Matter and Context

- Certain topics *de facto* exempt 13G eligibility, such as calls for a company sale or the sale of a significant amount of assets, restructuring and election of directors that are not the company's nominees. Topics that the SEC indicated may implicate influencing control include explicitly or implicitly conditioning support for director nominees on taking the investor's recommendations on the following:
  - Removal of a classified board
  - Switch to a majority voting standard in uncontested director elections
  - Removal of a poison pill
  - Change executive compensation practices
  - Undertake specific actions on social, environmental or political policy

  In addition, 13G eligibility may be lost if investors discuss their policy on a particular topic and how the issuer fails to meet the investor's expectations

Impact of New Guidance

Immediately following the release of the new C&DI, some institutional investors temporarily ceased all engagement activities to understand the implications of the guidance

While most investors have resumed engagement, many institutional investors have expressed that being subject to Schedule 13D (13D) is a "third rail," so they are taking steps to mitigate any potential requirements to become a 13D filer by altering engagement behavior to be less interactive and candid

With less engagement directly from institutional investors, companies may need to adapt to ensure that their engagement is meeting their goals

SLB14M: Updated Guidance on Shareholder Proposals

On February 12, 2025, the SEC's Division of Corporation Finance published SLB 14M that rescinds prior SLB 14L and provides new guidance on excluding proposals pursuant to Rule 14a-8

Background

- SLB 14L (November 2021) narrowed companies' ability to exclude proposals under the "economic relevance" and "ordinary business" tests pursuant to Rule 14a-8(i)(5) and (7), respectively, when the proposals raised "significant policy issues" or had "broad societal impact"
- SLB 14M reinstates a case-by-case approach to exclusion and addresses two potential exclusions:
  - Under the "**economic relevance**" test, a shareholder proposal that relates to operations that account for less than 5% of a company's total assets, net earnings or gross revenues and is not otherwise significantly related to the company's business is excludable. Under SLB 14M, proposals that "raise issues of social or ethical significance may be excludable" unless there is a significant effect on the company's business
  - Under the "**ordinary business**" test, the Staff will take a company-specific approach, focusing on (i) the significance of the proposal's subject matter and whether the issues are universally "significant" and (ii) the extent to which the proposal "micromanages" the company
- Proposals relating to general employee compensation and benefits are excludable unless they focus on significant aspects of senior executive or director compensation

Implementation

- SLB 14M was immediately effective upon publication
  - The Staff considered guidance when reviewing any previously submitted or new no-action requests
- The Staff considered the publication of SLB 14M to be "good cause" for submitting a late no-action request if the arguments related to SLB 14M
- Companies were able to amend or revise existing no-action requests in accordance with SLB 14M

In Action[1]

- Between February 12, 2025 (the publication date of SLB 14M) and June 16, 2025, the SEC received 47 new requests for no-action relief

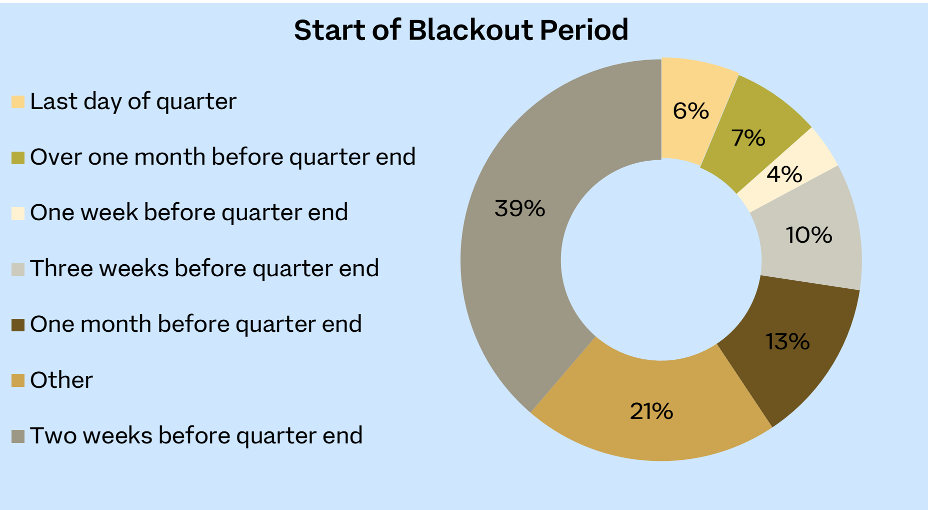
Source: [1]Shareholder Proposals: Freshfields review of SEC No Action Responses Issued Under Exchange Act Rule 14a-8

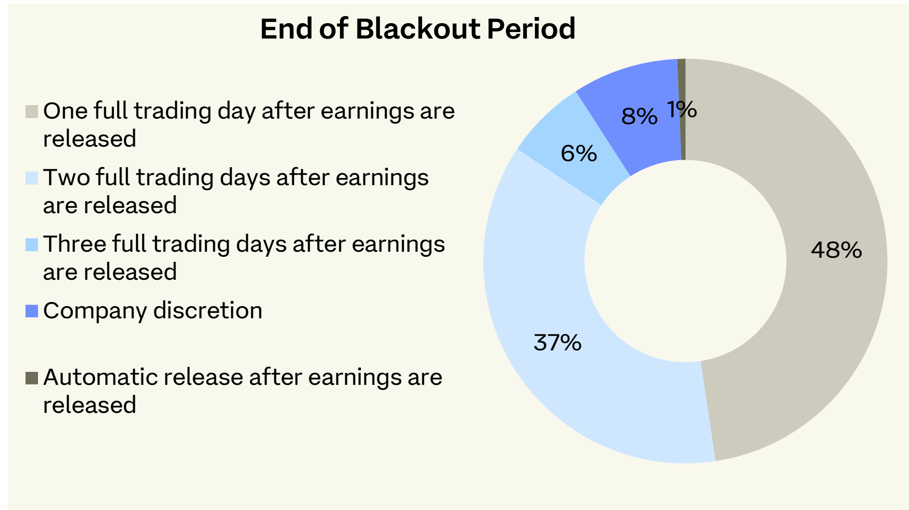
Trends in Insider Trading Policies at S&P 500 Companies

2025 is the first year that U.S. listed public companies must publicly file a copy of their insider trading policies (ITP) as an exhibit to their Annual Report on Form 10-K or Form 20-F

- Only 14% of S&P 500 companies in their ITP require insiders to sell pursuant to Rule 10b5-1 Trading Plans
- 84% of companies that permit Rule 10b5-1 Trading Plans require approval of the plan prior to adoption

Start and end dates for quarterly blackout periods vary, and there are a range of practices





*Other includes, but is not limited to: ITPs that provide the blackout is as designated by the company; a bifurcated blackout; beginning between nine to eleven calendar days before the end of the quarter; opening on a specific day of the week in the last month of the quarter; tied to flash numbers or not addressed

The vast majority of S&P 500 companies' ITPs impose quarterly blackout periods on all Section 16 officers

- 13% of companies subject all employees to quarterly blackout periods
- 25% of companies subject Section 16 officers and other employees privy to financial information to quarterly blackout periods
- 55% of companies subject Section 16 officers and other individuals designated by the company from time to time to quarterly blackout periods

Source: Freshfields analysis of insider trading policies filed by S&P 500 companies as exhibits to their Form 10-K as of June 1, 2025

Item 402(x) of Regulation S-K: Disclosure of Policies and Grant Timing in relation to the Disclosure of MNPI

For calendar year-end companies, 2024 was the first time Item 402(x) disclosures were required regarding the timing of stock option awards (including stock options, stock appreciation rights (SARs) and similar instruments with option-like features) in relation to the disclosure of material nonpublic information (MNPI)

Summary of Item 402(x) requirements:

- **Narrative Disclosure**: Companies must discuss their policies and practices on the timing of awards of options and SARs (including similar instruments with option-like features) in relation to the disclosure of MNPI, including:
  - How the compensation committee or board determines when to grant such awards (e.g., on a pre-determined schedule or otherwise)
  - Whether and how the board or compensation committee takes MNPI into account when determining the timing and terms of such awards
  - Whether the company has timed the disclosure of MNPI for the purpose of affecting the value of equity compensation
- **Tabular Disclosure**: Tabular disclosure is required if, during the last completed fiscal year, the company awarded options or SARs to any named executive officer (NEO) during the period beginning four business days prior to and ending one business day after the filing of a Form 10-K, Form 10-Q or Form 8-K disclosing MNPI (unless such Form 8-K only reports the grant of material new option award). If required, the tabular disclosure must be in the form prescribed by the SEC and include:
  - The name of the NEO
  - The grant date
  - The number of underlying securities
  - The exercise price
  - The grant date fair value
  - The percentage change in the closing market price of the securities underlying the award between one trading day before and after the release of MNPI

Applicability to Certain Filers

- **FPIs**: The narrative and tabular disclosure requirements do not apply to foreign private issuers (FPIs)
- **SRCs and EGCs**: Smaller reporting companies (SRCs) and emerging growth companies (EGCs) must comply with the narrative disclosure requirement; tabular disclosure is limited to option awards and SARs granted to NEOs of the SRC or EGC
- **Requires XBRL tagging; Incorporation by Reference Allowed.** Disclosure is required in a registrant's Form 10-K, but may be incorporated by reference from the relevant proxy statement so long as the proxy statement is filed within 120 days of the end of the year

Thinking Ahead to Next Year's Disclosure

- A growing number of registrants are reviewing their equity grant policies and practices and considering whether any changes are appropriate in light of these disclosure requirements, as well as Staff Accounting Bulletin 120, which provides guidance about proper recognition and disclosure of compensation cost for "spring-loaded" awards made to executives of the issuer

Other SEC Updates

Climate Change Rules:

- The SEC has withdrawn the legal defense of its 2024 climate disclosure rules, which required companies to report GHG emissions and other climate-related risks
- Despite federal pullback, some states continue to promulgate climate related disclosure rules and regulations

Rule 14a-8 Amendments:

- The SEC has withdrawn a proposed rule that would have amended the following substantive bases for exclusion of shareholder proposals under Rule 14a-8:
  - Substantial implementation
  - Duplication
  - Resubmission

EDGAR Next:

On September 27, 2024, the SEC adopted a final rule implementing “EDGAR Next,” a new filing platform designed to improve the security of EDGAR and enhance filers’ ability to manage their EDGAR accounts, among other updates. This is a major change to the EDGAR system and impacts all persons or entities that make filings with the SEC on EDGAR

Summary of Key Changes:

Access	Each person or entity that makes filings with the SEC must now create an individual account with Login.gov and complete multifactor authentication to log into EDGAR. EDGAR codes are still required
Account Administrators	Each person or entity that makes filings with the SEC is now required to designate on its Form ID at least two account administrators who can manage the account and make filings on their behalf. Must obtain a notarized power of attorney naming these account administrators
Technical Administrators	If a filer uses application programming interface (API), it must now authorize at least two technical administrators to generate filer API tokens and manage the filer’s connections to APIs
Annual Confirmation	An account administrator must annually confirm the information on the filer’s EDGAR dashboard and the filer’s authorized parties

EDGAR Next will be required for all filings beginning September 15, 2025. The legacy filing system will remain active past this point solely for the purpose of enrolling in EDGARNext and only until December 22, 2025, after which point it will be deactivated

4.

Environmental Proposals

Environmental Proposals Overview

As of June 16, 2025, no environmental proposals received majority support

Environmental proposals covered a wide range of requests for disclosure or reporting on climate-related topics, including on emissions reduction and climate transition plans, climate risk to retirement accounts and lobbying. Proposals were also submitted on sustainability topics such as plastic use, biodiversity impact, deep sea mining, water supply risk, deforestation, regenerative agriculture and food waste

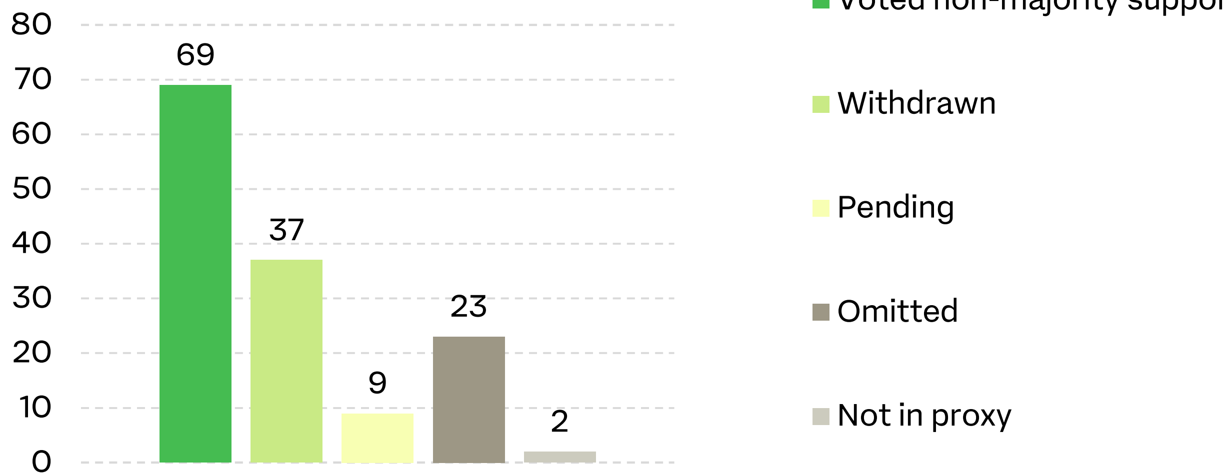
140*

Known proposals

82

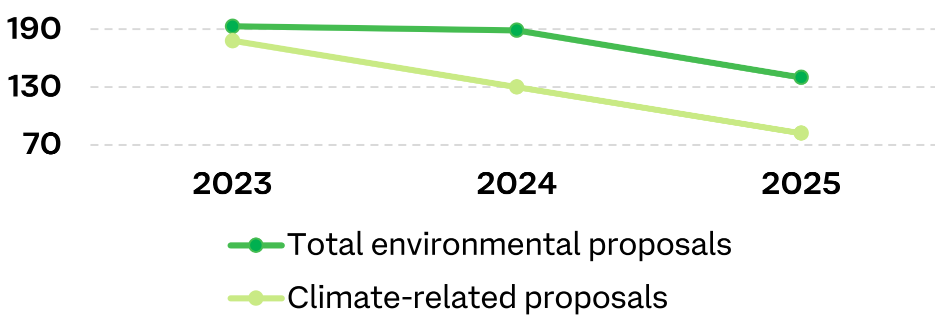
Climate-related proposals

By the Numbers

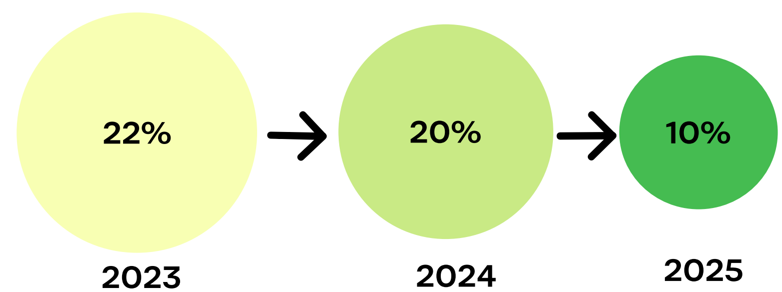


Support for environmental proposals ranged from 0.5%–23.8%

Decreasing Trend in Number of Climate-related Proposals



Decreasing Trend in Average Support Level for Climate-related Proposals



*Includes 14 anti-ESG proposals

Source: Freshfields analysis of ISS data as of June 16, 2025

Environmental Proposals – GHG Emissions Reduction Targets and Climate Transition Plans

As of June 16, 2025, there were 30 known proposals relating to adopting GHG emissions reduction targets and/or climate transition plans, comprising roughly 21% of all environmental proposals

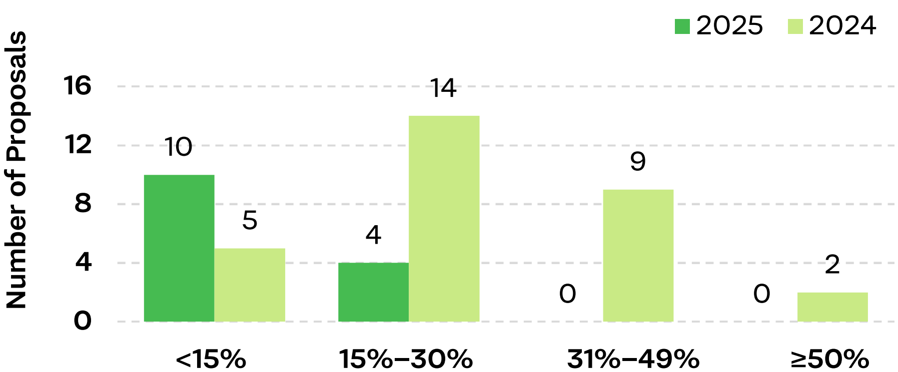
- 14 proposals went to vote, five received no-action relief on ordinary business grounds, 10 were withdrawn and one is pending
  - Average support was 11.8% (ranging from 3.3%–23.8%)
- Like in 2024 and 2023, proposals relating to GHG emissions were the most frequent category of environmental proposals

The NLPC submitted an additional three proposals requesting the removal of emissions reductions targets

- Two were omitted on ordinary business grounds, and one went to vote and received 1.1% support

Chevron ConocoPhillips ExxonMobil

Shareholder Support Levels for GHG Emissions Reduction and Climate Transition Plans



Excludes one anti-ESG proposal that went to vote

GHG Emissions Reduction and Climate Transition Plans Proposals

Company	Support %	Proponents
PulteGroup	23.8%	Laird Norton Family Foundation; As You Sow Foundation
Centene	23.1%	John Chevedden
Wolverine World Wide	16.3%	Green Century Equity Fund
Old Dominion Freight Line	15.2%	As You Sow Foundation; Amalgamated Bank
General Motors	13.8%	Amy Floyd
Best Buy	13.3%	Globalance Bank Ltd; Norbert Bärlocher
Lennar	10.8%	Amalgamated Bank; As You Sow Foundation; LongView Broad Market 3000 Index Fund
Netflix	10.4%	Episcopal City Mission

Table includes all voted proposals that received more than 10% support

Asset Managers Exit Net Zero Initiatives

- From 2022 to 2025, many major asset managers left The Net Zero Asset Managers Initiative (NZAMI) and Climate Action 100, including BlackRock, Vanguard, State Street Global Advisors (SSGA), JPMorgan and Goldman Sachs
- In January 2025, shortly after BlackRock's departure, the NZAMI announced that it was suspending activities, removing the initiative member list from its website and launching a review of the initiative, citing developments in the U.S. and divergent expectations among regulators and clients in various jurisdictions
- In April 2025, Climate Action 100+ issued an addendum to its Signatory Handbook, stating that it had retired its process of flagging proposals for member attention and centrally tracking proposal-level data

Source: Freshfields analysis of ISS data as of June 16, 2025

Environmental Proposals – Climate-Related Reporting

Reporting on GHG Emissions and Targets

19 companies received proposals to issue reports on the status of existing GHG emissions reduction targets

- 12 proposals went to vote, three received no-action relief on ordinary business grounds, two were withdrawn and two are pending
  - Average support was 11.8% (ranging from 5.0%–21.8%) down from 17.4% last year

Eight additional proposals requested the removal of – or reporting on – efforts to decrease carbon emissions

- Six proposals went to vote and two received no-action relief on substantial implementation grounds
  - Average support was 2.3% (ranging from 0.8%–6.1%)

Reporting on Climate Risk to Retirement Accounts

- Three companies received proposals to disclose if and how retirement plan beneficiaries are protected from increased portfolio risks due to investments in high carbon emitting companies
  - All three proposals went to vote
  - Average support was 9.4% (ranging from 7.1%–11.9%)

Reporting on Lobbying Activities

- Six companies received proposals requesting disclosure about if and how their lobbying activities align with either their stated climate change commitments and goals or the goals of the Paris Climate Agreement
  - Four proposals went to vote, one is pending and one received no-action relief on substantial implementation grounds
  - Average support was 13.9% (ranging from 11.2%–16.2%)

Reporting on Financing Ratio

- Five financial institutions received proposals requesting they disclose their Clean Energy Supply Financing Ratio, or the amount of financing directed towards low-carbon energy supply compared to financing for fossil fuels
  - All five proposals went to vote
  - Average support was 13.1% (ranging from 3.4%–17.7%)

Other Reporting

One company received a proposal requesting it report on the reliability of its methane emissions disclosures

- The proposal was not included in the proxy

One company received a proposal requesting it analyze the congruency of the company's environmental commitments and its carbon emissions, including by its CEO's private jet use

- The proposal received 1.2% support

Three companies received proposals requesting they report on the feasibility of plant-based in-flight meals as a means of reducing emissions

- All three received no-action relief on ordinary business grounds

Source: Freshfields analysis of ISS data as of June 16, 2025

Environmental Proposals – Plastic Packaging and Pollution

As of June 16, 2025, there were 15 known proposals promoting plastic reduction and sustainable packaging, down from 26 in 2024

- These 15 proposals requested each company issue a report on how the company could reduce plastic used in operations and/or improve the accuracy of recycled packaging labels
  - Nine proposals went to vote, five were withdrawn and one is pending
  - Average support was 12.1% (ranging from 5.8%–17.0%)
  - Each of Mondelez International and Kraft Heinz received two proposals – one requesting that the board issue a report on plastic reduction and one requesting improvement of recycled package labelling accuracy

NLPC submitted an additional two proposals requesting the revisiting of commitments to reduce plastic packaging

- Both proposals went to vote and average support was 1.7%

Plastic Use and Sustainable Packaging Proposals

Company	Support %	Proponents
The Home Depot	17.0%	As You Sow Foundation; Chinook Fund; Ken Olum
PepsiCo	15.6%	Brian Murray Revocable Trust; Michael Monteiro 2016 Trust; As You Sow Foundation; Frances L. Bell T/W Fbo Patrick de Freitas
Amazon.com	13.5%	As You Sow Foundation
Mondelez International	13.1%	M Cameron T/W Fbo Mary C Drive; Brian Murray Revocable Trust
Kraft Heinz	12.3%	Janet Dell
Kraft Heinz	11.6%	As You Sow Foundation; Helen de Freitas Irrev FBO Roger de Freitas
Mondelez International	11.4%	Jan Dell
Wendys	8.7%	As You Sow Foundation; Frances L. Bell T/W fbo Patrick de Freitas
Walmart	5.8%	Green Century Capital Management
Goodyear	4.1%	John Chevedden; As You Sow Foundation

Table includes all voted proposals excluding the NLPC proposals

Plastic Pollution Relating to Tires

- Two companies received proposals on the sustainability of tires
  - Tesla's proposal requested the company implement a "sustainable tire solution." This proposal received no-action relief on ordinary business grounds
  - Goodyear's proposal requested that the company adopt tire wear shedding goals. This proposal went to vote and received 4.1% support

Source: Freshfields analysis of ISS data as of June 16, 2025

Environmental Proposals – Sustainable Supply Chains

Sustainable Supply Chains and Biodiversity

- Four companies received proposals requesting they issue reports on how their existing supply chains impact biodiversity and are vulnerable to loss of biodiversity
  - Two proposals went to vote, receiving average support of 17.2%, and two were withdrawn
- Three companies received proposals requesting a moratorium on deep-sea mineral use in their supply chains
  - Two proposals were withdrawn and one received no-action relief on ordinary business grounds
- One company received a proposal requesting the company assess any reasonably likely irreversible impacts on biodiversity prior to commencing mining operations in ecologically sensitive areas
  - The proposal received 6.4% support
- One company received a proposal requesting that it conduct a "just transition" assessment with respect to its critical minerals supply chain
  - The proposal was withdrawn

Water, Deforestation and Restorative Agriculture

- Four companies received proposals requesting the disclosure of water supply risks as they relate to data center cooling. One company received a proposal requesting the same disclosure as it relates to the company's agricultural supply chain
  - Four proposals were withdrawn and one was not included in the proxy
- Five companies received proposals requesting they report on deforestation-related supply chain risks or commit to eliminating illegal deforestation practices
  - Four proposals were withdrawn and one received no-action relief on ordinary business grounds
- Two companies received proposals requesting they report on pesticide reduction goals as part of an effective regenerative agricultural program
  - One proposal was withdrawn and one is pending

Source: Freshfields analysis of ISS data as of June 16, 2025

Environmental Proposals – Other

Food Waste

- One proponent submitted proposals to nine companies requesting disclosure on food waste; eight of the proposals also requested disclosure of measurable targets for reducing food waste
  - Four proposals went to vote, one received no-action relief on ordinary business grounds, two were withdrawn and two are pending
  - Average support was 11.0% (ranging from 5.0%–16.4%)

Battery Replacements

One company received a proposal requesting it commit to offer cost-price battery and computer replacements for older vehicles, citing sustainability concerns

- The proposal was withdrawn

Sustainability Reporting and Certification

Two companies received proposals requesting they report on the metrics and processes used to assess environmental and social risks or to detail sustainability certification processes

- One proposal was withdrawn and one received no-action relief on ordinary business grounds

Community Impact

- JPMorgan and SSGA received proposals requesting reports on their climate transition finance strategies and potential impacts on workers
  - The proposals went to vote and received average support of 11.3%
- Evergy received a proposal requesting a third-party report on the impacts of energy burdens, asthma, air quality and historic redlining in its service area
  - The proposal was withdrawn
- Sempra and NextEra Energy received proposals requesting that they conduct an environmental justice audit and report the results
  - One proposal was withdrawn and one received no-action relief on the grounds that the company would lack the power to implement it
- AT&T and Verizon received proposals requesting they map their lead-sheathed cables and report on the associated human impact and potential remediation costs
  - One proposal went to vote and received 14.4%
  - One proposal received no-action relief on ordinary business grounds

Executive Compensation

- One company received a proposal requesting reporting on tying executive compensation to sustainability metrics
  - The proposal is pending
- One company received a proposal requesting its board consider eliminating carbon emissions considerations from executive pay incentives
  - The proposal received 1.5% support

Source: Freshfields analysis of ISS data as of June 16, 2025

5.

Social Proposals

Social Proposals Overview

As of June 16, 2025, five proposals, all requesting reports on political contributions, received majority support. Average support for the majority-supported proposals was 54.1% (ranging from 51.0%–57.9%)

Social proposals covered topics such as DEI, human rights, workplace safety, healthcare access, data privacy, political activities and general business practices

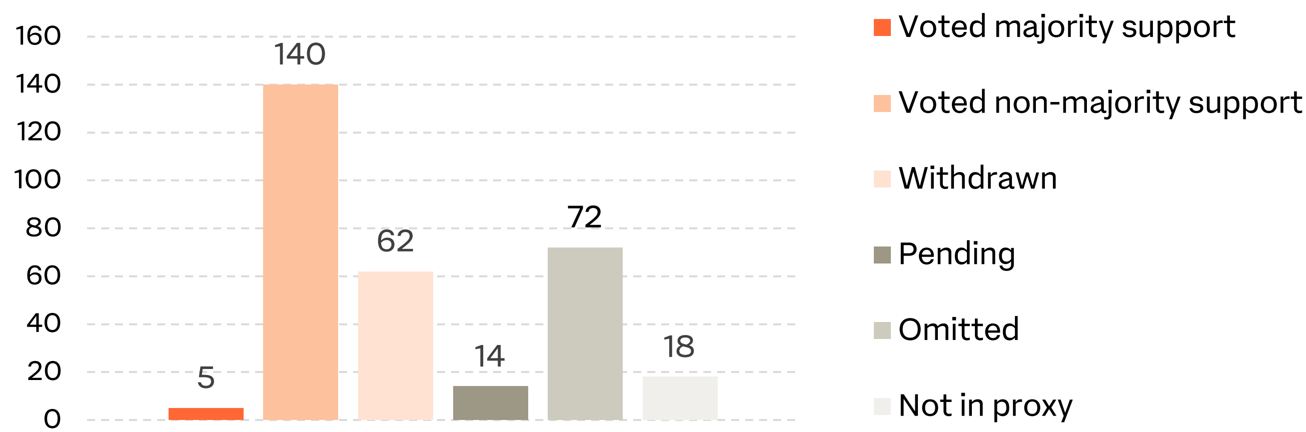
311*

Known proposals

92

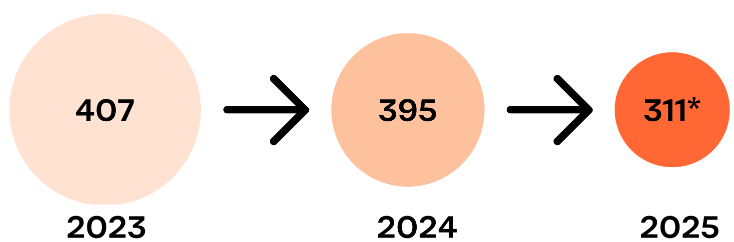
Anti-ESG proposals

By the Numbers



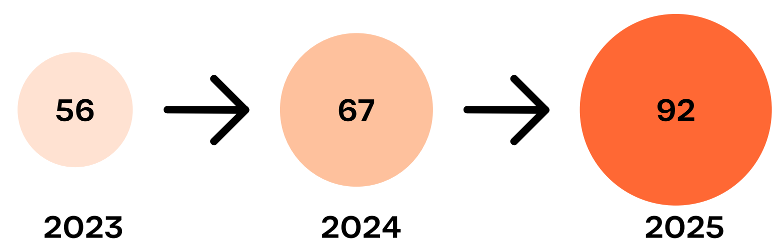
Excluding the five proposals that received majority support, support for social proposals ranged from 0.1%–43.9%

Decreasing Trend in Number of Social Proposals



The number of social proposals overall has steadily declined in recent years, down 21.3% and 23.6% from 2024 and 2023, respectively

Increasing Trend in Number of Anti-ESG Social Proposals



The percentage of anti-ESG social proposals has increased to 29.6% of total social proposals, compared to 17.0% in 2024 and 13.8% in 2023

**Includes 92 anti-ESG proposals based on Freshfields review*
Source: Freshfields analysis of ISS data as of June 16, 2025

Social Proposals – DEI (Workforce)

DEI Disclosures and Effectiveness

- 57 companies received a total of 65 proposals relating to DEI, including requests for inclusive board policies, enhanced non-discrimination measures and elimination of DEI programs. Proposals also cover workforce data disclosures, meritocratic workplace efforts and LGBTQ+ inclusion strategies, focusing on reporting harassment prevention, inclusive benefits and collecting anonymized data for talent development
  - 29 proposals went to vote, 21 were withdrawn, six were omitted, five were not included in the proxy and four are pending
    - Average support was 7.6% (ranging from 0.2%–37.3%)
    - Of the omitted proposals, two received no-action relief on ordinary business grounds, two on substantial implementation grounds, one for failure to meet share ownership requirements and one on same subject matter grounds as a prior proposal submitted within the last five years
- 26 of the 65 proposals were categorized as anti-ESG
  - The proposals requested companies limit or cease DEI efforts or report on the impact of those efforts, particularly concerning any potential incidental discrimination based on religion or political viewpoint
  - 15 of the 26 anti-ESG proposals went to vote, seven were withdrawn, three were omitted and one is pending
    - Average support was 1.7% (ranging from 0.2%–7.1%)

Voted proposals that received > 10% support

Arch AutoNation Best Buy Elevance Health GPC IDEX planet fitness Texas Roadhouse Wells Fargo

DEI Disclosure and Effectiveness Proposals

Company	Support %	Proponent
Wells Fargo	15.1%	Comptroller of the State of New York; Thomas P. DiNapoli
Genuine Parts	17.6%	The Nathan Cummings Foundation
Texas Roadhouse	28.4%	New York City Police Pension Fund; New York City Employee' Retirement System; New York City Teachers' Retirement Fund
Planet Fitness	37.3%	New York City Police Pension Fund; New York City Teachers' Retirement System

Table includes all voted proposals that received >15% support

Anti-DEI Proposals

Company	Support %	Proponent
Apple	2.3%	NCPPR
Boeing	3.2%	NLPC
Target	7.1%	NCPPR

Table includes all voted proposals that received >2% support

Proposals for Public Disclosure on Workforce Diversity

- Seven companies received proposals requesting the annual public disclosure of its EEO-1 report, detailing workforce diversity by race, ethnicity and gender
  - Two proposals went to vote, three were withdrawn, one was not included in the proxy and one is pending
  - Average support was 32.9%

Arrow Bright Horizons Insulet NVIDIA Pilgrim's planet fitness Texas Roadhouse

Source: Freshfields analysis of ISS data as of June 16, 2025

Social Proposals – DEI (Workforce) (cont.)

LGBTQ+ Inclusion and Gender-Based Equity

- Five companies received proposals requesting they submit a report on LGBTQ+ inclusion and non-discrimination policies, emphasizing the benefits of inclusivity for employee retention and profitability, the need for data collection on sexual orientation and gender identity and addressing workplace harassment and discrimination
  - Three proposals went to vote, one proposal received no-action relief on substantial implementation grounds and one was not included in the proxy
  - Average support was 9.2% (ranging from 6.5%–12.0%)

Voted proposals

- One company received a proposal from the NLPC requesting the board issue a report about the benefits and health program gaps as they address gender dysphoria, including associated policy, reputational, competitive, operational and litigative risks and risks related to recruiting and retaining diverse talent
  - The proposal went to vote and received 0.8% support
  - Decrease from six similar proposals in 2024

Racial/Gender Pay Gap

- Two companies received proposals requesting reports on median and adjusted racial and gender pay gaps, along with related business risks including impact on talent recruitment and retention
  - Significant decrease from 15 proposals in 2024
  - Both proposals were withdrawn

Hiring Veterans and Formerly Incarcerated Individuals

- One company received a proposal requesting annual disclosure of workforce representation of veterans and individuals with disabilities
  - The proposal received no-action relief on ordinary business grounds
- Two companies received proposals on hiring practices for formerly incarcerated individuals
  - Both proposals went to vote
  - Average support was 9.1% (ranging from 4.3%–13.9%)

Source: Freshfields analysis of ISS data as of June 16, 2025

Social Proposals – Conservative/Anti-ESG Proposals

Financial Surveillance

- Four financial institutions received proposals requesting the board issue a report on how it oversees risks related to monitoring customers based on their political or religious status, views, or activities, and how such viewpoint discrimination impacts individuals' exercise of their constitutionally protected civil rights
  - One proposal was withdrawn and three received no-action relief on ordinary business grounds

Civil Rights Audit

- Four companies received a total of five proposals requesting a civil rights and non-discrimination report to evaluate bias and discrimination risks associated with policies and practices
  - Four proposals went to vote and one received no-action relief on substantial implementation grounds
  - Average support was 1.6% (ranging from 0.7%–3.1%)

Human Rights Campaign's (HRC) Corporate Equality Index

- Five companies received proposals requesting they reconsider participation in the HRC Corporate Equality Index
  - Four proposals went to vote and one received no-action relief on ordinary business grounds
  - Average support was 1.2% (ranging from 0.5%–2.1%)

Business Relationships with Undocumented Immigrants

- One company received a proposal requesting a "special risk report" analyzing the financial and legal exposure from any business relationships with undocumented immigrants
  - The proposal received no-action relief on ordinary business grounds

Proposal for Report on Risks of Uniform Engagement Policy

- One company received a proposal requesting a report on risks related to the company's uniform engagement policy
  - The proposal received no-action relief on ordinary business grounds

Source: Freshfields analysis of ISS data as of June 16, 2025

Social Proposals – Conservative/Anti-ESG Proposals (cont.)

Distribution of Certain Medications

- Three companies received proposals requesting the board issue a report on risks related to dispensing the abortion drug mifepristone
  - Two proposals were withdrawn and one received no-action relief for lack of economic relevance
- One company received a proposal requesting the board issue a report on risks related to dispensing puberty blockers
  - The proposal received no-action relief for lack of economic relevance

DEI Goals in Executive Pay Incentives

- Eight companies received proposals requesting they revisit or eliminate DEI goals in executive pay incentives
  - Five proposals went to vote, two proposals received no-action relief on substantial implementation grounds and one received no-action relief for being materially false and misleading
  - Average support was 1.3% (ranging from 1.0%–1.6%)

Elimination of Bias

- One company received a proposal requesting it remove perceived anti-Israel bias from its ESG ratings criteria
  - The proposal received no-action relief on ordinary business grounds

Hiring Practices and Discrimination Risks

- One company received a proposal requesting the board to evaluate and report on how DEI hiring requirements impact discrimination risks based on race, religion, sex, national origin or political views. The proposal was withdrawn

Board Committee on Financial Sustainability

- Two companies received proposals requesting the creation of a board committee on corporate financial sustainability, overseeing the impact of the company's policy positions, advocacy, associations and charitable giving
  - One proposal went to vote and received 1.0% support
  - One proposal received no-action relief on same subject matter grounds as a prior proposal submitted within the last five years

Source: Freshfields analysis of ISS data as of June 16, 2025

Social Proposals – Religious and Political Liberty (Anti-ESG)

33 companies received a total of 39 proposals related to discrimination based on religious or political beliefs

Discrimination from Promoting DEI

- Two companies received proposals requesting the board issue a report on how it oversees risks of discrimination based on religious or political viewpoint in connection with the promotion of DEI
  - Both proposals were withdrawn

- One company received a proposal requesting that the board issue a report on how it oversees risks related to its support for ESG and DEI
  - The proposal received 1.3% support

Discrimination in Charitable Giving

- 15 companies received proposals requesting reports on how their charitable contributions and policies impact risks related to discrimination, focusing on free speech, religious freedom and the exclusion of religious charities from employee-gift match programs
  - Nine proposals went to vote, three were withdrawn and three received no-action relief on the basis of being materially false and misleading
  - Average support was 1.2% (ranging from 0.4%–2.1%)

Voted proposals

Source: Freshfields analysis of ISS data as of June 16, 2025

Social Proposals – Religious and Political Liberty (Anti-ESG) (cont.)

Discrimination Against Business Partners and Customers

- Nine companies received proposals requesting the board issue a report on how it oversees risks related to discrimination against ad buyers and sellers based on political and religious views
  - Eight proposals went to vote and one was not included in the proxy
  - Average support was 1.2% (ranging from 0.4%–2.3%)

- Five companies received similar proposals requesting an assessment/report on policies regarding risks related to discrimination against customers or contractors based on protected characteristics, including religious and political views
  - Two proposals went to vote, one proposal received no-action relief on ordinary business grounds and two were withdrawn
  - Average support was 1.4% (ranging from 1.0%–1.7%)

Religious Discrimination Against Employees

- Six companies received proposals requesting the board issue a report on how it oversees risks related to religious discrimination against employees
  - Three proposals went to vote and three were withdrawn
  - Average support was 1.5% (ranging from 1.0%–2.0%)

Discrimination from Generative AI

- One company received a proposal requesting the board issue a report on how it oversees risks related to potential religious or political discrimination from generative AI
  - This proposal received 0.5% support

Source: Freshfields analysis of ISS data as of June 16, 2025

Social Proposals – Human Rights Policies and Practices

Human Rights Policy and Impact

- 13 companies received proposals requesting adoption or improvement of a human rights policy
  - Six proposals went to vote, one received no-action relief on ordinary business grounds, one was withdrawn, three were not included in the proxy and two are pending
  - Average support was 17.2% (ranging from 7.5%–35.9%)

Voted proposals

Chevron GILEAD Johnson & Johnson MERCK

- One company received a proposal requesting the board issue an ethical impact assessment specifically related to its corporate operations in Israel and potential divestment based on the company's code of conduct
  - The proposal received 9.5% support

intel

Indigenous Peoples' Rights

- Three companies received proposals requesting a report on the effectiveness of each company's policies and practices related to Indigenous Peoples' rights in its corporate and project financing
  - Two proposals went to vote and one was withdrawn
  - Average support was 12.7% (ranging from 12%–13.4%), down from 23.9% in 2024

citi JPMorganChase WELLS FARGO

Child Labor

- One company received a proposal requesting an annual report on the extent to which its electric vehicle supply chain may involve child labor outside the U.S.
  - The proposal received no-action relief on same subject matter grounds as a prior proposal submitted within the last five years

gm

Water Access

- One company received a proposal requesting a policy articulating the company's respect for and commitment to the human right to water
  - The proposal received 10.4% support

DIGITAL REALTY

Supply Chain Human Rights Abuses

- One company received a proposal requesting a report on the effectiveness of efforts to uphold human rights standards throughout its sugar supply chain in India
  - The proposal received no-action relief for lack of economic relevance

PEPSICO

Content Moderation – Hate Speech

- One company received a proposal requesting a report on its content moderation efforts against antisemitism, anti LGBTQ+ and anti-disability hate. The proposal received 14.6% support

Meta

- One company received a proposal requesting that its audit committee investigate alleged anticompetitive behavior and censorship, including moderation of hate speech. The proposal received no-action relief on ordinary business grounds

Walt Disney

Source: Freshfields analysis of ISS data as of June 16, 2025

Social Proposals – Workers' Rights

23 companies received 25 proposals requesting evaluations and reports on various aspects of workers' rights, including freedom of association, collective bargaining, workplace safety, living wage, healthcare access and pay transparency

Labor Organizing Activities

- Nine companies received proposals requesting action or disclosure in support of collective bargaining rights and freedom of association
  - Three proposals went to vote, five received no-action relief on ordinary business grounds and one was withdrawn
  - Average support was 14.1% (ranging from 2.8%–28.8%)
- One company received an anti-ESG proposal requesting a study on the human rights risks and devaluation risks to shareholder assets from labor organizing efforts
  - The proposal received 1.0% support

Workplace Safety

- Seven companies received proposals requesting a workplace health and safety audit
  - Three proposals went to vote, two were withdrawn and two received no-action relief on ordinary business grounds
  - Average support was 12.9% (ranging from 7.0%–22.3%)
- Three airline companies received proposals requesting a report on efforts to address heat-related risks for airline employees
  - All three proposals were withdrawn

Other – Miscellaneous Workers' Rights

- Five companies received proposals aimed at improving workplace safety, healthcare, compensation and driver treatment
  - Proposals submitted to Dollar General and HCA Healthcare went to vote, receiving 8.0% and 9.6% support, respectively
  - One was not included in the proxy, one was withdrawn and one received no-action relief on ordinary business grounds
- These proposals included requests for the following: (1) comprehensive reports on employee access to healthcare; (2) evaluations of how living wage data impacts workforce compensation; (3) policies to ensure all employees accrue paid sick leave; (4) transparency in the distribution of "gross bookings" to address driver treatment concerns; and (5) reviews of staffing levels to ensure adequate support and safety for employees

Source: Freshfields analysis of ISS data as of June 16, 2025

Social Proposals – Political Contributions

As of June 16, 2025, 22 proposals were submitted relating to political spending, down from 38 in 2024

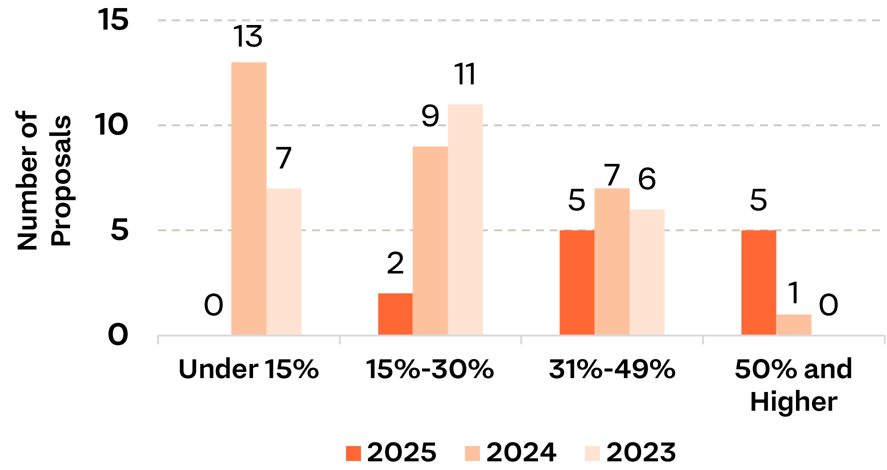
- The proposals generally requested disclosure or reports on political contributions and expenditures, including company policies and procedures for making such disbursements as well as the identities of recipients and anyone involved in the disbursement approval process
  - 12 proposals went to vote, four were withdrawn, three were omitted, one was not included in the proxy and two are pending
  - Average support was 42.3% (ranging from 18.7%–57.9%), with five proposals receiving majority support
  - Of the omitted proposals, one received no-action relief for failure to meet share ownership requirements, one for being submitted after the deadline and one because the proponent failed to appear to present the proposal without good cause
  - One proponent submitted 19 of the 22 proposals

Political Contributions Proposals

Company	Support %	Proponent
Teradyne	51.0%	John Chevedden
Crown Holdings	52.7%	John Chevedden
Spirit AeroSystems Holdings	52.7%	John Chevedden
Cboe Global Markets	56.1%	John Chevedden
Meritage Homes	57.9%	John Chevedden

Table includes all voted proposals that received >50% support

Shareholder Support for Political Contribution Proposals



Political Spending and ESG Goals/Human Rights Policy

- One company received a proposal requesting an annual report on the alignment of its political activities with its human rights policy
  - The proposal received 9.8% support

LOCKHEED MARTIN

- Two companies received proposals requesting a report analyzing the negative impacts of each company's political associations and contributions against its corporate values, including ESG and DEI
  - Average support was 8.0% (ranging from 4.7%–11.2%)

Coca-Cola

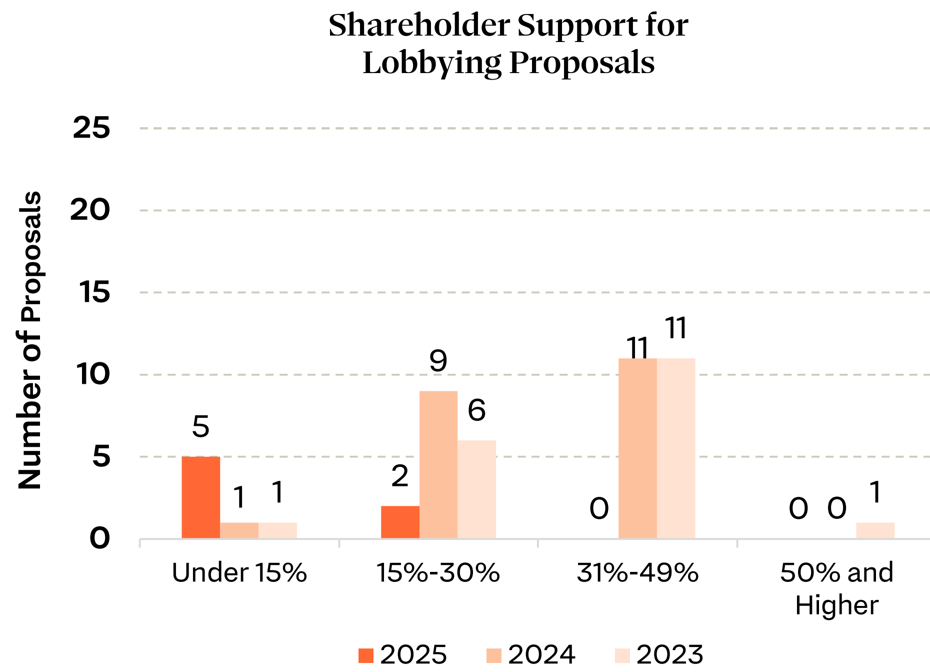
WELLS FARGO

Source: Freshfields analysis of ISS data as of June 16, 2025

Social Proposals – Lobbying and Transparency

As of June 16, 2025, 33 proposals were submitted relating to lobbying expenditures

- The proposals generally request disclosure of company policies and procedures governing lobbying activities, including payments used for lobbying, memberships and payments to tax-exempt organizations and the decision-making process for these payments
  - Seven proposals went to vote, eight were withdrawn, 15 received no-action relief on ordinary business grounds, two were not included in the proxy and one is pending
  - Average support was 14.3% (ranging from 8.1%–21.5%)
- The number of proposals relating to lobbying and transparency is consistent with 2024



Proposals Submitted by One Proponent

- Of the 33 proposals, 21 were submitted by John Chevedden and focused on requesting an annual lobbying transparency report
- Of the 21 proposals submitted by John Chevedden, seven proposals went to vote
  - Average support was 14.3% (ranging from 8.1%–21.5%)

Lobbying and Child Safety

- One company received a proposal requesting the board to report on how the company's lobbying activities align with its child safety policies and commitments
  - This proposal received 5.2% support

Source: Freshfields analysis of ISS data as of June 16, 2025

Social Proposals – Other (Technology and AI-Related)

Bitcoin Diversification

- Six companies received proposals requesting the board evaluate whether investing in Bitcoin would be in the best long-term interests of the shareholders
  - One proposal went to vote, four were omitted and one was not included in the proxy. Of the omitted proposals, three received no-action relief on ordinary business grounds and one for failure to meet ownership requirements
  - The proposal that went to vote received 0.1% support

AI

- One proponent submitted proposals to four companies requesting an annual report assessing the risks of unethical/improper use of external data in AI development, training and deployment
  - All four proposals went to vote
  - Average support was 11.1% (ranging from 9.9%–12.3%)
- Three companies received proposals requesting the board facilitate an independent Human Rights Impact Assessment related to AI practices
  - One proposal focused on Google's AI-driven targeted advertising policies and practices and received 14.3% support
  - One proposal focused on potential impacts of AI on hiring discrimination and criminal justice and received 10.2% support
  - One proposal focused on the companies' GHG emissions commitment and received 12.9% support

Patient and Customer Data Privacy

- Two companies received proposals requesting disclosure related to board oversight of data protection related to firearm and ammunition purchases
  - One proposal went to vote and received 0.8% support and one received no-action relief on ordinary business grounds
- Two companies received proposals requesting a report on policies, practices and risks related to compliance with law enforcement requests for medication- and health-related data, particularly protection of patients receiving reproductive/gender-affirming care
  - One proposal went to vote and received 4.1% support. One proposal is pending
- One company received a proposal requesting the board oversee an independent report related to its healthcare services offerings' patient data protection practices. It received no-action relief on ordinary business grounds

Child Safety

- Four companies received six proposals on child safety addressing advertising and data privacy risks, YouTube safety metrics, human rights impacts of guns and reports on online safety, deepfake exploitation and data collection practices
  - Four proposals went to vote, one received no-action relief for being a duplicate of a prior proposal and one was withdrawn
  - Average support was 8.9% (ranging from 6.5%–10.9%)

Source: Freshfields analysis of ISS data as of June 16, 2025

Social Proposals – Other (Health)

As of June 16, 2025, 25 known health-related proposals were submitted. The proposals generally request the issuance of a report on the costs, benefits and risks created by certain business practices or strategies to address health-related issues

Tobacco

- Four casinos received proposals requesting reports regarding potential adoption of smoke-free policies
  - Three proposals went to vote and one is pending
  - Average support was 9.9% (ranging from 8.6%–11.7%)
- One company received a proposal requesting the board commission a report on progress towards the company's stated goal to lead adult smokers to less harmful alternatives and discourage nicotine use among the youth
  - The proposal was not included in the proxy
- Two companies received proposals to report on educating customers about the environmental damage of improperly discarded tobacco products and proper disposal methods
  - One proposal received 6.9% support and the other is pending

Healthcare-Related

- One company received two proposals requesting reports on the public health-related costs and macroeconomic risks associated with practices that limit or delay access to healthcare. One proposal was withdrawn and one was not included in the proxy
- One company received a proposal to analyze the racial and ethnic disparities in healthcare outcomes. The proposal received no-action relief on ordinary business grounds
- One company received a proposal requesting a report on strategies to improve maternal health outcomes. The proposal received 5.0% support
- One company received a proposal requesting a report on the healthcare consequences of the company's acquisition strategy. The proposal received 12.0% support

Nutrition and Diet

- The Physicians Committee for Responsible Medicine submitted proposals to five healthcare companies, requesting that they issue reports on the feasibility and benefits of primarily serving plant-based meals
  - All five proposals received no-action relief on ordinary business grounds
- Two companies received proposals requesting third-party assessments of efforts to assess and mitigate the potential harms of non-sugar sweeteners
  - Support for both proposals was 11.3%
- Two companies received proposals requesting a report on the gap between the company's global nutrition reporting and reporting based on other Nutrient Profiling Models
  - One received no-action relief on ordinary business grounds and one was withdrawn

Chemical Risk and Antibiotics Use

- One company received a proposal requesting a report on the risks of chemical use. The proposal was not included in the proxy
- Three companies received proposals requesting the board to institute a policy to comply with World Health Organization guidelines on antibiotic use throughout supply chains
  - Two went to vote, receiving average support of 14.4% (ranging from 12.3%–16.5%), and one was withdrawn

Source: Freshfields analysis of ISS data as of June 16, 2025

Social Proposals – Other (Animal Rights, Other Requests for Information, CAHRA, and Civil Rights Audits)

As of June 16, 2025, 23 proposals focused on animal rights/welfare issues, changes or information on business practices, human rights risks related to operations in conflict-affected and high-risk areas amidst global conflicts and civil rights audits

Other Requests for Information

- Five companies received proposals related to requests for changes or greater transparency in various business practices or operations of each company. The range of topics addressed in these proposals include the following: publishing a tax transparency report, impact of sourcing commitments and increased diversity of law firm representation
  - One proposal went to vote, receiving 22.8% support, two received no-action relief for failure to meet stock ownership requirements and relating to ordinary business operations, one was withdrawn and one was not included in the proxy

Animal Rights

- Two companies received proposals requesting a report disclosing whether and how the board exercises oversight on the material risks associated with animal welfare, including business reduction and loss of goodwill. Both proposals went to vote. Average support was 6.3% (ranging from 6.2%–6.4%)
- One company received a proposal requesting it disclose its plan to implement its cage-free egg commitments. The proposal received 7.8% support
- One company received a proposal requesting an annual report on nonhuman primates imported into the U.S., Canada, E.U. and the U.K. The proposal received 8.3% support
- Two companies received proposals related to pork: one requested an increase in group sow housing in the company's supply chain and one requested a report on hormone use in pork. Both proposals were withdrawn

Human Rights Due Diligence in CAHRA Proposals

- Four companies received proposals requesting independent third-party assessments of their human rights due diligence processes in conflict-affected and high-risk areas (CAHRAs)
  - Three proposals went to vote and one was withdrawn
  - Average support was 7.7% (ranging from 4.5%–13.1%)

Civil Rights Audits

- Eight companies received proposals requesting a civil rights audit to analyze bias and discrimination risks in their policies and practices related to talent recruitment, advancement, retention, customer growth and other business objectives
  - Five proposals went to vote, two were withdrawn and one is pending. Average support was 14.2% (ranging from 6.5%–29.2%)

Voted proposals with >10% support:

Source: Freshfields analysis of ISS data as of June 16, 2025

6.

Governance Proposals

Governance Proposals Overview

As of June 16, 2025, 42 governance proposals received majority support, a continued increase from 38 in 2024 and 17 in 2023

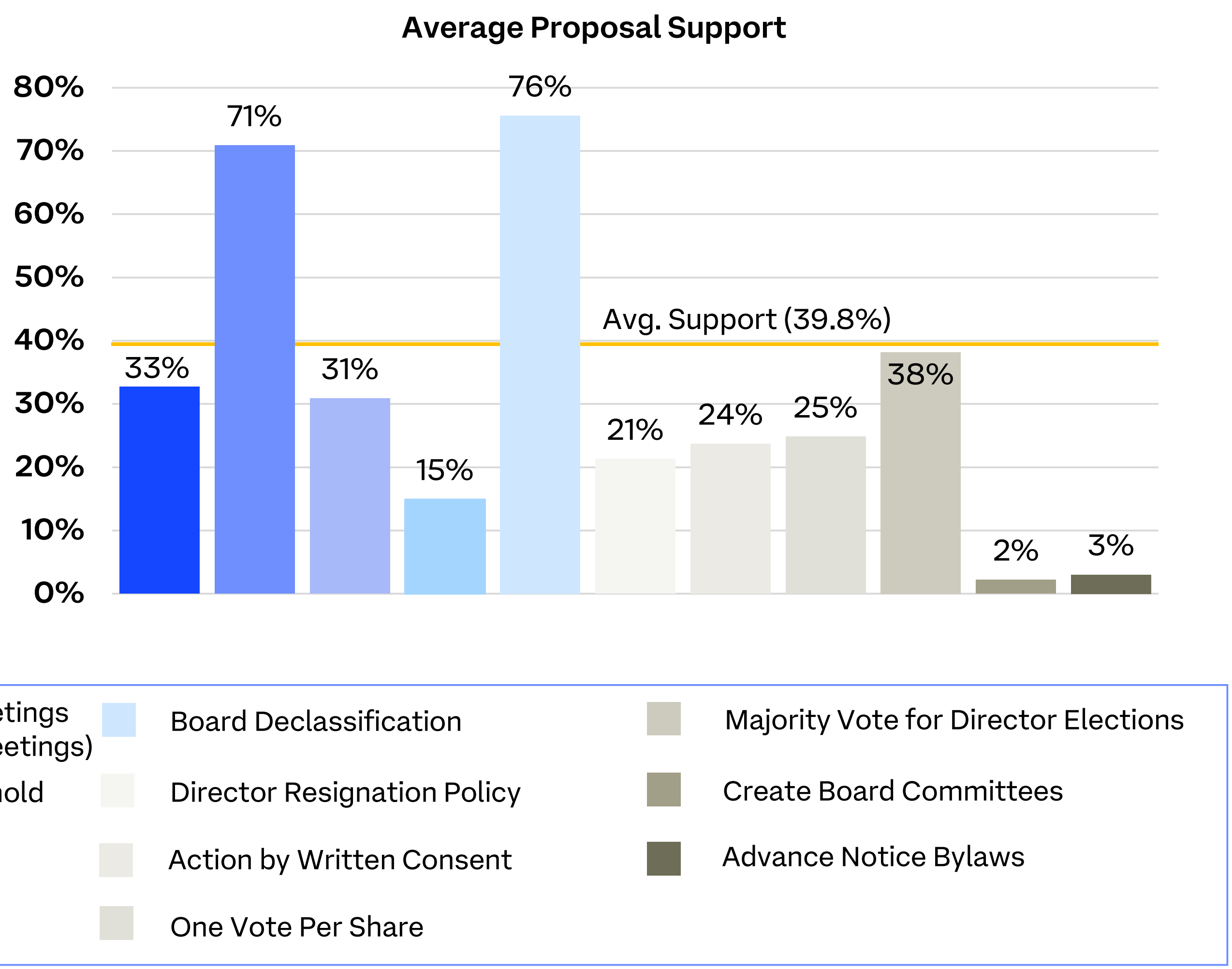
- 244 known governance-related proposals were submitted, as compared to 252 in 2024 and 236 in 2023
- One proponent submitted approximately 62% of all known proposals, focusing on special meeting call rights, simple majority voting requirements, independent board chairs and the right to act by written consent

244*

Known proposals

74

Proposals requesting initial or a lowered threshold for shareholders to call special meetings



*Includes one anti-ESG proposals based on Freshfields review
Source: Freshfields analysis of ISS data as of June 16, 2025

Governance Proposals Receiving Over 75% Support

Company	Support %	Governance Category	Board Recommendation
TreeHouse Foods	99.6	Adopt Simple Majority Voting	For
Lantheus Holdings	98.8	Board Declassification	No recommendation
Regions Financial	98.1	Adopt Simple Majority Voting	No recommendation
Skyworks Solutions	98.0	Adopt Simple Majority Voting	No recommendation
Keysight Technologies	97.7	Board Declassification	No recommendation
Duke Energy Corporation	97.6	Adopt Simple Majority Voting	For
Lumen Technologies	97.1	Adopt Simple Majority Voting	No recommendation
Choice Hotels International	96.8	Adopt Simple Majority Voting	For
Agilent Technologies	96.7	Board Declassification	No recommendation
Graphic Packaging	96.0	Board Declassification	No recommendation
Boston Scientific Corporation	95.9	Adopt Simple Majority Voting	No recommendation
Fortune Brands Innovations	95.0	Adopt Simple Majority Voting	No recommendation
IDEXX Laboratories	94.2	Board Declassification	No recommendation
Fidelity National Financial	93.0	Board Declassification	No recommendation
Entegris	89.8	Adopt Simple Majority Voting	No recommendation
Papa John's	89.4	Adopt Simple Majority Voting	No recommendation
US Foods	89.3	Call Special Meeting	No recommendation
ICU Medical	85.6	Adopt Simple Majority Voting	Against
Hologic	84.8	Adopt Simple Majority Voting	No recommendation
Alexandria Real Estate Equities	84.1	Adopt Simple Majority Voting	Against
The Charles Schwab Corporation	83.9	Board Declassification	Against
LKQ Corporation	83.2	Call Special Meeting	No recommendation
First American Financial	83.1	Adopt Simple Majority Voting	Against
Arrow Electronics	83.0	Adopt Simple Majority Voting	Against
Riot Platforms	80.1	Board Declassification	For
Select Medical	79.9	Board Declassification	No recommendation

Source: Freshfields analysis of ISS data as of June 16, 2025

Governance Proposals

Adopt a Simple Majority Voting Threshold

- 41 proposals requested to change the voting threshold to a simple majority, down from 52 in 2024
  - 30 proposals went to vote, 10 were omitted and one was not included in the proxy
  - 22 received majority support
  - Average support was 70.9% (ranging from 4.8%–99.6%)

Board Declassification

- 24 proposals requested to declassify the board, up from 14 in 2024
  - 13 proposals went to vote, eight were omitted, two are pending and one was not included in the proxy
  - Ten received majority support
  - Average support was 75.6% (ranging from 6.5%–98.8%)

Action by Written Consent

- 12 proposals requested to permit shareholders to act by written consent, up from seven in 2024
  - Nine proposals went to vote, one was omitted and two are pending
  - One proposal received majority support
  - Average support was 24.4% (ranging from 5.8%–50.9%)

Independent Board Chair

- 31 proposals requested to split the chair and CEO role, down from 44 in 2024
  - 24 proposals went to vote, two were withdrawn, four were omitted and one is pending
  - Average support was 31.4% (ranging from 15.4%–47.4%)

Director Resignation Policy

- 19 proposals requested adoption of resignation policies for directors that do not receive majority vote, down from 44 in 2024
  - 11 proposals went to vote, two were withdrawn, four were omitted and two are pending
  - Average support was 21.3% (ranging from 9.8%–38.8%)

One Vote Per Share

- Seven proposals requested to establish one vote per share, unchanged from seven in 2024
  - One proposal requested to establish one vote per share by eliminating the dual class share structure
  - Four proposals went to vote, one was withdrawn, one was omitted and one was not included in proxy
  - Average support was 24.8% (ranging from 5.0%–37.9%)

Source: Freshfields analysis of ISS data as of June 16, 2025

Governance Proposals (cont.)

Majority Vote for Director Elections

- Three proposals requested to establish a majority voting standard for director elections, down from seven in 2024
  - One proposal went to vote and two were not included in the proxy
  - The proposal that went to vote received 38.2% support

Create Board Committees

- Three proposals requested to create new board committees, substantially down from 12 in 2024
  - One company received a proposal to create a committee to address risks associated with AI, which went to vote and received 3.5% support
  - One company received a proposal to create an "Improper Influence Committee" to assess the impact of DEI practices, which went to vote and received 0.8% support
  - One company received a proposal to create a working group to develop a comprehensive risk assurance policy in response to U.S. Department of Education regulatory changes and received no-action relief on procedural grounds

Advance Notice Bylaws

- Three proposals requested to amend advance notice bylaws
  - Two companies received proposals seeking to amend their advance notice bylaws by providing that, if the company determines a shareholder nomination is defective, the company must notify the shareholder of any "facially apparent" defect within 14 days of receipt
    - One proposal went to vote and received 3.0% support, and the other was not included in the proxy
  - One company requested a proposal seeking to amend its advance notice bylaws by providing that, if the company determines a shareholder nomination is defective, it must seek declaratory judgment from a court declaring that the nomination does not comply with the bylaws
    - The proposal was not included in the proxy

Other

- Two proposals requested to adopt a policy precluding directors affiliated with 20% shareholders from being deemed independent
  - One proposal went to vote and one was withdrawn
  - The only proposal that went to vote received 13.9% support
- Three proposals requested to disclose voting results by class for dual class companies
  - All three proposals went to vote
  - Average support was 12.8% (ranging from 4.6%–20.6%)
  - Each proposal would have received majority support based only on low votes
- Three proposals requested to require more director nominations than open seats in director elections
  - All three proposals went to vote
  - Average support was 2.1% (ranging from 1.5%–3.2%)

Source: Freshfields analysis of ISS data as of June 16, 2025

Shareholder Right to Call Special Meetings

72 companies received 74 proposals related to shareholder ability to call special meetings, up from 30 in 2024

Permitting Shareholders to Call Special Meetings

33 proposals requested to permit shareholders to call special meetings

- Of these, 26 proposals requested to establish a special meeting call right for shareholders holding a combined 10% interest, five for shareholders holding a combined 15% interest and two for shareholders holding a combined 25% interest
- 21 proposals went to vote, two were withdrawn and 10 were omitted
- Average support was 47.7% (ranging from 27.0%–89.3%), with six proposals receiving majority support

All voted proposals with >50% support

Changing the Threshold Required for Shareholders to Call Special Meetings

41 proposals requested to lower the threshold for shareholders to call special meetings or reduce the holding period required to call special meetings

- 23 proposals requested to eliminate the requirement to hold shares for a minimum of one year
  - 22 proposals went to vote and one is pending
  - Average support was 11.0% (ranging from 2.6%–18.5%)
- 18 proposals requested reducing the share ownership threshold to 10%
  - Three of such proposals also requested elimination of the one-year holding period
  - 15 proposals went to vote, one was withdrawn and two are pending
  - Average support was 43.3% (ranging from 24.7%–65.5%), with three proposals receiving majority support

Company	Current Ownership Threshold	Support %
Revvity	40	65.5
Sanmina	50	56.5
Monolithic Power Systems*	30	56.1
Booking Holdings	20	48.9
Xylem	25	46.0
PayPal Holdings	20	43.9
Prologis	20	43.6
IQVIA Holdings*	25	43.5
Texas Instruments	25	42.7
Netflix*	20	42.1
The Hartford Insurance Group	25	40.1
NiSource	25	34.5
Fortive	25	32.2
NVR	25	29.8
Chevron	15	24.7

*Indicates that the proposal also requested elimination of a one-year holding period

Source: Freshfields analysis of ISS data as of June 16, 2025

Reincorporation Proposals 2025 Proxy Season

As of June 16, 2025, there were eight proposals to reincorporate from Delaware to Nevada that went to vote*

- All of these proposals were approved, with average support of 71.1% (ranging from 50.3%–85.2%)
- Of the eight companies, all but two were controlled companies
  - One was not controlled, but insiders together with one large institutional investor controlled 42% of the vote
  - One was not controlled, submitted a similar proposal in 2024 that failed, and this year amended the proposal to include certain shareholder protective provisions shareholders requested following shareholder engagement
- None of the eight companies proposed to reincorporate in Texas
- Some companies, including DropBox, acted via written consent and therefore are not included in this count

Select State Reactions

March 25, 2025: Delaware amended its corporate code to expand safe harbor protections for directors, officers and controlling shareholders, limit shareholder inspection rights and reduce liability for controlling shareholders

May 30, 2025: Nevada signed into law legislation that updated the business judgment rule, clarified the fiduciary duties of controlling shareholders, set forth a process for board approval of mergers and allowed waiver of trial by jury

May 14, 2025: Texas amended its corporate code to codify the business judgment rule, allow companies to set minimum ownership thresholds to bring derivative actions and allow companies to waive trial by jury

May 19, 2025: Texas further amended its corporate code to permit Texas-based public companies to impose greater ownership thresholds for shareholder proposals (including pursuant to Rule 14a-8) other than director nominations and ancillary procedural resolutions

June 20, 2025: Governor Abbott signed Senate Bill (SB) 2337 into law. SB 2337 requires proxy advisory firms issuing voting recommendations for companies headquartered, incorporated or redomiciling in Texas to disclose when such recommendations are not solely based on financial return (e.g., when they involve ESG or DEI considerations). SB 2337 will become effective September 1, 2025

* Does not include (i) reincorporation proposals from companies not originally incorporated in Delaware or proposing to reincorporate in a state other than Nevada or Texas, (ii) reincorporation proposals submitted in the context of an M&A transaction or (iii) reincorporation proposals at companies with a market capitalization under $200 million

Source: ISS data as of June 16, 2025

Reincorporation Proposals 2025 Proxy Season – Voting Results

Company	Controlled Company	Results	Support %
Sphere Entertainment	X	Pass	85.2%
AMC Networks	X	Pass	79.9%
Madison Square Garden Entertainment Corp.	X	Pass	79.1%
Madison Square Garden Sports Corp.	X	Pass	78.5%
Tempus AI	X	Pass	72.0%
Roblox	X	Pass	70.4%
Fidelity National Financial		Pass	53.6%
XOMA Royalty		Pass	50.3%

* Does not include (i) reincorporation proposals from companies not originally incorporated in Delaware or proposing to reincorporate in a state other than Nevada or Texas, (ii) reincorporation proposals submitted in the context of an M&A transaction or (iii) reincorporation proposals at companies with a market capitalization under $200 million

Source: ISS data as of June 16, 2025

7.

Executive and Director Compensation

Compensation Proposals Overview

As of June 16, 2025, 55 known proposals were submitted on topics including shareholder approval of termination pay, clawback provisions, share retention policies and CEO pay ratios, down from 65 known proposals in 2024

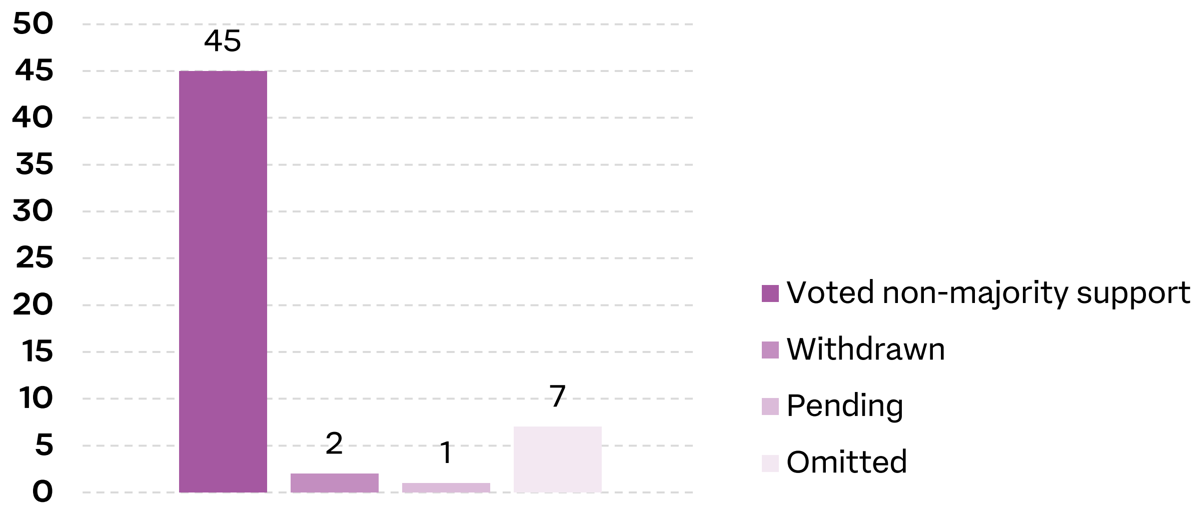
55

Known proposals

45

Voted proposals

By the Numbers



Support for compensation proposals ranged from 1.3%–47.7%

1.3% — 47.7%

76.4%

The percentage of all compensation proposals submitted by one proponent

18.7%

The average support received by compensation proposals

Source: Freshfields analysis of ISS data as of June 16, 2025

Executive and Director Compensation Proposals

Shareholder Approval of Termination Pay

29 proposals requested shareholder approval of termination pay for executives exceeding 2.99x the sum of the executive's base salary plus target short-term bonus

- 28 proposals went to vote and one received no-action relief for failure to meet share ownership requirements
- Average support was 23.5% (ranging from 5.1%–47.7%), up from 15.2% in 2024

All voted proposals that received > 40% support

Adobe, Capital One, CF, Intuitive, Travelers

Share Retention Policies

Five proposals requested companies adopt policies requiring NEOs and certain others to retain a percentage of stock acquired through equity programs until reaching retirement age

- Three proposals went to vote, one proposal received no-action relief for failure to meet share ownership requirements and one received no-action relief on ordinary business grounds
- One proposal at GE Vernova sought share retention for the life of the executive. The same proponent previously submitted the same proposal at GE Healthcare in 2024
- Average support was 33.7% (ranging from 32.0%–37.0%), up from 28.8% in 2024

Advance Auto Parts, Baxter, GE, GE Vernova, Newell Brands, Verizon

Clawback Provisions

14 proposals requested that the company broaden the scope of existing management and executive clawback policies

- 10 proposals went to vote, two received no-action relief for failure to meet share ownership requirements, one received no-action relief on ordinary business grounds and one received no-action relief for being submitted after the deadline
- Average support was 6.7% (ranging from 4.3%–11.4%), down from 17.3% in 2024

All voted proposals

AES, Alaska Airlines, Fiserv, Northrop Grumman, O'Reilly Auto Parts, PulteGroup, S&P Global, Southwest, Timken, Union Pacific

Executive Pay Ratio

Four companies received proposals from the same proponent, all requesting that they improve their executive compensation programs and policies, particularly relating to executive pay ratio factors

- Three proposals went to vote and one is pending
- Average support was 4.9% (ranging from 2.1%–8.0%)

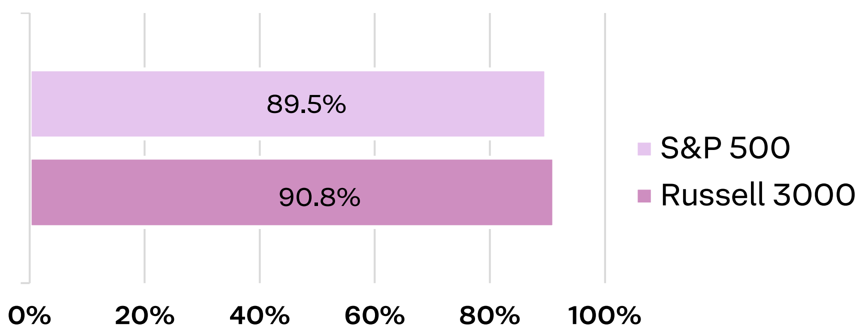
Berkshire Hathaway Inc., Comcast, Gilead, Intuitive

Source: Freshfields analysis of ISS data as of June 16, 2025

YTD Say-on-Pay Results

- Average Say-on-Pay vote result as of May 20, 2025 for Russell 3000 companies is 1.3% higher than the average vote result for the S&P 500
- The Russell 3000 average vote result of 90.8% is lower than this time last year (91.5%)
- The S&P 500 average vote result of 89.5% is also slightly lower than this time last year (89.9%)
- The average support rate varied more by sector than in 2024, with the highest average support in the energy sector (93.6%) and lowest in the information technology sector (87.4%)

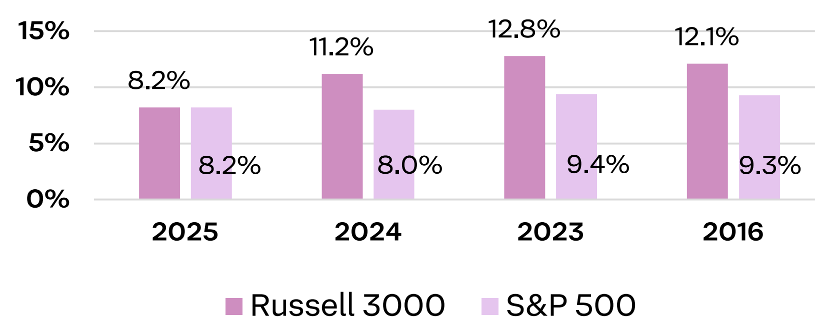
YTD Say-on-Pay Average Support Levels



ISS Recommendations

- In the past 10 years, ISS "against" recommendations for both Russell 3000 and S&P 500 companies peaked in 2022 (14% of the Russell 3000 companies and 12.5% of the S&P 500) and have been generally trending downward to today's level of 8.2% for each of the Russell 3000 and the S&P 500 as of May 20, 2025
- 27% downward impact on average support level at Russell 3000 and 28% downward impact on average support at S&P 500 where ISS recommended "against" compared to companies that received a vote "for" recommendation

Frequency of ISS "Against" Recommendations



1.2%

Approximate percentage of Russell 3000 companies that have not received majority vote on Say-on-Pay proposals (up from 0.9% at this time in 2024)

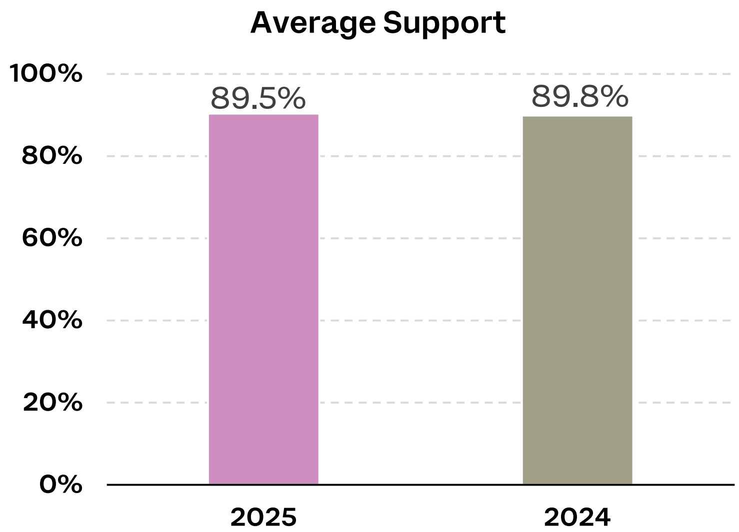
- As of May 20, 2025, 13 Russell 3000 companies have failed Say-on-Pay proposals, three of which are in the S&P 500. Likely causes of failure include pay and performance disconnect, special awards or mega-grants, lack of performance goal rigor, problematic pay practices and shareholder outreach and disclosure
- These initial summary vote results reflect an expected trend of positive early-season vote support; summary results are likely to change over the remainder of the proxy season

Sources: Semler Brossy, 2025 Say on Pay + Proxy Vote Results (May 29, 2025)

Equity Plan and Related Considerations

Support for Equity Plan Proposals

Average support for equity plan proposals remains relatively high in 2025 for Russell 3000 companies, approximately 30 basis points below the average support observed over approximately the same period in 2024

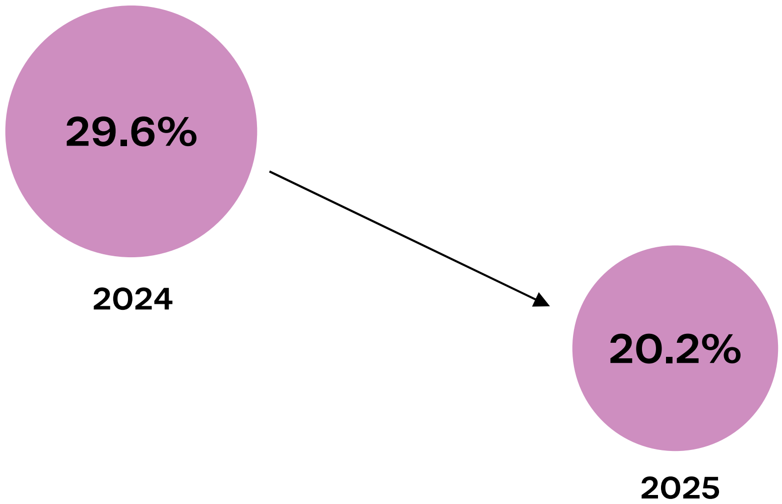


1

As of May 20, 2025, one proposal received less than 50% support, compared with two in 2024 during the same period

ISS Against Recommendation

ISS recommended against 20.2% of equity plan proposals in 2025 so far, which is significantly below the 2024 full-year rate of 29.6%



74%

The average vote result for companies that receive an ISS "Against" recommendation on an equity plan proposal in 2025 thus far (74%) is aligned with average vote support observed for companies that received an ISS "Against" recommendation in the past decade (76%)

Source: Semler Brossy, 2025 Say on Pay + Proxy Vote Results (May 29, 2025)

8.

Anti-ESG Legislation and Litigation Trends

Legal Developments in DEI: A Timeline

July 20, 2022

America First Legal Foundation files its first in a series of suits against "woke corporations." In the complaint, the organization challenges a delivery company's bonus program for minority groups

AMERICA FIRST LEGAL

June 29, 2023

The Supreme Court decides Students for Fair Admissions v. President and Fellows of Harvard College and Students for Fair Admissions v. University of North Carolina, holding that Harvard's and UNC's admissions programs violate the law

Summer 2024

Several major companies roll back DEI policies in response to pressure from conservative activists

January 2025

Multiple coalitions of AGs issue letters to companies, scrutinizing their DEI policies and requesting information on DEI programs which are allegedly in violation of the law

January 20-21, 2025

The Trump Administration issues three Executive Orders (EOs 14173. 14170, 14151) targeting "illegal DEI" in the public and private sectors

February 27, 2025

The FCC opens an investigation into corporate diversity practices at a US telecoms company. FCC Chairman Brendan Carr writes that he "expected" all companies regulated by the FCC "to end invidious forms of DEI discriminatio

March 19, 2025

The Equal Employment Opportunity Commission and the Department of Justice release informal guidance on so-called "DEI discrimination," signaling heightened scrutiny of DEI policies

2022 2023 2024 2025

State of ESG in 2025

Amplification of Anti-ESG Sentiment

- Shortly after President Trump was inaugurated, he mobilized his administration to push back on the ESG agenda, including ordering agencies to halt green energy mandates under the Inflation Reduction Act
- Additionally, we are seeing an increasing attempt to use executive power to achieve anti-ESG goals
- State attorneys general (AGs) are also making headlines, as 10 of them sent letters to major financial institutions warning that ESG commitments could lead to enforcement actions
- Over the course of the next year, we expect to see a continuing amplification of anti-ESG sentiment through coordination among Congress, federal agencies, State AGs, ideological press and social media

Countervailing Traditional ESG Risk

- Meanwhile, climate change advocates continue to expand the universe of climate litigation, testing innovative legal theories, including RICO and antitrust law, as well as new types of injury, such as wrongful death
- There have also been developments in Europe that corporations should keep in mind. For example, in *Lliuya v. RWE AG*, a German court recently found, in the process of dismissing a climate change case, that the requisite causation link could be established to sustain liability for climate change. This suggests further actions to come

Practical Changes at Companies[1]

Shifting Language and Tone

- Terms like "belonging," "inclusive culture" and "supporting all employees" are replacing traditional DEI labels across company websites and filings
- Nearly 60% fewer S&P 500 companies used the phrase "diversity, equity, and inclusion" in their 10-K filings in 2025 compared to 2024; over 200 companies have removed or replaced terms like "diversity" and "equity" in their annual reports
- Some companies are scrubbing internal markers of inclusion, such as removing pronouns from email signatures

Scaling Back Hiring and Headcount

- Job postings with DEI-related titles have fallen by over 50% since mid-2022, and some companies are doing away with current positions

Retrenching Internal DEI Structures

- Some employers are quietly disbanding or dramatically altering ERGs

Reducing DEI-Linked Budgets

- Companies are cutting discretionary DEI program funding, including event sponsorships, ERG stipends, and external DEI consultants

Sources: [1]The New York Times, How Corporate America is Retreating from D.E.I.; Financial Times, US Companies Drop DEI From Annual Reports as Trump Targets Corporate Values; Financial Times, Deloitte Asks Consultants to US Government to Remove Gender Pronouns From Emails; Bloomberg, Latest Victim of Diversity Backlash: Your Workplace Affinity Group

Anti-ESG Related Litigation

Opponents of ESG measures have scored recent litigation victories in cases brought under various legal theories

Spence v. American Airlines, Inc.

- On January 10, 2025, the U.S. District Court for the Northern District of Texas (the Court) issued a first of its kind decision, holding that American Airlines breached its fiduciary duty of loyalty under ERISA by subordinating the financial interests of its 401(k) plan participants to its own corporate interests and BlackRock's ESG goals
- Plaintiffs argued that, because BlackRock broadly takes action to support ESG goals and ESG goals are allegedly not in the best financial interests of investors, American Airlines violated its fiduciary duties of loyalty and prudence by allowing BlackRock to act unchecked as asset manager and also as American Airlines' third-largest shareholder
- The Court held that American Airlines did not violate its duty of prudence, given prevailing industry practices. However, the Court held that American Airlines violated its duty of loyalty because American Airlines was committed to ESG goals, had a conflict of interest together with BlackRock and failed to keep its own corporate interests separate from its responsibilities as a fiduciary

State ex rel. Skrmetti v. Blackrock, Inc.

- On January 17, 2025, BlackRock settled a lawsuit brought by the Tennessee AG in December 2023 over BlackRock's ESG practices. Tennessee alleged that BlackRock falsely represented that certain funds do not incorporate ESG considerations and that BlackRock overstated or misrepresented the connection between ESG pursuits and financial performance
- In the settlement, BlackRock agreed to make certain concessions:
  - For its non-ESG funds, to make enhanced disclosures and cast shareholder votes "solely to further the financial interests of investors in those funds"
  - To disclose its membership in climate related organizations
  - To consent to an annual audit to monitor compliance with the recordkeeping obligations of the settlement

Anti-ESG Related Litigation and Regulatory Reforms

Texas v. BlackRock, Inc.

- Texas and 12 other states filed suit in November 2024 against Blackrock, Vanguard, and State Street, alleging that they violated the U.S. antitrust laws by colluding to pressure coal producers to reduce their coal output. The lawsuit points to the companies' membership in ESG-focused organizations as evidence of collusion, and it alleges that the result of the alleged collusion was higher energy prices for consumers
- On May 22, 2025, the FTC and the DOJ filed a statement of interest, endorsing the States' claims
  - The statement of interest endorses two antitrust theories of harm put forth by the states, under Section 7 of the Clayton Act and Section 1 of the Sherman Act. This statement indicates that the federal agencies under Trump are willing to weigh in on ESG/antitrust issues – a departure from the Biden Administration's policy of non-engagement in the space
  - The agencies' statement of interest very likely represents a first (but not last) step in the federal agencies using antitrust law to investigate "ESG" agreements. The agencies may take further action in the coming months, which could potentially result in a range of investigations across the ESG and investment landscape

Anti-ESG Regulatory Reforms Targeting Foreign Laws

- States are continuing to propose and pass legislation targeting ESG practices, including by targeting compliance with foreign laws
- In early 2025, New Hampshire proposed legislation, NH HCR9, targeting the European Union's Corporate Sustainability Due Diligence Directive (CSDDD), by urging the United States to reject compliance with the CSDDD
- In a similar move, legislation was introduced in the U.S. Senate in March 2025, titled "Prevent Regulatory Overreach from Turning Essential Companies into Targets Act of 2025." The Act aims to limit the CSDDD and other foreign sustainability due diligence regulations from applying to U.S. entities integral to the national interests of the U.S.

9.

Shareholder Activism

2025 Shareholder Activism and Related Trends

Activists Focus on Break-Ups

- Expectations of an active M&A market impacts activism – theses for the sale of the company or strategic alternative reviews, spin-offs, sale of "non-core" assets or divisions or suggested acquisition targets have recently increased and will continue to increase

More Company Vulnerability

- In 2024, there were approximately 4,000 companies listed on NYSE and Nasdaq, down approximately 3,000 companies in the last few decades
- The resulting increase in the number of activists, and the decrease in potential targets (and especially easy targets), means there are no longer "off-limits" companies

Changes in Engagement

- New guidance from the SEC related to Regulation 13D-G has impacted how many large institutional investors approach engagement
- Aims of activists continue to broaden and focus expands beyond immediate board seats, with an increase in "withhold campaigns," willingness to settle for undetermined future directors and withdrawals when other aims are achieved

Waning Focus on E&S

- The current political environment has led to a retreat from the focus on environmental and social issues
- For Q1 and Q2 2025, there has only been one activist campaign seeking either an environmental or social change[1]

Increase in "Swarms"

- Each year there continue to be new and emerging activists, or quasi-activists willing to engage in activist tactics. This trend and the macroeconomic environment means that companies are vulnerable to multiple activists, in swarms or succession

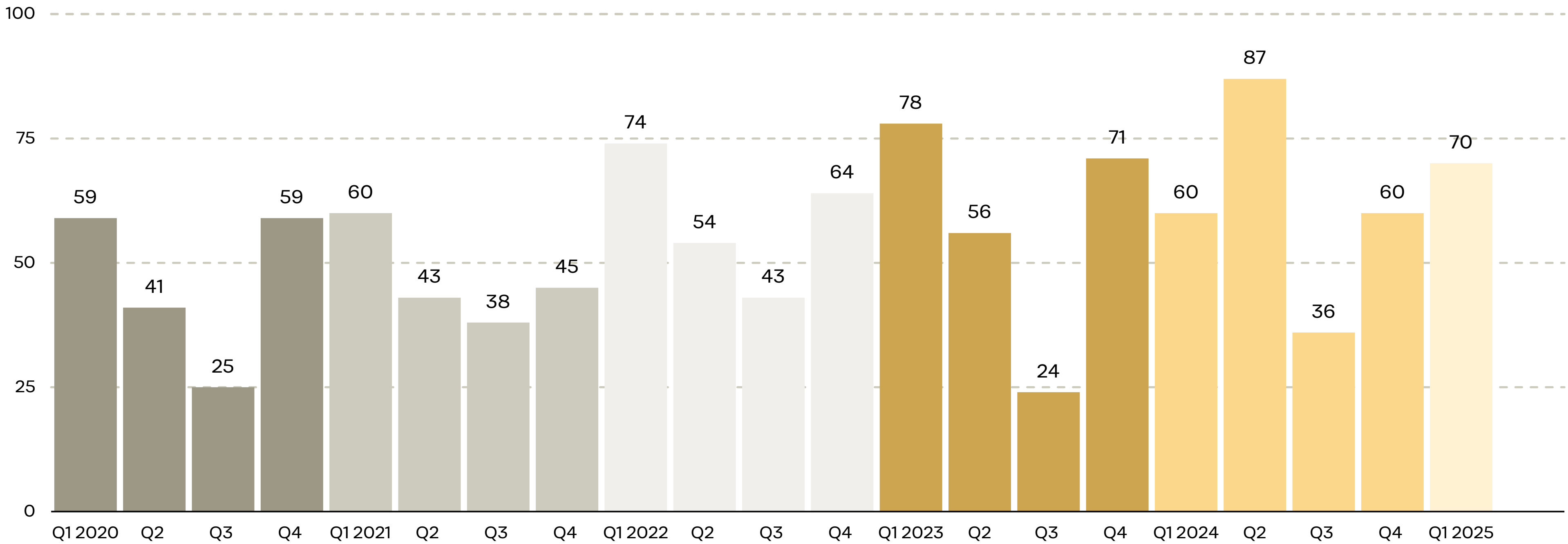
ISS and Glass Lewis Hold Steady

- While ISS and Glass Lewis have received increased political scrutiny, they have continued making recommendations for director elections as usual
- Glass Lewis in particular will be opening its platform to third party voting policies starting in the 2026 proxy season

Source: [1]Diligent Market Intelligence, as of June 2, 2025

Global Quarterly Review of Campaigns

Number of Campaigns Initiated Each Quarter Globally Since 2020



2024 Highlights

- Annual campaign activity in 2024 reached the highest levels since 2018
- A record 161 individual investors launched campaigns, with a record 45 first-time activists

Q1 2025 Highlights

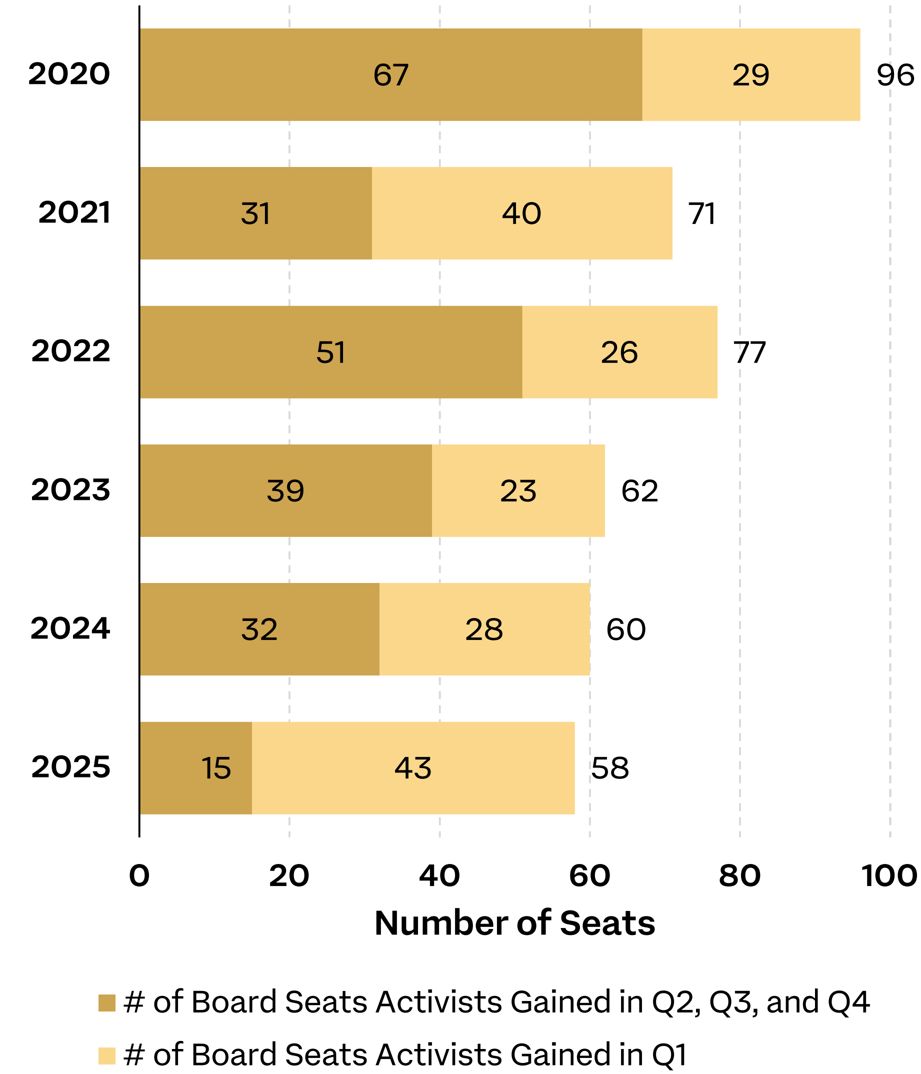
- 70 new campaigns launched globally, a 17% increase year over year
- US campaign activity increased, comprising 57% of all global activity, following two years in which U.S. activity comprised less than 50% of global activity (however, Q2 numbers are likely to show a more muted impact due to macroeconomic uncertainty)
- Activity was heavily concentrated in industrials (29%), technology (20%) and healthcare (17%), with such sector activity representing 66% of all activity (14% above the four-year average)

Note: All data is for campaigns conducted globally by activists at companies with market capitalizations greater than $500 million at time of campaign announcement; select campaigns with market capitalizations less than $500 million due to depressed valuation at the time of campaign announcement (company was larger than $500mm in prior twelve months).

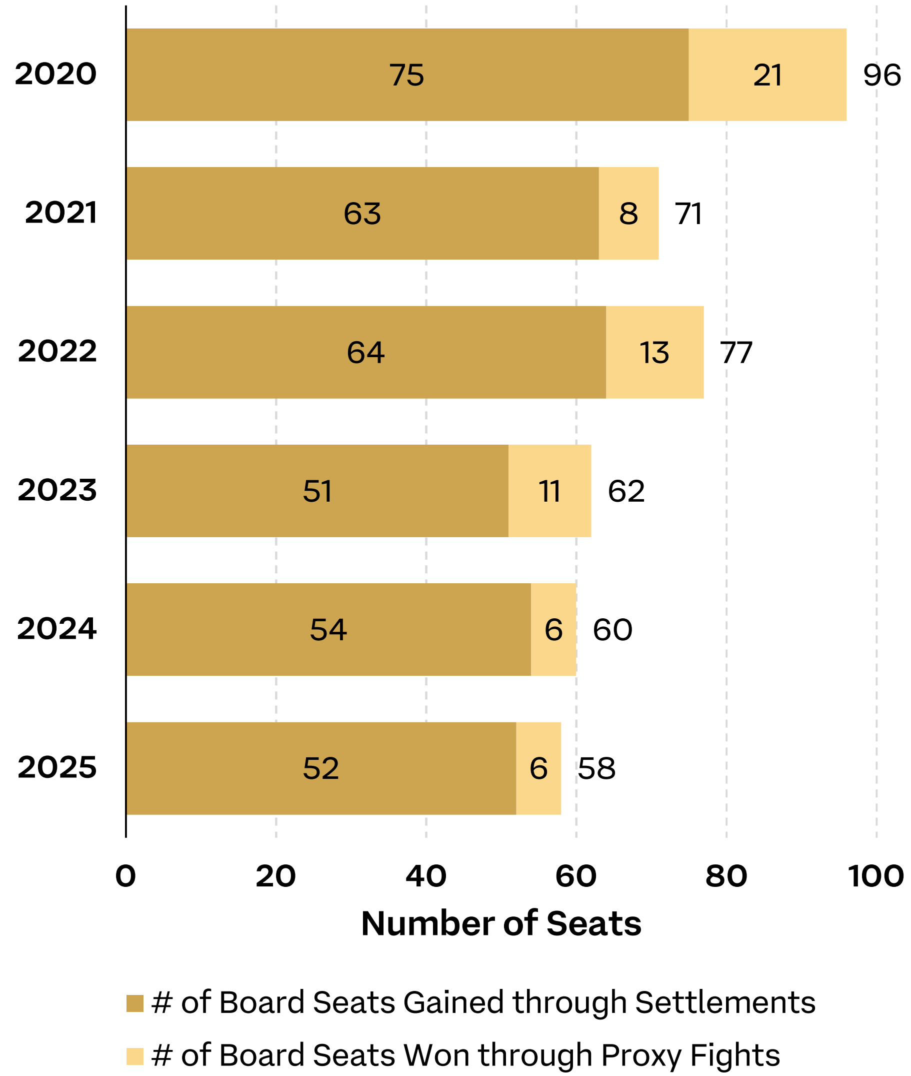
Source: Barclays Shareholder Advisory Group

US Activism Fight and Settlement Trends

As of June 16, 2025, activists claimed 58 board seats



52 of the 58 seats gained (89.7%) were through settlements between the activist and the company



Note: All data is for campaigns conducted by activists at companies with market capitalizations greater than $500m at the time of campaign announcement

Source: FactSet

Notable U.S. Contested Elections With Shareholder Meetings in Q2 2025*

April 30, 2025
Vision One
Slate/proposal: Proxy fight for two board seats and vote against say-on-pay
Result: *Settled, agreement to appoint one non-affiliated director*

May 14, 2025
H Partners
Slate/proposal: Withhold vote campaign for three directors**
Result: *Company's three directors were reelected*

May 28, 2025
Stadium Capital
Slate/proposal: Proxy fight for four directors
Result: *Withdrawn following an agreement that three incumbent directors will resign (in addition to two previously announced retirements)*

June 5, 2025
Engine Capital
Slate/proposal: Proxy fight for two directors
Result: *Withdrawn after company raised its buyback program to the level Engine requested*

June 11, 2025
Ancora Advisors
Slate/proposal: Withhold vote campaign for three directors**
Result: *Accepted resignation of one director after failing to receive required vote; two directors voluntarily resigned post-vote*

June 18, 2025
Starboard Value
Slate/proposal: Announced plan to nominate three directors
Result: *Settled, agreement to appoint two non-affiliated directors*

April | May | June | July

May 6, 2025
Ancora Advisors
Slate/proposal: Filed proxy for full slate of nine directors
Result: *Withdrawn*

May 20, 2025
Elliott
Slate/proposal: Urging company to split into three independent companies
Result: *Settled, agreement to appoint one Elliott-affiliated director*

May 21, 2025
Elliott
Slate/proposal: Proxy fight for four board seats
Result: *Split, dissident won two of four board seats*

June 10, 2025
Engaged Capital
Slate/proposal: Announced nomination of two directors
Result: *Entered into an agreement, company to identify one new director after 2025 AGM*

June 13, 2025
JANA Partners
Slate/proposal: Announced nomination of two directors
Result: *Settled, agreement to appoint three directors, one JANA affiliate and two non-affiliated directors*

June 17, 2025
HG Vora
Slate/proposal: Proxy fight for three directors, challenging company's decrease of open board seats from three to two
Result: *Two non-affiliated directors elected*

June 18, 2025
Anson Funds
Slate/proposal: Proxy fight for three directors, vote against say-on-pay and declassify board
Result: *Withdrawn*

**Timeline reflects dates of the 2025 annual shareholder meeting*
***Withhold vote campaigns where the activist challenges the company's board nominees without proposing an alternate slate of nominees*
Source: FactSet

Case Study: Phillips 66 vs. Elliott

A cautionary story – be prepared to withstand a long, multi-year activist campaign

Date	Company actions	Activist actions
Nov 2023	Phillips 66 issues a press release stating that they are engaging with Elliott	CNBC reports that Elliott has amassed a $1bn stake in Phillips 66. Elliott later sends a letter to Phillip 66's board criticizing its performance and suggesting the company appoint two new directors
Dec 2023		WSJ publishes an article comparing Elliott's actions at Phillips 66 to its campaign at Marathon Petroleum
Jan 2024	Phillips 66 announces that its 4th quarter profit estimates beat expectations, and its CEO discloses that the company is actively looking to sell its non-core assets but that there is no sense of urgency to do so	
Feb 2024	Phillips 66 announces the appointment of Bob Pease as a new director after engaging with Elliott and plans to appoint another new mutually agreed director	
Mar 2024	Phillip 66's CEO states that Elliott has accepted the company's performance improvement	Media reports that a person familiar with Elliott's thinking said Phillip 66's CEO is "correct in saying the hedge fund supports the company's performance improvement targets" but also cautioned that "significant work lies ahead to execute on those goals"
Oct 2024	Phillips 66 announces the sale of its interest in a Swiss joint venture for ~$1.24 billion	

- Elliott is routinely one of the most prolific activists both domestically and globally, since 2020 Elliott has been involved in over 30 activist campaigns in the U.S. alone
- Prior to Elliott's engagement with Phillips 66, it waged an activist campaign at Marathon Petroleum over the course of several years starting in 2016
- Elliott's core argument was that Marathon should be broken up in three companies, and over the course of its three-year campaign, Elliott was able to secure a settlement with Marathon resulting in the appointment of two directors, Marathon spinning off its retail business (Speedway), and the departure of its Chairman/CEO (a four-decade veteran of the company)
- Phillips 66, in addition to being a large S&P 500 company, had several governance provisions to dissuade activists, including a classified board and the inability of shareholders to call special meetings
- Elliott started its campaign aggressively by publicly issuing a letter to Phillip 66's board revealing its large stake in the company, criticizing the company's underperformance, seeking the appointment of two new directors and suggesting that the company sell several of its assets

Case Study: Phillips 66 vs. Elliott (cont'd)

Ensure that you have a plan in place to withstand an aggressive activist campaign

	Company actions	Activist actions
Feb 2025	Phillips 66 announces that two incumbent directors will not stand for re-election. Phillips 66 later announces that Elliott has submitted a nomination notice and intends to introduce a board declassification proposal	Elliott continues to build its stake in Phillips 66 and sends a letter to the board urging structural changes, operational improvements, and leadership refreshment. Elliott also calls for a midstream spinoff and asset sales
Mar 2025	Phillips 66 files its preliminary proxy statement and Mr. Pease publishes a letter defending the company	Elliott (i) files its preliminary proxy statement, (ii) issues a press release with its nominations, (iii) releases an investor presentation with its analysis of the company, and (iv) files a lawsuit seeking an order requiring the company to have four board seats up for election at the annual meeting
Apr 2025	Phillip 66 issues a letter to its shareholders and a press release highlighting its concerns with Elliott's nominees	Elliott files its definitive proxy statement and later files a presentation outlining its vision for the company
May 2025	Phillips 66 issues (i) a press release to clarify where it believes Elliott has misled investors, (ii) a statement that the ISS and Glass Lewis have failed to address critical issues, and (iii) an announcement of its sale of its interest in businesses in Germany and Austria for ~$2.8 billion	ISS and Glass Lewis announce their support for several of Elliott's nominees
May 21, 2025		Two of Elliott's nominees were elected to the Phillips 66's board

- After Elliott's public critiques of the company, Phillips 66 announced that it is actively looking to sell its non-core assets and settled with Elliott to appoint two new directors
- Phillips 66 sold certain assets; Elliott continued to build its stake in the company and ultimately submitted a nomination notice the following year and renewed its criticism of the board and called for more asset divestures and spinoffs
- Phillips 66 tried to counter Elliott by having Mr. Pease, the director Elliott and the company had agreed to add to the board, publicly defend the company
- However, Elliott responded with press releases, investor presentations, and filing a lawsuit in Delaware. Additionally, Elliott enlisted Gregory Goff, a 30-year veteran of ConocoPhillips, to publicly support their campaign
- Elliott's campaign received support from ISS and Glass Lewis; ISS supported all Elliott nominees

U.S. Steel vs. Ancora

In uncertain times, be prepared for anything

Date	Company actions	Activist actions
Dec 2023	U.S. Steel agrees to be acquired by Nippon Steel for ~$14bn	
March 2024	President Biden announces that U.S. Steel should remain American owned and operated	
Apr 2024	Over 95% of U.S. Steel's shareholders approve the sale of the company to Nippon Steel	
Jan 2025	President Biden blocks the sale of U.S. Steel, citing national security concerns. U.S. Steel and Nippon Steel file lawsuits challenging President Biden's actions	WSJ reports that Ancora has nominated nine directors to U.S. Steel's board and wants to oust the company's CEO and terminate the pending sale of the company
Feb 2025	President Trump announces that Nippon Steel will be investing in U.S. Steel rather than acquiring it; Nippon Steel declines to comment and states that it has no plans to change the acquisition structure	Ancora (i) sends a letter to the U.S. Steel's board urging it to terminate the acquisition, (ii) issues an investor presentation and (iii) calls for a delay of the annual meeting due to uncertainty around the acquisition
Mar 2025	U.S. Steel files its proxy statement and sends a letter to its shareholders highlighting its successful track record and defending the acquisition by Nippon Steel	Ancora increases its stake in the company, pushes for board refreshment and the appointment of a new CEO and files its preliminary proxy statement
Apr 2025	President Trump orders a new review of the acquisition and critiques Ancora's strategic plan for the company	Ancora (i) files its definitive proxy statement, (ii) releases its strategic plan for the company and (iii) calls on the company to delay its annual meeting. Ancora later suspends its campaign after the initiation of a new CFIUS review
May 2025		Another activist investor, Third Point, reveals in a letter to its investors that it has built a meaningful stake in U.S. Steel

- Before the proposed acquisition by Nippon Steel, U.S. Steel had been dealing with several economic headwinds, including consolidation in the industry and increased prices cause by COVID pandemic-related shortages, and had been evaluating offers to sell all or parts of the company
- Once Nippon Steel offered to acquire the company for a 40% premium, President Biden announced his intention to oppose the acquisition
- As both U.S. Steel and Nippon Steel filed lawsuits to fight the Biden Administration, Ancora began to build a stake in U.S. Steel and announced a campaign for control of the company's board and dropping the transaction entirely
- To complicate matters, the change in presidential administrations caused further uncertainty for the acquisition, giving more credence to Ancora's arguments and leading Ancora to call for a new CEO
- Ultimately, U.S. Steel and Nippon Steel had productive conversations with the Trump Administration, signaling the possibility of the deal going forward; Ancora suspended its campaign
- Shortly after Ancora suspended its campaign, Third Point disclosed its significant stake in U.S. Steel, expressing confidence in the Nippon Steel merger and signaling continued activist interest in U.S. Steel

PENN Entertainment vs. HG Vora

PENN ENTERTAINMENT HG VORA CAPITAL MANAGEMENT

Be prepared to articulate your long-term strategy and be mindful of any governance vulnerabilities

Date	Company actions	Activist actions
Early 2023	PENN's management meets with representatives of HG Vora; HG Vora suggests that PENN implement a significant leveraged recapitalization program	
Sept 2023	PENN invites HG Vora to attend a board meeting to express their views and HG Vora reiterates their view that PENN should buyback stock	
Dec 2023		HG Vora (i) discloses that it has a 18.5% economic stake in PENN and (ii) sends a letter to PENN's board asking for the right to designate directors and enact other governance changes
Jan 2024		HG Vora sends a letter to PENN stating that its unequal allocation of directors among classes violates state law and PENN's governance documents
Jan 2025		HG Vora nominates three directors
Apr 2025	PENN announces that (i) it intends to nominate two of HG Vora's nominees, (ii) three of its current directors will be stepping down/retiring and (iii) the number of board seats up for election at the AGM will be two instead of three	
May 2025	PENN (i) sends a letter to shareholders stating it has offered HG Vora proposals to reach a solution and (ii) files an addendum to its fact sheet to correct certain statements made by HG Vora	HG Vora (i) files a lawsuit regarding PENN's proposed reduction of board seats and (ii) files its proxy statement and issues a press release and an investor presentation encouraging support of its nominees
June 2025	(i) PENN responds to ISS recommendation criticizing HG Vora's third candidate and (ii) Glass Lewis recommends that shareholders only vote for two director nominees, stating that the third nominee is not eligible for election	ISS announces its support for HG Vora's three nominees
June 17, 2025	Two new directors are elected to PENN's board	

- HG Vora targets PENN's business strategy and governance vulnerabilities
- Since 2021, PENN suffered from poor stock performance, which HG Vora sought to address in its engagement with PENN by advocating for a stock buyback program
- While PENN engaged with HG Vora, it did not implement a stock buyback program and during their engagements in 2023, HG Vora began to emphasize their experience investing in the casino and online gaming sectors as well as criticizing PENN's corporate governance
- In 2024, HG Vora claimed that PENN's unequal allocation of directors across classes violated its governance documents and Pennsylvania law as well as disenfranchised shareholders by constricting the number of directors that could be elected at the 2024 annual meeting
- Despite spending nearly $4 billion on acquisitions and media deals, PENN's stock continued to decline, and in 2025, HG Vora nominated three directors and began criticizing PENN for its strategy and misaligned executive compensation program
- To diffuse the situation, PENN agreed to nominate two of HG Vora's nominees, but also reduced the number of board seats up for election from three to two, which HG Vora challenged in court
- HG Vora's arguments persuaded ISS to support all three of its nominees, while Glass Lewis came out in support of two nominees (effectively siding with PENN that the third nominee is not eligible for election)
- Ultimately, two directors were elected to PENN's board

10.

Investor Updates

BlackRock Investment Stewardship and Net Zero Initiatives

BlackRock Investment Stewardship (BIS) continues to focus on driving long-term financial value. While there were no material changes from last year, this year's updates focused on clarifying its general approach to stewardship

Four Pillars of Long-Term Stewardship:

- Engagement with companies to understand a company's practices and guide BlackRock voting decisions
- Vote at annual meetings on behalf of BlackRock client
- Share BlackRock stewardship perspective via industry dialogue
- Report on BlackRock activities to inform clients about stewardship efforts on their behalf

Continuation of Core Engagement Priorities:

- Board quality and effectiveness
- Strategy, purpose and financial resilience
- Incentives aligned with financial value creation
- Climate and natural capital
- Company impacts on people

Texas update: On June 3, 2025, Texas Comptroller Glenn Hegar officially removed BlackRock from a list of financial companies prohibited to be used as state contractors and investments, attributing the decision to BlackRock's departure from the Net Zero Asset Managers Initiative and Climate Action 100+ in early 2025, reduction of fund offerings prohibiting oil and gas investment and shift away from one-size-fits-all voting policies

However, scrutiny remains, as certain state AGs investigate whether BlackRock, State Street and Vanguard allegedly colluded to reduce coal output under an antitrust theory of "common ownership" that will be tested in this case

BlackRock

BlackRock Decarbonization Stewardship

In February 2024, BIS announced a new decarbonization stewardship program for clients who explicitly direct BlackRock to invest their assets with decarbonization investment objectives

- The Climate and Decarbonization Stewardship Guidelines focus on matters related to climate risks and the transition to a low-carbon economy and examine the alignment of companies' business models and strategies with the financial opportunities presented by the Paris Climate Agreement goal to limit average temperature rise to 1.5°C above pre-industrial levels
  - These guidelines apply to companies offering goods and services that contribute to real-world decarbonization or have a carbon intensive business and face outsized impacts from low-carbon transition and are based on five key principles:
    - Prioritize sectors and companies that are critical to the transition to a low-carbon economy
    - Apply a sector approach to analysis that acknowledges the unevenness of the low-carbon transition across sectors and markets
    - Take a long-term, pragmatic approach that favors a transition that minimizes disruption to companies and their key stakeholders
    - Focus on useful, contextualized disclosures that help inform investors views, while recognizing data limitations
    - Consistency with BIS' position as a minority investor on behalf of its clients
  - For all other companies held by these funds and clients, BIS' benchmark voting guidelines apply
- **Disclosure expectations**: BIS expects companies to have sufficient disclosure to permit BIS to determine the extent to which a company prioritizes decarbonization, including an explanation of related strategy and governance systems and, if appropriate, a transition plan, disclosure consistent with the International Sustainability Standards Board (ISSB) standard, including IFRS S1 and S2, Scope 1 and Scope 2 and material Scope 3 GHG emissions
- **Board and directors**: In assessing the effectiveness of the board, BIS will examine whether the full board has oversight over the company's long-term strategy, whether management has a clear low-carbon transition strategy, whether the board sufficiently oversees transition-related risks, the company's capital management strategy and allocation of investment towards business lines and innovation and return of cash to shareholders, consistent with the low-carbon transition strategy and whether the company follows science-based emissions reductions targets
  - BIS may vote against the election of a director it deems responsible for a company's failure to execute on decarbonization
- BIS will generally support management "Say on Climate" proposals if a company's strategy aligns with the guidelines and will evaluate other decarbonization proposals on a case-by-case basis

BlackRock 2025 Annual Chairman Letter

On March 31, 2025, BlackRock CEO Larry Fink released his annual letter to investors. The letter focused on promoting market democratization through access to the private markets

Private Market Access to Infrastructure: Expanding on one of last year's themes of infrastructure investment, the letter highlighted the need to open private investment into infrastructure and other private markets, particularly due to the growing U.S. deficit and the benefit that investment in private assets has to private individuals, including protecting against inflation, limiting volatility and boosting overall returns

- The letter reiterates the need to focus on "energy pragmatism": fixing roadblocks for infrastructure projects in the U.S. and the European Union and the need to supplement current energy resources including by adopting smaller modular reactors for nuclear energy to help offset increased global demand for electricity driven largely by the rise of AI

Retirement Challenges: The letter renewed concern of the U.S. retirement crisis and the need for the retirement system to allow opportunities for growth and to provide financial security, not just to provide a "safety net to catch people when they fall"

- The letter underscores the need to expand access to emergency savings accounts, close the 401(k) gap for small businesses and help families begin investing earlier

Tokenization: As the U.S. debt continues to grow, the U.S. dollar may no longer be the world's reserve currency and may lose out to digital assets, as all assets can be tokenized

- Tokenizing assets may remove barriers to entry by allowing fractional ownership, permitting voting digitally from anywhere and removing legal, operational and bureaucratic barriers to investing
  - However, a new digital identity verification system is needed for tokenized assets to become mainstream to investors

State Street Global Advisors (SSGA)

SSGA released its Global Proxy Voting and Engagement Policy and its Stewardship Report for meetings effective March 1, 2025. SSGA emphasized that while it uses ISS to facilitate the execution of its proxy votes, it does not follow the voting recommendations of any policy offered by ISS or any other voting policy provider in implementing its own guidelines

Several updates are highlighted below:

- **Climate Transition Plans** (110+ engagements): SSGA engages with companies that have adopted climate transition plans to discuss guidance and better understand risks and opportunities
- **Risks and Opportunities in the Food Value Chain**: In 2024, SSGA began engaging companies across the food and agriculture value chain to discuss a range of potential climate- and nature-related regulatory, reputational, legal- and market-related risks and opportunities
- **Risks and Opportunities in Emerging Technologies**: In 2024, SSGA began engaging companies in the technology and communications sectors on risks and opportunities associated with emerging technologies such as generative AI and machine learning
- **Human Capital Management** (20 engagements): SSGA focuses on board oversight, human capital strategy, compensation strategies and employee voice

Engagement Approach: SSGA added a disclaimer that it does "not seek to change or influence control of any . . . portfolio companies" through engagement or voting policies

Board Composition: SSGA will no longer consider withholding votes against directors for board diversity reasons

- SSGA removed specific expectations on board diversity and added language about the general value of diverse perspectives, along with other clarifications on board composition and tenure

Board Best Practices: SSGA made the following board-related updates to its guidelines:

- **Annual Board Elections**: SSGA reiterated that annual election of all directors is considered a best practice
- **Independence**: SSGA believes that majority independent boards and committees are important to perform the oversight necessary to protect shareholder interests, among other reasons

Sustainability Stewardship Service: Beginning in May 2025, SSGA allows clients to opt into a program aligning proxy voting and engagement activities with the following key sustainability priorities:

- Climate change
- Nature
- Human rights
- Diversity

STATE STREET GLOBAL ADVISORS

Vanguard – Voting Policy

In January 2025, Vanguard released its U.S. Proxy Voting Policy, outlining its 2024 stewardship approach and setting expectations for 2025. Vanguard reiterated that its voting guidelines are not intended to influence company strategy or change the control of an issuer. Vanguard's refinements focused on board composition, board independence and engagement with environmental and social proposals

Board Composition

- Vanguard removed prior language providing that funds may vote against the chair of a nominating committee for not taking sufficient action to achieve a board composition that is "appropriately representative"
- Expects board composition to comply with local and applicable requirements and to be consistent with market norms in the listing markets
- Updated expectations on board composition including diversity (see Slide 81 "Investor Diversity Policy Updates")
- Vanguard may vote against the chair of the nominating committee if the board composition or related disclosure does not meet the norms or frameworks and there is no rationale for such differences

Board Independence

- Vanguard will assess independence with reference to any relevant market-specific governance frameworks as well as its own research and engagement
- For noncontrolled companies, a fund may vote against nominating committee members and non-independent board members if the company fails to maintain a majority independent board, and against the entire board if such failure persists over multiple years
- For controlled companies, a fund will typically support a non-independent member of a compensation or nominating committee so long as such committee remains majority independent

Environmental and Social Proposals

- Expects fulsome disclosure of material risks to a company's long-term shareholder returns. Vanguard may support proposals that address current disclosure shortcomings related to market norms or industry standard investor-oriented frameworks so long as not overly prescriptive
- Vanguard streamlined its guidelines to remove support criteria for environmental and social proposals and guidelines on how it will vote on corporate political activity proposals

Executive Compensation

- No significant changes from the prior policy, but eliminated previous guidance that Vanguard funds would vote against annual or long-term bonus programs that are "excessive or unreasonable," including if programs had certain enumerated factors (such as where the maximum payout is not disclosed or where there is a lack of correlation between performance and compensation)

Voting Choice Survey

- In April 2025, Vanguard published the results of a survey conducted among self-described investors to identify perspectives on proxy voting choice programs, finding that most investors would be interested in participating in a voting choice program through an asset manager or employer retirement plan

NYC Pension Systems - Net Zero

On April 22, 2025, New York City Comptroller Brad Lander announced that three of NYC's public pension funds – the Teacher's Retirement System, the New York City Employee's Retirement System and the Board of Educations of Retirement System (the NYC Pension Systems) had been directed to instruct their asset managers to submit written plans describing their own net zero plans by June 30, 2025

- Such plans must, at minimum, include the following practices:
  - Engagement of portfolio companies to drive real economy decarbonization, not just portfolio decarbonization
  - Incorporation of material climate change-related risks and opportunities in investment decision making
  - Ensuring a robust and systematic stewardship strategy that addresses prioritization and escalation of engagement and voting to advance decarbonization
- Asset managers must set expectations for all portfolio companies to, at minimum:
  - Measure and report Scope 1, 2, and material Scope 3 emissions
  - Set clear goals to reach net zero by decreasing their Scope 1, 2 and 3 emissions using one or more quantified climate measurement standards, such as those of the Science-Based Targets Initiative (SBTi)
  - Adopt a clear transition plan to achieve net zero detailing how the company will meet its short-, medium- and long-term goals
  - Align future capital expenditures and lobbying with climate goals and targets
  - Consider the impacts from transitioning to a lower-carbon business model on workers and communities
- If an asset manager fails to submit a plan or submits a subpar plan, the Comptroller's office will recommend the asset manager be replaced; the Comptroller has been publicly critical of asset managers that withdrew from the Net-Zero Banking Alliance and Net Zero Asset Managers Initiative, including references by name
- Going forward, the Comptroller's office will evaluate corporate-level climate behavior and stewardship practices as part of its due diligence processes for new asset managers

On April 2, 2025, Comptroller Lander and the trustees of the NYC Pension Systems reported that the NYC Pension Systems have achieved a 37% reduction in emissions, surpassing interim goals, while surpassing net investment return targets for FY2024

BERS Board of Education Retirement System | NYCERS | NYC EMPLOYEES' RETIREMENT SYSTEM | trsnyc

Investor Diversity Policy Updates

In response to executive orders targeting DEI initiatives, many large institutional investors updated their proxy voting guidelines to revise their diversity policies and other prescriptive voting standards. Institutional investors have generally adopted four different approaches in 2025: (1) remove specific board diversity criteria from guidelines in favor of holistic assessment, (2) remove diversity guidelines entirely, (3) wait-and-see with no changes to their guidelines and (4) retain existing diversity policies

Some investors removed specific diversity criteria in favor of a more holistic analysis

BlackRock

J.P.Morgan

NEUBERGER BERMAN

STATE STREET GLOBAL ADVISORS

Vanguard®

BNY Mellon removed its board diversity policy

BNY

Other investors updated their guidelines without changing diversity expectations

AllianceBernstein®

CalPERS

Certain large institutional investors did not update their proxy voting guidelines for 2025*

Goldman Sachs

L&G

NYCERS | NYC EMPLOYEES' RETIREMENT SYSTEM

NYSLRS New York State & Local Retirement System

*Goldman did not update its proxy voting guidelines but did cancel its IPO diversity policy, which previously provided that Goldman would not take a company public unless its board had two diverse members, including one woman. Legal & General updated its general proxy voting guidelines but did not update its diversity-specific guidelines, which are updated separately and not since December 2023

Select Investor Director Diversity Policies (US)

BlackRock*	▪ Will look for companies to explain how their approach to board composition supports the company's governance practices and expects boards to disclose, in a manner consistent with local law, how diversity, including personal characteristics, is considered in board composition given the company's long-term strategy and business model ▪ May vote against members of a nominating committee if an S&P 500 company is deemed an "outlier" and does not have a mix of professional and personal characteristics comparable to market norm, which may include demographic information ▪ For smaller market capitalizations, demographic will look for a relevant mix of professional and personal characteristics
State Street Global Advisors (SSGA)*	▪ Believes that effective board oversight of long-term strategy necessitates diversity, which may include gender, race, and ethnicity and encourages companies to ensure there are sufficient diverse experiences and perspectives
Vanguard*	▪ Will look for boards to reflect a sufficient breadth of personal characteristics such as age, gender, and/or race/ethnicity and seeks fulsome disclosure of board composition, including each director's personal characteristics ▪ Will look for board composition to comply with requirements set by applicable governance frameworks and to be consistent with market norms • If a board's composition is inconsistent with such requirements or norms, will look for the board to provide a rationale for such differences • May vote against the chair of the nominating committee if a company's board composition or related disclosure is inconsistent with relevant market-specific governance frameworks or market norms
J.P. Morgan*	▪ Supports disclosure of board gender, racial and ethnic composition ▪ Will include any disclosed board diversity as one of many data points in a holistic assessment of a company
CalPERS	▪ When engagements are not successful, will withhold votes from directors who are nominating committee members, board chairs or long-tenured directors on boards that lack diversity and do not make commitments to improve near-term diversity

*Indicates changes to policy in 2025

Select Investor Director Diversity Policies (US) (cont.)

Office of the NY State Comptroller	▪ May withhold support from nominating committee members if: • Self-identified individual racial/ethnic diversity of directors is not disclosed • Gender and racial/ethnic diversity are not explicit considerations in searches for director candidates ▪ May withhold support from nominating committee or all directors if: • The board does not appear sufficiently diverse (e.g., lack diversity of age, race, gender, ethnicity, sexual orientation and gender identity, geography, disability and other factors) ▪ May consider the following: the level of diversity, disclosures about diversity and diversity considerations in searches, policies and peer benchmarking in making voting decisions
Office of the NYC Comptroller	▪ Will generally vote against members of a nominating committee when: • The board lacks meaningful gender and racial/ethnic diversity, including if 80%+ of the directors are the same gender ▪ May integrate more explicit gender/racial/ethnic diversity expectations as reliable data becomes available
Legal & General Investment Management	▪ Will vote against the chair of the nominating committee for: • Companies where women make up less than a third of the board (all listed companies); • There are no women on the executive leadership team (S&P 500); and • No director is of an ethnic minority background (S&P 500, and beginning in 2025, Russell 1000)
Alliance Bernstein	▪ Will generally vote against the nominating committee chair or a relevant director when the board lacks sufficient diversity, unless there are specific mitigating factors ▪ Generally, looks to gender and ethnic/racial representation as indicators of board-level diversity since these are well disclosed and standardized metrics
Neuberger Berman*	▪ May hold the chair of the nominating committee accountable if the board fails to disclose board composition ▪ May hold companies to a specific standard of board diversity if required by market or listing standards
Goldman Sachs	▪ Will vote against or withhold from the nominating committee if: • Applicable regulatory, local code or similar board diversity requirements are not met • There is not one diverse director from a minority ethnic group (S&P 500) ▪ Will vote against or withhold from the full board at U.S. companies without any women directors

*Indicates changes to policy in 2025

2025 Investor Overboarding Policies*

Maximum Number of Board Memberships Permitted

	Independent Directors	CEO (including own board)	Named Executive Officer (other than CEO)
Institutional Investor			
Goldman Sachs	5	3	–
BlackRock	4 (“non-executive directors”) **	2	2
State Street * †	–	–	–
Vanguard †	4	2	2 ◇
Alliance Bernstein	4	2 (or 3 if CEO is under consideration)	–
BNY Mellon	5	3	–
CalPERS	4	2	2
CalSTRS	Shall not serve on an “excessive number of boards”	2	2
J.P. Morgan	4	3	–
Legal & General	4 (“non-executive directors”) (board chair role counts as two mandates)	2	2
Neuberger Berman	4	2	2 ◇
Norges Bank	5 (no more than 2 board chairs)	–	–
T. Rowe Price	5	2	–
NYS Comptroller	4	2	–
Proxy Advisory Firm			
Glass Lewis	5	2	2 (other than executive chair)
ISS	5	3	–

* Indicates an update to the policy since 2024
** If a director has a chair position of a publicly listed company in European markets, BlackRock may consider such position equal to two board commitments
† Indicates a requirement for public disclosure of director time commitment/overboarding policies
◇ Indicates that the policy applies to all executive officers, not limited to NEOs

11.

Proxy Advisory Firm Updates

ISS Voting Policy Considerations 2025

Similar to 2024, ISS adopted relatively few changes to its voting policies for 2025 and focused on the following:

Short-Term Poison Pills

- ISS has updated the factors it will consider in voting on a case-by-case basis on nominees if the board has adopted an initial short-term poison pill without shareholder approval
- Factors ISS will consider include:
  - The trigger threshold and other terms of the pill;
  - The disclosed rationale for the adoption;
  - The context in which the pill was adopted (e.g., factors such as the company's size and stage of development, sudden changes in its market capitalization, and extraordinary industry-wide or macroeconomic events);
  - A commitment to put any renewal to a shareholder vote;
  - The company's overall track record on corporate governance and responsiveness to shareholders; and
  - Other factors as relevant

Natural Capital-related Shareholder Proposals

- "General Environmental Proposals" are now referred to as "Natural Capital-Related and/or Community Impact Assessment Proposals"
- ISS will continue to vote on a case-by-case basis on requests for reports on policies and/or the potential (community) social and/or environmental impact of company operations without material changes to the existing policy application and will take into account the alignment of current disclosure of applicable policies, metrics and risk assessments reports with relevant, broadly accepted reporting frameworks

SPAC Extension Proposals

- ISS previously voted on a case-by-case basis on extensions for special purpose acquisition companies (SPACs), evaluating a number of factors
- Will now generally support requests to extend the termination date
- In its rationale for the change, ISS cited the proliferation of "zombie SPACs" and the increase in the number of SPACs seeking extension requests from the original termination date
- ISS will support multiple extension requests so long as they do not collectively exceed one year in total

ISS Voting Policy Considerations 2025 (cont.)

ISS updated its "Frequently Asked Questions – Executive Compensation Policies" as follows:

Performance-Based Equity Plans

- ISS will enhance scrutiny over performance-vesting equity disclosure and design aspects, particularly for companies with pay-for-performance misalignment. Such considerations include:
  - Non-disclosure of forward-looking goals
  - Poor disclosure of closing cycle-vesting results
  - Poor disclosure of the rationale for metric changes
  - Unusually large pay opportunities, including maximum vesting opportunities
  - Non-rigorous goals that do not appear to strongly incentivize for outperformance
  - Overly complex performance equity structures

Evaluation of Incentive Program Metrics

- ISS noted that it does not endorse or prefer the use of TSR or any specific metric in evaluating executive incentive plans. However, ISS considers objective metrics that increase transparency into pay decisions including, but not limited to:
  - Whether the program emphasizes objective metrics linked to quantifiable goals
  - The rationale for selecting the metrics
  - The rationale for any atypical metrics or significant metric changes
  - The clarity of disclosure around adjustments for non-GAAP metrics, including the impact on payouts

Mid-Cycle Award Modifications

- ISS confirmed that it generally views mid-cycle changes for in-process incentive programs negatively
- Any mid-cycle modification should be clearly disclosed with a compelling rationale for the change together with an explanation as to why such change does not circumvent pay-for-performance outcomes

Realizable Pay

- ISS issued a new FAQ applicable to S&P 1500 companies on the methodology for realizable pay
- Realizable pay charts will not be displayed in proxy research reports for companies that have had two or more CEO changes during the three-year measurement period

Clawbacks

- ISS clarified that to receive credit for a "robust" clawback policy, the policy must extend beyond minimum Dodd-Frank requirements and explicitly cover all time-vesting equity awards

Glass Lewis Voting Policy Considerations 2025

Glass Lewis' 2025 revisions to its voting policy focused on revisions related to board oversight of AI, board responsiveness to shareholder proposals and executive compensation

Board Oversight of AI

- Boards should be cognizant of, and take steps to mitigate exposure to, material risks that may arise from the use of or development of AI
- If there are no material incidents related to a company's use or management of AI, Glass Lewis generally will not make voting recommendations on the basis of a company's oversight of or disclosure of AI-related issues
- If there is evidence of insufficient oversight and/or management of AI that has resulted in material harm to shareholders, Glass Lewis will review the company's overall governance practices and evaluate the board's response to and management of the issue, and it may recommend against directors or committees charged with oversight of AI risks

Board Responsiveness to Shareholder Proposals

- Glass Lewis emphasized that they expect companies to engage with shareholders on proposals that receive at least 30% support and expect disclosure regarding the topic and outreach initiatives

Reincorporation

- Glass Lewis reviews all proposals on reincorporation on a case-by-case basis
- Glass Lewis will generally recommend against reincorporation proposals if there is a decline in shareholder rights, the financial benefits are de minimis and the proposed jurisdiction has significantly worse shareholder protections
- At controlled companies, Glass Lewis will evaluate how the independent members of the board came to the recommendation, whether the controlling shareholder had any ability to influence the board and whether the proposal is put to a vote of disinterested shareholders

Glass Lewis Voting Policy Considerations 2025 (cont.)

Executive Compensation: Glass Lewis clarified that it takes a holistic approach to executive compensation programs, reviewing on a case-by-case basis. Glass Lewis reviews all factors related to the compensation of NEOs, including quantitative analyses, structural features, the presence of effective best practice policies, disclosure quality and trajectory-related factors. Below are other changes to Glass Lewis' voting guidelines with respect to executive compensation:

Long-Term Incentives

Where performance-based awards are significantly rolled back or eliminated from a company's long-term incentive plan, Glass Lewis will assess the revision's impact on the pay program's ability to align executive pay with performance and shareholder experience; if programs fail such assessment, or if the change is not offset by meaningful revisions, Glass Lewis may issue an unfavorable recommendation

Pay-for-Performance

Glass Lewis amended its guidelines to provide that a company's pay-for-performance model should include both the company's self-disclosed peers and the peers of those peers

Change-in-Control

Glass Lewis clarified that companies with committee discretion over the treatment of unvested awards in the event of a change-in-control should provide clear disclosure as to the committee's rationale as to how such awards should be treated

CEO Pay Ratio

CEO pay ratio is not a determinative factor in Glass Lewis' voting recommendations. However, Glass Lewis confirmed it believes "the underlying data may help shareholders evaluate the rationale for certain executive pay decisions such as increases in fixed pay levels"

Off-Cycle Updates to Board Diversity Guidelines

After the initial release of their 2025 proxy voting guidelines and amidst a sharp uptick in regulatory scrutiny, both ISS and Glass Lewis issued supplemental updates relating to board diversity

ISS

- ISS will no longer consider the gender, racial and/or ethnic diversity of the board when making voting recommendations
- Previously, ISS' policy was to recommend voting against the nominating committee chair of any board of a Russell 3000 or S&P 1500 company with no female members and/or no apparently racial or ethnically diverse members
- ISS expects that, particularly in light of evolving market practices and increasing governmental scrutiny, investors will have a range of perspectives on DEI and whether and how companies can or should adapt their practices

GLASS LEWIS

- Glass Lewis will continue applying its existing board diversity policies; however, when it recommends an "against" vote with respect to a director's election due to noncompliance with board diversity criteria, Glass Lewis will flag the recommendation with a note indicating that the recommendation was based on considerations of gender or underrepresented community diversity, and it will offer a second, alternative recommendation that does not take such considerations into account
- Glass Lewis will take the same dual-recommendation approach with respect to diversity-related shareholder proposals
- Glass Lewis adopted this approach in recognition of the risks inherent with maintaining and promoting diversity efforts and the understanding that investors are differently situated

12.

Methodology and Team

Methodology – Overview

- Freshfields categorized the proposals highlighted in this Trends and Updates from the 2025 Proxy Season report from ISS data as of June 16, 2025, and categorized or sub-categorized proposals based on a review of the proposals and/or proponents
  - For instance:
    - "Anti-ESG" proposals were categorized within their relevant ESG subcategory
    - Proposals requesting reduced use of plastic packaging were categorized as Environmental – Sustainability
    - Proposals requesting shareholder approval for severance payment arrangements were categorized as Compensation
    - Proposals requesting reports on an employer's DEI practices were categorized as Social – Human Capital
    - Proposals requesting establishment of cage-free egg guidelines were categorized as Social – Animal Rights
    - Proposals requesting the creation of a new board committee were categorized as Governance – Board-related
    - Proposal requesting elimination of supermajority voting requirements were categorized as Governance – Shareholder Rights
- Certain proposals were categorized within Governance – Other when the original proposals were not available for review
  - For instance, several companies did not receive proposals purportedly submitted by one proponent due to the proponent's administrative error; records of the correspondence between the proponent and each company were attached as exhibits to each request for no-action relief; such proposals were categorized by Freshfields in accordance with ISS' categorization
- Votes were reported in accordance with each company's voting standards
- All percentages and averages are approximations
- Freshfields changed the status (e.g., voted, withdrawn, omitted, not in proxy or pending) of proposals where it was able to independently verify that the status should be updated
  - For instance:
    - If a proposal's status was listed as "pending" but Freshfields was able to determine from a company's Form 8-K that the proposal had been voted, Freshfields reported the status as "voted"
    - If a proposal's status was listed as "not in proxy" but Freshfields was able to locate the proposal in the applicable definitive proxy statement, Freshfields reported the status as "pending" or "voted," as applicable
- Year-over-year comparisons of proposal data are based on Freshfields' analyses of ISS data as of June 16, 2025, June 14, 2024, June 15, 2023 and June 15, 2022

Freshfields Team

Pamela Marcogliese is a partner and Head of US Transactions. Pam is top ranked for capital markets, corporate governance and activism defense and among top women dealmakers. *(Chambers, Legal 500, The Deal)*

Elizabeth Bieber is a partner and Head of Shareholder Engagement and Activism Defense. Leza is ranked for activism defense (*Chambers, Legal 500)* and corporate governance (*Legal* 500) and is a key member of the highly ranked corporate governance group. *(Legal 500, Chambers)*

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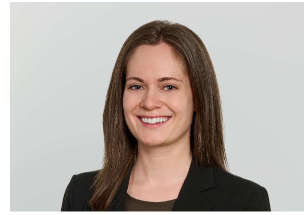

Abbey MacDonald is a senior associate in the firm's Capital Markets practice. Abbey represents companies on a variety of corporate, transactional and commercial matters, including SEC reporting, public securities offerings, and governance matters.

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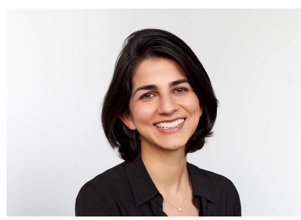

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Sean Quinn is counsel in the firm's Strategic Risk and Crisis Management practice. He has a deep understanding of the technology underlying many AI systems, applications, and products, and leverages that knowledge to offer cutting edge advice on how existing and contemplated laws will apply to AI. Sean was named by *Chambers and Partners* as one of twenty notable AI practitioners globally.

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Thank You

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