

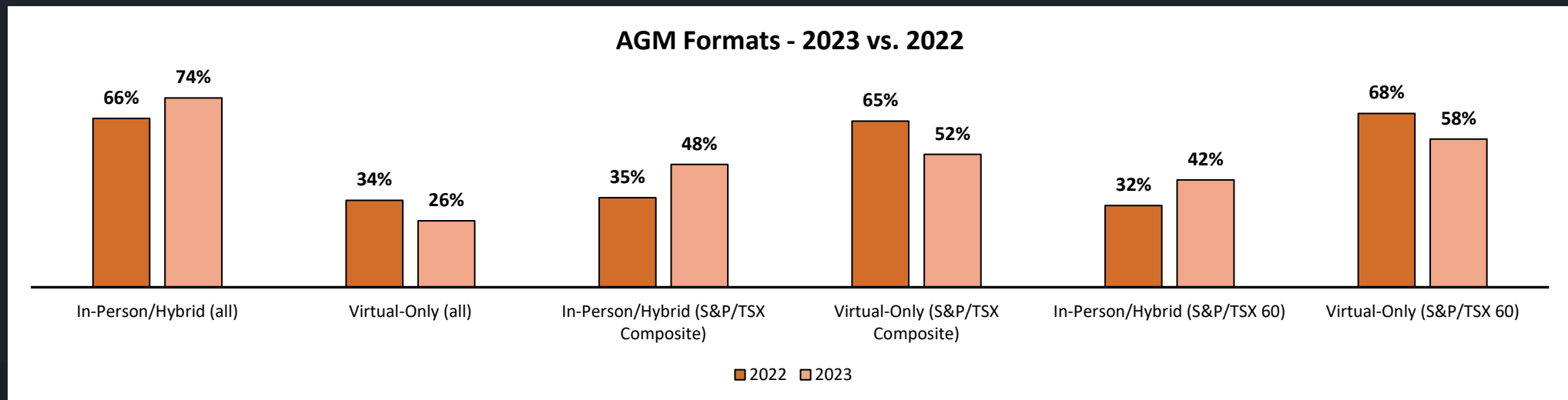
NORTH AMERICA



Canada: Proxy Season Overview

Virtual-Only Meetings

- Companies continue to hold virtual-only meetings
 - Five S&P/TSX Composite Index company AGMs, all virtual-only
- Banks will hold hybrid meetings
 - Possible changes to Bank Act could allow banks to hold virtual-only meetings without court order
- Shareholder proposals requesting companies hold in-person meetings, with virtual meetings being added but not serving as a substitute for in-person meetings
 - 54% support at Metro; 48% from Class A shareholders at CGI
 - Shareholder proposal expected at banks



Canada: Proxy Season Overview

Shareholder Proposals

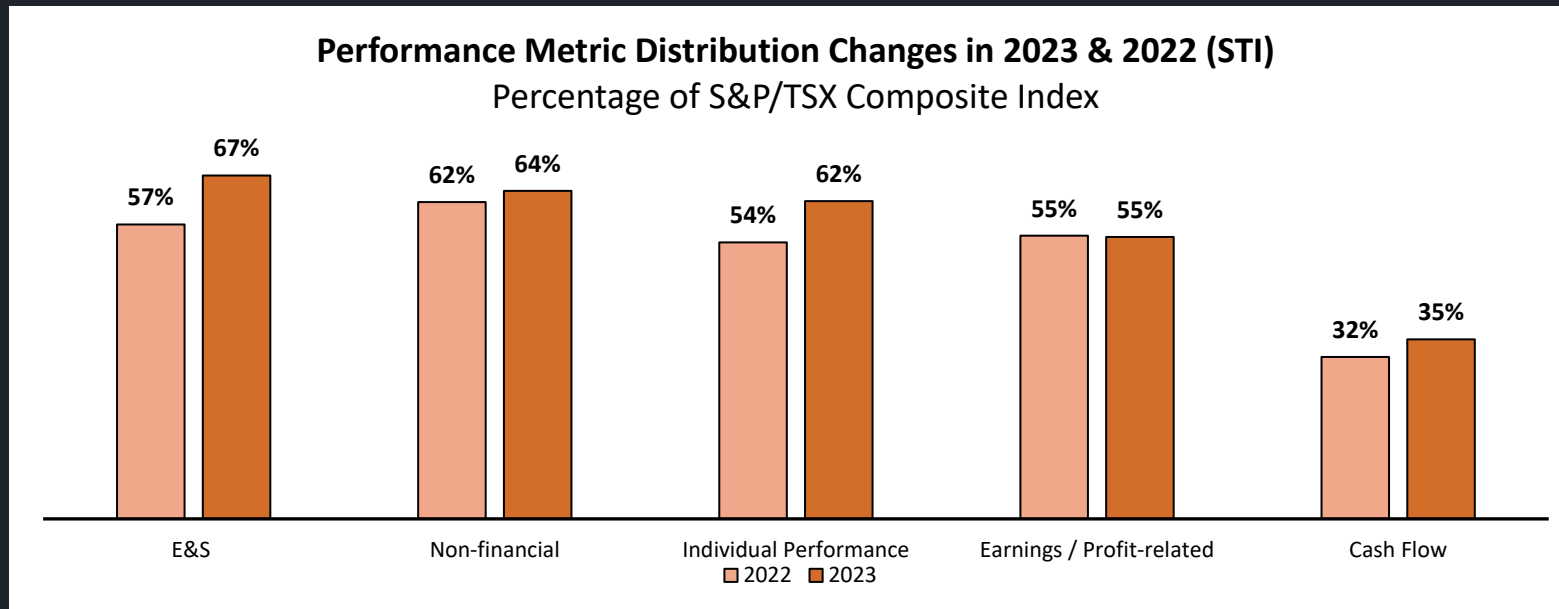
- Banks continue to be targeted with shareholder proposals
- New shareholder proposal topics related to
 - in-person annual meetings
 - linking part of the compensation to all employees to ESG objectives
 - disclosure of languages mastered by officers and directors
 - societal dividend and sharing of value; certification of ESG reports
 - public disclosure of non-confidential information, country-by-country reporting, compensation ratios and tax havens
- Climate shareholder proposals related to
 - net zero transition plan disclosure
 - management of climate-related risks
- Other shareholder proposals related to
 - cage-free eggs
 - equity, diversity and inclusion goals
 - oversight of risks and compliance related to anticompetitive practices



Canada: Executive Compensation

E&S Metrics, Say-on-Pay

- More companies incorporate E&S metrics in incentive programs
 - 67% of Composite Index companies in STIP, 23% in LTIP



- Four failed say-on-pay votes in 2023, same as in 2022
- 23 companies received less than 80% say-on-pay vote support in 2023



Canada: Shareholder Rights

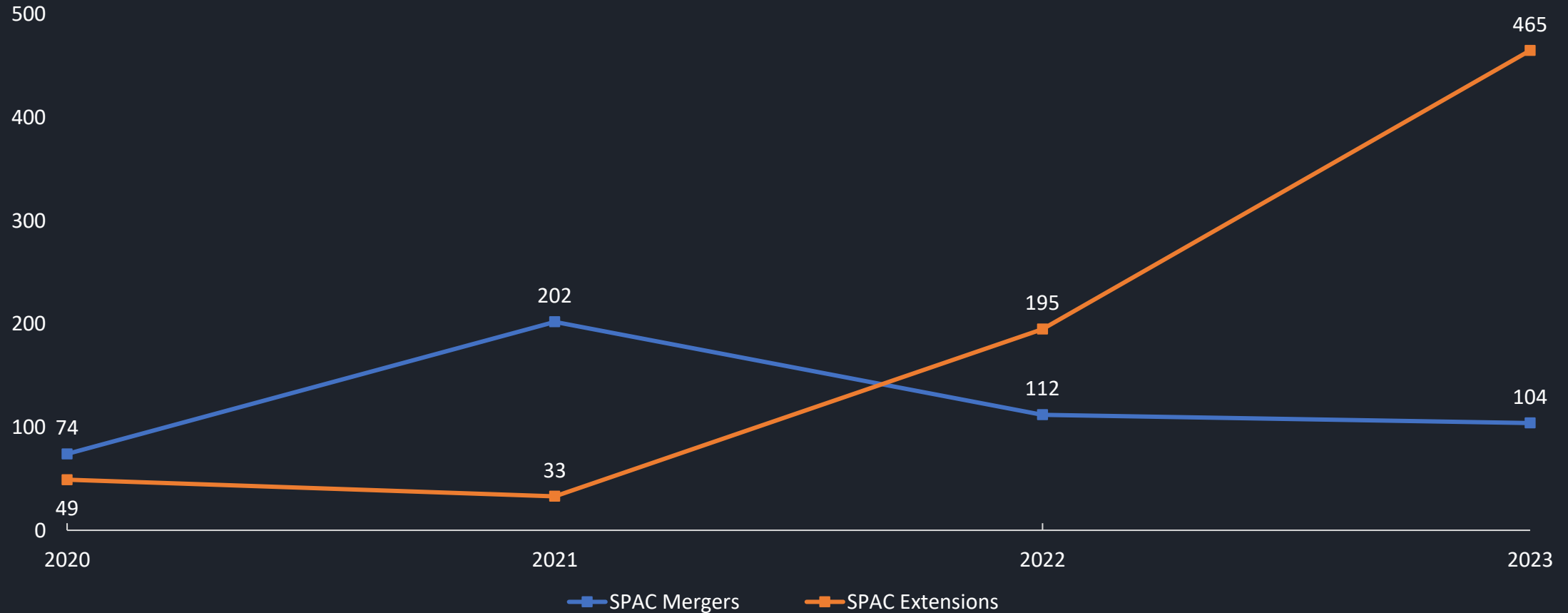
Transparency of Against Campaign Bylaw

- 2023 first full year distributing corporations incorporated under the CBCA were subject to majority voting for uncontested director elections
- “Transparency of Against Campaign” bylaw
 - Automatic trigger to postpone an AGM by 45 days if the number of votes against a director crosses a certain threshold, which could be as low as 25 percent
- CCGG criticized bylaw for watering down shareholder rights
 - AGM postponement occurs regardless of the context of the dissent
 - Automatic postponement contradicts the CBCA's intent to empower shareholders in uncontested director elections
 - Could transform every uncontested election into a contested one
- Bylaw will be voted on at TRX Gold

United States: SPAC Extension Proposals vs. SPAC Merger Transactions

SPAC sponsors are increasingly stuck between a rock and a hard place

US SPAC Meetings to Approve Transaction or Extend Final Combination Deadline



Source: ISS Governance Research & Voting



United States: Meetings to Watch

Starbucks (SBUX)

Strategic Organizing Center hopes to elect three directors with a heavy focus on labor issues, drawing more shareholder attention to Starbucks' response to ongoing organizing efforts by company employees.

The Walt Disney Company (DIS)

Unsatisfied with the outcome of last year's truce, Nelson Peltz and Trian Management are back to seek two board seats. A separate campaign is also underway to expand the Disney board with three new candidates proposed by Blackwells Capital.

Norfolk Southern Corp. (NRSC)

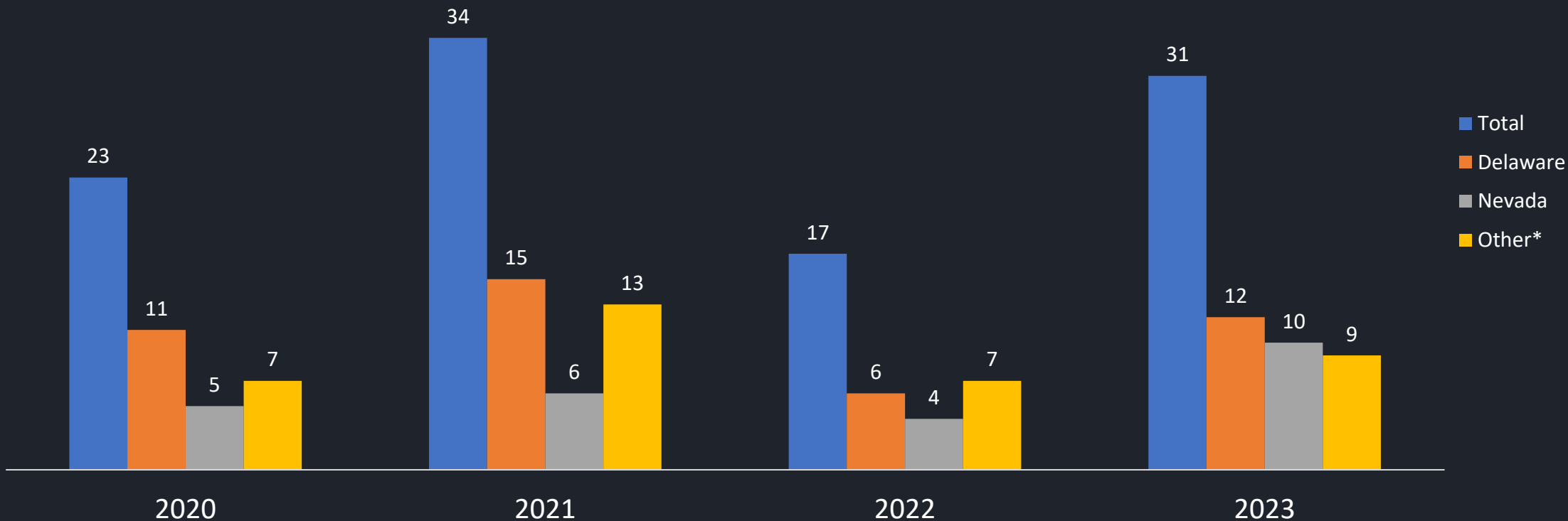
Activist investor Ancora Holdings Group has nominated eight dissident directors and proposed a management refresh at the railroad company, citing last year's major train derailment in Ohio as evidence of the current leadership's poor performance.



United States: Reincorporation Proposals by Destination

Delaware's appeal has yet to dim for public companies, despite Texas' campaign.

Reincorporation Proposals by US-based Companies
(January 2020 to December 2023)



*Other destinations include Maryland, Cayman Islands, British Columbia, British Virgin Islands, Texas, Georgia, Massachusetts, Florida, Indiana, Gibraltar, Ontario, and Wyoming.

Source: ISS Governance Research & Voting

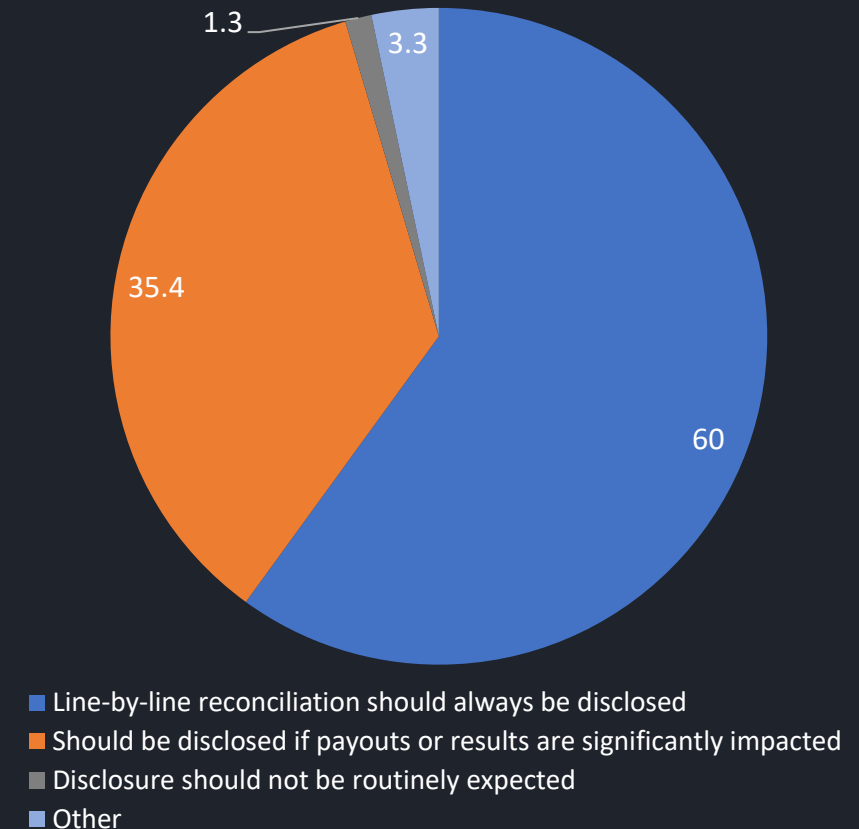


United States: Executive Compensation

Shareholders prefer line-by-line reconciliation between GAAP and non-GAAP metrics

- Companies routinely utilize non-GAAP adjustments to performance metrics in incentive compensation plans, though disclosure of a line-by-line reconciliation of the differences between GAAP and non-GAAP performance is not universal
- In the ISS Global Benchmark Policy Survey, 60 percent of investor responses stated that line-by-line reconciliation should always be disclosed in any instance a non-GAAP metric is used
- A large portion of remaining respondents preferred disclosure of line-by-line reconciliation if executive payouts or metric results were significantly affected by non-GAAP adjustments

Should Line-by-Line Reconciliation Between GAAP and Non-GAAP metrics be disclosed?



Source: ISS Governance Research & Voting



United States: Executive Compensation

SEC Clawback Rule

- Beginning on December 1st, 2023, all covered issuers were required to adopt a compliant clawback policy.
- Requires issuers to disclose a policy describing the recoupment of any erroneously awarded incentive compensation to both current and former executive officers
- Many of the largest companies had already adopted a compliant policy in advance of the regulatory requirement



US COMPENSATION - MEETINGS TO WATCH

Simon Property Group (SPG)

The 2023 say-on-pay proposal received only 11.1% shareholder support after the CEO received a \$24 million discretionary cash bonus, the lowest say-on-pay support level in the S&P 500 in 2023.

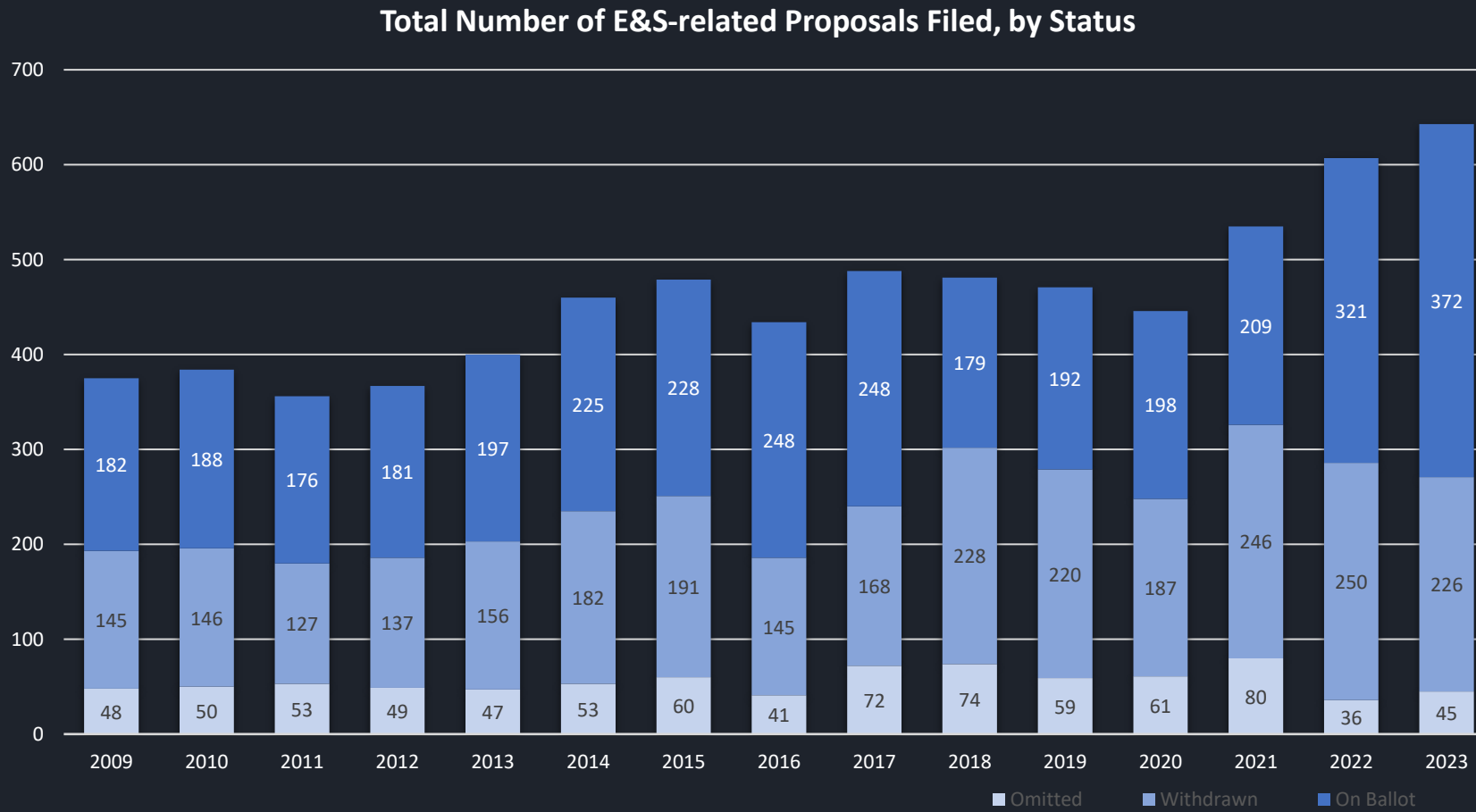
Tesla (T)

Last month, the Delaware Court of Chancery invalidated the 2018 performance stock option grant to CEO Elon Musk, citing, among other findings, that there was a lack of evidence that an arms-length negotiation between the board and Musk occurred and that the award was necessary for Tesla to retain Musk and achieve its goals.



United States: Focus on E&S

Signs point to number of E&S shareholder proposals filed and on ballot at least as much as in 2023.



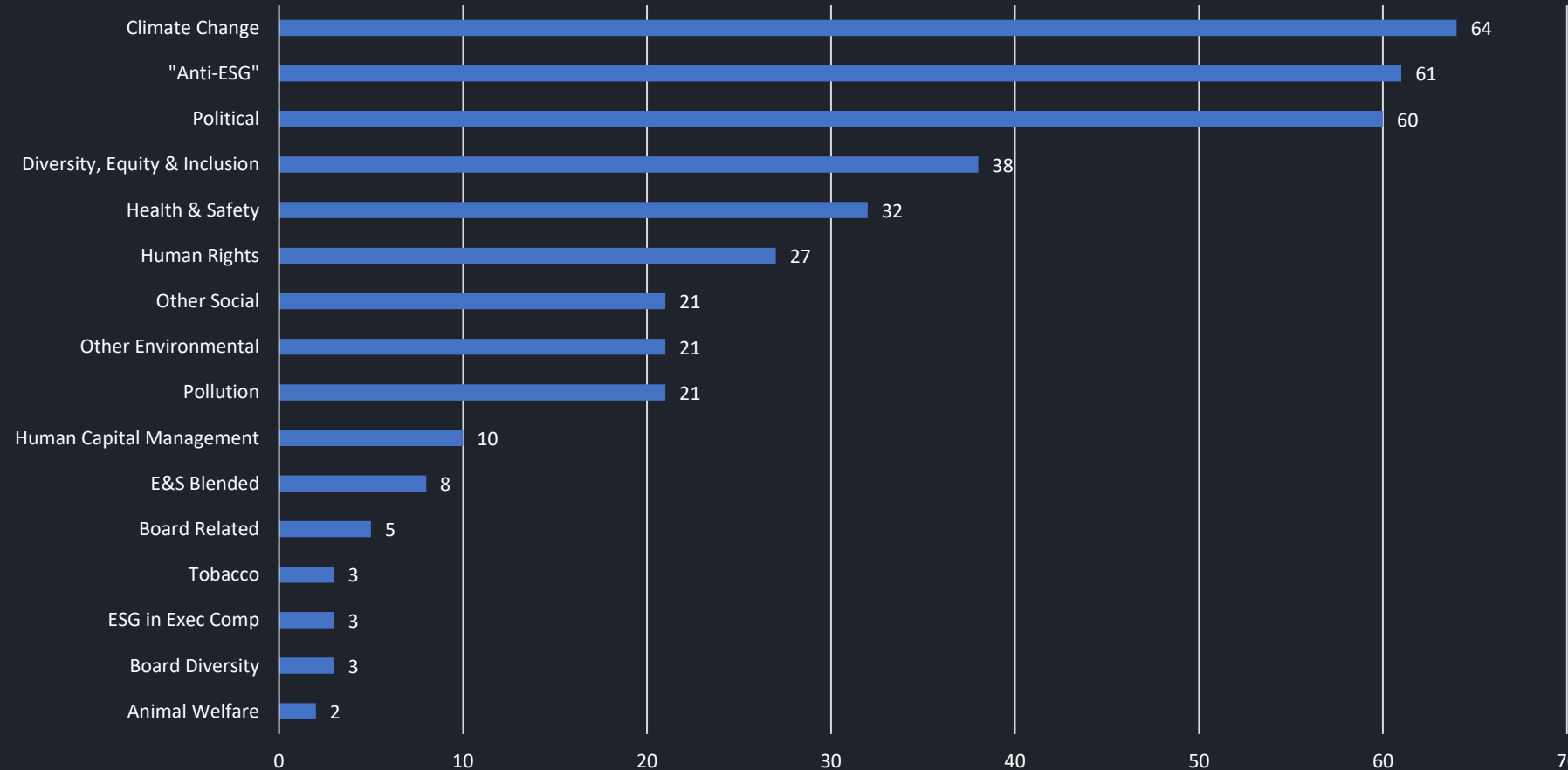
Source: ISS Governance Research & Voting



United States: Focus on E&S

Climate change, Political Spending Transparency & DEI issues top list of proponent concerns

2024 E&S Shareholder Proposals Filed by Topic, as of end February 2024 (data not complete)



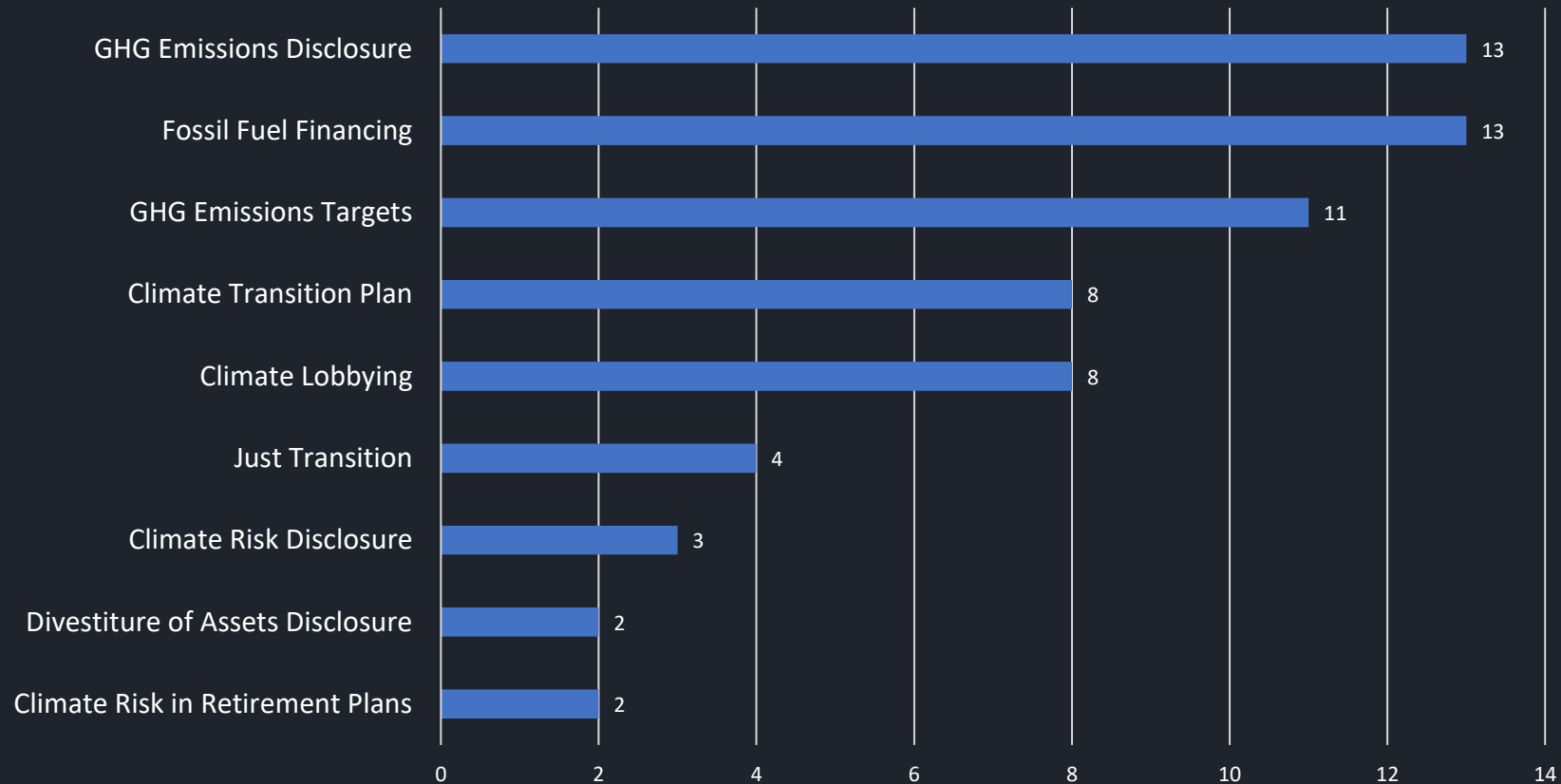
Source: ISS Governance Research & Voting



United States: Focus on E&S

GHG emissions disclosure & Fossil Fuel Financing are top requests so far this year

2024 Climate Proposals
(Data as of end February 2024)



Source: ISS Governance Research & Voting

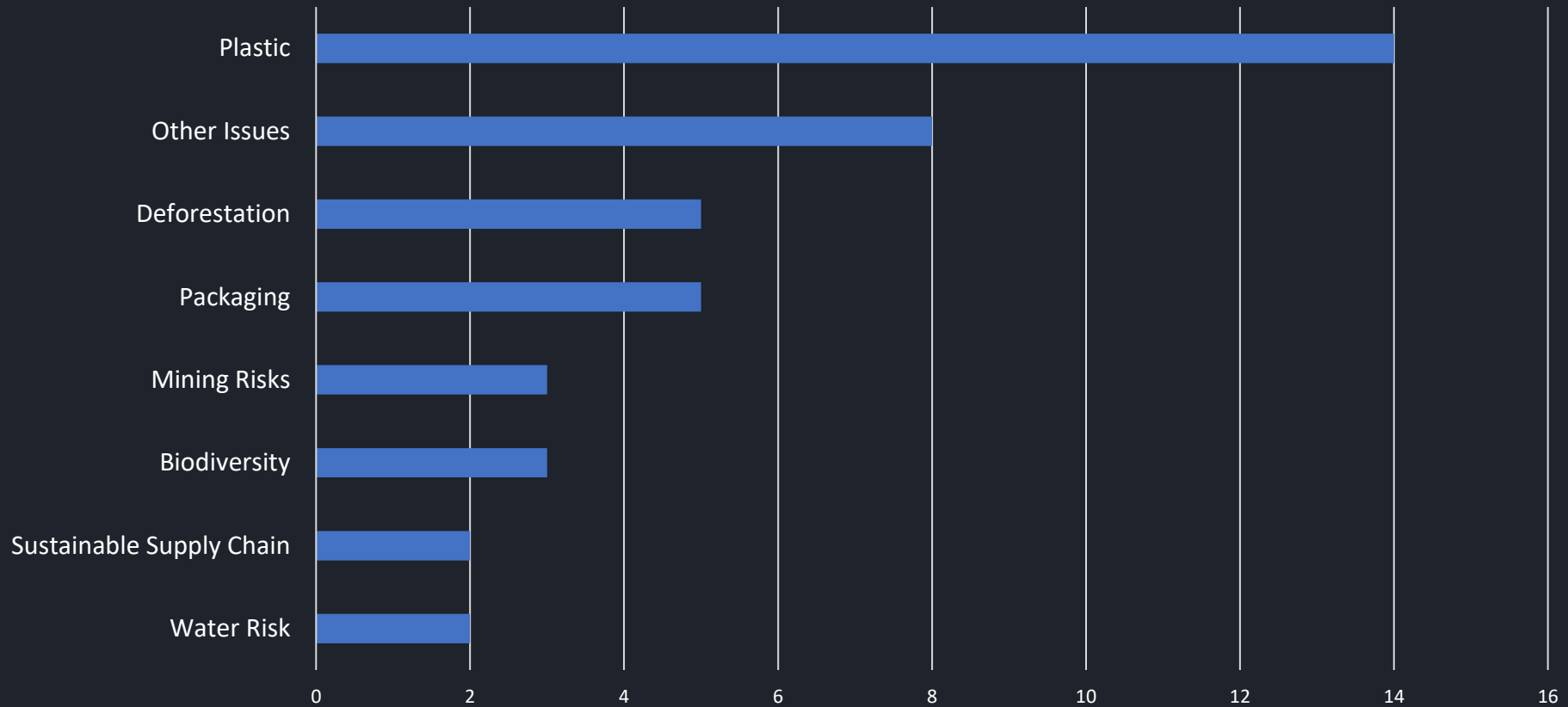


United States: Focus on E&S

Other Environmental Concerns are Plastics, Deforestation, Packaging, Mining, Biodiversity, Supply Chain, and Water

2024 Environmental Proposals (other than Climate risk related)

(Data as of end February 2024)

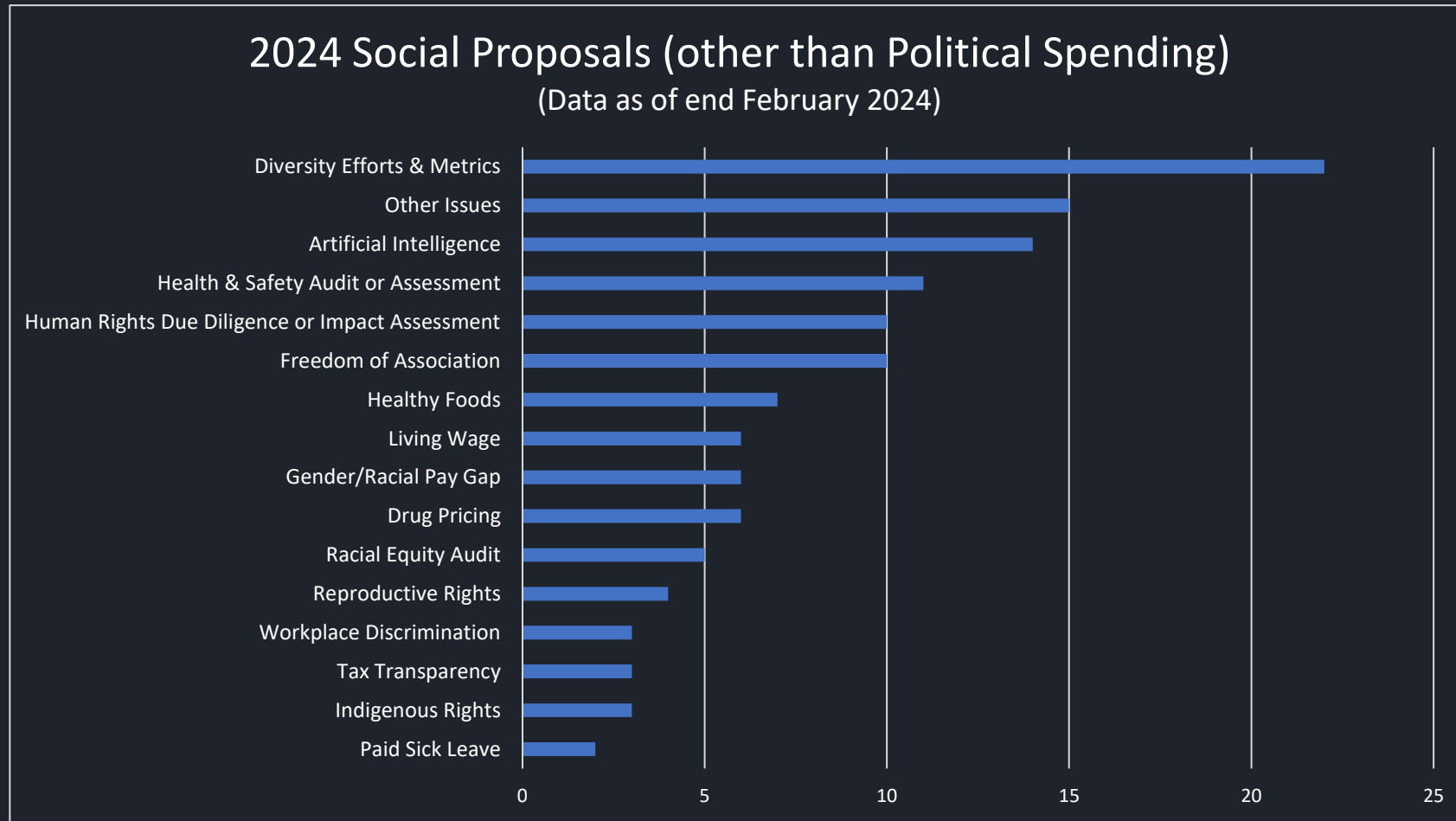


“Other Issues” includes single proposals on Arctic drilling, tire pollution, lead cables, pesticide use, toxic products, and others.



United States: Focus on E&S

Increased focus on DEI initiatives and data related to diverse workforce recruitment, retention, and promotion rates



“Other Issues” includes single proposals on child labor, child safety, concealment clauses, content management, equitable healthcare, and others.

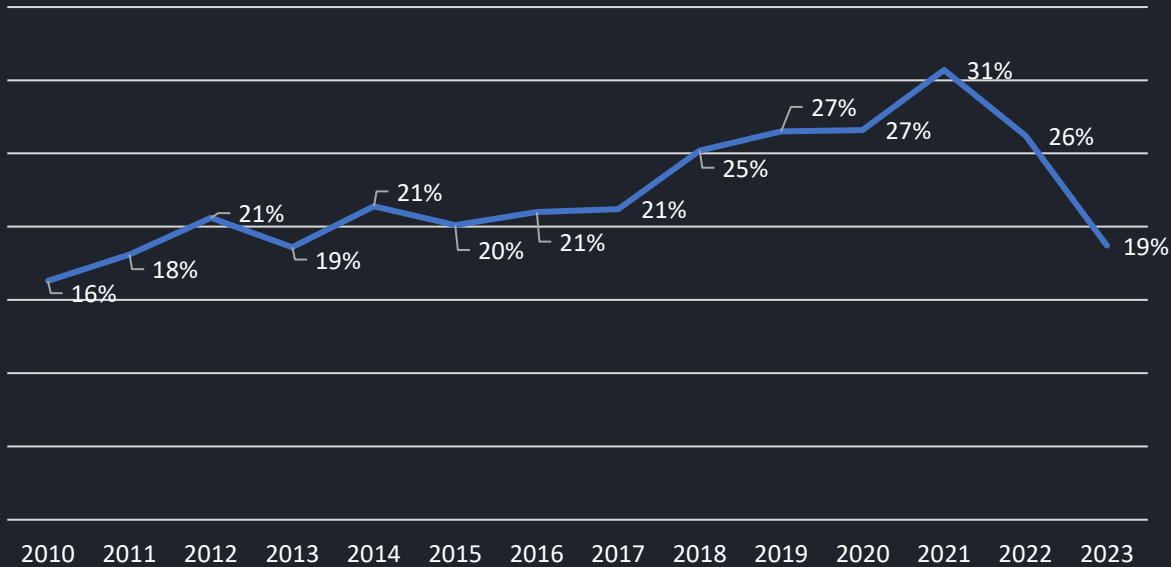
Source: ISS Governance Research & Voting



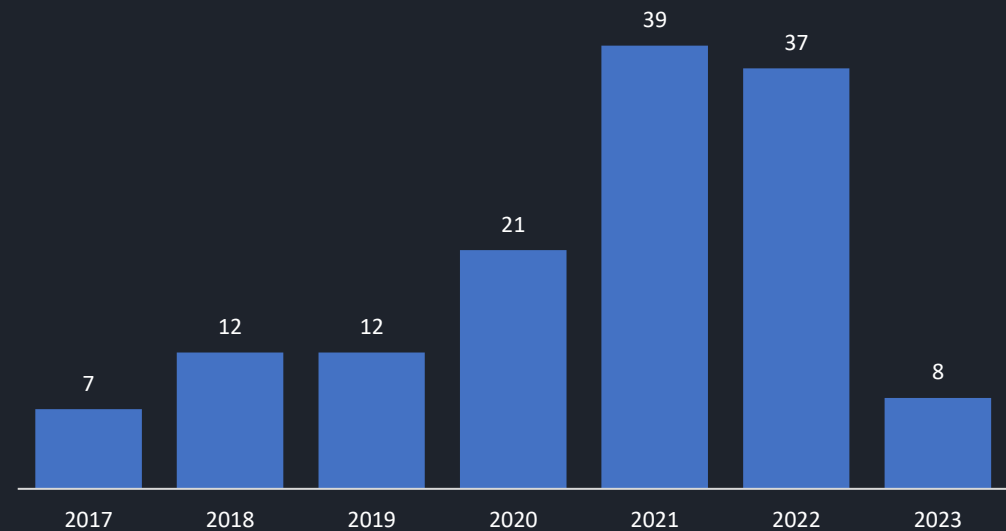
United States: Focus on E&S

Support for E&S shareholder proposals dropped in 2023, which led to much fewer majority-supported proposals.

Average Vote Results for E&S Shareholder Proposals
calculated without abstentions



Number of Majority-Supported E&S Proposals



Source: ISS Governance Research & Voting



United States: Focus on E&S

Potential ESG/E&S related regulations

- SEC proposed new climate-related disclosure rule in March 2022
 - Final rule expected April 2024. A challenge in court also expected.
- California climate disclosure rules signed into law. Laws require disclosure of emissions (all scopes) and climate risk.
- SEC is also expected to propose rules around human capital management

Thank You

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