

2022 Proxy Voting Review

August 17, 2023



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Introduction and Procedure Overview

- ❖ Proxy Voting is a way for shareholders to influence a company's corporate governance, activities of social responsibility and financial considerations.
- ❖ It is important for shareholders to participate in voting and make their decisions based on a full understanding of the information presented to them in the proxy statement.
- ❖ CTPF exercises Proxy Voting rights with the same care, skill, diligence and prudence that is exercised in managing other Fund assets in accordance with all applicable statutes and consistent with Board policy.
- ❖ Staff reviews CTPF's Proxy Voting Policy annually to ensure that current proxy issues are addressed. Any changes deemed necessary are submitted to the Board for approval.
- ❖ Staff implements CTPF's proxy voting process with the Voting Fiduciaries also known as Investment Managers in accordance with CTPF's policy.

Proxy Voting 101

- ❖ The term proxy vote refers to a ballot cast by an individual or firm on behalf of a corporation's shareholder who is not in attendance at the Annual General Meeting (AGM).
- ❖ Publicly Traded companies report to their shareholders through Annual General Meetings (AGMs). In advance of the AGM companies send proxy statements detailing the proposals that shareholders will vote on during the meeting along with a voting ballot.
- ❖ Proposals land on company ballots through one of two avenues: Either management puts forth a proposal to comply with legal requirements or to gauge shareholder sentiment or investor that meet a certain threshold submit a proposal to the company.
- ❖ A typical proxy ballot contains a list of directors to be voted on, an item for approving the auditor selected by the board for the fiscal year ahead, and an item requesting shareholders to vote on the top five executive officers' pay for the previous fiscal year. The proxy materials accompanying the ballot provide information on each of these items.

CTPF Proxy Themes & Guidelines

CTPF's Board of Trustees adopted the following Proxy Voting Themes and Guidelines that demonstrate the core values of CTPF.

- ❖ Board & Employee Diversity
- ❖ Corporate Governance (Board Elections & Oversight)
- ❖ Director, Executive, and Employee Compensation
- ❖ Political and Charitable Contribution
- ❖ Transparency and Disclosure Compliance

During 2022 Voting Fiduciaries Voted in Accordance with CTPF's Proxy Voting Policy for the following accounts:

Domestic Equity

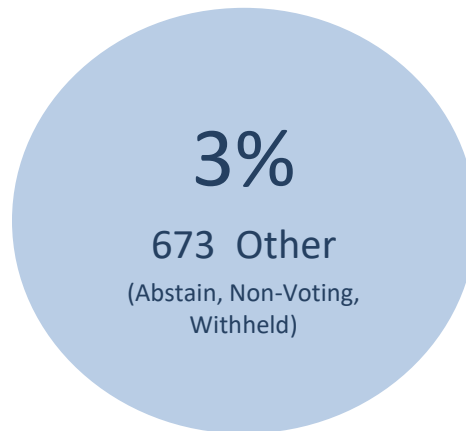
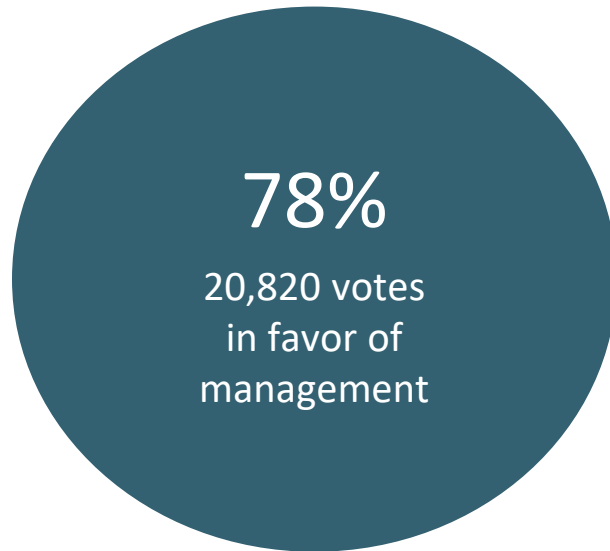
Attucks
BMO
Channing
Conestoga
Northern Trust
Phocas
Rhumblin
Zevenbergen

International Equity

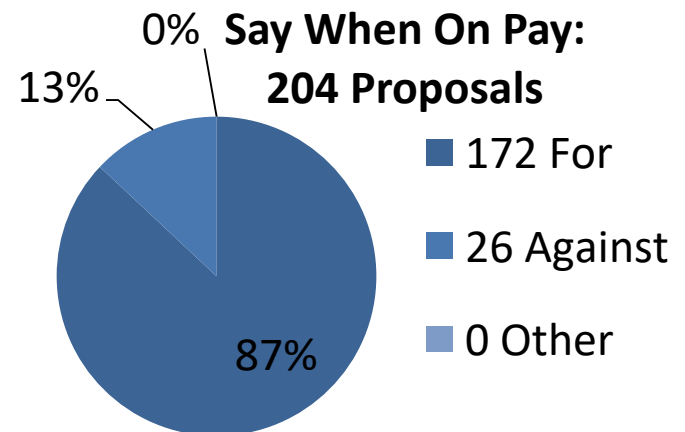
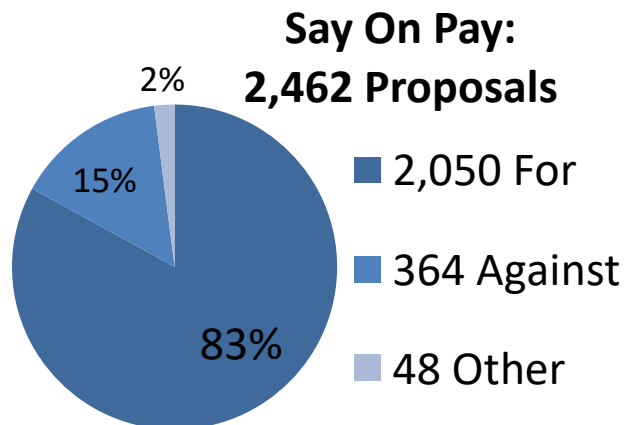
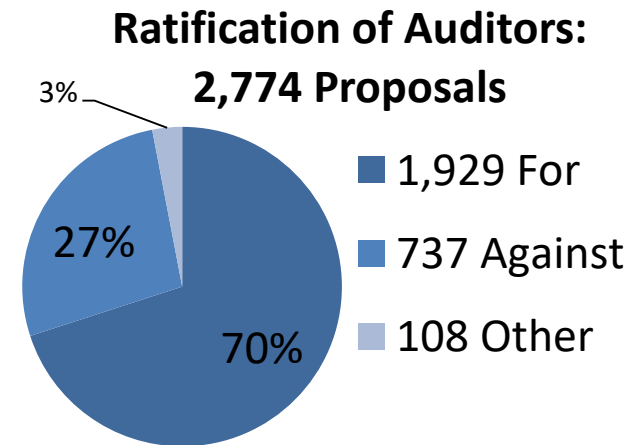
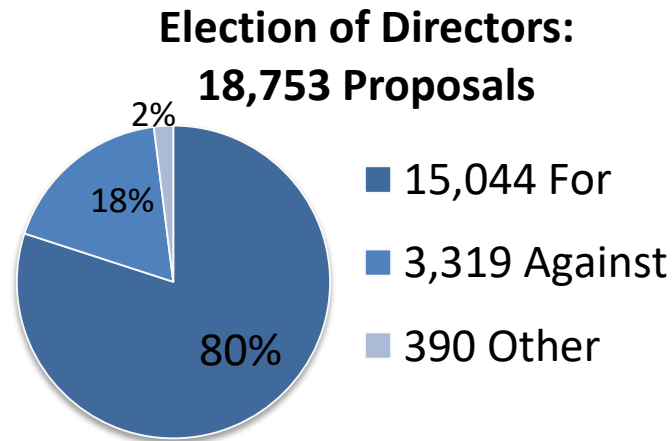
Ariel
DFA
Earnest Partners
Lazard
Leading Edge
Morgan Stanley
Strategic Global
William Blair

Summary of 2022 Voting Activity

26,661 Proposals



Most Common Management Proposals Voted in 2022



2022 Corporate Governance Highlights

Board Composition and Diversity

- ❖ Investors continue to pressure boards to demonstrate that they are taking a strategic and proactive approach to board refreshment.
- ❖ Investors are looking for indicators that boards are adding directors with the skills necessary to complement to company's strategic direction and ensuring diversity of backgrounds and perspectives to guide that strategy.
- ❖ In 2022 an increasing number of companies responded to shareholder interest by disclosing board racial/ethnic diversity information. Approximately 95% of the S&P 500 disclosed this information, an increase from approximately 73% in 2021.
- ❖ Board gender diversity continues to increase at a slow pace. There was a drop in the percentage of women among newly appointed directors in 2022.

Executive Compensation and Say on Pay

Since 2011, the Dodd-Frank legislation provided shareholders with an advisory vote on executive compensation. These votes give voice to shareholders on executive pay and related policies. The following factors are weighed:

- ❖ Alignment: Company performance and compensation amounts should compare favorably relative to its peer group.
- ❖ Stock awards: Performance-based stock awards drive superior performance as compared to time vested awards that are paid out regardless of performance.
- ❖ Dilution: The dilution to current shareholder equity should not exceed 5 percent.
- ❖ CEO Pay Ratio: Ratios will be monitored in comparison to peer groups and on an annual basis.

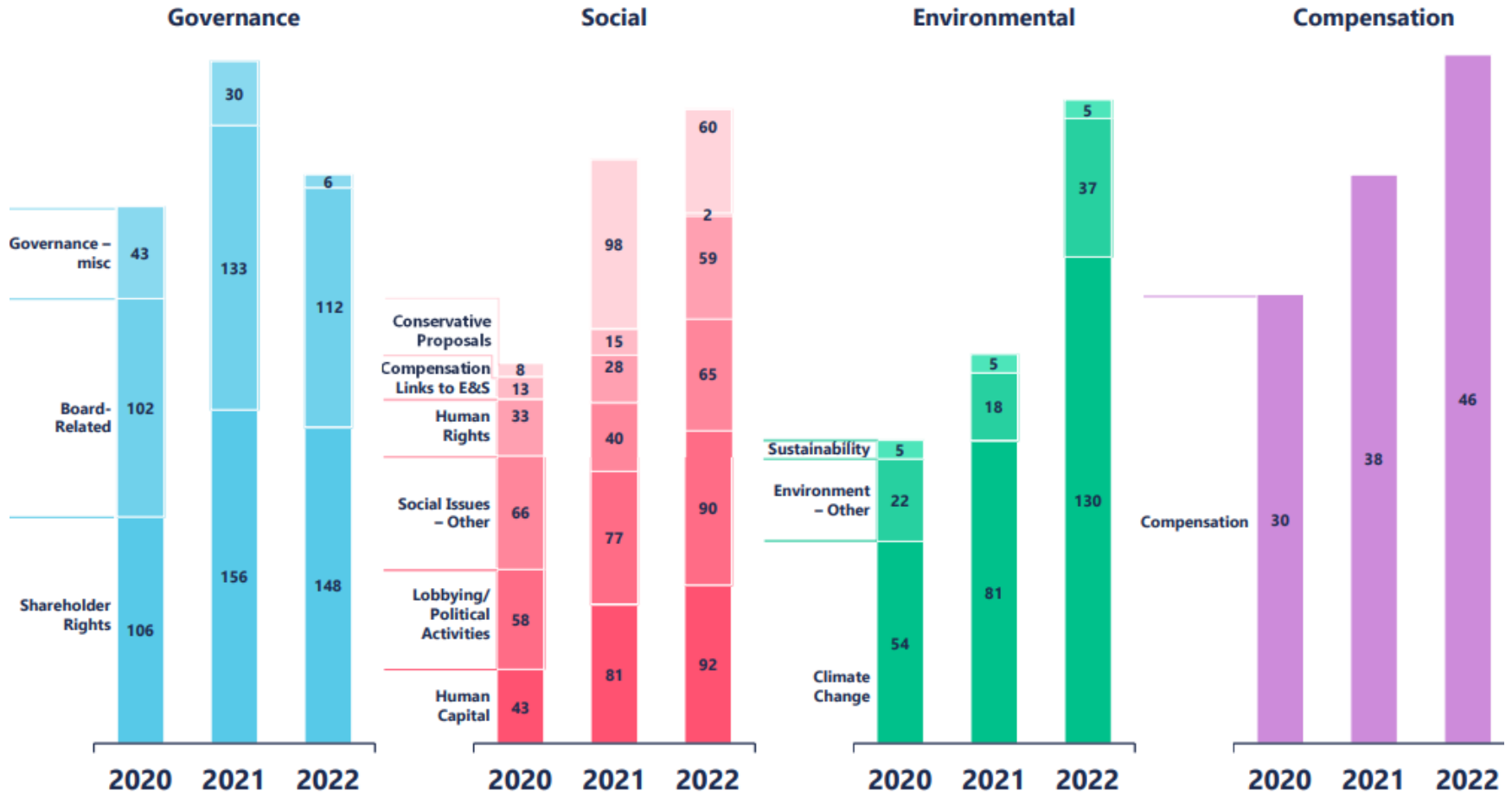
Shareholder Engagement & Activity

During the 2022 proxy season there were several developments in shareholder engagement, investor considerations, and activism matters.

- ❖ A record number of shareholder proposals were filed
- ❖ Diversity continues to be a focus, even as California courts invalidated the diversity requirement for California-based companies
- ❖ Trends continue towards investors de-levering voting authority
- ❖ The joining stakeholder groups continues, most notably between shareholders and workers; the number and breadth of shareholder proposals focused on worker rights, pay and working conditions continues to increase, as shareholders focus on social issues as well as the workforce as an asset.

ESG Shareholder Proposals

Shareholder Proposal Filings by Category and Subcategory
January 1, 2020 – June 1, 2022



Source: ISS 5

Takeaways From the 2022 Proxy Season

Trends that appeared during the 2020 proxy season are here to stay including hybrid or all virtual annual meetings. Many companies continue to hold virtual only meetings even after the removal of pandemic restrictions on in person meetings.

The 2022 proxy season saw an overall decline in investor support for directors, say-on-pay, and shareholder proposals.

- ❖ 618 Director's failed to attain majority support
- ❖ Support Levels for say on pay proposals declined to an 86% average- lowest in 5 years
- ❖ Companies saw more shareholder proposals during the 2022 season than at any time during the past 5 years. The average level of support for shareholder proposals fell to 34%, from the record high of 40% in 2021.
- ❖ After steadily climbing over the recent years support for environmental and social proposals decreased to 30% on average, from 37% the prior season
- ❖ Support for corporate political spending proposals dropped 4% to 38% on average

A look at the 2023 Proxy Season

- ❖ Virtual Shareholder Meetings are here to stay
- ❖ Climate Change Disclosure requirements
- ❖ Pass-Through Proxy Voting
- ❖ Continued push for gender and racial diversity, at the board, management, and workforce level
- ❖ Scrutiny of political contributions and statement of purpose
- ❖ SEC rulemaking could lead to more Shareholder Proposals