

**(ADOPTED 3/25/98)**

**Amended April 26, 2000; March 28, 2001; April 19, 2001; May 22, 2002; March 30, 2004; April 13, 2005; March 29, 2006; March 28, 2007; April 14, 2008; March 25, 2009; March 31, 2010; January 26, 2011; March 30, 2011; March 28, 2012; March 27, 2013; March 26, 2014; March 25, 2015; March 30, 2016; March 29, 2017; March 28, 2018; February 26, 2019**

## **The Ohio Police and Fire Pension Fund**

### **Proxy Voting Policy**

## **Proxy Voting Policy**

### **The Ohio Police and Fire Pension Fund**

**Philosophy:** This policy is based upon the belief that the right to vote is an investment asset. In the fulfillment of our fiduciary obligation, we will cast our votes in what we, in our professional judgment, deem to be in the best long-term interest of our plan beneficiaries. We acknowledge, however, that the board of directors of a company is generally in a better position to assess the best strategic course for the company and that indeed each board has a fiduciary obligation to do so. In fulfillment of our obligation to our plan beneficiaries, we will approach voting issues on a CASE-BY-CASE basis. There are, however, a number of issues, which may be considered routine in nature or where it would appear appropriate to support management, especially with respect to social and other non-financial matters.

**Administration:** The Chief Investment Officer or the Senior Investment Officer – Public Markets, or their designees, and designated investment managers shall be authorized to vote on behalf of the pension plan. Those managers and/or their designees authorized to vote proxies shall be provided with a copy of this policy and any subsequent revisions; provided however, managers of international investments may be authorized by the Chief Investment Officer to vote proxies in accordance with such manager’s approved proxy voting policy, which may be inconsistent with this policy. The staff and designees will maintain records of all proxy votes cast on behalf of the plan. Staff will provide to the Investment Committee a semi-annual summary of their proxy votes cast on behalf of the plan.

### **I. Management-Sponsored Proposals**

**Routine proposals:** These proposals are those which are deemed to be routine in nature and thus have no significant impact on shareholder value or on shareholders' rights. Examples for US companies would include requests such as non-controversial name changes or to amend the corporate purpose. Similar issues also appear on the agendas for non-US companies. Such proposals would be supported unless there are indications that such approval would not be in the best interests of the shareholders. For example, requests to grant a discretionary proxy to vote on “other business” would not be supported as an improper delegation of our fiduciary obligation.

**International-related routine proposals:** These proposals are those seen routinely on the agendas for non-U.S. companies. The majority are routine in nature, representing such formalities as opening a meeting or approving the minutes of the previous shareholder meeting. These proposals are generally supported unless there is some aspect that would have the potential to disenfranchise foreign shareholders.

**Board-related proposals:** These proposals concern those issues submitted to shareholders which deal with the composition of the board of directors or which have

some impact on the members of a corporation's board. These proposals encompass the election of directors, changes in the size of the board, classification of the board, cumulative voting and directors' liability and indemnification provisions. Our policy is to support the routine election of directors. Individual directors will not be supported where they:

- have failed to attend at least 75% of the board meetings without good cause
- are inside or affiliated directors on boards that are not at least majority independent or who sit on the audit, compensation or nominating committee
- are inside directors and the full board serves as the audit, compensation or nominating committee, are inside directors and the board does not have an audit, compensation or nominating committee or compensation committee members where there is a pay-for-performance disconnect
- are a nominee that sits on more than five company boards,
- are a CEO of a publicly traded company who serves on more than three boards
- are a continuing classified Board member that has had problematic corporate governance issues in the past.

We will review options backdating issue on a CASE-BY-CASE basis and may withhold votes from the compensation committee members who oversaw questionable options grant practices or from current compensation committee members who fail to respond to the issue proactively. We may also withhold votes from compensation committee members for poor pay practices such as including provisions for the payment of excise tax gross-ups, the use of a liberal change in control definition, tax reimbursements of executive perquisites and payment of dividends on unearned performance awards. We will withhold votes from insiders and affiliated outsiders for failure to establish a formal nominating committee. We will vote withhold/against audit committee members when the company receives an Adverse Opinion on the company's financial statements from its auditors, a material weakness rises to a level of serious concern, there are chronic internal control issues, and effective control mechanisms are not established within a reasonable period of time. We may withhold votes from members of an audit committee where there is persuasive evidence that the audit committee entered into an inappropriate indemnification agreement, or disclosure of internal control requirements mandated per §404 of Sarbanes-Oxley rise to materiality. We will vote CASE-BY-CASE on members of the Audit Committee and/or the full board if poor accounting practices are identified which rise to a level of serious concern, such as: fraud; misapplication of GAAP; and material weaknesses identified in Section 404 disclosures. All directors, except new nominees, will not be supported if the board has implemented or renewed a "dead-hand pill", has adopted or renewed a poison pill without shareholder approval since the company's last annual meeting and does not commit to put the pill to a shareholder vote within 12 months, ignored a shareholder proposal either approved by a majority of shares outstanding or a majority of votes cast for two consecutive years or failed to act on a takeover offer where a majority of shares were tendered.

We will vote AGAINST or WITHHOLD from all nominees of the board of directors (except new nominees, who should be considered on a CASE-by-CASE basis) if:

- The company has a poison pill that was not approved by shareholders<sup>1</sup>. However, vote CASE-BY-CASE on nominees if the board adopts an initial pill with a term of one year or less, depending on the disclosed rationale for the adoption, and other factors as relevant (such as a commitment to put any renewal to a shareholder vote).
- The board makes a material adverse modification to an existing pill, including, but not limited to, extension, renewal, or lowering the trigger, without shareholder approval.

We will vote CASE-BY-CASE on individual directors, committee members, or the entire board of directors as appropriate if:

The board failed to act on a shareholder proposal that received the support of a majority of the shares cast in the previous year or failed to act on a management proposal seeking to ratify an existing charter/bylaw provision that received opposition of a majority of the shares cast in the previous year. Factors that will be considered are:

- Disclosed outreach efforts by the board to shareholders in the wake of the vote;
- Rationale provided in the proxy statement for the level of implementation;
- The subject matter of the proposal;
- The level of support for and opposition to the resolution in past meetings;
- Actions taken by the board in response to the majority vote and its engagement with shareholders;
- The continuation of the underlying issue as a voting item on the ballot (as either shareholder or management proposals); and
- Other factors as appropriate;

The board failed to act on takeover offers where the majority of shares are tendered;

At the previous board election, any director received more than 50 percent withhold/against votes of the shares cast and the company has failed to address the issue(s) that caused the high withhold/against vote.

We will vote CASE-BY-CASE on all director nominees at companies that fail to meet the performance test (using four performance measures, one market-based performance metric and three tied to the company's operational performance) for issuers within the Russell 3000 index. We will vote WITHHOLD/AGAINST all director nominees, if there is a lack of accountability and oversight, along with sustained poor performance relative to their peers. Proxy contests or elections with dissident slates of directors will be decided on a CASE-BY-CASE basis.

---

<sup>1</sup> Public shareholders only, approval prior to a company's becoming public is insufficient.

Under extraordinary circumstances, OP&F will vote AGAINST or WITHHOLD from individual directors, members of a committee, or the entire board, due to:

- Failure to replace management as appropriate; or
- Egregious actions related to a director's service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company, or.
- Hedging of company stock and significant pledging of company stock by directors and/or executives are considered failures of risk oversight.

OP&F will vote AGAINST or WITHHOLD from directors individually, committee members, or the entire board (except new nominees, who should be considered CASE-BY-CASE) if the board amends the company's bylaws or charter without shareholder approval in a manner that materially diminishes shareholders' rights or that could adversely impact shareholders, considering the following factors, as applicable:

- The board's rationale for adopting the bylaw/charter amendment without shareholder ratification;
- Disclosure by the company of any significant engagement with shareholders regarding the amendment;
- The level of impairment of shareholders' rights caused by the board's unilateral amendment to the bylaws/charter;
- The board's track record with regard to unilateral board action on bylaw/charter amendments or other entrenchment provisions;
- The company's ownership structure;
- The company's existing governance provisions;
- Whether the amendment was made prior to or in connection with the company's initial public offering;
- The timing of the board's amendment to the bylaws/charter in connection with a significant business development;
- Other factors, as deemed appropriate, that may be relevant to determine the impact of the amendment on shareholders.

OP&F will, unless the adverse amendment is reversed or submitted to a binding shareholder vote, in subsequent years vote CASE-BY-CASE on director nominees. OP&F will generally vote AGAINST or WITHHOLD (except new nominees, who should be considered CASE-BY-CASE) if the directors:

- Classified the board;
- Adopted supermajority vote requirements to amend the bylaws or charter; or
- Eliminated shareholders' ability to amend bylaws.

We will vote AGAINST or WITHHOLD from individual directors, members of the governance committee, or the full board, where boards ask shareholders to ratify existing charter or bylaw provisions considering the following factors:

- The presence of a shareholder proposal addressing the same issue on the same ballot;
- The board's rationale for seeking ratification;
- Disclosure of actions to be taken by the board should the ratification proposal fail;
- Disclosure of shareholder engagement regarding the board's ratification request;
- The level of impairment to shareholders' rights caused by the existing provision;
- The history of management and shareholder proposals on the provision at the company's past meetings;
- Whether the current provision was adopted in response to the shareholder proposal;
- The company's ownership structure; and
- Previous use of ratification proposals to exclude shareholder proposals.

OP&F will, for newly public companies, generally vote AGAINST or WITHHOLD from directors individually, committee members, or the entire board (except new nominees, who should be considered CASE-BY-CASE) if, prior to or in connection with the company's public offering, the company or its board adopted bylaw or charter provisions materially adverse to shareholder rights, or implemented a multi-class capital structure in which the classes have unequal voting rights considering the following factors:

- The level of impairment of shareholders' rights;
- The disclosed rationale;
- The ability to change the governance structure (e.g., limitations on shareholders' right to amend the bylaws or charter, or supermajority vote requirements to amend the bylaws or charter);
- The ability of shareholders to hold directors accountable through annual director elections, or whether the company has a classified board structure;
- Any reasonable sunset provision; and
- Other relevant factors.

Unless the adverse provision and/or problematic capital structure is reversed or removed, OP&F will vote CASE-BY-CASE on director nominees in subsequent years.

OP&F will vote AGAINST or WITHHOLD from members of the governance committee if:

- The company's charter imposes undue restrictions on shareholders' ability to amend the bylaws. Such restrictions include but are not limited to: Outright prohibition on the submission of binding shareholder proposals. Share ownership requirements or time holding requirements in excess of SEC Rule 14a-8. OP&F will vote AGAINST or WITHHOLD on an ongoing basis.

OP&F will vote AGAINST or WITHHOLD from the entire board of directors (except new nominees, who should be considered CASE-BY-CASE) if:

- The board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received the majority of votes cast at the most recent shareholder meeting at which shareholders voted on the say-on-pay frequency.

OP&F will vote CASE-BY-CASE on the entire board if:

- The board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received a plurality, but not a majority, of the votes cast at the most recent shareholder meeting at which shareholders voted on the say-on-pay frequency, taking into account:
  - The board's rationale for selecting a frequency that is different from the frequency that received a plurality;
  - The company's ownership structure and vote results;
  - OP&F' analysis of whether there are compensation concerns or a history of problematic compensation practices; and
  - The previous year's support level on the company's say-on-pay proposal.

OP&F will vote on a CASE-BY-CASE basis on Compensation Committee members (or, in exceptional cases, the full board) and the Management Say-on-Pay proposal if the company's previous say-on-pay proposal received the support of less than 70 percent of votes cast, taking into account:

The company's response, including:

- Disclosure of engagement efforts with major institutional investors regarding the issues that contributed to the low level of support;
- Specific actions taken to address the issues that contributed to the low level of support;
- Other recent compensation actions taken by the company;
- Whether the issues raised are recurring or isolated;
- The company's ownership structure; and
- Whether the support level was less than 50 percent, which would warrant the highest degree of responsiveness.

Reasonable changes to the size of a board will be supported in the absence of a clear intent to entrench current management at shareholder expense. Division of the board of directors into classes with terms of two or more years with each class elected to staggered terms is deemed to entrench management and reduce the accountability of directors to the shareholders. Accordingly, proposals to create a classified board will not be supported. As cumulative voting can result in the election of directors who represent a special interest group, proposals to eliminate cumulative voting will generally be supported. Proposals to add director's liability and indemnification provisions will generally be supported so long as the proposal provides that directors would retain liability and would not be indemnified should it be determined that there was willful misconduct on their part. Proposals to put in place indemnification would generally not be supported while there is pending litigation against the directors to be indemnified. Any other matters regarding the board will be decided on a CASE-BY-CASE basis.

**Auditor-related proposal:** This proposal concerns the approval of the auditors and was considered a routine proposal until recent accounting scandals pointed to possible conflicts of interest. Our policy is to vote AGAINST auditors and audit committee members if non-audit fees are greater than audit fees, audit-related fees, and permitted tax service fees combined, or if non-audit fees are excessive. We will review proposals to ratify a company's auditors on a CASE-BY-CASE basis considering factors such as the terms of the auditor agreement and the degree to which these agreements impact shareholders' rights. We will vote against approving an auditor if an audit opinion is believed to be non-accurate or non-indicative of the company financial position.

**Capitalization-related proposals:** These proposals relate to various requests by management for approval of amendments to the articles of incorporation, which would alter the capital structure of the company. By far the most common request is for an increase in the number of authorized shares of common stock. Such requests are usually for additional shares to carry out legitimate corporate purposes and would be supported where the new total number of shares available is less than twice the currently outstanding shares. Requests to create an additional class or classes of common stock with greater or lesser voting rights than existing common stock would not be supported due to their negative impact on shareholders' rights. Requests to create tracking stock will be considered on a CASE-BY-CASE basis. However, tracking stock proposals that include bundled proposals adverse to shareholder rights or provide for the issuance of stock through an IPO rather than share dividend will generally be opposed.

Requests for capital increases at non-US companies will generally be supported where the requested amount with preemptive rights is not greater than the amount of currently issued capital. Requests without preemptive rights would be supported where the amount requested is not more than one third of existing capital. Such requests would not be supported if the sole purpose is putting an antitakeover defense in place. Such antitakeover-related requests are generally seen in France, Belgium and the Netherlands.

**Reorganization-related proposals:** These proposals relate to the organizational structure of a company and concern mergers, reorganizations and re-incorporations. Changes in the state of incorporation will be supported where the new state of incorporation is the state in which the company is already headquartered or where the change in state of incorporation will provide cost savings in terms of corporate franchise or other taxes. Mergers and reorganizations, by their very nature, require a CASE-BY-CASE analysis and will be supported where economically beneficial to shareholders. Reorganizations or mergers affecting Ohio-based corporations will be referred to the Proxy Administrator for review. Amendments to the certificate of incorporation of non-US companies will generally be supported in the absence of a clear intent to create an antitakeover device or to curtail the voting rights of shareholders. For example, a request to reduce the disclosure threshold for shareholders from the statutory limit to an unreasonably low threshold, such as one quarter of one percent, would not be supported. Special Purpose Acquisition Corporations will be considered on a CASE-BY-CASE basis, looking at: valuation and market reaction, deal timing, negotiations and process, conflicts of interest, voting agreements, and governance. We will support management



proposals to adjourn a shareholder meeting to solicit additional proxies to approve a merger OP&F supports if the authority to adjourn is limited solely to solicit proxies to approve said merger.

**Compensation-related proposals:**

OP&F will evaluate executive pay and practices, as well as certain aspects of outside director compensation, on a CASE-BY-CASE basis.

OP&F will vote AGAINST management say on pay (MSOP) proposals, AGAINST/WITHHOLD on compensation committee members (or, in rare cases where the full board is deemed responsible, all directors including the CEO), and/or AGAINST an equity-based incentive plan proposal if:

- There is a misalignment between CEO pay and company performance (pay for performance);
- The company maintains problematic pay practices;
- The board exhibits poor communication and responsiveness to shareholders.
- The company fails to include a Say on Pay ballot item when required under SEC provisions, or under the company’s declared frequency of say on pay; or
- The company fails to include a Frequency of Say on Pay ballot item when required under SEC provisions.

OP&F will generally vote AGAINST members of the board committee responsible for approving/setting non-employee director compensation if there is a pattern (i.e. two or more years) of awarding excessive non-employee director compensation without disclosing a compelling rationale or other mitigating factors.

Additional CASE-BY-CASE considerations for the MSOP proposals:

- Evaluation of performance metrics in short-term and long-term plans, as discussed and explained in the Compensation Discussion & Analysis (CD&A). Consider the measures, goals, and target awards reported by the company for executives’ short- and long-term incentive awards: disclosure, explanation of their alignment with the company’s business strategy, and whether goals appear to be sufficiently challenging in relation to resulting payouts;
- Evaluation of peer group benchmarking used to set target pay or award opportunities. Consider the rationale stated by the company for constituents in its pay benchmarking peer group, as well as the benchmark targets it uses to set or validate executives’ pay (e.g., median, 75th percentile, etc.) to ascertain whether the benchmarking process is sound or may result in pay “ratcheting” due to inappropriate peer group constituents (e.g., much larger companies) or targeting (e.g., above median); and
- Balance of performance-based versus non-performance-based pay. Consider the ratio of performance-based (not including plain vanilla stock options) vs. non-performance-based pay elements reported for the CEO’ latest reported fiscal year compensation, especially in conjunction with concerns about other factors such as

performance metrics/goals, benchmarking practices, and pay-for-performance disconnects. .

OP&F will vote FOR annual advisory votes on compensation, which provide the most consistent and clear communication channel for shareholder concerns about companies' executive pay programs.

In general, the MSOP ballot item is the primary focus of voting on executive pay practices—dissatisfaction with compensation practices can be expressed by voting against MSOP rather than withholding or voting against the compensation committee. However, if there is no MSOP on the ballot, then the negative vote will apply to members of the compensation committee. In addition, in egregious cases, or if the board fails to respond to concerns raised by a prior MSOP proposal, then vote withhold or against compensation committee members (or, if the full board is deemed accountable, all directors). If the negative factors involve equity-based compensation, then vote AGAINST an equity-based plan proposal presented for shareholder approval.

**Non-salary compensation-related proposals:** This represents an area of increasing concern to long-term investors. While a competitive compensation package is necessary to acquire and retain key employees who have a substantive impact on the company's performance, the risk is that executives will receive substantial benefits without the appropriate increases in shareholder value. The purpose of compensation plans is to provide incentives in keeping with the expected returns. While deference will be given to the board's recommendations on compensation issues, plans that exceed guidelines will generally not be supported.

For incentive bonus plans and tax deductibility proposals, we will vote AGAINST the proposal if the compensation committee does not fully consist of independent outsiders. For all stock-based plans, those which permit management employees or executives to acquire company shares at a price less than full fair market value will not be supported. This may not apply to employee stock purchase plans where the value of broad-based participation outweighs the value of discounted shares being acquired by executive employees.

OP&F will vote CASE-BY-CASE on equity-based compensation plans depending on a combination of certain plan features and equity grant practices, where positive factors may counterbalance negative factors, and vice versa, as evaluated in three pillars:

- **Plan Cost:** The total estimated cost of the company's equity plans relative to industry/market cap peers, measured by the company's estimated Shareholder Value Transfer (SVT) in relation to peers and considering both:
  - SVT based on new shares requested plus shares remaining for future grants, plus outstanding unvested/unexercised grants; and
  - SVT based only on new shares requested plus shares remaining for future grants.
  
- **Plan Features:**

- Automatic single-triggered award vesting upon a change in control (CIC);
  - Discretionary vesting authority;
  - Liberal share recycling on various award types;
  - Minimum vesting period for grants made under the plan.
- **Grant Practices:**
    - The company's three year burn rate relative to its industry/market cap peers;
    - Vesting requirements in most recent CEO equity grants (3-year look-back);
    - The estimated duration of the plan based on the sum of shares remaining available and the new shares requested, divided by the average annual shares granted in the prior three years;
    - The proportion of the CEO's most recent equity grants/awards subject to performance conditions;
    - Whether the company maintains a claw-back policy;
    - Whether the company has established post exercise/vesting share-holding requirements.

We will generally vote AGAINST the plan proposal if the combination of above factors indicates that the plan is not, overall, in shareholders' interests, or if any of the following apply:

- Awards may vest in connection with a liberal change-of-control definition;
- The plan would permit repricing or cash buyout of underwater options without shareholder approval (either by expressly permitting it – for NYSE and Nasdaq listed companies -- or by not prohibiting it when the company has a history of repricing – for non-listed companies);
- The plan is a vehicle for problematic pay practices or a pay-for-performance disconnect; or
- Any other plan features are determined to have a significant negative impact on shareholder interests.

This is not intended to restrict the Fund's ability to support plans that might otherwise exceed these guidelines where special circumstances exist which make such an exception clearly in the best interests of the shareholders.

OP&F will vote CASE-BY-CASE on compensation plans for non-employee directors, based on:

- The total estimated cost of the company's equity plans relative to industry/market cap peers, measured by the company's estimated Shareholder Value Transfer (SVT) based on new shares requested plus shares remaining for future grants, plus outstanding unvested/unexercised grants;
- The company's three-year burn rate relative to its industry/market cap peers; and
- The presence of any egregious plan features (such as an option repricing provision or liberal CIC vesting risk).

On occasion, director stock plans will exceed the plan cost or burn-rate benchmarks when combined with employee or executive stock plans. In such cases, vote CASE-BY-CASE on the plan taking into consideration the following qualitative factors:

- The relative magnitude of director compensation as compared to companies of a similar profile;
- The presence of problematic pay practices relating to director compensation;
- Director stock ownership guidelines and holding requirements;
- Equity award vesting schedules;
- The mix of cash and equity-based compensation;
- Meaningful limits on director compensation;
- The availability of retirement benefits or perquisites; and
- The quality of disclosure surrounding director compensation.

OP&F will vote CASE-BY-CASE on management proposals seeking ratification of non-employee director compensation, based on the following factors:

- If the equity plan under which non-employee director grants are made is on the ballot, whether or not it warrants support; and
- An assessment of the following qualitative factors:
  - The relative magnitude of director compensation as compared to companies of a similar profile;
  - The presence of problematic pay practices relating to director compensation;
  - Director stock ownership guidelines and holding requirements;
  - Equity award vesting schedules;
  - The mix of cash and equity-based compensation;
  - Meaningful limits on director compensation;
  - The availability of retirement benefits or perquisites; and
  - The quality of disclosure surrounding director compensation.

OP&F will vote CASE-BY-CASE on say on Golden Parachute proposals, including consideration of existing change-in-control arrangements maintained with named executive officers rather than focusing primarily on new or extended arrangements. Features that may result in an AGAINST recommendation include one or more of the following, depending on the number, magnitude, and/or timing of issue(s):

- Single- or modified-single-trigger cash severance;
- Single-trigger acceleration of unvested equity awards;
- Excessive cash severance (>3x base salary and bonus);
- Excise tax gross-ups triggered and payable (as opposed to a provision to provide excise tax gross-ups);
- Excessive golden parachute payments (on an absolute basis or as a percentage of transaction equity value); or

- Recent amendments that incorporate any problematic features (such as those above) or recent actions (such as extraordinary equity grants) that may make packages so attractive as to influence merger agreements that may not be in the best interests of shareholders; or
- The company's assertion that a proposed transaction is conditioned on shareholder approval of the golden parachute advisory vote.

Recent amendment(s) that incorporate problematic features will tend to carry more weight on the overall analysis. However, the presence of multiple legacy problematic features will also be closely scrutinized.

In cases where the golden parachute vote is incorporated into a company's advisory vote on compensation (management say-on-pay), OP&F will evaluate the say-on-pay proposal in accordance with these guidelines, which may give higher weight to that component of the overall evaluation.

**Non-U.S. Stock-based Plans:** Option and other stock-based compensation plans for non-U.S. companies will be reviewed in light of the customary practices for such countries and would generally be voted in accordance with the guidelines noted above.

**Antitakeover-related proposals:** The vast majority of these proposals concern management's attempt to either add some provision which will serve to entrench existing management or which otherwise impact the rights of shareholders. As we believe that shareholder value arises from the free market in corporate ownership, we oppose those provisions that could preclude shareholders from participating in tender offers that might be opposed by current management. These proposals could include, but would not be limited to, the following:

**Adopt supermajority vote requirement** - Generally opposed.

We will vote FOR management or shareholder proposals to reduce supermajority vote requirements. However, for companies with shareholder(s) who have significant ownership levels, vote on a CASE-BY-CASE basis, taking into account:

- Ownership structure;
- Quorum requirements; and
- Supermajority vote requirements

**Adopt a shareholder rights plan (poison pill)** - Generally opposed. However, for proposals to adopt a poison pill for the stated purpose of preserving a company's net operating losses ("NOLs"), the following factors are considered on a CASE-BY-CASE basis:

- The ownership threshold to transfer (NOL pills generally have a trigger slightly below 5%);
- The value of the NOLs;
- The term;
- Shareholder protection mechanisms (sunset provision, or commitment to cause expiration of the pill upon exhaustion or expiration of NOLs);

- The company’s existing governance structure including: board independence, existing takeover defenses, track record of responsiveness to shareholders, and any other problematic governance concerns; and
- Any other factors that may be applicable.

**Adopt a fair price provision** - generally opposed

**Eliminate the right of shareholders to call a special meeting** - generally opposed

**Provide that directors may only be removed for cause** - generally opposed.

**Written Consent:** OP&F will generally vote AGAINST management and shareholder proposals to restrict or prohibit shareholders' ability to act by written consent. We will generally vote FOR management and shareholder proposals that provide shareholders with the ability to act by written consent, taking into account the following factors:

- Shareholders' current right to act by written consent;
- The consent threshold;
- The inclusion of exclusionary or prohibitive language;
- Investor ownership structure; and
- Shareholder support of, and management's response to, previous shareholder proposals.

OP&F will vote on a CASE-BY-CASE basis on shareholder proposals if, in addition to the considerations above, the company has the following governance and antitakeover provisions:

- An unfettered right for shareholders to call special meetings at a 10 percent threshold;
- A majority vote standard in uncontested director elections;
- No non-shareholder-approved pill; and
- An annually elected board.

For proposals to adopt a protective amendment for the stated purpose of protecting a company’s net operating losses (“NOLs”), the following factors should be considered on a CASE-BY-CASE basis:

- The ownership threshold (NOL protective amendments generally prohibit stock ownership transfers that would result in a new 5-percent holder or increase the stock ownership percentage of an existing five-percent holder);
- The value of the NOLs;
- Shareholder protection mechanisms (sunset provision or commitment to cause expiration of the protective amendment upon exhaustion or expiration of the NOL);
- The company’s existing governance structure including: board independence, existing takeover defenses, track record of responsiveness to shareholders, and any other problematic governance concerns; and
- Any other factors that may be applicable.

### **Shareholder Rights & Defenses - Exclusive Venue Proposals:**

Management proposals seeking an exclusive jurisdiction as a forum for resolution of shareholder disputes.

Bylaw provisions impacting shareholders' ability to bring suit against the company may include exclusive venue provisions, which provide that the state of incorporation shall be the sole venue for certain types of litigation, and fee-shifting provisions that require a shareholder who sues a company unsuccessfully to pay all litigation expenses of the defendant corporation.

OP&F will vote CASE-BY-CASE on bylaws which impact shareholders' litigation rights taking into account factors such as:

- The company's stated rationale for adopting such a provision;
- Disclosure of past harm from shareholder lawsuits in which plaintiffs were unsuccessful or shareholder lawsuits outside the jurisdiction of incorporation;
- The breadth of application of the bylaw, including the types of lawsuits to which it would apply and the definition of key terms; and
- Governance features such as shareholders' ability to repeal the provision at a later date (including the vote standard applied when shareholders attempt to amend the bylaws) and their ability to hold directors accountable through annual director elections and a majority vote standard in uncontested elections.

We will generally vote AGAINST bylaws that mandate fee-shifting whenever plaintiffs are not completely successful on the merits (i.e., in cases where the plaintiffs are partially successful).

Unilateral adoption by the board of bylaw provisions which affect shareholders' litigation rights will be evaluated under OP&F's policy on Unilateral Bylaw/Charter Amendments.

We will generally vote AGAINST management proposals to ratify provisions of the company's existing charter or bylaws, unless these governance provisions align with best practice.

In addition, voting AGAINST/WITHHOLD from individual directors, members of the governance committee, or the full board may be warranted, considering:

- The presence of a shareholder proposal addressing the same issue on the same ballot;
- The board's rationale for seeking ratification;
- Disclosure of actions to be taken by the board should the ratification proposal fail;
- Disclosure of shareholder engagement regarding the board's ratification request;
- The level of impairment to shareholders' rights caused by the existing provision;
- The history of management and shareholder proposals on the provision at the company's past meetings;

- Whether the current provision was adopted in response to the shareholder proposal;
- The company's ownership structure; and
- Previous use of ratification proposals to exclude shareholder proposals.

## **II. Shareholder-Sponsored Proposals**

**Shareholder-Routine:** These proposals are those that would have no impact on shareholders rights, such as requests to change the date or location of the annual meeting. They can, however, include more substantive proposals such as requests to establish a shareholder advisory committee. Generally, proposals that could have a substantive impact on the company or its shareholders would be voted on a CASE-BY-CASE basis.

**Shareholder-Auditor:** These proposals deal with requests that companies rotate their audit firms after a specified number of years, such as every five years. These proposals will be voted on a CASE-BY-CASE basis.

**Shareholder-Directors:** These proposals deal with some aspect of the operation of the board of directors. Ultimately, the Fund wishes to elect the most qualified individuals to sit on the boards of companies in which we invest. We will support proposals asking that director nominees be elected by an affirmative vote of the majority of votes cast by shareholders. We will tend to support proposals that request companies to make an effort to broaden the diversity of their board membership. However, we will tend to oppose proposals that could be interpreted as requiring companies to add women and minorities to boards based on the belief that this may force them to be unable to elect the most qualified individuals for their specific circumstances. Proposals that would arbitrarily limit service on the board will generally not be supported. Proposals that would be supported are those that would require the annual election of directors and requires a majority of independent directors on the board.

We will generally vote FOR shareholder proposals requiring that the chairman's position be filled by an independent director, taking into consideration the following:

- The scope of the proposal;
- The company's current board leadership structure;
- The company's governance structure and practices;
- Company performance; and
- Any other relevant factors that may be applicable.

Regarding the scope of the proposal, consider whether the proposal is precatory or binding and whether the proposal is seeking an immediate change in the chairman role or the policy can be implemented at the next CEO transition.

Under the review of the company's board leadership structure, OP&F may support the proposal under the following scenarios absent a compelling rationale: the presence of an



executive or non-independent chair in addition to the CEO; a recent recombination of the role of CEO and chair; and/or departure from a structure with an independent chair. OP&F will also consider any recent transitions in board leadership and the effect such transitions may have on independent board leadership as well as the designation of a lead director role.

When considering the governance structure, OP&F will consider the overall independence of the board, the independence of key committees, the establishment of governance guidelines, board tenure and its relationship to CEO tenure, and any other factors that may be relevant. Any concerns about a company's governance structure will weigh in favor of support for the proposal. The review of the company's governance practices may include, but is not limited to poor compensation practices, material failures of governance and risk oversight, related-party transactions or other issues putting director independence at risk, corporate or management scandals, and actions by management or the board with potential or realized negative impact on shareholders. Any such practices may suggest a need for more independent oversight at the company thus warranting support of the proposal. OP&F's performance assessment will generally consider one-, three, and five-year TSR compared to the company's peers and the market as a whole. While poor performance will weigh in favor of the adoption of an independent chair policy, strong performance over the long-term will be considered a mitigating factor when determining whether the proposed leadership change warrants support.

All other proposals will be judged on a CASE-BY-CASE basis.

In general, vote against shareholder proposals requesting a company establish new standing board committees on governance or social issues, considering several factors: existing oversight mechanisms; level of disclosure regarding the issue for which board oversight is sought; company performance related to the issue for which board oversight is sought; board committee structure compared to that of other companies in its industry sector; and/or the scope and structure of the proposal. We will vote CASE-BY-CASE on shareholder resolutions seeking a director nominee candidate, who possesses a particular subject matter expertise, considering:

- The company's board committee structure, existing subject matter expertise, and board nomination provisions relative to that of its peers;
- The company's existing board and management oversight mechanisms regarding the issue for which board oversight is sought;
- The company disclosure and performance relating to the issue for which board oversight is sought and any significant related controversies; and
- The scope and structure of the proposal.

We may also withhold votes from compensation committee members for poor pay practices such as including provisions for the payment of excise tax gross-ups, the use of a liberal change in control definition, tax reimbursements of executive perquisites and payment of dividends on unearned performance awards.

**Shareholder-Governance:** These proposals generally call upon a company to improve some aspect of its corporate governance structure. Proposals that would be supported are

those that call for a shareholder vote on poison pills, eliminate some other antitakeover provision or which otherwise improve the corporate governance structure of the target company. Other proposals in this area will be reviewed for their impact on corporate governance and will be decided on a CASE-BY-CASE basis. A recent example are proposals to amend a company's bylaws to provide for the reimbursement of reasonable expenses incurred in connection with nominating one or more candidates in a contested election of directors, which will be evaluated on a CASE-BY-CASE basis considering the company's current reimbursement practices. We will generally vote FOR proposals calling companies to adopt a policy of obtaining shareholder approval for any future agreements and corporate policies that could oblige the company to make so called "Golden Coffin" payments or awards following the death of a senior executive in the form of unearned salary or bonuses, accelerated vesting or the continuation in force of unvested equity grants, perquisites and other payments or awards made in lieu of compensation. This would not apply to any benefit programs or equity plan proposals that the broad-based employee population is eligible. Vote CASE-BY-CASE on shareholder proposals asking companies to adopt policies requiring Named Executive Officers to retain 75% of the shares acquired through compensation plans while employed and/or for two years following the termination of their employment, and to report to shareholders regarding this policy. The following factors will be taken into account: Whether the company has any holding period, retention ratio, or officer ownership requirements in place.

Vote CASE-BY-CASE on shareholder proposal seeking the adoption of a policy requiring any future senior executive severance agreements that provide for payments made upon change in control be double triggered and not allow for accelerated vesting of unvested equity awards. Change-in-control payouts without loss of job or substantial diminution of job duties are considered poor pay practices, and may result in withheld votes from compensation committee members. The following factors will be taken into account: the company's current treatment of equity in change-of-control situations (i.e. is it double triggered, does it allow for the assumption of equity by acquiring company, the treatment of performance shares); current employment agreements, including potential poor pay practices such as gross-ups embedded in those agreements.

Vote CASE-BY-CASE on shareholder proposal seeking the adoption of a documented CEO succession planning policy considering the company's current practices and the scope of the proposal. We will vote CASE-BY-CASE (considering the company's current practices and the scope) on shareholder proposal seeking a policy that forbids any director who receives more than 25 percent withhold votes cast from serving on any key board committee for two years, and asks the board to find replacement directors for the committees if need be.

**Shareholder-Human rights:** These proposals address areas of concern with respect to human rights, historically in South Africa and Northern Ireland. With the changes in South Africa, many of these proposals have been rendered moot. The need for endorsement of the MacBride Principles in Northern Ireland has been largely superseded by the Fair Employment Act (Northern Ireland). We will vote CASE-BY-CASE on proposals requesting that a company conduct an assessment of the human rights risks in

its operations or in its supply chain, or report on its human rights risk assessment process, considering:

- The degree to which existing relevant policies and practices are disclosed, including information on the implementation of these policies and any related oversight mechanisms;
- The company's industry and whether the company or its suppliers operate in countries or areas where there is a history of human rights concerns;
- Recent, significant controversies, fines, or litigation regarding human rights involving the company or its suppliers, and whether the company has taken remedial steps; and
- Whether the proposal is unduly burdensome or overly prescriptive.

**Shareholder-Compensation:** These proposals deal with attempts by shareholders to impact a company's compensation practices. As many of these proposals would unduly restrict the company's ability to implement appropriate compensation policies, they will generally not be supported. Calls to eliminate retirement benefits for non-employee directors represent an exception as they are an attempt to ensure greater independence on the part of board members and would be supported. In addition, proposals asking the company to expense stock options will be supported unless the company has already publicly committed to expensing options by a certain date, proposals to exclude pension fund income in the calculation of earnings used in determining executive bonuses/compensation and proposals requiring companies to report on their executive retirement benefits will be supported. Proposals to limit 'covered compensation' under a Supplemental Executive Retirement Plan (SERP) plan to no more than 100% of a senior executive's salary will be evaluated on a CASE-BY-CASE basis considering the company's current SERP plan. Proposals seeking expanded executive compensation restrictions that go beyond those contained in the TARP program for companies seeking to participate in the U.S. Treasury Department's bailout program will be evaluated on a CASE-BY-CASE basis.

**Shareholder-Compensation, Performance-based Pay:** There should be strong linkage between the company's performance and compensation at the senior executive level. Therefore, it is appropriate to evaluate these proposals based on the degree that companies are actually using performance-based awards at the executive level. In cases where a shareholder proposal requests that a significant amount of future long-term incentive compensation awarded to senior executives be performance-based, and requests that the board adopt and disclose challenging performance metrics to shareholders, a two-step process will be used in evaluating the share-holder proposal:

- First, we generally vote FOR shareholder proposals advocating the use of performance-based equity awards--such as performance-contingent options or restricted stock, indexed options or premium-priced options--unless the proposal is overly restrictive, or if the company has demonstrated that it is using a "substantial" portion of performance-based awards for its top executives. Standard stock options and performance-accelerated awards are not to be considered performance-based awards. Further, premium-priced options should have a premium of at least 25 percent or more to be considered performance-based awards. Top executives refer to the top five most highly compensated officers. A "substantial" portion of

performance-based awards would be at least 50 percent of the shares awarded to those executives for that fiscal year.

- Second, examine the rigor of the company's performance-based equity program. If the bar set for the performance-based program is too low based on the company's historical or peer group comparison, then generally support the shareholder proposal. Furthermore, if target performance results in an above-target payout, then also generally support the shareholder proposal due to the program's poor design. If the company does not disclose the performance metric and hurdle rate of the performance-based equity program, vote FOR the shareholder proposal regardless of the outcome of the first step to the test.

In general, we will support the shareholder proposal if the company does not meet both of the above two criteria, and do not support proposals that are too restrictive and constitute micromanagement of the company.

**Shareholder-Recoup Bonuses:** We will vote on a CASE-BY-CASE on shareholder proposals to recoup unearned incentive bonuses or other incentive payments made to senior executives if it is later determined that fraud, misconduct, or negligence significantly contributed to a restatement of financial results that led to the awarding of unearned incentive compensation, taking into consideration if the company has adopted a formal recoupment bonus policy; or if the company has chronic restatement history or material financial problems.

**Shareholder-Non-Salary Compensation-Related Proposals:**

**Share Buyback Holding Periods:** We will generally vote AGAINST shareholder proposals prohibiting executives from selling shares of company stock during periods in which the company has announced that it may or will be repurchasing shares of its stock. Vote for the proposal when there is a pattern of abuse by executives exercising options or selling shares during periods of share buybacks

**Pre-Arranged Trading Plans (10b5-1 Plans):** We will generally vote FOR shareholder proposals calling for certain principles regarding the use of prearranged trading plans (10b5-1 plans) for executives. These principles include:

- Adoption, amendment, or termination of a 10b5-1 Plan must be disclosed within two business days in a Form 8-K;
- Amendment or early termination of a 10b5-1 Plan is allowed only under extraordinary circumstances, as determined by the board;
- Ninety days must elapse between adoption or amendment of a 10b5-1 Plan and initial trading under the plan;
- Reports on Form 4 must identify transactions made pursuant to a 10b5-1 Plan;
- An executive may not trade in company stock outside the 10b5-1 Plan.
- Trades under a 10b5-1 Plan must be handled by a broker who does not handle other securities transactions for the executive.

**Tax Gross-Up Proposals:** We will generally vote FOR shareholder proposals calling for companies to adopt a policy of not providing tax gross-up payments to executives, except in situations where gross-ups are provided pursuant to a plan, policy, or arrangement

applicable to management employees of the company, such as a relocation or expatriate tax equalization policy.

**Shareholder-General economic:** These proposals generally represent concern over the actions of the company in a macroeconomic environment. Calls to restrict or provide enhanced reporting on some aspect of a company's business operations will generally not be supported as representing an undue burden on the company. Those issues that may be of concern to the Fund's participants would be referred to the Proxy Administrator for review.

**Shareholder-Environmental:** The basic purpose of these "green" resolutions is to require the company to become more environmentally sensitive and to either adopt particular policies towards the environment or to report to the shareholders on how certain environmental concerns are being addressed by the company. Proposals to adopt the CERES Principles are not supported in part due to their potentially negative impact on the company in terms of the processing fees and the potential cost of compliance. The vast majority of these environmental proposals will be voted in accordance with management's recommendation as the board is deemed to be in a better position to evaluate a company's environmental policies and procedures than are shareholders. Such proposals may be supported where the company faces grave environmental liabilities and appears to be unresponsive to shareholder concerns. We will generally support resolutions asking a company to disclose information on the impact of climate change on the company's operations unless it already provides current, publicly-available information and the company's associated policies and procedures to address such risks; and there are no significant fines or litigation associated with the company's environmental performance.

Shareholder proposals requesting greater disclosure of a company's (natural gas) hydraulic fracturing operations; OP&F will generally vote FOR proposals requesting greater disclosure of a company's (natural gas) hydraulic fracturing operations, including measures the company has taken to manage and mitigate the potential community and environmental impacts of those operations, considering:

- The company's current level of disclosure of relevant policies and oversight mechanisms;
- The company's current level of such disclosure relative to its industry peers;
- Potential relevant local, state, or national regulatory developments; and
- Controversies, fines, or litigation related to the company's hydraulic fracturing operations.

Shareholder proposals to report on an existing recycling program, or adopt a new recycling program; OP&F will vote on CASE-BY-CASE basis on proposals to report on an existing recycling program, or adopt a new recycling program, taking into account:

- The nature of the company's business;
- The current level of disclosure of the company's existing related programs;
- The timetable prescribed by the proposal and the costs and methods of program implementation;

- The ability of the company to address the issues raised in the proposal; and
- The company's recycling programs compared with the similar programs of its industry peers.

OP&F will vote CASE-BY-CASE on proposals that call for the adoption of greenhouse gas (GHG) reduction goals from products and operations, taking into account:

- Whether the company provides disclosure of year-over-year GHG emissions performance data;
- Whether company disclosure lags behind industry peers;
- The company's actual GHG emissions performance;
- The company's current GHG emission policies, oversight mechanisms, and related initiatives; and
- Whether the company has been the subject of recent, significant violations, fines, litigation, or controversy related to GHG emissions.

OP&F will vote on a CASE-BY-CASE basis on proposals requesting a company report on, or to adopt a new policy on, water-related risks and concerns, taking into account:

- The company's current disclosure of relevant policies, initiatives, oversight mechanisms, and water usage metrics;
- Whether or not the company's existing water-related policies and practices are consistent with relevant internationally recognized standards and national/local regulations;
- The potential financial impact or risk to the company associated with water-related concerns or issues; and
- Recent, significant company controversies, fines, or litigation regarding water use by the company and its suppliers.

All other proposals in this category will be evaluated on a CASE-BY-CASE basis.

**Shareholder-Energy Efficiency:** Vote CASE-BY-CASE on proposals requesting a company report on its energy efficiency policies, considering:

- The current level of disclosure related to energy efficiency policies, initiatives, and performance measures;
- The company's level of participation in voluntary energy efficiency programs and initiatives;
- The company's compliance with applicable legislation and/or regulations regarding energy efficiency; and
- The company's energy efficiency policies and initiatives relative to industry peers.

**Shareholder-Internet Privacy and Censorship:** We will vote CASE-BY-CASE on resolutions requesting the disclosure and implementation of Internet privacy and censorship policies and procedures considering:

- The level of disclosure of policies and procedures relating to privacy, freedom of speech, Internet censorship, and government monitoring of the Internet;
- Engagement in dialogue with governments and/or relevant groups with respect to the Internet and the free flow of information;
- The scope of business involvement and of investment in markets that maintain government censorship or monitoring of the Internet;
- The market-specific laws or regulations applicable to Internet censorship or monitoring that may be imposed on the company; and
- The level of controversy or litigation related to the company's international human rights policies and procedures.

**Shareholder-Community Impact Assessments:** We will vote CASE-BY-CASE on proposals requesting companies evaluate and report on their policies and practices within a unique and distinct region, outlining the potential community impact of company operations in specific regions considering:

- Current disclosure of applicable risk assessment report(s) and risk management procedures;
- The impact of regulatory non-compliance, litigation, remediation, or reputational loss that may be associated with failure to manage the company's operations in question, including the management of relevant community and stakeholder relations;
- The nature, purpose, and scope of the company's operations in the specific region(s); and
- The degree to which company policies and procedures are consistent with industry norms.

**Shareholder-Operations in High-Risk Markets:** We will vote CASE-BY-CASE on shareholder requests for the company to review and report on the financial and reputation risks associated with operations in "high risk" markets. Vote for shareholder requests for the company to review and report on the financial and reputation risks associated with operations in terrorism-sponsoring states. Taking into account:

- The nature, purpose, and scope of the operations and business involved that could be affected by social or political disruption;
- Current disclosure of applicable risk assessment(s) and risk management procedures;
- Compliance with U.S. sanctions and laws;
- Consideration of other international policies, standards, and laws; and
- Recent involvement in significant controversies or violations in "high risk" markets.

**Shareholder-Product Safety:** Vote FOR shareholder requests to the company to report on its policies, initiatives/procedures, oversight mechanisms related to toxic materials, including certain product line toxicities, and/or product safety in its supply chain, unless:

- The company already discloses similar information through existing reports or policies such as a Supplier Code of Conduct and/or a sustainability report;

- The company has formally committed to the implementation of a toxic materials and/or product safety and supply chain reporting and monitoring program based on industry norms or similar standards within a specified time frame; and
- The company has not been recently involved in relevant significant controversies or violations.

**Shareholder-Facility Safety Policy:** Vote CASE-BY-CASE on shareholder proposals requesting companies adopt policies to reduce the danger of potential catastrophic chemical releases at chemical and/or manufacturing plants; operations and/or facilities, considering:

- The company's compliance with applicable regulations and guidelines;
- The level of existing disclosure related to security and safety policies, procedures, and compliance monitoring; and
- The existence of recent, significant violations, fines, or controversy related to the safety and security of the company's operations and/or facilities.

**Shareholder-Workplace Safety:** Vote CASE-BY-CASE on requests for workplace safety reports, including reports on accident risk reduction efforts, taking into account:

- The current level of company disclosure of its workplace health and safety performance data, health and safety management policies, initiatives, and oversight mechanisms;
- The nature of the company's business, specifically regarding company and employee exposure to health and safety risks;
- Recent significant controversies, fines, or violations related to workplace health and safety; and
- The company's workplace health and safety performance relative to industry peers.

**Shareholder-Corporate Responsibility:** We will generally vote AGAINST shareholder proposals asking suppliers, genetic research and food retail companies and restaurants to voluntarily label genetically engineered (GE) ingredients in their products and/or eliminate GE ingredients. We will generally vote CASE-BY-CASE on requests for reports on a company's pay data by gender, or a report on a company's policies and goals to reduce any gender pay gap, taking into account:

- The company's current policies and disclosure related to both its diversity and inclusion policies and practices and its compensation philosophy and fair and equitable compensation practices;
- Whether the company has been the subject of recent controversy, litigation, or regulatory actions related to gender pay gap issues; and
- Whether the company's reporting regarding gender pay gap policies or initiatives is lagging its peers.

We will generally vote FOR proposals to amend a company's EEO statement or diversity policies to prohibit discrimination based on sexual orientation and/or gender identity,



unless the change would result in excessive costs for the company. We will generally vote AGAINST proposals to extend company benefits to or to eliminate benefits from domestic partners. We will generally vote FOR proposals requesting the company disclose its diversity policies, initiatives, comprehensive diversity data, and EEO-1 data unless: the company publicly discloses its comprehensive equal opportunity policies and initiatives; the company already publicly discloses comprehensive workforce diversity data; and the company has no recent significant EEO-related violations or litigation.

**Shareholder - Political Contributions and Trade Associations:**

OP&F will generally vote AGAINST proposals asking the company to affirm political nonpartisanship in the workplace so long as:

- There are no recent, significant controversies, fines or litigation regarding the company's political contributions or trade association spending; and
- The company has procedures in place to ensure that employee contributions to company-sponsored political action committees (PACs) are strictly voluntary and prohibits coercion.
- The company supplies current disclosure of policies and oversight mechanisms related to its direct political contributions and payments to trade associations or other groups that may be used for political purposes, including information on the types of organizations supported and the business rationale for supporting these organizations; and
- There are no recent significant controversies, fines, or litigation related to the company's political contributions or political activities.

**Shareholder – Political Contributions Disclosures**

OP&F will vote AGAINST proposals to publish in newspapers and public media the company's political contributions. Such publications could present significant cost to the company without providing commensurate value to shareholders.

OP&F will generally vote FOR proposals requesting greater disclosure of a company's political contributions and trade association spending policies and activities, considering:

- The company's policies, and management and board oversight related to its direct political contributions and payments to trade associations or other groups that may be used for political purposes;
- The company's disclosure regarding its support of, and participation in, trade associations or other groups that may make political contributions; and
- Recent significant controversies, fines, or litigation related to the company's political contributions or political activities.

OP&F will vote AGAINST proposals barring the company from making political contributions. Businesses are affected by legislation at the federal, state, and local level and barring political contributions can put the company at a competitive disadvantage.

OP&F will vote FOR proposals asking for a list of company executives, directors, consultants, legal counsels, lobbyists, or investment bankers that have prior government service and whether such service had a bearing on the business of the company.

**Shareholder-Miscellaneous:** These proposals cover such areas as charitable contributions. The vast majority of these proposals espouse a social rather than an economic cause. Adoption of many of these proposals would not appear to be in the best economic interest of the shareholders. However, given the diverse and rather vague nature of this category, many of these proposals, will be decided on a CASE-BY-CASE basis.

We will vote CASE-BY-CASE on proposals requesting information on a company's lobbying (including direct, indirect, and grassroots lobbying) activities, policies, or procedures, considering:

- The company's current disclosure of relevant lobbying policies, and management and board oversight;
- The company's disclosure regarding trade associations or other groups that it supports, or is a member of, that engage in lobbying activities; and
- Recent significant controversies, fines, or litigation regarding the company's lobbying-related activities.

### **III. Miscellaneous:**

**Mutual Funds -Business Development Companies:** Authorization to Sell Shares of Common Stock at a Price **Below** Net Asset Value (U.S.):

OP&F will vote FOR proposals authorizing the board to issue shares below Net Asset Value (NAV) if:

- The proposal to allow share issuances below NAV has an expiration date that is less than one year from the date shareholders approve the underlying proposal, as required under the Investment Company Act of 1940;
- A majority of the independent directors who have no financial interest in the sale have made a determination as to whether such sale would be in the best interests of the company and its shareholders prior to selling shares below NAV; and
- The company has demonstrated responsible past use of share issuances by either:
  - Outperforming peers in its 8-digit GICS group as measured by one- and three-year median TSRs; or
  - Providing disclosure that its past share issuances were priced at levels that resulted in only small or moderate discounts to NAV and economic dilution to existing non-participating shareholders.

**Multimanaged Funds/Subadvisers:** Authorize the Board to Hire and Terminate Subadvisers without Shareholder Approval (U.S.) OP&F will vote AGAINST proposals authorizing the board to hire or terminate subadvisers without shareholder approval if the investment adviser currently employs only one subadviser

**Proxy Access:**

Proposals seeking approval to enact proxy access (U.S.)

OP&F will vote on a CASE-BY-CASE basis on proposals to enact proxy access, taking into account, among other factors:

- Company-specific factors; and
- Proposal-specific factors, including:
  - The ownership thresholds proposed in the resolution (*i.e.*, percentage and duration);
  - The maximum proportion of directors that shareholders may nominate each year; and
  - The method of determining which nominations should appear on the ballot if multiple shareholders submit nominations.

**Policy on Issues Not Addressed in Client Proxy Voting Guidelines**

Designee will refer to client for further instruction on how to vote items that are not addressed in the OP&F Proxy Voting Policy regarding U.S. and non-U.S. companies.