RAISING THE BAR:

Illinois Treasurer Frerichs' 2018 Annual Sustainability Report

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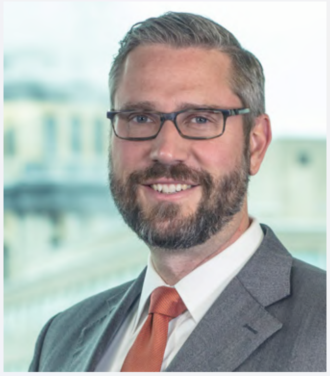


I am very pleased to present our second Annual Sustainability Report, which communicates our sustainable investing priorities and activities during calendar year 2018.

2018 was a monumental year for the Illinois State Treasurer's Office and its commitment to sustainable, return-maximizing investing. Not only did this office vote on more proxy ballots and engage more portfolio companies than ever before, but we made major advances in our integration of sustainability factors. We broke last year's record level of business conducted with diverse investment firms and significantly enhanced the level of transparency and reporting on our investment activities.

All this work is consistent with and critically important to my fiduciary duty as State Treasurer. My job is to safeguard our $30 billion investment portfolio and obtain the highest risk-adjusted returns using authorized means. That is why my office administers Raising The Bar, an investment approach that fuses traditional investment objectives – safety of principal, optimal returns, and diversification – with a focus on sustainability, long-term value, and corporate accountability. When companies in which we invest effectively navigate environmental, social, and governance risks, investors reap sustainable value over the long-term.

I am pleased to highlight accomplishments from 2018, all of which are described in detail in this report:

- **Closing the Gender and Racial Divide: Board Diversity** – The Treasurer's Office successfully engaged seven companies that lacked gender and/or racial diversity on their corporate boards, working with each to establish enhanced diverse director search policies (i.e. The Rooney Rule) and appoint diverse board members. The Treasurer's Office also joined the Board of Directors of the Thirty Percent Coalition.

- **Taking Action on Climate Risks and Opportunities** – The Treasurer's Office engaged four companies on climate-related business risks and opportunities, we joined Climate Action 100+ to systematically engage greenhouse gas emitters, and we now hold $70 million in green and social bonds.

- **Addressing Risks Related to the Opioid Epidemic** – To combat investment risks related to the opioid epidemic, the Treasurer's Office has actively led and supported engagements launched by Investors for Opioid Accountability, which has collectively filed 33 shareholder resolutions, settled 28 proposals, and overseen votes on 15 resolutions.

- **Engaging Facebook on Data Security and Risk Management Challenges** – To enhance corporate governance and increase independent oversight at Facebook, a company plagued by recent scandals, the Treasurer's Office co-filed proposals to (1) make the board chair an independent position and (2) request increased reporting on its risk mitigation strategies to address election interference, fake news, and hate speech.

- **First Ever Public Treasury to Sign the Principles for Responsible Investment** – The Treasurer's Office has made history as the first ever U.S. public treasury to become a member of the Principles for Responsible Investment. Not only is this a milestone, it is an important step that strengthens our ability to protect and grow investment returns.

- **Launch of The Vault** – To enhance transparency and accountability here in Illinois, the Treasurer's Office launched The Vault, an interactive open data portal that provides ready access to a wealth of data on State financial and investment activities.

- **17,830 Proxy Votes Cast** – The Treasurer's Office voted on 17,830 proposals on corporate proxy ballots and engaged hundreds of companies on sustainability issues since it launched Raising The Bar in September 2016.

For more information on our sustainable investing activities, please visit www.IllinoisRaisingTheBar.com.

Warm regards,

Michael Frerichs

Illinois State Treasurer

RAISING THE BAR: THE TREASURER'S SUSTAINABLE INVESTING STRATEGY

Our View On Sustainable Investing

Fulfilling our fiduciary duty. We know that to fulfill our fiduciary duty and maximize returns, we need to focus on more than just short-term gains and traditional indicators. Additional risk and value-added factors need to be integrated into the decision-making process. This provides investors with a more complete view of a fund or company's long-term financial condition.

Sustainability Factors. In line with the Sustainability Accounting Standards Board (SASB), we look at *material, relevant, industry-specific* sustainability factors. We also work to ensure that the integration of sustainability factors *outweighs any costs* of implementation. These are the four principles that guide our work in this space.

The sustainability factors we examine are: (1) environmental; (2) social capital; (3) human capital; (4) business model and innovation; and (5) leadership and governance factors.

More rounded analysis of internally and externally managed investments. The integration of sustainability factors adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments.

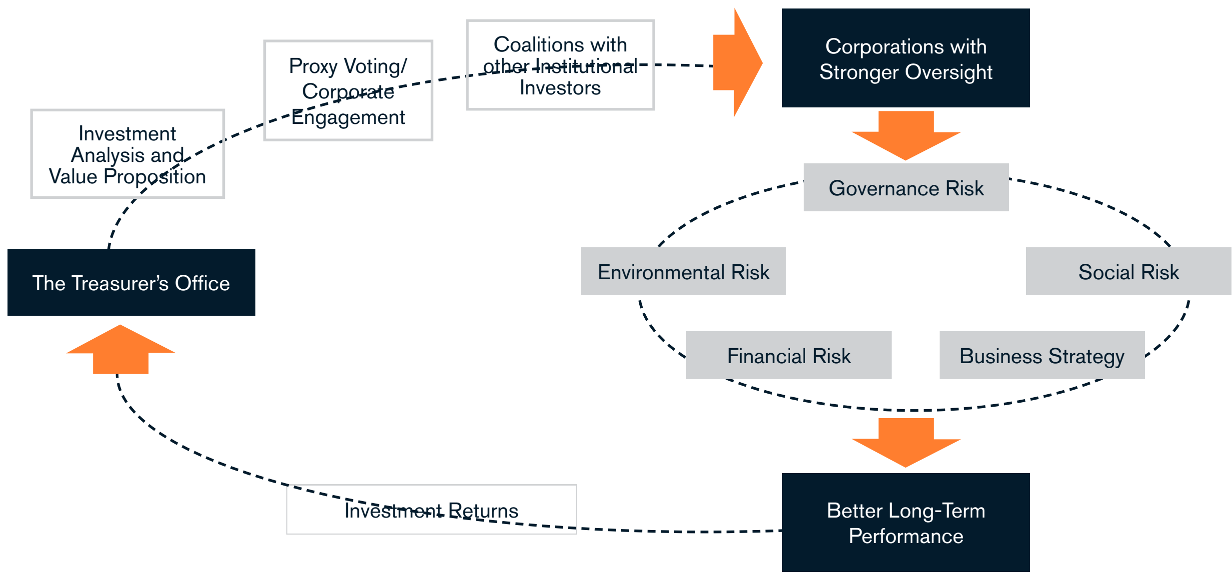
Active ownership creates value. When company leaders effectively measure and manage sustainability issues, companies are better positioned to deliver long-term value to investors. As such, the Treasurer's Office utilizes active ownership practices – like proxy voting and corporate engagements – to help better manage risk, signal issues of concern, and create long-term value at portfolio companies.

Research Agrees. Studies clearly demonstrate that companies with sustainable policies are lower risk investments and frequently provide collateral benefits to investors.[1,2,3,4] Sustainable investing considers all stakeholders: employees; corporate leadership; investors; community members; and the environment.

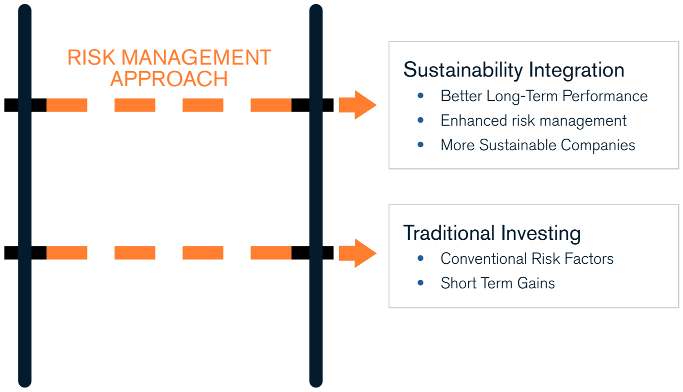
ABOUT THE ILLINOIS STATE TREASURER'S OFFICE

- The Illinois Treasurer is an independent constitutional officer elected by the people of Illinois.
- The Illinois Treasurer is the state's Chief Investment and Banking Officer.
- The Treasurer's Office actively manages approximately $30 billion. The portfolio includes $13 billion in state funds, $11 billion in college and retirement savings plans ,and $6 billion on behalf of local and state governments.
- The Treasurer's Office returns $42 to the state for every $1 spent in operations.
- Learn more at www.illinoistreasurer.gov

Sustainability Integration: Why It Matters



Higher Standards And Better Results



[1] Fulton, Mark, Bruce Kahn, and Camilla Sharples. "Sustainable Investing: Establishing Long-Term Value and Performance." Deutsche Bank Group. June 2012. Accessible at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2222740&rec=1&srcabs=2508281&alg=1&pos=2.

[2] Verheyden, Tim, Robert G. Eccles, and Andreas Feiner. "ESG for all? the Impact of ESG Screening on Return, Risk, and Diversification." Journal of Applied Corporate Finance, vol. 28, no. 2, 2016., pp. 47-55.

[3] Kotsantonis, Sakis, Chris Pinney, and George Serafeim. "ESG Integration in Investment Management: Myths and Realities." Journal of Applied Corporate Finance, vol. 28, no. 2, 2016., pp. 10-16.

[4] Eccles, Robert G., Ioannis Ioannou, and George Serafeim. "The Impact of Corporate Sustainability on Organizational Processes and Performance." Management Science, vol. 60, no. 11, 2014, pp. 2835-2857.

Our Approach to Sustainable Investing

The Three Legs. The Treasurer's Office operationalizes its sustainable investing strategy primarily through three areas, each of which ties to a specific division of the investment team:

1 INTERNAL MANAGEMENT

Division of Portfolio & Risk Analytics

- Integration of sustainability factors into the review of debt issuers and counterparties (under State Investments and IPTIP)

2 EXTERNAL MANAGEMENT

Division of Investment Analysis & Due Diligence

- Integration of sustainability factors into fund manager evaluations (for 529 Plans, Secure Choice, ABLE, and Technology Investments)

3 ACTIVE OWNERSHIP

Division of Corporate Engagement & Investment Operations

- Corporate Engagements
- Proxy Voting
- Advocacy and Policymaking

Strategies and Focus Areas. The Treasurer's Office uses a multifaceted approach to advance its sustainable investment strategy and address material financial risks and opportunities. This includes:

1. **Investment Policies** – Our policies govern investment programs and specify that sustainability factors be integrated into portfolio construction, decision-making, investment analysis, and risk management.
2. **Fund Manager Selection** – Our office and our contractors evaluate fund managers by their approach to sustainable investing, their track record, and/or sustainability ratings.
3. **Investment Analysis & Due Diligence** – We conduct regular analysis on counterparties and external fund managers to identify and address sustainability risks and opportunities.
4. **Value Creation and Risk Management** – We integrate sustainability factors and ratings into reviews of debt issuers and counterparties.
5. **Proxy Voting** – We exercise our proxy voting rights for those companies and funds where we maintain the ability to vote on corporate and shareholder proposals on annual ballots.
6. **Corporate Engagements** – We engage companies in our investment portfolio on sustainability risks and opportunities through shareholder proposals, advocacy letters, and direct dialogue.
7. **Advocacy and Policymaking** – We engage lawmakers and government entities to protect shareholder rights and promote sustainable investing practices.

THE TREASURER'S SHAREHOLDER ADVOCACY EFFORTS

BOARD DIVERSITY

Why It Matters

Diversity is Good for Business. Corporate board diversity is a critical dimension of effective board composition and performance. Diversity is inclusive of gender, race/ethnicity, skill sets, professional backgrounds, and LGBTQ status. Research demonstrates that a diverse board of directors is better equipped to ensure multiple perspectives are considered and better positioned to enhance long-term company performance within a marketplace defined by extensive diversity and multiculturalism.[1, 2]

The Business Case for Investors. For long-term investors like the Illinois State Treasurer's Office, board diversity is critically important because it can have a notable impact on investment performance. A 2015 McKinsey study of 366 companies found that corporate leadership groups in the top quartile for racial and ethnic diversity were 35 percent more likely to have financial returns above their national industry median. The study also found that companies with gender-diverse boards are 15 percent more likely to outperform the median in their industry. Large asset managers, including BlackRock, Vanguard, and State Street, also support this position and actively advocate for board diversity. BlackRock's CEO Larry Fink stated that diverse boards are "less likely to succumb to groupthink or miss threats to a company's business model."[3]

Shortfalls Lingers. Despite the general consensus on the value of board diversity, women only occupy 19 percent of board seats of S&P 1500 companies, and minorities only occupy 10 percent, according to 2018 data.

[1]Hunt, Vivian, Sara Prince, Sundiatu Dixon-Fyle, and Lareina Yee, "Delivering Through Diversity," McKinsey & Company, January 2018. Available at www.mckinsey.com/~/media/mckinsey/business%20functions/organization/our%20insights/delivering%20through%20diversity/delivering-through-diversity_full-report.ashx.

[2]Philips, Catherine, Katie Liljenquist, and Margaret Neale, "Better Decsions Through Diversity," Kellogg Insight, October 2010. Available at https://insight.kellogg.northwestern.edu/article/better_decisions_through_diversity.

[3]"BlackRock Investment Stewardship's approach to engagement on board diversity," BlackRock Investment Stewardship, March 2018. Available at https://www.blackrock.com/corporate/literature/publication/blk-commentary-engaging-on-diversity.pdf.

Actions and Results

As a part of the Treasurer's fiduciary duty to protect and grow the monies under its stewardship, the Treasurer's Office proactively works to increase board diversity and ensure that board diversity is a corporate governance priority. In 2018, the Treasurer's Office has taken numerous actions to encourage and foster boardroom change.

- **Corporate Engagements** – Our office leads engagements with portfolio companies facing board diversity shortfalls. We work collaboratively with these firms to understand their policies and practices and make targeted recommendations based on industry best practices.
  - **Results:** In 2018, we engaged seven companies with board diversity shortfalls. All seven – FCB Financial Holdings, CACI International, Transdigm Group, EOG Resources, Equinix, TripAdvisor, and Universal Health Services – responded positively and appointed a diverse board member or implemented the Rooney Rule, which ensures consideration of diverse board candidates.

"Diverse boards have lower volatility, better performance and invest more in research and development."

Gennaro Bernile, Vineet Bhagwat and Scott Yonker, "Board Diversity, Firm Risk, and Corporate Policies," Journal of Financial Economics, vol. 127 (February 2016).

- **Midwest Investors Diversity Initiative** – The Treasurer's Office serves as a member of the Midwest Investors Diversity Initiative (MIDI), a 13-member coalition comprised of regional institutional investors and led by the UAW Retiree Medical Benefits Trust, engaging local companies and requesting they adopt the Rooney Rule.
  - **Results:** Since 2017, when the group was formed, MIDI has successfully engaged 23 companies that have adopted diverse candidate search policies, and nine of these companies appointed women or minorities to their boards.
  - The Treasurer's Office also played a key role in developing a Diverse Search Toolkit, which provides companies with a practical framework for creating and sustaining a diverse board of directors.
- **Thirty Percent Coalition** – In 2018, the Treasurer's Office joined the Board of Directors of the Thirty Percent Coalition, which is comprised of 90 members with over $3.2 trillion in assets under management (AUM). This coalition is committed to the goal of women, including women of color, holding more boardroom seats across public companies.
  - **Results:** Since 2012, the Thirty Percent Coalition has successfully engaged 189 companies that appointed women to their boards. For the 2018-2019 season, the Coalition has targeted 157 companies that have either zero or only one female board member.
- **Proxy Voting** – The Treasurer's Office exercises its proxy voting rights to support proposals to increase board diversity, gender pay gap reporting, and the inclusion of diversity as a performance metric for CEway.
- **Results:** In 2018, the Treasurer's Office began voting against nominating committee board members at U.S. companies where the board has no female directors. Accordingly, the Treasurer's Office voted against 128 directors due to a lack of gender diversity on the Board in 2018. The Treasurer's Office also cast votes in favor of two shareholder proposals aimed to increase board diversity in 2018.

CLIMATE RISKS AND OPPORTUNITIES

Why It Matters

The Business Case for Investors. Climate change and climate-related issues present market risks and opportunities to investors in numerous respects:

- **Legal Risks** – More stringent restrictions and penalties for violations, and increased scrutiny and litigation from government entities, interest groups, and consumers;
- **Regulatory Risks** – Tightening emissions and energy efficiency standards, and changing subsidies and taxes;
- **Reputational Risks** – Changing consumer preferences, as well as increased market demand and public advocacy for sustainable energy, air quality, water, and waste management practices;
- **Technological Risks** – Advances in energy storage, clean energy products, or energy efficiency undermining existing business models; and
- **Physical Risks** – More frequent and severe weather events disrupting physical operations.[4]

[4] Hildebran, Phillip and Deborah Winshel, "Adapting Portfolios to Climate Change," BlackRock Investment Institute, September 2016. Available at www.blackrock.com/corporate/literature/whitepaper/bii-climate-change-2016-us.pdf.

Better Long-Term Risk Management. Investment professionals at BlackRock note, "All asset owners can – and should – take advantage of a growing array of climate-related investment tools and strategies to manage risk, to seek excess returns, or improve their market exposure."[5] To that end, the Treasurer's Office actively works to ensure that the companies it invests in are carefully managing climate risks in areas including, but not limited to:

- Greenhouse Gas Emissions
- Air Quality
- Energy Management
- Water & Wastewater Management
- Waste & Hazardous Materials Management
- Ecological Impacts

Actions and Results

- **Corporate Engagements**
  - **The Southern Company** – We are leading an engagement with The Southern Company, the nation's second largest utility company to focus greater attention on (1) incentives within the executive compensation structures, (2) enhanced reporting, and (3) additional board oversight mechanisms designed to assist the company in managing long-term climate risks and changing market conditions.

[5] Ibid.

"Former U.S. Treasury Secretary Henry Paulson describes climate change as 'the single biggest risk that exists to the economy today.'"

Source https://www.cdp.net/en/climate

- Exxon Mobil – We joined an engagement of Exxon Mobil to request that the company disclose greenhouse gas emission targets aligned with the Paris Climate Agreement, led by the New York State Comptroller and other investors with Climate Action 100+. This engagement focuses on the fact that Exxon is providing no assurance that it has a strategy consistent with the goals of the Paris Agreement. Thus, while the company acknowledges that its business is facing an enormous transformation, the company has failed to disclose how it intends to achieve this transformation and sustain long-term shareholder value.

- Kaiser Aluminum – With fellow investor Pax World Funds, we successfully negotiated with Kaiser Aluminum, a large aluminum producer in California, to increase its reporting and disclosures on sustainability issues, including business risks from climate change, waste minimization, and energy efficiency.

- Charter Communications – We are co-leading an engagement of Charter Communications to request that the company issue an annual sustainability report describing ESG risk management, including greenhouse gas reduction targets, with fellow investors at the New York State Common Retirement Fund.

- **Investing in Green and Social Bonds** – The Treasurer›s Office has invested $70 million in green and social bonds since 2017, which generate a strong investment return while supporting positive environmental impacts, including renewable energy and energy efficiency.

- **Inclusion of Green Technology Goals under ILGIF** – As a part of the Illinois Growth and Innovation Fund (ILGIF), the Treasurer's Office seeks to support fund managers and portfolio companies that have demonstrated experience and/or a proven ability to invest in green technology businesses in Illinois. To date, 15 green tech businesses have received support through ILGIF.

- **Calvert Equity Portfolio** – Individuals and families using the Treasurer's Bright Directions College Savings Program have the opportunity to invest in a mutual fund, Calvert Equity Portfolio, specially tailored to recognize sustainability factors.

- **Member of Climate Action 100+** – In 2018, the Treasurer's Office joined Climate Action 100+, a global initiative to improve governance on climate change, emissions and climate-related financial disclosures.

- **Joined The Investor Agenda** – In 2018, the Treasurer's Office joined The Investor Agenda, which has nearly 400 co-signers representing $32 trillion in AUM. The Investor Agenda tasks investors to integrate climate change into portfolio analysis and decision-making, engage the world's largest greenhouse gas emitters, increase reporting on climate-related investments, and support policies that advance these goals.

- **Advocacy for a Low-Carbon Economy** – The Treasurer's Office signed the Global Investor Statement of Support for a Low Carbon Economy, an investor initiative that tackles climate-related risks and opportunities. The Treasurer's Office is also urging federal agencies to protect strong carbon and vehicle emissions standards.

HUMAN CAPITAL MANAGEMENT

Why It Matters

A core asset. Companies that consider their workforce to be an important asset to deliver long-term value should manage and report on their human capital with the same analytical lens as their physical and financial capital. It includes issues that affect the productivity of employees, such as employee engagement, diversity, incentives and compensation, as well as the attraction and retention of employees in highly competitive or constrained markets for specific talent, skills, or education.

The business case for investors. Effective human capital management strategies may drive positive long-term performance through enhanced worker productivity and better risk management. There is a large body of empirical work that supports the link between effective human capital management and corporate performance in the areas of increased total shareholder return, return on assets and return on capital, profitability and overall relative firm performance.[6, 7, 8, 9, 10]

[6]Bassi, Laurie and Daniel McMurrer, "Maximizing Your Return on People," Harvard Business Review, March 2007, Available at https://hbr.org/2007/03/maximizing-your-return-on-people.
[7]Higgins, Jeff and Donald Atwater, "Linking Human Capital to Business Performance," Human Capital Management Institute, December 2012, http://www.talentalign.com/wp-content/uploads/2013/04/Linking-Human-Capital-To-Business-Performance-TA-Version1.pdf.
[8]Ohler, Ken, "2015 Trends in Global Employee Engagement," Aon Hewitt, 2015, http://www.aon.com/attachments/human-capital-consulting/2015-Trends-in-Global-Employee-Engagement-Report.pdf.
[9]Beeferman, Larry and Aaron Bernstein, "The Materiality of Human Capital to Corporate Finance," Harvard University, April 2015, https://lwp.law.harvard.edu/publications/materiality-human-capital-corporate-financial-performance.
[10]"BlackRock Investment Stewardship's approach to engagement on human capital management," BlackRock Investment Stewardship, January 2019. Available at https://www.blackrock.com/corporate/literature/publication/blk-commentary-engagement-on-human-capital.pdf

Actions and Results

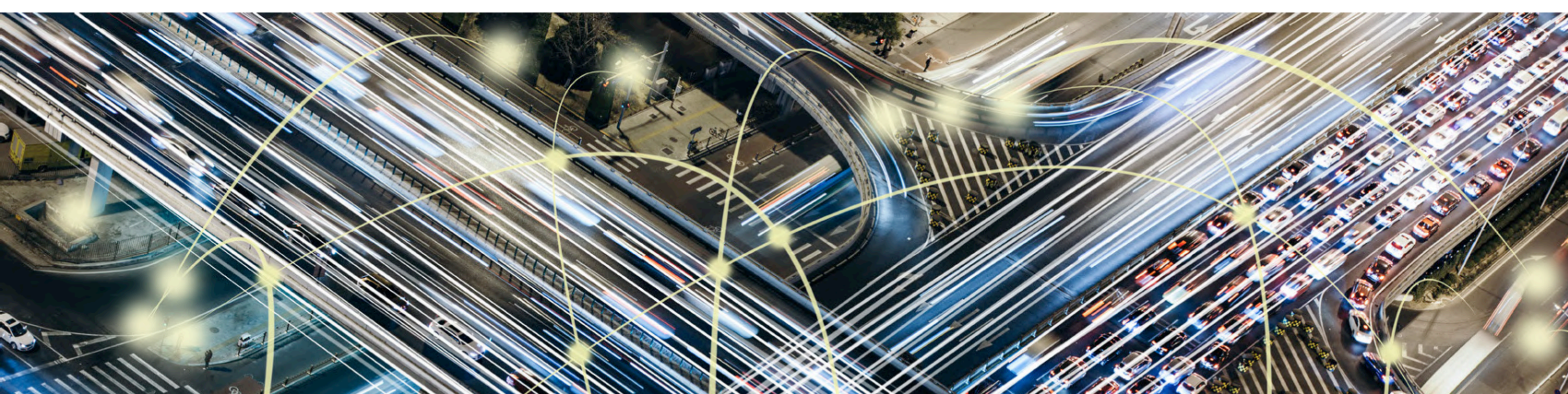
- **Engagement with Host Hotels & Resorts** – The Treasurer's Office launched an engagement with Host Hotels & Resorts in October 2018 on human capital management practices and reporting. Host Hotels & Resorts is a real estate investment trust, and its core business is hospitality services. As an employee-driven service provider we expected the company to provide data on human capital management in its sustainability report but found little discussion of the topic.
  - **Results:** We are pleased to report that the company committed to including human capital management in their reporting and regularly meet with shareholders to discuss additional sustainability risks that could impact financial performance.
- **Advocating for Corporate Transparency and Human Capital Investment** – The recent change in corporate tax rates provides additional capital to companies to grow their business, but many have been silent about how the capital will be allocated. As a long-term investor, the Treasurer's Office seeks to understand whether tax changes designed to stimulate growth achieve that goal. We set out to learn about companies' intended asset allocation and whether the expressed goals of tax reform – job creation, wage increases, and economic growth – coincide with the company's intended use of the assets.


- **Results:** In March 2018, the Treasurer's Office and JUST Capital sent letters respectively to companies in the S&P 100 and the Russell 1000 to ask how they will use any expected corporate tax savings received as a result of the recent changes. The information in the resulting report, "How are US Companies Spending Their Tax Savings?" not only provides investors with insights on how major companies are using tax savings, it provides facts and data for encouraging greater disclosure and greater investment in human capital.

- **Human Capital Management Coalition** – The Treasurer's Office is an active participant of the Human Capital Management Coalition (HCMC), a group of 26 investors with more than $3 trillion in assets under management led by the UAW Retiree Medical Benefits Trust. HCMC seeks to engage companies to understand their human capital management policies and encourage disclosure of metrics to track policy implementation. The coalition also seeks to educate regulators on the relevance of these disclosures, as they often provide investors with useful information and data to assess risks and opportunities.

  - **Results:** HCMC launched the Practical Model Disclosure Initiative in January 2018 to encourage a more robust dialogue between U.S. companies and investors about human capital management strategy, targets, and benchmarking. Through the initiative, the Treasurer's Office and HCMC members are engaging over 30 large companies that have publicly disclosed workforce-related information in previous years and who may be further along in thinking about – and in many cases, disclosing – information about human capital relative to their peers.

- **Engaging Companies on Workers' Rights, Human Rights, and Executive Compensation** – In 2018, through collaborations with other large investors, the Treasurer's Office has advocated for workers' ability to organize at Volkswagen, urged Mondelez International address potential human rights risks, and encouraged S&P 100 companies to disclose additional information on pay ratios and compensation practices.



TRANSPARENCY AND ENHANCED DISCLOSURE

Why It Matters

More Informed Investing. As a fiduciary and long-term investor, the Treasurer's Office has a direct interest in ensuring that companies are reporting on material risks to their business. Investors need robust information to make informed investment decisions. When companies are transparent in their business operations (with due respect to proprietary information), investors are better positioned to evaluate investment risks and opportunities that may impact financial performance. It also signals to investors that companies are thoroughly analyzing material risks to their business, deploying sufficient resources to tackle those risks, and developing strategies, metrics, and management systems to better ensure long-term sustainability and growth.

Recognized as Best Practice. An analysis from Si2 and the IRRC Institute found that 78% of S&P 500 companies issue sustainability reports. Furthermore, over 1,700 institutional investors managing over $70 trillion have joined the Principles for Responsible Investment (PRI), thereby publicly committing to seek comprehensive disclosure on environmental, social, and governance (ESG) factors and incorporate these factors into investment decisions. While many large companies and investors now share this commitment to transparency and disclosure on sustainability issues, some companies continue to lag, prompting institutional investors like the Treasurer's Office to take action.

Actions Taken

- **Engaging Companies Directly** – The Treasurer's Office launched engagements at seven companies in 2018 to address sustainability reporting shortfalls. The companies include O'Reilly Automotive, Crown Castle, The Southern Company, Host Hotels & Resorts, Activision Blizzard, Intuitive Surgical, and Charter Communications.
  - **Results:** We are pleased to report that six of the seven companies engaged have agreed to enhance reporting on sustainability issues.
- **Petitioning the SEC** – In October 2018, the Treasurer's Office joined more than 50 other investors and stakeholder groups to request that the U.S. Securities & Exchange Commission (SEC) establish uniform guidelines for public companies to disclose high-quality, comparable, decision-useful environmental, social, and governance information.
- **Signatory to** Principles for Responsible Investment – The Treasurer's Office has made history as the first ever treasury in the U.S. to become a member of the Principles for Responsible Investment. Not only is this a milestone, it is an important step that will strengthen our ability to evaluate, protect and grow our investments.

78% of the S&P 500 issue sustainability reports.

Source: Si2 and the IRRC Institute

THE OPIOID EPIDEMIC

Why it matters

A National Crisis. Opioid abuse causes more than 42,000 deaths in the United States each year, roughly 115 people per day.[11] Opioid abuse is undeniably a public health crisis, and the economic, social, and human effects of the crisis are staggering. In addition to the devastating impact on families and communities, it is estimated that prescription opioid abuse costs $55 billion per year in health care, criminal justice, and lost productivity.[12]

The Risk to Investors. Publicly traded firms comprise the supply chain for opioids and many are facing lawsuits for issues related to weak internal controls. In addition to legal risks akin to the tobacco litigation in the late 1990s, pharmaceutical companies also are confronting regulatory risks related to new limits on marketing and prescription, and reputational risks related to reduced consumer, political, and community support. All these risks may negatively impact the financial condition or operating performance of drug manufacturers, distributors, and retailers.

Actions Taken

- **Advocating for Corporate Governance Reforms** – The Treasurer's Office is actively working with other institutional investors to engage companies on improved governance, reporting, and lasting accountability measures. This includes participation in Investors for Opioid Accountability (IOA), a 54-member investor coalition with over $3.4 trillion in assets under management led by the UAW Retiree Medical Benefits Trust and Mercy Investment Services.
  - **Results:** Since 2017, IOA members have filed 33 resolutions, settled 28 proposals, and overseen votes on 15 resolutions. The settlements help protect investors by ensuring board independence, strengthening board oversight, enhancing reporting and disclosure, strengthening misconduct clawbacks, rethinking executive pay incentives and seeking alignment of political spending and lobbying with the fight against the opioid epidemic.

[11] "Drug Overdose Deaths," Centers for Disease Control and Prevention, Available at https://www.cdc.gov/drugoverdose/data/statedeaths.html.
[12] Matrix Global Advisors. "Health Care Costs from Opioid Abuse: A State-by-State Analysis." April 2015. Accessible at https://drugfree.org/wp-content/uploads/2015/04/Matrix_OpioidAbuse_040415.pdf.

46 around **people**

die every day from overdoses involving prescription opioids

Opioid Overdoses Source: Centers for Disease Control and Prevention

- **CVS –** The role of pharmacy retailers, like CVS, in increased opioid distribution, access, and use has come under scrutiny. Pharmacy retailers, including CVS, have been named as defendants in lawsuits that are part of more than 1,400 consolidated cases in Ohio, known as the National Prescription Opiate Litigation.[13] Last year, the Department of Justice and Drug Enforcement Administration (DEA) ramped up its investigations against pharmacies and prescribers, eventually leading to 28 arrests and 147 revoked registrations.[14]
  - **Results:** The Treasurer's Office launched an engagement with IOA members at CVS in 2018. The focus of the engagement was to request that CVS issue a comprehensive report on its oversight and management of opioid business risks. We are pleased to report that CVS issued a report in April 2019.

[13] Daymond Steer, "Conway Selectman Mull Opioid Lawsuit Again, " The Conway Daily Sun," August 9, 2018, available at https://www.conwaydailysun.com/news/local/conway-selectmen-mull-opioid-lawsuit-again/article_40d95db2-9b19-11e8-a027-83c630524b93.html.
[14] Department of Justice, "DEA Surge in Drug Diversion Investigation Leads to 28 Arrests and 147 Revoked Registration," April 2, 2018, available at https://www.justice.gov/opa/pr/dea-surge-drug-diversion-investigations-leads-28-arrests-and-147-revoked-registrations.

Having an independent chair helps the board carry out its primary duty—to monitor the management of the company on behalf of its shareowners.

Source – Council of Institutional Investors, www.cii.org/independent_board

DATA SECURITY & BOARD ACCOUNTABILITY – FACEBOOK

Why It Matters

Scandal After Scandal. Facebook, a social media platform with more than 2 billion users, is embroiled in controversy. The company has missed or mishandled a number of severe controversies, including:

- Russian meddling in U.S. elections;
- Sharing personal data of 87 million users with Cambridge Analytica;
- Data sharing with device manufacturers, including Huawei that is flagged by U.S. Intelligence as a national security threat;
- Proliferating fake news;
- Propagating violence in Myanmar, India, and South Sudan;
- Depression and other mental health issues, including stress and addiction; and
- Allowing advertisers to exclude Black, Hispanic, and other "ethnic affinities" from seeing ads.

The Risk on Investors. Facebook's long list of scandals boil down to a singular question about the company's aptitude for data oversight, which has yielded numerous government investigations, lawsuits, fines, stock volatility, and widespread reputational damage – all of which pose risks to investors about Facebook's long-term viability.

"Social media companies cannot hide behind the claim of being merely a 'platform' and maintain that they have no responsibility themselves in regulating the content of their sites"

Source – https://www.nytimes.com/2019/02/18/business/facebook-uk-parliament-report.html

Actions Taken

- **Call for an Independent Board Chair** – To enhance the company's corporate governance structure and increase independent oversight, the Treasurer's Office co-filed a proposal with five state treasurers and Trillium Asset Management in October 2018 asking the Facebook board of directors to make the role of board chair an independent position. Having an independent chair helps the board carry out its primary duty – to monitor the management of the company on behalf of its shareowners. Doing so is best governance practice that will serve the interest of shareholders, employees, users, and our democracy. Furthermore, 59% of S&P 500 companies have an independent chair, including other tech giants like Google, Microsoft, Apple, and Twitter.
  - **Results:** While dialogue with the company is ongoing, the independent board chair proposal is set for a vote before Facebook's shareholders at its annual meeting in May 2019.
- **Seeking Enhanced Disclosure and Transparency** – Since April 2017, the Treasurer's Office has repeatedly raised concerns regarding fake news, elections interference, and mass manipulation of the platform, drafting multiple letters and filing shareholder proposals asking that these issues be confronted in an open, transparent, and responsible manner.
  - **Results:** In June 2018, Facebook investors voted on a proposal filed by investor Arjuna Capital and co-filed by Treasurer Frerichs and New York State Comptroller Thomas DiNapoli. The proposal asked Facebook to report publicly on its risk mitigation strategies for controversies including election interference, fake news, hate speech, sexual harassment, and violence. The proposal received support from 30% of independent shareholders, a notable increase from 2% in 2017 that was, unfortunately, catalyzed by recent scandals at the company and the increasing call from investors for greater transparency.

STRATEGIC PARTNERSHIPS

The Treasurer's Office is not alone in its commitment to sustainable investing. We participate in coalitions and work collaboratively with experts and other investors to help us pursue learning opportunities and advance leading investment practices.

Investor Networks

Ceres – A sustainability nonprofit organization advocating for sustainability leadership.

Climate Action 100+ – An investor initiative to ensure that the world's largest greenhouse gas emitters take action on climate change and ensure the long-term sustainability of their businesses.

Council of Institutional Investors (CII) – A nonprofit, nonpartisan association representing assets under management of $40 trillion that advocates for best practices in corporate governance.

Human Capital Management Coalition (HCMC) – A cooperative effort among a diverse group of influential institutional investors to elevate the critical importance of human capital management in company performance.

Investors for Opioid Accountability (IOA) – A diverse coalition of institutional investors engaging with opioid manufactures, distributors and retailers to mitigate business risks.

Midwest Investors Diversity Initiative (MIDI) – A coalition coordinated by the UAW Retiree Medical Benefits seeking to increase board diversity by encouraging the adoption of corporate governance best practices.

Principles for Responsible Investing (PRI) – A network of global investors working to promote responsible investment practices.

Sustainability Accounting Standards Board (SASB) – An independent nonprofit organization founded in 2011 to develop and disseminate sustainability accounting standards.

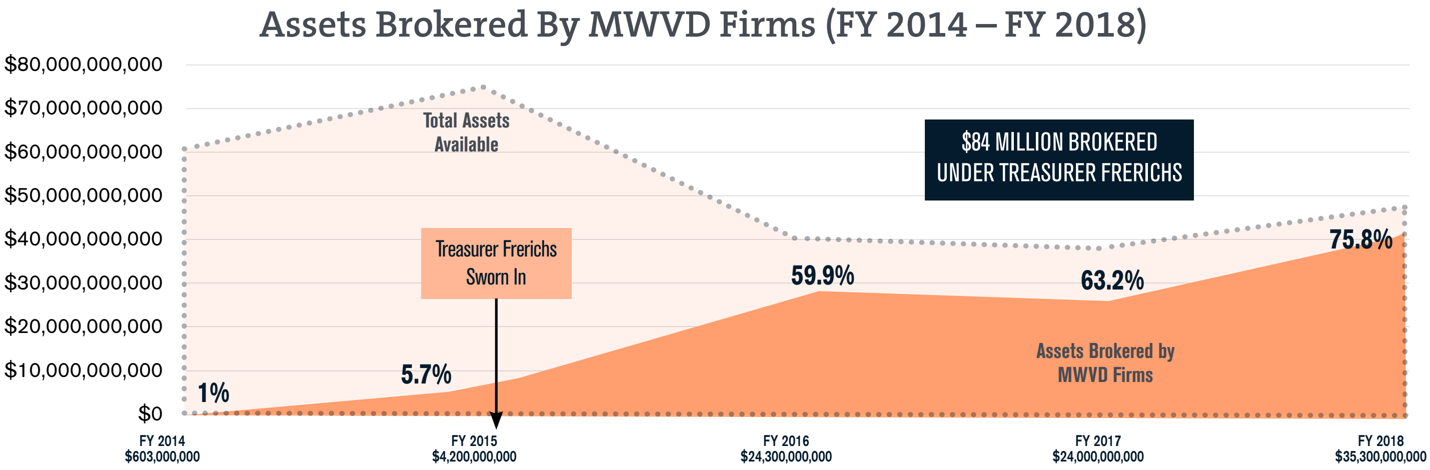
Thirty Percent Coalition – A national organization comprising of public and private companies, professional services firms, institutional investors, government officials and major advocacy groups working to increase gender diversity in corporate boardrooms.

PRIORITIZING DIVERSE FIRMS

Treasurer Frerichs believes that our government should mirror the diversity in our state. We know diversity is good for business. In the last year, the Treasurer's Office has made great strides to ensure inclusion and provide more opportunities for Minority, Women, Veteran, and Disabled (MWVD) firms. Among Treasurer Frerichs' top priorities are to continue to transform the Office's culture, policies, and operations to help ensure equal opportunity.

Increasing Business with MWVD Broker/Dealers: From 1% to 76% since 2015.

The Treasurer's two internally managed investment programs, the State Investment Portfolio and Illinois Public Treasurers' Investment Pool (also referred to as "The Illinois Funds"), are made up of direct purchases and brokered investments. Tapping diverse-owned broker/dealers is one of the quickest and best ways to ensure MWVD participation – and recent numbers emphasize our **sustained progress** in this area.



Year-by-Year Comparison of Assets Brokered by MWVD Firms FY 2014 – FY 2018					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Assets Brokered by MWVD Firms	$603 million	$4.2 billion	$24.3 billion	$24.0 billion	$35.3 billion
Total Assets Available	$60 billion	$74.0 billion	$40.6 billion	$37.9 billion	$46.6 billion
% Brokered by MWVD Firms	1.0%	5.7%	59.9%	63.2%	75.8%

Increasing Business with MWVD Asset Managers: From $16 million to $407 million

The Treasurer's Office has made tremendous strides expanding the use of MWVD asset managers. When Treasurer Frerichs came into office in January 2015, the Treasury had $16 million under MWVD asset managers. The amount has since more than doubled. As of December 2018, the Treasurer's Office had over $407 million with MWVD asset managers. That represents a **25-fold increase**.

Ensuring our Business Partners Prioritize Diversity & Inclusion

All firms seeking to business with the Treasurer's Office must disclose how their firm promotes diversity and equal opportunity. This includes a 360-degree assessment on a firm's diversity and inclusion profile, which examines each firm's level of diversity among its board, executive leadership, and entire workforce. It also assesses each firm's supplier diversity, philanthropic, and volunteerism programs.

PROXY VOTING

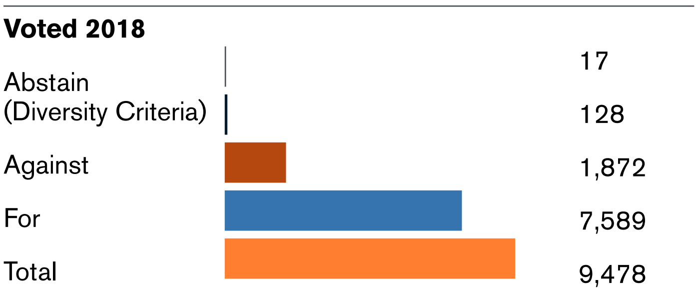
The Treasurer's Office votes its proxies in line with its Proxy Policy Statement. In 2018, the Treasurer's Office voted 13,633 proposals at 1,446 companies. A full list of the votes cast is available on the Treasurer's Raising the Bar website.

Proxy Voting Statistics

Proposals land on company ballots through one of two avenues: either management puts forward a proposal to comply with legal requirements or to gauge shareholder sentiment, or investors that meet a certain threshold submit a proposal to the company. The three most commonly voted proposals in both categories—shareholder proposals and management proposals—are described below. A statistical report on the Treasurer's Office voting is available in Appendix B.

The Top Five Most Common Management Proposals Voted:

Election of Directors

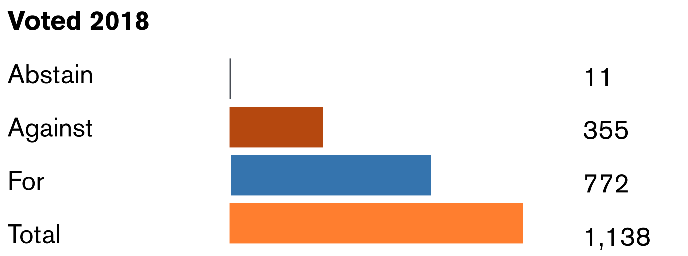


Note: "Against (Diversity Criteria)" is an approximate number.

A glance at Election of Directors—The Treasurer's Office votes against nominees for corporate directorships for the following reasons:

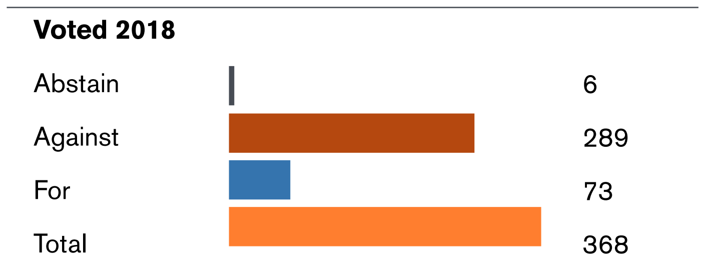
- Weak relative financial performance over a sustained period.
- The board has less than two-thirds independent directors or insiders sit on key board committees.
- The board took an egregious action that is averse to shareholder interests.
- A director failed to attend fewer than 75 percent of board and committee meetings without providing a valid explanation for the absence.
- Against the nominating committee members at companies with no gender diversity.

Ratify Auditors



In 2001, the SEC, began requiring companies to disclose how much they paid their accountants for both audit and non-audit work in the prior year. The disclosures revealed that many companies were paying their auditors three times more for "other" work than for their audit work. The 2002 Sarbanes-Oxley Act ("SOX") limited the auditor conflict issue, although auditors are still permitted to perform tax and other non-audit related services for companies they audit. The vote to ratify auditors is a routine vote in favor unless auditors receive substantial enough sums for non-audit services that it poses a potential conflict of interest for an independent audit.

Cash Bonus & Stock Plans



Companies implement and amend cash bonus and stock plans to award their key executives, outside directors and rank-and-file employees. The Treasurer's Office votes on these plans on a case-by-case basis and supports plans that specify challenging performance standards without excessive rewards. Stock plans can take many forms. The most common are: stock option plans, which give the holder the right to exercise the option to buy stock at a set price in the future; restricted stock plans, which grant stock to a person at no cost, but the person has no right to the stock until certain conditions are met (sometimes the mere passage of time); and employee stock ownership plans, which allow stock to be purchased by all full-time and some part-time employees through payroll deductions and are subject to federal guidelines.

The Treasurer's Offices considers the following items when determining how to vote on compensation plans:

- Dilution
- Performance standards and incentives
- Acceleration of options and restricted stock in change-in-control scenarios
- Breath of employee plan participation

Adjourn Meeting

Voted 2018

Against	19
For	87
Total	106

Proposals that request to adjourn the meeting ask shareholders to permit suspension of a meeting, indefinitely or resumed at a future date in an effort to solicit more shareholder support. There are instances where companies request to adjourn a meeting to extend the voting period to solicit more votes for a merger or acquisition. The vote to adjourn a meeting is a routine vote in favor unless there are other matters on the ballot that are not supported.

Advisory Vote on Executive Compensation

Voted 2018

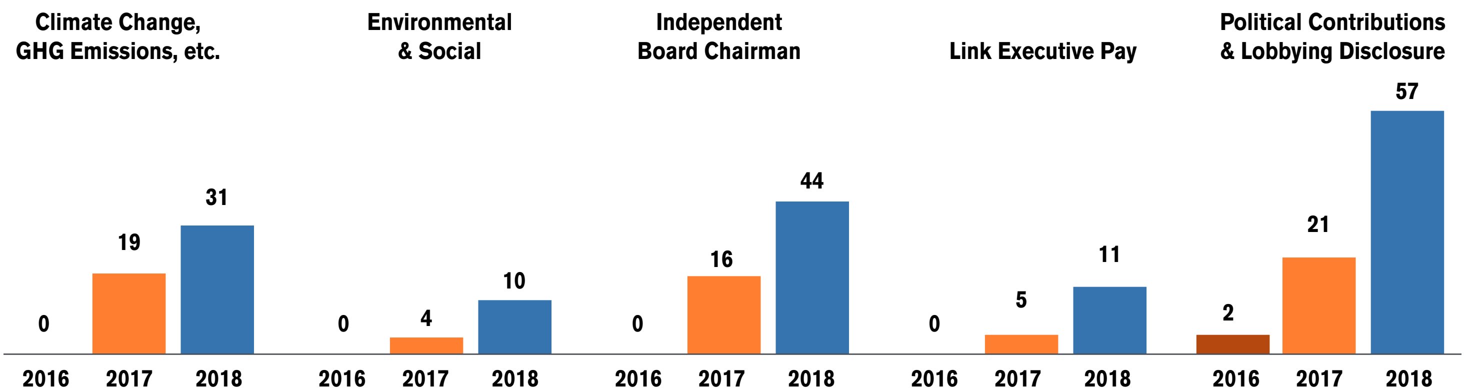
Abstain	5
Against	462
For	574
Total	1,041

The Dodd-Frank legislation provided shareholders with an advisory vote on executive compensation. The following factors are weighed in determining whether to support the executive compensation arrangements:

- 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.
- Severance payments: A company should not provide severance pay-out that qualifies as a golden parachute under the IRC Code. A company also should not gross-up excise taxes owed by the executive in receipt of golden parachute payments.
- CEO Pay Ratio: Pay disparity between the CEO and median worker.

A glance at five of the most common shareholder proposals voted

Shareholder Proposals from 2016 to 2018



Climate Change, Greenhouse Gas Emissions, Renewable Energy and Sustainability

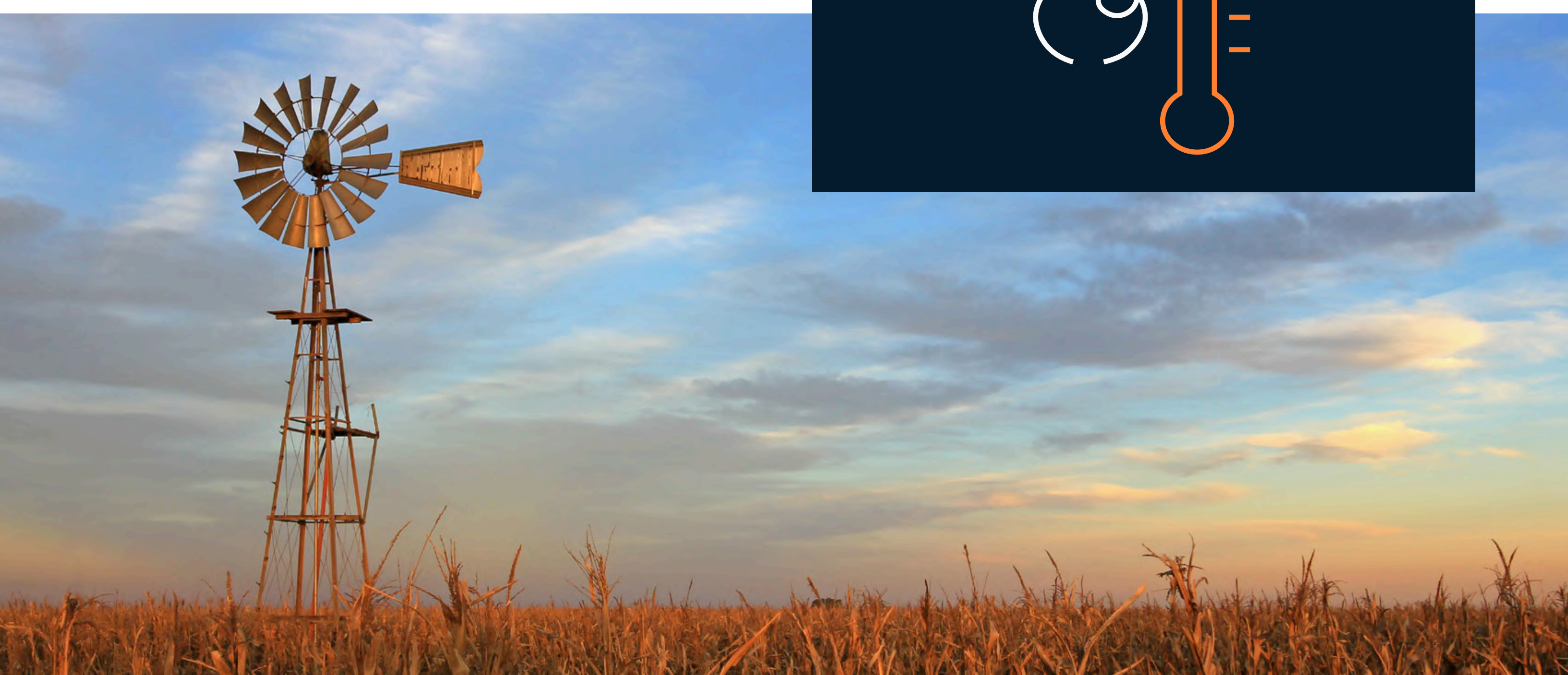
Environmentally focused investors have long filed proposals to request companies provide disclosure and act on climate change, greenhouse gas emissions and sustainability efforts. In recent years, these efforts received growing support among the mainstream proxy voting community. The Treasurer's Office supports proposals on environmental topics that seek clarity from companies on how they approach environmental concerns, what actions they are undertaking and how they are reporting their efforts. Shareholder proposals that ask for more aggressive action by companies are evaluated on a case-by-case basis.

31

the number of proposals the Treasurer's Office voted on related to Climate Change, Greenhouse Gas Emissions, Renewable Energy and Sustainability

100%

the percentage of those 31 proposals that the Treasurer's Office supported (31 out of 31)



Environmental & Social

Environmental and social shareholder proposals are a comprehensive list of various proposals that span from investors requesting companies to adopt policies regarding prison labor to reports on company risks, media content management and impacts of company-specific events. Google, Facebook and Twitter have been requested by investors in the past few years to each provide a report that reviews how the company is governing content policies and evaluates the risks to the company finances, operations and reputation from the global content management controversies.

10

the number of proposals the Treasurer's Office voted on related to environmental & social issues

60%

the percentage of those 10 proposals that the Treasurer's Office supported (6 out of 10)

44

the number of proposals the Treasurer's Office voted on for an independent board chair:

100%

the percentage of those 44 proposals that the Treasurer's Office supported (44 out of 44)

Independent Board Chair

The chairman of the board supervises and monitors the executives that manage the company on behalf of shareholders. When a chairman is the chief executive officer or has close ties to the CEO or the other principal executive officers, a potential conflict of interest is inherent. The combined role CEO/chairman role is still prevailing among U.S. publicly traded firms where the separation of those roles is standard in other markets, most notably in the United Kingdom where it is a requirement.

Link Executive Pay

Linking executive pay to social criteria proposals call on companies to assess supplementing or reforming compensation policies and report on risks of specific performance measures for compensation. Investors have asked pharmaceutical companies Amgen, Eli Lilly and Bristol-Myers Squibb to report on the risks connected with the public concerns related to drug pricing strategies linked to the companies' incentive compensation policies.

11

the number of proposals the Treasurer's Office voted on to link executive pay to social criteria

90%

the percentage of those 11 proposals that the Treasurer's Office supported (10 out of 11)

57

the number of proposals the Treasurer's Office voted on related to political contributions and lobbying disclosure:

100%

the percentage of those 57 proposals that the Treasurer's Office supported (57 out of 57)

VOTE

Political Contributions and Lobbying Disclosure

A wide coalition of institutional investors has been filing proposals seeking disclosure on corporate political spending for more than a decade. Shareholders argue boards of directors should oversee the corporate political spending to ensure it supports corporate goals and priorities. Advocates of the disclosure argue companies will better weigh the benefits and risks of political spending when the reporting is public.

Mutual Fund Voting

The Treasurer's Office is an active steward of its investments across the full spectrum of asset classes. Beginning in 2016, we undertook an effort to vote proxies on equity holdings in the interest of the people whose assets are entrusted to us. In September 2018, we expanded the program to assert our voting rights on mutual fund ballots. Investors in mutual funds and similarly structured commingled funds are entitled to vote to elect the board of trustees, to approve strategic changes in the fund, opine on investment advisory agreements and handle shareholder proposals, although funds receive vastly fewer shareholder proposals than publicly traded firms. The table below provides a snapshot of the issues and frequency of the voting for mutual fund ballots.

Mutual Fund Voting 2018

Proposal Type	No. items voted	Percent supported	Percent voted with management
Elect Director	314	98%	98%
Approve Advisory Agreement	4	100%	100%
Declassify Board	1	100%	0%
Authorize Self-Tender Offer	1	0%	100%

CONCLUSION

The Treasurer's Office seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return for beneficiaries using authorized instruments. To achieve this objective, the Treasurer's Office has a responsibility to recognize and evaluate risk factors that may have a material financial impact on the performance of our investments.

As such, the Treasurer's Office prudently integrates sustainability factors into its investment processes to help fulfill core fiduciary duties, which include maximizing anticipated financial returns, minimizing projected risk, and in a larger sense, contributing to a more just, accountable, and sustainable State of Illinois.

For regular updates and more information on the sustainable investing activities of the Treasurer's Office, please visit www.IllinoisRaisingTheBar.com.

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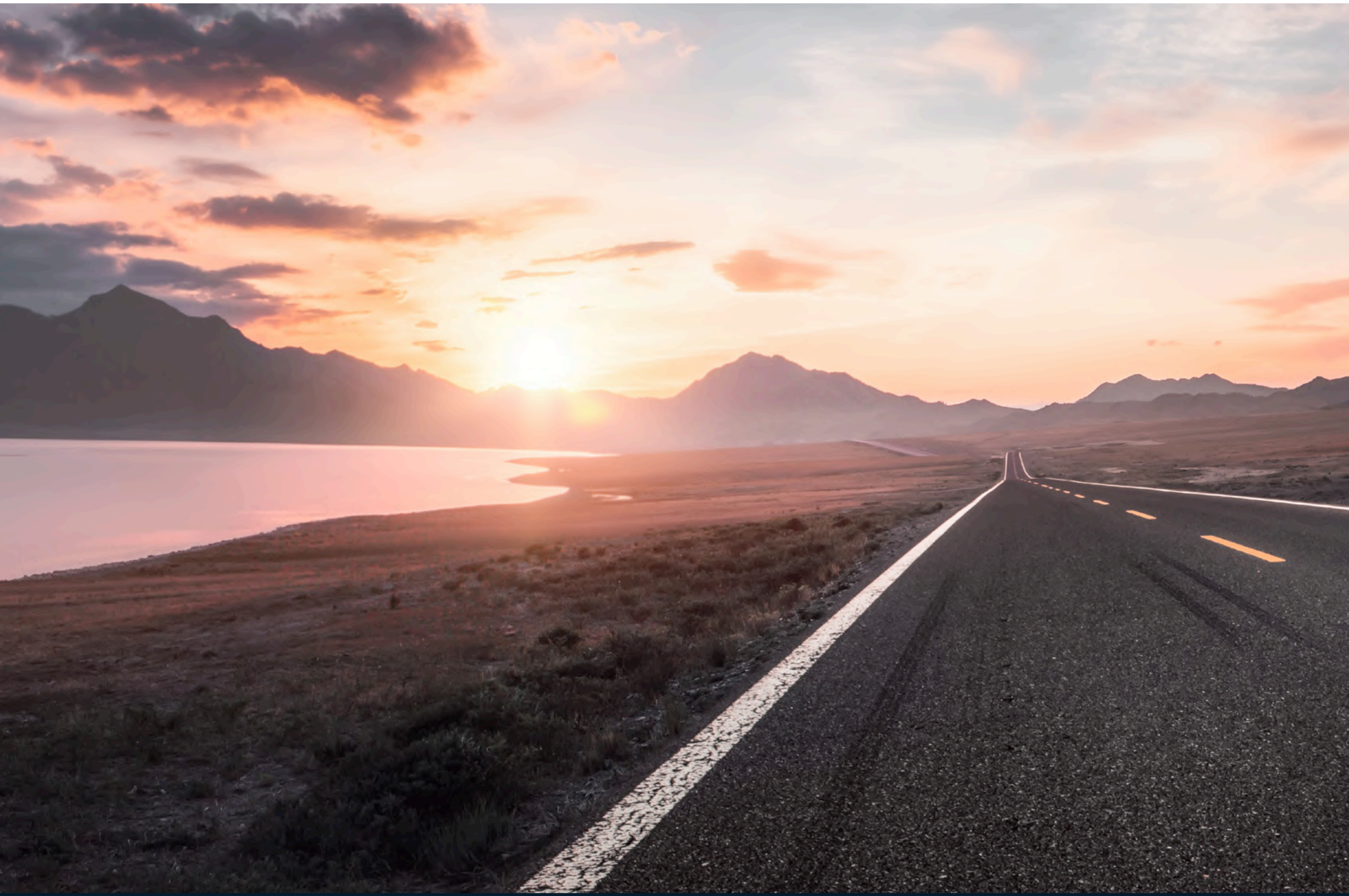

VIII: APPENDIX A: SUSTAINABILITY – INVESTMENT POLICY STATEMENT

State of Illinois
Office of the Illinois State Treasurer
SUSTAINABILITY – INVESTMENT POLICY STATEMENT
Approved April 25, 2018

1.0 PURPOSE

This document sets forth the Sustainability ("Sustainability") Investment Policy ("Policy") for the Office of the Illinois State Treasurer ("Treasurer").

The purpose of the Policy is to outline the sustainability factors that shall be applied by the Treasurer's internal and external investment holdings in evaluating investment decisions and ongoing business relationships.

This Policy is designed to allow for sufficient flexibility in the execution of sustainability investment responsibilities while setting forth specific sustainability factors and industry-recognized best practices that are relevant to the Treasurer's investment portfolio and the evolving marketplace.

The Treasurer establishes and executes this Policy in accordance with applicable local, state, and federal laws.

2.0 AUTHORITY

Pursuant to the State Treasurer Act (15 ILCS 505), Deposit of State Moneys Act (15 ILCS 520), and the Public Fund Investment Act (15 ILCS 235), the Treasurer is authorized to serve as the fiscal agent for public agencies and specific program participants for the purpose of holding and investing assets.

Furthermore, the investment policy statements for the relevant portfolio assets under the stewardship of the Treasurer specify that the Treasurer, as trustee, while acting in accordance with its fiduciary duty, shall seek to integrate sustainability factors, as components of portfolio construction, investment decision-making, investment analysis and due diligence, risk management, and investment ownership.

3.0 PHILOSOPHY

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return for beneficiaries using authorized instruments. To achieve this objective, the Treasurer has a responsibility to recognize and evaluate risk factors that may have a material and relevant financial impact on the safety and/or performance of our investments.

Thus, consistent with achieving the investment objectives set forth herein, the Treasurer and its agents shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, due diligence and investment ownership in furtherance of the Treasurer's investment goals to fulfill its fiduciary duty, to maximize anticipated financial returns, minimize projected risk, and contribute to a more just, accountable, and sustainable State of Illinois.

Sustainability factors shall be implemented within a framework predicated on the following:

- **Integration of Sustainability Factors –** Prudent integration of material sustainability factors, including, but not limited to, (1) environmental, (2) social capital, (3) human capital, (4) business model and innovation, and (5) leadership and governance factors, as components of portfolio construction, investment decision-making, investment analysis and due diligence, prospective value proposition, risk management, and investment ownership, given that these tangible and intangible factors may have material and relevant financial impacts.

- **Regular Evaluation of Sustainability Factors –** Recurring bi-annual evaluation, at a minimum, of sustainability factors to ensure the factors are relevant to the evolving marketplace.

- **Engagements –** Attentive oversight of investment holdings to address sustainability risks and opportunities through direct engagement with entities, such as investment funds, portfolio companies, government bodies, and other organizations.

- **Additional Relevant and Financially Material Factors –** Consideration of other relevant factors such as legal, regulatory, and reputational risks that contribute to an optimal risk management framework and are necessary to create long-term investment value.

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

4.0 CORPORATE GOVERNANCE FACTORS

The Treasurer supports board accountability, transparency, sensible executive compensation programs, robust shareholder rights, and ethical conduct as key governance factors. The Treasurer advocates for policies and practices in support of these factors.

a) **Board Accountability**
The board of directors is elected by the company's shareholders and is accountable to them. The role of the board is to represent shareholders' interests in their oversight of corporate management.

The board of directors must maintain a level of independence from management to exercise proper oversight. The Treasurer considers an independent director to be one who: (1) is not an executive of the company, (2) does not have direct familial ties with executive management, (3) does not have significant business ties to the company, and (4) is not a significant shareholder.

b) **Board Diversity**
Research demonstrates that a diverse board of directors is better equipped to ensure multiple perspectives are considered and better positioned to enhance long-term company performance within a marketplace defined by extensive diversity and multiculturalism. Diversity is inclusive of gender, race/ethnicity, skill sets, professional backgrounds, and LGBT status.

c) **Transparency**
With due respect to proprietary information, companies should strive to be transparent in their business operations. Disclosure concerning matters of shareholder or public interest, such as those items outlined in this Policy, provides useful information and mitigates risks inherent with undisclosed matters.

Transparency and accuracy in the reporting of fees to the Treasurer from service providers is also essential to secure competitive rates.

d) **Sensible Executive Compensation Programs**
Excessive executive compensation programs may signal board entrenchment and exacerbate income inequality. Executive compensation should be reflective of company performance and within a reasonable range of compensation levels at industry leading companies.

The Treasurer believes an annual vote on executive compensation is a better option than a biennial or triennial vote because it affords shareholders the opportunity to provide the company's compensation committees more timely feedback about the appropriateness of executive pay levels, which typically are decided on an annual basis.

e) **Robust Shareholder Rights**
Shareholders should be given tools to convey their perspectives to the board of directors, which serves as their representative body. Tools that provide shareholders with the appropriate mechanisms for communication include the ability to (1) call a special meeting, (2) act by written consent, and (3) have access to the proxy to nominate their own candidate(s) for the board assuming certain threshold requirements.

In addition, a majority voting standard for the election of directors ensures that directors have the confidence of their shareholders.

Boards of directors should also be declassified to enable shareholders to weigh-in on each director on an annual basis.

f) Ethical Conduct

Companies conducting business with or in receipt of investments from the Treasurer must comply with all laws and regulations under which they are governed. Further, the Treasurer expects companies to meet (if not exceed) all applicable ethical and professional standards of conduct.

5.0 ENVIRONMENTAL FACTORS

Environmental stewardship is a shared responsibility. Furthermore, environmental and climate-related factors may have adverse financial impacts on the Treasurer's investment portfolio. Accordingly, the Treasurer recognizes that impacts on the environment, either through the use of nonrenewable, natural resources as inputs to the factors of energy production or through harmful releases into the environment are key factors for consideration in identifying a company's value proposition and risk exposures.

a) Greenhouse Gas Emissions

Greenhouse gas emissions contribute to climate change, and create additional regulatory compliance costs and risks due to climate change mitigation policies. Companies that cost-effectively reduce greenhouse gas emissions from their operations by implementing industry-leading technologies and processes can create operational efficiency. They can mitigate the impact on value from increased fuel costs and regulations that limit — or put a price on — carbon emissions, which are occurring as regulatory and public concerns about climate change are increasing in the U.S. and globally.

b) Air Quality, Energy and Fuel Management

Companies should consider how the environment and related regulation will positively or negatively impact operations and vice versa. Routine assessment of the nexus of operations, natural resource dependency, and the environment may be communicated to investors through sustainability reports. Quantitative reporting on environmental risks, policies, performance, and goals assures investors that companies are aware of potential opportunities and/or risks and are seeking to act upon them appropriately.

c) Water and Waste

Impacts of water-intensive production and potential contamination of water resources include higher costs, liabilities, and lost revenues due to curtailment or suspension of operations. Similarly, companies that reduce, recycle, and effectively manage their waste streams lower their regulatory and litigation risks, remediation liabilities, and operating costs.

d) Climate Competence

Climate change has serious risk implications for investors and the businesses in which they invest. Shifts in temperature, weather patterns, and rising sea levels impact supply chain, consumer demand, physical capital, and communities. Extreme weather events are occurring on a more frequent basis and with increasing intensity. Events such as droughts, floods, and storms may lead to scarce resources and disruptions in operations and workforce availability. A company's awareness of environmental risks and opportunities may have a significant impact on its operational capacity, financial position, and long-term value creation. With new environmental technologies, regulations, and business strategies rapidly developing (e.g., carbon pollution regulations and energy efficiency opportunities), it is important that companies maintain the knowledge and innovation to adapt and capitalize on these evolving changes. This may include, among other strategies, maintaining a board member or senior executive with expertise or ample experience with environmental science and technology.

6.0 SOCIAL CAPITAL FACTORS

Social capital factors address the management of relationships with key outside parties, such as customers, local communities, the public, and the government. They may impact investment returns, particularly if companies become involved in controversies that pose risks to their reputation. Human rights, access and affordability, customer welfare, data security and customer privacy, fair disclosure and labeling, and fair marketing and advertising, and community reinvestment are key social capital factors that warrant attention.

a) Human Rights

Companies have a legal duty to adhere to internationally recognized labor and human rights standards. Beyond the legal requirements, companies risk losing their social license to operate if they contribute to human rights abuses throughout their supply chain. The United Nations' "Guiding Principles on Business and Human Rights" sets out corporations' responsibility to respect human rights. Companies should regularly assess and seek to minimize any negative impact caused by their operations.

b) Consumer Welfare

Companies have a material interest to provide products and services that do not expose their customers to undue physical or mental harm, deception, manipulation, exploitation, or unlawful conduct. This can expose companies to significant legal, regulatory, reputational, or other financial risks that jeopardize shareholder value. In addition, research demonstrates that companies that employ socially responsible business practices have the potential to create several distinct forms of value for customers, including positive marketing outcomes and subsequent financial performance. As such, this enhances firm value and long-term shareholder value.

c) **Data Security and Consumer Privacy**
Consumers trust companies with their personal and financial data. Companies that prevent data breaches and effectively manage data security and consumer privacy avoid harming brand value, reduce contingent liabilities, and maintain market share. Furthermore, companies that address data security threats and vulnerabilities through prevention, detection, and remediation are better positioned for customer acquisition and retention and may reduce extraordinary expenses from breaches of data security.

d) **Community Relations and Community Reinvestment**
Community relations are a fundamental, strategic aspect of business for public and private corporations. They are not only a barometer of image and market presence across the world. It helps attract and retain top employees, positions itself positively among customers and, increasingly improves its position in the market. Positive, proactive community relations can translate into improved financial performance.

The Treasurer wants to encourage an open and effective banking system that grows local communities and boosts Illinois' economy. Pursuant to the Deposit of State Moneys Act (15 ILCS 520/16.3), the Treasurer is authorized to consider a financial institution's record and current level of financial commitment to its local community when deciding whether to deposit State funds in that financial institution. As such, the Treasurer shall consider applicable firms' level of community reinvestment when undertaking investment decision-making.

Furthermore, all banking and financial firms seeking to transact in investment activity with the Treasurer shall possess a minimum Community Reinvestment Act (CRA) rating of Satisfactory.

7.0 HUMAN CAPITAL FACTORS
Companies that consider their workforce to be an important asset to deliver long-term value should manage their human capital with as much care and analytical insight as they manage their tangible and financial capital. It includes issues that affect the productivity of employees, such as employee engagement, diversity, incentives and compensation, as well as the attraction and retention of employees in highly competitive or constrained markets for specific talent, skills, or education. Employers should respect the right of their workers to organize under collective bargaining agreements and should provide a working environment that upholds health and safety standards.

a) **Labor Relations and Fair Labor Practices**
Companies benefit from taking a long-term perspective on managing human capital. This relates to practices involving fair compensation, workers' rights, worker safety, and workforce productivity enhancements through skills and capacity building, research and development, and capital investments. Companies that subvert the law of widely adopted international standards for labor practices are exposed to operational, legal, regulatory, and reputational risks that may create roadblocks for

both its existing operations as well as efforts to expand to other markets. Conversely, companies with fair labor policies and practices may be at a competitive advantage in attracting and employing an effective workforce, leading to a healthy company culture, stronger customer loyalty, increased revenue, and reduced costs.

b) **Recruitment, Development, and Retention**
The evolution of U.S. business into a true service-based economy has led many companies to espouse that their employees are their most valuable asset. As key contributors to value creation, skilled workers are highly sought after, and many companies face challenges recruiting and retaining those assets. Shortages in skilled domestic employees have created intense competition to acquire and maintain highly skilled employees, as evidenced by high employee turnover rates. Companies that improve employee compensation, benefits, training, and engagement are likely to improve retention and productivity, which positively contributes to profitability and long-term value creation.

c) **Diversity and Inclusion**
The U.S. population is undergoing a massive demographic shift, with an increase in minority populations. Companies can benefit from ensuring that their company culture and hiring and promotion practices embrace the building of a diverse workforce at management and lower-ranking positions. Companies that respond to this demographic trend and employ staff who will recognize the needs of these populations may be better able to capture demand from these segments, which can provide companies a competitive advantage.

8.0 BUSINESS MODEL & INNOVATION FACTORS

The impact of sustainability issues on innovation and business models including corporate strategy and other innovations in the production process are integral to a company's financial and operating performance. The ability of a company to plan and forecast viable opportunities and risks to its business model is critically important to its ability to create long-term shareholder value.

a) **Lifecycle Impacts of Products and Services**
Companies face increasing challenges associated with environmental and social externalities attributed to product manufacturing, transport, use and disposal. Rapid obsolescence of products exacerbates the externalities. Addressing product lifecycle concerns such as hazardous material inputs, energy efficiency, and waste, particularly through product design and end-of-life management could contribute to increased shareholder value through improved competitive positioning, greater market share, and lower regulatory, demand, and supply chain risks.

b) **Product Quality and Safety**
Companies have a material interest in ensuring the safety, proper labeling, and quality of their products. Companies that limit the incidence of safety or other product claims will be better positioned to reduce regulatory, legal, and reputational expenses and protect shareholder value. Conversely, companies with poor quality

and safety standards may experience revenue loss due to damaged reputation, product recalls, or fines.

9.0 LEADERSHIP & GOVERNANCE FACTORS

Leadership and governance factors involves the management of issues that are inherent to the business model or common practice in the industry and that are in potential conflict with the interest of broader stakeholder groups (e.g., government, community, customers, and employees), and therefore create a potential liability or, worse, a limitation or removal of a license to operate. This includes compliance, and regulatory and political influence.

a) **Systemic Risk Management**
The increased globalization and interconnectedness of the marketplace has become a central concern of state, federal, and international regulators. This is particularly relevant to companies in the financial sector and insurance industry, with many designated or at-risk of being designated as systemically important institutions. This designation can subject firms to stricter regulatory standards, credit limitations, and increased oversight by government officials. In an effort to demonstrate how these risks are being managed, companies should enhance their disclosures of key metrics, risk exposures, and additional aspects of systemic risk management.

b) **Ethical Business Practices**
Companies that seek short-term profits by taking disreputable or anti-social actions may risk long-term sustainability. Prior corporate scandals have clearly demonstrated that profiting from harm caused to others impacts a company's reputation and bottom line. The Treasurer expects companies to operate within the bounds of the law and ethical norms, particularly when it comes to responsible drug pricing, safe working conditions, and the sale and distribution of drugs, weapons and other products and services that may cause harm.

c) **Regulatory Capture and Political Influence**
While political contributions can benefit the strategic interests of a company, board-level policies and processes should exist to ensure that such giving is aligned with shareholders' long-term interests. While shareholders understand that corporate participation in the political process can benefit companies strategically and contribute to value creation, corporate political giving has the potential to create risks to shareholder value through reputational harm and through undesirable reactions by employees and customers. Companies should have appropriate internal controls in place to manage, monitor, and disclose political contributions and managed related risks.

d) **Supply Chain Management**
Supply chain management is crucial for companies to prevent operational disruptions, avoid legal or regulatory action, protect brand value, and improve revenues. Sourcing from suppliers that have high quality standards, employ environmentally sustainable methods, honor labor rights, and avoid socially

damaging practices better positions companies to protect themselves from supply disruptions and maintain shareholder value. In addition, appropriate supplier screening, monitoring, and engagement is necessary to ensure continued future supply and to minimize potential lifecycle impacts on company operations.

10.0 DIVESTMENT

The Treasurer opposes any policy or strategy that would direct the Treasurer to sell an individual or group of securities in order to achieve a goal that is not primarily investment-related. The Treasurer may consider divesting only in cases where the financial or reputational risks from a company's policies or activities are so great that maintaining the investment security is no longer prudent.

The Treasurer firmly believes that active and direct engagement is the best way to resolve issues and risk factors. The Treasurer's policy of engagement over divestment is based on several key considerations: (1) divestment would eliminate our standing and rights as a shareholder and foreclose further engagement; (2) divestment would likely have a negligible impact on portfolio companies or the market; (3) divestment could result in increased costs and short-term losses; and (4) divestment could compromise the Treasurer's investment strategies and negatively affect performance. For these reasons, we believe that divestment does not offer the Treasurer an optimal strategy for changing the policies and practices of portfolio companies, nor is it the best means to produce long-term value.

11.0 POTENTIAL ACTIONS

It is necessary to remain informed about issues that are likely to be of interest to other investors during the review process, including the Treasurer. The total mix of information available through the existence of, or potential for, impacts on factors include: (1) direct financial impacts and risk; (2) legal, regulatory, and policy drivers; (3) industry norms, best practices, and competitive drivers; (4) stakeholder concerns that could lead to financial impact; and (5) opportunities for innovation.

Potential actions will identify issues that can or do affect operational and financial performance by analyzing the three primary drivers of financial impact: (1) revenues and costs; (2) assets and liabilities; and (3) cost of capital or risk profile. Revenue in market size or pricing power of a company will be tracked to identify trends. Costs that can impact a company's profitability include recurring costs such as COGS, R&D, CAPEX or any other capital expenditures will be monitored. Issues, like climate change, that can impair tangible and intangible assets, such as PP&E and brand value are part of the review. Sustainability issues have the potential to create contingencies and provisions, or impact pensions and other liabilities and must be part of the overall assessment. The financial condition of a company can be impacted by sustainable factors that will raise the risk profile and create uncertainty in time capital needs.

The Treasurer may undertake various activities to advance the aforementioned key sustainability factors, including, but not limited to:

1. **Internal and External Investment Management –** Prudently integrating sustainability criteria as components of portfolio construction, investment decision-making, investment analysis and due diligence, prospective value proposition, risk management, and investment ownership for internally-managed and externally-managed investment managers;

2. **Policy Advocacy –** Weighing in on the public policymaking process as it pertains to the investment landscape generally and sustainability issues specifically;

3. **Engagements –** Engaging corporate decision-makers directly on sustainability risks and opportunities to protect shareholder value;

4. **Coalitions –** Working in coalition with other institutional investors and with thought-leadership organizations;

5. **Proxy Voting –** Casting proxy votes in accordance with fiduciary duty and within policy guidelines; and

6. **Shareholder Proposals –** Submitting shareholder proposals to companies for inclusion in the annual stockholders' general meeting.

APPENDIX B:
2018 PROXY VOTING STATISTICS

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Antitakeover Related											
Adjourn Meeting	106	106	87	19	0	0	0	0	0	88	18
Adopt or Increase Supermajority Vote Requirement for Amendments	1	1	0	1	0	0	0	0	0	0	1
Adopt or Increase Supermajority Vote Requirement for Removal of Directors	1	1	0	1	0	0	0	0	0	0	1
Adopt, Renew or Amend NOL Rights Plan (NOL Pill)	6	6	6	0	0	0	0	0	0	6	0
Adopt, Renew or Amend Shareholder Rights Plan (Poison Pill)	1	1	0	1	0	0	0	0	0	0	1
Amend Articles/Charter Governance-Related	6	6	5	1	0	0	0	0	0	5	1
Amend Right to Call Special Meeting	7	7	6	1	0	0	0	0	0	6	1
Approve/Amend Stock Ownership Limitations	1	1	1	0	0	0	0	0	0	1	0
Authorize the Company to Call EGM with Two Weeks Notice	2	2	2	0	0	0	0	0	0	2	0
Company-Specific—Organization-Related	7	7	0	7	0	0	0	0	0	0	7
Eliminate/Restrict Right to Call a Special Meeting	1	1	0	1	0	0	0	0	0	0	1
Provide Right to Act by Written Consent	2	2	2	0	0	0	0	0	0	2	0
Provide Right to Call Special Meeting	4	4	3	1	0	0	0	0	0	3	1
Reduce Supermajority Vote Requirement	27	36	36	0	0	0	0	0	0	36	0
Require Advance Notice for Shareholder Proposals/Nominations	1	1	1	0	0	0	0	0	0	1	0
Totals for Antitakeover Related:	170	182	149	33	0	0	0	0	0	150	32
Capitalization											
Amend Articles/Charter to Reflect Changes in Capital	2	2	2	0	0	0	0	0	0	2	0
Approve Issuance of Equity or Equity-Linked Securities with or without Preemptive Rights	1	1	1	0	0	0	0	0	0	1	0
Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights	24	28	23	1	4	0	0	0	0	23	5
Approve Issuance of Shares for a Private Placement	9	9	8	1	0	0	0	0	0	8	1
Approve Reduction in Share Capital	1	1	1	0	0	0	0	0	0	1	0
Approve Reduction/Cancellation of Share Premium Account	1	1	1	0	0	0	0	0	0	1	0
Approve Reverse Stock Split	27	27	22	4	1	0	0	0	0	22	5
Approve/Amend Conversion of Securities	3	3	2	0	1	0	0	0	0	2	1
Approve/Amend Securities Transfer Restrictions	4	4	2	2	0	0	0	0	0	2	2
Authorize Capital Increase of up to 10 Percent of Issued Capital for Future Acquisitions	1	1	1	0	0	0	0	0	0	1	0
Authorize Capitalization of Reserves for Bonus Issue or Increase in Par Value	1	1	1	0	0	0	0	0	0	1	0
Authorize Directed Share Repurchase Program	1	1	0	0	1	0	0	0	0	0	1
Authorize Issuance of Bonds/Debentures	2	3	3	0	0	0	0	0	0	3	0
Authorize Issuance of Equity or Equity-Linked Securities with Preemptive Rights	15	15	10	4	1	0	0	0	0	10	5
Authorize Reissuance of Repurchased Shares	6	6	3	1	2	0	0	0	0	3	3
Authorize Share Repurchase Program	15	15	1	1	11	2	0	0	0	1	14
Authorize a New Class of Common Stock	3	3	1	2	0	0	0	0	0	1	2
Company Specific - Equity Related	10	10	8	2	0	0	0	0	0	8	2
Eliminate Preemptive Rights	1	1	1	0	0	0	0	0	0	1	0
Going Dark Transaction	1	1	0	1	0	0	0	0	0	0	1
Increase Authorized Common Stock	50	50	25	25	0	0	0	0	0	25	25
Increase Authorized Preferred Stock	3	3	0	3	0	0	0	0	0	0	3
Reduce Authorized Common and/or Preferred Stock	3	3	2	1	0	0	0	0	0	2	1
Totals for Capitalization:	124	189	118	48	21	2	0	0	0	118	71
Directors Related											
Adopt Majority Voting for Uncontested Election of Directors	8	8	8	0	0	0	0	0	0	8	0
Adopt or Amend Board Powers/Procedures/Qualifications	1	1	1	0	0	0	0	0	0	1	0
Allow Directors to Engage in Commercial Transactions with the Company and/or Be Involved with Other Companies	1	1	1	0	0	0	0	0	0	1	0
Amend Articles Board-Related	3	3	3	0	0	0	0	0	0	3	0
Appoint Internal Statutory Auditor(s) [and Approve Auditor's/Auditors' Remuneration]	3	5	1	4	0	0	0	0	0	1	4
Approve Director/Officer Liability and Indemnification	2	2	2	0	0	0	0	0	0	2	0
Approve Discharge of Management Board	6	6	2	4	0	0	0	0	0	2	4
Approve Discharge of Management and Supervisory Board	1	1	1	0	0	0	0	0	0	1	0
Approve Discharge of Supervisory Board	1	1	1	0	0	0	0	0	0	1	0
Approve Executive Appointment	1	5	5	0	0	0	0	0	0	5	0
Approve Increase in Size of Board	3	3	0	1	2	0	0	0	0	0	3
Approve Remuneration of Directors and/or Committee Members	8	8	2	0	6	0	0	0	0	2	6
Change Range for Size of the Board	3	3	1	2	0	0	0	0	0	1	2
Company Specific—Board-Related	7	11	10	1	0	0	0	0	0	11	0
Declassify the Board of Directors	19	19	19	0	0	0	0	0	0	19	0
Do You Wish to Request Installation of a Fiscal Council, Under the Terms of Article 161 of the Brazilian Corporate Law?	1	1	1	0	0	0	0	0	0	1	0
Elect Board Chairman/Vice-Chairman	5	5	1	4	0	0	0	0	0	1	4
Elect Director	1300	9478	7589	829	17	1043	0	0	0	7589	1889
Elect Director (Cumulative Voting or More Nominees Than Board Seats)	1	3	2	0	0	1	0	0	0	2	1
Elect Director (Management)	7	26	20	0	0	6	0	0	0	20	6
Elect Director and Approve Director's Remuneration	1	10	10	0	0	0	0	0	0	10	0
Elect Directors (Bundled)	3	3	1	0	1	1	0	0	0	1	2

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Elect Subsidiary Director	1	1	1	0	0	0	0	0	0	1	0
Eliminate Cumulative Voting	1	1	0	1	0	0	0	0	0	0	1
Fix Number of Directors and/or Auditors	17	17	8	9	0	0	0	0	0	8	9
In Case Cumulative Voting Is Adopted, Do You Wish to Equally Distribute Your Votes to All Nominees in the Slate? OR In Case Cumulative Voting Is Adopted, Do You Wish to Equally Distribute Your Votes for Each Supported Nominee?	1	1	0	0	1	0	0	0	0	1	0
In Case There is Any Change to the Board Slate Composition, May Your Votes Still be Counted for the Proposed Slate?	1	1	0	1	0	0	0	0	0	1	0
Indicate Personal Interest in Proposed Agenda Item	4	4	0	4	0	0	0	0	0	4	0
Provide Proxy Access Right	6	6	6	0	0	0	0	0	0	6	0
Totals for Directors Related:	1316	9634	7696	860	27	1051	0	0	0	7703	1931
Non-Salary Comp.											
Advisory Vote on Golden Parachutes	59	59	24	35	0	0	0	0	0	25	34
Advisory Vote on Say on Pay Frequency	66	66	0	0	0	0	66	0	0	52	14
Advisory Vote to Ratify Named Executive Officers'Compensation	1035	1041	574	462	5	0	0	0	0	576	465
Amend Articles/Charter Compensation-Related	1	2	0	0	2	0	0	0	0	0	2
Amend Executive Share Option Plan	15	15	1	13	1	0	0	0	0	1	14
Amend Non-Employee Director Omnibus Stock Plan	4	4	0	4	0	0	0	0	0	0	4
Amend Non-Employee Director Restricted Stock Plan	3	3	0	3	0	0	0	0	0	0	3
Amend Non-Employee Director Stock Option Plan	1	1	0	1	0	0	0	0	0	0	1
Amend Non-Qualified Employee Stock Purchase Plan	4	4	3	1	0	0	0	0	0	3	1
Amend Omnibus Stock Plan	129	130	1	127	2	0	0	0	0	1	129
Amend Qualified Employee Stock Purchase Plan	40	40	40	0	0	0	0	0	0	40	0
Amend Restricted Stock Plan	2	2	0	2	0	0	0	0	0	0	2
Approve Executive Share Option Plan	4	6	0	6	0	0	0	0	0	0	6
Approve Increase in Aggregate Compensation Ceiling for Directors	2	3	0	0	3	0	0	0	0	0	3
Approve Non-Employee Director Omnibus Stock Plan	3	3	0	3	0	0	0	0	0	0	3
Approve Non-Employee Director Restricted Stock Plan	1	1	0	1	0	0	0	0	0	0	1
Approve Non-Employee Director Stock Option Plan	1	1	0	1	0	0	0	0	0	0	1
Approve Non-Qualified Employee Stock Purchase Plan	1	1	1	0	0	0	0	0	0	1	0
Approve Omnibus Stock Plan	106	106	0	105	1	0	0	0	0	0	106
Approve Outside Director Stock Awards/Options in Lieu of Cash	1	1	1	0	0	0	0	0	0	1	0
Approve Qualified Employee Stock Purchase Plan	19	19	19	0	0	0	0	0	0	19	0
Approve Remuneration Policy	4	4	3	1	0	0	0	0	0	3	1
Approve Remuneration of Executive Directors and/or Non-Executive Directors	5	5	2	1	2	0	0	0	0	2	3
Approve Repricing of Options	1	1	0	1	0	0	0	0	0	0	1
Approve Restricted Stock Plan	3	3	0	3	0	0	0	0	0	0	3
Approve Share Plan Grant	3	4	0	4	0	0	0	0	0	0	4
Approve Stock Option Plan Grants	2	3	0	3	0	0	0	0	0	0	3
Approve/Amend Deferred Share Bonus Plan	2	3	1	2	0	0	0	0	0	1	2
Approve/Amend Employment Agreements	4	4	2	1	1	0	0	0	0	2	2
Approve/Amend Executive Incentive Bonus Plan	11	13	4	9	0	0	0	0	0	4	9
Company-Specific Compensation-Related	2	3	0	2	1	0	0	0	0	0	3
Totals for Non-Salary Comp.:	1145	1551	676	791	18	0	66	0	0	731	820
Preferred/Bondholder											
If you are X as defined in X, vote FOR. Otherwise, vote against.	1	1	1	0	0	0	0	0	0	1	0
If you are a Senior Officer as defined in Section 37(D) of the Securities Law, 1968, vote FOR. Otherwise, vote against.	2	2	0	2	0	0	0	0	0	2	0
If you are an Institutional Investor as defined in Regulation 1 of the Supervision Financial Services Regulations 2009 or a Manager of a Joint Investment Trust Fund as defined in the Joint Investment Trust Law, 1994, vote FOR. Otherwise, vote against.	2	2	2	0	0	0	0	0	0	2	0
If you are an Interest Holder as defined in Section 1 of the Securities Law, 1968, vote FOR. Otherwise, vote against.	2	2	0	2	0	0	0	0	0	2	0
Indicate That You Do Not Have Personal Interest in Proposed Agenda Item	4	4	4	0	0	0	0	0	0	4	0
Private Company	2	16	3	2	0	11	0	0	0	3	13
Totals for Preferred/Bondholder:	7	27	10	6	0	11	0	0	0	14	13
Reorg. and Mergers											
Amend Articles to: (Japan)	1	1	1	0	0	0	0	0	0	1	0
Amend Articles/Bylaws/Charter – Organization-Related	1	1	1	0	0	0	0	0	0	1	0
Approve Acquisition OR Issue Shares in Connection with Acquisition	32	66	66	0	0	0	0	0	0	66	0
Approve Distribution Agreement	2	2	2	0	0	0	0	0	0	2	0
Approve Merger Agreement	64	64	61	2	1	0	0	0	0	62	2
Approve Merger by Absorption	1	1	1	0	0	0	0	0	0	1	0
Approve Plan of Liquidation	2	2	2	0	0	0	0	0	0	2	0
Approve Reorganization/Restructuring Plan	5	5	5	0	0	0	0	0	0	5	0
Approve Sale of Company Assets	5	5	4	1	0	0	0	0	0	4	1
Approve Scheme of Arrangement	4	4	2	1	1	0	0	0	0	2	2
Approve Spin-Off Agreement	3	3	2	1	0	0	0	0	0	2	1
Approve Transaction with a Related Party	3	7	3	1	3	0	0	0	0	3	4
Approve/Amend Loan Guarantee to Subsidiary	3	8	6	2	0	0	0	0	0	6	2
Black Economic Empowerment(BEE)Transactions(SouthAfrica)	1	1	1	0	0	0	0	0	0	1	0
Change Jurisdiction of Incorporation [ ]	6	6	1	5	0	0	0	0	0	1	5
Totals for Reorg. and Mergers:	123	176	158	13	5	0	0	0	0	159	17

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
Routine/Business											
Accept Consolidated Financial Statements and Statutory Reports	3	3	3	0	0	0	0	0	0	3	0
Accept Financial Statements and Statutory Reports	25	29	28	0	1	0	0	0	0	28	1
Adopt New Articles of Association/Charter	1	1	1	0	0	0	0	0	0	1	0
Adopt the Jurisdiction of Incorporation as the Exclusive Forum for Certain Disputes	5	5	0	5	0	0	0	0	0	0	5
Amend Articles/Bylaws/Charter – Non-Routine	30	35	25	7	3	0	0	0	0	25	10
Amend Articles/Bylaws/Charter – Routine	2	2	2	0	0	0	0	0	0	2	0
Appoint Appraiser/Special Auditor/Liquidator	2	2	2	0	0	0	0	0	0	2	0
Approve Allocation of Income and Dividends	9	10	10	0	0	0	0	0	0	10	0
Approve Auditors and Authorize Board to Fix Their Remuneration Auditors	62	64	43	15	0	6	0	0	0	43	21
Approve Delisting of Shares from Stock Exchange	1	1	1	0	0	0	0	0	0	1	0
Approve Dividends	11	11	11	0	0	0	0	0	0	11	0
Approve Financial Statements, Allocation of Income, and Discharge Directors	2	2	2	0	0	0	0	0	0	2	0
Approve Investment Advisory Agreement	4	4	4	0	0	0	0	0	0	4	0
Approve Political Donations	3	3	3	0	0	0	0	0	0	3	0
Authorize Board to Fix Remuneration of External Auditor(s)	15	15	9	5	1	0	0	0	0	9	6
Authorize Board to Ratify and Execute Approved Resolutions	1	1	1	0	0	0	0	0	0	1	0
Change Company Name	12	12	10	1	1	0	0	0	0	10	2
Change Date/Location of Annual Meeting	1	1	1	0	0	0	0	0	0	1	0
Change Fiscal Year End	1	1	1	0	0	0	0	0	0	1	0
Designate X as Independent Proxy	4	4	4	0	0	0	0	0	0	4	0
Elect Chairman of Meeting	1	1	1	0	0	0	0	0	0	1	0
Elect Member(s) of Audit Committee	3	11	11	0	0	0	0	0	0	11	0
Elect Member(s) of Remuneration Committee	4	15	15	0	0	0	0	0	0	15	0
Miscellaneous Proposal: Company-Specific	1	1	1	0	0	0	0	0	0	1	0
Other Business	21	21	0	21	0	0	0	0	0	0	21
Ratify Auditors	1127	1138	772	355	11	0	0	0	0	772	366
Totals for Routine/Business:	1215	1393	961	409	17	6	0	0	0	961	432
SH-Compensation											
Adjust Executive Compensation Metrics for Share Buybacks	2	2	2	0	0	0	0	0	0	0	2
Clawback of Incentive Payments	8	8	8	0	0	0	0	0	0	0	8
Company-Specific–Compensation-Related	2	2	2	0	0	0	0	0	0	0	2
Increase Disclosure of Executive Compensation	1	1	1	0	0	0	0	0	0	0	1
Limit Executive Compensation	1	1	1	0	0	0	0	0	0	0	1
Limit/Prohibit Accelerated Vesting of Awards	9	9	9	0	0	0	0	0	0	0	9
Link Executive Pay to Social Criteria	11	11	10	1	0	0	0	0	0	1	10
Performance-Based and/or Time-Based Equity Awards	1	1	0	1	0	0	0	0	0	1	0
Report on Pay Disparity	2	2	2	0	0	0	0	0	0	0	2
Stock Retention/Holding Period	1	1	1	0	0	0	0	0	0	0	1
Use GAAP for Executive Compensation Metrics	3	3	3	0	0	0	0	0	0	0	3
Totals for SH-Compensation:	36	41	39	2	0	0	0	0	0	2	39
SH-Corp Governance											
Approve Recapitalization Plan for all Stock to Have One-vote per Share	8	8	8	0	0	0	0	0	0	0	8
Company-Specific–Governance-Related	3	3	0	3	0	0	0	0	0	2	1
Eliminate or Restrict Severance Agreements (Change-in-Control)	1	1	1	0	0	0	0	0	0	0	1
Miscellaneous – Equity Related	2	2	0	2	0	0	0	0	0	2	0
Proxy Voting Tabulation	3	3	0	3	0	0	0	0	0	3	0
Reduce Supermajority Vote Requirement	10	10	10	0	0	0	0	0	0	0	10
Totals for SH-Corp Governance:	24	27	19	8	0	0	0	0	0	7	20
SH-Dirs' Related											
Adopt Proxy Access Right	5	5	5	0	0	0	0	0	0	0	5
Amend Articles Board-Related	2	2	0	2	0	0	0	0	0	2	0
Amend Articles/Bylaws/Charter - Call Special Meetings	57	57	57	0	0	0	0	0	0	0	57
Amend Director/Officer Indemnification/Liability Provisions	1	1	0	1	0	0	0	0	0	1	0
Amend Proxy Access Right	22	22	22	0	0	0	0	0	0	0	22
Appoint Alternate Internal Statutory Auditor(s) [and Approve Auditor's/Auditors' Remuneration]	1	2	1	0	1	0	0	0	0	2	0
Board Diversity	3	3	2	1	0	0	0	0	0	1	2
Change Size of Board of Directors	1	1	1	0	0	0	0	0	0	0	1
Company-Specific Board-Related	1	1	0	1	0	0	0	0	0	1	0
Declassify the Board of Directors	4	4	4	0	0	0	0	0	0	0	4
Elect Director (Dissident)	7	10	6	2	0	2	0	0	0	9	1
Elect a Shareholder-Nominee to the Board (Non-Proxy-Access Nominee)	1	1	0	1	0	0	0	0	0	0	1
Establish Environmental/Social Issue Board Committee	4	4	3	1	0	0	0	0	0	1	3
Establish Other Governance Board Committee	1	1	1	0	0	0	0	0	0	0	1
Establish Term Limits for Directors	2	2	0	2	0	0	0	0	0	2	0
Provide Right to Act by Written Consent	37	37	37	0	0	0	0	0	0	2	35
Removal of Existing Board Directors	2	2	1	1	0	0	0	0	0	0	2
Require Environmental/Social Issue Qualifications for Director Nominees	3	3	1	2	0	0	0	0	0	2	1
Require a Majority Vote for the Election of Directors	2	2	2	0	0	0	0	0	0	0	2
Restore or Provide for Cumulative Voting	3	3	3	0	0	0	0	0	0	0	3
Totals for SH-Dirs' Related:	139	163	146	14	1	2	0	0	0	23	140

	Meetings	Proposals	Votes For	Votes Against	Votes Abstain	Votes Withhold	One Year	Two Years	Three Years	With Mgmt	Against Mgmt
SH-Health/Environ.											
Community -Environment Impact	4	4	4	0	0	0	0	0	0	0	4
GHG Emissions	14	14	14	0	0	0	0	0	0	0	14
Phase Out Nuclear Facilities	1	1	0	1	0	0	0	0	0	1	0
Prepare Report on Health Care Reform	3	3	3	0	0	0	0	0	0	0	3
Product Toxicity and Safety	1	1	0	1	0	0	0	0	0	1	0
Publish Two Degree Scenario Analysis	7	7	7	0	0	0	0	0	0	0	7
Recycling	5	5	5	0	0	0	0	0	0	0	5
Renewable Energy	2	2	2	0	0	0	0	0	0	0	2
Report on Climate Change	2	3	3	0	0	0	0	0	0	0	3
Report on Sustainability	5	5	5	0	0	0	0	0	0	0	5
Review Drug Pricing or Distribution	1	1	1	0	0	0	0	0	0	0	1
Review Tobacco Marketing	1	1	0	1	0	0	0	0	0	1	0
Weapons - Related	1	1	1	0	0	0	0	0	0	0	1
Totals for SH-Health/Environ.:	42	48	45	3	0	0	0	0	0	3	45
SH-Other/misc.											
Animal Testing	1	1	1	0	0	0	0	0	0	0	1
Charitable Contributions	1	1	0	1	0	0	0	0	0	1	0
Company-Specific – Shareholder Miscellaneous	3	3	0	3	0	0	0	0	0	3	0
Gender Pay Gap	6	6	6	0	0	0	0	0	0	0	6
Political Contributions Disclosure	24	24	24	0	0	0	0	0	0	1	23
Political Lobbying Disclosure	33	33	33	0	0	0	0	0	0	0	33
Report on EEO	6	6	6	0	0	0	0	0	0	0	6
Totals for SH-Other/misc.:	65	74	70	4	0	0	0	0	0	5	69
SH-Routine/Business											
Amend Articles/Bylaws/Charter – Non-Routine	1	1	1	0	0	0	0	0	0	1	0
Amend Ordinary Business Items	1	3	0	3	0	0	0	0	0	3	0
Company-Specific – Miscellaneous	3	3	3	0	0	0	0	0	0	2	1
Require Independent Board Chairman	44	44	44	0	0	0	0	0	0	0	44
Totals for SH-Routine/Business:	47	51	48	3	0	0	0	0	0	6	45
SH-Soc./Human Rights											
Data Security, Privacy, and Internet Issues	1	1	1	0	0	0	0	0	0	0	1
Improve Human Rights Standards or Policies	5	5	4	1	0	0	0	0	0	1	4
Operations in Hgh Risk Countries	2	2	1	1	0	0	0	0	0	1	1
Totals for SH-Soc./Human Rights:	8	8	6	2	0	0	0	0	0	2	6
Social Proposal											
Anti-Social Proposal	2	2	0	2	0	0	0	0	0	2	0
Miscellaneous Proposal – Environmental & Social	9	10	6	4	0	0	0	0	0	4	6
Totals for Social Proposal:	11	12	6	6	0	0	0	0	0	6	6
Totals for the report:	1446	13576	10147	2202	89	1072	66	0	0	9890	3686