



# Proxy voting guidelines



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**As adopted by:**

Russell Investments Capital, LLC  
Russell Investments Funds Management, LLC  
Russell Investments Implementation Service, LLC  
Russell Investment Management, LLC  
Russell Investments Trust Company  
Russell Investments Canada Limited  
Russell Investments Korea Limited  
Russell Investment Management Ltd  
Russell Investment Group Limited  
Russell Investments France SAS  
Russell Investments Ireland Limited  
Russell Investments Limited  
Russell Investments Group Japan Co., Ltd.  
(the foregoing collectively referred to herein as "Russell Investments")

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## INTRODUCTION

Russell Investments believes that exercising voting rights is an essential part of the value creation process. It is also necessary for ensuring strong corporate governance and protecting shareholder value. Striving to enhance and protect shareholder value, as well as minority shareholder rights, is of critical importance. Through our proxy voting process, we are actively working to increase shareholder value as we initiate positive change.

Russell Investments believes that shareholders have a responsibility to monitor company management and exert their influence through the exercise of voting rights. We have been voting at shareholder meetings for nearly 20 years, evolving our voting policies and practices with the evolution of various developments in regulations and principles. We vote the vast majority of issues raised at company meetings, the exceptions being where there are restrictions placed on trading of voted securities (share blocking), impediments such as power of attorney requirements, and late receipt of proxy materials.

Russell Investments believes that it is our responsibility to monitor the effectiveness of company management, exerting influence on environmental, social, and governance practices through the exercise of our proxy voting rights and shareholder engagement activities. Because governance issues tend to have a strong impact on overall shareholder value, a large portion of our engagement activities are centered on executive compensation, shareholder rights, and board strategy issues. We believe that taking an active interest in these issues is ultimately in the best interests of our clients.

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## PROXY ADMINISTRATION PROCEDURES

1. Any Proxy Administrator retained by Russell Investments shall vote all proxies as instructed in the guidelines attached hereto. The Proxy Administrator is currently Glass Lewis & Co (“Glass Lewis”). In the event (a) a voting matter is not specifically addressed in the guidelines, (b) a voting matter is to be determined on a case-by-case basis and Glass Lewis recommends a vote against management’s recommendation or (c) there is a question as to the outcome on a voting matter, the Proxy Administrator shall request direction from Russell Investments’ Proxy Committee. The Proxy Committee may instruct the Proxy Administrator “not to vote” on any proposal.
2. The Proxy Administrator shall maintain a system allowing Russell Investments access to all solicitations for vote received by the Proxy Administrator.
3. The Proxy Administrator shall vote each and every proxy pursuant to the guidelines, unless directed otherwise by Russell Investments’ Proxy Committee.
4. The Proxy Administrator shall maintain a record of all votes received, all votes cast and any other relevant information pursuant to the Proxy Administrator’s normal policies and as directed by Russell Investments.
5. The Proxy Administrator will use the attached guidelines until such guidelines are superseded by subsequent guidelines. The guidelines may be changed at any time in Russell Investments’ sole discretion.

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## I. Routine Shareholder Meeting Formalities

### A. Routine Agenda Items

Shareholders are routinely asked to approve:

- the opening of the shareholder meeting
- that the meeting has been convened under local regulatory requirements
- the presence of quorum
- the agenda for the shareholder meeting
- the election of the chair of the meeting
- the appointment of shareholders to co-sign the minutes of the meeting
- regulatory filings
- the designation of inspector or shareholder representative(s) of minutes of meeting
- the designation of two shareholders to approve and sign minutes of meeting
- the allowance of questions
- the publication of minutes
- the closing of the shareholder meeting

We vote **for** these and similar routine management proposals.

### B. Financial Statements and Director and Auditor Reports

We vote **for** management proposals seeking approval of financial statements and director and auditor reports and the discharge of management and supervisory board members, provided that, in the case of French companies, we will vote **against** proposals dealing with related party transactions where Glass Lewis recommends a vote **against** such proposals because management fails to provide relevant auditors reports pertaining to such related party transactions at least 21 days in advance of a vote.

We vote **against** proposals to remove shareholders rights to approve auditor reports and financial statements.

### C. Allocation of Income and Dividends

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if, notwithstanding Glass Lewis' information delivery requirements stated above, management or Glass Lewis have provided adequate information to ascertain whether a related party transaction involves overreaching of the company or its assets by such related parties.

We vote **for** management proposals concerning allocation of income and the distribution of dividends.

### D. Shareholder Proposals Requesting Dividend Increases

We vote **for** shareholder proposals requesting a company to increase its dividend payout ratio **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

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## E. Stock (Scrip) Dividend Alternatives

We vote **for** stock (scrip) dividend proposals except as set forth below.

We vote **against** stock (scrip) dividend proposals that do not allow for a cash option.

## F. Instructions if Meeting is Held on a Second Call

We vote **for** proposals that voting instructions may also be considered, should the meeting be held on second call, if Glass Lewis votes for. If Glass Lewis votes **against**, to mitigate the risk of amendments we vote **against**, otherwise we vote **on a case-by-case basis**.

# II. The Board of Directors

## A. Director Nominees in Uncontested Elections

The Proxy Committee has received, reviewed and carefully considered the following Glass Lewis policy related to corporate governance issues, including the factors that Glass Lewis analyses in determining its recommendation for proxy matters relating to director nominees in uncontested elections. The Proxy Committee has also considered its role as a fiduciary to those persons or entities on whose behalf the committee is empowered to vote proxies. The Proxy Committee agrees with the factors used by Glass Lewis to determine whether an issuer adheres to good corporate governance practices. In its review of the Glass Lewis approach and taking into consideration the investment aspects of uncontested director elections, the Proxy Committee has determined that it is appropriate to take an active role with respect to corporate governance matters.

The Proxy Committee has endorsed the Glass Lewis approach and has adopted the following general policy with respect to director nominees in uncontested elections. As a general proposition, based on this policy and subject to the criteria below, we vote **for** the proposal if Glass Lewis recommends a vote **for** such proposal and we vote **against** the proposal if Glass Lewis recommends a vote **against** such proposal. However, as more particularly described below, Russell Investments' proxy voting guidelines may, in some cases be contrary to that general proposition.

- The board of directors is the focal point of corporate governance. Directors represent the shareholders, and they are charged with safeguarding investors' interests. Directors should provide corporate leadership but refrain from interfering in day-to-day company operations which are properly the province of the CEO and other senior executive officers. The board must hold executives accountable for their actions. The effectiveness of the board is a direct function of its composition and structure. We support strong boards that demonstrate a commitment to creating shareholder value. While director candidates and other board-related issues must be evaluated **on a case-by-case basis** giving consideration to the company's performance and total governance structure, we prefer to see mechanisms that promote independence, accountability, responsiveness and competence.
- Independence: Without independence from management, the board may be unwilling or unable to effectively set company strategy and scrutinise performance or executive compensation.
- Accountability: Directors must be accountable to shareholders. Policies that promote accountability would include annual elections and shareholders' ability to fill vacancies or to remove directors without cause. These policies facilitate change in control of a company through a proxy contest, thus reducing the opportunity for management entrenchment. In addition, shareholders should not be limited to removing directors only for cause because that is a standard that is extremely difficult to meet; it permits removal of directors only if found (through due process) guilty of self-dealing, fraud, or misappropriation of company assets. It does not provide for removal of directors due to poor performance or poor attendance. If the board, by our valuation, has not made

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significant progress towards implementing strategies to address shareholder concerns we will consider voting **against** board members

- Responsiveness: Directors should be responsive to shareholders, particularly in regard to shareholder proposals that receive a majority vote and tender offers where a majority of shares are tendered. Furthermore, shareholders should expect directors to devote sufficient resources to oversight of a company.
- Competence: Companies should seek directors who can add value to the board through specific skills or expertise. However, election of directors should be **on a case-by-case basis** and not constrained by arbitrary limits such as age or term limits.

### Voting on Director Nominees in Uncontested Elections in the U.S.

Votes on director nominees should be made **on a case-by-case basis**, examining the following factors:

- Independence of the board and key board committees, provided that if the nominee meets the independence criteria established by a company's primary securities exchange on which it is listed, we vote **for** the nominee and, further provided, that in the case of non-U.S. issuers we vote **for** if the nominee meets the independence criteria established by the New York Stock Exchange.
- Attendance at board meetings, such that if a director does not attend at least 75% of board meetings without a valid excuse, votes will be **withheld** from that director,
- Corporate governance provisions and takeover activity,
- Long-term company performance, provided that any quantitative testing shall solely use Glass Lewis' 2006 IRS methodology,
- Pay-for-performance disconnect,
- Votes may be withheld from incumbent directors who serve on compensation committees and/or the CEO and, in egregious cases from the entire Board, where the company has what Glass Lewis deems to be poor compensation practices. If as a result of poor compensation practices Glass Lewis recommends a **withhold** vote from incumbent directors who serve on the compensation committee, we will also **withhold** votes from these directors.
- Whether or not the incumbent directors receive more than 50% "withhold" votes in a prior balloting, in which case votes will be withheld from the entire incumbent board if the issue underlying the withhold votes has not been resolved since the prior balloting,
- For votes on nominees who are also Audit Committee members, whether or not the Company's Sarbanes-Oxley Section 404 attestations indicated significant material weaknesses in internal controls,
- Any egregious board actions, and any excessive non-audit fees or other potential auditor conflicts.

### Over boarded Directors:

Votes on over boarded director nominees should be made **on a case-by-case basis**, examining the following factors:

- We generally **withhold** votes from directors who serve on the boards of more than three publicly traded companies.
- If the candidate is also the CEO of a publicly traded company, that number is reduced to two.
- We generally vote **for** over boarded directors in director elections at the company where they serve as the CEO, unless Glass Lewis recommend the withholding of votes, in which case we **withhold** votes and continue our current guideline of **withholding** votes from



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over boarded CEO director nominees in director elections at companies other than the company for which they are the CEO.

### Voting on Director Nominees in Uncontested Elections in Non-U.S. Markets

We generally vote **for** management nominees in the election of directors, **unless**:

- adequate disclosure has not been provided in a timely manner;
- there are clear concerns over questionable finances or restatements;
- there have been questionable transactions with conflicts of interest;
- in the case of Canadian companies, votes on nominees who are also Audit Committee members, whether the company's audit fees are adequately disclosed (which is required by law) sufficiently in advance of shareholders' meetings or votes with respect to insiders who are members of the Audit, Compensation or Nominating Committees.
- in the case of Canadian and certain European companies, the board is not composed of a majority of independent directors or where the entire Board serves as any key committee (e.g., audit), in which case we **withhold** votes from inside or affiliated outside directors,
- in the case of Malaysian companies, an executive director(s) serves on a key committee,
- there are any records of abuses **against** minority shareholder interests;
- the directors' terms of office are undisclosed or in excess of four years without sufficient justification, in which case we vote **against** (Belgium, Denmark, Finland, France, Ireland, Italy, Netherlands, Norway, Portugal, Sweden and Switzerland),
- company executives, or in certain cases outside non-independent directors, sit on key board committees (e.g., audit and compensation), in which case we vote **against**; applies to Finland, France, Ireland, Netherlands, and Sweden),
- in the UK, we vote **against** non-independent directors sitting on the audit or remuneration committees as well as being chairman of the board,
- in France and Germany, we vote **against** single slates of directors,
- there are specific concerns about the individual, such as criminal wrongdoing or breach of fiduciary responsibilities; and,
- the board fails to meet minimum corporate governance standards or where the information provided about a director(s) is insufficient to determine whether such standards have been met.

For non-U.S. companies which allow for cumulative voting in the election of directors, we cumulate votes for the independent nominees as recommended by Glass Lewis. If Glass Lewis recommends a vote **against** an independent nominee for a reason not addressed elsewhere in these guidelines, or if there are no independent nominees, the proposal will be voted **on a case-by-case basis**.

We generally vote **against** individual directors if there have repeated absences at board meetings that have not been explained in countries where this information is disclosed.

### B. Separation of the Chairman and CEO Positions

We vote **for** proposals that would require the positions of chairman and CEO to be held by different persons, **unless** the company has all of the following:

- Designated lead director elected by and from the independent board members with clearly delineated duties. At a minimum these include:
  - Presides at all meetings of the board at which the chairman is not present, including executive sessions of the independent directors
  - Serves as liaison between the chairman and the independent directors

- Approves information sent to the board
- Approves meeting agendas for the board
- Approves meeting schedules to assure that there is sufficient time for discussion of all agenda items
- Has the authority to call meetings of the independent directors
- If requested by major shareholders, ensures that he is available for consultation and direct communication
- Two-thirds independent board
- The company publicly discloses a comparison of the duties of its independent lead director and its chairman.
- The company publicly discloses a sufficient explanation of why it chooses not to give the position of chairman to the independent lead director, and instead to combine the chairman and CEO positions.
- All independent key committees
- Established governance guidelines

In the event that Glass Lewis recommends a vote **against** proposals based on the company's performance relative to the broader market or its peers during the most recent one and three-year periods or due to the movement from a separate Chairman/CEO to a combined position, these proposals shall be voted **on a case-by-case basis**.

We vote **for** shareholder proposals that mandate a designated lead director if there are combined CEO/Chairman, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

### C. Majority of Independent Directors

We vote **for** shareholder proposals that require that the board be composed of a majority of independent directors, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

We vote **for** shareholder proposals that request that the board audit, compensation and/or nominating committees be composed exclusively of independent directors, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

In the case of Scandinavian and Asian companies, we vote **against** shareholder proposals to create a Nominating Committee that would consist of a majority of shareholder representatives of the government or the company's largest shareholders. In all other cases we vote **against**, **unless** Glass Lewis recommends a vote **for**, in which case the proposal will be voted **on a case-by-case basis**. The above rationale will be the basis for consideration of case-by-case referrals.

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In the case of Japanese companies, we vote **against** proposals to approve statutory and alternate statutory auditors if by Glass Lewis' evaluation they do not meet the minimum standard for independence **and** the board of statutory auditors is not sufficiently independent.

In the case of Chinese companies, we vote **against** proposals to approve non-independent supervisors if, by Glass Lewis' evaluation, they do not meet the minimum standard for independence.

## D. Majority Voting

We vote **for** shareholder proposals asking for the Board to initiate the appropriate process to amend the Company's governance documents (certificate of incorporation or bylaws) to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholder, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

## E. Stock Ownership Requirements

We vote **against** shareholder proposals requiring directors to own a minimum amount of company stock in order to qualify as a director, or to remain on the board, **unless** Glass Lewis recommends a vote **for**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## F. Term of Office

We vote **against** proposals to limit the tenure of outside directors.

We vote **against** proposals that exempt non-independent directors from retirement by rotation.

## G. Director and Officer Indemnification and Liability Protection

We vote **against** proposals to eliminate entirely director and officer liability for monetary damages for violating the duty of care or for proposals that expand protection beyond the standards set forth by Delaware law.

We vote **against** proposals that would expand indemnification beyond coverage of legal expenses to coverage of acts that are more serious violations of fiduciary obligations than mere carelessness.

We vote **for** proposals that would provide indemnification for an Italian company's internal auditors or expanded indemnification where a director's or officer's legal defense was unsuccessful if the director was found to have acted in good faith and in a manner that he reasonably believed was in the best interests of the company.

## H. Board Size

We vote **against** Proposals that seek to increase or decrease the size of the board by more than 50 percent, **unless** a proposed increase is the result of a merger.

We vote **for** proposals seeking to fix the size of the board or to designate a range for the size of the board.

## I. Retirement Bonuses for Directors

We vote **against** management proposals for retirement bonuses for directors, **unless** Glass Lewis recommends a vote **for**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote

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**against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## J. Shareholder Proposals Regarding Disclosure of Board Positions

We vote **for** shareholder proposals requiring disclosure of the boards of other public companies on which each nominee has served in the past five years, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## K. Extension of Supervisory Councils in Brazil

We vote **for** Brazilian companies extending of their supervisory councils by one year, if Glass Lewis recommends a vote **for**. Otherwise, we vote **on a case-by-case basis**.

# III. Proxy Contests

## A. Voting for Director Nominees in Contested Elections

We define an election as contested when shareholders are nominating alternate directors in opposition to management-nominated directors. We vote **on a case-by-case basis** in a contested election of directors, after considering the following factors:

- long-term financial performance of the target company relative to its industry;
- management's track record;
- background to the proxy contest;
- qualifications of director nominees (both slates);
- evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met; and
- stock ownership positions.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## B. Reimburse Proxy Solicitation Expenses

We vote **for** proposals to provide full reimbursement to dissidents who are successful in a proxy contest if Glass Lewis recommends a vote **for** such a proposal; otherwise we vote **against** such a proposal.

We vote **for** proposals to provide partial reimbursement to dissidents who are waging a proxy contest if Glass Lewis recommends a vote **for** such a proposal; otherwise we vote **against** such a proposal.

## C. Multiple Proxy Voting Cards

In cases where there are multiple voting cards for a contested ballot, if Russell Investments is voting on one card it will **withhold** votes on the other.

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## IV. Auditors

### A. Ratifying Auditors

We vote **for** proposals to ratify auditors if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** proposals to ratify auditors if the amount of audit and non-audit fees is disclosed and the non-audit fees exceed audit and audit-related fees. We vote **against** proposals to ratify auditors if Glass Lewis recommends a vote **against** because the auditor has a financial interest in or association with the company and is therefore not independent. We also vote **against** if Glass Lewis recommends a vote **against** because the audit and audit-related fees are not disclosed. If Glass Lewis recommends a vote **against** for reasons outside the ones listed previously, we vote **on a case-by-case basis**.

### B. Remuneration of Auditors

Except as set forth below, we vote **for** proposals to authorise the board to determine the remuneration of auditors, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If Glass Lewis recommends a vote **against** due to the annual cap or the audit fees being excessive, we vote **against**.

We vote **against** proposals to authorise the board to determine the remuneration of auditors if the amount of audit and non-audit fees is not disclosed or if non-audit fees exceed audit and audit-related fees.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

### C. Indemnification of Auditors

We vote **against** proposals to indemnify, approve or ratify alternative dispute resolutions, or otherwise limit the liability of auditors.

### D. Auditor Rotation

We vote **for** shareholder proposals asking for audit firm rotation, unless Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote for the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

### E. Election of Internal Statutory Auditor

We vote in-line with Glass Lewis' recommendations to appoint, ratify, or renew the term of an internal statutory auditor unless Glass Lewis recommends abstaining in which case the proposal will be voted **on a case-by-case basis**.

### F. Retirement Bonus for Statutory Auditor

We vote **against** management proposals for retirement bonuses for statutory auditors, unless Glass Lewis recommends a vote **for**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote for the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

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## G. Require Auditor Firm Ratification

We vote **for** shareholder proposals requesting shareholders vote for audit firm ratification, unless Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote for the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## V. Proxy Contest Defenses

### A. Board Structure: Staggered vs. Annual Elections

We vote **against** proposals to classify the board.

We vote **for** proposals to repeal classified boards and to elect all directors annually.

### B. Shareholder Ability to Remove Directors

We vote **against** proposals that provide that directors may be removed *only* for cause.

We vote **for** proposals to restore shareholder ability to remove directors with or without cause.

We vote **against** proposals that provide that only continuing directors may elect replacements to fill board vacancies.

We vote **for** proposals that permit shareholders to elect directors to fill board vacancies.

### C. Cumulative Voting

We vote **against** proposals to eliminate cumulative voting.

We vote **for** proposals to permit cumulative voting **unless** Glass Lewis recommends a vote **against**. We vote **against** if Glass Lewis recommends a vote **against** on the basis of:

- The company has proxy access or a similar structure to allow shareholders to nominate directors to the company's ballot OR
- The company has adopted a majority vote standard, with a carve-out for plurality in situations where there are more nominees than seats, and a director resignation policy to address failed elections.

If these conditions are not met and Glass Lewis recommends a vote **against**, we vote **on a case-by-case basis**.

### D. Shareholder Ability to Call Special Meetings

We vote **against** proposals to restrict or prohibit shareholder ability to call special meetings.

We vote **for** proposals that remove restrictions on the right of shareholders to act independently of management.

We vote **for** proposals that improve shareholder ability to call special meetings, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote for such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

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## E. Shareholder Ability to Act by Written Consent

We vote **against** proposals to restrict or prohibit shareholder ability to take action by written consent.

We vote **for** proposals to allow or make easier shareholder action by written consent.

## F. Altering the Size of the Board

We vote **for** proposals that seek to fix the size of the board.

We vote **against** proposals that give management the ability to alter the size of the board without shareholder approval.

## G. Supermajority Vote Requirement for Removal of Directors

We vote **against** proposals to enact supermajority vote requirements for the removal of directors.

# VI. Tender Offer Defenses

## A. Poison Pills

We vote **for** shareholder proposals that ask a company to submit its poison pill<sup>1</sup> for shareholder ratification, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

We vote **for** management proposals to ratify a poison pill only if the pill embodies all of the following attributes:

- 20% or higher flip-in or flip-over;
- Two to three-year sunset provision<sup>2</sup>;
- No dead-hand<sup>3</sup> or no-hand features; and
- Shareholder redemption feature - if the board refuses to redeem the pill 90 days after an offer is announced, ten percent of the shares may call a special meeting or seek a written consent to vote on rescinding the pill.

We vote **on a case-by-case basis** on management proposals to ratify a poison pill for the stated purpose of preserving a company's net operating losses ("NOLs"), taking into account the following factors:

- The ownership threshold to transfer (NOL pill generally have a trigger slightly below 5%);
- The value of the NOLs;
- The term;
- Shareholder protection mechanisms (sunset provision, or commitment to cause expiration of the pill upon exhaustion or expiration of the NOLs);
- The company's existing governance structure; and
- Any other factors that may be applicable.

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<sup>1</sup> Poison pills refer to a financial tactic or provision used by a company to make an unwanted takeover prohibitively expensive or less desirable. Merriam-webster.com

<sup>2</sup> A sunset provision is a clause in a piece of legislation that provides an automatic repeal of all or part of a law once a specific date is reached. Investopedia.com

<sup>3</sup> A dead hand provision, also known as a dead hand poison pill, is a special type of poison pill anti-takeover defense, in which the stock holdings of the bidder are massively diluted by shares being issued to every shareholder except them. Investopedia.com

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*With respect to Japanese companies*, The Proxy Committee has received, reviewed and carefully considered the following Glass Lewis policy related to poison pill proposals, including the factors that Glass Lewis analyses in determining its recommendation for proxy matters relating to poison pill proposals. The Proxy Committee has also considered its role as a fiduciary to those persons or entities on whose behalf the committee is empowered to vote proxies. In its review of the Glass Lewis approach and taking into consideration the investment aspects of poison pill proposals, the Proxy Committee has determined that it is appropriate to take an active role with respect to poison pill proposals. The Proxy Committee has endorsed parts of the Glass Lewis approach and has adopted the Glass Lewis's policy specifying a number of necessary conditions which must all be met before considering supporting a takeover defense in the case of Japanese companies. Based on this policy, we vote **against** the proposal if Glass Lewis recommends a vote **against** such a proposal on the grounds that a proposal does not meet all of the necessary conditions listed below. We vote **on a case-by-case basis** for all proposals that meet these conditions:

- The poison pill must have a duration of no more than three years.
- The trigger threshold must be no less than 20 percent of issued capital.
- The company must have no other types of takeover defenses in place.
- The company must establish a committee to evaluate any takeover offers, and the members of that committee must all meet Glass Lewis' definition of independence.
- At least 20 percent, and no fewer than two, of the directors must meet Glass Lewis' definition of independence.
- The directors must stand for reelection on an annual basis.
- The company must release its proxy materials no less than three weeks before the meeting date.

## B. Fair Price Provisions

We vote **for** fair price proposals, as long as the shareholder vote requirement embedded in the provision is no more than a majority of disinterested shares.

We vote **for** shareholder proposals to lower the shareholder vote requirement in existing fair price provisions, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## C. Greenmail<sup>4</sup>

We vote **for** proposals to adopt anti-greenmail charter or bylaw amendments or otherwise restrict a company's ability to make greenmail payments.

In instances when anti-greenmail proposals are bundled with other charter or bylaw amendments, we vote **for** such bundled proposal if we would vote for each proposal on an individual basis and we vote **against** such bundled proposal if we would vote **against** any one of the proposals on an individual basis.

## D. Unequal Voting Rights

We vote **against** dual class exchange offers.

We vote **against** dual class recapitalisations.

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<sup>4</sup> Greenmail is the practice of buying enough shares in a company to threaten a hostile takeover so that the target company will instead repurchase its shares at a premium.



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## E. Supermajority Shareholder Vote Requirement to Amend the Charter or Bylaws

We vote **against** management proposals to require a supermajority shareholder vote to approve charter and bylaw amendments.

We vote **for** shareholder proposals to lower supermajority shareholder vote requirements for charter and bylaw amendments, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## F. Supermajority Shareholder Vote Requirement to Approve Mergers

We vote **against** management proposals to require a supermajority shareholder vote to approve mergers and other significant business combinations.

We vote **for** shareholder proposals to lower supermajority shareholder vote requirements for mergers and other significant business combinations, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote for such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## G. Anti-Takeover Measures

We vote **against** management efforts to change the company's capital structure to delay or divert a potential takeover of a company, unless Glass Lewis votes **for**, in which case we vote **on a case-by-case basis**. This includes, but is not limited to, the following:

- Change in control clauses whereby lenders will be given the right to require immediate repayment of outstanding loans in the event of a change of control of the company.

With respect to Australian companies, we vote **for** the adoption or renewal of proportional takeover provisions, unless Glass Lewis votes **against**, in which case we vote **on a case-by-case basis**. Proportional takeovers occur when a takeover offer is made to shareholders for a proportion of their shares, and such provisions would require shareholder approval of any such takeover offer.

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## VII. Corporate Governance

### A. Amendments to Company Documents, Procedures or Processes

Except as set forth below, we vote **for** proposals seeking to amend a company's articles of association, procedures, processes and/or other company documents **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

- *With respect to Japanese companies*, The Proxy Committee has received, reviewed and carefully considered the following Glass Lewis policy related to amendment of a company's articles of association, including the factors that Glass Lewis analyses in determining its recommendation for proxy matters relating to amendment of a company's articles of association. The Proxy Committee has also considered its role as a fiduciary to those persons or entities on whose behalf the committee is empowered to vote proxies. In its review of the Glass Lewis approach and taking into consideration the investment aspects of amendment of a company's articles of association, the Proxy Committee has determined that it is appropriate to take an active role with respect to amendment of a company's articles of association. The Proxy Committee has endorsed the Glass Lewis approach and has adopted the following general policy with respect to amendment of a Japanese company's articles of association. Based on this policy, we vote **for** proposals if Glass Lewis recommends a vote **for** such proposal and we vote **against** the proposal if Glass Lewis recommends a vote **against** such proposal.

Requests to amend a company's articles of association are usually motivated by changes in the company's legal and regulatory environment, although evolution of general business practice can also prompt amendments to articles. Such proposals are especially common whenever stock exchange listing rules are revised, new legislation is passed, or a court case exposes the need to close loopholes. Amendments to articles range from minor spelling changes to the adoption of an entirely new set of articles. While the majority of such requests are of a technical and administrative nature, minor changes in wording can have a significant impact on corporate governance. As such, Glass Lewis carefully scrutinises any changes to a company's articles. When reviewing new or revised articles, Glass Lewis classifies each change according to its potential impact on shareholder value and then weighs the package as a whole. The presence of one strongly negative change may warrant a recommendation against the resolution. In assigning these classifications, Glass Lewis is not concerned with the nature of the article being amended, but rather focuses on whether the proposed change improves or worsens the existing provision. The final criterion on which Glass Lewis bases its decision is whether failure to pass a resolution would cause an immediate loss of shareholder value. In such cases, Glass Lewis supports even a bundled resolution that includes negative changes. In general, amendments to the articles of association are reviewed on a case-by-case basis and supported if management provides adequate reasons for the amendments, there is negligible or positive impact on shareholder value, shareholder rights are protected, or the company is required to do so by law (when applicable).

### B. Expand Business Activities

We vote **for** the expansion of business activities or modifications to the company's business objectives **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

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## C. Mandatory Holdings Periods

We vote **for** shareholder proposals seeking companies to adopt stock holding periods for their executives, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## D. Shareholding Disclosures

We vote **against** proposals seeking to lower shareholding disclosure thresholds or decrease the number of days that a shareholder has to disclose reaching a threshold, **unless** Glass Lewis recommends a vote for, in which case the proposal will be vote **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## E. Golden Coffin Payments

We vote **against** proposals that seek to adopt a policy forbidding companies from making or promising any payments, grants or awards upon the death of a senior executive. We vote **for** proposals seeking to adopt a policy to obtain shareholder approval for any future agreements obligating the company to make payments, grants or awards following the death of a senior executive.

We vote **for** the approval of golden coffin payments if management and Glass Lewis both recommend a vote for the proposal and we vote on a **case-by-case basis** if Glass Lewis recommends voting **against** such proposal.

## F. Proxy Access

We vote **for** shareholder proposals seeking the right to place nominees on the management proxy only if a proposal limits access to those shareholders (and shareholder groups) who have collectively held at least 3% of the voting power of a company's securities continuously for at least three years. Otherwise, we vote **against**.

## G. Reincorporation to Delaware

We vote **for** proposals seeking the company reincorporate from their current U.S. state to the U.S. state of Delaware, **unless** both Glass Lewis and management recommend a vote **against**, in which case the proposal will be voted **on a case-by-case basis**. We vote **against** proposals seeking the company reincorporate from their current U.S. state to a U.S. state other than Delaware, unless both Glass Lewis and management recommend a vote for, in which case the proposal will be voted on a case-by-case basis.

## H. Exclusive Forum Provision (Court of Chancery of the State of Delaware)

We vote **for** proposals seeking to designate the Court of Chancery of the State of Delaware the sole and exclusive forum for derivative legal actions **unless** both Glass Lewis and management recommend a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

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## VIII. Miscellaneous Provisions

### A. Confidential Voting

We vote **for** shareholder proposals that request corporations to adopt confidential voting, use independent tabulators and use independent inspectors of election as long as the proposals include clauses for proxy contests as follows: In the case of a contested election, management is permitted to request that the dissident group honor its confidential voting policy. If the dissidents agree, the policy remains in place. If the dissidents do not agree, the confidential voting policy is waived, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote for such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

### B. Open Access

We vote on shareholder proposals seeking open access **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote for such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

### C. Bundled Proposals

In the case of bundled proxy proposals that are conditioned upon each other, we vote **for** such bundled proposal if we would vote **for** each proposal on an individual basis and we vote **against** such bundled proposal if we would vote **against** any one of the proposals on an individual basis.

### D. Related-Party Transactions

We vote **for** management proposals seeking approval of related party transaction **unless** Glass Lewis recommends a vote **against** or **refers**, in which case the proposal will be voted **against**.

We vote **against** unspecified future related-party transactions unless Glass Lewis recommends a vote for, in which case the proposal will be voted on **a case-by-case basis**.

### E. Other Business

We vote **against** proposals that seek to bring forth other business matters at the meeting.

### F. Adjourn Meeting

We vote **against** proposals that seek to adjourn a shareholder meeting in order to solicit additional votes, **unless** Glass Lewis believes that there is a compelling reason to support such proposals, in which case we will vote **for** such proposals.

### G. Voluntary Delisting of Shares (India)

For Indian companies, we vote **for** management proposals to delist the company's shares from one stock exchange in favour of another, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

### H. Miscellaneous Shareholder Proposals

We vote **for** the following shareholder proposals **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**:

- Proposals to require reporting or disclosure of the total value of pension awards granted to each of the principal executive officers, any associated annual costs or actuarial deficits of a pension plan;
- Proposals to require an amendment to the bylaws to provide that senior executives and other insiders provide notice before trading in shares of the company or exercising stock options;
- Proposals to require an amendment to the bylaws prohibiting the chief executive officer from sitting on other boards;
- Proposals to adopt a policy that the company will not make or promise to make to its senior executives any tax gross-up payment, except for gross-ups provided pursuant to a plan, policy, or arrangement applicable to management employees of the company generally;
- Proposals to establish a formal engagement process by the Board of Directors when the Board has previously not acted on shareholder proposals that have won majority support.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## I. Ratify and Execute Approved Proposals

We vote **against** proposals that seek to ratify and execute approved resolutions if we have voted **against** any of the preceding resolutions. Otherwise, we vote **for** the proposal.

## J. Notice Period

We vote **against** management proposals to shorten the notice period to shareholders prior to an Annual General Meeting (AGM), special, or shareholder meeting.

For UK companies, we will vote **for** proposals requesting to set a 14-day notice period **unless** Glass Lewis recommends a vote **against**, in which case the proposals will be voted **on a case-by-case basis**.

# IX. Capital Structure

## A. Common Stock Authorisation

We vote **against** proposals that seek to increase the authorised common stock by twice the present limit, **unless** the increase is in connection with a stock split or merger that we voted **for**.

### Method of calculation:

$$(New\ total\ authorized - Current\ total\ authorised) / Current\ total\ authorised = X$$

If X is less than 200 percent the proposal will be supported. If X is greater than 200 percent the proposal will not be supported. Proposals greater than 200 percent will be supported if in connection with stock splits or mergers that we voted in favour of.

## B. Capital Issuance Requests

We vote **for** the ability to increase share capital by up to 100% through a rights issue (with preemptive rights). A proposal to more than double share capital through a right issue (with preemptive rights) will be voted **on a case-by-case basis**.

We vote **for** general issuance requests without preemptive rights for up to 20 percent of a company's outstanding capital as long as the maximum discount for newly issued capital is no

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more than 5%. If it is greater than 5%, we vote **against** this proposal unless Glass Lewis recommends a vote **for, in which case the proposal will be voted on a case-by-case basis**. We vote **against** proposals for general issuance requests without preemptive rights for more than 20 percent, or, in the case of Spanish companies, this 20% over the preceding two year period, of a company's outstanding capital, **unless** Glass Lewis recommends a vote **for, in which case the proposal will be voted on a case-by-case basis**.

We vote **for** specific issuance requests above these limits if the shares are being issued in connection with a merger, stock split, private placement, option grant, or debt issuance that we voted **for**.

We vote **against** proposals allowing a company to issue shares without a stated purpose, **unless** Glass Lewis recommends a vote **for, in which case the proposal will be voted on a case-by-case basis**.

- *With respect to Hong Kong companies*, we vote **against** the issuance of shares without preemptive rights, **unless** Glass Lewis recommends a vote **for**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## C. Share Repurchase Programs

We vote **for** share repurchase plans in which all shareholders may participate on equal terms. We vote **against** if the plan contains no safeguards **against** selective buybacks. See Section I(C) for proposals related to share repurchase programs proposed in lieu of dividend distributions.

We vote **against** proposals that ask that share repurchases be given preference over other methods of capital return if both management and Glass Lewis recommend a vote **against**.

## D. Stock Splits

We vote **for** stock splits and reverse stock splits **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

## E. Capital Reduction Through Cancellation of Treasury Shares

We vote **for** management proposals to reduce capital through the cancellation of treasury shares, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

## F. Creation of or Increases in Preferred Shares

*Increases:* If the company does not have any preferred shares outstanding, we vote **against** the requested authorisation. If the company does have preferred shares outstanding, we will use the criteria set forth above in section IX. A. *Common Stock Authorisation* in determining how to vote on a requested increase in preferred shares.

*Creation:* We vote **against** proposals to create preferred stock **unless** Glass Lewis recommends a vote **for**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

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## G. Shareholder Proposals Regarding Blank Check Preferred Stock

We vote **for** shareholder proposals to have blank check preferred stock placements, other than those shares issued for the purpose of raising capital or making acquisitions in the normal course of business, submitted for shareholder ratification, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## H. Adjust Par Value of Common Stock

We vote **for** management proposals to adjust the par value of common stock.

## I. Debt Restructurings

When evaluating proposals to increase or issue common and/or preferred shares as part of a debt-restructuring plan, we consider the following issues:

- *Dilution* -- How much will ownership interests of existing shareholders be reduced, and how extreme will dilution to any future earnings be?
- *Change in Control* -- Will the transaction result in a change in control of the company?
- *Bankruptcy* -- Is the threat of bankruptcy, which would result in severe losses in shareholder value, the main factor driving the debt restructuring?

We vote **for** proposals that facilitate debt restructurings **unless** Glass Lewis recommends a vote **against**, in which case the restructuring plan will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## J. Debt Issuance Requests

When evaluating a debt issuance request, the issuing company's present financial situation is examined. The main factor for analysis is the company's current debt-to-equity ratio, or gearing level. A high gearing level may incline markets and financial analysts to downgrade the company's bond rating, increasing its investment risk factor in the process. A gearing level up to 100 percent is considered acceptable.

We vote **for** debt issuances for companies when the gearing level is between zero and 100 percent.

We vote **for** debt issuances when the gearing level is greater than 100 percent unless Glass Lewis recommends a vote **against**, in which case we will vote **against** the proposal.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## K. Financing Plans

We vote **for** the adoption of financing plans **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote

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**against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## L. Control and Profit Transfer Agreements

We vote **for** proposals to approve control and profit transfer agreements between a parent and its subsidiaries.

## M. Capitalisation of Reserves

We vote **for** proposals to capitalise the company's reserves for bonus issues of shares.

## N. Dual Capital Structure

We vote **against** the creation or extension of dual class voting stock.

We vote **for** proposals to eliminate dual class voting structures.

## O. Defensive Use of Authorised Share Issuances

We vote **against** management requests to issue shares in the event of a takeover offer or exchange bid for the company's shares.

## P. Delisting Transactions

We vote **on a case-by-case basis** with respect to proposals of transactions designed to allow companies to delist themselves from stock exchanges or otherwise take themselves private.

Except as set for below, if a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

In the case of China-based companies,

- We vote **against** proposals of transactions designed to delist China A-shares traded on Stock Connect and China B-shares or H-shares traded on the Shanghai, Shenzhen or Hong Kong Stock Exchanges unless Glass Lewis recommends a vote **for**, in which case, we will vote **on a case-by-case basis**.
- We vote **against** proposals of transactions designed to convert China shares to A-Shares traded on the Shanghai or Shenzhen stock Exchanges (excludes Stock Connect) unless Glass Lewis recommends a vote **for**, in which case, we will vote **on a case-by-case basis**.

## Q. Guarantees for Subsidiaries and Joint-Stock Companies

We vote **against** authority to give guarantees for subsidiaries and joint-stock companies, if Glass Lewis votes **against**, otherwise we vote **on a case-by-case basis**.



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## X. Executive and Director Compensation

### A. Stock Option Plans (Management Proposals)

We vote **for** executive and director stock option plans, **unless** Glass Lewis recommends a vote **against**, in which case we will apply the following criteria:

1. We apply the following guidelines except as set forth below in paragraphs 2 through 12 below:
  - a. With regard to U.S. companies, we vote **for** plans where dilution for mature companies is less than 15% and for growth companies less than 20%;
  - b. With regard to non-U.S. and non-U.K. companies, we vote **for** plans where dilution for mature companies is less than 5% and for growth companies less than 10% and
  - c. With regard to U.K. companies, we vote **for** plans where dilution is less than 10% over ten years.
  - d. We define growth companies as companies with greater than 30% revenue growth, companies that have had an initial public offering within the past five years, and companies in the information technology, pharmaceutical or telecom industries. Mature companies are companies that are not growth companies.
  - e. Method of calculation: (Shares reserved for this plan + shares available for grant under all plans) /total shares outstanding = Dilution
2. With respect to Russell 3000 companies, we vote **against** plans if the CEO is a participant in the plan and there is a pay-for-performance disconnect (i.e. the CEO's compensation increases as performance of the company declines), **unless** Glass Lewis recommends a vote **for**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this sub-item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

3. We vote **against** plans that permit the replacing or repricing of underwater options without shareholder approval **unless** Glass Lewis recommends a vote **for**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

4. We vote **against** plans that permit issuance of option with an exercise price below the stock's current market price.
5. We vote **against** plans under which the option grantors have discretionary authority to grant options to themselves.
6. For **non-US companies**, we vote **against** grants of restricted stock (and deep discount options) under plans that do not contain established performance or vesting targets.
7. For **Australian companies**, we vote **against** plans that do not specify performance hurdles or that specify performance hurdles that are not based on specific benchmarks tied to actual performance of the company.
8. For **UK companies**, we vote **against** proposals to approve remuneration policies or programs if the new schemes allow for retesting of performance criteria over extended time period if the original performance criteria were not met during the initial time period.

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9. For **Japanese companies**, we vote **against** proposals where the exercise period for the options begins less than one year from grant date coupled with a premium of less than five percent.
  10. In the event that Glass Lewis recommends a vote **against** proposals based on its determination that that the company's three-year average "burn rate" exceeds Glass Lewis's industry burn rate cap, the company's estimated shareholder value transfer is above Glass Lewis's allowable cap for the company, and/or the plan's change-in-control provisions have been deemed liberal by Glass Lewis, we vote **against** the proposal the proposal if:
    - a. The company's "burn rate" is greater than 110% of Glass Lewis' cap for the company,
    - b. The estimated shareholder value transfer is greater than 110% of Glass Lewis' cap for the company, or
    - c. Glass Lewis recommends shareholders vote **against** due to liberal change-in-control provisions.
  11. For **Spanish and Portuguese companies** whose stock option plans are serviced with repurchased stock, we vote **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.
  12. For **Belgium and Dutch companies**, we vote **against** proposals that provide for the granting of stock options, or similarly structured equity-based compensation, to non-executive directors.

## B. Shareholder Proposed Performance Based Stock Option Plans

We vote **for** shareholder proposed performance-based stock option plans, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this sub-item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## C. OBRA<sup>5</sup>-Related Compensation Proposals

- **Amendments that Place a Cap on Annual Grant or Amend Administrative Features**

We vote **for** plans that simply amend shareholder-approved plans to include administrative features or place a cap on the annual grants any one participant may receive to comply with the provisions of Section 162(m) of OBRA.

- **Amendments to Added Performance-Based Goals**

We vote **for** amendments to add performance goals to existing compensation plans to comply with the provisions of Section 162(m) of OBRA.

- **Amendments to Increase Shares and Retain Tax Deductions Under OBRA**

We vote **for** reasonable amendments to existing plans to increase shares reserved and to qualify the plan for favourable tax treatment under the provisions of Section 162(m).

- **Approval of Cash or Cash-and-Stock Bonus Plans**

We vote **for** cash or cash-and-stock bonus plans to exempt the compensation from taxes under the provisions of Section 162(m) of OBRA

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<sup>5</sup> Omnibus Budget Reconciliation Act of 1990

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## D. Employee Stock Purchase Plans

We vote for employee stock purchase plans possessing the following criteria:

### 1. Non-Canadian Companies:

#### a. Qualified Plans

We vote **for** proposals that request shareholder approval to implement an employee stock purchase plan or to increase authorised shares for existing plans if, (a) for US companies, the plan complies with Section 423 of the Internal Revenue Code, dilution is not more than 10% and the discounts do not exceed 15% and (b) for non-US companies other than Canada, dilution is not more than 10% and the discounts do not exceed 30% or, if the discounts exceed 30%, dilution does not exceed 5%.

#### b. Non-Qualified Plans

We vote **for** proposals recommending non-qualified employee stock purchase plans if, (a) there is broad based participation in the plan, employee contributions are reasonably limited, the company matches no more than 25% of the employees' contributions to the plan and there is no discount on the stock price on the date of purchase.

### 2. Canadian Companies:

We vote **for** proposals that request shareholder approval to implement an employee stock purchase plan or to increase authorised shares for existing plans if, (a) there is broad based participation in the plan, (b) the offering period is 27 months or less, (c) dilution is not more than 10%, and (d) the discounts do not exceed 15%, provided that no discounts may be provided to purchasers in plans where the company matches employee contributions (maximum 25% match), provided that we vote **against** plans that contain discretion to vary the foregoing criteria

## E. Shareholder Proposals to Limit Executive and Director Pay

We vote **for** reasonable shareholder proposals that seek additional disclosure of executive and director pay information if the information requested is not already available to shareholders.

We vote **against** all other shareholder proposals that seek to limit executive and director pay **unless** Glass Lewis recommends a vote **for**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## F. Severance Packages and Golden Parachutes<sup>6</sup>

We vote **for** shareholder proposals to have severance packages submitted for shareholder ratification, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

We vote **against** proposals to ratify severance packages, including proposals to approve the company's golden parachute compensation, **unless** Glass Lewis recommends a vote **for**, in which case the proposal will be voted **on a case-by-case basis**.

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<sup>6</sup> A golden parachute consists of substantial benefits given to top executives if the company is taken over by another firm, and the executives are terminated as a result of the merger or takeover. Investopedia.com.

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## G. Expensing of Stock Options

We vote **for** the expensing of stock options **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## H. Remuneration

We vote **for** proposals to approve remuneration policies or programs **unless** (1) we have voted **against** other components of the company's remuneration or compensation package in a separate proposal, in which case we will vote **against** such policy or program; (2) Glass Lewis recommends a vote **against** equity or compensation plans for executive or non-executive directors, in which case we will vote **against** such plan; or (3) for proposals not covered above, Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

We vote **for** proposals that require boards to submit the company's remuneration policies to a non-binding shareholder vote.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

Additionally, we vote **against** advisory proposals to approve executive compensation if:

- There is a pay-for-performance disconnect, or
- The company maintains poor compensation practices.

Additionally, for UK companies we vote **against** proposals to approve remuneration policies or programs if:

- Executives have service contracts of more than one year.
- Employment contracts and incentive schemes have provisions that trigger payments and rewards earlier and/or larger in the event of a change of control.
- The company made payments or longer-term obligations were incurred or entered into by the company which were not fully disclosed or justified to shareholders.
- The company does not provide rationale regarding non-contractual and other 'ex-gratia' payments to directors or senior executives.
- The company failed to disclose necessary information regarding any element of remuneration including base salary, annual bonuses, and special bonuses.
- The company's 'Long term' incentive schemes have performance periods of less than three years. OR
- The company's schemes allow for retesting of performance criteria over extended time period if the original performance criteria were not met during the initial time period.

Additionally, for Australian companies, if a proposal under this item is to be voted **on a case-by-case basis**, we vote **against** if:

- The company specifies excessive termination payments of greater than 24 months of fixed remuneration.
- Non-executive directors are allowed to participate in the company's employee option plan.
- Grants of options or equity are not linked to performance of the company in any way or hurdles applying to incentives have not been disclosed.

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## I. Pension Plan Accounting/Executive Compensation

We vote **for** shareholder proposals to exclude pension fund income in the calculation of earnings used in determining executive compensation or bonuses, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## J. Supplemental Executive Retirement Plans (SERPs)

We vote **for** proposals that limit the covered amount of a SERP plan to an executive's salary.

We vote **for** shareholder proposals requesting to put extraordinary benefits contained in SERP agreements to a shareholder vote or to disclose the details of SERP agreements, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## K. Option Grants to Directors or Employees of Related Parties

We vote **against** management proposals to grant options to directors or employees of "related companies", **unless** Glass Lewis recommends a vote **for**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## L. Proposals to Mandate Advisory Votes to Ratify Executive Officers' Compensation

We vote **for** shareholder and management proposals that mandate advisory votes to ratify executive officers' compensation, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

## M. Change-in-Control Provisions

For Canadian companies, we vote **against** proposals to add or amend a change-in-control provision under an equity-based compensation plan if the acceleration and/or cash-out of unvested awards is only triggered by a single event, that is, solely by the occurrence of a change-in-control transaction as defined in the plan, as opposed to a double triggering event which also includes termination or adverse change in status of employment.

## N. Shareholder Proposals to Establish a Pay-for-Superior Performance Standard

We vote **against** shareholder proposals that require executives to only receive bonuses or other incentives when the company's performance exceeds its peers' median or mean performance on selected financial criteria.

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## O. Stock Option Exchange Programs

We vote **for** executive and director stock option exchange plans, **unless** Glass Lewis recommends a vote **against**, in which case we vote **on a case-by-case basis**.  
Notwithstanding the foregoing sentence, if any of the following conditions are met:

- The exchange is not value neutral (i.e. not one for one exchange);
- Management and directors' participation is not on an equal level to that of other employees;

In which case, we vote **against** the item.

## P. Frequency of Advisory Vote on Executive Compensation

We vote on advisory votes on executive compensation on an **annual basis**.

## Q. Option Grants to Non-Executive Directors

For Australian companies, we vote **against** option grants to non-executive directors unless Glass Lewis recommends a vote **for**, in which case the proposal will be voted **on a case-by-case basis**.

# XI.State of Incorporation

## A. Voting on State Takeover Statutes

We vote **against** proposals to opt into state takeover statutes (including control share acquisition statutes, control share cash-out statutes, freeze out provisions, fair price provisions, stakeholder laws, poison pill endorsements, severance pay and labor contract provisions, anti-greenmail provisions, and disgorgement provisions) **unless** Glass Lewis recommends a vote **for**, in which case the proposal will be voted **on a case-by-case basis**.

We vote **for** proposals to opt out of state takeover statutes (including control share acquisition statutes, control share cash-out statutes, freeze out provisions, fair price provisions, stakeholder laws, poison pill endorsements, severance pay and labor contract provisions, anti-greenmail provisions, and disgorgement provisions) **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

We vote **for** whitewash waivers in cases where we are also voting **for** the transaction which necessitated the whitewash waiver, **unless** Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## B. Voting on Reincorporation Proposals

We vote **for** proposals to change a company's state of incorporation unless Glass Lewis recommends a vote **against**, in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

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## XII. Mergers and Corporate Restructurings

### A. Mergers and Acquisitions

We vote **for** mergers and acquisitions **unless** Glass Lewis recommends a vote **against**, in which case the proposed transaction will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

For mergers to be voted **on a case-by-case basis** we consider the following factors:

- background to the proxy contest;
- evaluation of each side's argument for and against the proposed merger
- anticipated financial and operating benefits;
- offer price (cost vs. premium);
- prospects of the combined companies;
- how the deal was negotiated;
- changes in corporate governance and their impact on shareholder rights; and,
- long-term economic outlook of the combined companies.

### B. Corporate Restructuring

We vote **for** corporate restructuring proposals, including minority squeeze outs, leveraged buyouts, spin-offs, liquidations, asset sales and creation of holding companies, **unless** Glass Lewis recommends a vote **against** in which case the proposal will be voted **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

### C. Appraisal Rights

We vote **for** proposals to restore, or provide shareholders with, rights of appraisal.

### D. Changing Corporate Name

We vote **for** changing the corporate name.

### E. Joint Ventures

We vote **for** joint ventures **unless** Glass Lewis recommends a vote **against** in which case the proposal will be voted **on a case-by-case basis**.

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### XIII. Mutual Fund Proxies

Except as set forth below, we vote all proposals related to mutual funds or investment companies, including the election of directors, **on a case-by-case basis**.

We **withhold** votes from directors who:

- Attended less than 75% of the board and committee meetings without a valid reason for the absences. Valid reasons include illness or absence due to company business. Participation via telephone is acceptable. In addition, if the director missed only one meeting or one day's meetings, votes will not be withheld even if such absence dropped the director's attendance below 75%.
- Ignored a shareholder proposal that was approved by a majority of the votes cast for two consecutive years.
- Ignored a shareholder proposal that was approved by a majority of the shares outstanding.
- Are interested directors and sit on the audit or nominating committees.
- Are interested directors and the full board serves as the audit or nominating committee OR the company does not have one of these committees.

We vote **for** proposals to change a fund's fundamental investment objective to non-fundamental.

We vote **for** proposals authorising the fund's board to hire and terminate subadvisors without shareholder approval and **for** changes to the charter document to remove a shareholder approval requirement to hire and terminate subadvisors.

We vote **for** proposals to remove shareholder approval requirement to reorganise or terminate the trust or any of its series.

We vote **against** the following changes to the charter document:

- Removal of shareholder approval requirement for amendments to the new declaration of trust
- Removal of shareholder approval requirement to amend the fund's management contract, allowing the contract to be modified by the investment manager and the trust management, as permitted by the 1940 Act
- Allow the trustees to impose other fees in addition to sales charges on investment in a fund, such as deferred sales charges and redemption fees that may be imposed upon redemption of a fund's shares
- Removal of shareholder approval requirement to change the domicile of the fund

We vote **against** shareholder proposals that mandate a specific minimum amount of stock that directors must own in order to qualify as a director or to remain on the board.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.



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## XIV. Environmental, Social, and Political Issues

The majority of Russell Investments' proxy voting guidelines support governance structures that ensure that management and board members maintain independence and objectivity and act in the best interest of shareholders. That being said, a company can face significant financial and reputational hardship if it is negligent in ensuring that environmental and social standards and regulations are met. In cases where environmental and social issues are at risk of negatively impacting shareholder value, we believe that it is appropriate for shareholders to take action, as detailed below.

### A. ESG Reporting

With regards to proposals requesting companies create or improve upon environmental, sustainability, or governance reporting, we will tend to favour management's ability to successfully execute on shareholders' behalfs when the following criteria are met:

- The company already provides sufficient disclosure and reporting on the subject;
- The company is in line or above peers regarding the request;
- There is no evidence of a link between the issue at hand and shareholder value to the firm; OR
- Increased disclosure would not impact the company's ability to mitigate regulatory risk.

In these cases, we vote **on a case-by-case basis** when Glass Lewis recommends a vote **against**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

### B. Animal Welfare

We vote **on a case-by-case basis** on proposals to phase out the use of animal testing as well as proposals that restrict the methods used in the breeding, maintenance, production efficiencies, and slaughter of animals, livestock and poultry, unless Glass Lewis recommends a vote **against** in which case we vote **against**.

We vote **on a case-by-case basis** on proposals seeking a report on the company's animal welfare standards unless Glass Lewis recommends a vote **against**, in which case we vote **against**.

### C. Consumer Issues

We vote **against** proposals requesting companies implement specific price restraints on its products unless Glass Lewis recommends a vote **for**, in which case we vote **on a case-by-case basis**.

We vote **against** resolutions requiring that a company reformulate its products, unless Glass Lewis recommends a vote **for**, in which case we vote **on a case-by-case basis**.

With regard to genetically engineered ingredients in products, we vote **in line** with the treatment of general product reformulation proposals in guideline XIV.C when the proposal seeks to reformulate company products or phase-out/eliminate genetically engineered ingredients from the company's products. For all other proposals with regard to genetically engineered ingredients in products, we vote **on a case-by-case basis**.

### D. Workplace Safety, Product Safety, and Toxic/Hazardous Materials

We recognise the importance of workplace and product safety and the potential reputational risk and impact on shareholder value when proper processes are not followed. We believe that

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management is best equipped to assess those risks, however in certain cases, if there is credible evidence of egregious or illegal behavior, or if a management team has been unresponsive to requests from shareholders, we may consider well-crafted proposals for additional disclosure. We vote **for** proposals that request additional reporting on workplace and product safety if both management and Glass Lewis recommend a vote **for**. We vote **against** the proposal if both management and Glass Lewis recommend a vote **against** such proposal. In cases where management and Glass Lewis disagree, we vote **on a case-by-case basis**.

## E. Tobacco

We vote proposals related to the advertisement of tobacco products **on a case-by-case basis**.

We vote any proposals related to secondhand smoke **on a case-by-case basis**.

We vote proposals regarding tobacco product warnings **on a case-by-case basis**.

We vote **against** shareholder resolutions to cease the production of tobacco-related products, restrict the selling of products to tobacco companies, spin off tobacco related businesses, or prohibit investment in tobacco equities, unless Glass Lewis recommends a vote **for**, in which case we vote **on a case-by-case basis**.

## F. Diversity

We believe companies should provide for equal opportunity in the assignment of board positions and its selection of board nominees. Shareholder interests are best served with a representative board consisting of highly qualified and diverse members. We vote **for** any proposals requesting a company increase the gender or racial minority representation on its board unless Glass Lewis recommends a vote **against**, in which case we will vote **on a case-by-case basis**.

## G. Equal Opportunity

We vote **for** proposals seeking to amend a company's equal employment opportunity statement/diversity policies to prohibit discrimination based on sexual orientation and/or gender identity.

We vote **for** proposals to extend company benefits to domestic partners.

## H. Environment

We vote **for** proposals requesting that a company report on the potential environmental damage that could result from company operations in a protected region, unless Glass Lewis recommends a vote **against**, in which case we vote **against**.

We vote **on a case-by-case basis** for proposals relating to a company's interaction with the environment. This applies specifically to proposals which:

- Call for the reduction of greenhouse gas emissions
- Request that a company report on the safety and/or security risks associated with their operations and/or facilities.
- Seek that a company adopt a comprehensive recycling strategy.
- Request that a company invest in renewable energy resources.

## I. Political Issues

We vote **for** proposals asking a company to affirm political nonpartisanship in the workplace if Glass Lewis recommends a vote **for**. If Glass Lewis recommends a vote **against**, we vote **against**.

We vote **for** proposals requesting improved disclosure around a company's political contributions unless Glass Lewis recommends a vote **against**, in which case we vote **on a case-by-case basis**.

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If a proposal bars a company from making political contributions, we vote **against**.

If a management proposal requests the ability to make a political contribution in the EU pursuant to the “PPER Act”, we vote **for**, unless Glass Lewis recommends a vote **against**, in which case we vote **on a case-by-case basis**.

If a proposal asks for a list of company executives, directors, consultants, legal counsels, lobbyists or investment bankers that have prior government service, we vote **against**.

If a proposal requests that the company publish in newspapers and public media any political contributions, in which case we vote **against**.

We vote **against** shareholder proposals that request for companies to directly lobby the Swedish Government on specific matters of concern to the proponent, if Glass Lewis votes **against**, otherwise we will vote **on a case-by-case basis**.

## J. General Corporate Issues

We vote general corporate issues **on a case-by-case basis**. These issues include:

- Proposals requesting that executive compensation be linked to environmental and social criteria.
- Proposals requesting a report on pay disparity between executives and non-executives.
- Proposals requesting information on a company’s lobbying initiatives.
- Proposals requesting that a company establish, implement, and report on a standard response to health pandemics on company’s operations, including requesting a report on the impact of establishing such a response.

We vote **against** proposals which seek to restrict a company from making charitable contributions, unless Glass Lewis recommends a vote **for**, in which case we vote **on a case-by-case basis**.

## K. Labour, Human Rights, International Oversight

Russell Investments’ believes that a company should maintain sufficient oversight of its foreign operations so as to avoid unethical or illegal conduct. Companies are expected to follow the laws and regulations in the regions, countries, and/or jurisdictions in which they operate. Care is to be taken by companies, their directors, and executives as it relates to this as well as to matters that could create reputational harm that would impact shareholder value. These items include but are not limited to bribery, environmental exploitation, human rights violations and/or money laundering.

We vote **against** proposals requesting a company report on foreign military sales or offsets. In general, military program policies are already reviewed by government and elected officials. A certain level of disclosure is mandated by law.

We vote proposals requesting disclosure and implementation of internet privacy and censorship policies/procedures **on a case-by-case basis**.

We vote **on a case-by-case basis** any proposals requesting a company implement or adopt human rights standards.

We vote **against** proposals asking a company to cease production or report on the risks associated with the use of depleted uranium munitions or nuclear weapons components and delivery systems.

We also vote **against** proposals asking that a company report on the risk associated with the use of depleted uranium munitions or nuclear components and delivery systems, beyond what is required by applicable government regulations, unless Glass Lewis recommends a vote **for** the proposal, in which case we vote **on a case-by-case basis**.

We vote proposals calling for a company to report on risks associated with outsourcing or plant closures on a **case-by-case basis**.

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## L. ESG Compensation-Related Proposals

We recognise that a firm should weigh the environmental and social impact of its strategies and that these can also be difficult to quantify and measure. In most cases we expect to vote in line with **a company's** compensation committee.

If a proposal seeks to tie executive compensation to ESG metrics we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal. We vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal. In cases where management and Glass Lewis disagree, we vote **on a case-by-case basis**.

## M. Water Issues

We support the adoption of policies and strategies that responsibly manage risks to the water supply, especially in areas affected by water scarcity. We believe it is important to weigh the merits of any proposed policy or disclosure in the context of a company's operations and regulatory environment.

If a proposal is designed to mitigate water-related risks, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal. We vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal. In cases where management and Glass Lewis disagree, we vote **on a case-by-case basis**.

## N. Pharmaceutical Policy, Pricing, and Access

We recognise the increased political and regulatory risk associated with pharmaceutical pricing and access. We believe that policies surrounding national health care are most effectively handled at a government level, rather than in a corporate boardroom. With regards to health care related proposals, if the proponents have clearly demonstrated that a company's current practices present significant reputational or financial risk, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal. We vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal. In cases where Glass Lewis and management disagree, we vote **on a case-by-case basis**.

We believe that decisions regarding pricing structures of pharmaceuticals are best left to management and the board. As such, we vote **against** proposals requesting that companies adopt policies of price restraint on their branded pharmaceuticals.

In addition, if the proposal requests that the company adopt specific policies to encourage or constrain prescription drug re-importation, we vote **against**.

## XV. Lack of Information or Late Information

We vote **against** proposals where the proposals and the information related thereto which are presented to Russell Investments are, in Russell Investments' opinion, inadequate to apply these guidelines. In contrast to voting based on Russell Investments' determination as to the adequacy of information, we vote **against** proposals when Glass Lewis recommends a vote **against** such a proposal due to either a lack of disclosure or lack of information provided to Glass Lewis.

On any proposal where a Glass Lewis recommendation, written analysis, or supplemental information is not available at least two business days prior to the deadline for voting which results in the inability to make a case-by-case determination prior to such deadline, we will vote **against** the management proposal. On any SHP if the above two-day period applies, we will vote **against** the shareholder proposal.

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## XVI. Share Blocking

We **do not vote** on any proposal where the company's shares are blocked in the voting process or in a share blocking country.

## XVII. Fixed Income and Real Estate Securities

We vote proposals related to fixed income, preferred stock, warrants and real estate securities and, in line with: **(i) a money manager's analysis and recommendation related to fixed income securities, preferred stock or warrants, and or (ii) Russell Investments Real Estate Advisers, Inc. analysis and recommendation related to real estate securities proposals.**

## XVIII. Items Not Addressed by Guidelines

With respect to any proposal that is not covered by these Guidelines we vote **on a case-by-case basis**.

If a proposal under this item is to be voted **on a case-by-case basis**, we vote **for** the proposal if management and Glass Lewis both recommend a vote **for** such proposal and we vote **against** the proposal if management and Glass Lewis both recommend a vote **against** such proposal.

## XIX. Determined Materiality Threshold

For securities in which shares to be voted by Russell Investments in aggregate represent less than 0.15% of shares outstanding (measured by % of free float) as of the record date, we vote in line with our proxy voting guidelines; with regards to votes where Russell Investments' Proxy Voting Guidelines indicate case-by-case, we vote **in line** with Glass Lewis' except for Shareholder Proposal related to Environment and Social issues, that will be voted **on a case-by-case basis**

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## For more information

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