

# Management Proposals

The table below profiles broad categories and select examples of our voting activity on management proposals in 2023. Each case is unique, but the high-level picture reflects our views on issues such as director elections, share issuances and executive remuneration, and how often those proposals met our expectations. The particular positions that led to our opposition on these issues are articulated in our Proxy Voting Guidelines but are most commonly a reflection of concerns on the clarity of disclosure, board composition, the structure of executive compensation plan, size and structure of stock option plans, or capital management practices of a company.

MANAGEMENT PROPOSALS	SUPPORTED PROPOSAL		OPPOSED PROPOSAL	
<b>AUDIT-RELATED</b>	6,685	97%	225	3%
Appointment of Auditor	641	96%	25	4%
<b>BOARD-RELATED</b>	28,859	89%	3,685	11%
Election of Directors	25,545	90%	2,840	10%
Ratification of Board Actions	960	89%	124	11%
Related Party Transactions	313	97%	11	3%
<b>CAPITAL MANAGEMENT</b>	2,545	84%	501	16%
Authority to Issue Shares	618	73%	229	27%
Increase in Authorized Common Stock	64	82%	14	18%
<b>CHANGES TO COMPANY STATUTES</b>	1,424	89%	180	11%
Adoption of Majority Voting for the Election of Directors	6	100%	0	0%
Amend Articles, Constitution, Bylaws	391	83%	61	17%
Elimination of Supermajority Requirement	61	100%	0	0%
<b>COMPENSATION</b>	6,868	83%	1,429	17%
Advisory Vote on Executive Compensation	1,866	79%	482	21%
Stock Option Plan	139	59%	97	41%
<b>MERGERS AND ACQUISITIONS</b>	439	95%	24	5%
Divestiture/Spin-off	20	87%	3	13%
Merger/Acquisition	165	94%	11	6%

Source: Neuberger Berman. Data for the calendar year 2023.

## KEY MANAGEMENT PROPOSAL VOTES IN 2023

### MASIMO CORPORATION

**MEETING DATE:** June 26, 2023

**OUR VOTE:** FOR

**PROPOSAL:** Elect Dissident Nominees

**VOTE RESULT:** 70.0%+

**OUR RATIONALE:** Recent corporate actions and governance changes at Masimo heightened our previously communicated concerns regarding corporate governance, capital allocation decisions and the need for more independent board oversight. Specifically, we had concerns regarding the adoption of board entrenchment mechanisms, such as anti-takeover provisions and others included in the CEO's employment agreement. Given our belief that true independent board oversight is imperative to protect shareholder interests, provide objectivity and serve as a counterbalance to management, we supported the election of dissident nominees to the board.

**OUTLOOK AND OUTCOMES:** The two dissident nominees were elected to the board.

### COSTCO WHOLESALE CORPORATION

**MEETING DATE:** January 19, 2023

**OUR VOTE:** FOR

**PROPOSAL:** Elect Jeffrey S. Raikes

**VOTE RESULT:** 81.0%

**OUR RATIONALE:** In 2022, we voted against the reelection of Mr. Raikes as the chair of the nominating and governance committee due to lack of board oversight of financially material ESG matters. In June 2022, we were pleased when the company updated the nominating and governance committee charter to give the committee oversight of important strategic decisions, including "environmental, diversity and sustainability policies and initiatives, including climate-related risks and opportunities."

**OUTLOOK AND OUTCOMES:** We are pleased with the company's responsiveness to our feedback.

### ZEBRA TECHNOLOGIES CORPORATION

**MEETING DATE:** May 11, 2023

**OUR VOTE:** AGAINST

**PROPOSAL:** Advisory Vote on Executive Compensation

**VOTE RESULT:** 89.4%

**OUR RATIONALE:** In recent years, the company has become more acquisitive as it has evolved its overall long-term business strategy. While we agree that acquisitions can be a source of shareholder value, we believe the current compensation metrics should take this into account and be refined further to provide clearer accountability regarding decisions around mergers and acquisitions. Given these concerns, we voted against the plan.

**OUTLOOK AND OUTCOMES:** While the proposal passed, we continue to have productive engagements on this topic and encourage improvements.

### FUJIMI INC.

**MEETING DATE:** June 22, 2023

**OUR VOTE:** AGAINST

**PROPOSAL:** Elect Representative Director Mr. Keishi Seki, External Director Mr. Masami Kawashita, Statutory External Auditor Mr. Masahiko Takahashi

**VOTE RESULT:** 70.5%+

**OUR RATIONALE:** Despite our engagement efforts, including disclosing our vote against the renewal of Fujimi's poison pill in 2022, the company decided to proceed with the renewal of the poison pill in the face of low shareholder support levels. We believe management's persistent retention of the pill dilutes its latest positive efforts and governance improvements, and we find it to be a step backwards and contrary to current market governance trends, as Japanese companies continue to undertake corporate governance reforms and increasingly remove poison pills. As a result, we voted against the reelection of three members of the board.

**OUTLOOK AND OUTCOMES:** While the poison pill will remain valid until June 2024, we continue to urge the company to remove it and not renew it this year.

### ANSYS, INC.

**MEETING DATE:** May 12, 2023

**OUR VOTE:** FOR

**PROPOSAL:** Repeal Classified Board

**VOTE RESULT:** 99.9%

**OUR RATIONALE:** In 2022, we wrote a letter to the board and disclosed our views on this topic and our vote intention in support of a shareholder proposal regarding board declassification. In 2023, in response to shareholder feedback, management put forth a proposal to adopt annual director elections.

**OUTLOOK AND OUTCOMES:** We believe this proposal is aligned with our governance expectations for operating companies, and demonstrates responsiveness to our concerns.

# Shareholder Proposals

In 2023 we voted on 931 shareholder proposals, and our average level of support for shareholder proposals decreased by 2 percentage points to 34%. This is due to both a higher number of proposals on topics we deemed immaterial and improved company disclosure practices in line with our expectations. We continued to support resolutions that focused on financially material topics for the relevant company where we determined company practices or disclosures warranted improvement. This included emerging topics such as Just Transition and methane emissions where measurement approaches and disclosure expectations continue to develop. Additionally, given the potential reputational impact of the use of company funds in relation to trade associations and political processes, we continued to closely evaluate resolutions pertaining to political spending or lobbying activities. Our support for these proposals dropped slightly due to an increased number of companies meeting our oversight and disclosure expectations. Below we provide examples of key shareholder proposals to illustrate the factors considered and rationales that underpinned our vote decisions.

SHAREHOLDER PROPOSALS	SUPPORTED PROPOSAL		OPPOSED PROPOSAL	
<b>ENVIRONMENTAL</b>	29	17%	146	83%
Climate Change-Related Reporting	15	33%	30	67%
Just Transition	6	86%	1	14%
Methane Emissions	2	67%	1	33%
<b>SOCIAL</b>	73	28%	187	72%
Human Capital Management	12	40%	18	60%
Reviewing Political Spending or Lobbying	26	47%	29	53%
<b>GOVERNANCE</b>	177	47%	199	53%
Recapitalization	8	100%	0	0
Separation of Chair and CEO	62	74%	22	26%
Right to Act by Written Consent	2	25%	6	75%
Declassification of the Board	1	100%	0	0
Majority Vote for Election of Directors	5	100%	0	0

Source: Neuberger Berman. Data for the calendar year 2023.

## KEY SHAREHOLDER PROPOSAL VOTES IN 2023

### LIONS GATE ENTERTAINMENT CORPORATION

**MEETING DATE:** November 28, 2023

**OUR VOTE:** FOR

**PROPOSAL:** Shareholder Proposal Regarding Recapitalization

**VOTE RESULT:** 61.9%

**OUR RATIONALE:** With the announced spin-off of Lions Gate's studio business, we encouraged the company to adopt a "one share, one vote" policy so that both resulting companies would have governance structures that align the voting and economic interests of all shareholders. Lack of responsiveness from the company compelled us to submit a shareholder proposal calling for the collapse of the dual-class share structure.

**OUTLOOK AND OUTCOMES:** The proposal was supported by a majority of shareholders and we continue to engage with the company on this matter.

### NEXTERA ENERGY INC.

**MEETING DATE:** May 18, 2023

**OUR VOTE:** FOR

**PROPOSAL:** Shareholder Proposal Regarding Disclosure of a Board Diversity and Skills Matrix

**VOTE RESULT:** 48.4%

**OUR RATIONALE:** While the company already provides an aggregated board skills table and racial and ethnic diversity, we believe disclosure of an individualized board skills matrix would improve the company's existing disclosure practices. As such, we supported a shareholder proposal regarding disclosure of an individualized board skills matrix.

**OUTLOOK AND OUTCOMES:** We believe the proposal received a meaningful level of support and will monitor for disclosure improvements.

### COTERRA ENERGY INC.

**MEETING DATE:** May 04, 2023

**OUR VOTE:** FOR

**PROPOSAL:** Shareholder Proposal Regarding Methane Emission Disclosures

**VOTE RESULT:** 68.9%

**OUR RATIONALE:** While recognizing that the company has adopted several best practices, such as board-level oversight and the inclusion of an emissions-reduction metric in its incentive program, we believe improving the quality and accuracy of methane emission data should be a priority. Based on our engagement, we believe the company is moving in the right direction, but believe it could benefit from further action and disclosure regarding enhancing methane measurement that would better align with those of its peers and the broader industry. As such, we supported the shareholder proposal regarding a report on methane emission disclosures.

**OUTLOOK AND OUTCOMES:** Following the meeting and in response to shareholder feedback, the company meaningfully increased its methane-related disclosures in its 2023 Sustainability Report and joined the OGMP 2.0.

### TEXAS INSTRUMENTS INC.

**MEETING DATE:** April 27, 2023

**OUR VOTE:** FOR

**PROPOSAL:** Shareholder Proposal Regarding Report on Customer Due Diligence

**VOTE RESULT:** 22.8%

**OUR RATIONALE:** While we recognize the company's efforts and due diligence to manage related risks, and do not view it as a laggard, we believe that enhanced disclosure would indicate the high priority the company puts on this matter and would give shareholders comfort that supply chain integrity is of paramount importance to the board. More broadly, within the context of the ethical use of technology, we view Know Your Customer (KYC) due diligence as an emerging issue for the tech industry. As such, we believe communication of due diligence practices should be more widely adopted and practiced by companies across the industry and entities along the downstream value chain.

**OUTLOOK AND OUTCOMES:** While the proposal did not pass, we continue to have productive engagements on this topic and encourage improvements.

### STARBUCKS CORP.

**MEETING DATE:** March 23, 2023

**OUR VOTE:** FOR

**PROPOSAL:** Shareholder Proposal Regarding CEO Succession Planning Policy Amendment

**VOTE RESULT:** 20.9%

**OUR RATIONALE:** We believe it is critical for the board to implement succession planning practices that build a robust talent pipeline in preparation for planned and unplanned transitions. Lacking such practices could result in challenging leadership transitions that impact business continuity and distract from business performance. We supported the proposal to underscore the importance of executive leadership succession planning and the need for improved practices moving forward.

**OUTLOOK AND OUTCOMES:** The company has made amendments to its Governance Principles to include enhanced guidance on succession planning.