



# Stewardship Report 2022



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Northern Trust Asset Management has adopted the U.K. Stewardship Code 2020 (the Code) as a global standard for stewardship practice.

The following report summarizes how we align to each of the 12 principles of the Code, highlighting how our activities and outcomes create long-term value for our clients.

For more information on the Code visit [frc.org.uk](https://www.frc.org.uk).

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# Stewardship, with Purpose



As an investment manager entrusted with \$1 trillion\* of investor assets and a global citizen, we not only have the opportunity but a clear responsibility to contribute to a healthy long-term environment, equitable social structures and well-governed companies. We believe long-term financial performance is best achieved when combining economic analysis with positive economic and societal change. Also, we believe financial performance is best achieved when environmental, social and governance analysis is combined with active stewardship.

Effective stewardship requires a continual process of evolving and enhancing our approach, tools and partnerships to adapt to changing conditions and improve our ability to progress on priorities — and 2022 provided ample opportunity to do so.

Among those changing conditions included Russia's energy battle with Europe that triggered a search for other sources — climate friendly or not. While this may delay the green transition in the short-term, the focus on national energy security and high fossil fuel prices creates potential investment opportunities for renewable energy. As long-term investors, we have deepened our engagements with portfolio companies on climate-related risks and opportunities. In the coming year, we will continue engaging with companies to enhance their practices and disclosures on climate-related issues and understand how they are preparing for a just transition to a low-carbon economy.

\* Assets under management as of December 31, 2022. For the Northern Trust Asset Management entities included in this total, please see disclosure at end of this document.

To support this commitment, we enhanced our stewardship team in Europe and Asia and expanded our collaborative engagement activities. In addition, we became a signatory to the Net Zero Asset Managers Initiative, setting out our ambitions to achieve net zero emission across our portfolios by 2050. As a response to clients' needs and the evolving landscape, we also launched a natural capital index strategy and emerging market climate exchange-traded funds leveraging the Northern Trust ESG Vector Score™ methodology.

Whether engaging on climate change, corporate-board diversity or fair treatment of workers, we act on our clients' behalf by supporting sustainable business practices that we believe increases shareholder value over the long-term. Of the shareholder proposals chosen by ShareAction for its *Voting Matters 2022* report, we voted in favor of 78% of social shareholder proposals and 83% of environmental proposals.

As further evidence of the quality of our stewardship program, we are a signatory to the Financial Reporting Council's U.K. Stewardship Code 2020. In this report, we set out to present a clear and comprehensive account of our stewardship activities and their successful outcomes, while also demonstrating a deep commitment to the principles of effective investment stewardship.

**Daniel Gamba**  
President  
Northern Trust Asset Management

# A Year of Stewardship

147,887

management and shareholder resolutions voted on



26,020

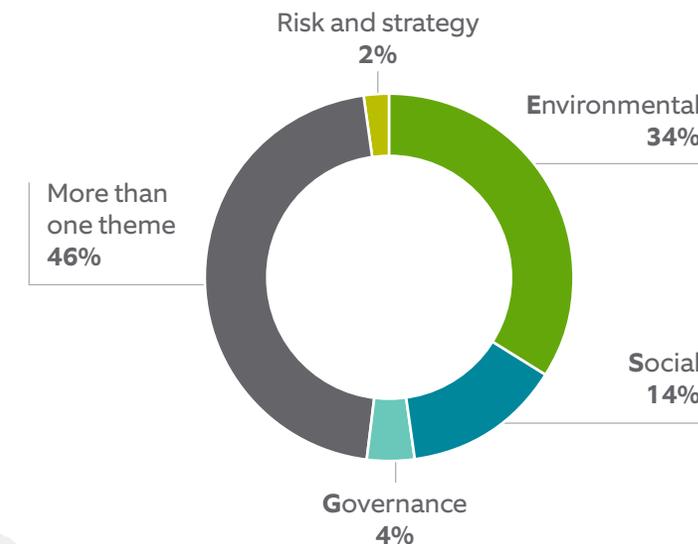
resolutions voted against management



3,945

total engagements<sup>1</sup>

## Themes of Direct Engagement



based on 86 direct engagements by NTAM

16,024

shareholder meetings where we voted



59%

of shareholder meetings where we voted against management at least once



Top U.S. index manager and top 25 global asset manager on environmental, social and governance shareholder resolutions

as ranked by responsible investing advocate ShareAction in its *Voting Matters 2022* report released in January 2023. The rankings included *Investment and Pension's Europe 2022* top 500 asset managers based on the following criteria: largest 35 asset managers based on AUM, next largest 35 European asset managers based on AUM, and next largest 12 U.K. asset managers based on AUM.

Supported  
83%

of environmental shareholder resolutions based on ShareAction's *Voting Matters 2022* report

<sup>1</sup> Total engagements include 86 direct engagements by NTAM and 3,859 engagements through outside engagement partner firm EOS at Federated Hermes.

# Our Commitment to Sustainability



We believe that serving as an active owner produces sustainable value over the long term, which leads to better outcomes for clients, shareholders and stakeholders.

## Organizational Commitment

- **Reduced carbon emissions by 69%** relative to baseline established in 2015 (Northern Trust Corporation)
- **Five consecutive years** in the Bloomberg Gender-Equality Index (2018–2022), published January 26, 2022 (Northern Trust Corporation)
- **58%** of Northern Trust’s Board of Directors are **gender-, racially and ethnically diverse**
- **Sustainable and ESG investing award winner**  
Money Management Institute and Barron’s 2022 Industry Awards, results published October 21, 2022; see last page of this document for more details

## Industry Leadership

- **Founding signatory** of Climate Action 100+
- **12 of 15 PRI Assessment Metrics at or Above Median<sup>2</sup>**  
*2021 Principles for Responsible Investment* report published September 8, 2022
- **TCFD Supporter** (Task Force on Climate-related Financial Disclosures)
- **IFRS Sustainability Alliance Member**  
(International Financial Reporting Standards Foundation)

Sources: Northern Trust. All data is as of December 31, 2022, unless otherwise stated.

<sup>2</sup> For the full Northern Trust PRI Transparency Report, visit [www.unpri.org](https://www.unpri.org). Assessment methodology can be found at <https://www.unpri.org/reporting-and-assessment/how-investors-are-assessed-on-their-reporting/3066.article>. Please see important information on the last page of this report for more information about our assets under management rankings and awards. Past performance is not indicative of future results.

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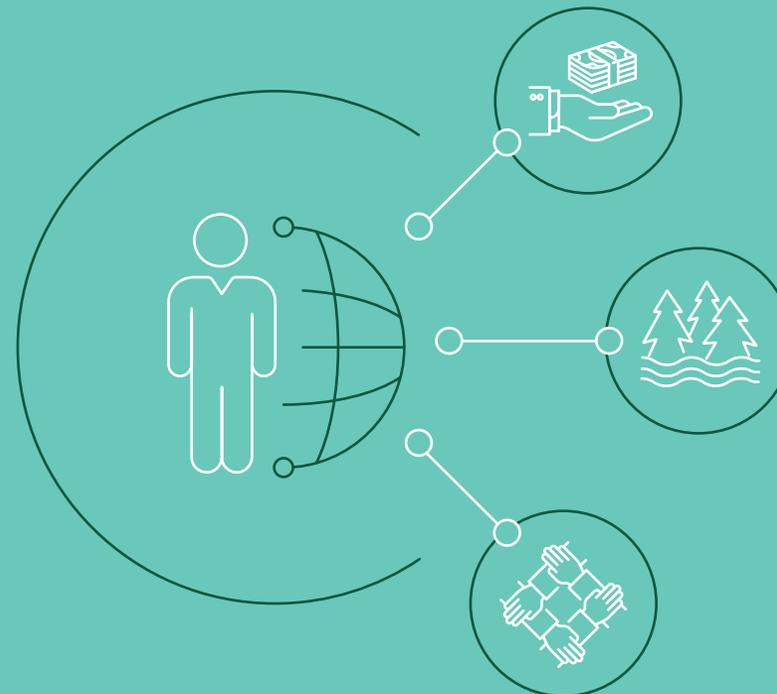
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**PRINCIPLE 1**

# 04 Purpose, Strategy and Culture

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.



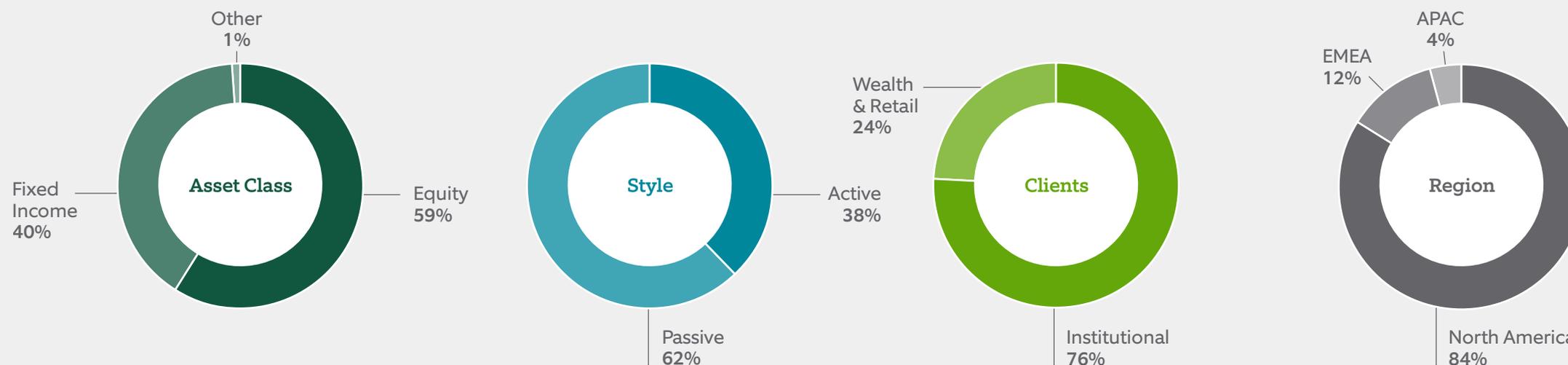
# Business and Strategy

Northern Trust Asset Management (NTAM) is an investment management firm entrusted by investors around the globe to help them navigate changing market environments, so they can confidently realize their long-term objectives.

We have grown to become among the world's largest asset managers, with \$1.0 trillion in assets under management<sup>3</sup> and about 950 employees in 12 countries as of the end of 2022. We are the asset management business

of the Northern Trust Corporation, a leading provider of wealth management, asset servicing, investment management and banking, with \$13.6 trillion in assets under custody/administration.

## NTAM Assets Under Management



Source: Northern Trust Asset Management. Data as of December 31, 2022.

<sup>3</sup> Assets under management as of December 31, 2022. For the Northern Trust Asset Management entities included in AUM total, please see disclosure at end of this document.

We purposefully combine robust capital markets research, expert portfolio construction and comprehensive risk management to craft efficient solutions that deliver targeted investment outcomes. Our fiduciary heritage guides our principle-based culture and collaborative approach, resulting in a distinctive client experience. We strive to deliver investment solutions that solve the complex investment needs of institutional and individual investors by focusing on solutions that we believe align with our competitive advantage and provide the most value to investors. Currently, we see the greatest intersection of our investment expertise and investor need across our sustainable investing, quantitative, multi-asset, cash and alternatives investment capabilities.

We managed \$137 billion in sustainable investment strategies as of the end of 2022.<sup>4</sup> At NTAM, we help investors future-fit their portfolios by bringing clarity to investment opportunities and risks resulting from financially relevant environmental, social and governance (ESG) factors. We enhance our ability to measure and assess the ESG profiles of companies with the [Northern Trust ESG Vector Score™](#) (ESG Vector Score). The score brings greater clarity to ESG risk assessment — and how ESG issues may impact companies' financial futures — to improve our investment and stewardship decisions. We expanded the stewardship team in 2022 to increase our capacity in engagement and proxy voting in line with our clients' values.

## Northern Trust Asset Management

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**\$137 billion**  
assets under  
management  
in sustainable  
strategies<sup>4</sup>

<sup>4</sup> At Northern Trust Asset Management (NTAM), we define sustainable investing as encompassing all of NTAM's investment strategies and accounts that utilize values-based and norms-based screens, best-in-class and ESG integration, or thematic investing that may focus on a specific ESG issue such as climate risk. NTAM's Sustainable Investing includes portfolios designed by NTAM as well as those portfolios managed to client-defined methodologies or screens. As the data, analytical models and aforementioned portfolio construction tools available in the marketplace have evolved over time, so too has NTAM. NTAM's Sustainable Investing encompasses strategies and client assets managed in accordance with client-specified responsible investing terms (historically referred to as socially responsible), as well as portfolios that leverage contemporary approaches and datasets, including ESG analytics and ESG thematic investing.

# Purpose

We enable global investors to achieve their most important goals by providing insights, solutions and an exceptional client experience.

We are purposeful investors, committed to constructing innovative and efficient strategies that seek to compensate investors for risk and deliver better outcomes in all market environments. We are engaged contributors to our communities and consider it a great privilege to serve our investors and our communities with integrity, respect and transparency.

Further, as a global investment manager and corporate citizen, we not only have an opportunity but a clear responsibility to contribute to a healthy long-term environment, equitable social structures and well-governed companies. This stakeholder-centric mindset considers our clients, employees and the communities we serve in the decisions we make and actions we take.

<sup>5</sup> Total worldwide assets under management. <sup>6</sup> Worldwide institutional assets under management.

<sup>7</sup> Total institutional client assets globally; U.S. institutional, tax exempt. <sup>8</sup> U.S. institutional, tax exempt, managed internally. These rankings are not indicative of future performance. Please see important information at the end of this report for more information about rankings and awards.

*Pensions & Investments (P&I)*: Unless otherwise noted, rankings were published in *Pensions & Investments* magazine's "2022 Special Report on the Largest Money Managers," and are based on December 31, 2021 AUM. Rankings are calculated based on 444 investment management firms responding to P&I's online questionnaire. To qualify for inclusion in the rankings, each firm must manage assets for U.S. institutional tax-exempt clients, such as qualified retirement plans, endowments or foundations, and answer the minimum required questions. Multi-manager ranking appeared in "Special Report: Investment Outsourcing — Managers see demand for innovation," July 4, 2022 based on P&I data and NTAM OCIO AUM of \$98.7 billion as of March 31, 2022.

## A Global Leader in Asset Management

### TOP MONEY MANAGER RANKING

"Special Report on the Largest Money Managers," *Pensions & Investments*, June 6, 2022  
Ranking based on total worldwide AUM of \$1.3 trillion as of December 31, 2021

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WORLDWIDE ASSETS<sup>5</sup>  
**18th Largest**

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SOVEREIGN WEALTH FUNDS<sup>5</sup>  
**9th Largest**

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WORLDWIDE  
INSTITUTIONAL ASSETS<sup>6</sup>  
**13th Largest**

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ENDOWMENT/  
FOUNDATION ASSETS<sup>5</sup>  
**4th Largest**

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FACTOR-BASED  
STRATEGIES<sup>5</sup>  
**7th Largest**

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DEFINED CONTRIBUTION  
MANAGER<sup>7</sup>  
**10th Largest**

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ESG MANDATES<sup>5</sup>  
**9th Largest**

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DEFINED BENEFIT  
MANAGER<sup>8</sup>  
**8th Largest**

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INDEXED (U.S.) EQUITY<sup>8</sup>  
**4th Largest**

# Investment Beliefs

**We believe investors should be compensated for the risks they take — in all market environments and any investment strategy.**

**At the heart of this philosophy is how we think about, view and analyze risk. This deep understanding and respect for employing risk purposefully serves as the foundation for every investment solution and perspective we provide to our clients.**

As risk-aware investors, this means that risk is taken intentionally to help achieve investors' desired outcomes. Our products and solutions are thoughtfully designed and efficiently executed with this perspective in mind. They are managed by consistently applying an empirically based and disciplined investment approach. We believe that focusing on only taking compensated risk minimizes unintended consequences, provides consistent returns over the long term, and enables investors to achieve their objectives.

We believe material ESG factors are pre-financial indicators that can affect a company's future financial viability and clients' long-term risk-adjusted investment returns. And we think that focusing on only taking compensated risk minimizes unintended consequences, provides persistent returns over the long-term and enables investors to achieve their objectives. When managed well, ESG factors can position a company for success and when mismanaged they can result in significant risks.

Consistent with our view that investors should be compensated for the risks they take, we believe evaluating companies' performance using ESG criteria enhances our forward-looking view of risks and opportunities. This analysis bolsters our ability to make portfolios fit for the future and grow clients' capital.

Further, we believe positive economic and societal change, and financial performance, are best achieved when ESG analysis is combined with active stewardship. We purposely and actively engage with various entities to promote transparency and raise ESG reporting standards — with companies in which we invest, the policy makers and regulators with whom we interact, and our vendors and index providers.

Through our integrated sustainable investment and stewardship program, we help investors future-fit their investment portfolios, empower them to align their investments with their values, and use our voice to drive meaningful change at an economic, societal and financial level.

# Culture

Our collaborative culture values intellectual curiosity and diversity of thought. This inspires a drive to continually develop innovative ideas, creative insights and expertise across investment practices and processes that lead to better investor outcomes.

Our key values underlie this culture:

## **Passion**

Our passion for the investment business gives us a clear sense of purpose. This conviction translates into a relentless pursuit of excellence and a distinctive commitment to service.

## **Competence**

A focus on competence produces deep investment acumen, subject matter expertise and indispensable functional proficiency.

## **Intellectual curiosity**

This curiosity fosters a collaborative culture where creativity and innovation thrive.

## **Humility**

Our willingness to be humble fosters strong interpersonal relationships and places the shared mission above self-interest.

## **Diversity**

We are committed to recruit, develop and deploy diverse talent globally, in order to capitalize on the strength that lies in our differences.

# Our Commitment to Diversity, Equity and Inclusion

We believe that businesses committed to robust diversity, equity and inclusion (DE&I) create greater value for clients and the communities we serve.

Our NTAM Diverse Leaders Program develops a pipeline across leadership roles of female employees spanning different ethnic backgrounds.

With continual improvement in mind, we hold senior leaders accountable for DE&I progress through these tools, techniques and resources:

- **DE&I dashboard**

We track and assess outcomes quarterly using hiring, retention and promotion metrics.

- **Clearly communicated performance expectations**

These include identifying DE&I gaps, taking steps to meet goals and setting standards for inclusive leadership.

- **Executive leadership training series**

We provide executives with training and resources, including facilitated discussions and mentoring, to foster DE&I knowledge.

We have a proud history of offering our employees opportunities to engage on DE&I topics through a range of resource councils and forums.

In 2022, these included:

- **Commemorating Juneteenth**

Our Black Business Resource Council collaborated with our Leveraging Experiences and Perspectives Business Resource Council to celebrate Juneteenth, with a compelling discussion led by Dr. Sekile Nzinga, chief equity officer for the State of Illinois.

- **Highlighting Latino experience**

The Latin Heritage Leadership Council partnered with the Diversity, Equity & Inclusion of North America team for a two-part conversation focused on the experience and the impact of the Hispanic/Latino community in the workplace.

- **Honoring veterans**

Global chapters of the Military Appreciation and Assistance Resource Council partnered to highlight the stories of our employees who have served in the military, during the “Global Lessons Learned in Military Leadership” panel discussion.

- **Amplifying women’s voices**

Our Women in Leadership Resource Council hosted PodPerspectives, a current trends podcast series designed to help female employees manage and advance their careers.

We have integrated DE&I into our culture through recruitment, developing our current employees and encouraging diversity from our suppliers. When we interview to hire new employees, we mandate a diverse slate of candidates and a diverse interview panel, which is tracked and monitored through our internal DE&I dashboard.

Bringing diversity to all areas is vital — and it's important to look beyond the surface. That approach has led to NTAM's Minority Brokerage Program, launched in 2007, which actively finds and partners with broker-dealers owned by minorities, women and disabled veterans. In 2022, NTAM increased the number of selected firms by 45% from 11 to 16, chiefly as a result of the growing use

of the program by Northern Trust Securities, Inc., NTAM's brokerage affiliate. This follows NTAM's 2021 achievement of having 15% of commissions on equity trades executed through minority brokers in certain commingled funds.

When it comes to vendor selection and management, NTAM deploys a diversity impact assessment methodology to evaluate third-party fund managers' diversity efforts for our multi-manager solutions business. As a result, we had invested approximately \$6.4 billion with 20 minority-owned investment management firms through manager-of-manager programs at the end of 2022.

# Stewardship Aligned with Clients' Interests

Our culture, appreciation for risk and sense of purpose shape our approach to stewardship.

We not only have an opportunity but a clear responsibility to act in the best interests of our clients by contributing to a healthy long-term environment, equitable social structures and well-governed companies.

Serving as an active owner helps to fulfill this responsibility, while producing value for clients over the long-term. Our integrated sustainable investment and stewardship team empowers clients to align their investments with their values and to use our voice, backed by \$1 trillion in investments, to drive meaningful change in companies' management of ESG issues.

We also empower investors to align their investment portfolios with their values and achieve their financial goals through a wide range of sustainable investing solutions, across asset classes and in a variety of investment vehicles. Our implementation experts can tailor investment strategies to meet investors' specific sustainable needs or requirements.

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Our integrated sustainable investment and stewardship team empowers clients to align their investments with their values and to use our voice, backed by **\$1 trillion** in investments, to drive meaningful change in companies' management of ESG issues.

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# Improved Ability to Manage ESG Risk

In 2022, we acted effectively on behalf of our clients' interests through sustained engagement with companies and independent proxy voting.

We and our engagement partner, EOS at Federated Hermes (EOS), held more than 3,900 dialogues with companies over a range of stewardship priorities, including climate change; DE&I; sustainable food and agriculture; and executive compensation. We made progress toward our objectives on the vast majority of those of those engagements (see [Principle 9](#) for more details).

With our proxy voting decisions, we also aim to influence companies' behaviors and policies toward more sustainable business practices. Last year, we voted on more than 147,000 resolutions, aligning our votes with client interests and not necessarily with company management. For example, in 2022 we cast at least one vote against management recommendations at 59% of meetings we

## Proxy Voting in 2022

# 3,900+

dialogues with companies over a range of stewardship priorities



# 147,000+

resolutions voted on



# 59%

of meetings, cast at least one vote against management recommendations



participated in. Notably, responsible investing advocate ShareAction ranked NTAM as the top U.S. index manager and among the top 25 global managers for proxy voting on environmental, social and political shareholder resolutions, based on ShareAction's *Voting Matters 2022* report.<sup>9</sup> In the global ranking, we moved up 11 places to 23rd versus our ranking in ShareAction's *Voting Matters 2021* report. Of the shareholder proposals chosen by ShareAction for its 2022 report, we voted in favor of 83% of environmental shareholder proposals and 78% of the social proposals.

We continued to improve our ability to serve as effective stewards, as we hired new individuals to cover Europe and emerging markets. This followed the merger of our sustainable investing and stewardship teams in 2021 under a new global head, which added

resources to bolster stewardship effectiveness with more focus on sustainability. During 2022, we also made use of the ESG Vector Score for its first full year. Originally introduced in 2021, this tool creates ESG profiles of companies to better inform our stewardship efforts and advance our assessment of risk

Finally, last year we combined our fundamental equity and fixed income research teams to create a new Capital Structure Team, enhancing our ability to improve and increase engagement with companies. This team of fundamental analysts takes a holistic approach to capital structure analysis, including ESG considerations, as part of a robust investment framework across equities and bonds. We are committed to exerting influence through both debt and equity ownership.

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**We continued to improve our ability in 2022 to serve as effective stewards through hiring new individuals covering Europe and emerging markets.**

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<sup>9</sup> The ranking is based on ShareAction's *Voting Matters 2022* report released in January 2023 from social, environmental and governance resolutions selected by ShareAction. NTAM ranked 23rd of 68 asset managers globally versus 34th of 65 asset managers in ShareAction's *Voting Matters 2021* report. ShareAction ranked asset managers from *Investment & Pensions Europe's 2022* top 500 asset managers based on the following criteria: world's largest 29 asset managers based on AUM, next largest 29 European asset managers based on AUM, next largest 10 U.K. asset managers based on AUM. Past performance is not indicative of future results. NTAM does not pay to be considered for the survey.

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**PRINCIPLE 2**

# 05 Governance, Resources and Incentives

Signatories' governance, resources and incentives support stewardship.

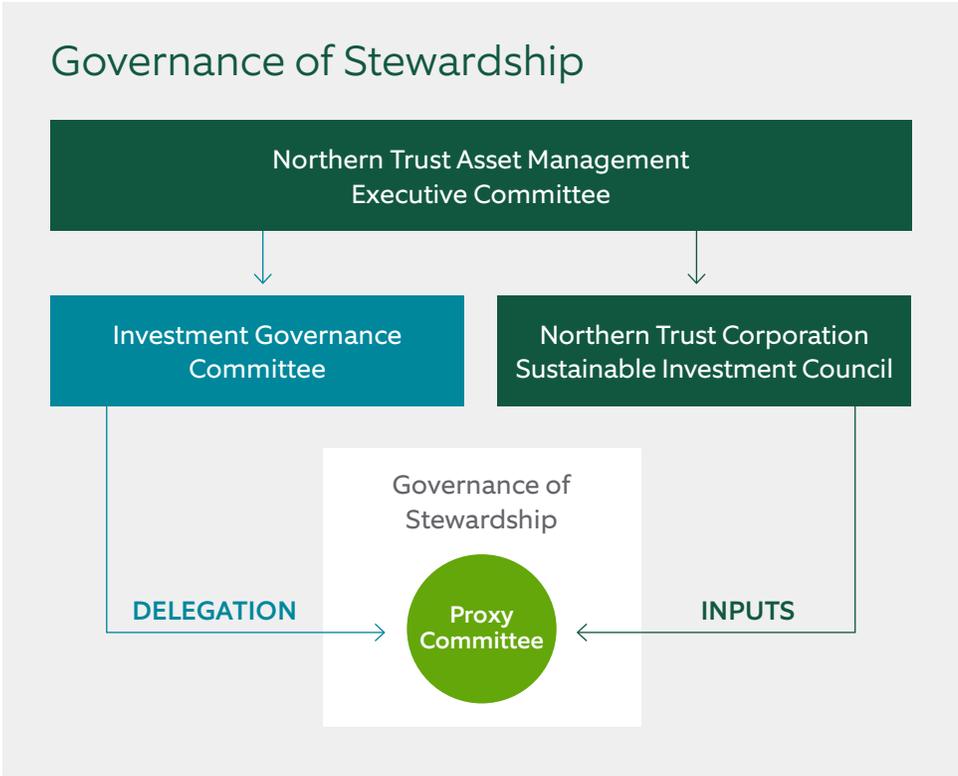


# Governance to Strengthen Accountability

The governance across our business strengthens accountability to clients, shareholders and other stakeholders, while empowering stewardship in line with the principles of sustainability.

Our Investment Governance Committee, which reports to the Executive Committee and sets investment policies, delegates responsibility for stewardship to its Proxy Committee. The Proxy Committee evaluates the effectiveness and robustness of our stewardship policies, initiatives, engagements with companies and proxy voting. It also ensures the effectiveness of the vendors we use to augment our stewardship program and investigates conflicts of interest that may arise from our stewardship activities.

Composed of senior representatives representing the firm’s diverse business functions — and, in turn, the breadth of our clients’ needs — the committee members include equity and bond research analysts, portfolio managers, and environmental, social and governance (ESG) and sustainable investing specialists. Additionally, risk professionals from EMEA and the U.S. sit on the committee, providing critical insights into regional issues and regulations governing stewardship and sustainable investing. Our executive vice president for corporate sustainability, inclusion and social impact provides guidance on corporate values, while our client relationship managers on the committee represent the diversity of regions and client types (individual and institutional).



Source: Northern Trust Asset Management

To ensure that we align our stewardship program with our sustainable investing principles, the Northern Trust Asset Management (NTAM) Proxy Committee solicits guidance from our Sustainable Investment Council (SIC). The SIC, which reports directly to the Executive Committee, sets sustainable investing standards and drives the strategic growth of our sustainable investing business through product innovation, expansion of our investment capabilities and employee education. The SIC, chaired by the global Head of Sustainable Investing and Stewardship, serves as a central “hub” of knowledge on

ESG initiatives across Northern Trust, and drives alignment and coordination of ESG and sustainable investment activities. It leverages a broad range of expertise across regions and business groups, with a makeup similar to the Proxy Committee, including experts in investment research, portfolio management, corporate responsibility, risk, compliance and sales. In coordination with the Proxy Committee, the SIC oversees the relationship with our external engagement vendor EOS at Federated Hermes, as well as our relationships with any signatories and coalitions.

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**The Sustainable Investment Council, chaired by the global head of sustainable investing and stewardship, serves as a central “hub” of knowledge on ESG initiatives across all of Northern Trust, and drives alignment and coordination of ESG and sustainable investment activities.**

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# Our Team: Building on a Legacy of Deep ESG Experience and Expertise

We consistently seek ways to build on our 30-year legacy of creating long-term investment value for our clients through purposeful management of ESG risks, effective engagement and proxy voting that aligns with our clients' values.

To this end, in May 2021 we merged the sustainable investment and stewardship teams with the hiring of Julie Moret in the newly created role of global head of sustainable investing and stewardship. Julie oversees our sustainable investing and stewardship policies, fosters research and product development, advances portfolio integration of ESG across asset classes, and contributes our sustainable investing and stewardship perspectives to external industry associations. Additionally, she advises NTAM's president and executive group on sustainable investing and stewardship best practices.

In 2022, we continued to strengthen our team with the addition of Philip Vernardis as head of EMEA stewardship. Philip has over a decade of stewardship experience and a track record of designing and implementing impactful and outcome-oriented active ownership strategies. We have also sharpened our focus on emerging markets by hiring Amandeep Singh, a seasoned ESG professional, in the newly created role of vice president and proxy and engagement specialist.

## Key Biographies: Highly Experienced Leaders

The three individuals below lead our stewardship team. Between them they have extensive experience of stewardship and related areas.

### **Julie Moret** **Global Head of Sustainable Investing and Stewardship**

Julie guides the creation of long-term investment value for clients through ESG risk management, effective engagement and proxy voting. She oversees sustainable investing and global engagement policies, fosters research and product development agendas, and advances portfolio integration across asset classes.

Julie leads a team of global ESG specialists skilled at applying NTAM's expertise and insights — gained over three decades constructing sustainable investment solutions — who deliver highly efficient sustainable solutions. In addition, she oversees the stewardship team as it identifies long-term risks that may pose challenges to shareholder value.

Previously, Julie held a variety of senior roles in investment management, most recently as the global head of ESG with Franklin Templeton Investments, where she leveraged 10 years of risk analytics experience to build out a foundational data infrastructure platform and weave ESG considerations into the investment process.

Continued >

Our team of 15 specialists serves as a center of excellence for the business, promoting best practices in ESG integration and stewardship. Further, we leverage a wide network of 35 other employees with expertise in client servicing, distribution, portfolio management, and research and strategy among other skills, who dedicate a significant amount of their time to sustainable investing. The team provides analysis and insights on emerging ESG themes and monitors critical issues, industry trends and regulatory developments. It translates how these things impact our clients, the firm and our investments. The team also helps design ESG strategies.

In order to deliver specialist knowledge, the team is divided into three areas: ESG research and integration, stewardship and client engagement. Demonstrating the benefits of combining the stewardship and sustainable investment teams, the specialists collaborate to embed ESG practices into our investment process and stewardship efforts, and support dialogue with clients about sustainable investing. We describe these specializations in more detail on the next page.

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**Our team of 15 specialists serves as a center of excellence for the business, promoting best practices in ESG integration and stewardship.**

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Julie also serves as an ESG advocate in a range of forums, frequently speaking on related issues at industry and client conferences. Julie contributes to a number of industry organizations focused on advancing sustainable investment principles and best practices, including the Investor Advisory Group at the Sustainable Accounting Standards Board, the Investment Company Institute's ESG Working Group, the UK Investment Association's Sustainable and Responsible Investment Committee and the European Securities and Market Authority's Stewardship, Market Integrity and ESG Investment steering committee. She earned a master's degree in international economics from Essex University in England and a bachelor's degree in economics.

**Philip Vernardis**  
**Head of EMEA Stewardship**

Philip draws on extensive experience to lead ESG engagements with board directors of portfolio companies to encourage positive change. He also oversees the firm's proxy voting, stewardship activities and policy development in the EMEA region.

Before joining NTAM, Philip was vice president and global lead of asset stewardship reporting at State Street Global Advisors, where he led high-profile corporate ESG engagements. He was also responsible for thought leadership and heading the firm's stewardship reporting function. Prior to this position at State Street Global Advisors, he worked as a corporate governance manager at Fidelity International. Throughout his career, Philip has served as a member of the UK Investment

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## Areas of Specialization

### ESG research and integration specialists

- Partner with our investment team to plan and implement ESG integration appropriate for various asset classes, investment strategies and time horizons.
- Develop research insights and proprietary data tools, such as the ESG Vector Score.
- Keep abreast of developments related to ESG data tools and technology, to improve the ESG investment process and gain research insights.

### Stewardship specialists

- Engage with companies to improve their policies and strategies related to ESG.
- Ensure that proxy voting aligns with our policies.
- Manage and participate in engagement campaigns in collaboration with other shareholders.

### Client engagement specialists

- Consult with clients to understand their sustainable investment objectives and advise them about solutions that may help them achieve those objectives, both financially and in ways that align with their values.
- Partner with the ESG research and integration specialists to develop innovative sustainable investing solutions, based on input from clients.
- Provide education programs for employees and clients.

Association's Sustainability and Responsible Investment Committee and the Investment Leaders Group at the University of Cambridge Institute for Sustainability Leadership. He is a regular writer on ESG issues and speaks frequently at industry conferences.

Philip earned a master's degree in corporate strategy and governance from the University of Nottingham Business School and a bachelor's degree in business management from Manchester Metropolitan University. He also holds the Investment Management Certificate and has completed Level I of the CFA Program.

### Catherine Moyer Head of North America Stewardship

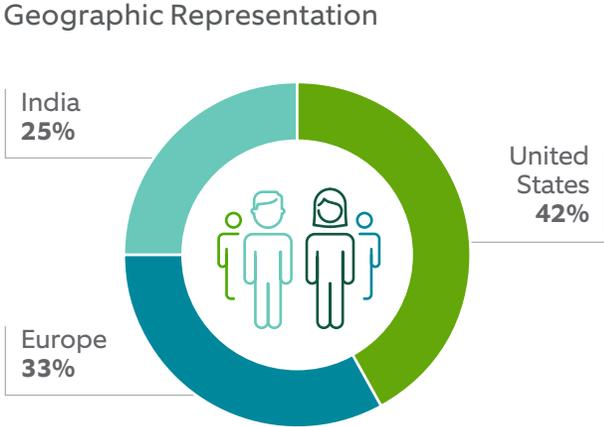
Catherine oversees the development of the firm's asset stewardship policy and compliance framework, facilitating and driving firm-wide ESG integration, and coordinating with partners across the business to deliver on broad ESG initiatives. Additionally, Catherine draws on her education and experience to lead engagements with management teams and board directors of portfolio companies on material ESG issues to encourage positive change.

She is a member of the SIC and Proxy Committee. She is also a member of the International Sustainability Standards Board's Investor Advisory Group and previously represented NTAM at the Council of Institutional Investor's Corporate Governance Advisory Council.

Continued >

## Our Diverse Sustainable Investing and Stewardship Team

We are committed to diversity, equity and inclusion in our business because we believe perspectives based on a variety of backgrounds lead to better outcomes for our clients, shareholders and communities. Our sustainable investing and stewardship team, which is 50% female, is spread across geographic regions, with 42% in the U.S., 33% in Europe and 25% in India. Team members have an average of 14 years of professional experience. Furthermore, 75% of them hold a master’s degree in disciplines including business administration, commerce, conflict resolution, public policy and international economics.



Before joining NTAM in 2016, Catherine worked at Institutional Shareholder Services, where she provided policy counseling to global institutional investors, including advising around fulfillment of ESG aspects of clients’ investment stewardship programs. She also oversaw implementation of client-specific proxy voting guidelines.

Earlier in her career, Catherine managed implementation of federally mandated ethics programs for two U.S. government agencies: the Consumer Financial Protection Bureau and the Millennium Challenge Corporation. She served as a paralegal for the Africa legal practice at the World Bank Group, where she oversaw review of safeguard procedures in program lending among other responsibilities.

Catherine has earned three master’s degrees in public policy from the University of Maryland, conflict analysis and resolution from George Mason University, and Mediterranean security from the University of Malta. She holds the CFA Institute Certificate in ESG Investing.

# Advancing Our Expertise

Our people are intellectually curious, and lifelong learners. Their experience, skill and drive to continually improve not only advance our collective expertise, but also enable us to better serve our clients.

At NTAM, we support ongoing education, learning and skills development, providing our employees with career-building — and career-defining — opportunities. We believe rewarding and fulfilling careers are achievable when we foster a culture of growth and achievement. That's why we encourage our employees to pursue advanced education, certifications and ongoing training.

We support them by:

## Encouraging professional development

We allocate to each manager a budget to support employee development through professional certifications. As of the end of 2022, 33% of the sustainable investing and stewardship partners are CFA® charterholders. Additionally, one partner is a Certified Public Accountant, one is a Global Reporting Initiative-certified sustainability professional, two have earned the CFA Institute Certificate in ESG Investing, and two more are studying for this certificate.

## Providing opportunities to engage with their peers

Team members attend conferences, participate in webinars and contribute to working groups to bolster their expertise and explore ideas to improve our stewardship and sustainable investing efforts.

## Supporting their educational goals

Our educational assistance program covers expenses related to rigorous external credential programs leading to associates', bachelors' and masters' degrees.

## Augmenting Our Efforts

To maximize our reach, analytical abilities and influence, we strategically leverage outside resources.

### EQUITY OWNERSHIP SERVICES AT FEDERATED HERMES (EOS)

EOS is a leading stewardship provider, with highly skilled engagement specialists who engage on behalf of most of our pooled funds in Europe and some in Australia. Working alongside our dedicated stewardship team, EOS adopts a three-year engagement plan that is aligned with our stewardship priorities. Throughout the engagements, we help shape the priorities, thematically, through annual surveys and semi-annual meetings. We carefully track and monitor progress, resulting in joint engagements with companies, alongside our EOS analysts, when warranted. The SIC ensures the EOS Responsible Stewardship Principles remain aligned with our engagement policies.

### INSTITUTIONAL SHAREHOLDER SERVICES (ISS)

ISS reviews and makes proxy voting recommendations based on guidelines established by our Proxy Committee. ISS's scope of security coverage, level of staffing, policies and practices for managing conflicts — and ability to make proxy voting recommendations based on accurate information — complement the stewardship team's proxy voting efforts. Our Proxy Committee reviews ISS's recommendations annually on how to improve implementation of our voting guidelines.

## Our Data Providers, Tools and Technology

### ESG Research and Screening

- Sustainalytics
- ISS Climate Solutions
- ISS SDG
- MSCI ESG Research
- S&P TruCost Environmental
- TruValue Labs
- Sell-side research
- Equileap
- GRESB
- World Bank Worldwide Governance Indicators
- ICE Data Services

### Technology Enablers

- FactSet
- Bloomberg
- Code Red
- Aladdin
- Snowflake
- Microsoft Azure

ESG research and screening tools provide information to evaluate companies. Technology enablers assist in sharing data.

# Rewarding Performance

To promote sound ESG investment practices and grow our sustainable investing business, our business compensates executives partly on their ability to effectively integrate sustainable investing into our investment process and develop innovative products to solve investors' most pressing problems.

Additionally, we include ESG goals in the performance expectations of all members of the sustainable investing and stewardship team, members of the SIC, members of the Proxy Committee and some portfolio managers.

By applying these incentives, we seek to achieve success in our sustainable investing business based on a multi-dimensional view, including engagement and proxy voting, performance of investment strategies, innovative product development, growth and thought leadership. NTAM judges the performance of the sustainable investing and

stewardship team members almost entirely against ESG-related goals. This includes development of and execution on our engagement plan, original research, thought leadership, policy research, support for the Proxy Committee and SIC, client reporting, and oversight of our vendors. By contrast, the managers of our fund products might spend less than 30% of their time overseeing ESG or sustainable investment products. They might be assessed, for example, on ensuring adequate processes and controls to manage securities lending for our ESG products.

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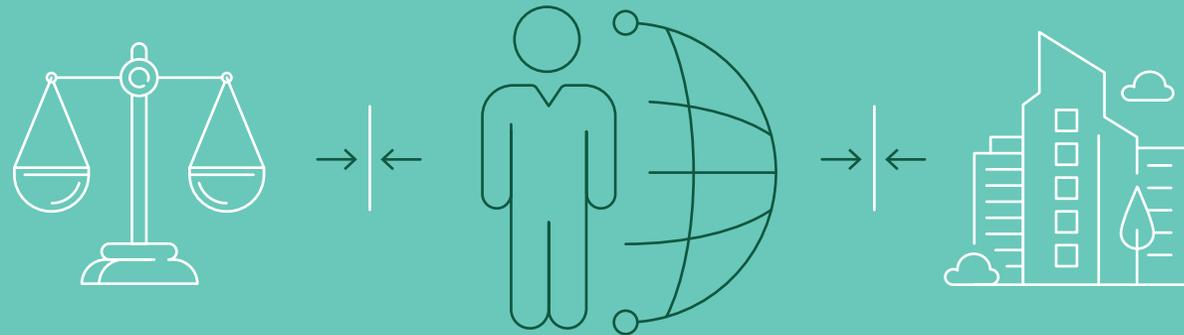
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# 06 PRINCIPLE 3

## Conflicts of Interest

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.



# Conflicts of Interest

Northern Trust Asset Management (NTAM) puts the best interests of clients above all else. To ensure good outcomes, we have embedded — within various policies and established processes and organizational controls — appropriate steps for the identification, recording, monitoring and effective management of conflicts of interest.

## Such conflicts of interest may arise when:

- The interests of one Northern Trust group client conflicts with those of another client, or multiple clients;
- The interests of one NTAM business unit conflicts with another within the wider group;
- A legal entity within the Northern Trust group acts as a service provider, or is deemed to be a client of, another Northern Trust entity or business unit.

To help identify the types of conflict that may arise, and pose a material risk to the interests of a client, NTAM takes into account whether any of its legal entities or a person directly or indirectly linked to those businesses has any of the following issues:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client (outside of any remuneration negotiated with the client for providing services);
- Has an interest in the outcome of a service provided to the client, or of a transaction carried out on behalf of the client that differs from the client's interest in that outcome;

- Has a financial or other incentive to favor the interest of one client, or group of clients, over the interests of another client, or group of clients;
- Carries on the same business activities as the client; or
- Receives or will receive from a third party an inducement in relation to a service provided to a client — in the form of monies, goods or services — that exceeds the agreed commission or fee.

## Identification of Conflicts of Interest

NTAM has implemented procedures to identify actual, or potential, conflicts of interest and escalate them to the compliance team and senior management.

This includes both new conflicts and any change occurring to an existing conflict. Assessments are performed to determine how and whether the conflict can be prevented, managed or disclosed. NTAM maintains a conflicts of interest register, where both inherent and event-driven conflicts are recorded.

## Preventing Conflicts

NTAM will prevent a conflict of interest if an applicable law or regulation prohibits it; for example, regulations may prohibit individuals or firms being appointed to perform a particular role or regulated activity.

NTAM's conflicts of interest register sets out which conflicts must be prevented and the controls in place for doing so.

# Managing Conflicts

Where NTAM has assessed that a conflict of interest can be appropriately managed, the team or individual responsible must put in place controls for doing so. The compliance team reviews and assesses these controls on a regular basis and records them on the conflicts of interest register.

## The types of controls in place include:

- Classification and segregation of data and duties, including the use of permission and information barriers to limit access to confidential information within the Northern Trust group and NTAM.
- Information barriers and restrictions relating to trading and client order data, as well as material non-public information such as details of personal account dealing, the maintenance of restricted and insider lists, and market surveillance monitoring.
- Code of ethics requirements regarding personal account dealing, outside business interests, gifts and entertainment, and inducements. This includes disclosures, pre-approvals by compliance, minimum holding periods, recordkeeping and reporting.
- Regular training of relevant staff to ensure appropriate awareness and understanding.
- Escalation and reporting procedures, including ownership and required review cycles for policies and procedures, and terms of reference for committee reporting and reporting to senior management.
- Controls and governance around any third party (or intra-Northern Trust group) relationships that could give rise to conflicts of interest. This includes controls and restrictions, or prohibitions on certain payments where required.
- Combined assurance testing by risk, compliance and internal audit.

Where it is not possible to sufficiently avoid or manage a conflict of interest, NTAM may have no choice but to decline to provide the service requested.

## Disclosure of Conflicts

NTAM makes every attempt to implement appropriate controls to prevent, or manage, a conflict.

In the event that adequate controls cannot be put in place, or are assessed to have been ineffective, we will disclose the conflict to affected clients. We will also disclose conflicts of interest if specifically required by law or regulation.

We will disclose any conflict in a durable medium, and in sufficient detail for the client (or clients) to make an informed decision before NTAM provides any services.

## Examples of Conflicts

A number of potential conflicts are inherent in most asset management businesses.

The following are some of the most common:

### **Gifts and Entertainment and Inducements**

Gifts and/or entertainment from third parties to NTAM partners may influence their behavior, or induce them to act in an inappropriate or unethical manner, to the detriment of clients. Similarly, NTAM partners may make gifts to third parties. Northern Trust's Code of Ethics requires the recording of gifts and entertainment, given and/or received, and, in some cases, partners must obtain pre-approval from compliance. All gifts and entertainment to third parties must be acceptable non-monetary benefits; they must be judged to enhance the quality of service to clients, and not impair NTAM's ability to act in clients' best interests. NTAM EMEA can accept a good or service if this is deemed to be a minor non-monetary benefit that meets these requirements, providing it is reasonable, proportionate and of a scale that is unlikely to influence the firm's behavior in a way detrimental to the client. For example, hospitality of a reasonable de-minimis value during a business meeting, conference, seminar or other training event shall qualify as an acceptable minor non-monetary benefit.

### Personal Account Dealing

NTAM EMEA partners may undertake personal account dealing if they have pre-approval, as NTAM has put measures in place to mitigate the risks of conflicts of interest with clients, such as “front running” or the use of inside or confidential information for personal gain. Northern Trust’s Code of Ethics requires staff to request pre-approval before buying or selling any covered security, and to declare any accounts that could hold such securities. Other controls include minimum holding periods and comprehensive reporting requirements.

### Side-by-Side Management

NTAM EMEA may act as an investment manager for clients that have similar investment objectives or strategies, which may mean that NTAM encounters conflicts of interest with clients, or that a conflict exists between two or more clients. Conflicts could, potentially, arise if a portfolio manager has an incentive to favor one client over another: e.g., if there is an opportunity to earn greater fees on accounts with performance-based fees, creating unfair allocation of opportunities to these clients to increase revenue. NTAM does not currently manage any funds with a performance fee and, as most of NTAM’s mandates are passive, this particular example is unlikely to occur.

### Trade Allocation

In accordance with our order execution policies, NTAM EMEA manages order allocations for client orders appropriately. Following execution, we allocate trades to clients proportionately on a pro-rata basis. However, in situations where particular allocations for a single portfolio would result in the holding being too small to trade — becoming uneconomic for the client — NTAM adopts an alternative allocation process, while maintaining our best-execution requirements and acting in the best interests of the client. The alternative process gives traders discretion to assign a small allocation entirely to one or more accounts, or to exclude one or more accounts from receiving an allocation. Every time the trading desk does this, the compliance team is made aware so that it can monitor and provide independent oversight of fair allocation, conducting investigations and applying changes to processes where necessary.

### Inside Information

The potential misuse of inside information is managed in juxtaposition with various other information control protocols to protect our clients’ confidential information (this includes pre-trade information). These safeguards include physical information barriers in the front office and segregated access to systems. Our managers periodically review these safeguards. Additionally, there are insider/restricted-list processes, and all employees must adhere to Northern Trust’s Code of Ethics. This code puts our clients’ best interests first and incorporates stringent personal account dealing requirements, requiring employees to seek pre-clearance on covered securities (e.g., direct stocks, bonds, options).

### **Disclosure of Confidential Information**

NTAM does not disclose client information to a third party, including our affiliates, unless the client has granted us permission to do so (e.g., in order to manage a portfolio, or to settle or process transactions), or unless we have a legal or regulatory obligation to provide information (e.g., in response to a request from a regulatory or other authority). We also have various data privacy protocols to prevent information being accessed by individuals other than the intended recipient. These measures include encrypted and password-protected emails, and the classification of emails based on the sensitivity of the information being sent.

### **Outside Business Interests**

NTAM partners, including directors or non-executive directors, may hold outside appointments that interfere with their job performance or judgement, or create conflicts with the best interests of clients. Partners across the Northern Trust group must seek prior approval for outside activities, and, in certain circumstances, such positions will not be approved. The compliance team develops, implements and monitors the procedures of the Code of Ethics. Further, all NTAM partners respect internal controls as standard adopted practices.

### **Third-party Research**

NTAM EMEA purchases external research from third-party providers, some of whom may also provide trade execution services. Such research could be underpriced in order to induce NTAM EMEA to consume other services to the potential detriment of the client. NTAM EMEA does not accept unsolicited research, and pays for third-party research from its own resources

# Potential Conflicts Specific to Engagement and Proxy Voting

In most instances, the fact that we use third-party services, through Institutional Shareholder Services (ISS) and EOS at Federated Hermes (EOS), removes potential conflicts. ISS and EOS apply our guidelines and supplemental instructions objectively.

Conflicts are most likely to occur in instances where NTAM performs stewardship activities directly with an investee company, or when we apply discretionary authority over a proxy voting issue. Conflicts may arise where NTAM or the Northern Trust Corporation has a commercial relationship with an investee company, or when engaging with or voting on companies where our staff have material holdings or personal relationships and connections. Conflicts may also occur if NTAM engages with or votes on companies that are direct competitors, or companies whose directors also sit on a Northern Trust Corporation board.

With respect to engagement activity, and as noted in [Principles 2](#) and [8](#), we have appointed EOS to engage with companies according to our global engagement policy. The Proxy Committee is enhancing its policy to improve the management of conflicts within our stewardship activities, including engagement, which will result in additional internal reporting and tracking processes.

The policies and procedures for identifying and managing conflicts of interest that may arise in the execution of our voting activities are outlined in Section 5 of the [Northern Trust Proxy Voting Policies, Procedures and Guidelines](#). In 2022, we amended Section 5 to make the processes we already follow clearer for our clients and stakeholders.

Additionally, as described in [Principles 5](#) and [8](#) and elaborated on below, we have developed various controls to identify and manage conflicts that may arise from discretionary actions taken by the Proxy Committee or through our proxy advisor, ISS.

In situations where the Proxy Committee is responsible for taking a decision on a proxy vote because the proxy voting service is unable or unwilling to provide a recommendation, the committee will need to determine whether a material conflict of interest exists.

For example, a material conflict of interest could arise when a proxy relates to the following non-exclusive types of issues:

- Securities issued by Northern Trust Corporation or its affiliates.
- Matters in which Northern Trust has a direct financial interest (such as shareholder approval of a change in mutual fund advisory fees where Northern Trust is the fund advisor).
- Instances where Northern Trust, its board members, executive officers, and/or others maintain relationships with the issuers of securities, proponents of shareholder proposals, participants in proxy contests, corporate directors or candidates for directorships.
- Instances where an attempt has been made to influence voting recommendation, whether directly or indirectly.

If the Proxy Committee determines that a material conflict of interest exists, it may resolve the conflict in a number of ways.

These ways may vary, consistent with its duty of loyalty and care, depending on the facts and circumstances of each situation and the requirements of applicable law.

They are as follows:

- Recommendation of an independent fiduciary to resolve the conflict;
- Taking the client's direction about how to vote;
- Abstaining; or
- Using a "mirror voting" arrangement (under which the committee votes shares in the same manner and proportion as some or all of the other shares that it is not responsible for voting).

The stewardship team uses watchlists and other alerts to help identify potential conflicts. It seeks guidance about how to process these from the Proxy Committee, and legal and risk support teams. For example, we maintain a watchlist of entities where our directors, officers, or key employees serve as directors. Also, to reduce the likelihood of having to use discretion when executing our voting policy, we may provide ISS with supplemental instructions to apply against lists of target

companies built on the basis of objective criteria using third-party data. Alternatively, we may ask ISS to build a target list. We provide ISS with instructions about how to vote when companies are on these watchlists.

NTAM identified a small number of conflicts during the reporting period. Specifically, four conflicts of interest arose relating to: firstly, NTAM voting in line with our third-party proxy voting service's recommendation; secondly, where the issuer was a significant vendor/distributor of NTAM products; thirdly, where a director or trustee of Northern Trust, its subsidiaries or investment products was involved; or, fourthly, where an immediate family member of such director or trustee was also serving as an officer or director of the issuer. The Proxy Committee, in consultation with our legal and risk groups, identified each as a non-material conflict and voted either in accordance with the vote recommendation received from ISS, or voted against with the approval of at least 70% of the committee's voting members. This course of action corresponds with Section 5 of our proxy voting policies, procedures, and guidelines.

## Case Study

# Resolving a Conflict

From time to time, Northern Trust receives a proxy ballot for various public securities where a director who is up for election or re-election is also a member of our board of directors.

### THE CONFLICT OF INTEREST

In 2022, one or more directors of J.M. Smucker, Illinois Tool Works, Equity Residential, Humana, Jones Lang LaSalle, Allstate, Hormel, Hub Group, Royal Caribbean and several PGIM funds were also members of Northern Trust's board of directors.

### WHY IT WAS A CONFLICT

Northern Trust, as a U.S. national bank, is required to guard against the potential for self-dealing and mitigate conflicts affecting the bank or any of its directors, officers, or employees. The same requirement applies to affiliates of the bank or any of their directors, officers, or employees, as well as individuals or organizations who have an interest that might influence the bank's exercise of its best judgment.

Self-dealing occurs when a fiduciary acts in its own best interest in a transaction, rather than in the best interest of its clients. Self-dealing in stewardship can arise if a financial advisor is responsible for recommending to a client how to execute decisions about proposals for proxy votes at an investee company's annual general meeting or extraordinary shareholders' meeting. This includes where a director at an investee company who is up for election or re-election is also an employee, an officer, or a member of Northern Trust's board of directors, or whose spouse or dependent is a director who is up for election at an investee company.

### HOW WE RESOLVED IT

The stewardship team uses watchlists and other alerts to help identify potential conflicts. Working together with our legal team we maintain a list of the outside positions of employees, officers, directors and their respective spouses and/or legal dependents. We use this list to alert us when conflicts relating to proxy votes arise.

In 2022, NTAM voted in line with our third-party proxy services' recommendations on every occasion when these conflicts occurred. We employ these proxy services to provide such recommendations on behalf of the Proxy Committee.

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**PRINCIPLE 4**

# 07 Promoting Well-Functioning Markets

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.



## Promoting Well-Functioning Markets

Systemic risks threaten to destabilize increasingly interconnected financial markets. We take seriously our responsibility to identify and navigate these risks, as doing so enhances our ability to preserve investors' capital and, ultimately, enable them to achieve their long-term financial objectives.

Last year, risks emerged on a variety of fronts. Russia invaded Ukraine, commencing a war that continues at great human and economic cost. The COVID-19 pandemic entered its third year with supply chains and work habits still deeply altered, eventually giving way to some semblance of a new normal. We experienced a host of economic headwinds, with high inflation, rising interest rates and slowing growth, leading to the rare instance of stocks and bonds falling in unison.

## Risk Management Framework

Northern Trust employs an integrated risk management framework to enable a risk-informed profile and support its business decisions and the execution of its corporate strategies.

The framework provides a methodology to identify, manage, report and govern both internal and external risks to Northern Trust, and promotes a culture of risk awareness and good conduct across the organization. Northern Trust's risk culture encompasses the general awareness, attitude and conduct of employees with respect to risk and the management of risk across all lines of defense within the organization. Northern Trust cultivates a culture of effective risk management by defining and embedding risk management accountabilities in all employee performance expectations, and provides training, development and performance rewards to reinforce this culture.

Northern Trust's risk management framework contains three inter-related elements, designed to support consistent enterprise risk identification, management and reporting: a comprehensive risk inventory, a static taxonomy of risk categories and a dynamic taxonomy of risk themes. The risk inventory is a detailed register of the risks inherently faced by Northern Trust. The risk categories and risk themes are classification systems used for classifying and managing the risk inventory and enabling different risk profile views. All identified risks inherent

# Geopolitical Events

## **Our investment teams monitor developing geopolitical events and report their observations via risk oversight forums in the regions where we operate.**

We assess risks by engaging with external industry specialists along with Northern Trust's senior management and experts. We stress-test investment strategies and conduct in-depth reviews of portfolio performance. This work feeds into the review and update of risk playbooks and other potential risk enhancements.

During 2022, we monitored closely risks created by Russia's invasion of Ukraine. Our analysis encompassed positions in individual securities, economic sanctions and an assessment of the impact on market infrastructure such as brokers and exchanges. Northern Trust Asset Management's (NTAM's) pricing and valuations committee provided oversight over security positions. We formed a geopolitical steering group to guide responses to external events, holding workshops on emerging risk scenarios. As appropriate, we have included consideration of geopolitical impacts when assessing the capital adequacy of NTAM legal entities.

in Northern Trust's business activities are cataloged into the following risk categories: credit, operational, fiduciary, compliance, liquidity, market, and strategic risk. All material risks are also dynamically cataloged into various risk themes which are defined groupings that share common characteristics, focus on business outcomes and span across risk categories.

Northern Trust implements its risk management framework through a "three lines of defense" operating model, embedding a robust risk management capability within its businesses. The model, used to communicate risk management expectations across the organization, contains three roles, each with a complementary level of risk management accountability. Within this operating model, Northern Trust's businesses are the first line of defense for protecting it against the risks inherent in its businesses and are supported by dedicated business risk management teams. The Risk Management function, the second line of defense, sets the direction for Northern Trust's risk management activities, and provides aggregate risk oversight and reporting in support of risk governance. Audit Services, the third line of defense, provides independent assurance as to the effectiveness of the integrated risk framework.

## Market Volatility and Interest Rate Risk

Investment and risk management teams monitored closely the global interest rate environment.

We updated stress testing processes as needed, in line with applicable regulatory guidance and market events. In October 2022, the UK government disclosed plans to cut taxes, spurring elevated market volatility over higher inflation and interest rates. We enhanced daily processes to monitor and respond to any impact on fund liquidity while adhering to relevant regulatory obligations.

## COVID-19

During the COVID-19 pandemic, the Northern Trust Corporation remained focused on the health and well-being of its workforce, meeting its clients' needs and supporting its communities.

As the prolonged public health crisis unfolded, Northern Trust responded by providing additional health and well-being resources to employees, including expanded virtual access to health care and well-being programs and diversity, equity, and inclusion resources. The company provided a well-being learning center with tools for working effectively in a virtual environment. Virtual focus groups allowed employees to provide feedback and build connections with colleagues. The company also provided additional paid time off for a COVID-19 diagnosis and supported all employees electing to receive the COVID-19 vaccine with additional paid time off to obtain and recover from the primary series vaccine or booster shot. In 2022, a significant portion of our workforce shifted to a hybrid work environment that includes a combination of in-office and remote work.

Global supply chain complexities and worker shortages coming out of the pandemic in 2022 left a bigger mark than expected. Our economic and investment teams analyzed risks of recession and, as global lockdowns faded, inflation and labor shortages.

# Climate Risk

**Every year, our Capital Market Assumptions (CMA) group develops long-term investment themes that take into account, among other factors, systemic market risks.**

These themes, published on our [CMA website](#), drive our long-term return expectations. We use these forward-looking investment themes and return forecasts, combined with our research on historic asset class volatility and correlations, to build our strategic asset allocation that sets the foundation for positioning our multi-asset portfolio products.

For the fourth consecutive year, climate change ranked as among our key investment themes. Scientists have connected increasing human reliance on fossil fuels over the past 100 years with higher average global temperatures and more severe weather events including drought, wildfires and flooding. To address climate change, governments and investors are encouraging companies to transition to “greener” ways of doing business, in particular by reducing their reliance on fossil fuels. We recognize that the green transition heightens investment risk over the long-term, as we expect that some companies will struggle to adjust.

Climate risk comprises both physical and transition risk. Physical risk refers to the potential impact of extreme weather events such as hurricanes and floods along with chronic longer term risks related to the rising global temperature and sea levels. Transition risk refers to the transition to a low-carbon economy to slow global temperature rise, which may entail extensive policy, regulatory, legal, technology and market changes. These changes can affect operations, supply chains, distribution networks, customers and markets.

Northern Trust Corporation’s director of climate risk oversees a dedicated climate and sustainability risk unit that monitors the increasing impact of climate change on operations, credit conditions and regulations globally. The climate and sustainability risk unit continually evolves the corporation’s risk management framework to ensure Northern Trust meets stakeholders’ expectations around climate change, including commitments to external agencies.

During 2022, NTAM enhanced processes for ESG risk oversight of UCITS fund products, including monitoring ESG scoring of products versus benchmarks and ESG exclusions versus investment obligations. These initiatives strengthened our ability to respond to systemic risk in our investment activities, in particular when combined with our risk management framework.

Given the systemic nature of climate risk, we believe that the combined voice of investors who control trillions of dollars in assets will apply greater pressure to company management and boards than investors acting individually. In line with this belief, in 2022 we joined the new Institutional Investors Group on Climate Change (IIGCC). The IIGCC's Net Zero Investment Framework enhances our climate-related engagements, holding companies accountable to:

- Set credible net zero (carbon emissions less any offsets to emissions) commitments, including emissions-reduction targets over the short-, medium- and long-term.
- Disclose credible strategies, supported by capital expenditure plans, on how they will reach those targets.
- Report in detail on direct emissions and indirect emissions related to the companies' supply chains and operations, enabling investors to track progress against emissions targets.

Further, we are a founding member of the One Planet Initiative, which aims to advance the understanding of climate-related risks and opportunities and, through the sharing of investment practices, find ways to best integrate those risks and opportunities into the investment process for long-term portfolios. We actively engage with standard setters and regulators, asset owners and the broader investment management industry to accelerate the integration of climate change analysis into the management of large, long-term and diversified funds.

We also are founding members of Climate Action 100+, which represents \$68 trillion in assets of investment firms who engage with the largest publicly held corporate emitters of climate-damaging greenhouse gases. Investors encourage these companies to align their governance, business strategies, risk management and public reporting with best practices to manage the transition to a lower carbon world. We have co-led four engagement campaigns and supported over a

dozen more. When engaging with companies' boards on climate-related matters, Climate Action 100+ encourages companies to adopt climate-related reporting that aligns with the framework recommended by the Task Force on Climate-related Financial Disclosures, using metrics that meet Sustainability Accounting Standards Board Standards.

More broadly, we participate in a range of industry initiatives that contribute to reducing systemic risks linked to sustainability. This includes our membership in the International Sustainability Standards Board's Investor Advisory Group, which promotes more complete corporate disclosure of material sustainable business practice.

For example in 2022 we submitted a comment letter relating to the U.S. Securities and Exchange Commission's proposed new and amended rules and forms, as set forth in Release Nos. 33-11042 and 34-94478, concerning climate-related disclosures for investors. In our letter we supported the Commission's key proponents, including

that publicly traded companies should be required to disclose information about their Scopes 1, 2 and, if material, Scope 3 greenhouse gas (GHG) emissions and provide narrative disclosure consistent with the Task Force on Climate-related Financial Disclosures (TCFD). While we were generally supportive of the proposed rule, we also recommended certain modifications to better support the practicalities of implementation and alleviate some of the disclosure burden reflective of the known data and methodological challenges especially acute with Scope 3 GHG emissions.

We also provided a comment letter on the International Sustainability Standards Board (ISSB) Exposure Drafts — IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. We were strongly supportive of ISSB's proposals on the two exposure drafts and applauded the staff at the ISSB for the hard work and leadership they have shown to establish a common international language on sustainability disclosures. We also provided suggestions for the ISSB to consider supporting wider global adoption of the standards.

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# 08

## PRINCIPLE 5

# Review and Assurance

Signatories review their policies, assure their processes and assess the effectiveness of their activities.



## Review of Policies

Each year, we conduct a robust policy review to consider additions, revisions and updates to our proxy voting and engagement policies, procedures and guidelines.

This review includes our policies on important matters such as the composition and independence of boards of directors, and emerging environmental, social and governance (ESG) issues. Our Proxy Committee, with input from the Sustainable Investment Council, also reviews how we oversee implementation of our stewardship objectives.

At the beginning of the annual process, the stewardship team performs a review of emerging issues and trends across a range of ESG topics. Then we draft summary recommendations and circulate them to the members of the Proxy Committee for review and discussion. Agreed-upon changes are incorporated into the guidelines and sent to the Proxy Committee once more for final approval.

During the 2022 policy review period, we looked at a number of policy issues related to board structure and composition, shareholder rights and ESG matters. The Proxy Committee approved changes to our policies and procedures for managing conflicts of interest and share recall for funds engaged in securities lending. The committee also adopted updated gender thresholds for the implementation of our guidelines supporting board diversity.

## Assurance: Checks and Balances

We integrate risk management competencies into all decision-making through a risk management framework with clearly defined ownership, responsibility and accountability across three lines of defense. **The three-lines-of-defense model includes risk-taking, oversight and assurance.**

For stewardship, our Proxy Committee is the first line of defense. It is responsible for identifying, measuring, monitoring and controlling the risks associated with our stewardship activities. Our stewardship team works closely with the compliance division to identify and assess key processes, risks and controls through a risk control self-assessment program.

The second line of defense is risk management and compliance, which provides risk oversight and reporting in support of risk governance. The team has included ESG risks, such as climate risk, in the our risk inventory and continually assesses them. A number of risk-management employees have earned CFA Institute certificates in ESG investing, enhancing their technical knowledge.

Our third line of defense is internal audit, which independently assures the effectiveness of our operating model. What's more, it evaluates the adequacy of the policies, procedures, and processes established by the other lines of defense, as well as our compliance with them.

# Fair, Balanced and Understandable Reporting

**We have adopted the CFA Institute’s Global Investment Performance Standards, which guide how we communicate investment performance results and risk statistics to investors.**

We convey information to clients and prospective clients, including institutions and high-net-worth individuals, through strategy and fund fact sheets, websites, blogs, webinars and conferences. We publish audited fund annual reports that detail holdings, transactions and valuations. Clients also receive periodic statements reporting their specific performance results, portfolio characteristics and risk statistics.

Related to our stewardship activities, we provide reports on proxy voting activities in line with clients’ needs. Additionally, we report on other aspects of stewardship such as engagements with company management. We provide full disclosure of voting records and quarterly reports of stewardship activity.

Beyond these activities, our commitments encompass alignment and compliance with all relevant regulations and applicable market codes, including but not limited to the U.K. Stewardship Code 2020; the revised EU Shareholder Rights Directive (2017); the Dutch Stewardship Code and other relevant EU member state codes; the UN-supported Principles for Responsible Investment; and the Aotearoa New Zealand Stewardship Code.

To deliver a final level of expert third-party assurance, we engage the services of an external auditor to issue a system and organization control report (SOC 1), which includes an evaluation of our outside proxy voting service Institutional Shareholder Services (ISS). The auditor focuses on reviewing meetings where ISS may have a financial conflict of interest. The auditor also examines how the proxy committee has acted on the issues where ISS is not authorized to represent us, or where the Proxy Committee has made an exception to our proxy voting policies, procedures, and guidelines. There were no exceptions identified in the testing of the related controls in 2022.

We expect to extend the SOC 1 external independent assurance to engagement activities performed by our outside engagement partner EOS at Federated Hermes (EOS), depending on its maturity and suitability for audit, noting that many engagements are inherently qualitative in nature. (For more details regarding our monitoring and oversight of ISS and EOS please refer to [Principle 8.](#))

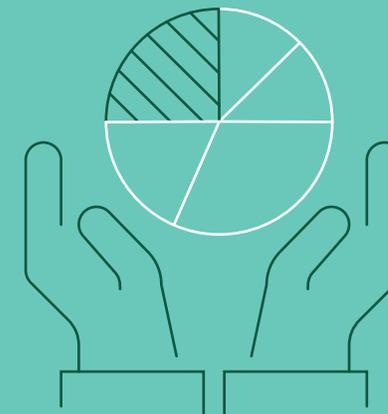
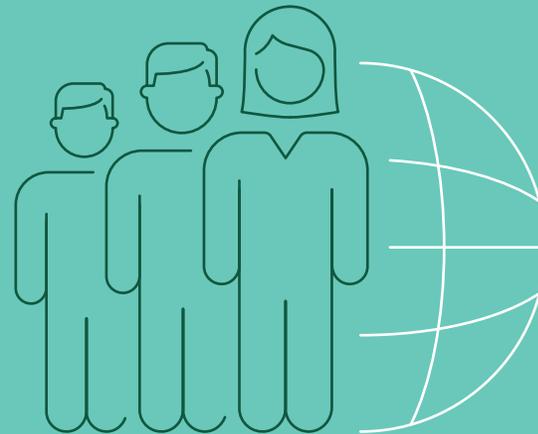
This operating model provides assurance to all governing bodies that processes are designed and operating effectively. It also ensures day-to-day checks and balances on decision making.

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## PRINCIPLE 6

# 09 Client and Beneficiary Needs

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investments to them.



# Understanding Our Clients' Needs

By regularly gathering client feedback on our stewardship activities and outcomes, we gain an invaluable view into the issues that are top-of-mind with the investors we serve.

Of 2,085 sales meetings in the U.K., Netherlands, Middle East and Nordics

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**close to 36%**  
included discussions about ESG and responsible investing and stewardship capabilities.

By regularly gathering client feedback on our stewardship activities and outcomes, we gain an invaluable view into the issues that are top-of-mind with the investors we serve. Our stewardship, client relationship and sales teams meet regularly with clients. Due to the sophisticated nature of our client base and the high priority placed on environmental, social and governance (ESG) issues and active ownership, valuable feedback is provided in these meetings that enables us to understand the needs of our clients and inform our stewardship priorities. We view direct interactions between our stewardship team and clients as one of the most effective ways of gathering feedback and communicating the activities and outcomes of our stewardship program. We believe the in-person dialogue deepens the relationship and reduces the risk of misinterpretation of information that can sometimes occur through indirect communication.

In 2022, of 2,085 sales calls and meetings with clients or prospects in the U.K., Netherlands, Middle East and Nordics, close to 36% included discussions about ESG, responsible investing and stewardship capabilities.

We also monitor client concerns raised in requests for proposal and due diligence questionnaires, seeking to identify trends. As a result of this, we initiated a project with our internal reporting teams and external service providers, Institutional Shareholder Services and EOS at Federated Hermes (EOS), to align our reporting parameters with the requirements laid out by the Pensions and Lifetime Savings Association and Investment Consultants Sustainability Working Group.

Additionally, the Proxy Committee and Sustainable Investment Council (SIC) integrate client feedback into their decisions by including members with client-facing roles to represent clients' views when we set or implement policies.

It is also important to note: Most of our clients, which predominantly are in North America, include pension providers, intermediaries and not-for-profit organizations with very long-term investment horizons. Consequently, we generally assume a long-term investment horizon of over a decade as a minimum for the majority of our investment strategies.

# Developing and Enhancing Sustainable Investing Products

As we identify opportunities to enhance our current strategies and develop new ESG products and solutions, we consult with our ESG and portfolio construction experts, as well as with our clients.

Key to this process is the SIC's regular review and confirmation of the ESG screening methodologies used in our pooled vehicles. Should our team contemplate a potential change to the methodology, its proactive engagement with clients currently invested in a strategy provides important insight that is essential to our evaluation. Should we ultimately decide to change the methodology, we notify clients of those changes.

## Case Study

# Client Need for Investment Strategy Including Natural Capital

### THE CHALLENGE

Prudent management of natural capital, or natural assets such as water and land, and biodiversity play a key role in achieving the goals of the Paris Agreement. Clients voiced the need for climate-related investment opportunities that also addressed the importance of natural capital and biodiversity.

### WHAT WE DID

In the fourth quarter of 2022, we launched the World Natural Capital PAB Index II Strategy. The strategy integrates evaluations of companies' policies on the use and treatment of natural resources along with their policies regarding climate change.

### THE OUTCOME

Clients now can invest in an enhanced net zero solution that combines the evaluation of companies on climate and natural capital criteria.

## Aligning Stewardship with Client Priorities and Values

We have enhanced our proxy voting guidelines and engagement practices by leveraging insights gained from client interactions to identify key trends on social and environmental issues.

In recent years, we have widened our engagement influence through collaborative organizations such as Climate Action 100+, an investor-led initiative, to influence the world's largest corporate greenhouse gas emitters to cut emissions. We have also extended our engagement coverage by contracting with outside firm EOS to represent us in a wider range of discussions across industries.

## Stewardship Client Reporting

We seek to offer our clients transparency about our activities, and we continuously work to improve and enhance reporting on stewardship matters.

**Quarterly and/or annually, we publicly disclose:**

- A list of engagements with companies detailing ESG themes.
- A geographical and sector breakdown of engagement.
- Statistics on the progress of historic engagements by year.
- Case studies of regional engagement and proxy voting.
- This annual report on our stewardship activities, including company-specific case studies.

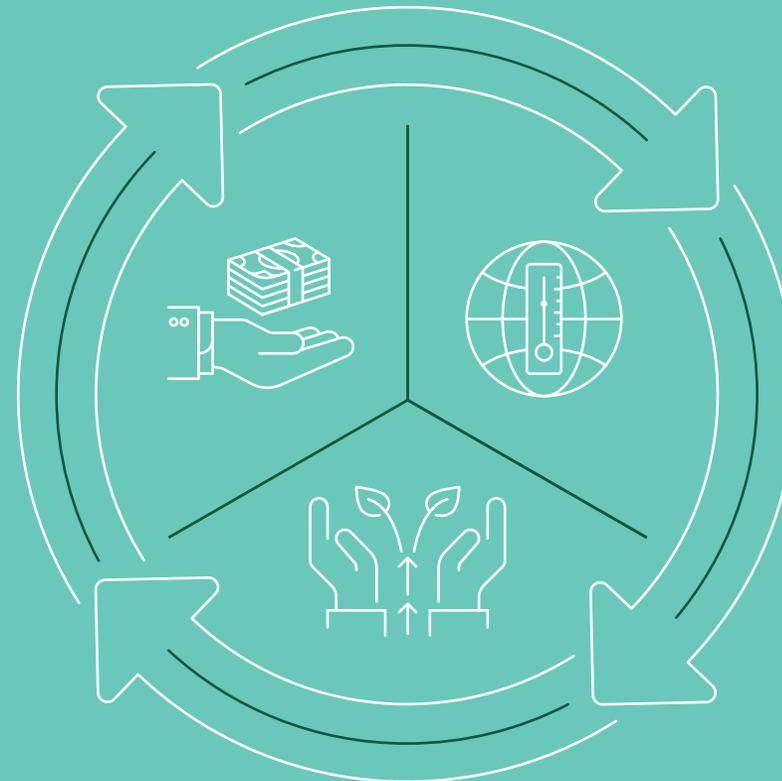
To enhance our reporting, in 2022 we added Pensions and Lifetime Savings Association and Investment Consultants Sustainability Working Group reporting templates to quarterly client reporting.

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## PRINCIPLE 7

# 10 Stewardship, Investment and ESG Integration

Signatories systematically integrate stewardship and investment, including material ESG issues, and climate change, to fulfill their responsibilities.



# Sustainable Investing Approach

We employ a rigorous analytical investment approach, leveraging quantitative and fundamental research and expertise to uncover financially relevant information that can impact a company's performance.

To implement this approach, our sustainability and stewardship specialists work in tandem with investment management teams to identify investment and engagement opportunities. Our investment solutions purposefully employ a robust four-step investment approach: analyze, measure, monitor and engage.

## Four-Step Investment Approach

### 1. Analyze

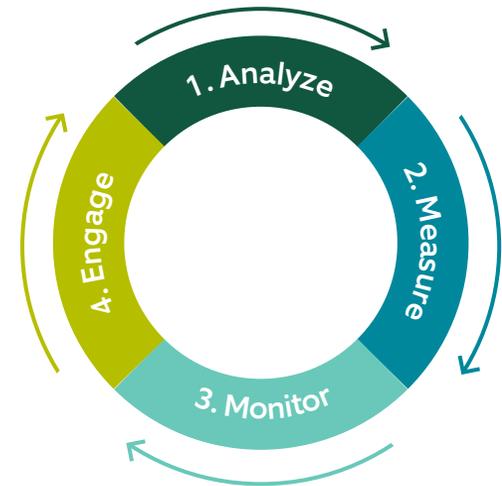
We seek out relevant environmental, social and governance (ESG) topics and issues — those that are financially material and industry specific — that can shape short- and long-term results. We develop proprietary frameworks of measurable ESG targets by leveraging a mix of leading industry-standard frameworks, such as Sustainability Accounting Standards Board (SASB) Standards and the Task Force on Climate-related Financial Disclosures (TCFD), and our more than 30 years of practical ESG portfolio building experience.

### 2. Measure

We believe the companies that put sustainability at the core of their business — those with a strong strategic vision and a deep understanding of the inter-connectivity between people, planet and profit — are likely to reap long-term rewards. We use all the tools at our disposal — external best-in-class ESG data sets, our proprietary research and analytics, custom exclusionary screens, and decades of experience — to select the key performance indicators to measure how well publicly traded companies are performing on the ESG topics and issues we deem business-relevant and financially material.

### 3. Monitor

We continuously assess the sustainability performance of the securities we select for our ESG portfolios. From industry-specific frameworks to our proprietary ESG Vector Score and custom exclusionary criteria, we develop a comprehensive view that helps us separate the leaders from the laggards and flag the companies that require additional research or targeted engagement.



### 4. Engage

Stewardship is an integral part of our investment process, rooted in our firmly held belief that it is our duty to regularly engage with the companies in our portfolios. That's why we identify long-term risks that have the potential to pose challenges to shareholder value, and we engage on issues of substance — those that can affect business on many levels. This active ownership approach applies to all companies we invest in — whether the investment strategy is actively managed or indexed. Our disciplined proxy voting policy and multi-cycle engagement program encourages the companies in which we invest to pursue and disclose sustainable business practices that we believe will lead to long-term value.

# Collaborating with Investment Research

In 2022, we combined our fundamental equity and fixed income research teams to form a new Capital Structure Team. By employing this more holistic approach to investing and ESG management across equities and bonds, we believe the restructuring will enhance the volume and quality of engagements with companies.

The sustainable investing and stewardship team regularly collaborates with Northern Trust Asset Management's investment research teams. Our fundamental research team provides sector and company insights to help assess the financial impact of a company's ESG risks, which helps the stewardship team prioritize companies to engage with and topics to discuss. As thought leaders, the research teams participate in SASB Standards advisory groups that cover various topics, including social media content management, human capital management,

and extractives and mineral processing. SASB Standards are industry-specific sustainability disclosure standards focused on financial materiality. The teams collaborate on client-focused research and thought leadership.

Lastly, a multi-disciplinary team of quantitative research analysts, product developers, strategists and portfolio managers supports the ongoing development of our proprietary ESG assessment framework, the Northern Trust ESG Vector Score™.

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**Our fundamental research team provides sector and company insights to help assess the financial impact of a company's ESG risks, which helps the stewardship team prioritize companies to engage with and topics to discuss.**

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# The Proprietary ESG Vector Score

The Northern Trust ESG Vector Score™ focuses on the magnitude and direction of key ESG-related business issues likely to have a financial impact on companies, and hence a portfolio's performance.

It provides a consistent, transparent methodology to gain greater clarity when building and managing sustainable portfolios. Additionally, it acts as a valuable indicator of corporate management of sustainability risks and can play an important role in stewardship activities by drawing attention to financially material issues to engage and track progress on with companies.

As the demand for ESG-driven investing has accelerated, so too has the number of data providers and varying ESG methodologies. This growing challenge has created the need for a more transparent and disciplined framework that helps reduce the confusion and subjectivity that exists today. Such a framework should draw upon the guidance from leading industry groups, which have paved the way in establishing more consistent standards and recommendations.

## ESG Vector Score Benefits

**Enables more purposeful and transparent integration of ESG considerations into investment processes**, addressing the need for a consistent way to measure and report on ESG investments.

**Provides a consistent, transparent methodology to gain clarity when building and managing sustainable portfolios**, by focusing on the magnitude and direction of key ESG-related business issues likely to have a financial impact on companies.

**Offers more precision in identifying ESG-related business risks that could impact portfolio performance**, whether constructing portfolios using best-in-class security selection or exclusionary techniques.

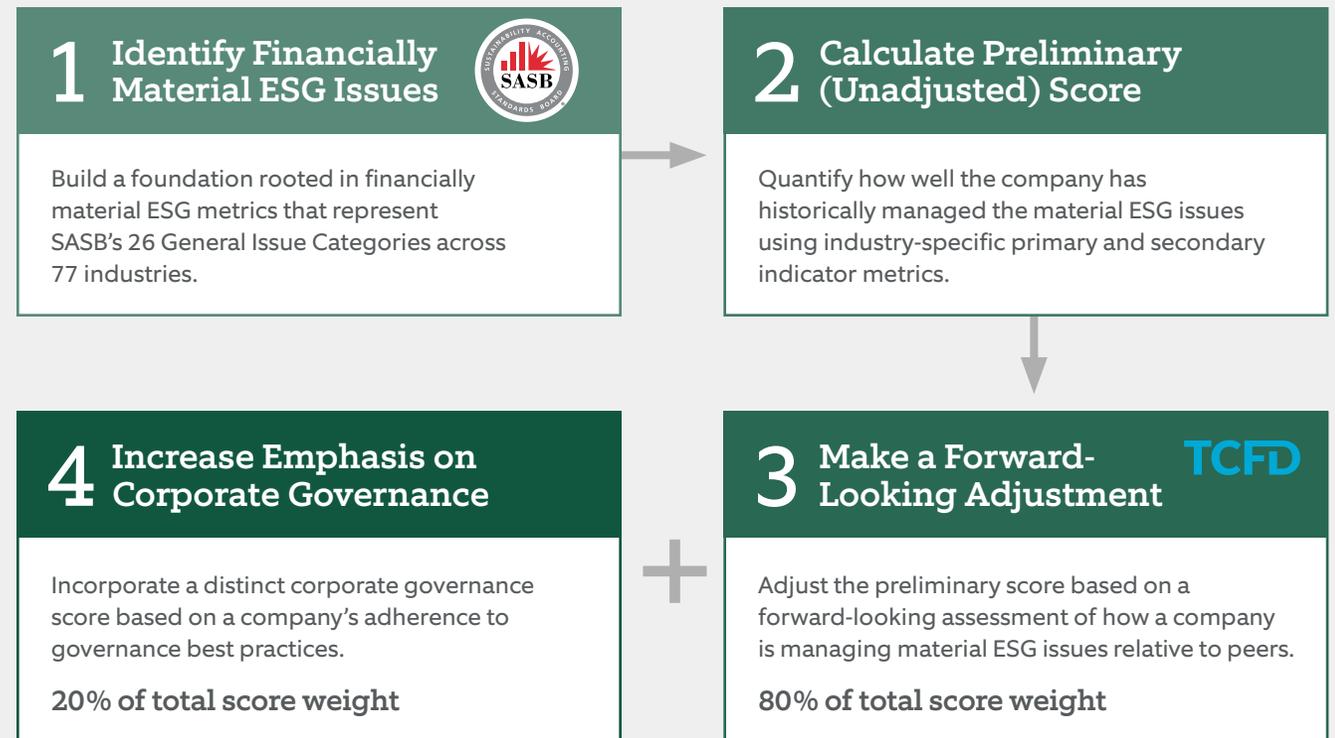
**Assists in prioritizing corporate engagements, further aligning sustainable investments and stewardship** — leading to more deliberate engagements and the ability to track progress over time with a consistent metric.

Our industry-first approach marries two leading sustainability disclosure standards and frameworks — the SASB Standards, which are industry-specific sustainability disclosure standards focused on financial materiality, and the thematic structure of the Task Force on Climate-related Financial Disclosures recommendations. The design enables more purposeful and transparent integration of ESG considerations into investment processes, addressing the need for a consistent way to measure and report on ESG investments.

The ESG Vector Score forms the core of several investment products. In 2021, we launched eight exchange-traded funds (ETFs) that use the score to help select equities, investment-grade bonds and high yield bonds. In 2022, we launched a new ESG ETF focused on climate with exposure to emerging markets: the FlexShares ESG & Climate Emerging Markets Core Index Fund. This fund utilizes the ESG Vector Score as well as a carbon risk rating in an effort to hedge ESG-related risks and capitalize on sustainable opportunities. This combination creates a transparent and consistent approach to ESG measurement, which is particularly important when identifying opportunities in emerging markets. Furthermore, in the U.S., the ESG Vector Score and additional ESG-related exclusionary criteria support equity index strategies to provide exposure to companies with sustainable business practices in diversified portfolios.

Similarly, in Europe, we designed a series of investment products that combine our quantitative factor-based equity investment process, exclusionary criteria and the ESG Vector Score. The products have a better aggregate ESG Vector Score than their benchmarks.

## ESG Vector Score Process



Source: Northern Trust Asset Management

# Training and Education to Deepen ESG Integration

In 2022, the sustainable investing and stewardship team led numerous training sessions for investment professionals, executive leadership, clients and employees to enhance their understanding of ESG generally, as well as our sustainable investing business and sound investment practices more specifically.

These included training or educational sessions on:

- The ESG Vector Score for the equity research, institutional sales and intermediary sales teams.
- ESG product launches and systemic climate risk for sales teams.
- Stewardship in action — promoting positive change through engagement and voting.
- Sustainable investment philosophy and ESG integration for new employees, on a quarterly basis.
- ESG-related strategy, policies, emerging regulations and market insights for our fund boards.
- Progress on our integration of sustainable principles into our investment process to the Northern Sustainability, Inclusion and Social Impact Council and Northern Trust board of directors.
- Principles for Responsible Investing (PRI) reporting updates to clients, consultants and stakeholders globally.
- Our sustainable investing philosophy, business and trends for our internal regional sustainable investing working groups in North America and APAC.

## Improving the Integration of Stewardship, Sustainability and Investing

In 2022, the stewardship specialists and the investment team progressed on developing a process for seamlessly linking our stewardship engagements and our investment decisions.

As a guide for this effort, we are using the UN PRI Active Ownership 2.0 objectives, which encourage investors to shape sustainability outcomes through effective stewardship activities.

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## PRINCIPLE 8

# 11 Monitoring Managers and Service Providers

Signatories monitor and hold to account managers and/or service providers.



# Monitoring Managers and Service Providers

## We efficiently enhance our ability to serve our clients' needs by hiring services to augment our stewardship engagement and proxy voting.

To ensure we exercise a duty of care to our clients, we systematically review our service providers' actions and respond with feedback and remediation measures when they have not met our expectations.

As we discussed in [Principle 5](#), we use a variety of independent assurance tools to review compliance with our policies and instructions by our vendors. We use these assurance tools to oversee Institutional Shareholder Services (ISS), which provides recommendations to us on shareholder votes in accordance with our voting guidelines. ISS does not have discretion in making these recommendations. If our guidelines are not clear, ISS should consult with the Proxy Committee for clarification. The stewardship team performs weekly audits of ISS's votes to assess compliance with our guidelines.

Each year, the Proxy Committee reviews ISS's capacity and competency in analyzing proxy issues, the adequacy of its staffing, and the robustness of its policies and procedures that enable its staff to make accurate proxy voting recommendations on our behalf.

Additionally, we review ISS's ability on an ongoing basis to identify and address real or potential conflicts of interests and determine whether those conflicts may have influenced their voting recommendations. We review annual shareholder meetings of companies in which ISS discloses it has a relationship, to ensure their voting recommendations at the meetings are in accordance with our guidelines. In 2022, we performed assurance tests and did not identify any issues.

We usually review voting recommendations in advance of the shareholder voting deadline, in time to correct our votes. When we identify mistakes, we immediately communicate our findings to ISS. We request a root-cause analysis to understand the likelihood of reoccurrence and to fix any issues that could lead to systemic errors.

As discussed in [Principle 2](#), we also have appointed EOS at Federated Hermes (EOS) to engage with companies according to our stewardship engagement policies and priorities. EOS performs these engagements on behalf of the majority of our pooled funds, some Asia-Pacific funds and

separately managed accounts. Our Sustainable Investment Council and the Product Governance Committee oversee EOS engagements on at least an annual basis.

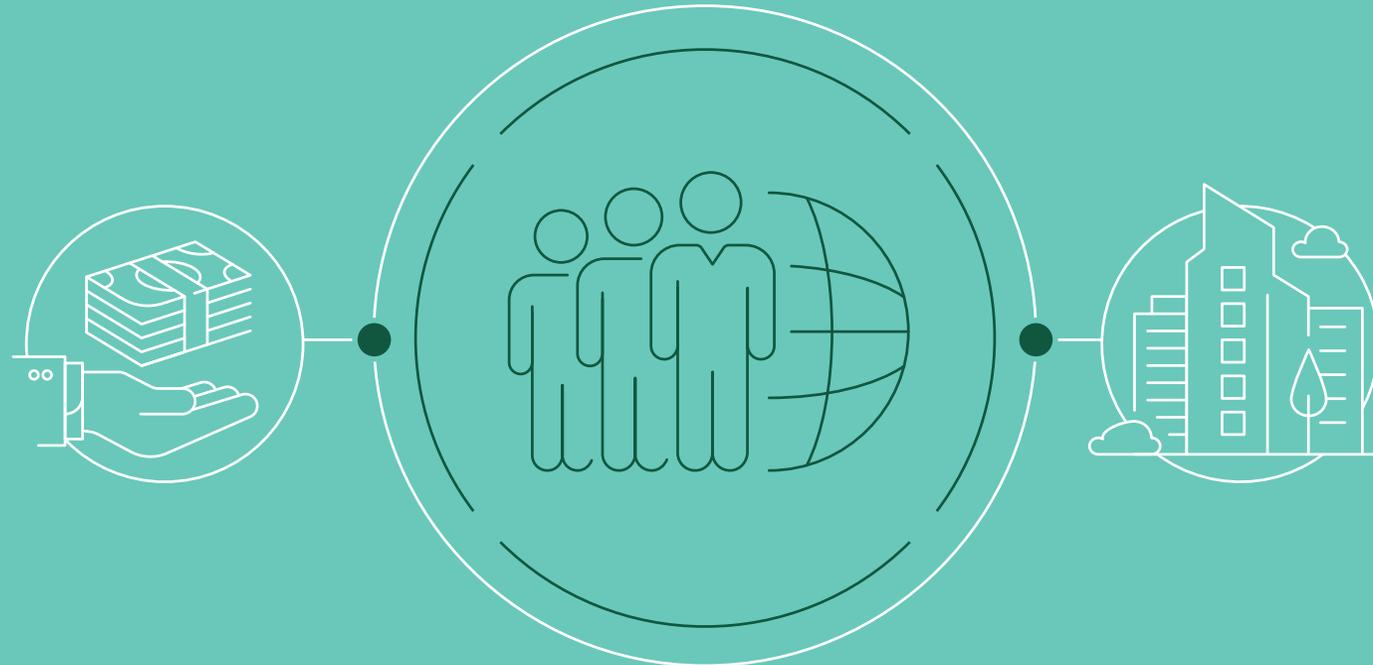
In addition, we use data providers to assist our ongoing environmental, social and governance (ESG) integration across asset classes and investment strategies. The data providers, listed in [Principle 2](#), assist with portfolio construction and research, and aid reporting to stakeholders. Prior to onboarding data providers, we evaluate their methodology and expected outputs to ensure the data aligns with our needs. In conjunction with our model risk management team, we validate the provider's methodology. After onboarding, we monitor any methodology changes and consult with the data providers as needed.

In 2021, we initiated a project to store ESG data from all data providers into cloud storage. In 2022, we completed this with a number of vendors, and we expect to finish the project in the second quarter of 2023. With ESG data in a centralized location, we can validate data quality before storing it in the cloud, which makes it available for use throughout the business.

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# 12 PRINCIPLE 9 Engagement

Signatories engage with issuers to maintain or enhance the value of assets.



# Our Approach to Engagement

Serving as an investment steward for \$1 trillion of client assets is a privilege, and we appreciate the significant responsibility that comes with it.

As global investors, we have the power to identify opportunities for positive change. One way we do this is to encourage companies through dialogue to commit to practices that improve the environment, society and corporate governance, as we believe sustainable practices are key for long-term business success.

To influence companies to adopt more sustainable practices, we purposely prioritize engagements. That is, we identify the activities that pose the greatest threats or opportunities related to sustainability and focus on where we can make the greatest difference.

We identify these priorities through:

## Key themes

These are the themes that have the most impact on society, the planet, and the robustness and transparency of financial markets — including the environment, and health and fair treatment of people. As a guide, we use the United Nations' 17 Sustainable Development Goals to improve health and education, reduce inequality, and spur economic growth.

## Internal alignment

We prioritize issues aligned with our internal investment practices, beliefs and goals.

## Client priorities

Some of our most effective stewardship outcomes begin with our clients. We listen to what our institutional investor clients judge as important, and align our efforts with their priorities and organizational values.

## Region

Some topics and issues are more pressing within specific geographies. That means priorities may differ by region. For example, diversity, equity and inclusion is a higher priority in the U.S. while in Europe we focus engagements more on climate change.

## Probability of success

We concentrate our efforts on the goals where we are most likely to be successful, using realistic and time-bound objectives.

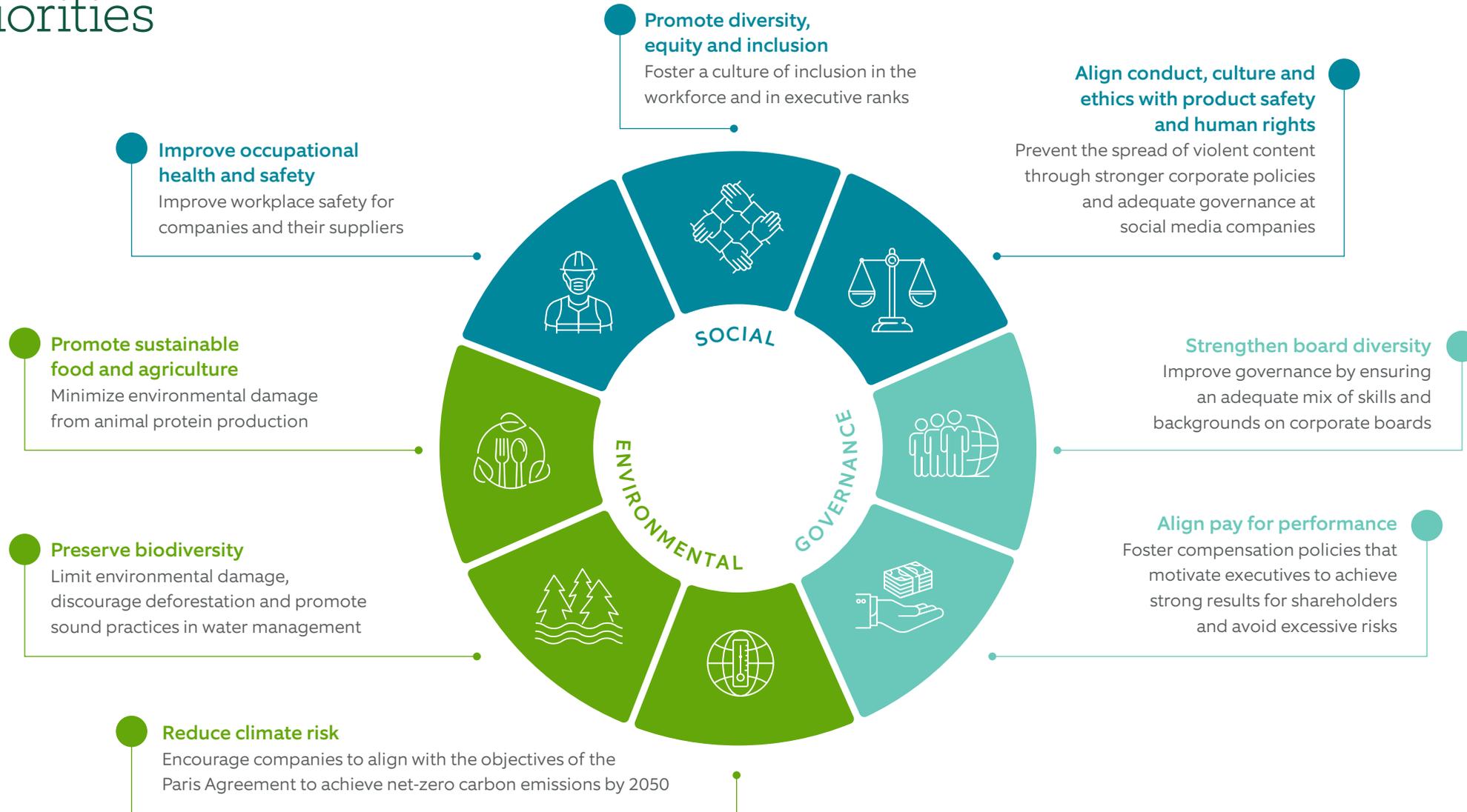
We have identified more than 30 themes that may impact a company's long-term value. We focus our efforts on the key themes/issues where we believe we have the highest probability of achieving results/desired results.

When choosing which engagements to pursue, we consider our key factors:

- Companies representing significant assets under management across our investment portfolios.
- Companies with the most egregious corporate governance issues.
- Companies with relatively high environmental, social and governance (ESG) risks.
- Management's willingness to engage with us.

Further, we use the Northern Trust ESG Vector Score™, described in [Principle 7](#), to help prioritize engagements.

# 2022 Engagement Priorities



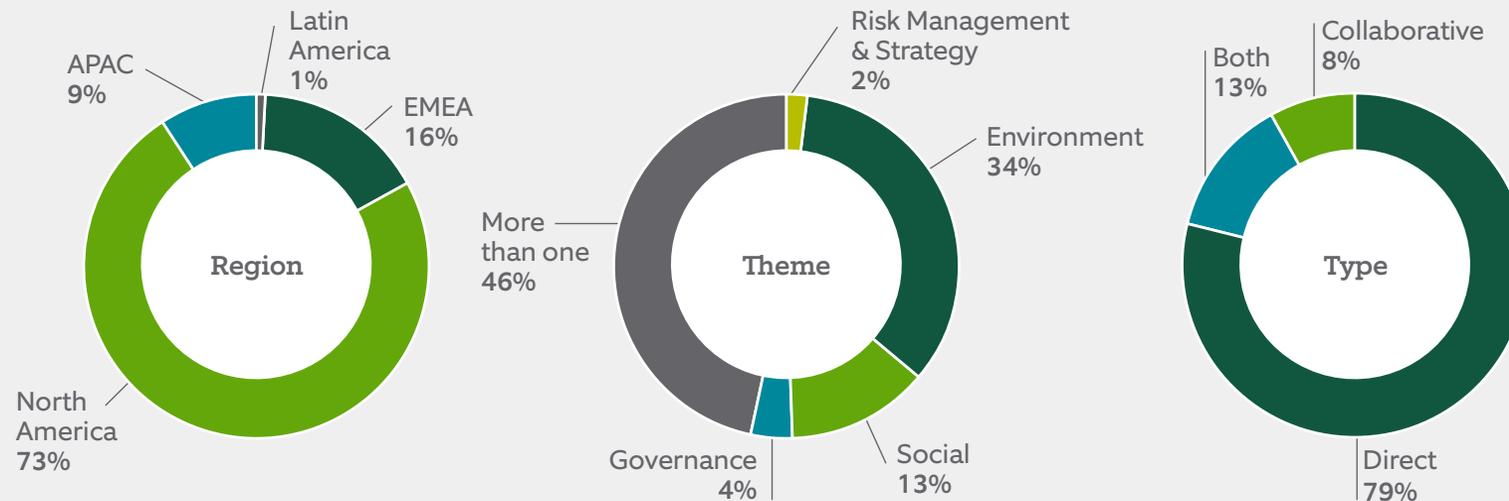
# Engagement Across Asset Classes and Geographies

As a manager of equities and corporate bonds, we engage on behalf of investors in both asset classes. As our clients are predominantly long-term investors, we believe many are equally interested in fostering sustainable business practices in both asset classes.

In the U.S., we owned both corporate bonds and equities in 71% of the companies with which we engaged in 2022. In Europe, that ownership overlap was 78%. Consequently, when we engage, we do so simultaneously on behalf of equity and bond holders. In the coming years, we plan to expand our fixed income engagements to include government bond issuers (sovereigns).

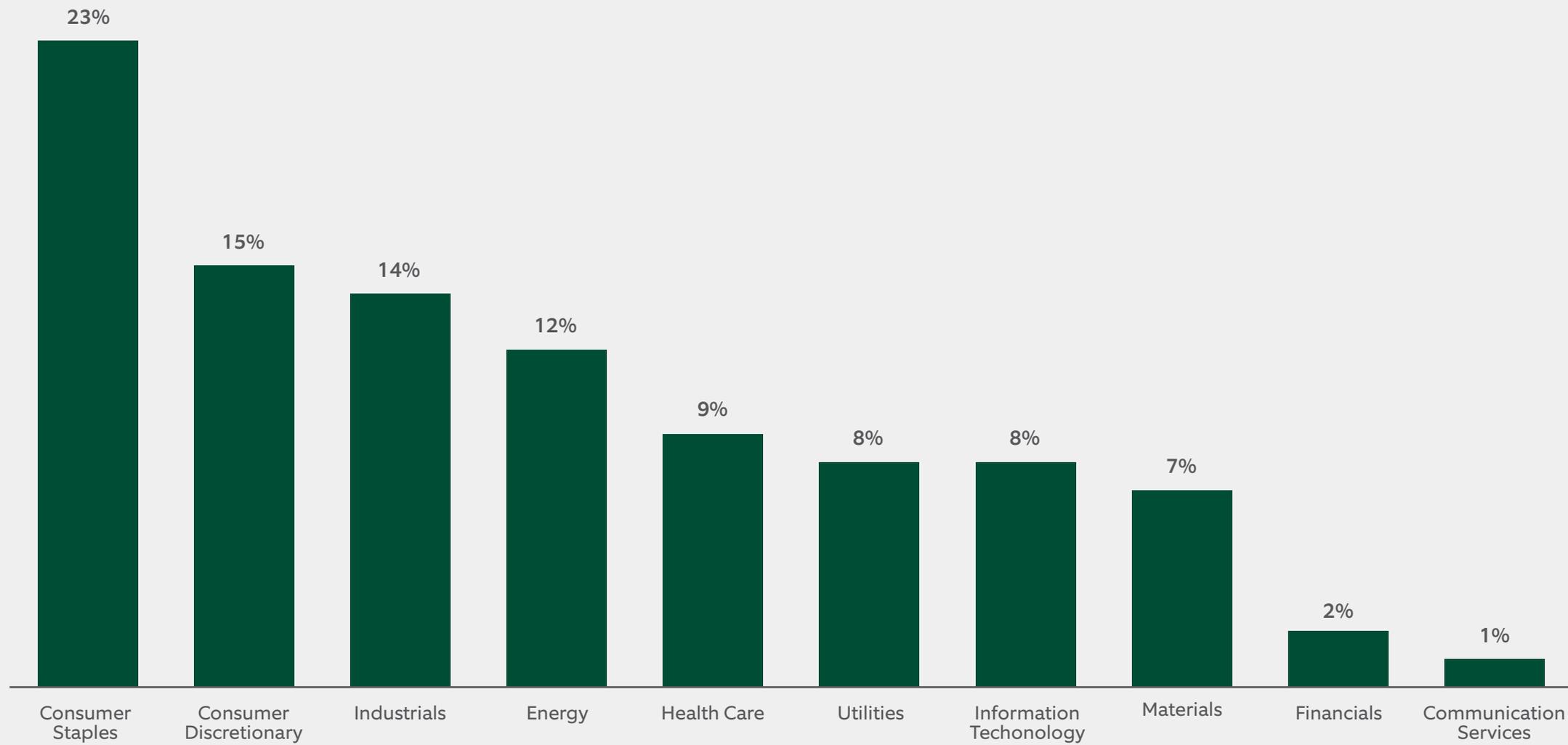
As we are a global asset manager, we use our voting rights uniformly across regions. However, we prioritize our engagement activities where we can make the biggest difference, in particular the U.S. and Europe where we manage most of our assets. Our external engagement partner, EOS at Federated Hermes (EOS), helps to extend our engagement in other regions such as Asia and Latin America. In 2022, we expanded our resources in Asia to begin conducting more direct engagements in emerging markets including China, India and South Korea. We also became collaborators in several new Climate Action 100+ (CA100+) engagements in India and South Korea.

## 2022 Northern Trust Asset Management Engagements



Source: Northern Trust Asset Management. Base numbers are collected from the number of engagements we tracked in CodeRed that were direct engagements Northern Trust performed directly or in collaboration with other investors on both objectives and issues. An engagement may refer to a meeting with a company on a specific date. Individual engagements may have covered one or more themes per engagement. NTAM had 89 direct engagements in 2022.

## 2022 NTAM Engagements by Sector



Source: Northern Trust Asset Management. NTAM had 89 direct engagements in 2022.

# Methods of Engagement

With the aim of maximizing our influence on key priorities, we engage through a variety of mechanisms and partnerships.

In collaborative engagements (see [Principle 10](#)), we partner with other investors with similar views on sustainability. We approach companies backed by the weight of the group's combined assets, magnifying our ability to influence companies' behavior. This is exemplified by our involvement in initiatives like CA100+, Farm Animal Investment Risk and Return, Institutional Investors Group on Climate Change and Global Real Estate Sustainability Benchmark.

See [Appendix 3](#) for a list of companies with which we engaged in 2022.



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**We approach companies backed by the weight of the group's combined assets, magnifying our ability to influence companies' behavior.**

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# Augmenting Our Resources with EOS

To maximize our reach, analytical abilities and influence, we strategically leverage outside resources.

One of those resources is EOS, the stewardship services provider. We leverage EOS's scale and expertise to engage with thousands of companies annually across hundreds of markets, to address the issues important to our clients in certain regions in line with our priorities. European and, increasingly, Australian clients have shown the most interest in this level of engagement, which is why our contract with EOS represents funds in those regions. While EOS performs these engagements independently, from time to time we collaborate with it to emphasize to companies the importance a particular issue.

## 2022 EOS Engagements



Source: EOS. Engagements with progress mean EOS achieved milestones 2, 3 or 4 with companies. See [Principle 11](#) for an explanation of milestones. EOS made a total of 3,859 engagements on issues and objectives in 2022 on behalf of NTAM. There were 769 engagements on objectives with progress.

## REDUCE CLIMATE RISK

### Case Study

# ExxonMobil

## New Climate Disclosures, Spending Commitment to Reduce Emissions

### THE CHALLENGE

At the beginning of 2022, ExxonMobil committed to net zero emissions but did not provide sufficient disclosure on its strategy to reach that objective.

### WHAT WE DID

We engaged with ExxonMobil ahead of its 2022 annual general meeting, asking for better disclosure of its net zero strategy and capital spending plan to support it. We requested disclosures related to certain net zero progress indicators.

### THE OUTCOME

ExxonMobil introduced disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures. The company also committed \$17 billion in capital spending by 2027 to reduce emissions.

### Case Study

# American Airlines

## Capital Spending to Reduce Emissions

### THE CHALLENGE

American Airlines committed to net zero emissions but did not provide sufficient disclosure on its strategy to reach that objective.

### WHAT WE DID

We asked the company for more details on its strategy, and the company responded that it can only control a portion of its emissions, namely through flight operations and airplane purchases. The remaining measures require collaboration with aviation fuel producers, peers and government. We asked the company to commit to allocating capital to curbing emissions.

### THE OUTCOME

American Airlines said that it is committing capital spending to reduce emissions. The company aims to disclose that commitment in its 2022 ESG Report, yet to be released.

## PRESERVE BIODIVERSITY

### Case Study

# SSR Mining

## Improved Water Consumption Disclosures

### THE CHALLENGE

SSR Mining's water use has increased significantly over the last few years, but it did not provide sufficient disclosures about its water consumption as required by the Sustainability Accounting Standards Board.

### WHAT WE DID

We voiced our concerns about disclosures to SSR Mining's management. The company described its three pillars of water risk management: external disclosure, operational excellence and community stability. The company needs to use large quantities of water and recognized that water resources have become increasingly constrained.

### THE OUTCOME

The company has developed a water stewardship strategy and is providing disclosure in line with the disclosure standards set by CDP, an advocate group for environmental disclosures. We will continue to engage with SSR Mining to request more detailed disclosure.

### Case Study

# Hawaiian Electric Industries

## A Challenge to Reduce Water Use

### THE CHALLENGE

Energy provider Hawaiian Electric Industries' water intensity, or amount of water used per unit of production, far exceeds the industry norm. Although it recognizes the risks posed by water scarcity, it does not have any reduction targets.

### WHAT WE DID

We asked the company to set targets for reducing water consumption, with deadlines for achieving them.

### THE OUTCOME

The company verbally committed to consider setting water reduction targets. At the time of writing, we are waiting for the company to publish its 2022 ESG report. If, as we expect, it does not set out adequate targets, we intend to formally set our expectations and a timeframe for meeting them.

## PRESERVE BIODIVERSITY

### Case Study

# Archer-Daniels-Midland Company

## Improving Disclosure on Water Use in Stressed Areas

### THE CHALLENGE

Archer-Daniels-Midland, which provides ingredients for food, relies on a large water supply for cooking, processing and cleaning finished goods. Additionally, it must manage wastewater from processing activities. The company's use of water per unit of production, or water intensity, increased in 2021.

### WHAT WE DID

We asked the company about the increased water intensity, which it explained was due to lower production rates and increased water usage. ADM plans to expand its water reuse program and pilot evaporative capture technology. We confirmed that it is disclosing its water consumption in line with Sustainable Accounting Standards Board and Global Reporting Initiative requirements..

### THE OUTCOME

ADM aims to disclose by 2025 the proportion of total water withdrawn from the water-stressed areas where it operates. Additionally, it is evaluating options to improve water conservation, including a water replenishment program.

## STRENGTHEN BOARD DIVERSITY

### Case Study

# CSPC Pharmaceutical Group

## Efforts to Increase Board Gender Diversity

### THE CHALLENGE

CSPC Pharmaceutical's board does not have sufficient gender diversity, as all board members were male at the time of the 2022 annual general meeting. Further, the company paid excessive non-audit fees to its external auditor, which could compromise its independence.

### WHAT WE DID

We voted against the re-election of a member of the nomination committee and requested the appointment of female directors. Further, we voted against the election of three board member due to the excessive non-audit fees.

### THE OUTCOME

The company agreed to recruit eligible and experienced female directors. What's more, the company confirmed that the high non-audit fee would not be paid again.

### Case Study

# COSCO Shipping

## Improving Diversity and Over-Commitment of Board Members

### THE CHALLENGE

Cosco Shipping's board of directors did not have sufficient gender diversity. Further, we felt that three of the directors were unable to devote adequate time to their obligations at Cosco because they sat on multiple boards.

### WHAT WE DID

We voted against the reappointment of the chair of nomination committee due to lack of gender diversity on the board, also voting against the reappointment of one of the directors with an excessive number of directorships. We recommended that the company strengthen its corporate governance.

### THE OUTCOME

Cosco stated that it would improve the board's gender diversity and would discuss the "over-boarding" issue with directors.

## IMPROVE OCCUPATIONAL HEALTH AND SAFETY

### Case Study

# Nike

## Engaging on Forced Labor Concerns

### THE CHALLENGE

Nike has an extensive supply chain in emerging markets, where there is a risk that suppliers breach human rights standards.

### WHAT WE DID

We engaged with Nike to identify its most salient human rights risk, which it believes to be forced labor. The company explained that only a portion of its suppliers, those involved in finished goods assembly, have contractual obligations to adopt and embrace its supplier code of conduct.

### THE OUTCOME

Nike continues to look for ways to improve its sustainable sourcing practices and policies, including further investigation into specific areas of concern around forced labor in its supply chain.

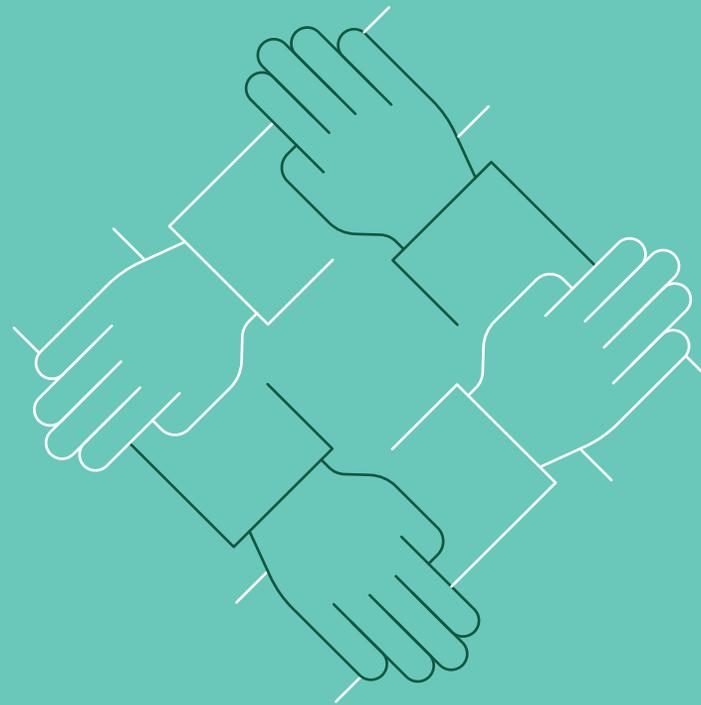
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# 13

## PRINCIPLE 10

# Collaboration

Signatories, where necessary, participate in collaborative engagement to influence issuers.



# Leading Through Collaboration

When it comes to stewardship, active engagement with like-minded shareholders gets results.

That’s why we collaborate with a number of large investor groups, representing trillions of dollars in investable assets. Together, we are powerful and exercise a strong voice that commands notice — and the desired outcomes.

With the aim of maximizing our impact, we complement our direct engagements with collaborative and outsourced engagement activities. Collaborative engagements tend to entail partnerships of investors with similar long-term sustainability views. These engagements leverage the weight of the groups’ pooled assets to help

ensure that companies take notice of stewardship priorities.

Most collaborative initiatives aim to encourage consistent and comparable disclosure on material environmental, social and governance (ESG) factors. We believe this encourages adoption of best practices because disclosing ESG-related company policies and data tends to lead to better management of them. Through groups such as Climate Action 100+, we engage directly with companies to also encourage the improvement of ESG-related policies and best practices.

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**We collaborate with a number of large investor groups, representing trillions of dollars in investable assets. Together, we are powerful and exercise a strong voice that commands notice — and the desired outcomes .**

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<sup>10</sup> We no longer co-lead the engagement with Valero Energy.

## Collaborative Engagements in 2022

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### Climate Action 100+

**Members:** 700

**Combined member investment assets:** \$68 trillion

**Goal:** Enhance corporate strategies to meet climate change goals; encourage consistent and comparable disclosures in line with the Task Force on Climate-related Financial Disclosures (TCFD) reporting framework

**How we contributed in 2022:** We co-led engagements with four companies: CEZ AS, Glencore, National Grid and Valero Energy.<sup>10</sup> We acted as supporting investors for over a dozen other groups including the Korea Electric Power Corp. (KEPCO) engagement, which we joined in 2022 along with two additional engagements of emerging market companies.

---

### Farm Animal Investment Risk and Return (FAIRR)

**Members:** 365

**Combined member investment assets:** \$70 trillion

**Goal:** Raise awareness and encourage disclosure of the material ESG risks and opportunities caused by intensive animal production

Continued >

# Our Collaborations in Action

In 2022, the organizations we supported achieved tangible success.

Climate Change 100+ progressed on company commitments to net zero, where companies offset their emissions through technology or other efforts. Meanwhile, FAIRR campaigns encouraged companies to explore more sustainable proteins and improve working conditions for workers in the meatpacking industry. In the real estate sector, GRESB's drive to persuade more Asian firms to participate in its ESG benchmark yielded some positive results.

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**Climate Change 100+ progressed on company commitments to net zero, where companies offset their emissions through technology or other efforts.**

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## Collaborative Engagements in 2022 continued

**How we contributed in 2022:** We signed seven letters to companies under FAIRR's animal pharma campaign and participated in three direct company engagements under its working conditions campaign. We also signed 12 letters to companies under a campaign on biodiversity loss due to waste and pollution, and participated in five collaborative engagements related to alternative proteins growth and meat supply chains.

---

### International Sustainability Standards Board Investor Advisory Group

**Members:** 61

**Member assets:** \$52 trillion

**Goal:** Better disclosure of financially material ESG information to investors

**How we contributed in 2022:** We participated in the group's quarterly discussions about the consolidation of the Value Reporting Foundation (formerly Sustainable Accounting Standards Board) into the International Financial Reporting Standards under the newly created International Sustainability Standards Board.

Continued >

# Climate Action 100+: Fighting Climate Change

We identified climate risk — beyond the damage to the environment — as a systemic risk to financial markets.

[\(See Principle 4\)](#)

To mitigate environmental, societal and financial damage, governments will likely continue to mandate regulatory changes to reduce carbon emissions. This represents a potential threat to profits of companies with higher emissions than peers. Leading global policymakers and, increasingly, investors have emphasized the urgency of addressing climate risk.

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**We support the ongoing effort calling for more than 160 companies with the highest greenhouse gas emissions to reduce their emissions to net zero by 2050.**

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We are a founding member of Climate Action 100+, which brings together 700 investors representing \$68 trillion in assets. We support the ongoing effort calling for more than 160 companies with the highest greenhouse gas emissions to reduce their emissions to net zero by 2050. We request that the companies show their commitment by developing clear transition plans. The Climate Action 100+ Net Zero Company Benchmark, which tracks companies' progress on their net zero commitments, sets the framework for these engagements. We helped to develop the framework to evaluate companies' ambitions and actions in tackling climate change.

## Collaborative Engagements in 2022

continued

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### Institutional Investors Group on Climate Change (IIGCC)

**Members:** 375

**Combined member investment assets:** €51 trillion (\$57 trillion)

**Goal:** Enable investors to drive progress toward net zero carbon emissions

**How we contributed in 2022:** We joined IIGCC's new Net Zero Investment Engagement Initiative aiming to expand our collaborative engagements on climate change issues.

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### Global Real Estate Sustainability Benchmark (GRESB)

**Members:** ~170

**Combined member investment assets:** \$51 trillion

**Goal:** Improve disclosure of sustainability efforts of real estate portfolio companies

**How we contributed in 2022:** We co-signed 49 letters to companies across 12 markets in the Asia-Pacific to encourage participation in the annual GRESB Real Estate Assessment.

The Net Zero Company Benchmark has significantly aided investor engagements, allowing target companies and investors to compare progress in:

- Setting short-, medium- and long-term goals and creating strategies to reduce emissions.
- Aligning their business strategies and capital investments with climate change goals.
- Creating a clear set of climate policies supported by an effective governance framework, with clear reporting on progress.
- Positively engaging with policymakers to foster climate action.
- Providing reporting aligned with the TCFD recommendations.
- Ensuring that the transition to net zero emissions considers the impact on employees, communities and other stakeholders.

Based on the progress of our ongoing conversations with companies, we believe we will make the most progress toward climate goals through engagement and collaboration with companies. While shareholder resolutions on climate matters continue to occupy a significant proportion of shareholder resolutions we must address, we expect that continued positive engagements will result in fewer resolutions going forward.

In 2022, we co-led engagements with CEZ, Glencore and National Grid in Europe, and Valero in the U.S.<sup>10</sup> Additionally, we participated as collaborating investors on engagements with Boeing, Duke Energy, Exelon, ExxonMobil, General Electric, Ford Motors, Shell, South32 Ltd, Polska Group Energetyczna S.A. (PGE), Sasol and Toyota Motor Corp. We joined last year the working groups for Coal India, Dangote Cement and KEPCO as a collaborating investor.

<sup>10</sup> We no longer co-lead the engagement with Valero Energy.

## Case Study

# CEZ Group Achieves Net Zero Milestone

### THE CHALLENGE

Czech utility CEZ Group has historically generated much of its electricity from coal, a significant contributor to greenhouse gases. Based on the Net Zero Company Benchmark, the company hadn't set targets that aligned with the Paris Agreement goal of limiting the global temperature rise.

### WHAT WE DID

As part of Climate Action 100+ and an owner of CEZ equities and bonds, we co-led the engagement in 2022, along with the two previous years, to encourage CEZ to set targets and goals to achieve net zero emissions.

### THE OUTCOME

Climate Action 100+ confirmed in 2022 that CEZ Group's 2030 targets aligned with the Paris Agreement's goals. We applauded CEZ on reaching this key milestone, a positive outcome achieved through constructive dialogue over the years between CEZ and our engagements in collaboration with members of Climate Action 100+. We look forward to continuing the dialogue with CEZ on other climate priorities.

## Case Study

# National Grid Sets New Emissions Targets

### THE CHALLENGE

Electricity and natural gas provider National Grid has not disclosed Scope 3 emission reduction targets. Scope 3 includes emissions by assets that companies don't own, such as from transportation related to their businesses and their products after sale.

### WHAT WE DID

As a co-lead investor in the Climate Action 100+ engagement with National Grid since 2019, we urged the company to disclose Scope 3 targets.

### THE OUTCOME

In 2022, National Grid set a medium-term Scope 3 target that covered 80% of its Scope 3 emissions, targeting a 38% reduction by 2034 from a 2019 baseline. National Grid was also the first utility company to put its carbon transition plan to an advisory shareholder vote in 2021. The plan received 99% support from investors.

# FAIRR: Mitigating the Risks of Intensive Livestock Production

Animal agriculture contributes to climate change, land degradation and biodiversity loss that create health risks for animals and humans.

FAIRR aims to limit the risks of intensive livestock production and encourage firms to expand into alternative protein production. FAIRR's campaigns advocate for improved use of pharmaceuticals for animals, pollution reduction, better working conditions and more production of sustainable proteins.

We help advise FAIRR on its strategy, engagements and research as part of a group of 365 investor members who collectively manage \$70 trillion. We support FAIRR-coordinated campaigns by signing letters urging companies to take action on key issues and participating in engagements. In 2022, we participated in three letter campaigns targeting 26 companies on animal pharmaceuticals, working conditions, and biodiversity issues related to waste and pollution. Additionally, we participated in

three dialogues with companies under FAIRR's working conditions campaign and two dialogues under its sustainable proteins campaign.

The sustainable proteins campaign has achieved notable successes. It engaged with 23 of the largest global food manufacturers and retailers, acting as a catalyst for companies to diversify into sustainable proteins. In 2022, 35% of these companies have committed to increasing sales of meat and/or dairy alternatives, up from 28% in 2021 and zero in 2019. Further, nearly 40% of companies reported at least one metric showcasing the shift of their product portfolio to alternative proteins, up from 32% in 2021 and none in 2019.

Companies diversifying into sustainable proteins

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**35% committed**  
to increasing sales  
of meat and/or  
dairy alternatives

## Case Study

# BRF Improves Disclosure on Workers' Grievances

### THE CHALLENGE

BRF, one of Brazil's largest food processing companies, runs some of its operations in regions with historically limited workers' rights. We expect BRF to closely monitor working conditions and ensure employees can freely report complaints which the company follows up and resolves. However, BRF's disclosure of its grievance process fell short, leading to concerns about its effectiveness in mitigating risks related to workers' rights.

### WHAT WE DID

In a dialogue with BRF as part of a FAIRR campaign, we emphasized the importance of the company ensuring a transparent and effective process on worker complaint submission, company follow-up and resolution. BRF provided more detail on how it monitors grievance reports, but we encouraged BRF to increase disclosure on complaints, in particular breakdowns by type of complaints.

### THE OUTCOME

BRF improved disclosure and commissioned third-party audits while appointing worker integrity ambassadors to assess the effectiveness of the grievance process. It identified the departments that participate in resolution of complaints and provided a flowchart, demonstrating the steps followed from the submission of a case to its outcome, including classification, analysis, investigation and reporting. The company also disclosed the number of cases that used this process and has demonstrated a sufficient level of oversight on its effectiveness.

## Case Study

# Engagement with Kroger on Alternative Proteins

### THE CHALLENGE

Kroger is one of the largest U.S.-based retailers, operating nearly 2,800 grocery stores under a range of names. While Kroger is progressing on protein diversification, nearly 80% of Kroger's revenue still comes from products that include animal ingredients. The company has yet to develop a strategy to offer more non-animal products nor educate consumers on the sustainability benefits of alternative proteins.

### WHAT WE DID

As a member of the FAIRR Initiative and signatory to FAIRR's sustainable protein engagement, we recommended the company recognize and examine how alternative proteins can help abate climate change. We also encouraged the company to set a target for Scope 3 emissions, or emissions created by the products the company sells, that includes animal agriculture emissions. We also requested that the company examine its animal protein supply chains to improve their sustainability commitments.

### THE OUTCOME

The company is reviewing its product-sourcing policies to consider its products' impact on biodiversity and sustainable agriculture. Also, it launched a program enabling customers to keep track of the nutrition of their purchases. For the first time, Kroger committed to set a Scope 3 emission reduction target by 2023. We will continue engaging with Kroger to set a comprehensive Scope 3 target by 2023 to include a breakdown for purchased goods and services in Kroger's annual reporting. We will continue to encourage the company to create a strategy for alternative proteins and provide figures on revenues generated and year-over-year growth of Kroger's plant-based products at the company level.

## GRESB: Clear, Concise and Consistent ESG Reporting

Among the top challenges for ESG investors is obtaining accurate and comparable ESG data about companies.

GRESB attempts to tackle that problem by providing ESG data and scores for real estate companies, in particular related to greenhouse gas emissions from buildings owned by those companies. GRESB also develops ESG benchmarks, improving the ability of investors to compare real estate companies' ESG commitments to their peers.

We encourage real estate companies to participate in GRESB's surveys, believing that transparency fosters performance improvements. In 2022, Northern Trust Asset Management added its signature alongside other investors to urge 50 real estate investment trusts (REITs) in Asia, representing more than \$5 trillion in real estate or infrastructure, to participate in the surveys. Progress was moderate but steady, as 10% of the companies completed the survey in 2022 and 30% of the companies fully or partially agreed to participate in the 2023 survey.

As an example of how GRESB reporting encourages landlords to cut buildings' greenhouse gas emissions, Hong Kong real estate firm Swire Properties has noticed in recent years that the use of renewable energy in some of its buildings lagged the benchmark's leaders. As a result, it has secured a renewable energy power purchase agreement for several of its real estate properties.

## Institutional Investors Group on Climate Change: Expanding Collaborative Engagements

The group agreed to expand collaborative engagements starting in 2023 to seek climate-change plans from more than 50 companies in line with its Net Zero Investment Framework, including:

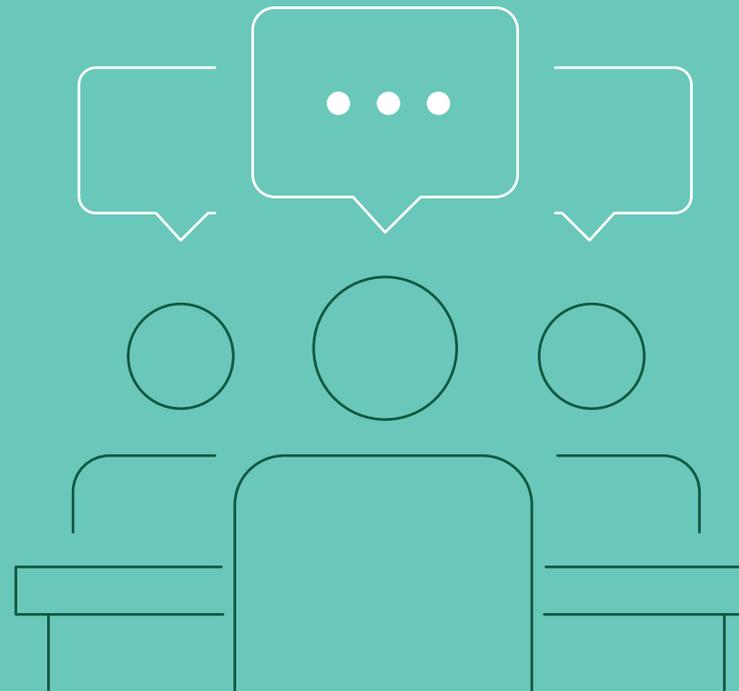
- **A comprehensive net zero commitment**
- **Robust greenhouse gas emissions targets** over the short-, medium- and long-term.
- **Emissions tracking**, enabling investors to track companies' progress.
- **A credible strategy** on how companies will reach their emissions targets, including planned capital expenditures to support the strategy.

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# 14 PRINCIPLE 11

## Escalation

Signatories, where necessary, escalate stewardship activities to influence issuers.



# Escalation

As we discussed in [Principle 9](#), when we initially contact companies with our concerns, we request dialogue with representatives of the board of directors. We prefer to continue that dialogue to resolve our concerns.

However, if a company fails to make sufficient progress during the time we request, we may escalate our approach by voting in support of a related shareholder resolution, voting against the re-election of certain directors or taking some other investment action. These investment actions may include divestment or reduction of holdings within certain portfolios (see case study below).

We generally escalate our engagements when companies fail to make adequate progress on objectives without a sufficient rationale. For instance, if a company has

almost fully implemented a plan on an objective that may require some level of approval from a regulator, but regulatory approval is still pending, we may not find cause to escalate. In such instances, we would be more likely to monitor the progress of the regulator's actions and the company's efforts to seek resolution. However, in instances where the company makes little effort to progress the objectives, there are few impediments to action, and/or targets or goals adopted are insufficiently stretching, we are likely to proceed towards escalation.

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**We generally escalate our engagements when companies fail to make adequate progress on objectives without a sufficient rationale.**

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# Milestones to Track Success

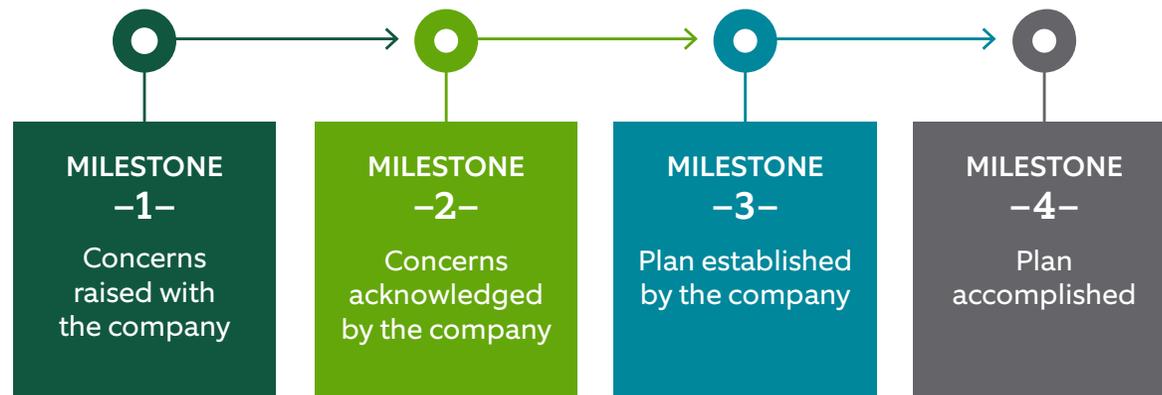
To track the progress of engagement campaigns, we use milestones.

Every milestone represents an accomplishment and a step towards reaching a defined SMART (specific, measurable, attainable, realistic, timely) objective. The chart below explains the meaning of each milestone.

We initiate engagement campaigns with letters to companies we have targeted for engagement and a request for dialogue with representatives of the board of directors.

In those letters, we articulate our concerns, the reasons for those concerns, and our assessment of the company's performance. We also explain how we will measure the company's progress to resolve our concerns, and the time within which we would like the company to make sufficient progress. Our engagement partner EOS at Federated Hermes (EOS) uses a similar set of engagement milestones.

## Measuring Progress in Engagement Campaigns

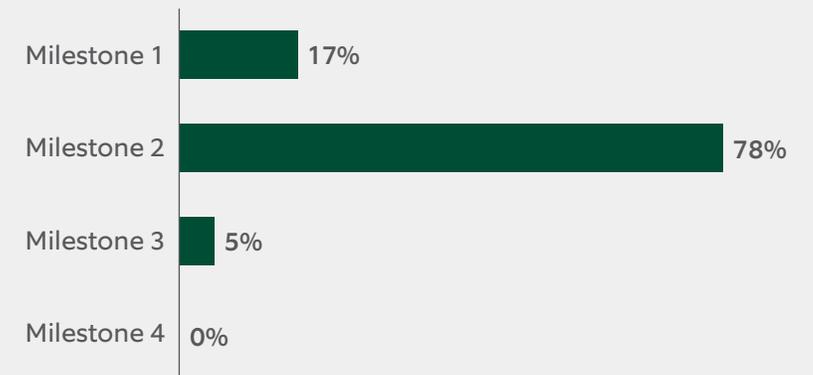


Source: Northern Trust Asset Management

## NTAM Engagement Tracking

To document and plan our engagements, we use the software Code Red that tracks engagement objectives, key performance indicators on companies' progress, and notes on engagements. Code Red provides details of plans related to our engagement campaigns, including: engagement theme, level of priority, engagement format, criteria used to identify target companies, and a list of companies selected for the campaigns.

## 2022 NTAM Direct Engagements by Milestone



Source: Northern Trust Asset Management

## Case Study

# Escalation with Tesla

### THE CHALLENGE

Tesla's CEO Elon Musk is well-known as the entrepreneur behind the leading electric vehicle company. However, he also holds leadership roles at other companies and in 2022 embarked on acquiring Twitter. These leadership roles at multiple companies limit the time and attention he can give to Tesla.

### WHAT WE DID

After Elon Musk announced his proposed acquisition of Twitter, we engaged with Tesla board Chair Robyn Denholm to raise concerns that this would further limit his capacity to focus on Tesla. We asked what the board was doing to ensure he applied his energies to the electric vehicle business.

### THE OUTCOME

We were not fully satisfied with Denholm's description of the board's oversight of Musk's outside interests. She indicated that the board was more concerned that Musk was spending too much time at Tesla, adding that what he did with his investments was beyond the Tesla board's purview. In view of this lack of governance and oversight, we maintained a significant underweight in our equity model portfolio relative to the index, which contributed to outperformance. Further, we opposed the re-election of the two incumbent directors in 2022: Ira Ehrenpreis and Kathleen Wilson-Thompson.

## Differences Among Fund Types, Geography and Asset Classes

**Fund structures may influence varied levels of engagement and escalation. With finite resources, we prioritize our direct engagements and escalation to focus on companies with large market capitalizations.**

Therefore, we are less likely to pursue planned engagement campaigns, or escalate engagement, in companies held by our small cap funds. For EOS, market capitalization plays a less important role in engagement decisions, as EOS has the capacity to cover a wider range of companies.

Geography may also impact how we decide to escalate engagements. In countries where we have not previously engaged, we may be less familiar with how to address certain issues. In these instances, we may limit our engagement to only informing companies of our views and why these issues are important. If we want to push for gender diversity in certain countries, we acknowledge that cultural resistance means it will take more time and resources to reach our goals. That may affect our decision on whether to escalate. On occasions we do so, however. For instance, in 2022 we opposed the re-election of the most senior executive on the board of JFE Holdings, a Japanese steel and engineering business, as it did not meet our expectation that all companies in Japan have at least 20% gender diversity on their boards.

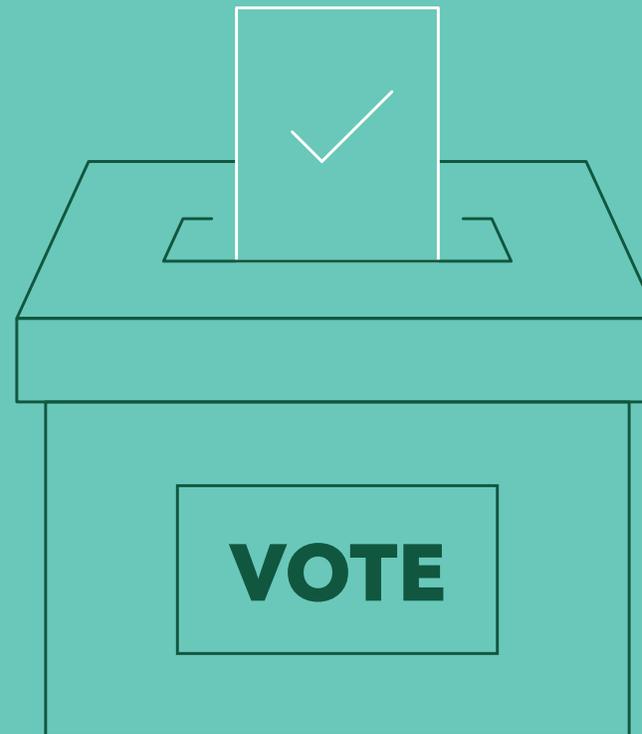
As for asset classes, we recognize that fixed income and equity investors sometimes have differing investment interests. However, in most cases we believe that ESG issues we are seeking to influence are asset-class neutral. In other words, in most instances we believe that companies taking positive action on important ESG issues will benefit credit and equity investors over the long-term. So we are just as likely to engage and escalate engagements regardless of which asset class we own.

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## PRINCIPLE 12

# 15 Exercising Rights and Responsibilities

Signatories actively exercise their rights and responsibilities.



# Integrating Engagement and Proxy Voting

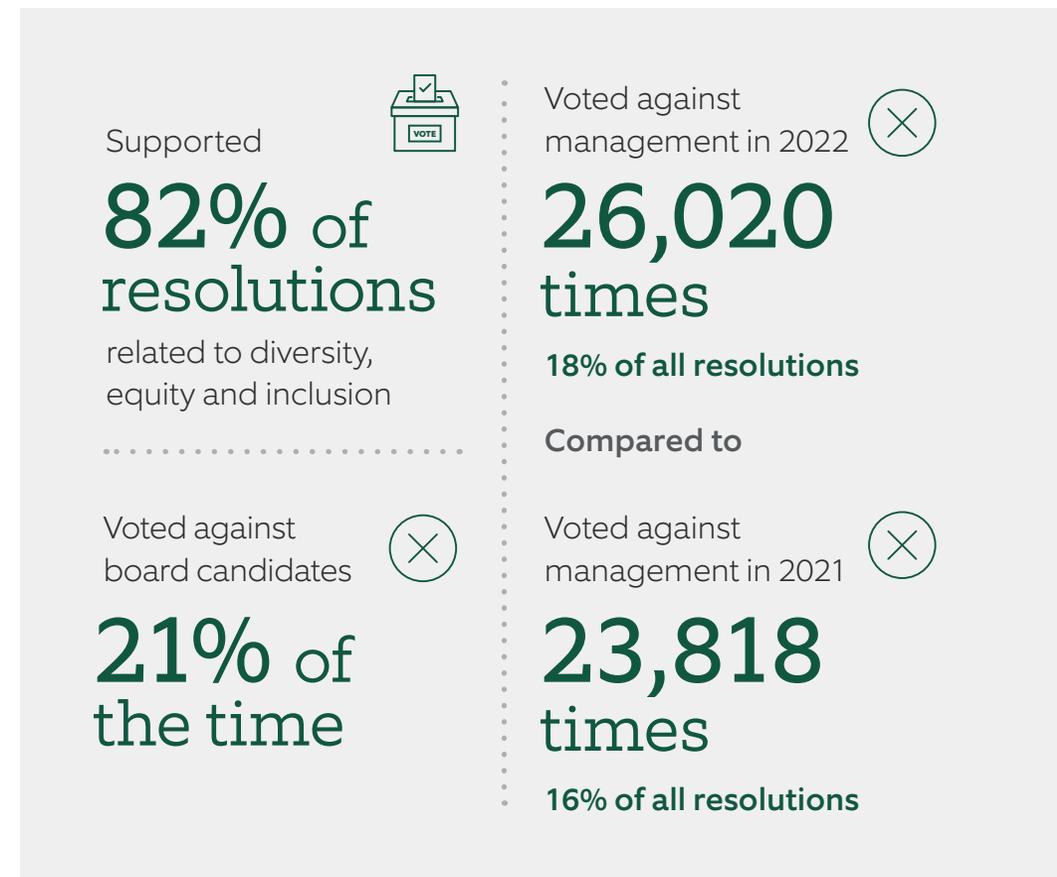
We believe it is our duty to regularly engage with companies in our portfolios, and our experience shows that engagement and proxy voting exert the most influence when we apply them in tandem.

We use proactive dialogue with companies, reinforced by our voting power, to encourage them to adopt sustainable business practices.

In 2022, we voted in favor of shareholder resolutions when companies have not progressed sufficiently on priority issues, especially following engagement with the companies. While supporting shareholder resolutions communicates our views clearly to company leaders, many resolutions are non-binding so therefore hold little sway with management. We've found that executives more likely will take our concerns seriously when we vote against directors who lead board committees, such as those responsible

for environmental, social and governance (ESG) risks or compensation. In particular, we voted against directors when companies do not acknowledge our concerns or do little to address them. In 2022, we:

- Voted against management 26,020 times (18% of all resolutions), up from 23,818 times in 2021 (16% of all resolutions). See [Appendix 1](#) for more details.
- Supported 82% of resolutions related to diversity, equity and inclusion.
- Voted against board candidates 21% of the time.



# Our Approach to Proxy Voting

As a major passive asset manager representing permanent capital in more than 10,000 companies globally, voting at shareholder meetings helps advance stewardship goals on behalf of our clients.

Academic research shows that corporate management monitors how asset managers cast their votes.<sup>11</sup> This research also shows that management is willing to negotiate on shareholder resolutions that have the backing of institutional investors. See [Appendix 2](#) for a list of how we voted on shareholder resolutions in 2022.

We have [written proxy voting](#) policies, procedures and guidelines to support a thoughtful approach to proxy voting. Further, we generally encourage reporting that enables shareholders to evaluate the impact of ESG policies and practices on a company's financial performance, provided the reporting is not burdensome and does not place the company at a competitive disadvantage. Below are some examples of how we voted on key issues in 2022.

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See [Appendix 2](#) for a list of how we voted on shareholder resolutions. 

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<sup>11</sup> Bauer, R, Moers, F, and Viehs, P: Who Withdraws Shareholder Proposals and Does It Matter? An Analysis of Sponsor Identity and Pay Practices, 2015.

## Diversity

From access to opportunities to talent development to equitable compensation strategies, a company's policies can accelerate, or stall, its progress toward a more diverse, equitable and inclusive workforce. This is reflected in hiring practices, promoting decisions, compensation practices and a host of other related areas. Industries and individual companies must change the nature of the dialogue to directly address persistent discrimination. We recognize that unique perspectives and attributes, if enabled to flourish, make our collective society stronger.

They also make businesses stronger. Companies with executive teams ranking in the top quartile for gender diversity were 25% more likely to have above-average profitability than those in the fourth quartile.<sup>12</sup> Further, companies with the most ethnically and culturally diverse boards worldwide are 43% more likely to have higher profits.<sup>13</sup> Companies with more

diverse boards are better able to respond to challenges, recruit top talent and improve their customer orientation.

Reflecting our beliefs about the need to foster diversity, in 2022 we withheld support from more than 3,000 individual director nominees for reasons of gender diversity and 890 individual director nominees for racial and ethnic diversity in the U.S. It's our policy to withhold support from the most senior non-diverse director of a board's nominations committee when we determine that a board's diversity does not reflect the gender, racial and ethnic diversity of society. We identified companies that lack diversity in terms of board composition through a third-party data provider.

Broadly speaking, the push by investors for greater board diversity is having results. In 2022, 72% of the incoming S&P 500 class of directors came from historically under-represented groups, according to SpencerStuart research.<sup>14</sup>

## Racial Equity Audits

Civil rights or racial equity audits by companies have grown rapidly since 2020, following protests over the deaths of George Floyd and other black Americans at the hands of police officers. That year, several corporations showed support for communities of color and pledged millions of dollars. To hold these corporations accountable to their pledges, some investors and shareholder advocacy groups have filed a new type of resolution asking companies' boards to oversee and report on third-party racial equity and/or civil rights audits. These audits evaluate how institutionalized racism may affect a firm's policies and business practices, discriminating against communities of color.

Racial equity audits can:

- Evaluate whether a company's policies and practices make a positive impact, consistent with the company's stated corporate values and culture.
- Show whether diversity, equity and inclusion initiatives for the workplace are effective.
- Prepare companies for the increasing likelihood of mandatory social reporting requirements by governments in the future.
- Promote economic equality while likely improving companies' recruiting and retention efforts.

In 2022, we voted in favor of all 23 resolutions that encouraged racial equity audits, where we had the opportunity to vote. Investors generally showed strong support for these resolutions, and some companies have already conducted audits.

<sup>12</sup> Diversity wins: How inclusion matters. May 2020. McKinsey & Company.

<sup>13</sup> McKinsey & Company, Delivering through Diversity, January 2018.

<sup>14</sup> 2022 S&P 500 Board Diversity Snapshot.

## Concealment Clauses

The use of the non-disclosure agreements (NDA) and confidentiality agreements has increased in both volume and breadth over the past two decades. Nearly 60% of the U.S. workforce is bound by some form of NDA.<sup>15</sup> Though once deployed to safeguard trade secrets, today's agreements frequently extend beyond that with broad concealment and forced arbitration clauses. These clauses prevent discontented employees and employees working in hostile work environments from revealing unlawful conduct and safety concerns.

Studies are beginning to show that such broad confidentiality agreements and NDAs may result in companies suffering significant operational costs. Concealment clauses, for example, include any language in employee contracts that requires employees to keep silent about experiences in the workplace.

In recent years they have been used to silence employees who have experienced harassment, discrimination or other unlawful behavior. Yet workplaces that tolerate harassment suffer reduced morale, lost productivity, absenteeism, and challenges in attracting and retaining talent. Consequently, they invite legal, brand, financial and human capital risks.<sup>16</sup>

In 2022, we had the opportunity to vote on eight shareholder proposals seeking a report on the use of concealment clauses at companies within the tech sector. Half of them achieved 50% or greater shareholder support. We supported all of the proposals apart from one, targeting Amazon. Several companies avoided resolutions after amending language in their employment agreements. Further, Alphabet and Apple announced commitments to avoid using concealment clauses in employment contracts after proposals went to a vote.

We opposed the proposal at Amazon after engaging with management and reviewing a report the company released in January 2022 (updated in May), called *Fostering a Work Environment Free of Discrimination and Harassment*. In the report, Amazon states that it does not prohibit employees from discussing or reporting any concerns over allegedly unlawful conduct in their work environments, including discrimination and harassment. Amazon only allows limited use of confidentiality clauses, including non-disclosure or non-disparagement clauses, giving examples to provide additional clarity on the issue.

<sup>15</sup> Balasubramanian, E. Starr, and S Yamaguchi. Bundling postemployment restrictive covenants: When, why, and how it matters. Working paper, 2021. (Cited on pages 2, 5, 7, 10, and 32.)

<sup>16</sup> Sockin, Jason, et al. Externalities from Silence: Non-Disclosure Agreements Distort Firm Reputation.

## Our Current Practice

We aim to ensure that our votes represent views that are in the best interests of clients and beneficiaries, and will add value to our investments.

Absent special circumstances of the types described in the related policies and procedures, we will generally exercise proxy voting discretion in accordance with our proxy voting policies, procedures and guidelines.

## Proxy Committee

Our Proxy Committee — which comprises senior investment and compliance officers — has responsibility for the content, interpretation and application of our proxy guidelines.

Approval of proxy votes or changes to proxy votes, policies, procedures or guidelines may be made by majority vote of those present (in person or by proxy) at a Proxy Committee meeting.

# Proxy Voting Service

**We have delegated responsibility for reviewing proxy proposals and making voting recommendations to the Proxy Committee to an independent third party.**

For proxy proposals that are to be voted on a case-by-case basis, we provide supplementary instructions to the third party. We have instructed the proxy voting service not to exercise discretion in making vote recommendations. Instead, it should seek guidance whenever it encounters situations that the guidelines either do not follow or are unclear. If the proxy voting service does not provide recommendations with respect to proxy proposals for securities over which Northern Trust Asset Management (NTAM) or its affiliates have voting discretion, the relevant NTAM proxy analyst is responsible for reviewing the proxy proposal and making a voting recommendation.

The Proxy Committee reviews the proxy voting service annually, assessing matters such as: capacity and competency, staffing and personnel, robust policies and procedures, and the ability to identify and address any real or potential conflicts of interests.

# Application of Proxy Guidelines

**We apply our proxy guidelines flexibly.**

The Proxy Committee may vote proxies against the recommendations of the proxy voting service or one of our investment analysts if the committee thinks this in the best interests of our clients or beneficiaries. The committee will document the rationale for any proxy voted contrary to recommendations.

NTAM has adopted a custom set of guidelines — the Northern Trust proxy voting policies, procedures and guidelines — for the voting of proxies on behalf of all of the funds, except for the Global Sustainability Index Fund and the U.S. Quality ESG Fund, and certain ESG-focused FlexShares ETFs.

With the exception of special circumstances, we generally exercise our proxy voting discretion in accordance with the guidelines. In situations where applying the guidelines would be inappropriate for particular proxy issues of non-U.S. companies due to local market standards, customs and best practices, we instruct our proxy voting service to make a recommendation based on the relevant global guidelines. Examples of such issues include “poison pill” defenses, which can be approved by a company’s board of directors without shareholder approval in a number of countries, and definitions of director independence, which vary significantly from country to country.

With regard to the Global Sustainability Index Fund, the U.S. Quality ESG Fund, and certain ESG-focused FlexShares ETFs, the Proxy Committee has adopted the Institutional Shareholder Services (ISS) U.S. socially responsible investing proxy voting guidelines for the voting of U.S. proxies and the ISS international SRI proxy voting guidelines for voting of international proxies.

## Pass-through Voting

We recognize that stewardship practice is continually evolving, especially in the fields of engagement and proxy voting.

In relation to the recent recommendations from the Taskforce on Pension Scheme Voting Implementation for trustees to develop their own voting policies and set an “expression of wish” to their asset managers regarding their voting preferences in pooled funds, we note that this is still a relatively new concept. Previous industry discussions have concentrated on “directed voting in pooled funds.” As such, market practice has yet to be established in terms of standardized form, content and scale of client demand.

We believe the industry will need some time to develop practical solutions for the implementation of expressions of wish. The Financial Conduct Authority acknowledged this in its recently published ESG strategy, which recognized a need to focus on how the voting infrastructure and wider ecosystem supports the stewardship activities of asset managers and owners.

Reflecting this backdrop, we are discussing how to allow clients to direct voting. We are committed to working with clients to understand whether they want this facility, as well as with the regulator and government to assess the practical considerations for a scalable, efficient solution.

## Proxy Voting and Securities Lending

We maintain proxy voting discretion for various accounts that participate in securities lending programs administered by NTAM or a third party.

However, it is important to note when a security is on loan that means the title of the loaned security passes to the borrower. If a security is on loan as of a proxy record date, then we cannot vote the shares. That said, for those accounts in which NTAM has investment discretion, it reserves the right to instruct the lending agent to terminate loans in situations where the matter up for vote is material to the investment, and the benefits of voting the security significantly outweigh the costs of terminating the loan.

## Unvoted Meetings

We typically aim to vote all securities in which we can legally participate.

With 16,304 meetings available to vote during 2022, 16,024 were voted, equating to approximately 98% of the votable meetings with less than 2% unvoted. Our policies and procedures detail reasons why we might not participate in a meeting where we have eligible shares to vote.

### The most common reasons are:

- **Global sanctions** prevent us from taking action.
- **Securities recall** where the costs outweigh the benefits. This impacts shares on loan in lending accounts only.
- **Share blocking** where the costs outweigh the benefits. The impact can be at market or ballot level.
- **Meetings require a physical presence**, where the costs outweigh the benefits.
- **Meetings require additional actions** such as completing legalizations/apostilles from the consulate/embassy that take time to complete against already short deadlines. We vote on a best-efforts basis.

- **The company has not provided sufficient disclosure**, or we do not have sufficient coverage, to make an informed decision, and it is better to abstain or not participate.
- **Technical issues** impede successful participation.

Additionally, there were 40 meetings where we did not take action due to Russian economic sanctions. Further, 2,621 ballots across 187 meetings were not acted upon due to share blocking.

## Website Content

Our website gives links to our voting records as detailed below.

[U.K. funds voting disclosure web page](#)

[U.S. funds voting disclosure web page](#)

[Stewardship website](#)

Information regarding how funds voted proxies, if any, relating to portfolio securities for the most recent 12-month period ended June 30 is available, upon request, by contacting us or by visiting the [funds' website](#) or the Securities and Exchange Commission's website at [sec.gov](#).

## Watchlists and Alerts

We use watchlists and alerts for key meetings on ESG-related topics such as climate, human capital and compensation.

We both receive and produce weekly reports for the Proxy Committee on matters where we are taking discretionary action. On a daily basis we monitor matters that may be impacted by global sanctions. Upcoming meetings where we have shares on loan are reviewed several times a week to determine if recall will be necessary (refer to section on share recall and securities lending). Finally, we also review weekly the voting service/proxy advisors' implementation of our policy against conflicts of interest, to ensure our guidelines are being applied fairly and objectively.

## Amendments in Indentures or Contracts for Fixed Income

When considering or seeking amendments to terms and conditions in indentures or contracts we take a case by case approach.

Our goal is not to try and run the business, but at the same time we recognize we have a duty of care to our clients' investments. In considering amendments we look to understand whether the company has reasonable controls in place and the overall quality of the company's governance systems and processes, including recent controversies that might call into question the integrity of the management. Generally, we expect high yield companies to be following standard market practices, and in the case of specialized industries we also look to see how those practices align with industry norms. We do not wish to stand in the way of reasonably prudent business practices and will seek amendments that provide mutually beneficial results to the company and investors.

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**Our goal is not to try and run the business, but at the same time we recognize we have a duty of care to our clients' investments.**

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# 16 Appendices

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**APPENDIX 1**

Votes Against Management by Topic ▶

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**APPENDIX 3**

Northern Trust Asset Management Engagements by Company ▶

**APPENDIX 4**

Participation in Organizations ▶

## APPENDIX 1

# Votes Against Management by Topic (%)

	U.S.*	Developed markets ex-U.S.**	Emerging markets***
<b>Management Proposals</b>	<b>31</b>	<b>8</b>	<b>17</b>
<b>Auditors</b>			
Auditor ratification, fix remuneration of auditors	34	1	2
<b>Compensation</b>			
Management say on pay	18	1	18
Equity-based	58	2	11
Advisory vote on say on pay frequency	20	x	100
Other	40	4	10
<b>Director-related</b>			
Uncontested director elections	33	12	22
Contested director elections	23	0	10
Other	50	5	10
<b>Strategic Transactions</b>			
Corporate transactions	16	8	27
Mergers and acquisitions	1	3	37
Related-party transactions	x	5	11
<b>Capitalization</b>			
Capital issuance/capital increase	30	12	33
Capital structure related	7	4	5
Debt related	x	0	8
<b>Governance</b>			
Adjourn meetings	13	x	0
Reduce supermajority vote requirement	0	x	x
Provide proxy access right	0	x	x
Other	11	6	26
<b>Environment</b>			
Management climate-related proposals	x	24	0

	U.S.*	Developed markets ex-U.S.**	Emerging markets***
<b>Shareholder Proposals</b>	<b>85</b>	<b>20</b>	<b>5</b>
<b>Environment</b>			
Adopt or report on GHG emissions and emissions targets	100	17	0
Report on climate change	85	100	x
Other environmental	86	11	x
Report on environmental impact or policies	100	75	x
Recycling	88	x	x
Renewable energy and energy efficiency	100	25	x
<b>Social</b>			
Human capital management and EEO	97	0	x
Human rights and weapons related	89	x	x
Political campaign and lobbying and charitable contributions	80	100	x
Product safety and supply chain management	100	x	x
Mandatory arbitration on employment related claims	100	x	x
Workplace sexual harassment	100	x	x
Racial equity and/or civil rights audit	100	x	x
Cyber security and data privacy	100	x	x
Other social	61	3	5
<b>Governance</b>			
Adopt proxy access right	100	x	x
Amend proxy access right	100	x	x
Provide or amend right to call special meeting	86	x	x
Provide or amend right to written consent	80	x	x
Eliminate dual class	100	x	x
Reduce supermajority voting standard	70	x	x
Other governance	83	11	5

Uncontested Director Elections items combines 5 management resolutions and 2 shareholder resolutions. Contested Director Election item combines 2 management resolutions and 6 shareholder resolutions.

\* Combines all votes with U.S. companies. \*\* Represents votes on the Northern Funds International Equity Index Fund. \*\*\* Represents votes on the Northern Funds Emerging Markets Equity Index Fund. x = no resolutions on these topics

Source: Northern Trust Asset Management



## APPENDIX 2

# Votes on Shareholder Proposals

## ENVIRONMENTAL — CLIMATE

Company	Country	Type of shareholder proposal	Vote
Alphabet Inc.	U.S.	Report on climate lobbying	For
Alphabet Inc.	U.S.	Report on physical risks of climate change	For
Amazon.com, Inc.	U.S.	Report on retirement plan options aligned with company climate goals	For
AMERCO	U.S.	Adopt GHG emissions reduction targets aligned with the Paris Agreement goal	For
Australia and New Zealand Banking Group Limited	Australia	Approve climate risk safeguarding	For
Bank of America Corporation	U.S.	Adopt fossil fuel lending policy consistent with IEA's Net Zero Emissions by 2050 Scenario	For
Bank of Montreal	Canada	Adopt an annual advisory vote policy on the bank's environmental and climate change action plan and objectives	For
Berkshire Hathaway Inc.	U.S.	Report on climate-related risks and opportunities	For
Berkshire Hathaway Inc.	U.S.	Report on GHG emissions reduction targets	For
BHP Group Limited	Australia	Approve climate accounting and audit	For
BHP Group Limited	Australia	Approve policy advocacy	For
BP Plc	U.K.	Approve shareholder resolution on climate change targets	Against
Brookfield Asset Management Inc.	Canada	Set emission reduction targets	For
Builders FirstSource, Inc.	U.S.	Report on GHG emissions reduction targets	For
Campbell Soup Company	U.S.	Assess and report on the company's retirement funds' management of systemic climate risk	For
Canadian Imperial Bank of Commerce	Canada	Advisory vote on environmental policy	For
Caterpillar Inc.	U.S.	Report on long-term greenhouse gas targets aligned with Paris Agreement	For
Charter Communications, Inc.	U.S.	Disclose climate action plan and GHG emissions reduction targets	For
Chevron Corporation	U.S.	Adopt medium and long-term GHG emissions reduction targets	For
Chevron Corporation	U.S.	Issue audited net-zero scenario analysis report	For

Company	Country	Type of shareholder proposal	Vote
Chevron Corporation	U.S.	Oversee and report on reliability of methane emission disclosures	For
Chubb Limited	Switzerland	Adopt and disclose policies to ensure underwriting does not support new fossil fuel supplies	Against
Chubb Limited	Switzerland	Report on efforts to reduce GHG emissions associated with underwriting, insuring, and investing	For
Chubu Electric Power Co., Inc.	Japan	Amend articles to introduce provisions concerning renewable energy	Against
Chubu Electric Power Co., Inc.	Japan	Amend articles to require disclosure of asset resilience to a net zero by 2050 pathway	For
Citigroup Inc.	U.S.	Adopt a financing policy consistent with IEA's Net Zero Emissions by 2050 Scenario	For
Comcast Corporation	U.S.	Report on retirement plan options aligned with company climate goals	For
Commonwealth Bank of Australia	Australia	Approve climate risk safeguarding	For
ConocoPhillips	U.S.	Report on GHG emissions reduction targets	For
Costco Wholesale Corporation	U.S.	Report on GHG emissions reduction targets	For
Dollar Tree, Inc.	U.S.	Report on GHG emissions reduction targets aligned with the Paris Agreement goal	For
Dominion Energy, Inc.	U.S.	Adopt medium term scope 3 GHG emissions reduction target	Against
Dominion Energy, Inc.	U.S.	Report on the risk of natural gas stranded assets	For
DTE Energy Company	U.S.	Revise net zero by 2050 goal to include full scope 3 value chain emissions	For
Electric Power Development Co., Ltd.	Japan	Amend articles to disclose business plan through 2050 aligned with goals of Paris Agreement	For
Electric Power Development Co., Ltd.	Japan	Amend articles to disclose evaluation concerning consistency between capital expenditures and greenhouse gas emission reduction target	For
Electric Power Development Co., Ltd.	Japan	Amend articles to disclose how executive compensation policy contributes to achievement of greenhouse gas emission reduction target	For

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## ENVIRONMENTAL — CLIMATE (CONTINUED)

Company	Country	Type of shareholder proposal	Vote
Enbridge Inc.	Canada	Strengthen the company's net zero commitment with a science-based net zero target	Against
Exxon Mobil Corporation	U.S.	Report on low carbon business planning	For
Exxon Mobil Corporation	U.S.	Report on scenario analysis consistent with IEA's Net Zero Emissions by 2050 Scenario	For
Exxon Mobil Corporation	U.S.	Set GHG emissions reduction targets consistent with Paris Agreement goal	Abstain
FedEx Corporation	U.S.	Report on climate lobbying	For
Hokkaido Electric Power Co., Inc.	Japan	Amend articles to contribute to carbon dioxide reduction	For
Hokuriku Electric Power Co.	Japan	Amend articles to introduce provisions on the utility's responsibility for preservation of natural and life environment	Against
Honeywell International Inc.	U.S.	Report on climate lobbying	For
JPMorgan Chase & Co.	U.S.	Adopt fossil fuel financing policy consistent with IEA's Net Zero Emissions by 2050 Scenario	Against
JPMorgan Chase & Co.	U.S.	Report on absolute targets for financed GHG emissions in line with net zero commitments	For
KLA Corporation	U.S.	Report on GHG emissions reduction targets aligned with the Paris Agreement goal	For
Marathon Petroleum Corporation	U.S.	Report on climate strategy consistent with ILO's "just transition guidelines"	For
MGE Energy, Inc.	U.S.	Commission an independent study on the value of distributed solar in the company's electric service territory	Against
Microsoft Corporation	U.S.	Assess and report on the company's retirement funds' management of systemic climate risk	For
Mitsubishi Corp.	Japan	Amend articles to disclose evaluation concerning consistency between capital expenditures and net zero greenhouse gas emissions by 2050 commitment	For
Mitsubishi Corp.	Japan	Amend articles to disclose greenhouse gas emission reduction targets aligned with goals of Paris Agreement	For
Monster Beverage Corporation	U.S.	Report on GHG emissions reduction targets aligned with the Paris Agreement goal	For
Morgan Stanley	U.S.	Adopt fossil fuel lending and underwriting policy consistent with IEA's Net Zero Emissions by 2050 Scenario	For
National Australia Bank Limited	Australia	Approve climate risk safeguarding	For

Company	Country	Type of shareholder proposal	Vote
National Bank of Canada	Canada	Adopt a policy of holding an advisory vote on the bank's environmental and climate action plan and objectives	For
New Hope Corporation Limited	Australia	Approve capital protection	For
Occidental Petroleum Corporation	U.S.	Report on quantitative short-, medium- and long-term GHG emissions reduction targets	For
Phillips 66	U.S.	Adopt GHG emissions reduction targets aligned with the Paris Agreement goal	For
QBE Insurance Group Limited	Australia	Approve climate risk management	For
Royal Bank of Canada	Canada	Adopt an annual advisory vote policy on the bank's environmental and climate change action plan and objectives	For
Royal Dutch Shell Plc	U.K.	Request Shell to set and publish targets for greenhouse gas (GHG) emissions	For
Santos Limited	Australia	Approve capital protection	For
Santos Limited	Australia	Approve climate-related lobbying	For
Santos Limited	Australia	Approve decommissioning	For
Skechers U.S.A., Inc.	U.S.	Report on GHG emissions reduction targets aligned with the Paris Agreement goal	For
Standard Bank Group Ltd.	South Africa	Disclose the company's baseline financed greenhouse gas emissions from its exposure to oil and gas	For
Standard Bank Group Ltd.	South Africa	Provide shareholders with a report on the company's progress in calculating its financed greenhouse gas emissions from its exposure to oil and gas	For
Standard Bank Group Ltd.	South Africa	Update the company's March 2022 climate policy to include short-, medium-, and long-term targets for the company's financed greenhouse gas emissions from oil and gas	For
Standard Chartered Plc	U.K.	Approve shareholder requisition resolution	For
Sumitomo Mitsui Financial Group, Inc.	Japan	Amend articles to disclose measures to be taken to make sure that the company's lending and underwriting are not used for expansion of fossil fuel supply or associated infrastructure	Against
Sumitomo Mitsui Financial Group, Inc.	Japan	Amend articles to disclose plan outlining company's business strategy to align investments with goals of Paris Agreement	For
Tesla, Inc.	U.S.	Report on corporate climate lobbying in line with Paris Agreement	For

Source: Northern Trust Asset Management



## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## ENVIRONMENTAL — CLIMATE (CONTINUED)

Company	Country	Type of shareholder proposal	Vote
The Bank of Nova Scotia	Canada	Adopt an annual advisory vote policy on the bank's environmental and climate change action plan	For
The Boeing Company	U.S.	Report on net zero indicator	For
The Goldman Sachs Group, Inc.	U.S.	Adopt a financing policy consistent with IEA's Net Zero Emissions by 2050 Scenario	For
The Hartford Financial Services Group, Inc.	U.S.	Adopt policies to ensure underwriting practices do not support new fossil fuel supplies	Against
The Kansai Electric Power Co., Inc.	Japan	Amend articles to add provision that utility will operate to promote nuclear phase-out, decarbonization and renewable energy	Against
The Kansai Electric Power Co., Inc.	Japan	Amend articles to add provisions concerning management based on CSR (withdrawal from coal-fired power generation business)	Against
The Kansai Electric Power Co., Inc.	Japan	Amend articles to ban conclusion of agreements to purchase coal power generated electricity	Against
The Kansai Electric Power Co., Inc.	Japan	Amend articles to disclose transition plan through 2050 aligned with goals of Paris Agreement	For
The Kansai Electric Power Co., Inc.	Japan	Amend articles to encourage dispersed renewable energy	For
The Kansai Electric Power Co., Inc.	Japan	Amend articles to realize zero carbon emissions by 2050	Against
The Kroger Co.	U.S.	Report on efforts to eliminate HFCs in refrigeration and reduce GHG emissions	For
The Toronto-Dominion Bank	Canada	Adopt a policy of not financing new fossil fuel supply, including financing of companies exploring or developing undeveloped oil and gas reserves	Against
The Toronto-Dominion Bank	Canada	Advisory vote on environmental policy	For
The Travelers Companies, Inc.	U.S.	Adopt underwriting policies in alignment with IEA's Net Zero Emissions by 2050 Scenario	Against

Company	Country	Type of shareholder proposal	Vote
The Travelers Companies, Inc.	U.S.	Report on efforts to measure, disclose and reduce GHG emissions associated with underwriting	For
Tokyo Electric Power Co. Holdings, Inc.	Japan	Amend articles to maintain electricity demand and supply balance, and promote renewable energies	Against
Tokyo Electric Power Co. Holdings, Inc.	Japan	Amend articles to require disclosure of asset resilience to a net zero by 2050 pathway	For
Topdanmark A/S	Denmark	Require that Topdanmark join the international investor coalition Net-Zero Asset Owner Alliance	Against
United Parcel Service, Inc.	U.S.	Adopt independently verified science-based GHG reduction targets	For
United Parcel Service, Inc.	U.S.	Report on balancing climate measures and financial returns	For
United Parcel Service, Inc.	U.S.	Report on corporate climate lobbying aligned with Paris Agreement	For
US Foods Holding Corp.	U.S.	Adopt short-, medium-, and long-term GHG emissions reduction targets	For
Valero Energy Corporation	U.S.	Disclose climate action plan and GHG emissions reduction targets	For
Wells Fargo & Company	U.S.	Adopt a financing policy consistent with IEA's Net Zero Emissions by 2050 Scenario	For
Westpac Banking Corp.	Australia	Approve climate risk safeguarding	For
Whitehaven Coal Limited	Australia	Approve capital protection	For
Woodside Petroleum Ltd.	Australia	Approve contingent resolution — capital protection	For
Woodside Petroleum Ltd.	Australia	Approve contingent resolution — climate-related lobbying	For
Woodside Petroleum Ltd.	Australia	Approve contingent resolution — decommissioning	For

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## ENVIRONMENTAL — POLLUTION

Company	Country	Type of shareholder proposal	Vote
Amazon.com, Inc.	U.S.	Report on efforts to reduce plastic use	For
Chubu Electric Power Co., Inc.	Japan	Amend articles to ban nuclear power generation	Against
Exxon Mobil Corporation	U.S.	Report on reducing plastic pollution	For
Hokkaido Electric Power Co., Inc.	Japan	Amend articles to ban release of radioactive tritium	Against
Hokkaido Electric Power Co., Inc.	Japan	Amend articles to enhance nuclear accident prevention measures	Against
Hokkaido Electric Power Co., Inc.	Japan	Amend articles to realize carbon neutral society free from nuclear power	Against
Hokkaido Electric Power Co., Inc.	Japan	Amend articles to rigorously conduct nuclear facility inspection with third parties involved	Against
Hokuriku Electric Power Co.	Japan	Amend articles to introduce provisions on prevention of environmental contamination and the utility's responsibility	Against
Hokuriku Electric Power Co.	Japan	Amend articles to withdraw from nuclear power generation, promote renewable energy, and realize carbon neutral	Against
Jack in the Box Inc.	U.S.	Report on sustainable packaging	For
Kyushu Electric Power Co., Inc.	Japan	Amend articles to establish active fault evaluation committee	Against
Kyushu Electric Power Co., Inc.	Japan	Amend articles to establish hydrogen explosion evaluation committee	Against
Kyushu Electric Power Co., Inc.	Japan	Amend articles to establish nuclear accident committee to nurture culture for nuclear safety	Against
Kyushu Electric Power Co., Inc.	Japan	Amend articles to remove nuclear power from carbon neutral power generation	Against
Kyushu Electric Power Co., Inc.	Japan	Amend articles to retire Sendai nuclear power reactors 1 and 2	Against
Kyushu Electric Power Co., Inc.	Japan	Amend articles to withdraw from spent nuclear fuel recycling business	Against
McDonald's Corporation	U.S.	Report on efforts to reduce plastic use	For
Phillips 66	U.S.	Report on reducing plastic pollution	For
Shikoku Electric Power Co., Inc.	Japan	Amend articles to complete decommissioning of Ikata nuclear reactors no. 1 and no. 2 by fiscal 2060	Against
Shikoku Electric Power Co., Inc.	Japan	Amend articles to decommission Ikata nuclear reactor no. 3	Against

Company	Country	Type of shareholder proposal	Vote
Shikoku Electric Power Co., Inc.	Japan	Amend articles to formulate protection and evacuation plan in the event of nuclear accidents	Against
Sysco Corporation	U.S.	Report on efforts to reduce plastic use	For
The Chugoku Electric Power Co., Inc.	Japan	Amend articles to add provisions on counter-measures against terrorism and war as condition to resume nuclear power generation	Against
The Chugoku Electric Power Co., Inc.	Japan	Amend articles to exclude nuclear power generation from carbon neutral electricity	Against
The Chugoku Electric Power Co., Inc.	Japan	Amend articles to require agreements with local communities before construction of nuclear power facilities	Against
The Kansai Electric Power Co., Inc.	Japan	Amend articles to ban purchase of electricity from Japan Atomic Power Company	Against
The Kansai Electric Power Co., Inc.	Japan	Amend articles to ban reprocessing of spent nuclear fuels	Against
The Kansai Electric Power Co., Inc.	Japan	Amend articles to demolish all nuclear power plants	Against
The Kansai Electric Power Co., Inc.	Japan	Amend articles to establish electricity supply system based on renewable energies	Against
The Kansai Electric Power Co., Inc.	Japan	Amend articles to establish evaluation committee on the effectiveness of nuclear accident evacuation plan	Against
The Kansai Electric Power Co., Inc.	Japan	Amend articles to establish work environment where employees think about safety of nuclear power generation	Against
The Kansai Electric Power Co., Inc.	Japan	Amend articles to withdraw from nuclear power generation and realize zero carbon emissions	Against
The Kroger Co.	U.S.	Report on efforts to reduce plastic use	For
Tohoku Electric Power Co., Inc.	Japan	Amend articles to introduce provision on declaration of withdrawal from nuclear power	Against
Tohoku Electric Power Co., Inc.	Japan	Amend articles to introduce provision on nuclear waste processing and disposal	Against
Tohoku Electric Power Co., Inc.	Japan	Amend articles to introduce provision on purchase of insurance for nuclear facilities	Against
Tohoku Electric Power Co., Inc.	Japan	Amend articles to introduce provision on special facilities against severe nuclear accidents	Against

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## ENVIRONMENTAL — POLLUTION (CONTINUED)

Company	Country	Type of shareholder proposal	Vote
Tokyo Electric Power Co. Holdings, Inc.	Japan	Amend articles to add provision on contaminated water treatment at Fukushima Daiichi Nuclear Power Station	Against
Tokyo Electric Power Co. Holdings, Inc.	Japan	Amend articles to add provision on contribution to decarbonization	Against
Tokyo Electric Power Co. Holdings, Inc.	Japan	Amend articles to add provision on purchase of insurance for Kashiwazaki-Kariwa Nuclear Power Plant and the utility's liabilities in the event of nuclear accident	Against
Tokyo Electric Power Co. Holdings, Inc.	Japan	Amend articles to disclose electricity generation cost and include breakdown of wheeling charge in electric bill	Against
Tokyo Electric Power Co. Holdings, Inc.	Japan	Amend articles to make changes to fuel debris retrieval plan at Fukushima Daiichi Nuclear Power Station	Against
Tyson Foods, Inc.	U.S.	Report on sustainable packaging efforts	For

## ENVIRONMENTAL — BOARD-RELATED

Company	Country	Type of shareholder proposal	Vote
Alphabet Inc.	U.S.	Establish an environmental sustainability board committee	For
The Bank of Nova Scotia	Canada	Set up a climate change and environment committee	Against
Twitter, Inc.	U.S.	Nominate candidate for board elections with human and/or civil rights expertise	Against

## ENVIRONMENTAL — COMPENSATION

Company	Country	Type of shareholder proposal	Vote
Booking Holdings Inc.	U.S.	Report on climate change performance metrics into executive compensation program	Against
The Kansai Electric Power Co., Inc.	Japan	Amend articles to introduce executive compensation system linked to ESG factors	Against

## ENVIRONMENTAL — SUSTAINABILITY

Company	Country	Type of shareholder proposal	Vote
Bank of Montreal	Canada	Adopt a policy to ensure the bank's financing is consistent with IEA's Net Zero Emissions by 2050 Scenario	Against
Imperial Oil Limited	Canada	Adopt a policy to cease oil and gas exploration and developments	Against
Royal Bank of Canada	Canada	Update the bank's criteria for sustainable finance to preclude fossil fuel activity and projects opposing Indigenous peoples	Against

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## ENVIRONMENTAL — MISCELLANEOUS/OTHER

Company	Country	Type of shareholder proposal	Vote
3M Company	U.S.	Report on environmental costs and impact on diversified shareholders	For
Alphabet Inc.	U.S.	Report on metrics and efforts to reduce water-related risk	For
BlackRock, Inc.	U.S.	Adopt policies to curtail corporate activities that externalize social and environmental costs	Against
Credit Suisse Group AG	Switzerland	Amend articles re: climate change strategy and disclosures	For
Danske Bank A/S	Denmark	Prepare business strategy in line with Paris Agreement	Against
FirstEnergy Corp.	U.S.	Report on child labor audit	Against
General Mills, Inc.	U.S.	Report on absolute plastic packaging use reduction	For
Hennes & Mauritz AB	Sweden	Replace fossil materials with renewable forest resources	Against
Hennes & Mauritz AB	Sweden	Report on sustainably sourced and organically produced cotton	For
Honeywell International Inc.	U.S.	Report on environmental and social due diligence	Against
Laurentian Bank of Canada	Canada	Report loans granted in support of the circular economy	Against
Meta Platforms, Inc.	U.S.	Commission assessment of audit and risk oversight committee	For
Metro Inc.	Canada	Propose an action plan to achieve zero plastic waste by 2030	Against

Company	Country	Type of shareholder proposal	Vote
Metro Inc.	Canada	Specify in a code of conduct the corporation's requirements with its suppliers and the commitments of the preservation of biodiversity	Against
Origin Energy Limited	Australia	Subject to Resolution 9a being passed, approve the shareholder proposal re: consent resolution	For
Origin Energy Limited	Australia	Subject to Resolution 9a being passed, approve the shareholder proposal re: cultural heritage resolution	Against
Origin Energy Limited	Australia	Subject to Resolution 9a being passed, approve the shareholder proposal re: water resolution	For
Rockwool International A/S	Denmark	Assess environmental and community impacts from siting of manufacturing facilities	For
Royal Bank of Canada	Canada	Avoid bank participation in pollution-intensive asset privatizations	Against
Royal Bank of Canada	Canada	Produce a report on loans made by the bank in support of the circular economy	Against
Royal Bank of Canada	Canada	Produce a report on loans made by the bank in support of the circular economy	For
State Street Corporation	U.S.	Report on asset management policies and diversified investors	Against
Tesla, Inc.	U.S.	Report on water risk exposure	For
The Home Depot, Inc.	U.S.	Report on efforts to eliminate deforestation in supply chain	For
The Kraft Heinz Company	U.S.	Report on metrics and efforts to reduce water related risk	For

Source: Northern Trust Asset Management



## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## SOCIAL — ANIMAL WELFARE

Company	Country	Type of shareholder proposal	Vote
Brinker International, Inc.	U.S.	Report on measures to end use of medically important antibiotics in beef and pork supply chains	For
Campbell Soup Company	U.S.	Report on supply chain practices	For
Dillard's, Inc.	U.S.	Report on risks from company's use of real animal fur	Against
Dine Brands Global, Inc.	U.S.	Report on disparities between company's ESG standards and their implementation, including with respect to use of gestation crates in pork supply	For
Ingles Markets, Incorporated	U.S.	Approve request on cage-free egg progress disclosure	For
Levi Strauss & Co.	U.S.	Report on animal slaughter methods	For
lululemon athletica inc.	U.S.	Report on animal slaughter methods	For
McDonald's Corporation	U.S.	Report on use of gestation stalls in pork supply chain	For
Papa John's International, Inc.	U.S.	Report on use of pig gestation crates	For
RH	U.S.	Report on procurement of down feathers from the company's suppliers	For
The Wendy's Company	U.S.	Report on use of gestation stalls in pork supply chain	For
Walmart Inc.	U.S.	Report on animal welfare policies and practices in food supply chain	For
Weis Markets, Inc.	U.S.	Approve request on cage-free egg progress disclosure	For

## SOCIAL — BOARD DIVERSITY

Company	Country	Type of shareholder proposal	Vote
ACOM Co., Ltd.	Japan	Amend articles to appoint at least one male director and one female director	For
Alimentation Couche-Tard Inc.	Canada	Report on representation of women in management positions	Against
Alphabet Inc.	U.S.	Report on steps to improve racial and gender board diversity	Against
Bombardier Inc.	Canada	Publish a report annually on the representation of women in all levels of management	Against
Cascades Inc.	Canada	Propose report on representation of women in leadership roles	Against
Cogeco Inc.	Canada	Women in leadership roles before and after the pandemic	Against
CorVel Corporation	U.S.	Report on steps to improve racial and gender board diversity	Against
JPMorgan Chase & Co.	U.S.	Disclose director skills and qualifications including ideological perspectives	Against
Metro Inc.	Canada	Publish a report annually on the representation of women in the corporation's management	Against
NextEra Energy, Inc.	U.S.	Disclose a board diversity and qualifications matrix	Against
Power Corporation of Canada	Canada	Publish a report annually on the representation of women in all levels of management	Against
Tesla, Inc.	U.S.	Report on racial and gender board diversity	For
The Home Depot, Inc.	U.S.	Report on steps to improve gender and racial equity on the board	Against
Tradeweb Markets Inc.	U.S.	Adopt a policy on board diversity	For
Wells Fargo & Company	U.S.	Report on board diversity	Against

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## SOCIAL — CHARITABLE SPENDING

Company	Country	Type of shareholder proposal	Vote
Amazon.com, Inc.	U.S.	Report on charitable contributions	Against
Bank of America Corporation	U.S.	Report on charitable contributions	Against
Colgate-Palmolive Company	U.S.	Report on charitable contributions	Against
Comcast Corporation	U.S.	Report on charitable contributions	Against
Costco Wholesale Corporation	U.S.	Report on charitable contributions	Against
Johnson & Johnson	U.S.	Report on charitable contributions	Against
Mastercard Incorporated	U.S.	Report on charitable contributions	Against
Meta Platforms, Inc.	U.S.	Report on charitable contributions	Against
The Boeing Company	U.S.	Report on charitable contributions	Against
The Goldman Sachs Group, Inc.	U.S.	Report on charitable contributions	Against
Verizon Communications Inc.	U.S.	Report on charitable contributions	Against
Walmart Inc.	U.S.	Report on charitable contributions	Against
Wells Fargo & Company	U.S.	Report on charitable contributions	Against

## SOCIAL — DATA SECURITY AND PRIVACY

Company	Country	Type of shareholder proposal	Vote
Microsoft Corporation	U.S.	Report on government use of Microsoft technology	For

## SOCIAL — DIVERSITY, EQUITY AND INCLUSION

Company	Country	Type of shareholder proposal	Vote
Activision Blizzard, Inc.	U.S.	Report on efforts prevent abuse, harassment, and discrimination	For
Alphabet Inc.	U.S.	Oversee and report a third-party racial equity audit	For
Alphabet Inc.	U.S.	Report on risks associated with use of concealment clauses	For
Altria Group, Inc.	U.S.	Report on third-party civil rights audit	For
Amazon.com, Inc.	U.S.	Report on median gender/racial pay gap	Against
Amazon.com, Inc.	U.S.	Report on risks associated with use of concealment clauses	Against
American Water Works Company, Inc.	U.S.	Report on third-party racial equity audit	For
Anthem, Inc.	U.S.	Oversee and report a racial equity audit	For
Apple Inc.	U.S.	Report on civil rights audit	For
Apple Inc.	U.S.	Report on concealment clauses	For
Apple Inc.	U.S.	Report on median gender/racial pay gap	Against
Badger Meter, Inc.	U.S.	Report on achieving racial equity on the board of directors	For
Berkshire Hathaway Inc.	U.S.	Report on effectiveness of diversity equity and inclusion efforts and metrics	For
Charter Communications, Inc.	U.S.	Adopt policy to annually disclose EEO-1 data	For
Charter Communications, Inc.	U.S.	Report on effectiveness of diversity, equity and inclusion efforts and metrics	For
Chevron Corporation	U.S.	Oversee and report a racial equity audit	For
Chipotle Mexican Grill, Inc.	U.S.	Oversee and report a racial equity audit	For
Chipotle Mexican Grill, Inc.	U.S.	Report on effectiveness of diversity equity and inclusion efforts and metrics	For
Cigna Corporation	U.S.	Report on gender pay gap	Against
Comcast Corporation	U.S.	Conduct audit and report on effectiveness of sexual harassment policies	For
Comcast Corporation	U.S.	Oversee and report a racial equity audit	For
Constellation Software Inc.	Canada	Report on racial diversity in the workplace	For
Costco Wholesale Corporation	U.S.	Report on racial justice and food equity	For
CVS Health Corporation	U.S.	Adopt a policy on paid sick leave for all employees	Against
Digital Realty Trust, Inc.	U.S.	Report on risks associated with use of concealment clauses	For

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## SOCIAL — DIVERSITY, EQUITY AND INCLUSION (CONTINUED)

Company	Country	Type of shareholder proposal	Vote
FedEx Corporation	U.S.	Report on racism in corporate culture	For
Hennes & Mauritz AB	Sweden	Action by the board in respect of workers in H&M supply chain	Against
Hennes & Mauritz AB	Sweden	Report on prevention on indirect purchasing of goods and use of forced labor	For
Intel Corporation	U.S.	Report on third-party civil rights audit	For
International Business Machines Corporation	U.S.	Report on concealment clauses	For
Johnson & Johnson	U.S.	Oversee and report a racial equity audit	For
Lowe's Companies, Inc.	U.S.	Report on median gender/racial pay gap	Against
Maximus, Inc.	U.S.	Report on third-party racial equity audit	For
McDonald's Corporation	U.S.	Report on third-party civil rights audit	For
Meta Platforms, Inc.	U.S.	Report on risks associated with use of concealment clauses	For
Microsoft Corporation	U.S.	Report on hiring of persons with arrest or incarceration records	For
Mondelez International, Inc.	U.S.	Oversee and report on a racial equity audit	For
NextEra Energy, Inc.	U.S.	Report on effectiveness of diversity, equity and inclusion efforts and metrics	For
Onex Corporation	Canada	Report on indigenous community with certified external indigenous-led standards of practice	For
Republic Services, Inc.	U.S.	Report on third-party civil rights audit	For
Republic Services, Inc.	U.S.	Report on third-party environmental justice audit	For
Salesforce, Inc.	U.S.	Oversee and report a racial equity audit	For
SNC-Lavalin Group Inc.	Canada	Propose report on effectiveness of diversity, equity and inclusion efforts and metrics	For
Starbucks Corporation	U.S.	Report on prevention of harassment and discrimination in the workplace	For

Company	Country	Type of shareholder proposal	Vote
Stericycle, Inc.	U.S.	Report on third-party civil rights audit	For
SunRun Inc.	U.S.	Report on risks associated with use of concealment clauses	For
SVB Financial Group	U.S.	Report on third-party racial justice audit	For
Sysco Corporation	U.S.	Report on third-party civil rights audit	For
Tesla, Inc.	U.S.	Report on efforts to prevent harassment and discrimination in the workplace	For
The Home Depot, Inc.	U.S.	Oversee and report a racial equity audit	For
The Kansai Electric Power Co., Inc.	Japan	Amend articles to add provisions concerning management based on CSR (gender diversity)	Against
The TJX Companies, Inc.	U.S.	Adopt paid sick leave policy for all associates	For
The Travelers Companies, Inc.	U.S.	Oversee and report a racial equity audit	For
The Walt Disney Company	U.S.	Report on gender/racial pay gap	Against
Tokyo Electric Power Co. Holdings, Inc.	Japan	Amend articles to add provision on promotion of gender equality for employees, managers, and board members	Against
Toromont Industries Ltd.	Canada	Report on Indigenous community with certified external Indigenous-led standards of practice	For
Twitter, Inc.	U.S.	Report on risks associated with use of concealment clauses	For
United Parcel Service, Inc.	U.S.	Report on effectiveness of diversity equity and inclusion efforts and metrics	For
Walmart Inc.	U.S.	Report on alignment of racial justice goals and starting wages	For
Waste Management, Inc.	U.S.	Report on civil rights audit	For
Wells Fargo & Company	U.S.	Oversee and report a racial equity audit	For
XPO Logistics, Inc.	U.S.	Oversee and report a civil rights audit	For

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## SOCIAL — HEALTH AND SAFETY

Company	Country	Type of shareholder proposal	Vote
Abbott Laboratories	U.S.	Report on public health costs of antimicrobial resistance	For
AbbVie Inc.	U.S.	Report on board oversight of risks related to anticompetitive practices	For
Amazon.com, Inc.	U.S.	Commission a third party audit on working conditions	For
Amazon.com, Inc.	U.S.	Report on worker health and safety disparities	For
Archer-Daniels-Midland Company	U.S.	Report on pesticide use in the company's supply chain	For
CVS Health Corporation	U.S.	Report on external public health costs and impact on diversified shareholders	For
Eli Lilly and Company	U.S.	Report on board oversight of risks related to anticompetitive pricing strategies	For
Gilead Sciences, Inc.	U.S.	Report on board oversight of risks related to anticompetitive practices	For
Hormel Foods Corporation	U.S.	Report on public health impacts of antibiotic use in product supply chain	For
Johnson & Johnson	U.S.	Report on government financial support and access to COVID-19 vaccines and therapeutics	For
Johnson & Johnson	U.S.	Report on public health costs of limited sharing of vaccine technology	For
Johnson & Johnson	U.S.	Discontinue global sales of baby powder containing talc	Abstain
Lowe's Companies, Inc.	U.S.	Report on risks of state policies restricting reproductive health care	For
McDonald's Corporation	U.S.	Report on public health costs of antibiotic use and impact on diversified shareholders	For
Merck & Co., Inc.	U.S.	Report on access to COVID-19 products	For
PepsiCo, Inc.	U.S.	Report on public health costs of food and beverages products	For
Pfizer Inc.	U.S.	Report on board oversight of risks related to anticompetitive practices	For
Pfizer Inc.	U.S.	Report on feasibility of technology transfer to boost COVID-19 vaccine production	For

## SOCIAL — HEALTH AND SAFETY (CONTINUED)

Company	Country	Type of shareholder proposal	Vote
Pfizer Inc.	U.S.	Report on public health costs of limited sharing of vaccine technology	For
Philip Morris International Inc	U.S.	Phase out production of health-hazardous and addictive products	Against
The Coca-Cola Company	U.S.	Report on external public health costs	For
The TJX Companies, Inc.	U.S.	Report on risk due to restrictions on reproductive rights	For
Walgreens Boots Alliance, Inc.	U.S.	Report on public health costs due to tobacco product sales and the impact on overall market	For
Walmart Inc.	U.S.	Report on impacts of restrictive reproductive healthcare legislation	For

## SOCIAL — HUMAN CAPITAL MANAGEMENT

Company	Country	Type of shareholder proposal	Vote
AT&T Inc.	U.S.	Consider pay disparity between executives and other employees	For
Denny's Corporation	U.S.	Report on the feasibility of increasing tipped workers' wages	Against
Dine Brands Global, Inc.	U.S.	Report on the feasibility of increasing tipped workers' wages	Against
Johnson & Johnson	U.S.	Consider pay disparity between executives and other employees	For
Kellogg Company	U.S.	Consider pay disparity between CEO and other employees	For
NS Solutions Corp.	Japan	Amend articles to establish special compliance investigation committee	For
PPG Industries, Inc.	U.S.	Consider pay disparity between CEO and other employees	For
Tesla, Inc.	U.S.	Report on the impacts of using mandatory arbitration	For

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## SOCIAL — HUMAN RIGHTS

Company	Country	Type of shareholder proposal	Vote
3M Company	U.S.	Report on operations in communist China	Against
Alphabet Inc.	U.S.	Commission third party assessment of company's management of misinformation and disinformation across platforms	For
Alphabet Inc.	U.S.	Report on risks of doing business in countries with significant human rights concerns	For
Amazon.com, Inc.	U.S.	Commission third party report assessing company's human rights due diligence process	For
Amazon.com, Inc.	U.S.	Commission third party study and report on risks associated with use of recognition	For
Amazon.com, Inc.	U.S.	Report on protecting the rights of freedom of association and collective bargaining	For
Apple Inc.	U.S.	Report on forced labor	For
Caterpillar Inc.	U.S.	Report on risks of doing business in conflict-affected areas	For
Chevron Corporation	U.S.	Report on business with conflict-complicit governments	For
Citigroup Inc.	U.S.	Report on respecting Indigenous peoples' rights	For
Dollarama Inc.	Canada	Freedom of association	For
Dollarama Inc.	Canada	Freedom of association	Against
Exelon Corporation	U.S.	Report on use of child labor in supply chain	Against
General Dynamics Corporation	U.S.	Report on human rights due diligence	For
General Motors Company	U.S.	Report on the use of child labor in connection with electric vehicles	For
Loblaw Companies Limited	Canada	Report on actual and potential human rights impacts on migrant workers	For
Loblaw Companies Limited	Canada	Publish annually a summary of the company's supplier audits results	For
Lockheed Martin Corporation	U.S.	Report on human rights impact assessment	For

Company	Country	Type of shareholder proposal	Vote
Lowe's Companies, Inc.	U.S.	Report on risks from company vendors that misclassify employees as independent contractors	For
Meta Platforms, Inc.	U.S.	Publish third party human rights impact assessment	For
NIKE, Inc.	U.S.	Adopt a policy on China sourcing	Against
Royal Bank of Canada	Canada	Assess and mitigate the human rights and reputational risks involved in the financialization of housing	Against
Royal Bank of Canada	Canada	Assess and mitigate the human rights and reputational risks involved in the financialization of housing	For
Smith & Wesson Brands, Inc.	U.S.	Adopt a comprehensive human rights policy	For
Sturm, Ruger & Company, Inc.	U.S.	Oversee and report a third party human rights impact assessment	For
Sysco Corporation	U.S.	Commission third party report assessing company's supply chain risks	For
Tesla, Inc.	U.S.	Adopt a policy on respecting rights to freedom of association and collective bargaining	For
Tesla, Inc.	U.S.	Report on eradicating child labor in battery supply chain	For
The Hershey Company	U.S.	Report on eradication of child labor in cocoa production	For
The Kroger Co.	U.S.	Report on human rights and protection of farmworkers	For
The TJX Companies, Inc.	U.S.	Report on assessing due diligence on human rights in supply chain	For
The TJX Companies, Inc.	U.S.	Report on risks from company vendors that misclassify employees as independent contractors	For
The Walt Disney Company	U.S.	Report on human rights due diligence	For
Urban Outfitters, Inc.	U.S.	Report on risks from company vendors that misclassify employees as independent contractors	For
Verizon Communications Inc.	U.S.	Report on operations in communist China	Against
Wells Fargo & Company	U.S.	Report on respecting Indigenous peoples' rights	For

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## SOCIAL — POLITICAL SPENDING

Company	Country	Type of shareholder proposal	Vote
Anthem, Inc.	U.S.	Adopt a policy prohibiting direct and indirect political contributions to candidates	Against
Abbott Laboratories	U.S.	Report on lobbying payments and policy	For
AbbVie Inc.	U.S.	Report on congruency of political spending with company values and priorities	For
Alphabet Inc.	U.S.	Report on lobbying payments and policy	For
Amazon.com, Inc.	U.S.	Report on lobbying payments and policy	For
American Airlines Group Inc.	U.S.	Report on lobbying payments and policy	For
AT&T Inc.	U.S.	Report on congruency of political spending with company values and priorities	For
Caterpillar Inc.	U.S.	Report on lobbying payments and policy	For
Charter Communications, Inc.	U.S.	Report on congruency of political spending with company values and priorities	For
Charter Communications, Inc.	U.S.	Report on lobbying payments and policy	For
Cigna Corporation	U.S.	Report on congruency of political spending with company values and priorities	For
Cintas Corporation	U.S.	Report on political contributions	For
ConocoPhillips	U.S.	Report on lobbying payments and policy	Against
DaVita Inc.	U.S.	Report on political contributions and expenditures	For
Delta Air Lines, Inc.	U.S.	Report on lobbying payments and policy	For
DISH Network Corporation	U.S.	Report on political contributions	For
Dollar General Corporation	U.S.	Report on political contributions and expenditures	For
Eli Lilly and Company	U.S.	Publish third-party review of alignment of company's lobbying activities with its public statements	For
Eli Lilly and Company	U.S.	Report on lobbying payments and policy	For
Expeditors International of Washington, Inc.	U.S.	Report on political contributions and expenditures	For
Exxon Mobil Corporation	U.S.	Report on political contributions and expenditures	For
FedEx Corporation	U.S.	Report on alignment between company values and electioneering contributions	For
FedEx Corporation	U.S.	Report on lobbying payments and policy	For

Company	Country	Type of shareholder proposal	Vote
Flowers Foods, Inc.	U.S.	Report on political contributions and expenditures	For
Fox Corporation	U.S.	Report on lobbying payments and policy	For
Gilead Sciences, Inc.	U.S.	Publish third-party review of alignment of company's lobbying activities with its public statements	For
HCA Healthcare, Inc.	U.S.	Report on lobbying payments and policy	For
HCA Healthcare, Inc.	U.S.	Report on political contributions	For
Johnson & Johnson	U.S.	Publish third-party review of alignment of company's lobbying activities with its public statements	For
Lyft, Inc.	U.S.	Report on lobbying payments and policy	For
Mastercard Incorporated	U.S.	Report on political contributions	For
McDonald's Corporation	U.S.	Issue transparency report on global public policy and political influence	For
McDonald's Corporation	U.S.	Report on lobbying payments and policy	For
Merck & Co., Inc.	U.S.	Report on lobbying payments and policy	Against
Meta Platforms, Inc.	U.S.	Report on lobbying payments and policy	For
Netflix, Inc.	U.S.	Report on lobbying payments and policy	For
News Corporation	U.S.	Report on lobbying payments and policy	For
OmnicomGroup Inc.	U.S.	Report on political contributions and expenditures	For
PepsiCo, Inc.	U.S.	Report on global public policy and political influence	For
Rockwool International A/S	Denmark	Disclose report on political contributions	For
The Boeing Company	U.S.	Report on lobbying payments and policy	For
The Charles Schwab Corporation	U.S.	Report on lobbying payments and policy	For
The Coca-Cola Company	U.S.	Report on global public policy and political influence	Against
The Home Depot, Inc.	U.S.	Report on congruency of political spending with company values and priorities	For
The Travelers Companies, Inc.	U.S.	Report on lobbying payments and policy	For
The Walt Disney Company	U.S.	Report on lobbying payments and policy	For
Twitter, Inc.	U.S.	Report on lobbying payments and policy	For
Twitter, Inc.	U.S.	Report on political contributions	For

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## SOCIAL — POLITICAL SPENDING (CONTINUED)

Company	Country	Type of shareholder proposal	Vote
Uber Technologies, Inc.	U.S.	Report on lobbying payments and policy	For
United Airlines Holdings, Inc.	U.S.	Report on lobbying payments and policy	For
United Parcel Service, Inc.	U.S.	Report on lobbying payments and policy	For
UnitedHealth Group Incorporated	U.S.	Report on congruency of political spending with company values and priorities	For
Walmart Inc.	U.S.	Report on lobbying payments and policy	For
XPO Logistics, Inc.	U.S.	Report on lobbying payments and policy	For

## SOCIAL — WEAPONS

Company	Country	Type of shareholder proposal	Vote
Mastercard Incorporated	U.S.	Report on risks associated with sale and purchase of ghost guns	For
Microsoft Corporation	U.S.	Report on development of products for military	For
The PNC Financial Services Group, Inc.	U.S.	Report on risk management and nuclear weapon industry	For

## SOCIAL — MISCELLANEOUS/OTHER

Company	Country	Type of shareholder proposal	Vote
Alphabet Inc.	U.S.	Disclose more quantitative and qualitative information on algorithmic systems	For
Alphabet Inc.	U.S.	Report on external costs of misinformation and impact on diversified shareholders	Against
Alphabet Inc.	U.S.	Report on government takedown requests	Against
Alphabet Inc.	U.S.	Report on managing risks related to data collection, privacy and security	For
Alphabet Inc.	U.S.	Report on policies regarding military and militarized policing agencies	Against
Amazon.com, Inc.	U.S.	Publish a tax transparency report	For
Cisco Systems, Inc.	U.S.	Report on tax transparency set forth in the global reporting initiative's tax standard	For
Marriott International, Inc.	U.S.	Report on costs of low wages and inequality and impact on diversified shareholders	For
Meta Platforms, Inc.	U.S.	Report on child sexual exploitation online	For
Meta Platforms, Inc.	U.S.	Report on community standards enforcement	For
Meta Platforms, Inc.	U.S.	Report on external costs of misinformation and impact on diversified shareholders	For
Meta Platforms, Inc.	U.S.	Report on user risk and advisory vote on metaverse project	For
Microsoft Corporation	U.S.	Report on tax transparency	For
Moderna, Inc.	U.S.	Report on the feasibility of transferring intellectual property	For
Restaurant Brands International Inc.	Canada	Report on business strategy in the face of labor market pressure	For
Restaurant Brands International Inc.	Canada	Report on business strategy in the face of labor market pressure	Against
The Kroger Co.	U.S.	Report on risks to business due to increased labor market pressure	Against
The Travelers Companies, Inc.	U.S.	Ensure policies do not support police violations of civil rights	Against
Tractor Supply Company	U.S.	Report on costs of low wages and inequality and impact on diversified shareholders	Against

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## GOVERNANCE — COMPENSATION

Company	Country	Type of shareholder proposal	Vote
Abbott Laboratories	U.S.	Adopt policy on 10b5-1 plans	Against
AbbVie Inc.	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
Alaska Air Group, Inc.	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
Allegiant Travel Company	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
AmerisourceBergen Corporation	U.S.	Adopt a policy that no financial metric be adjusted to exclude legal or compliance costs in determining executive compensation	For
Canadian Imperial Bank of Commerce	Canada	Disclosure of the CEO compensation to median worker pay ratio	For
Chubu Electric Power Co., Inc.	Japan	Amend articles to require individual compensation disclosure for directors and statutory auditors	For
Citigroup Inc.	U.S.	Adopt management pay clawback authorization policy	Against
Citizen Watch Co., Ltd.	Japan	Amend articles to require individual compensation disclosure for directors	For
Colgate-Palmolive Company	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
Electronic Arts Inc.	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
Exxon Mobil Corporation	U.S.	Remove executive perquisites	Abstain
Fiserv, Inc.	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
General Electric Company	U.S.	Approve cessation of all executive stock option and bonus programs	Against
General Electric Company	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
Hokkaido Electric Power Co., Inc.	Japan	Amend articles to require individual compensation disclosure for directors and advisors	For
Hokuriku Electric Power Co.	Japan	Amend articles to require individual compensation disclosure for directors, statutory auditors, and advisors	For

Company	Country	Type of shareholder proposal	Vote
Japan Securities Finance Co., Ltd.	Japan	Amend articles to require individual compensation disclosure for company president	For
Japan Securities Finance Co., Ltd.	Japan	Amend articles to require individual compensation disclosure for directors and officers sent from Bank of Japan	For
Johnson & Johnson	U.S.	Adopt policy to include legal and compliance costs in incentive compensation metrics	For
Kyushu Electric Power Co., Inc.	Japan	Amend articles to require individual compensation disclosure for directors	For
Lincoln National Corporation	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
Marathon Petroleum Corporation	U.S.	Amend compensation clawback policy	Against
McKesson Corporation	U.S.	Adopt policy on 10b5-1 plans	Against
Mitsui Mining & Smelting Co., Ltd.	Japan	Amend articles to require individual compensation disclosure for directors and executive officers	For
NCR Corporation	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
Nissan Shatai Co., Ltd.	Japan	Amend articles to require individual compensation disclosure for representative directors	For
NortonLifeLock Inc.	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
Norwegian Cruise Line Holdings Ltd.	Bermuda	Adopt share retention policy for senior executives	Against
Park Hotels & Resorts Inc.	U.S.	Adopt share retention policy for senior executives	Against
Republic Services, Inc.	U.S.	Amend senior executive compensation clawback policy	Against
Royal Bank of Canada	Canada	Provide a report to shareholders and publicly disclose the CEO compensation to median worker pay ratio	For
SNC-Lavalin Group Inc.	Canada	Propose review of senior leadership compensation policy	Against
Southwest Airlines Co.	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
Spirit AeroSystems Holdings, Inc.	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For

Source: Northern Trust Asset Management



## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## GOVERNANCE — COMPENSATION (CONTINUED)

Company	Country	Type of shareholder proposal	Vote
The AES Corporation	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
The Chugoku Electric Power Co., Inc.	Japan	Amend articles to require individual compensation disclosure for directors	For
The Kansai Electric Power Co., Inc.	Japan	Amend articles to require individual compensation disclosure for directors and executive officers	For
The Kansai Electric Power Co., Inc.	Japan	Amend articles to require individual compensation disclosure for directors and executive officers, including those who retire during tenure, as well as individual disclosure concerning advisory contracts with retired directors and executive officers	For
The Toronto-Dominion Bank	Canada	Provide a report to shareholders and publicly disclose the CEO compensation to median worker pay ratio	For
Tokyo Electric Power Co. Holdings, Inc.	Japan	Amend articles to require individual compensation disclosure for directors and executive officers	For
UnitedHealth Group Incorporated	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
Verizon Communications Inc.	U.S.	Amend senior executive compensation clawback policy	Against
Verizon Communications Inc.	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For
Wakita & Co., Ltd.	Japan	Amend articles to require individual compensation disclosure for representative directors	For
Wells Fargo & Company	U.S.	Report on incentive-based compensation and risks of material losses	For
Wells Fargo & Company	U.S.	Adopt management pay clawback authorization policy	Against
XPO Logistics, Inc.	U.S.	Submit severance agreement (change-in-control) to shareholder vote	For

Source: Northern Trust Asset Management

## GOVERNANCE — CORPORATE GOVERNANCE

Company	Country	Type of shareholder proposal	Vote
Abbott Laboratories	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Agilent Technologies, Inc.	U.S.	Provide right to call a special meeting at a 10 percent ownership threshold	For
Air Transport Services Group, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Alcoa Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
American International Group, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
AmerisourceBergen Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
AMN Healthcare Services, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Amphenol Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Applied Materials, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Archer-Daniels-Midland Company	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Arconic Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
AutoNation, Inc.	U.S.	Provide right to call special meetings	Against
Bath & Body Works, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Baxter International Inc.	U.S.	Reduce ownership threshold for special shareholder meetings to 10%	Against
Becton, Dickinson and Company	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Bloomin' Brands, Inc.	U.S.	Provide right to call a special meeting at a 10 percent ownership threshold	For
Booking Holdings Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Booz Allen Hamilton Holding Corporation	U.S.	Provide right to call a special meeting at a 10 percent ownership threshold	Against

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## GOVERNANCE — CORPORATE GOVERNANCE (CONTINUED)

Company	Country	Type of shareholder proposal	Vote
BorgWarner Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Bristol-Myers Squibb Company	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Bunge Limited	Bermuda	Provide right to act by written consent	Against
Cadence Design Systems, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Caterpillar Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
CBRE Group, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
CDW Corporation	U.S.	Provide right to act by written consent	Against
Centene Corporation	U.S.	Provide right to call a special meeting at a 10 percent ownership threshold	For
Cerner Corporation	U.S.	Provide right to call a special meeting	For
CF Industries Holdings, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Chevron Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Church & Dwight Co., Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Cigna Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Cintas Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	For
Cognizant Technology Solutions Corporation	U.S.	Amend governing documents regarding requirements to call for a special meeting	Against
ConocoPhillips	U.S.	Provide right to call special meetings	Against
Construtora Tenda SA	Brazil	Amend articles re: waive mandatory offer requirement	Against
CoStar Group, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Cowen Inc.	U.S.	Provide right to call a special meeting at a 10 percent ownership threshold	For

Company	Country	Type of shareholder proposal	Vote
Crown Holdings, Inc.	U.S.	Provide right to call a special meeting at a 25 percent ownership threshold	For
CVS Health Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Danaher Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Deere & Company	U.S.	Amend governing documents regarding requirements to call for a special meeting	Against
Dominion Energy, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Dover Corporation	U.S.	Provide right to act by written consent	Against
DTE Energy Company	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Duke Energy Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	For
Eastman Chemical Company	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
eBay, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Ecolab Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Edwards Lifesciences Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
EMCOR Group, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Equinix, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
FirstEnergy Corp.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
FleetCor Technologies Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Flowserve Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Fortinet, Inc.	U.S.	Adopt simple majority vote	For
Fortive Corporation	U.S.	Adopt simple majority vote	For

Source: Northern Trust Asset Management



## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## GOVERNANCE — CORPORATE GOVERNANCE (CONTINUED)

Company	Country	Type of shareholder proposal	Vote
General Motors Company	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Gilead Sciences, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Global Payments Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	For
Greenhill & Co., Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Hewlett Packard Enterprise Company	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
HF Sinclair Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	For
Honeywell International Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
HP Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Huntington Ingalls Industries, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	For
Illinois Tool Works Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Illumina, Inc.	U.S.	Provide right to call a special meeting at a 15 percent ownership threshold	Against
Intel Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Intercontinental Exchange, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting to 10%	For
International Business Machines Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
ITT Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
JetBlue Airways Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
JPMorgan Chase & Co.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against

Company	Country	Type of shareholder proposal	Vote
Knight-Swift Transportation Holdings Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Laboratory Corporation of America Holdings	U.S.	Amend right to call special meeting to remove one-year holding requirement	Against
Lennar Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	For
Linde Plc	Ireland	Adopt simple majority vote	For
Lockheed Martin Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Marathon Petroleum Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	For
Mastercard Incorporated	U.S.	Provide right to call a special meeting at a 10 percent ownership threshold	Against
Mattel, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
McDonald's Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
McKesson Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Minim, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Nasdaq, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
NetApp, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Netflix, Inc.	U.S.	Adopt simple majority vote	For
Newell Brands Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
NiSource Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Norfolk Southern Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Northrop Grumman Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## GOVERNANCE — CORPORATE GOVERNANCE (CONTINUED)

Company	Country	Type of shareholder proposal	Vote
O'Reilly Automotive, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
OGE Energy Corp.	U.S.	Adopt simple majority vote	For
Otis Worldwide Corporation	U.S.	Amend governing documents regarding requirements to call for a special meeting	Against
PACCAR Inc	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Paramount Global	U.S.	Reduce ownership threshold for shareholders to call special meeting	For
PayPal Holdings, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Pinnacle West Capital Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	For
Prudential Financial, Inc.	U.S.	Provide right to act by written consent	Against
Quest Diagnostics Incorporated	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Resideo Technologies, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Rite Aid Corporation	U.S.	Adopt simple majority vote	For
Ryder System, Inc.	U.S.	Provide right to act by written consent	Against
Skyworks Solutions, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	For
Smith & Wesson Brands, Inc.	U.S.	Adopt simple majority vote	For
Sonoco Products Company	U.S.	Reduce ownership threshold for shareholders to call special meeting	For
Southwestern Energy Company	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Stanley Black & Decker, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Stericycle, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Synopsys, Inc.	U.S.	Provide right to act by written consent	Against
TEGNA Inc.	U.S.	Provide right to call a special meeting at a 10 percent ownership threshold	For

Company	Country	Type of shareholder proposal	Vote
Teleflex Incorporated	U.S.	Adopt simple majority vote	For
TETRA Technologies, Inc.	U.S.	Adopt simple majority vote	For
Texas Instruments Incorporated	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Textron Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
The Bank of New York Mellon Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
The Boeing Company	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
The Goldman Sachs Group, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
The Goodyear Tire & Rubber Company	U.S.	Adopt simple majority vote	For
The Home Depot, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
The Mosaic Company	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
The Southern Company	U.S.	Adopt simple majority vote	For
The Timken Company	U.S.	Adopt simple majority vote	For
The Walt Disney Company	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
The Western Union Company	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
United Rentals, Inc.	U.S.	Reduce ownership threshold for special shareholder meetings to 10%	Against
Valley National Bancorp	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
VeriSign, Inc.	U.S.	Eliminate holding period for shareholders to call special meeting	Against
Vertex Energy, Inc.	U.S.	Adopt simple majority vote	Against
Walgreens Boots Alliance, Inc.	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against
Xerox Holdings Corporation	U.S.	Reduce ownership threshold for shareholders to call special meeting	Against

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## GOVERNANCE — BOARD RELATED

Company	Country	Type of shareholder proposal	Vote
2U, Inc.	U.S.	Require a majority vote for the election of directors	For
Abbott Laboratories	U.S.	Require independent board chair	Against
AbbVie Inc.	U.S.	Require independent board chair	Against
Activision Blizzard, Inc.	U.S.	Adopt a policy to include non-management employees as prospective director candidates	Against
Adagio Therapeutics, Inc.	U.S.	Declassify the board of directors	For
Advance Auto Parts, Inc.	U.S.	Amend proxy access right	For
Alarm.com Holdings, Inc.	U.S.	Adopt proxy access right	For
Alphabet Inc.	U.S.	Adopt a policy to include non-management employees as prospective director candidates	Against
Amazon.com, Inc.	U.S.	Adopt a policy to include non-management employees as prospective director candidates	For
Amazon.com, Inc.	U.S.	Require more director nominations than open seats	Against
AMC Networks Inc.	U.S.	Require a majority vote for the election of directors	For
American Express Company	U.S.	Require independent board chair	Against
American Outdoor Brands, Inc.	U.S.	Declassify the board of directors	For
Amplifon SpA	Italy	Fix number of directors	For
ANSYS, Inc.	U.S.	Declassify the board of directors	For
AT&T Inc.	U.S.	Require independent board chair	Against
Atlantia SpA	Italy	Fix number of directors	For
Banca IFIS SpA	Italy	Fix board terms for directors	For
Banca IFIS SpA	Italy	Fix number of directors	For
Baxter International Inc.	U.S.	Require independent board chair	Against
Berkshire Hathaway Inc.	U.S.	Require independent board chair	Against
Bristol-Myers Squibb Company	U.S.	Require independent board chair	Against
Cerved Group SpA	Italy	Fix number of directors	For
Charter Communications, Inc.	U.S.	Require independent board chair	Against
Citigroup Inc.	U.S.	Require independent board chair	Against
Citizen Watch Co., Ltd.	Japan	Amend articles to separate chairman of the board and CEO, and appoint outside director as board chair	Against
Cloetta AB	Sweden	Approve remuneration for committee work	Against

Company	Country	Type of shareholder proposal	Vote
Compagnie Financiere Richemont SA	Switzerland	Approve increase in size of board to six members	Against
Conagra Brands, Inc.	U.S.	Require independent board chair	Against
Cummins Inc.	U.S.	Require independent board chair	Against
CVS Health Corporation	U.S.	Require independent board chair	Against
Danone SA	France	Amend Article 18 of bylaws: role of honorary chairman	Against
Danske Bank A/S	Denmark	Alternates and limitation of the number of candidates for the board of directors	Against
Danske Bank A/S	Denmark	Payment of compensation to Lars Wismann	Against
Danske Bank A/S	Denmark	Publishing information regarding the completion of board leadership courses	Against
Danske Bank A/S	Denmark	Resignation due to lack of education	Against
Datalogic SpA	Italy	Increase number of directors from 7 to 8	For
De'Longhi SpA	Italy	Fix board terms for directors	For
De'Longhi SpA	Italy	Fix number of directors	For
DiaSorin SpA	Italy	Fix board terms for directors	For
DiaSorin SpA	Italy	Fix number of directors	For
Dow Inc.	U.S.	Require independent board chair	Against
DuPont de Nemours, Inc.	U.S.	Require independent board chair	Against
Dur Hospitality Co.	Saudi Arabia	Approve to dismiss the members of the internal audit committee	Against
Elekta AB	Sweden	Amend procedures for nomination committee	Against
Eli Lilly and Company	U.S.	Require independent board chair	Against
ENEA SA	Poland	Amend December 19, 2019, EGM resolution re: terms of remuneration of management board members	Against
Exact Sciences Corporation	U.S.	Amend proxy access right	For
FedEx Corporation	U.S.	Require independent board chair	Against
Fincantieri SpA	Italy	Fix board terms for directors	For
Fincantieri SpA	Italy	Fix number of directors	For
General Dynamics Corporation	U.S.	Require independent board chair	Against
General Electric Company	U.S.	Approve nomination of employee representative director	Against

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## GOVERNANCE — BOARD RELATED (CONTINUED)

Company	Country	Type of shareholder proposal	Vote
General Mills, Inc.	U.S.	Require independent board chair	Against
General Motors Company	U.S.	Require independent board chair	Against
Gilead Sciences, Inc.	U.S.	Adopt a policy to include non-management employees as prospective director candidates	Against
Gilead Sciences, Inc.	U.S.	Require independent board chair	Against
Glodon Co., Ltd.	China	Approve purchase of liability insurance for directors, supervisors and senior management members	For
GMO Financial Holdings, Inc.	Japan	Amend articles to remove upper board size limit	Against
Gotion High-tech Co., Ltd	China	Approve purchase of liability insurance for directors, supervisors and senior management members	For
Howmet Aerospace Inc.	U.S.	Require independent board chair	Against
IMMOFINANZ AG	Austria	Decrease size of supervisory board from six to four members	Against
Impinj, Inc.	U.S.	Amend proxy access right	For
Infrastrutture Wireless Italiane SpA	Italy	Fix board terms for directors	For
International Business Machines Corporation	U.S.	Require independent board chair	Against
International Paper Company	U.S.	Require independent board chair	Against
Intesa Sanpaolo SpA	Italy	Fix number of directors	For
Invitae Corporation	U.S.	Declassify the board of directors	For
IQVIA Holdings Inc.	U.S.	Require a majority vote for the election of directors	For
JPMorgan Chase & Co.	U.S.	Require independent board chair	Against
Kaman Corporation	U.S.	Require independent board chair	Against
Lantheus Holdings, Inc.	U.S.	Amend proxy access right	For
Lincoln National Corporation	U.S.	Require independent board chair	Against
Lowe's Companies, Inc.	U.S.	Amend proxy access right	Against
Maire Tecnimont SpA	Italy	Fix board terms for directors	For
Maire Tecnimont SpA	Italy	Fix number of directors	For
Marriott International, Inc.	U.S.	Require independent board chair	Against
Meinian Onehealth Healthcare Holdings Co., Ltd.	China	Approve purchase of liability insurance for directors, supervisors and senior management members	For
Merck & Co., Inc.	U.S.	Require independent board chair	Against

Company	Country	Type of shareholder proposal	Vote
Meta Platforms, Inc.	U.S.	Require independent board chair	Against
Mitsui Mining & Smelting Co., Ltd.	Japan	Amend articles to separate chairman of the board and CEO, and appoint outside director as board chair	Against
Moncler SpA	Italy	Fix board terms for directors	For
Moncler SpA	Italy	Fix number of directors	For
Mondelez International, Inc.	U.S.	Require independent board chair	Against
NanoString Technologies, Inc.	U.S.	Declassify the board of directors	For
nCino, Inc.	U.S.	Require a majority vote for the election of directors	For
New York Community Bancorp, Inc.	U.S.	Declassify the board of directors	For
Orange SA	France	Amend article 13 of bylaws re: plurality of directorships	Against
Pasithea Therapeutics Corp.	U.S.	Amend certificate of incorporation regarding filling vacancies	Against
PepsiCo, Inc.	U.S.	Require independent board chair	Against
Pfizer Inc.	U.S.	Amend proxy access right	Against
PGE Polska Grupa Energetyczna SA	Poland	Approve terms of remuneration of management board members	Against
RCS MediaGroup SpA	Italy	Fix number of directors	For
Recordati SpA	Italy	Fix board terms for directors	For
Recordati SpA	Italy	Fix number of directors	For
Redfin Corporation	U.S.	Amend proxy access right	For
Reliance Steel & Aluminum Co.	U.S.	Amend proxy access right	Against
S IMMO AG	Austria	Reduce size of supervisory board to four members	Against
Salcef Group SpA	Italy	Fix board terms for directors	For
Salcef Group SpA	Italy	Fix number of directors	For
Salesforce, Inc.	U.S.	Require independent board chair	Against
Sanlorenzo SpA	Italy	Fix board terms for directors	For
Sanlorenzo SpA	Italy	Fix number of directors	For
Saras SpA	Italy	Fix board terms for directors	For
Saras SpA	Italy	Fix number of directors	For
Sempra Energy	U.S.	Require independent board chair	Against

Source: Northern Trust Asset Management



## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## GOVERNANCE — BOARD RELATED (CONTINUED)

Company	Country	Type of shareholder proposal	Vote
Shanghai Electric Group Company Limited	China	Approve renewal of liability insurance for directors, supervisors and senior management of the company	For
Shanghai Electric Group Company Limited	China	Approve renewal of liability insurance for directors, supervisors and senior management of the company	For
Societatea Nationala Nuclearelectrica SA	Romania	Approve remuneration of interim directors	Against
SOL SpA	Italy	Fix board terms for directors	For
SOL SpA	Italy	Fix number of directors	For
Southern Copper Corporation	U.S.	Require independent board chair	Against
Southwest Airlines Co.	U.S.	Adopt majority vote cast to remove directors with or without cause	Against
STRABAG SE	Austria	Approve increase in size of supervisory board to four members	For
Stryker Corporation	U.S.	Amend proxy access right	Against
Talgo SA	Spain	Fix number of directors at 11	Against
Tamburi Investment Partners SpA	Italy	Fix number of directors	For
Target Corporation	U.S.	Amend proxy access right	Against
TAURON Polska Energia SA	Poland	Approve terms of remuneration of management board members	Against
TAURON Polska Energia SA	Poland	Fix number of supervisory board members	Against
Tekla Life Sciences Investors	U.S.	Declassify the board of directors	For
Tesla, Inc.	U.S.	Adopt proxy access right	For
The Carlyle Group Inc.	U.S.	Declassify the board of directors	For
The Charles Schwab Corporation	U.S.	Adopt proxy access right	Against

Company	Country	Type of shareholder proposal	Vote
The Coca-Cola Company	U.S.	Require independent board chair	Against
The Goldman Sachs Group, Inc.	U.S.	Require independent board chair	Against
The Home Depot, Inc.	U.S.	Require independent board chair	Against
The Interpublic Group of Companies, Inc.	U.S.	Require independent board chair	Against
The Kansai Electric Power Co., Inc.	Japan	Amend articles to reduce maximum board size and require majority outsider board	Against
Tianfeng Securities Co., Ltd.	China	Approve waiver of voluntary share sales restriction commitment	For
Titan Pharmaceuticals, Inc.	U.S.	Increase size of the board by six members	Against
Torii Pharmaceutical Co., Ltd.	Japan	Amend articles to add required experience for directors	Against
Triumph Group, Inc.	U.S.	Require independent board chair	Against
Truist Financial Corporation	U.S.	Require independent board chair	Against
Unipol Gruppo SpA	Italy	Fix number of directors	For
UnipolSai Assicurazioni SpA	Italy	Fix number of directors	For
Universal Health Services, Inc.	U.S.	Require a majority vote for the election of directors	For
Vector Group Ltd.	U.S.	Require independent board chair	Against
Viatrix Inc.	U.S.	Require independent board chair	Against
Warrior Met Coal, Inc.	U.S.	Require a majority vote for the election of directors	For
Zignago Vetro SpA	Italy	Fix board terms for directors	For
Zignago Vetro SpA	Italy	Fix number of directors	For

Source: Northern Trust Asset Management

## APPENDIX 2: VOTES ON SHAREHOLDER PROPOSALS

## GOVERNANCE — MISCELLANEOUS/OTHER

Company	Country	Type of shareholder proposal	Vote
Alimentation Couche-Tard Inc.	Canada	Increase formal employee representation in highly strategic decision-making	Against
Alimentation Couche-Tard Inc.	Canada	Business protection	Against
AMERCO	U.S.	Ratify and affirm decisions and actions taken by the board and executive officers for fiscal 2022	Against
Apple Inc.	U.S.	Amend articles of incorporation to become a social purpose corporation	Against
Bank of Montreal	Canada	Explore the possibility of becoming a benefit company	Against
BCE Inc.	Canada	Propose formal representation of employees in strategic decision making	Against
BCE Inc.	Canada	Propose becoming a benefit company	Against
Bombardier Inc.	Canada	Increase employee participation in board decision-making process	Against
Canadian Imperial Bank of Commerce	Canada	Propose the possibility of becoming a benefit corporation	Against
Cascades Inc.	Canada	Propose increase in formal employee representation in highly strategic decision-making	Against
Cascades Inc.	Canada	Propose becoming a benefit company	Against
Cascades Inc.	Canada	Propose corporate purpose and commitment	Against
CGI Inc.	Canada	Increase formal employee representation in highly strategic decision-making	Against
Cogeco Inc.	Canada	Increase workforce engagement in highly strategic decisions	Against
iA Financial Corporation Inc.	Canada	Propose becoming a benefit company	Against
JPMorgan Chase & Co.	U.S.	Amend certificate of incorporation to become a public benefit corporation	Against
Laurentian Bank of Canada	Canada	Increase employee participation in board decision-making	Against
Laurentian Bank of Canada	Canada	Clarify the bank's purpose and commitment	Against
Laurentian Bank of Canada	Canada	Assess the possibility of becoming a benefit company	Against

Company	Country	Type of shareholder proposal	Vote
Metro Inc.	Canada	Increase employee participation in board decision-making	Against
National Bank of Canada	Canada	Examine the possibility of becoming a benefit company	Against
Pasithea Therapeutics Corp.	U.S.	Revoke consent to request special meeting	For
Power Corporation of Canada	Canada	Increase employee representation in board decision-making	Against
Power Corporation of Canada	Canada	Adopt majority withhold vote among subordinate shareholders during elections	Against
Quebecor Inc.	Canada	Increase employees representation in strategic decision-making	Against
Royal Bank of Canada	Canada	Examine the possibility of becoming a benefit company	Against
Saputo Inc.	Canada	Increase formal employee representation in strategic decision-making	Against
Tele2 AB	Sweden	In the event that the investigation clarifies that there is need, relevant measures shall be taken to ensure that the requirements are fulfilled	Against
Tele2 AB	Sweden	Investigate if current board members and leadership team, fulfill relevant legislative and regulatory requirements, as well as the demands of the public opinions' ethical values	Against
Tele2 AB	Sweden	The investigation and any measures should be presented as soon as possible, however not later than AGM 2023	Against
The Bank of Nova Scotia	Canada	Explore the possibility of becoming a benefit company	Against
The Toronto-Dominion Bank	Canada	Analyze the possibility of becoming a benefit company	Against
Walgreens Boots Alliance, Inc.	U.S.	Amend certificate of incorporation to become a public benefit corporation	Against
Walmart Inc.	U.S.	Create a pandemic workforce advisory council	For

Source: Northern Trust Asset Management

## APPENDIX 3

# Northern Trust Asset Management Engagements by Company

## A – C

Company name	Country	GICS sector	Engaged on behalf of bondholders?	Number of engagements	Direct, collaborative, or both	Theme E – Environment, S – Social G – Governance R – Risk and Business Strategy	Campaign	UN Sustainable Development Goals linked to campaign objective	Milestone achieved in campaign
Alphabet, Inc.	U.S.	Communication Services	Yes	1	Direct	R,S		3 8 12 13 16	
Amazon.com, Inc.	U.S.	Consumer Discretionary	Yes	2	Direct	E,G,R,S		3 5 8 10 11 12 14 15 16	
Ambev sa	Brazil	Consumer Staples	No	1	Direct	G		16	
American Airlines Group, Inc.	U.S.	Industrials	Yes	1	Direct	E	Climate	12 13 16	2
Apple, Inc.	U.S.	Information Technology	Yes	1	Direct	G,R,S		5 10 16	
Applied Materials, Inc.	U.S.	Information Technology	Yes	1	Direct	S	Human Rights: Modern Slavery	8 10 16	
Archer-Daniels-Midland Company	U.S.	Consumer Staples	Yes	1	Direct	E	Biodiversity	6 14 15	2
Bayer AG	Germany	Health Care	Yes	2	Both	E,G,R,S	Biodiversity	3 12 13 16	2
Beyond Meat	U.S.	Consumer Staples	No	1	Direct	E	Biodiversity	6 12 13 14 15	2
The Boeing Company	U.S.	Industrials	Yes	1	Both	E	Climate	12 13 16	2
BP plc	U.K.	Energy	Yes	2	Both	E,G	Climate	12 13 16	2
Bunge Limited	U.S.	Consumer Staples	Yes	1	Collaborative	E	Climate	12 13 16	2
Caterpillar, Inc.	U.S.	Industrials	Yes	2	Direct	E,G	Climate	12 13 16	
CF Industries Holdings, Inc.	U.S.	Materials	Yes	1	Direct	E,G		12 13 16	
Chevron Corporation	U.S.	Energy	Yes	1	Direct	E,G		12 13	
Citigroup, Inc.	U.S.	Financials	Yes	1	Direct	E,G,S		8 10 11 12 13 16	
The Coca-Cola Company	U.S.	Consumer Staples	Yes	1	Collaborative	E,G		6 12 13 14 15 16	
Colgate-Palmolive Company	U.S.	Consumer Staples	Yes	2	Direct	E,G	Climate	12 13 16	2
Compass Group plc	U.K.	Consumer Discretionary	No	1	Direct	G		16	3
Conagra Brands, Inc.	U.S.	Consumer Staples	Yes	1	Direct	E	Biodiversity	6 12 13 14 15	2
ConocoPhillips	U.S.	Energy	Yes	1	Direct	E	Climate	12 13	2
COSCO SHIPPING Ports, Ltd.	Hong Kong	Industrials	No	1	Direct	G,S		5 10 16	
CSPC Pharmaceutical Group Limited	China	Health Care	No	1	Direct	G		5 10 16	
Cummins, Inc.	U.S.	Industrials	Yes	1	Direct	E	Climate	12 13 16	



## APPENDIX 3: NORTHERN TRUST ASSET MANAGEMENT ENGAGEMENTS BY COMPANY

## C – N

Company name	Country	GICS sector	Engaged on behalf of bondholders?	Number of engagements	Direct, collaborative, or both	Theme E – Environment, S – Social G – Governance R – Risk and Business Strategy	Campaign	UN Sustainable Development Goals linked to campaign objective	Milestone achieved in campaign
CVS Health Corporation	U.S.	Health Care	Yes	1	Direct	E,G,S		8 10 16	
Devon Energy Corporation	U.S.	Energy	Yes	1	Direct	E	Climate	12 13	2
DowDuPont, Inc.	U.S.	Materials	Yes	1	Direct	E	Climate	12 13 15 16	2
Duke Energy Corporation	U.S.	Utilities	Yes	1	Collaborative	E	Climate	12 13 16	2
Enel SpA	Italy	Utilities	Yes	1	Direct	E,G		13 16	
Exxon Mobil Corporation	U.S.	Energy	Yes	2	Direct	E,G	Climate	12 13 16	2
Foot Locker, Inc.	U.S.	Consumer Discretionary	Yes	1	Direct	S	Human Rights: Modern Slavery	5 10 16	
FUJIFILM Holdings Corp.	Japan	Information Technology	No	1	Direct	E,G,S		5 10 12 13	
General Electric Company	U.S.	Industrials	Yes	1	Direct	G		16	
General Motors Company	U.S.	Consumer Discretionary	Yes	1	Direct	S		8 10	
Glencore plc	Switzerland	Materials	Yes	1	Direct	E,G,R	Climate	12 13 16	2
The Hartford Financial Services Group, Inc.	U.S.	Financials	Yes	1	Direct	E		12 13	
Hawaiian Electric Industries, Inc.	U.S.	Utilities	No	1	Direct	E	Biodiversity	6 14	2
The Hershey Company	U.S.	Consumer Staples	Yes	2	Both	E,S	Biodiversity	8 10 13	2
Hewlett Packard Enterprise Co.	U.S.	Information Technology	Yes	1	Direct	S	Human Rights: Modern Slavery	8 10	
Honda Motor Co., Ltd.	Japan	Consumer Discretionary	Yes	1	Direct	E,G,S		3 8 12 13	
Honeywell International, Inc.	U.S.	Industrials	Yes	1	Direct	E,G		13 16	
IHI Corp.	Japan	Industrials	No	1	Direct	E,G,S		5 8 10 13 16	
Kohl's Corporation	U.S.	Consumer Discretionary	Yes	2	Direct	R,S		8 10 16	
Korea Electric Power Corp.	South Korea	Utilities	No	1	Collaborative	E	Climate	12 13	2
Kraft Heinz Company	U.S.	Consumer Staples	Yes	1	Direct	S	Human Rights: Modern Slavery	5 8 10 16	
Kroger Co.	U.S.	Consumer Staples	Yes	2	Both	E	Human Rights: Modern Slavery	8 10 11 12 13 15	2
Lockheed Martin Corporation	U.S.	Industrials	Yes	1	Direct	E,S		8 10 11 12 13	
McDonald's Corporation	U.S.	Consumer Discretionary	Yes	1	Direct	G,S		13 15	
Microsoft Corporation	U.S.	Information Technology	Yes	1	Direct	S	Human Rights: Modern Slavery	8 10 16	
Mondelez International, Inc.	U.S.	Consumer Staples	Yes	1	Direct	E	Biodiversity	6 13 14 15	2
Monster Beverage Corporation	U.S.	Consumer Staples	Yes	1	Direct	E	Biodiversity	6 12 14 15	2
National Grid plc	U.K.	Utilities	Yes	2	Both	E,G,R	Biodiversity	12 13 16	3

## APPENDIX 3: NORTHERN TRUST ASSET MANAGEMENT ENGAGEMENTS BY COMPANY

## N-Z

Company name	Country	GICS sector	Engaged on behalf of bondholders?	Number of engagements	Direct, collaborative, or both	Theme E – environment, S – social G – governance	Campaign	UN Sustainable Development Goals linked to campaign objective	Milestone achieved in campaign
NextEra Energy, Inc.	U.S.	Utilities	Yes	1	Direct	G,S	Climate	5 10 16	2
NIKE, Inc.	U.S.	Consumer Discretionary	Yes	1	Collaborative	S	Human Rights: Modern Slavery	8 10	2
Novartis AG	Switzerland	Health Care	Yes	1	Direct	E,G,R,S		5 8 10 13 16	
Ono Pharmaceutical Co., Ltd.	Japan	Health Care	No	1	Direct	E,G,S		6 13 14 16	
PACCAR, Inc.	U.S.	Industrials	Yes	1	Direct	E,G		12 13 16	
Phillips 66	U.S.	Energy	Yes	1	Direct	E,G		12 13 16	
Post Holdings, Inc.	U.S.	Consumer Staples	Yes	1	Direct	E	Biodiversity	6 13 14 15	2
QUALCOMM Incorporated	U.S.	Information Technology	Yes	1	Direct	R		16	
Samsung Electronics Co., Ltd.	South Korea	Information Technology	No	1	Direct	S	Human Rights: Modern Slavery	8 10 11	
Sasol, Ltd.	South Africa	Materials	No	1	Collaborative	E	Climate	12 13 16	2
Sibanye-Stillwater, Ltd.	South Africa	Materials	No	1	Direct	E	Biodiversity	6 12 14 15	2
SSR Mining Inc.	U.S.	Materials	No	1	Direct	E	Biodiversity	6 12 14 15	2
Sturm, Ruger & Company, Inc.	U.S.	Consumer Discretionary	No	1	Direct	S		8 10	
Suncor Energy, Inc.	Canada	Energy	Yes	1	Direct	E	Climate	12 13	2
Tesla, Inc	U.S.	Consumer Discretionary	No	1	Direct	G,R,S	Governance, Human Capital	8 16	2
Teva Pharmaceutical Industries Limited	Israel	Health Care	Yes	1	Direct	E,G,S		5 8 10 13 16	
TreeHouse Foods, Inc.	U.S.	Consumer Staples	Yes	1	Direct	E,G,S		12 13 15 16	
Tyson Foods, Inc.	U.S.	Consumer Staples	Yes	1	Direct	S		8 16	
Unilever plc	U.K.	Consumer Staples	Yes	1	Direct	E,G,S		8 10 12 13 16	
United Continental Holdings, Inc.	U.S.	Industrials	Yes	1	Direct	E	Climate	12 13	2
UnitedHealth Group Incorporated	U.S.	Health Care	Yes	1	Direct	G,S		5 10 16	
Valero Energy Corporation	U.S.	Energy	Yes	1	Collaborative	E	Climate	12 13	2
Walmart, Inc.	U.S.	Consumer Staples	Yes	1	Direct	S		8	
The Wendy's Company	U.S.	Consumer Discretionary	No	1	Direct	E	Biodiversity	6 13 14 15	2

## APPENDIX 4

# Participation in Organizations

Organization	How We Participate
Climate Action 100+	Founding signatory
Aotearoa New Zealand Stewardship Code	Founding signatory
Women in Super Australia	Founding signatory
Canadian Investor Statement on Diversity and Inclusion	Signatory
Farm Animal Investment Risk & Return (FAIRR) Initiative	Signatory
Investor Stewardship Group	Signatory
Ireland Women in Finance Charter	Signatory
Net Zero Asset Manager Initiative	Signatory
One Planet Asset Managers Initiative	Signatory
The Principles for Responsible Investing (PRI)	Signatory
UK Women in Finance Charter	Signatory
UK Stewardship Code 2020	Signatory
Carbon Reduction Plan	Discloser
CDP (formerly known as the Carbon Disclosure Project)	Discloser
ISSB Investor Advisory Group (IIAG)	Member
ABA ESG subcommittee	Member
Banking Policy Initiative ESG subcommittee	Member
Canadian Responsible Investing Working Group	Member
CEO Action for Diversity & Inclusion	Member
Ceres Investor Network	Member
Diversity Project UK and Diversity Project North America	Member
Human Capital Management Coalition	Member
IFRS Sustainability Alliance	Member
Institutional Investors Group on Climate Change (IIGCC)	Member
Responsible Investment Association Australasia	Member
Responsible Investment Association Canada	Member
Sustainable Trading Network	Member
Global Real Estate Sustainability Benchmark (GRESB)	Member

Organization	How We Participate
Defined Contribution Institutional Investor Association (DCIIA)	Member
Irish Association of Investment Manager	Member
Investment Association	Member
Investment Company Institute (ICI)	Member
Dutch Stewardship Code	Aligned
Hong Kong Stewardship Code	Aligned
Task Force for Climate Related Disclosure	Supporter
Association of Corporate Citizenship Professionals (ACCP)	Supporter
National Minority Supplier Development Council	Supporter
Chicago Minority Supplier Development Council	Supporter
Women's Business Development Center	Supporter
Chicago United	Supporter
Financial Services Roundtable for Supplier Diversity	Supporter
Disability:IN Chicagoland	Supporter
LGBT Chamber of Commerce of Illinois	Supporter
ALPFA	Supporter
Diversity Project	Supporter
Financial Services Pipeline Initiative	Supporter
National Association of Asian American Professionals	Supporter
Mayor's Office for People with Disabilities	Supporter
Hiring Our Heroes	Supporter
Hispanic Alliance for Career Enhancement	Supporter
NICSA Diversity Project North America	Supporter
Out Equal Workplace Advocates	Supporter
TrueBlue Initiative	Supporter
Association of ERGS & Councils	Supporter
Council of Institutional Investors	Associate member
Science Based Target Initiative (SBTI)	Committed

## How helpful was this report?



**Assurance:** This report has received internal assurance from the Northern Trust Asset Management Sustainable Investment Council and Proxy Committee, bodies responsible for the governance of stewardship.

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At Northern Trust Asset Management (“NTAM”), we define Sustainable Investing as encompassing all of NTAM’s investment strategies and accounts that utilize values-based and norms-based screens, best-in-class and ESG integration, or thematic investing that may focus on a specific ESG issue such as climate risk. NTAM’s Sustainable Investing includes portfolios designed by NTAM as well as those portfolios managed to client-defined methodologies or screens. As the data, analytical models and aforementioned portfolio construction tools available in the marketplace have evolved over time, so too has NTAM. NTAM’s Sustainable Investing encompasses strategies and client assets managed in accordance with client specified responsible investing terms (historically referred to as Socially Responsible), as well as portfolios that leverage contemporary approaches and datasets, including ESG analytics and ESG thematic investing.

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Past performance is not indicative of future results.

**The Money Management Institute (MMI)** announced the winners of the 2022 MMI/Barron’s Industry Awards on October 22, 2022. Nominations were reviewed and evaluated by a specially appointed MMI Industry Awards Steering Council and the MMI Membership Experience Committee (MEC). The Steering Council and MEC reviewed the nominations based on level of innovation and forward-thinking, potential to effect noticeable change in the investment advisory industry, advancement of existing investment advisory practices and protocols, potential to deliver improved outcomes for financial advisors and investors. After carefully reviewing the nominations submitted, the Steering Council and MEC determined a slate of finalists in each award category. The primary contacts at each of MMI’s 218 members firms were eligible to vote to determine the winners in each category.

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