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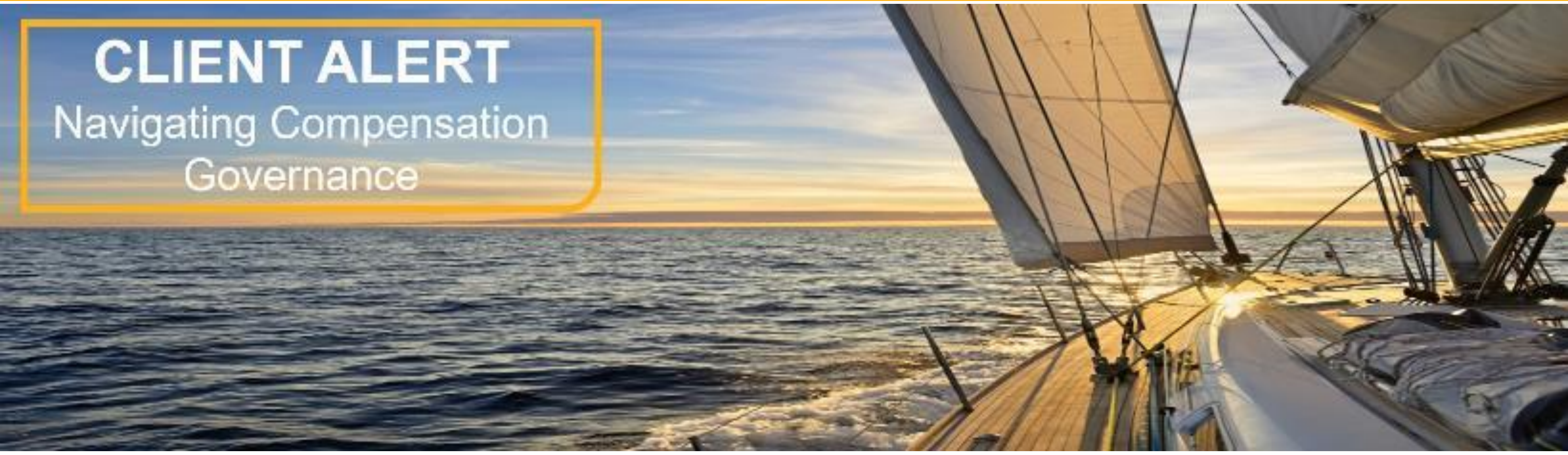
MERIDIAN COMPENSATION PARTNERS



Glass Lewis Updates Proxy Voting Guidelines

Glass Lewis's proxy voting guideline updates include new policies on disclosure of reconciliation of non-GAAP performance measures to nearest GAAP measures, clawback provisions and executive share ownership requirements.

Glass Lewis's other updates represent incremental changes to its proxy voting policies.

Generally, Glass Lewis's vote recommendations are less influential than Institutional Shareholder Services' vote recommendations on actual vote outcomes.

Summary of Select Glass Lewis Updates to Proxy Voting Policies

On November 16, Glass Lewis issued updates related to compensation matters and certain corporate governance matters are summarized below.

- **Non-GAAP Incentive Metrics:** Glass Lewis expects companies to show a quantitative reconciliation of non-GAAP incentive metrics to reported GAAP results, especially if company's adjustments materially impacted incentive pay outcomes. **The absence of such disclosure may negatively impact Glass Lewis's compensation analysis and factor in its vote recommendation on a company's Say-on-Pay proposal.**

- **Clawback Provisions:** In addition to meeting stock exchange listing requirements (i.e., mandatory clawback policy), Glass Lewis believes companies should maintain clawback provisions/policies that allow for recoupment of compensation that meet the following requirements.

  — Executive misconduct should cover circumstances "where there is material evidence of problematic decisions or actions, such as material misconduct, material reputational failure, material risk management failure, or a material operational failure."

  — Subject compensation should include both time-based and performance-based variable compensation.

  — A company's power to recoup compensation should be permitted regardless of whether the employment of the subject executive was terminated with or without cause.

  In situations where a company ultimately determines not to recoup compensation upon executive misconduct, Glass Lewis will assess the appropriateness of such determination on a case-by-case basis. They expect a company to disclose the rationale for not pursuing recoupment and, if applicable, how the company has otherwise rectified the disconnect between executive pay outcomes and negative impacts of their actions on the company and the shareholders. **The absence of such disclosure may negatively impact Glass Lewis's compensation analysis and factor in Glass Lewis's vote recommendation a company's Say-on-Pay proposal.**

- **Executive Ownership Guidelines:** Glass Lewis's new policy on executive ownership guidelines provide that companies should maintain and disclose minimum share ownership rules for named executive officers, with disclosure in their CD&A of such guidelines and how ownership levels are determined. However, Glass Lewis does not prescribe a preferred minimum ownership level but apparently leaves setting minimum ownership levels to company discretion. In determining whether executives have met share ownership requirements, Glass Lewis, like ISS, believes that unearned performance-based full value awards and unexercised stock options should not be included in calculating an executive's ownership amount unless a company provides a cogent rationale for doing so. Glass Lewis does not specify the impact of a company's noncompliance with the new executive ownership guidelines. However, consistent with the impact of a company's noncompliance with other similar types of Glass Lewis's policies, we would anticipate that **the absence of meaningful executive stock ownership guidelines and/or disclosure of such guidelines could negatively impact Glass Lewis's compensation analysis and factor in Glass Lewis's vote recommendation a company's Say-on-Pay proposal.**

- **Pay vs. Performance Disclosure:** Glass Lewis's vote recommendation on a company's Say-on-Pay proposal is informed, in part, on its quantitative analysis of the link between executive compensation and company performance. An adverse quantitative analysis may be mitigated based on Glass Lewis's assessment of certain qualitative factors, such as overall incentive structure, significant forthcoming changes to the compensation program or reasonable long-term payout levels. **Glass Lewis has updated its proxy voting policies to include as a potentially mitigating qualitative factor a company's pay versus performance disclosure as required under SEC proxy rules.**

- **Board Responsiveness to Say-on-Pay:** Glass Lewis has clarified that its calculation of shareholder votes in opposition to a company's Say-on-Pay proposal will include both AGAINST and ABSTAIN votes, with opposition of greater than 20% triggering Glass Lewis's board responsiveness policy. If opposition votes exceed 20%, Glass Lewis expects boards to engage shareholders on issues underlying such level of opposition votes and disclose responsiveness to shareholder concerns in the next proxy. **A company's failure to demonstrate sufficient board responsiveness in its disclosures may negatively impact Glass Lewis's vote recommendations on a company's Say-on-Pay proposal and/or individual directors at the next year's annual meeting.**

- **Board Gender and Underrepresented Community Diversity:** Under its existing policy, Glass Lewis generally will recommend shareholders vote AGAINST the chair of the nominating committee of a board in the following circumstances:

  — The board is less than 30% gender diverse (or all members of the nominating committee of a board with no gender diverse directors) and/or

  — The board does not have at least one director from an underrepresented community.

  Glass Lewis has clarified that it may refrain from recommending that shareholders vote AGAINST the chair of the nominating committee in the above circumstances when a company has disclosed either (i) a sufficient rationale for the lack of board diversity or (ii) a plan to

address such lack of diversity, including a timeline of when the board intends to rectify the lack of diversity (generally by next annual meeting or as soon as reasonably practicable).

In addition, Glass Lewis revised it definition of “underrepresented community director” from an individual who identifies as gay, lesbian, bisexual, or transgender to being an individual who self-identifies as a member of the LGBTQIA+ community.

- **Board Oversight of Environmental and Social Issues:** Under its updated proxy voting policies, Glass Lewis will now examine a company’s committee charters and governing documents to determine if the company has codified a meaningful level of board oversight of and accountability for a company’s material environmental and/or social issues (including human capital). **Glass Lewis will generally recommend voting AGAINST the governance committee chair of a company in the Russell 1000 index that fails to provide explicit disclosure concerning the board’s role in overseeing these matters.**

Meridian Comments. A company should evaluate whether the adoption of any or all of Glass Lewis’s relevant proxy voting policies is appropriate based on the company’s unique facts and circumstances. Ideally, compliance with a particular Glass Lewis policy should be consistent with a company’s governance and pay philosophies and should support its business objectives. Further, boards should consider Glass Lewis policies in the context of shareholder interests and whether those interests are advanced by compliance with a particular policy.

Areas Where Impact is Modest

The new policy updates discussed in this Client Alert provide a mixed bag for companies. Some policy updates already have wide compliance (or efforts to comply) among large companies, such as executive ownership requirements, board responsiveness to significant vote opposition to Say-on-Pay proposals and board diversity. Compliance with the policy update on board oversight on environmental and social issues requires modest (and non-controversial) corporate action to document such oversight authority. Similarly, compliance with the policy update to disclose a quantitative reconciliation between non-GAAP incentive measures and the nearest GAAP measure should not prove problematic since companies would already have made such calculation to determine incentive payouts. However, such reconciliations are not required under the proxy rules and, as a result, few companies include a volitional reconciliation disclosure.

Areas Where Impact More Consequential

Glass Lewis policy update on clawback provisions may prove problematic for many companies. Only a minority of public companies have adopted compensation recoupment policies that are triggered upon executive misconduct. However, in light of the requirement for listed companies to adopt a Dodd-Frank compliant mandatory clawback policy by December 1, 2023, many companies have been examining whether they should expand or implement discretionary clawback policies, including clawback policies linked to executive misconduct. Glass Lewis’s new policy may create the unintended incentive **not** to adopt misconduct related policies since few companies would be willing to comply with the Glass Lewis expectation to disclose the rationale for not recouping compensation from a subject executive who has engaged in misconduct.

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