

Stewardship Report 2020



A Year of Stewardship

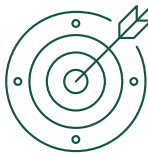
148,039

Management and shareholder resolutions voted on



13,728

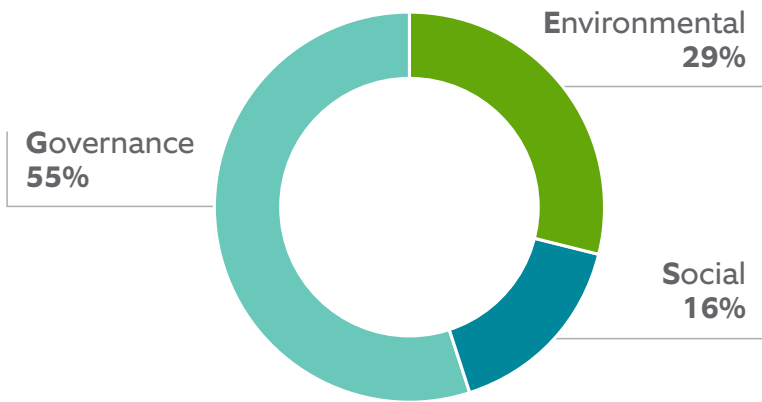
Resolutions voted against management



3,032

Total engagements*

THEMES OF DIRECT ENGAGEMENTS



There were 222 direct engagements by Northern Trust Asset Management.

15,681

Meetings



6,245

Meetings where we voted against management at least once



Best performing U.S. manager on environmental and social shareholder resolutions**

Supported

79%

of climate shareholder resolutions in 2020**

* Total engagements include 222 direct engagements and 2,810 through outside engagement partner Equity Ownership Services (EOS) at Federated Hermes.

** ShareAction Voting Matters 2020 report, December 2020.

Stewardship, with Purpose

The events of the past year — the humanitarian crisis of the coronavirus pandemic, the pain of racial injustice, and the environmental damage from wildfires in Australia and California — remind us of how much we all must do to effect change and improve the world in which we live.

We know you are counting on us to do our part, to drive meaningful change as we invest on your behalf. Through our stewardship efforts, we advance this aim.

As one of the world's largest investment managers, we appreciate the influence we have as investment stewards — and the trust you place in us to use it. Doing so requires a disciplined commitment to sustainability and responsible stewardship — and it is through this lens we view our responsibility.

Our stewardship process is 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. After all, environmental, social and corporate governance issues impact the long-term success of all firms, and therefore are important to all investors.

With \$1.1 trillion in assets under management across 10,000 companies globally, we recognize we have a respected voice and responsibility to engage with corporate boards and management to ensure sustainable business practices. In 2020 we did just that, voting on 148,039 resolutions at 15,681 meetings. We and our outside engagement partner EOS held more than 3,000 discussions with companies on a range of issues, including board and workforce diversity, the risks of climate change, and executive compensation.

While 2020 brought many of these issues to the forefront, there's still more work to do. Purposeful stewardship comes down to achieving a tangible and lasting commitment to sustainability. We remain committed to using our voice and stature to effect meaningful change — and results. In the year ahead, we will continue to press on issues shaping the world in which we live and invest, from workplace safety and net-zero carbon emissions targets to workforce diversity and executive compensation. Because, in the end, we understand the best way to achieve our shared goals is to engage fully and to give voice to your values.



Shundrawn Thomas

President,
Northern Trust Asset Management



Table of Contents

01

Our Commitment
to Sustainability



02

Active Stewardship
Approach



03

Purposeful
Priorities



04

Priorities
in Action



05

Stewardship
Policies



06

About Northern Trust
Asset Management



07

U.K. Stewardship
Code Index and
Self-Assessment



08

Appendices:
Engagement and
Voting Statistics

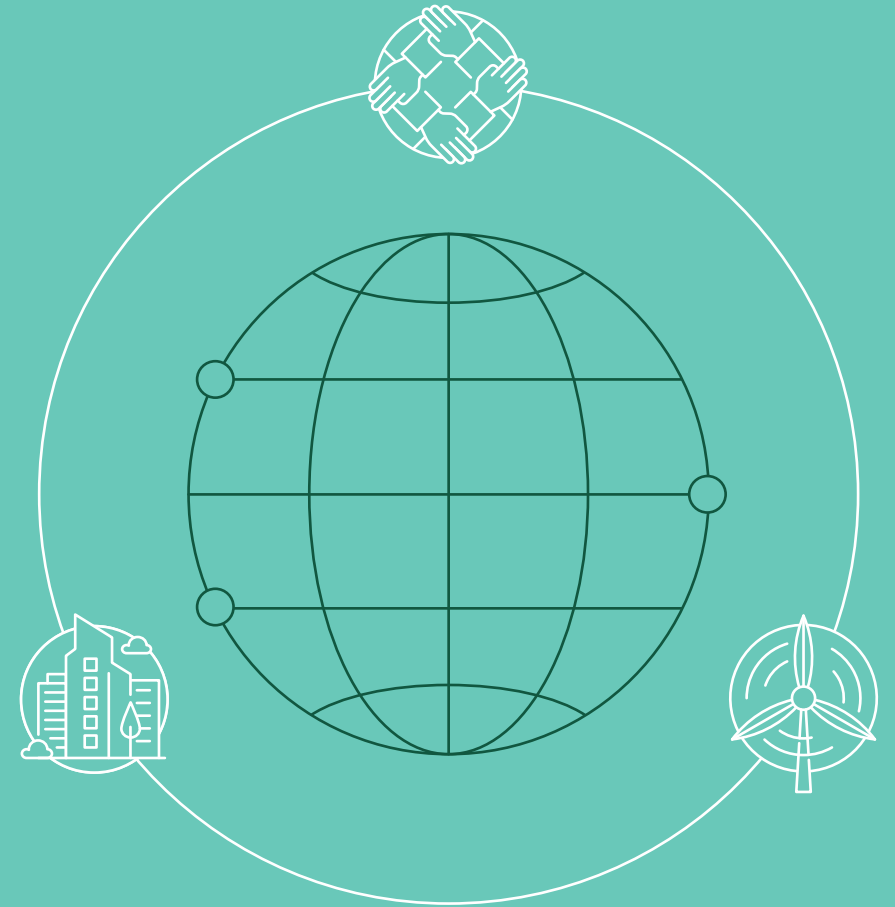


Assurance: This report has received internal assurance from the Northern Trust Asset Management Proxy Committee, a body responsible for the governance of stewardship.

Reporting Perimeter: The investment management division of Northern Trust, Northern Trust Asset Management, is a leading global investment manager, managing predominantly listed equities, fixed income and cash. Northern Trust Asset Management's clients include institutional investors (such as sovereign wealth funds, pension funds and financial institutions), affluent families and individuals.

Northern Trust Asset Management is composed of Northern Trust Investments, Inc., Northern Trust Global Investments Limited, Northern Trust Fund Managers (Ireland) Limited, Northern Trust Global Investments Japan, K.K., NT Global Advisors, Inc., 50 South Capital Advisors, LLC, Belvedere Advisors LLC and investment personnel of The Northern Trust Company of Hong Kong Limited and The Northern Trust Company.

01 | 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 32%** since 2015 vs. 25% goal (2019, Northern Trust Corp.)
- **3rd consecutive year** in the Bloomberg Gender-Equity Index (2020, Northern Trust Corp.)
- **56%** of Northern Trust Asset Management's Executive Committee and **54%** of Northern Trust's Board of Directors are **gender-, racially and ethnically diverse**
- **Diversity Champion** (Northern Trust Asset Management), *Investment News*, 2020
- **\$3.5 billion** in community development investments (Northern Trust Corp.)

Industry Leadership

- **Founding signatory** of Climate Action 100+
- **A+ Rated** for Strategy and Governance (2020) by Principles for Responsible Investment (PRI); member since 2009
- **TCFD Supporter** Task Force on Climate-Related Financial Disclosures
- **SASB Investor Advisory Group Member** Sustainability Accounting Standards Board

02 | Active Stewardship Approach



We evaluate companies in our portfolios for environmental, social and governance (ESG) issues because we believe they are important business issues.

After all, environmental, social and corporate governance issues impact the long-term success of all firms, and therefore are important to all investors. We apply an analytical approach to our portfolios to evaluate ESG-related risks and opportunities, complementing quantitative or fundamental investment techniques. With more than three decades of experience managing sustainable strategies, we have \$128 billion in assets under management¹ in those strategies.

Our purposeful investment process extends to our stewardship process. We use our voice and scale to directly influence companies by engaging with their boards and management, working with investor organizations, and voting on shareholder and management proposals to encourage corporate sustainable practices.

To guide our engagement efforts, we use [the United Nations 17 Sustainable Development Goals](#) designed to improve health and education, reduce inequality, and spur economic growth.

Sustainable Strategies:

30+ years
experience

\$128 billion
in AUM¹

¹ Assets under management as of December 31, 2020.

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 have the biggest impact when they are used in combination.

Our proactive dialogue with companies, reinforced by our voting power, encourages companies to improve practices that strengthen sustainability.

We support shareholder resolutions when we believe conversations with companies have not led to sufficient progress on issues, especially for those issues we view as priorities. While supporting shareholder resolutions is an important way to communicate our views,

many resolutions tend to be non-binding and hold little sway with management. We find that companies are more likely to take our concerns seriously when we vote against directors who lead board committees such as those responsible for ESG risks or compensation. In particular, we vote against directors when our concerns are not acknowledged or there is little progress by companies in addressing our concerns.

Proxy Voting in 2020:

15,681

Shareholder meetings



148,039

Resolutions voted



13,728

Times voted against management



Voted against board candidates
8.5% of the time

Voted for alternative candidates supported by shareholders
5.7% of the time

Explore how we
voted by region
and topic.

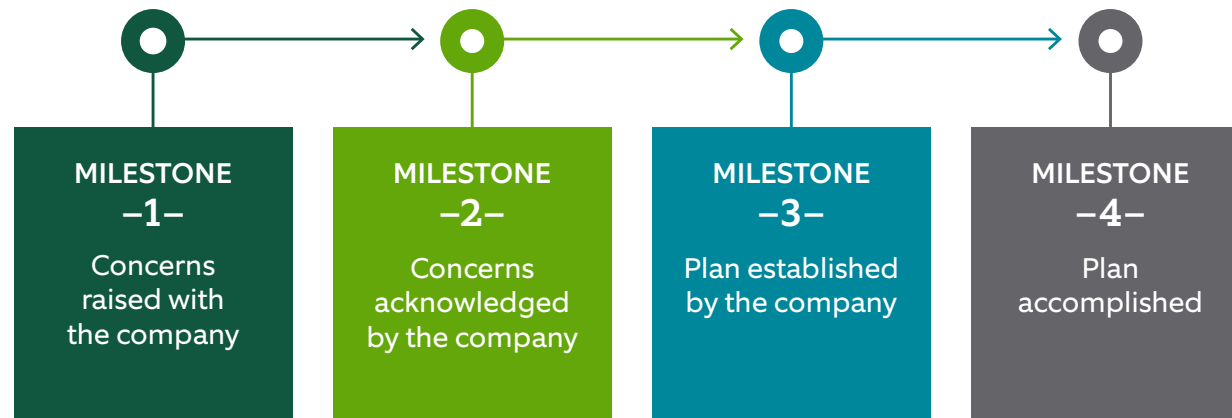


Monitoring Progress

Effecting change through purposeful engagements is not instantaneous — nor borne out of one conversation or vote.

That's why our engagement process includes ongoing monitoring of progress. We use a system of milestones, developed by our outside engagement partner, EOS at Federated Hermes, to track an organization's progress against the goals set out.

Engagement Progress Milestones



Leading Through Collaboration

When it comes to stewardship, the old adage holds true: There's strength in numbers. 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 results.

Climate Action 100+

Members: 545

Combined member investment assets: \$52 trillion

Goal: Enhance corporate strategies to meet climate change goals

How we contributed in 2020: We co-led engagements with three companies: Valero Energy, Glencore, and NationalGrid. We supported 12 other groups.

Farm Animal Investment Risk and Return (FAIRR)

Members: About 235

Combined member investment assets: \$30 trillion

Goal: Minimize the environmental damage from and investment risks related to farm animal protein products

How we contributed in 2020: We engaged with companies as part of FAIRR campaigns.

Continued >

Engagement Across Asset Classes and Geographies

As a manager of equities and corporate bonds, we engage on behalf of investors in both asset classes.

Our clients are long-term investors, and we believe many are equally interested in fostering sustainable business practices in their portfolios. In the U.S., we own both corporate bonds and equities in 74% of the companies with whom we engaged. In Europe, that ownership overlap is 88%. Consequently, when we engage, we do so simultaneously on behalf of equity and bond holders.

In regard to U.S. municipal bond issuers, our research analysts meet regularly with states, cities, colleges and hospitals to address sustainability topics such as climate issues,

pension health, employee relations and diversity. In the coming years, we plan to expand our fixed income engagements to include government bond issuers (sovereigns).

We use our voting rights uniformly across regions. However, we prioritize our engagement activities where we can make the biggest difference, in particular in the U.S. and Europe where we manage most of our assets.² Our external engagement partner, EOS, helps to extend our engagement in other regions such as Asia and Latin America.

Initiative on Content Management in Social Media

Members: 102

Combined member investment assets: \$7 trillion

Goal: Improve governance of social media companies to prevent the spread of violent content

How we contributed in 2020: We engaged with the world's largest social media companies to improve or enact policies related to violent content.

Investor Advisory Group of Sustainability Accounting Standards Board (SASB)

Members: 55

Member assets: \$41 trillion

Goal: Better disclosure of financially material environmental, social, and governance information to investors

How we contributed in 2020: We engaged with companies in collaboration with other investors to adopt SASB materiality-based ESG reporting standards.

² As of December 31, 2020, 84% of Northern Trust Asset Management assets under management were in North America, 9% were in Europe, and 7% were in other regions.

Governance and Resources

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

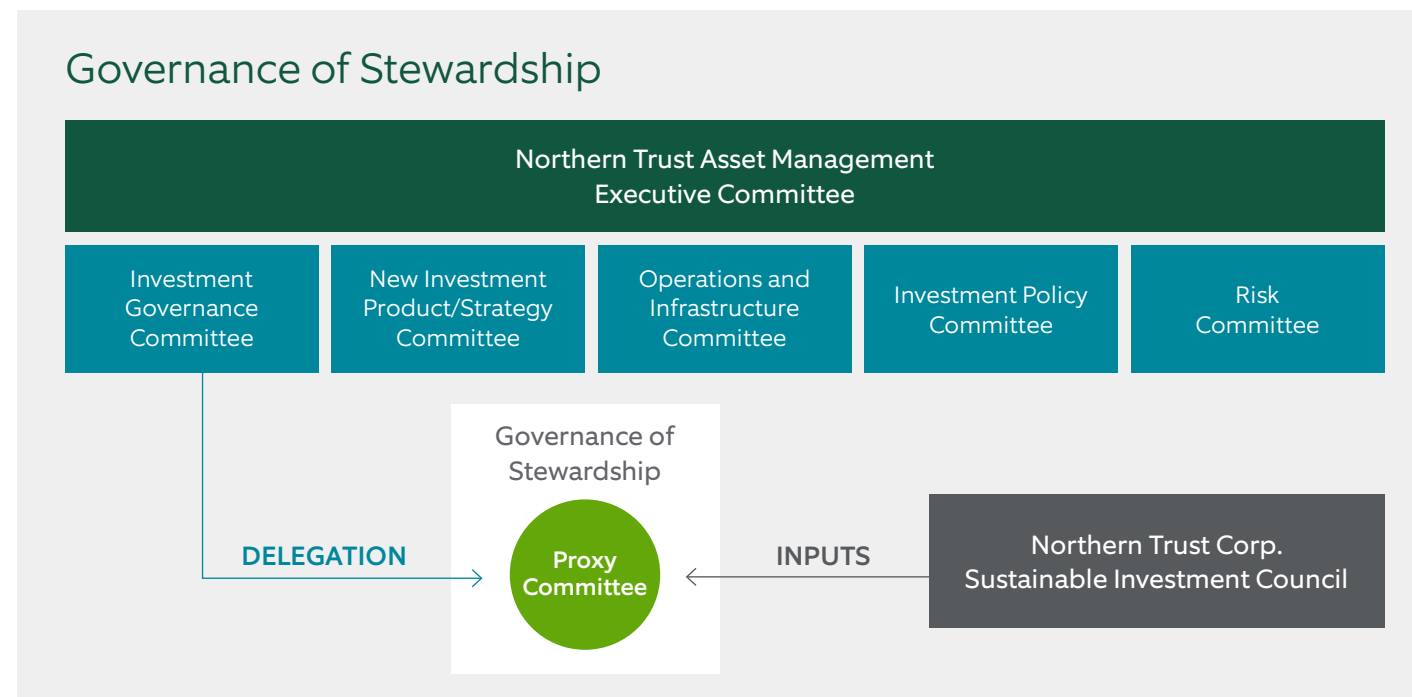
The Northern Trust Asset Management Investment Governance Committee delegates responsibility for stewardship to the Proxy Committee. The committee includes senior

representatives from asset management as well as Northern Trust's wealth management business, which provides a client-oriented view.

The Proxy Committee is responsible for the integrity and robustness of our stewardship process and assesses its effectiveness. The Proxy Committee consults with the Sustainable Investment Council, which includes senior representatives of sustainability and risk functions of the Northern Trust Corp.

Under this governance structure, our stewardship experts, portfolio managers and sustainable investing experts — along with equity and fixed income research analysts — collaborate throughout our stewardship process. We also regularly gather feedback from our clients regarding our activities and stewardship outcomes. We believe that such internal collaboration, and feedback from our clients, make our stewardship approach effective.

The team of dedicated and highly qualified stewardship experts has more than 20 years of combined experience in stewardship and proxy voting, plus 20 years of experience in ESG and sustainability.



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 for most of our pooled funds in Europe and some in Australia. With our input through annual surveys and semiannual meetings, EOS adopts a three-year engagement plan that is aligned with our stewardship priorities. We closely monitor progress of EOS activities and sometimes, with EOS analysts, engage with companies together. Our Sustainable Investment Council is responsible for ensuring the [EOS Responsible Stewardship Principles](#) remain aligned with our engagement policies. [See EOS 2020 engagement data](#) for our portfolios.

INSTITUTIONAL SHAREHOLDER SERVICES (ISS)

ISS reviews and makes proxy voting recommendations on the basis of guidelines established by our Proxy Committee. ISS's scope of security coverage, level of staffing, policies and practices to manage conflicts, and ability to make proxy voting recommendations based on accurate information, makes it a strong complement to the stewardship team. Our Proxy Committee annually reviews the recommendations made by ISS to encourage continuous improvement of their implementation of our voting guidelines.

Our Industry Associations



03 | Purposeful Priorities



Serving as an investment steward for \$1.1 trillion of client assets is a privilege, and we appreciate the significant responsibility that comes with it.

As a global investor, we have the power to identify opportunities for positive change. One way we do this is to encourage companies to commit to business 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 prioritize our engagements with purpose. That is, we identify the areas that represent the most significant threats to sustainability and where we can make the most difference.

Priorities identified 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.

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 are adept at not only listening to what is important to our clients, but at aligning our efforts with the priorities and organizational values of most of our institutional investors.

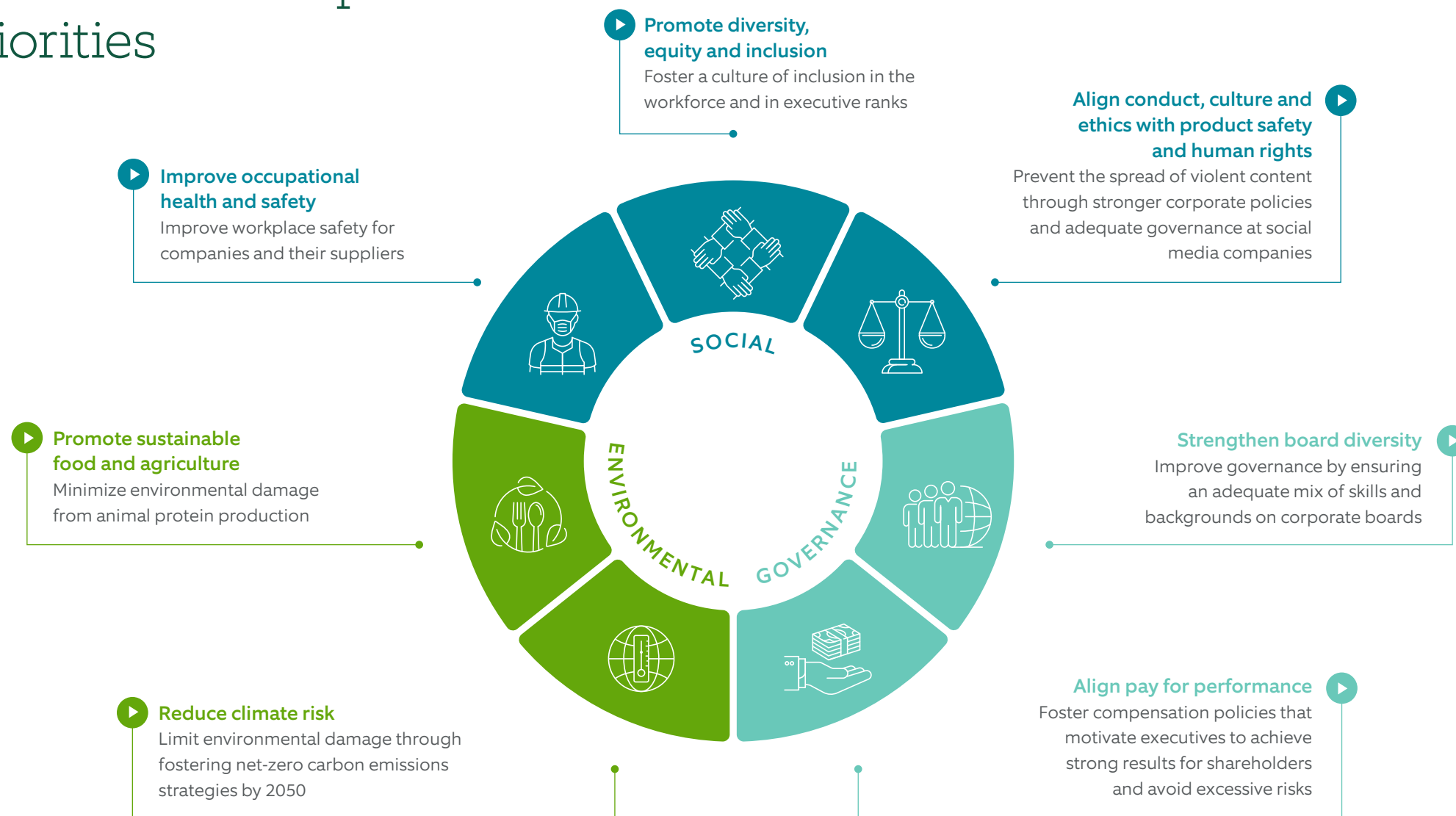
Region

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

Our resources should be committed toward goals with the highest likelihood of success, using realistic and time-bound objectives.

2020 Stewardship Priorities



04 | Priorities in Action

ENVIRONMENTAL

- Reduce climate risk ▶
- Promote sustainable food and agriculture ▶

SOCIAL

- Improve occupational health and safety ▶
- Promote diversity, equity and inclusion ▶
- Align conduct, culture and ethics with product safety and human rights ▶

GOVERNANCE

- Strengthen board diversity ▶
- Align pay for performance ▶



Environmental

Priorities in Action



PRIORITY

Reduce Climate Risk

ACTION

Led engagements with energy companies as part of investor initiative Climate Action 100+, in addition to our own engagements

The six largest oil and gas companies and the four largest mining companies in Europe have committed to net-zero carbon emissions by 2050.

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 mitigate environmental and societal damage, governments will likely mandate regulatory changes to reduce carbon emissions, and this represents a potential threat to profits of companies that sell oil- or coal-related energy and creates investment risk.

The urgency of addressing climate risk has been underscored by global leaders and increasingly by investors, as the pandemic has made them acutely aware of the impact on returns that result from a non-financial-led crisis. In our Capital Market Assumptions report, climate risk is a key long-term investment theme, with natural resource and emerging market stocks being particularly vulnerable.

In 2020, we targeted companies and industries that contribute most to the release of greenhouse gases, which trap heat in the atmosphere and cause global warming. To achieve this, we used analytical sources such as Transition Pathway Initiative, Carbon Tracker and Science Based Targets to assess how well companies are aligned with plans and targets of various scenarios consistent with the goals of the Paris Agreement.

We engaged with companies in collaboration with other large investors, giving us more negotiating leverage. As a founding and active member of [Climate Action 100+](#), which brings together 545 investors (representing \$52 trillion in assets)³ and coordinates engagement efforts across 167 companies with the highest greenhouse-gas emissions, we

Continued >

In collaboration with Climate Action 100+, we engaged with companies to:

- **Set short-, medium-, and long-term goals** and create strategies to reduce emissions.
- **Align their business strategy and capital investments** with climate change goals.
- **Create a clear set of climate policies** supported by effective governance framework, with clear reporting on progress.
- **Positively engage with policymakers** to foster climate action.
- **Provide reporting aligned with the recommendations** of the Taskforce for Climate-Related Financial Disclosure (TCFD).
- **See that the transition to net-zero emissions** considers the impact on employees, communities and other stakeholders.

³ [Climate Action 100+](#).

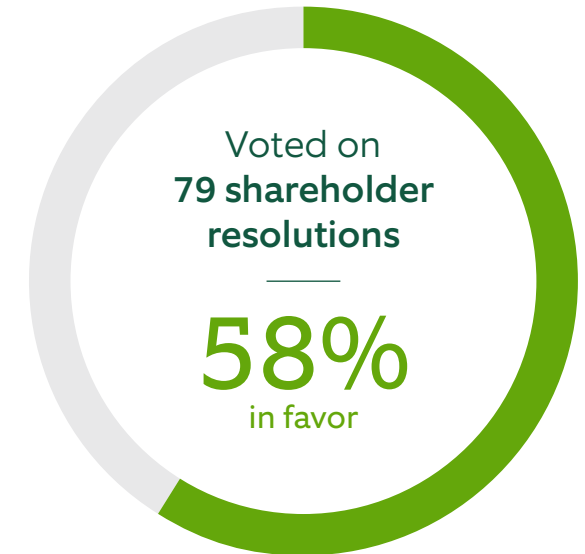
are calling for these companies to achieve net-zero greenhouse gas emissions by 2050 and develop clear transition plans. These efforts are in accordance with the Climate Action 100+ Net Zero Benchmark framework to evaluate company ambition and action in tackling climate change.

Largely as a result of the group effort, the six largest oil and gas companies and the four largest mining companies in Europe, along with some of their Australian and U.S. peers, have committed to net-zero carbon emissions by 2050 or earlier. Most of them set ambitious greenhouse gas emission reduction targets and disclosed details of strategies and investment plans outlining how they are going to achieve their goals. Further, many European electric utilities have worked to set out plans detailing how they will reduce their exposure to coal and increase exposure to renewable energy.


There still is work to be done to make sure this progress translates into delivering on these targets.

We withheld votes for sitting directors at energy firms ExxonMobil and Chevron and mining company Glencore. We felt they were not responsive enough to shareholder concerns and fell short on management of climate risks, including quality of climate-risk disclosure. In the U.S., we will be intensifying our work with the oil and gas, auto manufacturing, transportation and electronics sectors. 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. Therefore, we expect fewer shareholder resolutions on this issue going forward.

Reduce Climate Risk



Explore how we voted on shareholder resolutions related to reducing climate risk.



Case Study

Glencore Greenhouse Gas Emissions

CHALLENGE

Glencore is a diversified mining company. In February 2020, Glencore projected a reduction of their most significant type of emissions (Scope 3) by 30% by 2035.⁴ But it was not clear at that time how this projection would work in practice.

WHAT WE DID

We engaged with the company as part of Climate Action 100+, also acting on behalf of both our equity and bond holders. Glencore committed to not expanding their thermal coal operations — the first such step in the industry. We still voted against the chair of the company's health, safety, environment and communities committee because we did not see their goals and progress as sufficient at the time.

THE OUTCOME

By the end of the year, Glencore disclosed a full climate transition plan, including a commitment to become net zero greenhouse emissions by 2050 and set a target of a 40% reduction of all emissions by 2035 from 2019. We asked the company to put its climate transition plan on regular shareholder vote starting with 2021, which the management and board supported.

FOLLOW-UP

We will continue to urge Glencore to enhance their targets and look into other elements of the transition plan such as executive remuneration, positive policy lobbying and just transition.

⁴ Glencore press release, [Glencore's commitment to the transition to a low-carbon economy](#), February 18, 2020.

40%

Reduction of greenhouse gas emissions by 2035

Case Study

CEZ Cutting Coal Production

CHALLENGE

CEZ is a majority state-owned electric utility and energy conglomerate in the Czech Republic that is highly exposed to coal. CEZ plans to decommission 89% of coal capacity by 2040, which is not aligned with the 90% reduction goal by 2030 related to Paris Agreement goals.⁵

WHAT WE DID

As part of the Climate Action 100+ initiative and an owner of both company equity and bonds, we told the company that we expected an accelerated phase-out of coal. We also engaged with the national government's Czech Coal Commission to advocate for earlier coal phase-out dates.

THE OUTCOME

The Czech Coal Commission decided to make the Czech Republic coal-free by 2038, a moderate improvement compared to the existing schedule. This still is not in alignment with the Paris Agreement.

FOLLOW-UP

We will continue advocating for a faster coal phase-out, more ambitious targets and better disclosure by CEZ.

Czech Republic coal-free by

2038

⁵ This is based on the “below 2 degrees Celsius” global warming goal of the Paris Agreement, which according to the IEA World Energy Outlook 2019 report should mean a 90% reduction in coal-based electricity generation by 2030 in OECD countries.

PRIORITY

Promote Sustainable Food and Agriculture

ACTION

Engaged with companies as part of collaborative campaign for protein diversity

Ten of the world's 25 largest food firms have established teams for plant-based protein products.

In 2020, we encouraged companies to use more sustainable practices with livestock and diversify their products through alternative, plant-based proteins.

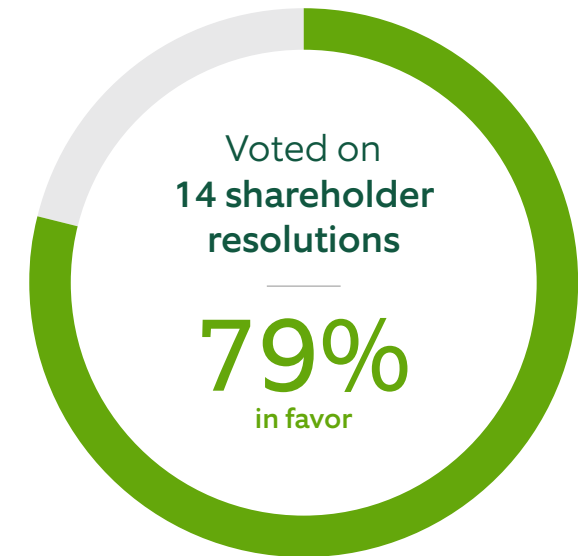
Animal agriculture contributes to climate change, land degradation, and biodiversity loss, according to FAIRR, an investor group focused on risks and opportunities from intensive livestock production. In the U.S., beef accounts for only 4% of the retail food supply by weight, yet it represents 36% of diet-related greenhouse gas emissions.⁶


Alternative proteins are a growing market, where estimates show that market share may grow from 3% now to 10% by 2029 and 39% by 2050, according to FAIRR.

We contributed to an engagement campaign launched by FAIRR. Largely as a result of the campaign, 10 of the world's 25 largest food firms — including Kroger, Tesco, Nestle and Unilever — as of July 2020 have established teams for plant-based products, according to FAIRR. Nestle is planning to build a \$100 million plant-based center in China, while Unilever has already built a \$94 million innovation center in the Netherlands to develop new protein sources and plant-based products.

⁶ FAIRR, [Appetite for Disruption](#), July 2020.

Promote Sustainable Food and Agriculture



Explore how we voted on shareholder resolutions related to promoting sustainable food and agriculture. 

Case Study

Coles Group Protein Priorities

CHALLENGE

Coles Group, which runs retail supercenters in Australia and Southeast Asia, is studying the environmental impact of its food supply chain and improving environmental reporting. Coles told us that it aims to expand exports to Asia, but the company still is prioritizing meat protein products there.

WHAT WE DID

We advocated in collaboration with FAIRR for improvements on protein diversification, the sustainability of the company's supply chain, and metrics to measure progress. We acted on behalf of both our equity and bond holders.

THE OUTCOME

Coles is analyzing the carbon impact and water intensity of 30 key product lines, including beef, lamb, poultry, pork and seafood. They are planning to do a deep analysis of sustainability issues in the beef supply chain including health impacts. They are also planning extended research into the economic impacts of alternative proteins, and they see opportunities to sell more vegan products in Australia.

FOLLOW-UP

We will continue engaging with the company to make sure their approach and reporting are progressing.

Coles is analyzing the carbon impact and water intensity of 30 key product lines, including beef, lamb, poultry, pork and seafood.

Social

Priorities in Action



PRIORITY

Improve Occupational Health and Safety

ACTION

Engaged with 80 companies on workforce safety during pandemic

Companies expanded work-from-home, increased employee benefits, and addressed mental health.

While the global spread of COVID-19 has damaged businesses, the financial markets and the economy, it is primarily a health and humanitarian crisis. As we seek to protect our health and to preserve our way of life, we must make difficult trade-offs.

This is all the more challenging because people's actions have significant implications for their neighbors.

The pandemic also shined a light on the unfairness inherent in class divisions. While some workers were able to work from home to avoid exposure to the virus, the majority of workers in a Pew Research study said their job responsibilities cannot be done from home.⁷ Only 23% of those without a four-year college degree said they could work from home. Similarly, while a majority of upper-income workers can do their work from home, most lower- and middle-income workers cannot. They had no choice but to continue working on factory and warehouse floors, in retail outlets and other public-facing positions that exposed them and consequently their families disproportionately to COVID-19.

We engaged with more than 80 companies on this topic in 2020, prioritizing those sectors where protection of frontline workers was essential, such as consumer discretionary, consumer staples, health care, financials, industrials, materials

and utilities. The names included PayPal, Gap, CVS, McDonald's, Walmart, Amazon, FedEx, UPS, Citibank, Boeing, Bank of America, AbbVie, DET and Wells Fargo. We asked about companies' treatment of their employees, suppliers and customers, with an eye to the companies' operational and financial resilience. We expected firms to protect the safety and well-being of their workforces and find ways to continue employment and seek government support as appropriate.

For example, we engaged Bank of America, Gap, PayPal and Amazon, among others, on the immediate steps they took to protect the health and safety of frontline employees and customers during the early part of the pandemic. We also asked how their boards were overseeing these efforts, and what additional investments they made for the medium-term "return to normal." Companies with directors who sat on multiple boards brought insights from other companies and sectors. Bank of America used lessons from prior crises, such as Hurricane Katrina and the California wildfires, to quickly organize and respond on the ground.

⁷ Pew Research, [How the Coronavirus Outbreak Has — and Hasn't — Changed the Way Americans Work](#), December 9, 2020.

Our outside engagement partner EOS addressed companies in the consumer sector that were most exposed to the issues caused by the pandemic, aiming to prevent the decrease of their value over the long term.

Their questions included:

- **What adjustments will be made to employment contracts and terms?**
- **Are there any expected changes to the workforce once stay-at-home orders are lifted?**
- **What employee benefits and protections are being offered, particularly around sick leave?**
- **What are companies' policies surrounding whistleblowers exercising their rights?**
- **What measures are being undertaken to ensure the physical health of the workforce?**

- **What measures are being undertaken and resources available in respect to mental health?**
- **How is the board overseeing the coronavirus response?**

As the pandemic continued, companies introduced flexible work-from-home arrangements, increased employee benefits and protections, addressed the physical and mental health of employees, improved whistleblowing procedures and encouraged more board involvement. For example, Danone provided extensive health and childcare coverage for all employees worldwide. Unilever and Kraft Heinz conducted strong union engagement, better hazard pay and on-site testing. Zara took a more responsible approach to their supply chain, reviewing their purpose, working with the community and strengthening communications.

23%

of people without a four-year college degree said they could work from home.⁸

⁸ Pew Research, [How the Coronavirus Outbreak Has — and Hasn't — Changed the Way Americans Work](#), December 9, 2020.

PRIORITY

Promote Diversity, Equity and Inclusion

ACTION

Engaged with 20 companies on their policies and disclosures

Higher investor interest: More than 60 shareholder resolutions have been filed for 2021.

Widespread protests within the U.S., sparked by police brutality, have brought not only the country, but the world, to an all-too-familiar crossroad.

There is no easy solution to address the pain of centuries of systemic racism. Our actions will only be effective and sustained if business leaders continually listen intellectually and emotionally.

We believe diversity begins at the top, and that's why it is imperative that individual companies examine and change existing talent management practices.

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, promotion decisions, compensation practices and a host of other related areas. Industries and individual

companies must change the nature of the dialogue to directly address the persistent and systemic discrimination that has plagued our society and industry. We recognize that unique perspectives and attributes, if allowed to flourish, make our collective society stronger.

A McKinsey & Company study⁹ found that:

- Companies in the top quartile for gender diversity on executive teams were 25% more likely to have above-average profitability than companies in the fourth quartile.
- Top-quartile companies in terms of ethnic and cultural diversity outperformed those in the fourth quartile by 36% in profitability.

Continued >

25%

More likely to have above-average profitability, for companies in the top quartile for gender diversity on executive teams versus those in the bottom quartile

36%

Profitability outperformance by companies in the top quartile for ethnic and cultural diversity versus those in the fourth quartile

⁹ McKinsey & Company, [Diversity wins: How inclusion matters](#), May 2020.

We engaged with 20 companies on their policies and disclosures related to diversity, equity and inclusion, with most firms based in the U.S. We urged companies to improve the quality of their workforce diversity disclosures to include not just qualitative information but quantitative metrics of diversity across different levels of employment (workforce, management and the board). All companies should be able to disclose these metrics without significant cost or undue burden because U.S.-listed companies file an annual report with the Equal Employment Opportunity Commission. This report provides a breakdown of the employer's workforce by race, gender and job category.

In 2020, we met multiple times with members of the investor relations and legal team at Amazon and raised questions about talent management for their large workforce. They explained that their focus was on creating an inclusive workforce and less on the diversity numbers (though the company still plans to

make public the data it discloses to the Equal Employment Opportunity Commission). Their approach to diversity, equity and inclusion is informed by employee groups established to champion underrepresented groups in the organization. The groups wanted to keep the focus squarely on programs to educate and facilitate the leap from mid- to senior-level management for racial, ethnic or gender minorities.

While few firms had shareholder resolutions on diversity, equity and inclusion in 2020, we expect a high volume of resolutions in 2021 as investor interest mounts. Already, as of the time of this publication, more than 60 different shareholder resolutions on this issue have been filed. In voting on shareholder resolutions, we take into consideration the level of disclosure companies already provide on diversity at the workforce, management and board levels, as well as qualitative descriptions of the company's efforts to promote diversity, equity and inclusion.

Promote Diversity, Equity and Inclusion



Explore how we voted on shareholder resolutions related to promoting diversity, equity and inclusion.



PRIORITY

Align Conduct, Culture and Ethics with Product Safety and Human Rights

ACTION

Engaged with Facebook and Twitter multiple times in 2020 on control over violent content

Facebook and Twitter invested in more rigorous content reviews.

On Friday March 15, 2019, a gunman armed with a semi-automatic weapon entered two Christchurch, New Zealand mosques and opened fire on people gathered for afternoon prayers, resulting in the death of more than 90 people along with multiple injuries.

The gunman planned his use of the Internet as a tool to maximize exposure to the killings. Multiple social media platforms carried links to video footage of the attack, and struggled to stamp out repeat uploads of the footage, revealing the inadequacy of the safeguards surrounding content management that prevent obscene, indecent, and profane content from being uploaded.

With the rising influence of social media, we realize that hate content can foster aggression and, ultimately, provoke violence. We believe that as an investor of size and consequence, we can make a positive impact on the quality of content management and governance that discourages violent content and respects freedom of speech.

In 2020, we urged the largest social media companies to develop effective policies to tackle objectionable content, such as that which depicted violence and contained deliberate misinformation. In particular, we wanted to drive change in how the companies create lines of governance and accountability for senior executives and the board.

We engaged with two large U.S. social media companies (Facebook and Twitter) multiple times. We also participated in collaborative engagements with both companies as part of a multi-year initiative arranged by New Zealand investors after the New Zealand massacre. In each of those discussions, the primary focus was on content moderation and the mitigation efforts around it.

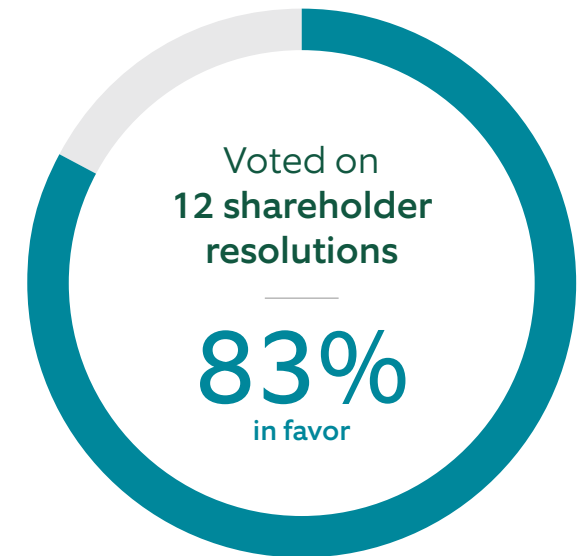
The collaborative efforts urged more disclosures on relevant metrics, such as the investments the social media companies were making in this area and the response rate to disinformation. We also encouraged enhanced governance structures, such as board level involvement, a structured reporting framework, and a better incentive structure to emphasize platform health. More than 100 investors representing \$7 trillion of assets under management are represented by the collaborative. We believe that if the topic were to go ignored, it would pose a material risk to the companies.

To date, Facebook and Twitter have created new committees to oversee content moderation policies, including tailored policies in response to the pandemic and U.S. election. They also have invested in more rigorous content reviews.


Still, the problem of disinformation continues, showing the need for further action. In particular at Facebook, we continue to have concerns over the ability of management to oversee risks related to content management.

This led us to vote against one director in 2020. We also supported shareholder resolutions requesting an independent board chair and reporting on political advertising, along with two proposals related to human rights and platform content. While none of the shareholder resolutions garnered enough support to pass, our voting actions send a clear signal to management that further change is warranted. We also are developing a guidance document addressing objectives for social media content moderation.

Align Conduct, Culture and Ethics With Product Safety and Human Rights



Explore how we voted on shareholder resolutions related to aligning conduct, culture and ethics with product safety and human rights.



Governance

Priorities in Action



PRIORITY

Strengthen Board Diversity

ACTION

Withheld support from 780 individual director nominees at companies that lacked board diversity

We raised our minimum diversity requirements, placing more pressure on companies to further diversify their boards.

We believe corporate leadership must reflect the diversity of society.

To achieve diversity, businesses must start at the top. Corporate leadership, beginning with the executive management team and extending to the board of directors, must reflect the diversity of society in order for us to achieve meaningful and lasting progress on diversity. This has to be more than one person in leadership. There is a tipping point of representation that changes the nature of the management and governance culture, which then permeates throughout the organization.

Companies with the most ethnically and culturally diverse boards worldwide are 43% more likely to have higher profits, according to a 2018 McKinsey & Company study.¹⁰ Companies with more diverse boards are better able to respond to challenges, recruit top talent and improve their customer orientation.

In nearly all our meetings with companies in 2020, we focused on board composition, evaluation and rotation of members. A well-composed board is an essential element of good corporate governance. Board members should be selected based on the skills and expertise they have for carrying out both advisory and oversight functions with respect to the company's evolving long-term strategic plan.

In 2020, we withheld support from 780 individual director nominees at companies in the U.K., U.S., Australia, Canada and New Zealand. This was based on our policy to withhold support from the chair or highest-tenured director of a board's nominating committee when we determine that a board's diversity didn't 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.

¹⁰ McKinsey & Company, [Delivering through Diversity](#), January 2018.

Effective in 2021, our Proxy Committee raised our minimum diversity requirements, placing more pressure on companies to further diversify their boards. Under this new approach we set a standard that all boards globally be at least 20% female and boards in the U.S. additionally have at least one ethnically/racially diverse director.

In regard to our votes on shareholder proposals in 2020, we supported those where the diversity request was warranted and opposed those where it was overly prescriptive. For example, we opposed resolutions that requested disclosures on the ideological perspectives of board members.

20%

or more of a company's board must be female, under our new policy enacted in 2021

Explore how we voted on shareholder resolutions related to strengthening board diversity.



PRIORITY

Align Pay for Performance

ACTION

Voted based on compensation scorecard we developed

U.S. companies improved pay policies in 30% of the cases in which we engaged.

Executive compensation is one of the most critical issues for investors to consider when assessing a company's overall governance structure.

Compensation practices not only shape how executives and employees behave, but also determine what kinds of talent an organization attracts and retains. Poor compensation practices can cost shareholders money over the long-term when executives and employees are improperly incentivized to take too little or too much risk.

Wells Fargo, which reportedly opened numerous fraudulent accounts without clients' permission, is an example of how an incentive system can promote risky and unethical behavior. Since that activity was reported by news media in September 2016, Wells Fargo's shares have far underperformed the most relevant bank index. On top of that, the bank agreed last year to pay \$3 billion in fines in a settlement with the Federal Reserve.¹¹

We engaged with companies in 2020 based on our executive compensation scorecard implemented in 2019 with our new executive compensation policy. The quantitative scorecard identifies CEOs whose total compensation appears out of line relative to peers based on indicators such as profitability and sales growth, total shareholder return and other CEOs' compensation. More broadly, our executive compensation voting policy also sets expectations on disclosure, metrics, executive goals and equity pay mix.

Our efforts in 2020 stemmed from an executive compensation engagement campaign we started in 2019. At the campaign's outset, we engaged with 93 U.S. companies. In 2020, we opted to follow up with 45 U.S. companies, and engaged with an additional 11 companies in the U.K. We found the U.S. companies improved their pay policies in 30% of the cases examined. In the U.K., we felt we made progress on the majority of our 2020 engagements.

¹¹ *Wall Street Journal*, [Wells Fargo Reaches Settlement With Government Over Fake-Accounts Scandal](#), February 21, 2020.

This new executive compensation policy meaningfully impacted our approach to voting. When compensation plans were not designed to enhance shareholder value or there was a lack of disclosure around performance goals, we voted against a company's management say-on-pay proposal. As a result of our new process, we voted against management say-on-pay in the Russell 3000® Index in 4% of cases in 2020 and in 2.7% of cases we voted against director remuneration policies in FTSE100.

We sometimes also voted against compensation committee members when the board and company management failed to take reasonable action around concerns raised by a majority of the company's shareholders. Over persistent concerns related to executive compensation practices we withheld support from more than 100 directors.

We also focused on compensation issues related to the pandemic. Because compensation committees approved a significant number of 2020 incentive plans prior to the financial and public-market turmoil last year, the performance goals within these plans assumed market conditions that no longer applied. We approached a number of boards to examine their ability and intention to adjust their policies.

Case Study

Royal Dutch Shell's Pay Versus Strategic Climate Targets

CHALLENGE

Royal Dutch Shell plays a leadership role in climate commitments. However, the variable portion of the executive compensation policy was 55% weighted to the growth of oil and gas operations, while achieving climate targets, comprised only 10% of the weighting.

WHAT WE DID

Following repeated dialogue with the company, we voted against Shell's pay policy because of the lack of strategic alignment between executive compensation and carbon reduction targets. We hold stocks and bonds in the company, and acted simultaneously on behalf of both investors.

THE OUTCOME

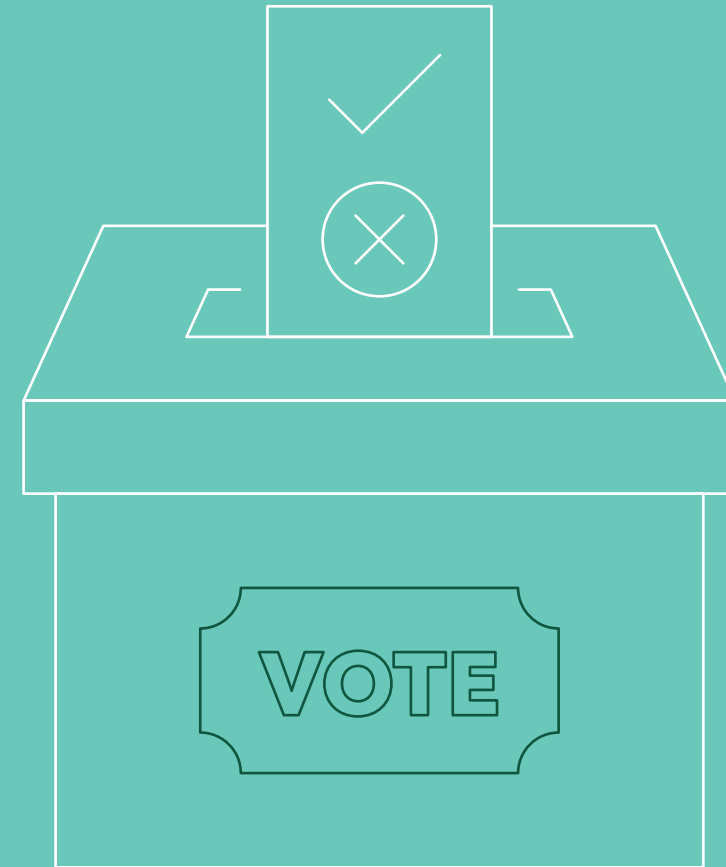
Shareholders still approved the policy, but the remunerations committee is developing changes that we believe will be more in line with investors' feedback.

FOLLOW-UP

We are closely monitoring the development at the company and will be voting against the director compensation report if no change is made to the policy.

We voted against Shell's pay policy because of the lack of strategic alignment between executive compensation and carbon reduction targets.

05 | Stewardship Policies



Voting and Engagement

As part of the governance process, we have published policies guiding our stewardship activities.

Sustainable Investing Philosophy

Learn how we integrate sustainable investing into our investment process, our focus on climate change, and our sustainable investing resources and expertise.



Northern Trust Asset Management Engagement Policy

Explore how we approach our duty as an active owner, including proxy voting and engaging with company management and boards.



EMEA Pooled Funds Engagement Policy (a supplement)

We describe how, in regard to EMEA and some other pooled funds, our internal engagement efforts are complemented by our outside engagement partner, EOS.



Proxy Voting Policies, Procedures and Guidelines

We provide guidance for our proxy voting activities for those accounts over which Northern Trust has been granted proxy voting discretion.



Changes to Proxy Voting Policies, Procedures and Guidelines

We review our policies annually. See below for the changes to our Proxy Voting Guidelines.

In 2019 (effective in 2020), we:

- Changed language to support shareholder proposals to publish political or lobbying contributions or trade association spending.
- Changed language to support shareholder proposals to have golden and tin parachutes submitted for shareholder ratification.

In 2020 (effective in 2021), we clarified how our voting guidelines are implemented, including:

- More consistent voting against directors at companies where we see little or no progress in managing environmental or social risks.
- More consistent voting on shareholder resolutions that request the establishment of a new environmental or social corporate board committee.
- Stricter board diversity requirements. At least 20% of the board should be female globally, and in the U.S. there should be at least one ethnically/racially diverse director.

Client Reporting

We are committed to ensuring public transparency in our activities and outcomes.

Information on our progress is provided in the form of tailored client reports, the annual stewardship report, EOS engagement reports and our [Proxy Voting Dashboard](#). In 2021, we'll provide more robust insights into our proxy voting decision-making rationale and online access to our quarterly proxy voting reports. We also post papers about our stewardship priorities and objectives on our [stewardship web page](#).

Proxy Voting and Securities Lending

We maintain proxy voting discretion for various accounts that participate in securities lending programs administered by Northern Trust Asset Management 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. However, for those accounts in which Northern Trust Asset Management 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.

Independent Assurance for Voting Activities

Northern Trust uses a variety of independent assurance tools including a standard three-lines-of-defense model.

In particular, the third line (internal audit function) is independent of business lines across the organization. This is complemented by a structured approach to external independent assurance. Northern Trust's scope of the testing in the Investment Management Service Organization Control Report extends to include proxy voting. The expectation is that this external independent assurance shall be extended to engagement activities over time, in line with the maturity and auditable nature of the activities, noting that a large proportion of engagement is inherently qualitative in nature.

Conflicts of Interest

The Proxy Voting Guidelines outline policies and procedures for identifying and managing conflicts of interest that may arise in the execution of our stewardship activities.

Examples of potential conflicts relating to stewardship activities include instances where Northern Trust Asset Management, its partners, officers or directors have a relationship with:

- The issuer (e.g., as advisor, manager, etc.).
- A significant shareholder/unitholder in the issuer.
- The proponent of a resolution (e.g., as advisor, manager, director, etc.).
- A director or candidate for directorship.

The potential for conflicts of interest in the voting of proxies generally arises where the Proxy Committee is considering the possibility of voting in a manner contrary to a vote recommendation received from the Proxy Voting Service, or where the Proxy Voting Service has not provided a vote recommendation. In these situations, the Proxy Committee will determine if a conflict of interest exists and, in situations where a conflict is determined to exist, whether the conflict is so severe that the Proxy Committee is unable to exercise independent judgement.

Conflicts for which the Proxy Committee determines it is unable to exercise independent judgment are referred to in these policies and procedures as “disabling conflicts” and other conflicts are referred to as “non-disabling conflicts.” In the rare situation of a disabling conflict it may resolve the conflict in any of the following ways, which may vary, consistent with its duty of loyalty and care, depending upon the facts and circumstances of each situation and the requirements of applicable law:

- Following the vote recommendation of an independent fiduciary appointed for that purpose;
- Voting pursuant to client direction;
- Abstaining; or
- Voting pursuant to a “mirror voting” arrangement (under which shares are voted in the same manner and proportion as some or all of the other shares not voted by the Proxy Committee).

Northern Trust identified a small number of conflicts over the reporting period. The Proxy Committee, in consultation with our legal and compliance groups, identified each as non-disabling conflicts and, per Section 5 of our Proxy Voting Policies, Procedures, and Guidelines, voted either in accordance with the vote recommendation received from ISS or by a vote of at least 70% of its voting members.

For more information, view our complete policies [here](#).

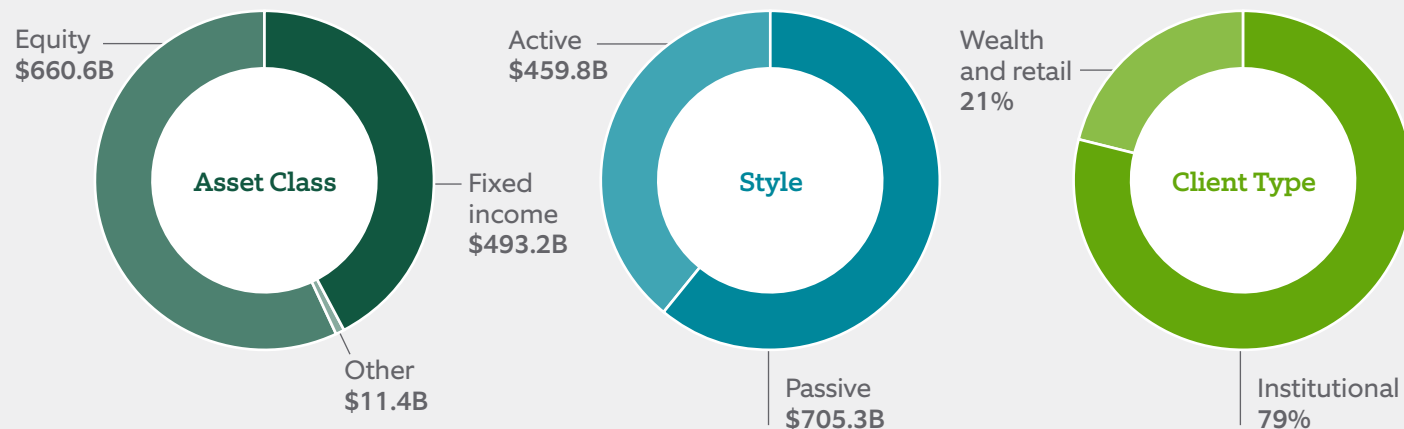
06 | About Northern Trust Asset Management



Northern Trust Asset Management is a global investment manager that helps investors navigate changing market environments, so they can confidently realize their long-term objectives.

We have earned the confidence of investors worldwide by offering distinctive solutions, diverse insights and an exceptional client experience.

ASSETS UNDER MANAGEMENT



\$1.1 Trillion total AUM^a

18th largest
asset manager globally^b

13th largest
in institutional assets^c

7th largest
in factor-based strategy assets^b

5th largest
in endowment/foundation assets^b

Largest in U.S.
institutional cash manager^d

^a Assets under management as of December 31, 2020.

^b Total worldwide assets under management.

^c Worldwide institutional assets under management.

^d U.S. institutional, tax exempt.

The above rankings are not indicative of future performance. Unless otherwise noted, rankings are based on total worldwide assets under management of \$1.0 trillion as of December 31, 2019 by *Pensions & Investments* magazine's "2020 Special Report on the Largest Money Managers."

For the Northern Trust Asset Management entities included in AUM total, please see disclosure at the bottom of page 4.

07 | U.K. Stewardship Code Index and Self-Assessment


















U.K. STEWARDSHIP CODE INDEX AND SELF-ASSESSMENT

This table explains how Northern Trust Asset Management applied the 2019 U.K. Stewardship Code in 2020. Each of the Code's 12 principles is linked to specific sections of this report. We also included our self-assessment of the effectiveness of our stewardship process for each of the principles.

| U.K. Stewardship Code Principles | Assessment of adherence | Link to the section in this report | Areas for improvement |
|---|-------------------------|--------------------------------------|---|
| Principle 1 — 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. | High | Stewardship, with Purpose | |
| | | 01. Our Commitment to Sustainability | |
| | | 03. Purposeful Priorities | |
| | | 04. Priorities in Action | |
| Principle 2 — Signatories' governance, resources and incentives support stewardship. | Medium | 02. Active Stewardship Approach | Going forward, we may want to add more full-time dedicated resources, and introduce incentives to strengthen stewardship. |
| Principle 3 — Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first. | High | 05. Stewardship Policies | |
| Principle 4 — Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system. | High | 02. Active Stewardship Approach | |
| | | 03. Purposeful Priorities | |
| | | 04. Priorities in Action | |
| Principle 5 — Signatories review their policies, assure their processes and assess the effectiveness of their activities. | High | 05. Stewardship Policies | |
| | | Statement of Internal Assurance | |
| | | This index and self-assessment | |

U.K. STEWARDSHIP CODE INDEX AND SELF-ASSESSMENT

| U.K. Stewardship Code Principles | Assessment of adherence | Link to the section in this report | Areas for improvement |
|--|-------------------------|--|--|
| Principle 6 — Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them. | Medium | Stewardship, with Purpose  | Going forward, we intend to evaluate the effectiveness of our chosen methods to understand the needs of clients. During 2020, we were not disclosing our voting rationales. We started doing this in the first quarter of 2021. |
| | | 03. Purposeful Priorities  | |
| | | 04. Priorities in Action  | |
| Principle 7 — Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfill their responsibilities. | High | Stewardship, with Purpose  | |
| | | 01. Our Commitment to Sustainability  | |
| | | 04. Priorities in Action  | |
| Principle 8 — Signatories monitor and hold to account managers and/or service providers. | High | 02. Active Stewardship Approach, specifically sub-section Augmenting Our Efforts  | |
| Principle 9 — Signatories engage with issuers to maintain or enhance the value of assets. | High | 03. Purposeful Priorities  | Going forward, we would like to provide more case studies showing our activities and their outcomes. |
| | | 04. Priorities in Action, specifically case studies  | |
| Principle 10 — Signatories, where necessary, participate in collaborative engagement to influence issuers. | High | 02. Active Stewardship Approach, specifically Leading Through Collaboration  | |
| | | 04. Priorities in Action, specifically Reduce Climate Risk, Promote Sustainable Food and Agriculture, and Align Conduct, Culture and Ethics with Product Safety and Human Rights  | |
| Principle 11 — Signatories, where necessary, escalate stewardship activities to influence issuers. | High | 02. Active Stewardship Approach  | |
| | | 04. Priorities in Action  | |
| | | 08. Appendices on engagement statistics, specifically the milestone progress  | |
| Principle 12 — Signatories actively exercise their rights and responsibilities. | High | 08. Appendices with voting results  | |
| | | 02. Stewardship Led by Our Commitment to Sustainability, specifically sub-section Asset Classes and Geographies  | |

08 | Appendices

APPENDIX 1

Northern Trust Asset Management
Engagement Statistics ►

APPENDIX 2

Northern Trust Asset Management
Engagements by Company ►

APPENDIX 3

EOS Engagement Statistics ►

APPENDIX 4

Voting Statistics
by Region ►

APPENDIX 5

Votes Against Management
by Topic ►

APPENDIX 6

Shareholder Proposals Linked
to Stewardship Priorities ►

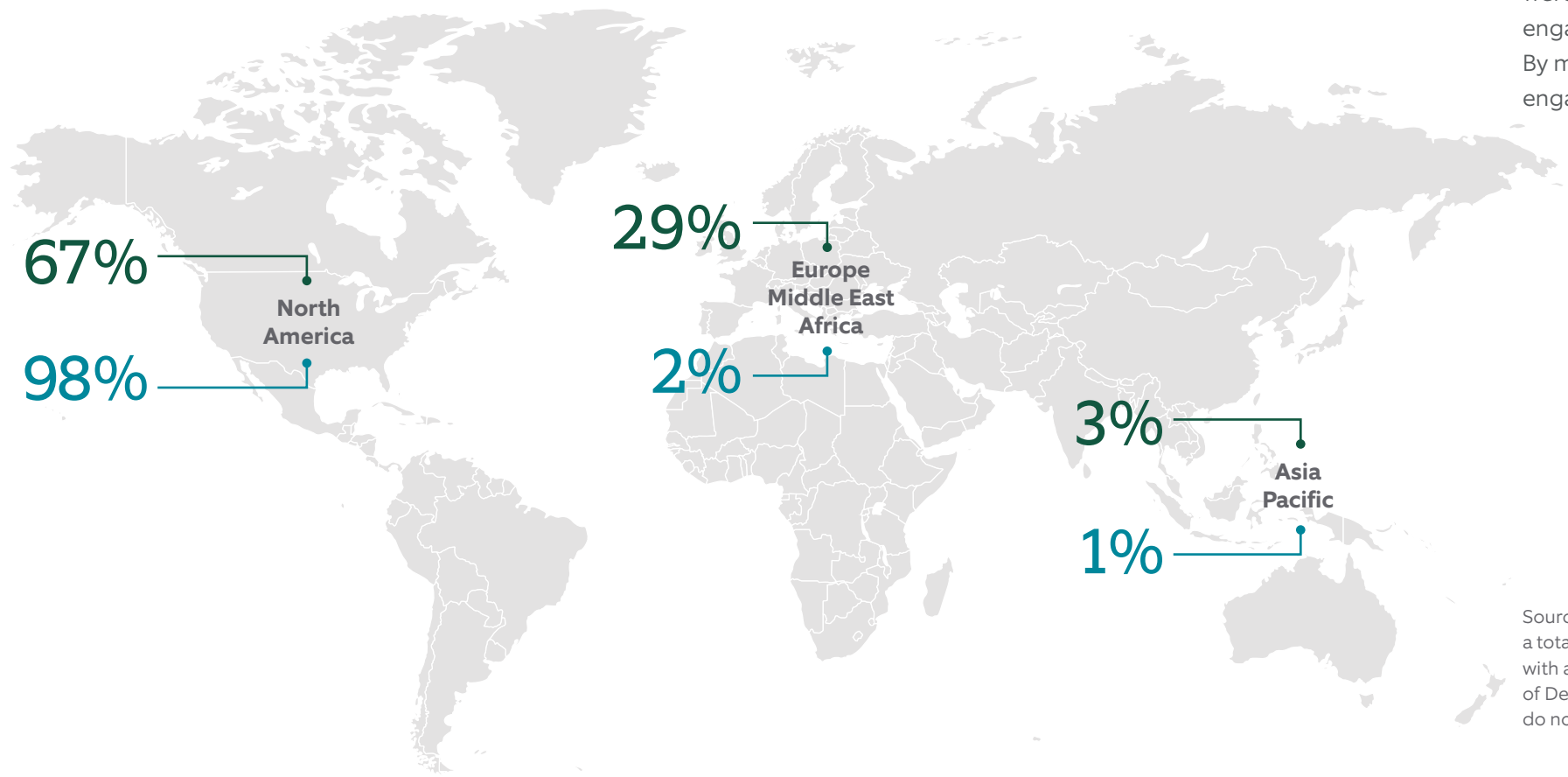


APPENDIX 1

Northern Trust Asset Management Engagement Statistics

ENGAGEMENTS BY REGION

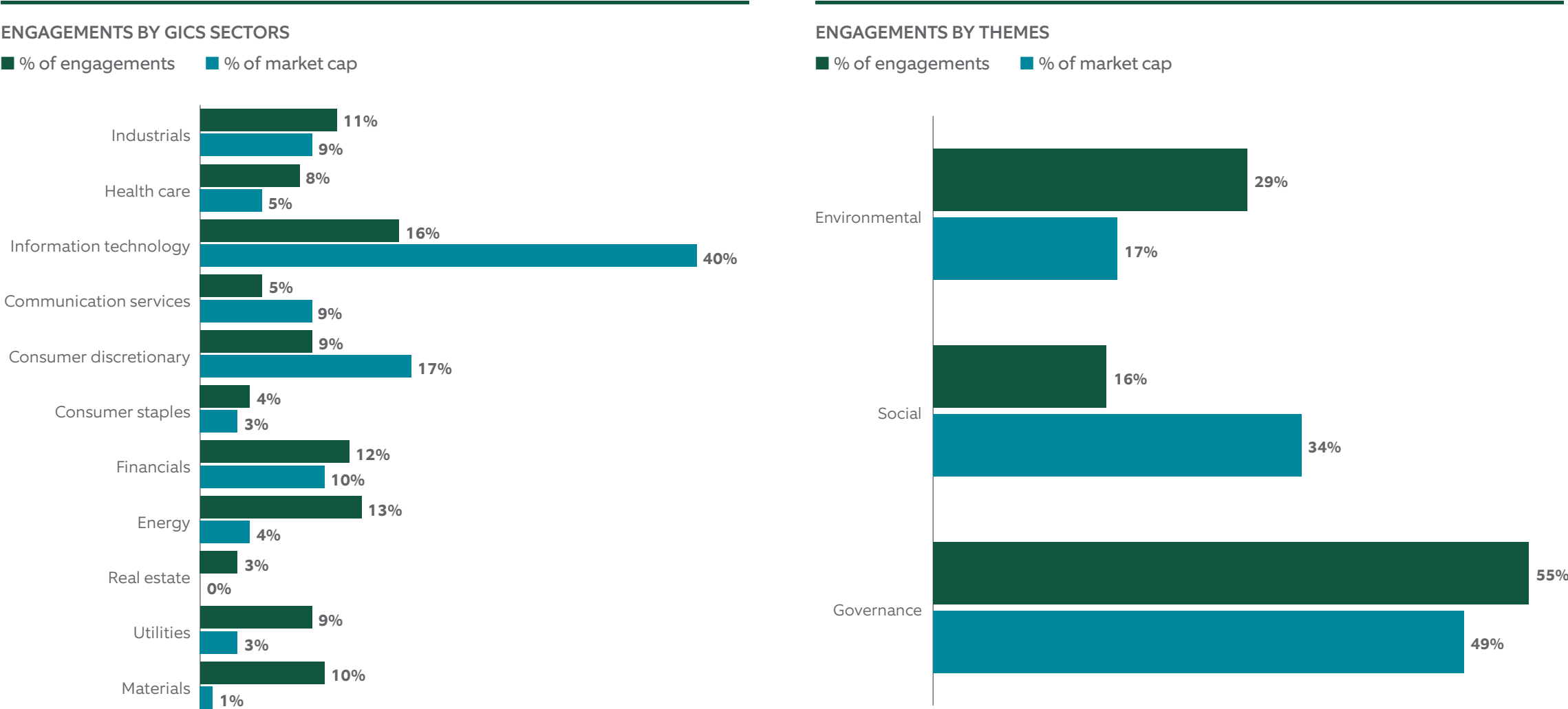
■ % of engagements ■ % of market cap



By companies, 95% of our engagements were in **developed markets** and 5% of engagements were in **emerging markets**. By market cap, nearly 100% of our engagements were in developed markets.

Source: Northern Trust Asset Management. We had a total of 222 direct engagements with 153 companies with a combined market cap of \$11.5 trillion as of December 31, 2020. Market cap percentages do not add up to 100% due to rounding.

APPENDIX 1: Northern Trust Asset Management Engagement Statistics

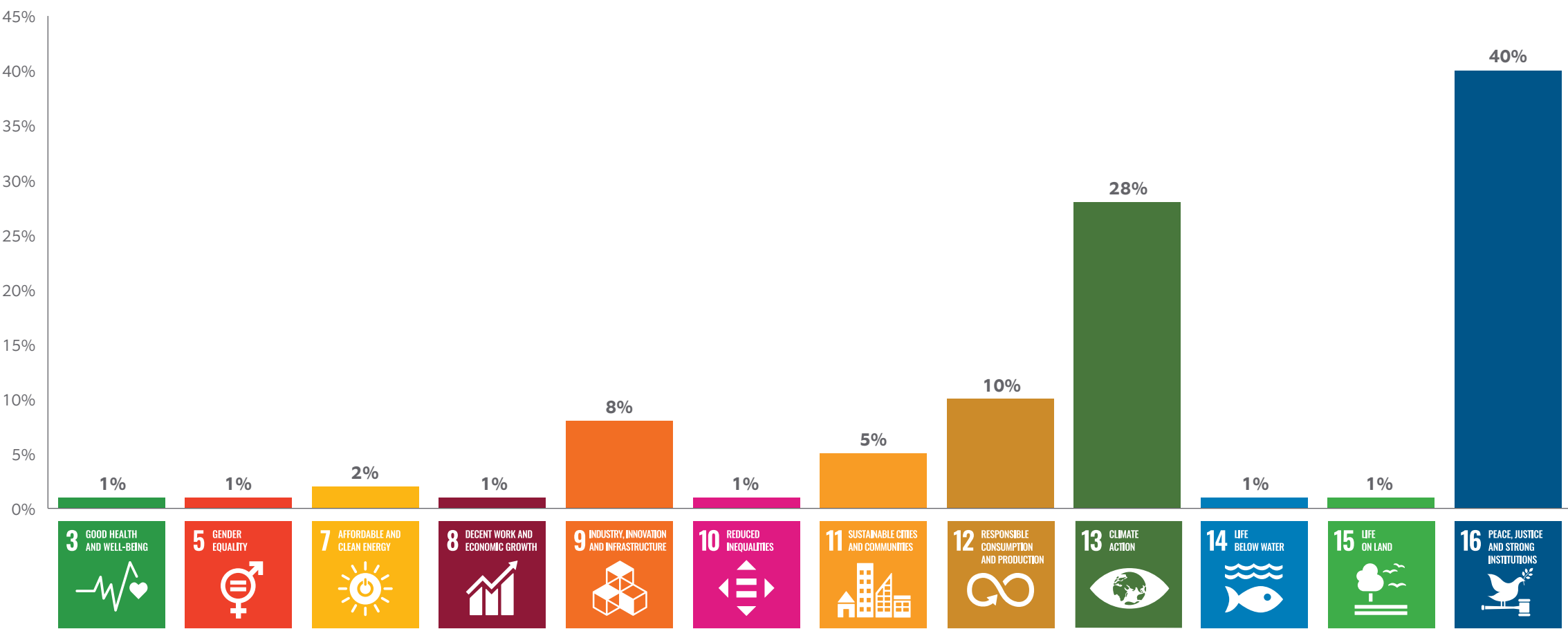


Source: Northern Trust Asset Management. We had a total of 222 direct engagements with 153 companies with a combined market cap of \$11.5 trillion as of December 31, 2020. The Global Industry Classification Standard (GICS) categorizes companies by sectors..

APPENDIX 1: Northern Trust Asset Management Engagement Statistics

ENGAGEMENTS BY UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS (SDGs)

See the [UN Sustainable Development Goals website](#) for more information.



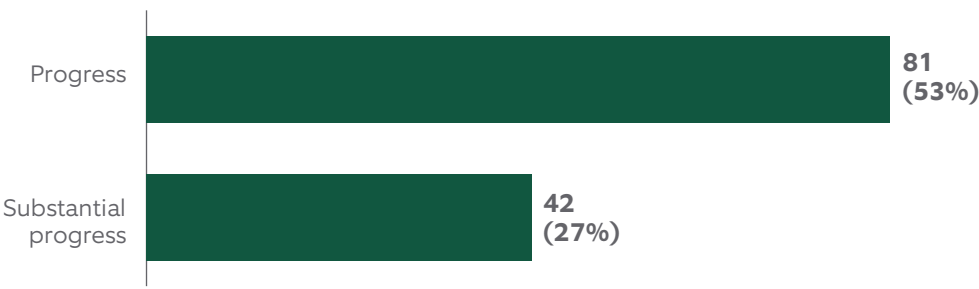
Source: Northern Trust Asset Management. We had a total of 222 direct engagements with 153 companies.

APPENDIX 1: Northern Trust Asset Management Engagement Statistics

MILESTONE PROGRESS

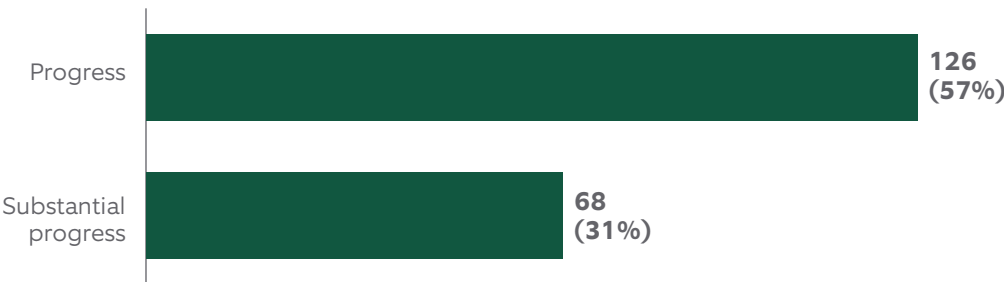
Companies

■ Number



Engagements

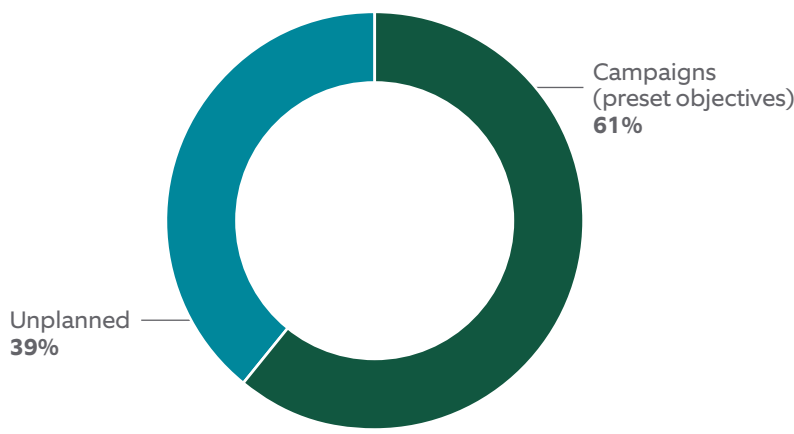
■ Number



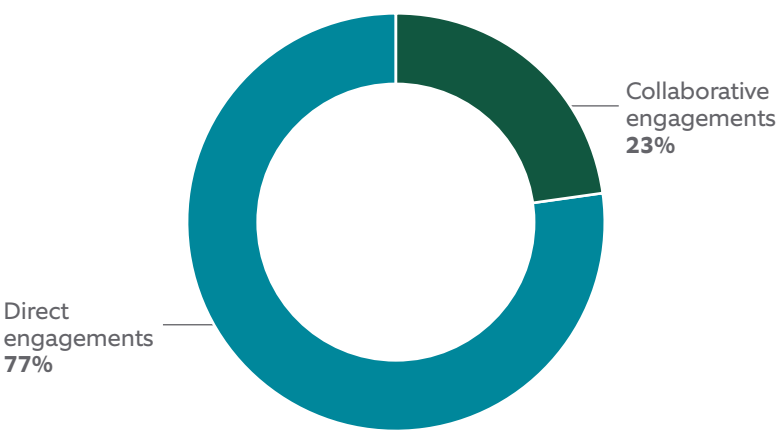
Progress represents companies where milestones 2, 3 or 4 were achieved; substantial progress means milestones 3 or 4 were achieved.

Source: Northern Trust Asset Management. We had 222 direct engagements with 153 companies in 2020.

ENGAGEMENTS: CAMPAIGNS VS. UNPLANNED



ENGAGEMENTS: DIRECT VS. COLLABORATIVE



Source: Northern Trust Asset Management.

APPENDIX 2

Northern Trust Asset Management Engagements by Company

A – B

| Company name | Country | GICS sector | Engaged on behalf of bondholders as well as equity holders? | 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 |
|------------------------------------|---------|------------------------|---|-----------------------|--------------------------------|---|--------------------------|---|--------------------------------|
| 3M Company | U.S. | Industrials | Yes | 2 | Direct | E, G | | 13 16 | |
| AbbVie Inc. | U.S. | Health care | Yes | 1 | Direct | S, G | | 16 | |
| Accenture PLC | U.S. | Information technology | | 1 | Direct | G | | | |
| Activision Blizzard, Inc. | U.S. | Communication services | Yes | 1 | Direct | G | | | |
| adidas | Germany | Consumer discretionary | Yes | 1 | Direct | E | Recycling | 12 9 11 14 15 | 3 |
| Adtalem Global Education, Inc. | U.S. | Consumer discretionary | | 1 | Direct | G | | | |
| Advanced Micro Devices, Inc. | U.S. | Information technology | Yes | 1 | Direct | G | Compensation | 16 | 2 |
| Alliance Data Systems Corporation | U.S. | Information technology | | 1 | Direct | G | Data Privacy | 9 11 | 2 |
| Altria Group, Inc. | U.S. | Consumer staples | Yes | 1 | Direct | E, S, G | | 13 16 | |
| Amazon.com, Inc. | U.S. | Consumer discretionary | Yes | 3 | Direct | E, S, G | Data Privacy | 9 11 13 16 | 2 |
| American International Group, Inc. | U.S. | Financials | Yes | 1 | Direct | G | Compensation | 16 | 3 |
| Amgen, Inc. | U.S. | Health care | Yes | 1 | Direct | S, G | | | |
| Amphenol Corp. | U.S. | Information technology | Yes | 1 | Direct | G | | | |
| Apple, Inc. | U.S. | Information technology | Yes | 2 | Direct | S, G | | | |
| ASGN Incorporated | U.S. | Industrials | Yes | 1 | Direct | G | | | |
| Associated Banc-Corp | U.S. | Financials | Yes | 1 | Direct | G | Compensation | 16 | 2 |
| AstraZeneca | U.K. | Health care | Yes | 1 | Direct | G | Compensation | 16 | 4 |
| Atlas Air Worldwide Holdings, Inc. | U.S. | Industrials | | 1 | Direct | G | Compensation | 16 | 2 |
| Automatic Data Processing, Inc. | U.S. | Information technology | Yes | 1 | Direct | G | | | |
| Banco Santander SA | Spain | Financials | Yes | 1 | Direct | G | | | |
| Bank of America Corporation | U.S. | Financials | Yes | 1 | Direct | E, S, G | Compensation | 9 13 12 16 | 4 |
| Barclays PLC | U.K. | Financials | Yes | 1 | Collaborative | E | Climate | 13 | 3 |
| Bayer | Germany | Health care | Yes | 1 | Direct | E, S | | 12 | |
| Berkeley Group Holdings | U.K. | Consumer discretionary | | 1 | Direct | G | Compensation | 16 | 4 |
| BHP | U.K. | Materials | | 8 | Both | E, S, G | Climate | 13 12 8 16 3 5 11 | 3 |
| BP | U.K. | Energy | Yes | 2 | Direct | G, E | Climate and Compensation | 16 13 7 | 3 |
| Broadcom Inc. | U.S. | Information technology | Yes | 1 | Direct | G | | | |



APPENDIX 2: Northern Trust Asset Management Engagements by Company

C – G

| Company name | Country | GICS sector | Engaged on behalf of bondholders as well as equity holders? | 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 |
|--|----------------|------------------------|---|-----------------------|--------------------------------|---|----------------------|---|--------------------------------|
| Cardinal Health, Inc. | U.S. | Health care | Yes | 1 | Direct | S, G | | | |
| Caterpillar Inc. | U.S. | Industrials | Yes | 1 | Direct | E, G | Compensation | 9 13 12 16 | 4 |
| CDW Corporation | U.S. | Information technology | | 2 | Direct | G | | | |
| CEZ Ceske Ener Zavody | Czech Republic | Utilities | Yes | 4 | Collaborative | E | Climate | 13 7 | 2 |
| Chevron Corporation | U.S. | Energy | Yes | 1 | Direct | E, S, G | Compensation | 9 13 12 16 | 2 |
| Citigroup Inc. | U.S. | Financials | Yes | 1 | Direct | E, S, G | Compensation | 9 13 12 16 | 4 |
| Citizens, Inc. | U.S. | Financials | | 1 | Direct | G | | | |
| Citrix Systems, Inc. | U.S. | Information technology | Yes | 1 | Direct | G | | | |
| Cognizant Technology Solutions Corporation | U.S. | Information technology | | 2 | Direct | E, S, G | Data Privacy | 9 11 | 2 |
| Coles | Australia | Consumer staples | Yes | 1 | Collaborative | E, S | Sustainable Proteins | 12 | 3 |
| Comcast Corporation | U.S. | Communication services | Yes | 1 | Direct | S, G | Dual Class Shares | 16 | 2 |
| Compass Group Plc | U.K. | Consumer discretionary | | 1 | Direct | G | | | |
| ConocoPhillips | U.S. | Energy | Yes | 2 | Direct | E, G | Compensation | 9 13 12 16 | 3 |
| CoreLogic, Inc. | U.S. | Industrials | | 1 | Direct | G | | | |
| Cracker Barrel Old Country Store, Inc. | U.S. | Consumer discretionary | | 2 | Direct | G | | | |
| CVS Health Corporation | U.S. | Health care | Yes | 1 | Direct | S, G | | | |
| Delta Air Lines, Inc. | U.S. | Industrials | Yes | 1 | Direct | E, S, G | | 13 | |
| DTE Energy Company | U.S. | Utilities | Yes | 1 | Direct | E, G | Climate | 13 | 2 |
| Duke Energy Corporation | U.S. | Utilities | Yes | 2 | Collaborative | E, G | Climate | 9 13 12 | 2 |
| eBay Inc. | U.S. | Consumer discretionary | Yes | 2 | Direct | S, G | | | |
| Endo International plc | Ireland | Health care | Yes | 1 | Direct | S, G | Compensation | 16 | 2 |
| ENI | Italy | Energy | Yes | 1 | Direct | G | | 16 | |
| Enzo Biochem, Inc. | U.S. | Health care | | 1 | Direct | E, S, G | | 13 | |
| Equinor | Norway | Energy | Yes | 1 | Direct | E | Climate | 13 | 3 |
| Exxon Mobil Corporation | U.S. | Energy | Yes | 4 | Both | E, S, G | Climate | 9 13 12 16 | 2 |
| Facebook, Inc. | U.S. | Communication services | | 2 | Both | S, G | Content Management | 11 | 2 |
| FedEx Corp. | U.S. | Industrials | Yes | 3 | Direct | E, S, G | Climate | 9 13 12 16 | 3 |
| Fiserv, Inc. | U.S. | Information technology | Yes | 1 | Direct | G | Data Privacy | 9 11 | 2 |
| FleetCor Technologies Inc. | U.S. | Information technology | | 1 | Direct | G | Compensation | 16 | 3 |
| General Electric Company | U.S. | Industrials | Yes | 1 | Direct | E, G | Compensation | 13 16 | 2 |
| General Motors Company | U.S. | Consumer discretionary | Yes | 1 | Collaborative | E, G | Climate | 9 13 12 | 2 |
| Glencore | U.K. | Materials | Yes | 6 | Collaborative | E, G | Climate | 13 7 9 16 | 3 |
| Global Medical REIT, Inc. | U.S. | Real estate | | 1 | Direct | G | | | |
| Griffon Corp. | U.S. | Industrials | Yes | 1 | Direct | G, S | | | |



APPENDIX 2: Northern Trust Asset Management Engagements by Company

H–M

| Company name | Country | GICS sector | Engaged on behalf of bondholders as well as equity holders? | 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 |
|---|-------------|------------------------|---|-----------------------|--------------------------------|---|----------------------------------|---|--------------------------------|
| Heineken | Netherlands | Consumer staples | Yes | 1 | Direct | S | Diversity | 5 10 | 4 |
| Hertz Global Holdings, Inc. | U.S. | Industrials | | 1 | Direct | G | | | |
| Hewlett Packard Enterprise Company | U.S. | Information technology | Yes | 2 | Direct | G | | | |
| Honda Motor Co., Ltd. | Japan | Consumer discretionary | Yes | 1 | Collaborative | E, S, G | Climate | 9 13 12 | 2 |
| HP Inc. | U.S. | Information technology | Yes | 1 | Direct | G | | | |
| IAG (Insurance Australia Group) | Australia | Financials | | 1 | Direct | E, S | Cultural Heritage | 16 13 | 3 |
| Iberdrola | Spain | Utilities | Yes | 1 | Direct | E, S, R | | 7 13 12 | |
| ICBC | Hong Kong | Financials | Yes | 1 | Direct | R | Risk Management | | 3 |
| Illinois Tool Works Inc. | U.S. | Industrials | Yes | 1 | Direct | E, G | Climate | 9 13 12 | 3 |
| Incyte Corporation | U.S. | Health care | | 1 | Direct | G | Compensation | 16 | 3 |
| Intel Corporation | U.S. | Information technology | Yes | 2 | Direct | S, G | | | |
| International Business Machines Corporation | U.S. | Information technology | Yes | 1 | Direct | E, S, G | | 13 16 | |
| James River Group Holdings, Ltd. | U.K. | Financials | | 1 | Direct | G | | | |
| JPMorgan Chase & Co. | U.S. | Financials | Yes | 3 | Both | E, S, G | Compensation | 9 13 12 16 | 4 |
| Kennedy-Wilson Holdings, Inc. | U.S. | Real estate | Yes | 1 | Direct | G | Compensation | 16 | 3 |
| Kilroy Realty Corporation | U.S. | Real estate | Yes | 1 | Direct | G | Compensation | 16 | 3 |
| Koninklijke Philips | Netherlands | Health care | Yes | 1 | Direct | E, G | | 13 12 14 15 16 | |
| Ladder Capital Corp | U.S. | Financials | Yes | 1 | Direct | E, G | Compensation | 13 16 | 3 |
| Las Vegas Sands Corp. | U.S. | Consumer discretionary | Yes | 1 | Direct | G | Compensation | 16 | 2 |
| Leidos Holdings, Inc. | U.S. | Information technology | Yes | 1 | Direct | G | | | |
| LendingClub Corporation | U.S. | Financials | | 1 | Direct | G | Compensation | 16 | 3 |
| Linz Textil Holding AG | Austria | Consumer discretionary | | 1 | Direct | E, S, G | | 13 | |
| Lloyds Banking Group | U.K. | Financials | Yes | 3 | Direct | G, E, S | Compensation | 16 13 5 | 3 |
| Mack-Cali Realty Corporation | U.S. | Real estate | Yes | 2 | Direct | E, G | | 13 16 | |
| Mallinckrodt Pharmaceuticals | Ireland | Health care | | 1 | Direct | G | | 16 | |
| Mallinckrodt public limited company | U.S. | Health care | | 1 | Direct | G | | | |
| McDonald's Corporation | U.S. | Consumer discretionary | Yes | 1 | Direct | E, S, G | Sustainable Food and Agriculture | 3 15 14 | 2 |
| McKesson Corporation | U.S. | Health care | Yes | 2 | Direct | S, G | | | |
| Mitsubishi Corp. | Japan | Industrials | Yes | 1 | Direct | E, S, G | | 13 | |
| Morgan Stanley | U.S. | Financials | Yes | 1 | Direct | E, S, G | Compensation | 9 13 12 16 | 2 |



APPENDIX 2: Northern Trust Asset Management Engagements by Company

N – S

| Company name | Country | GICS sector | Engaged on behalf of bondholders as well as equity holders? | 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 |
|---|-----------|------------------------|---|-----------------------|--------------------------------|---|---|---|--------------------------------|
| National Grid | U.K. | Utilities | Yes | 4 | Collaborative | E | Climate | 13 7 | 3 |
| Navistar International Corp. | U.S. | Industrials | Yes | 1 | Direct | G | | | |
| Newell Brands Inc. | U.S. | Consumer discretionary | Yes | 1 | Direct | G | Compensation | 16 | 3 |
| NextEra Energy, Inc. | U.S. | Utilities | Yes | 2 | Direct | E, S, G | Climate | 13 16 | 2 |
| Noble Energy, Inc. | U.S. | Energy | | 1 | Direct | E, G | Climate | 9 13 12 | 2 |
| Novolipetsk Steel (NLMK Group) | Russia | Materials | Yes | 1 | Direct | E | | 13 12 | |
| Oracle Corp. | U.S. | Information technology | Yes | 1 | Direct | S, G | | | |
| Origin Energy | Australia | Energy | Yes | 1 | Collaborative | E, G | Climate | 13 7 16 | 3 |
| Palo Alto Networks, Inc. | U.S. | Information technology | | 2 | Direct | G | | | |
| Park-Ohio Holdings Corp. | U.S. | Industrials | Yes | 1 | Direct | G | | | |
| PayPal Holdings, Inc. | U.S. | Information technology | Yes | 2 | Direct | S, G | Data Privacy | 9 11 | 2 |
| Petrobras | Brazil | Energy | Yes | 1 | Direct | G, E | Climate, Risk Management | 16 13 | 2 |
| PGE Polska Grupa Ener | Poland | Utilities | | 3 | Collaborative | E | Climate | 13 7 | 2 |
| Pinnacle West Capital Corporation | U.S. | Utilities | Yes | 1 | Direct | E, G | Climate | 13 16 | 2 |
| PPG Industries, Inc. | U.S. | Materials | Yes | 1 | Direct | E | | 13 | |
| Proofpoint, Inc. | U.S. | Information technology | | 1 | Direct | G | Compensation | 16 | 3 |
| Prudential Financial, Inc. | U.S. | Financials | Yes | 1 | Direct | S, G | | | |
| Prudential Plc | U.S. | Financials | Yes | 2 | Direct | G | Compensation | 16 | 3 |
| Puma Biotechnology, Inc. | U.S. | Health care | | 1 | Direct | S, G | Compensation | 16 | 3 |
| Qualcomm, Inc. | U.S. | Information technology | Yes | 2 | Direct | G | | | |
| Regeneron Pharmaceuticals, Inc. | U.S. | Health care | Yes | 1 | Direct | G | Compensation | 16 | 2 |
| Repsol | Spain | Energy | Yes | 2 | Direct | S, E | Occupational Health and Safety, Climate | 12 13 | 3 |
| Rio Tinto | U.K. | Materials | Yes | 2 | Collaborative | E | Climate | 13 6 | 3 |
| Rite Aid Corp. | U.S. | Consumer staples | Yes | 1 | Direct | G | | | |
| Royal Dutch Shell | U.K. | Energy | Yes | 5 | Both | G, E | Climate and Compensation | 16 13 | 3 |
| Sanderson Farms, Inc. | U.S. | Consumer staples | | 1 | Direct | S, G | Sustainable Food and Agriculture | 3 15 14 | 2 |
| ServiceNow, Inc. | U.S. | Information technology | Yes | 1 | Direct | G | | | |
| Sony | Japan | Consumer discretionary | Yes | 1 | Direct | S | Diversity | 5 8 | 3 |
| State Street Corporation | U.S. | Financials | Yes | 1 | Direct | E, S, G | | 13 | |
| Superior Industries International, Inc. | U.S. | Consumer discretionary | | 1 | Direct | S, G | | | |
| Synalloy Corporation | U.S. | Materials | | 2 | Direct | G | | | |



APPENDIX 2: Northern Trust Asset Management Engagements by Company

T–Z

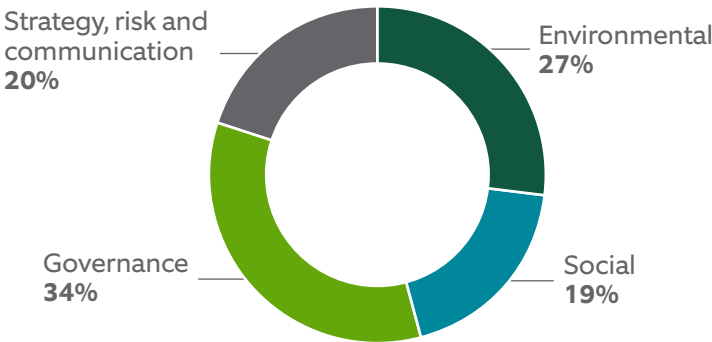
| Company name | Country | GICS sector | Engaged on behalf of bondholders as well as equity holders? | Number of engagements | Direct, collaborative, or both | Theme E – environment, S – social G – governance | Campaign | UN Sustainable Development Goals linked to campaign objective | Milestone achieved in campaign |
|----------------------------------|-------------|------------------------|---|-----------------------|--------------------------------|---|---------------------------------|---|--------------------------------|
| TEGNA, Inc. | U.S. | Communication services | Yes | 2 | Direct | G | | | |
| TESSCO Technologies Incorporated | U.S. | Information technology | | 1 | Direct | G | | | |
| Texas Instruments Incorporated | U.S. | Information technology | Yes | 1 | Direct | G | | | |
| The Boeing Company | U.S. | Industrials | Yes | 3 | Both | E, S, G | Climate | 9 13 12 16 | 2 |
| The Gap, Inc. | U.S. | Consumer discretionary | Yes | 1 | Direct | S, G | | | |
| The Goldman Sachs Group, Inc. | U.S. | Financials | Yes | 1 | Direct | E, S, G | Compensation | 13 16 | 2 |
| The Hershey Company | U.S. | Consumer staples | Yes | 1 | Direct | G | | | |
| The Mosaic Company | U.S. | Materials | Yes | 1 | Direct | G | | | |
| The Southern Company | U.S. | Utilities | Yes | 1 | Direct | E, G | Climate | 13 16 | 2 |
| TMX Group Limited | Canada | Financials | Yes | 1 | Collaborative | E, S | Compensation | 9 13 12 16 | 2 |
| Total | France | Energy | Yes | 2 | Direct | E, G | | 13 16 | |
| TransDigm Group, Inc. | U.S. | Industrials | Yes | 1 | Direct | E, G | Climate | 9 13 12 | 2 |
| Twitter, Inc. | U.S. | Communication services | Yes | 3 | Both | S, G | Content Management | 11 | 2 |
| United Natural Foods, Inc. | U.S. | Consumer staples | Yes | 1 | Direct | G | | | |
| United Parcel Service, Inc. | U.S. | Industrials | Yes | 2 | Direct | E, S, G | Climate | 9 13 12 16 | 3 |
| United Technologies Corporation | U.S. | Industrials | Yes | 1 | Direct | E, G | Climate | 9 13 12 | |
| United Therapeutics Corporation | U.S. | Health care | | 1 | Direct | S, G | Compensation | 16 | 4 |
| Valero Energy Corporation | U.S. | Energy | Yes | 5 | Collaborative | E, G | Climate | 9 13 12 | 2 |
| Verso Corp. | U.S. | Materials | | 1 | Direct | G | | | |
| Viasat, Inc. | U.S. | Information technology | Yes | 1 | Direct | G | Compensation | 16 | 3 |
| VirtU.S. Corp. | U.S. | Information technology | Yes | 1 | Direct | G | | | |
| Visa, Inc. | U.S. | Information technology | Yes | 1 | Direct | G | Dual Class | 16 | 2 |
| Vodafone | U.K. | Communication services | Yes | 1 | Direct | G | Compensation | 16 | 4 |
| Vornado Realty Trust | U.S. | Real estate | Yes | 1 | Direct | G | | | |
| Walmart Inc. | U.S. | Consumer staples | Yes | 1 | Direct | E, S, G | | 13 16 | |
| Wells Fargo & Company | U.S. | Financials | Yes | 1 | Direct | S, G | Ethics-Culture, Fiscal Prudence | 8 9 12 16 | 2 |
| Whitestone REIT | U.S. | Real estate | | 1 | Direct | G | | | |
| Wolters Kluwer | Netherlands | Industrials | Yes | 1 | Direct | G | | 16 | |
| WPP | U.K. | Communication services | Yes | 2 | Direct | G | Compensation | 16 | 3 |
| Yum! Brands, Inc. | U.S. | Consumer discretionary | Yes | 1 | Direct | G | Deforestation | 3 13 15 | 2 |
| Zurich Insurance | Switzerland | Financials | Yes | 1 | Direct | E, S, G | | 16 13 12 | |

Source: Northern Trust Asset Management. See [UN Sustainable Development Goals website](#) for more information on the goals.

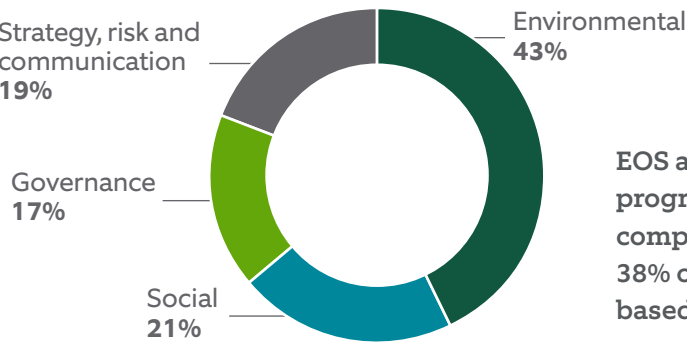
APPENDIX 3

EOS Engagement Statistics

ENGAGEMENTS BY THEME



ENGAGEMENTS WITH PROGRESS

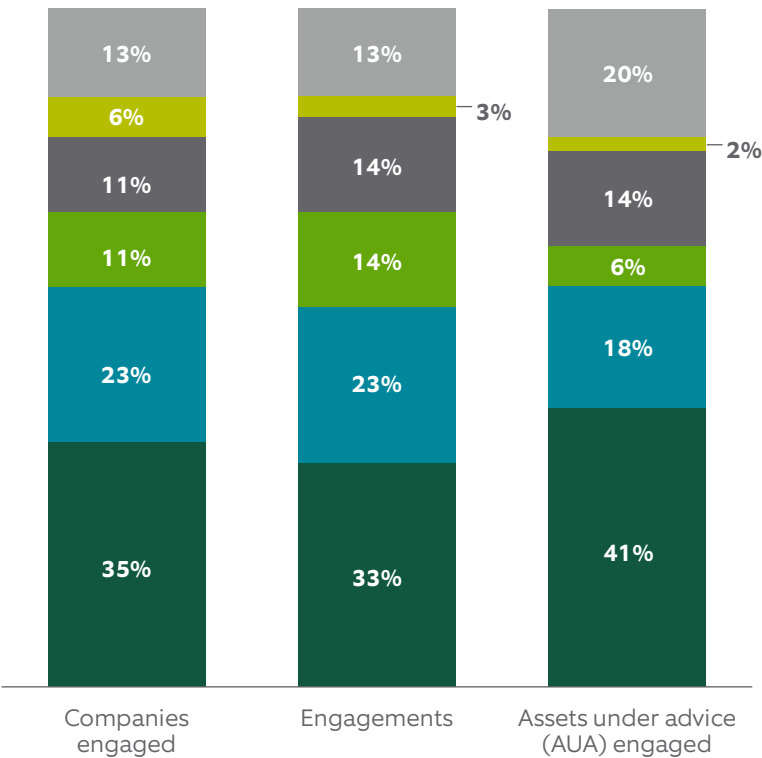


EOS achieved engagement progress with 31% of the companies it engaged and 38% of all engagements, based on milestones.

Source: EOS. Engagements with progress mean EOS achieved milestones 2, 3 or 4 with companies.

ENGAGEMENTS BY REGION

- North America
- Europe ex-U.K.
- U.K.
- Developed Asia
- Australia and New Zealand
- Emerging markets



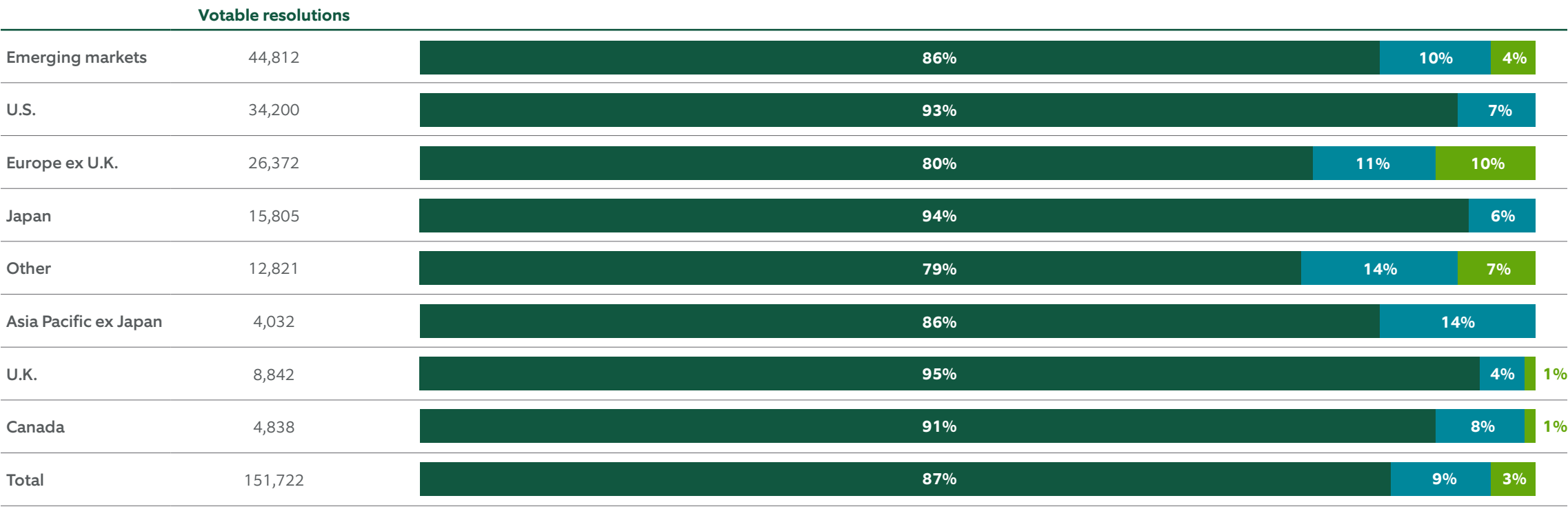
Source: EOS. This data includes EOS engagements on behalf of our EMEA equity and fixed income pooled funds. For more details, see our [Stewardship page](#).

APPENDIX 4

Voting Statistics by Region

TYPE OF VOTE BY REGION

■ With management ■ Against management ■ Abstained/didn't vote



Source: Northern Trust Asset Management

APPENDIX 5

Votes Against Management by Topic (%)

| | U.S. | Developed markets ex-U.S. | Emerging markets |
|--|-------------|---------------------------|------------------|
| Management Proposals | 6.6 | 6.2 | 8.9 |
| Auditors | 1.0 | 0.4 | 2.9 |
| Auditor ratification, fix remuneration of auditors | 1.0 | 0.4 | 2.9 |
| Compensation | 11.0 | 3.6 | 9.9 |
| Management say on pay | 3.8 | 2.6 | 5.9 |
| Equity-based | 25.0 | 2.5 | 7.9 |
| Advisory vote on say on pay frequency | 27.2 | 0.0 | 0.0 |
| Other | 17.6 | 4.6 | 10.7 |
| Director-related | 6.2 | 6.5 | 11.0 |
| Uncontested director elections | 6.3 | 6.3 | 14.7 |
| Contested director elections | 4.3 | 8.9 | 1.3 |
| Other | 0.0 | 32.7 | 9.4 |
| Strategic transactions | 2.1 | 11.7 | 13.2 |
| Mergers and acquisitions | 0.0 | 0.0 | 0.5 |
| Corporate transactions | 10.5 | 8.1 | 16.2 |
| Related-party transactions | 0.0 | 16.8 | 13.5 |
| Capitalization | 8.5 | 11.5 | 11.2 |
| Capital issuance/capital increase | 11.8 | 15.7 | 26.7 |
| Capital structure | 6.5 | 7.2 | 6.7 |
| Debt | 0.0 | 0.0 | 4.3 |
| Governance | 16.9 | 5.7 | 4.9 |
| Adjourn meetings | 8.7 | 0.0 | 33.3 |
| Routine business | 58.5 | 3.2 | 2.5 |
| Reduce supermajority vote requirement | 3.7 | 0.0 | 0.0 |
| Other | 15.0 | 7.8 | 8.4 |
| Total | 7.1 | 6.3 | 8.7 |

| | U.S. | Developed markets ex-U.S. | Emerging markets |
|---|-------------|---------------------------|------------------|
| Shareholder Proposals | 39.1 | 14.3 | 4.4 |
| Environment | 87.1 | 20.3 | 0.0 |
| Adopt or report on greenhouse gas emissions and emissions targets | 100.0 | 0.0 | 0.0 |
| Recycling | 100.0 | 0.0 | 0.0 |
| Report on climate change | 100.0 | 75.0 | 0.0 |
| Report on environmental impact or policies | 100.0 | 0.0 | 0.0 |
| Report on sustainability | 100.0 | 0.0 | 0.0 |
| Other | 0.0 | 8.6 | 0.0 |
| Social | 64.9 | 5.6 | 5.5 |
| Human capital management and equal employment opportunity | 40.0 | 0.0 | 0.0 |
| Human rights and weapons related | 100.0 | 0.0 | 0.0 |
| Political campaign/lobbying/charitable contributions | 88.3 | 0.0 | 0.0 |
| Product safety and supply chain management | 91.7 | 0.0 | 0.0 |
| Other | 34.0 | 5.7 | 5.5 |
| Governance | 22.2 | 16.4 | 4.0 |
| Provide or amend right to call special meeting | 16.3 | 0.0 | 0.0 |
| Adopt proxy access right | 50.0 | 0.0 | 0.0 |
| Amend proxy access right | 75.0 | 0.0 | 0.0 |
| Eliminate dual class | 100.0 | 0.0 | 0.0 |
| Reduce supermajority voting standard | 57.1 | 0.0 | 0.0 |
| Other | 22.2 | 16.5 | 4.0 |

Source: Northern Trust Asset Management

APPENDIX 6

Shareholder Proposals Linked to Stewardship Priorities

REDUCE CLIMATE RISK

| Company | Country | Type of shareholder proposal | Vote |
|-----------------------------------|-----------|--|----------------------|
| Climate Disclosure | | 12 proposals | 100% in favor |
| Bloomin' Brands, Inc. | U.S. | Report on greenhouse gas emissions disclosure | For |
| Chr. Hansen Holding A/S | Denmark | Starting from financial year 2020/21, the company must apply the recommendations of the TCFD as the framework for climate-related disclosure in the company's annual report. | For |
| Enphase Energy, Inc. | U.S. | Report on sustainability | For |
| Exxon Mobil Corporation | U.S. | Report on risks of petrochemical operations in flood-prone areas | For |
| JPMorgan Chase & Co. | U.S. | Report on reputational risk related to Canadian oil sands, oil sands pipeline companies and Arctic oil and gas exploration and production | For |
| JPMorgan Chase & Co. | U.S. | Report on climate change | For |
| Ovintiv, Inc. | U.S. | Report on climate change | For |
| Phillips 66 | U.S. | Report on risks of Gulf Coast petrochemical investments | For |
| The Procter & Gamble Company | U.S. | Report on efforts to eliminate deforestation | For |
| Union Pacific Corporation | U.S. | Report on climate change | For |
| United Parcel Service, Inc. | U.S. | Report on climate change | For |
| YUM! Brands, Inc. | U.S. | Report on supply chain impact on deforestation | For |
| Climate Lobbying | | 30 proposals | 83% in favor |
| Abbott Laboratories | 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 political contributions and expenditures | For |
| BHP Group Ltd (and BHP Group PLC) | Australia | Approve suspension of memberships of industry associations where COVID-19-related advocacy is inconsistent with Paris Agreement goals | Against |
| Caterpillar Inc. | U.S. | Report on lobbying payments and policy | For |

| Company | Country | Type of shareholder proposal | Vote |
|------------------------------------|-----------|---|---------|
| <i>Climate Lobbying continued</i> | | | |
| Chevron Corporation | U.S. | Report on climate lobbying aligned with Paris Agreement goals | For |
| Chevron Corporation | U.S. | Report on lobbying payments and policy | For |
| Citigroup Inc. | U.S. | Report on lobbying payments and policy | Against |
| Delta Air Lines, Inc. | U.S. | Report on climate lobbying | For |
| Delta Air Lines, Inc. | U.S. | Report on political contributions | For |
| DTE Energy Company | U.S. | Report on political contributions | For |
| Duke Energy Corporation | U.S. | Report on political contributions | For |
| Duke Energy Corporation | U.S. | Report on lobbying payments and policy | For |
| Exxon Mobil Corporation | U.S. | Report on political contributions | For |
| Exxon Mobil Corporation | U.S. | Report on lobbying payments and policy | For |
| Ford Motor Company | U.S. | Report on lobbying payments and policy | For |
| General Motors Company | U.S. | Report on lobbying payments and policy | For |
| Honeywell International Inc. | U.S. | Report on lobbying payments and policy | For |
| J.B. Hunt Transport Services, Inc. | U.S. | Report on political contributions | For |
| NextEra Energy, Inc. | U.S. | Report on political contributions | Against |
| Origin Energy Limited | Australia | Approve lobbying and COVID-19 recovery | For |
| Southwest Airlines Co. | U.S. | Report on lobbying payments and policy | For |
| The Boeing Company | U.S. | Report on lobbying payments and policy | Against |
| The Home Depot, Inc. | U.S. | Report on congruency political analysis and electioneering expenditures | For |
| The Southern Company | U.S. | Report on lobbying payments and policy | Against |
| The Walt Disney Company | U.S. | Report on lobbying payments and policy | For |
| United Airlines Holdings, Inc. | U.S. | Report on global warming-related lobbying activities | 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 |
| Woodside Petroleum Ltd. | Australia | Approve climate related lobbying | For |

Source: Northern Trust Asset Management

APPENDIX 6: SHAREHOLDER PROPOSALS LINKED TO STEWARDSHIP PRIORITIES

REDUCE CLIMATE RISK (CONTINUED)

| Company | Country | Type of shareholder proposal | Vote |
|---|-----------|---|---------------------|
| Climate Strategy and Targets | | 35 proposals | 40% in favor |
| AGL Energy Limited | Australia | Approve coal closure dates | Against |
| Australia & New Zealand Banking Group Limited | Australia | Approve transition planning disclosure | For |
| Bank of Montreal | Canada | Assess bank's lending history and financing criteria regarding fossil fuel loans, public statements regarding sustainability and climate change | Against |
| Barclays PLC | U.K. | Approve ShareAction requisitioned resolution | For |
| Cheniere Energy, Inc. | U.S. | Report on plans to address stranded carbon asset risks | For |
| Chubu Electric Power Co., Inc. | Japan | Amend articles to ban procurement of electricity generated with coal-fired power | Against |
| Danske Bank A/S | Denmark | Request regarding sustainability and responsible investments | Against |
| Danske Bank A/S | Denmark | Investing in oil, gas and coal must cease | Against |
| Dollar Tree, Inc. | U.S. | Report on greenhouse gas emissions goals | For |
| Equinor ASA | Norway | Instruct company to set and publish targets aligned with the goal of the Paris Climate Agreement to limit global warming | For |
| Equinor ASA | Norway | Instruct company to stop all exploration activity and test drilling for fossil energy resources | Against |
| Equinor ASA | Norway | Instruct company to consider the health effects of global warming due to fossil energy in the company's strategy | Against |
| Equinor ASA | Norway | Instruct board to present new direction for the company including phasing out of all exploration activities within two years | Against |
| Fortum Oyj | Finland | Include Paris Agreement 1.5-degree Celsius target in articles of association | For |
| Hokkaido Electric Power Co., Inc. | Japan | Amend articles to increase acceptance of electricity generated by renewable energy | Against |
| Hokkaido Electric Power Co., Inc. | Japan | Amend articles to promote renewable energy and liquefied natural gas for power generation | Against |
| J.B. Hunt Transport Services, Inc. | U.S. | Report on climate change initiatives | For |
| Mizuho Financial Group, Inc. | Japan | Amend articles to disclose plan outlining company's business strategy to align investments with goals of Paris Agreement | For |
| National Australia Bank Limited | Australia | Approve transition planning disclosure | For |
| QBE Insurance Group Limited | Australia | Approve exposure reduction targets | For |
| Rio Tinto Limited | Australia | Approve emissions targets | Against |

Source: Northern Trust Asset Management

| Company | Country | Type of shareholder proposal | Vote |
|---|-----------|--|---------------------|
| <i>Climate Strategy and Targets continued</i> | | | |
| Royal Dutch Shell Plc | U.K. | Request Shell to set and publish targets for greenhouse gas emissions | Against |
| Santos Limited | Australia | Approve Paris Agreement goals and targets | For |
| Shikoku Electric Power Co., Inc. | Japan | Amend articles to increase electricity generation using renewable energy for at least 70% of total power generation | Against |
| T. Rowe Price Group, Inc. | U.S. | Report on and assess proxy voting policies in relation to climate change position | For |
| The Chugoku Electric Power Co., Inc. | Japan | Amend articles to promote energy systems using renewable energy | Against |
| The Kansai Electric Power Co., Inc. | Japan | Amend articles to add provision that utility will operate to realize energy safety and sustainability | 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 encourage dispersed renewable energy | Against |
| The Toronto-Dominion Bank | Canada | Request to adopt targets for reducing greenhouse gas emissions associated with the company's underwriting and lending activities | Against |
| Tokyo Electric Power Co. Holdings, Inc. | Japan | Amend articles to withdraw from coal-fired power generation | Against |
| Topdanmark A/S | Denmark | Instruct board to annually publish statement for the exercise of active ownership in coal, oil and gas companies; dispose shares in coal, oil and gas companies where active ownership does not lead to fulfillment of the Paris Agreement | Against |
| Total SA | France | Instruct company to set and publish targets for greenhouse gas emissions aligned with the goal of the Paris Climate Agreement and amend Article 19 of bylaws accordingly | Against |
| TransDigm Group Incorporated | U.S. | Adopt quantitative company-wide greenhouse gas goals | For |
| Woodside Petroleum Ltd. | Australia | Approve Paris Agreement goals and targets | For |
| Climate Governance | | 2 proposals | 50% in favor |
| Aena S.M.E. SA | Spain | Other social | For |
| Chevron Corporation | U.S. | Establish environmental/social issue board committee | Against |
| Priority total | | 79 proposals | 58% in favor |

APPENDIX 6: SHAREHOLDER PROPOSALS LINKED TO STEWARDSHIP PRIORITIES

PROMOTE SUSTAINABLE FOOD AND AGRICULTURE

| Company | Country | Type of shareholder proposal | Vote |
|--------------------------------------|---------|---|---------------------|
| Amazon.com, Inc. | U.S. | Report on management of food waste | For |
| Chipotle Mexican Grill, Inc. | U.S. | Report on employment-related arbitration | For |
| PepsiCo, Inc. | U.S. | Report on sugar and public health | For |
| Pilgrim's Pride Corporation | U.S. | Report on reduction of water pollution | For |
| Restaurant Brands International Inc. | Canada | Report on minimum requirements and standards related to workforce practices | Against |
| Restaurant Brands International Inc. | Canada | Report on comprehensive policy on plastic pollution and sustainable packaging | Against |
| Sanderson Farms, Inc. | U.S. | Report on water resource risks | For |
| Starbucks Corporation | U.S. | Report on risks of omitting viewpoint and ideology from EEO policy | Against |
| Tech-bank Food Co., Ltd. | China | Approve signing of pig breeding and meat products deep-processing in industrial park project investment agreement | For |
| The Coca-Cola Company | U.S. | Report on the health impacts and risks of sugar in the company's products | For |
| Tyson Foods, Inc. | U.S. | Report on deforestation impacts in company's supply chain | For |
| Walmart Inc. | U.S. | Report on impacts of single-use plastic bags | For |
| Walmart Inc. | U.S. | Report on supplier antibiotics use standards | For |
| YUM! Brands, Inc. | U.S. | Report on supply chain impact on deforestation | For |
| Priority total | | 14 proposals | 79% in favor |

PROMOTE DIVERSITY, EQUITY AND INCLUSION

| Company | Country | Type of shareholder proposal | Vote |
|--------------------------------|---------|--|---------------------|
| Fastenal Company | U.S. | Prepare employment diversity report | For |
| Fortinet, Inc. | U.S. | Prepare employment diversity report | For |
| Genuine Parts Company | U.S. | Report on EEO | For |
| IPG Photonics Corporation | U.S. | Prepare employment diversity report | For |
| Marriott International, Inc. | U.S. | Prepare employment diversity report | For |
| Netflix, Inc. | U.S. | Report on risks of omitting viewpoint and ideology from EEO policy | Against |
| O'Reilly Automotive, Inc. | U.S. | Prepare employment diversity report | For |
| Starbucks Corporation | U.S. | Report on risks of omitting viewpoint and ideology from EEO policy | Against |
| The Charles Schwab Corporation | U.S. | Adopt policy to annually disclose EEO-1 data | Refer |
| The Home Depot, Inc. | U.S. | Prepare employment diversity report and report on diversity policies | For |
| The Procter & Gamble Company | U.S. | Publish annually a report assessing diversity and inclusion efforts | For |
| The TJX Companies, Inc. | U.S. | Report on pay disparity | For |
| Twitter, Inc. | U.S. | Report on risks of omitting viewpoint and ideology from EEO policy | Against |
| Priority total | | 13 proposals | 69% in favor |

Source: Northern Trust Asset Management

APPENDIX 6: SHAREHOLDER PROPOSALS LINKED TO STEWARDSHIP PRIORITIES

ALIGN CONDUCT, CULTURE AND ETHICS WITH PRODUCT SAFETY AND HUMAN RIGHTS

| Company | Country | Type of shareholder proposal | Vote |
|-----------------------|---------|--|---------------------|
| Alphabet Inc. | U.S. | Establish human rights risk oversight committee | For |
| Alphabet Inc. | U.S. | Report on arbitration of employment-related claims | For |
| Alphabet Inc. | U.S. | Report on takedown requests | For |
| Alphabet Inc. | U.S. | Require a majority vote for the election of directors | For |
| Alphabet Inc. | U.S. | Require independent director nominee with human and/or civil rights experience | Against |
| Alphabet Inc. | U.S. | Report on whistleblower policies and practices | For |
| Facebook, Inc. | U.S. | Require independent board chair | For |
| Facebook, Inc. | U.S. | Require a majority vote for the election of directors | For |
| Facebook, Inc. | U.S. | Require independent director nominee with human and/or civil rights experience | Against |
| Facebook, Inc. | U.S. | Report on civil and human rights risk assessment | For |
| Facebook, Inc. | U.S. | Report on online child sexual exploitation | For |
| Facebook, Inc. | U.S. | Report on political advertising | For |
| Priority total | | 12 proposals | 83% in favor |

STRENGTHEN BOARD DIVERSITY

| Company | Country | Type of shareholder proposal | Vote |
|--|---------|--|---------------------|
| Arthur J. Gallagher & Co. | U.S. | Adopt a policy on board diversity | Against |
| Bank of Montreal | Canada | Set a diversity target of more than 40% of the board members for the next five years | Against |
| BCE Inc. | Canada | Adopt a diversity target higher than 40% for the composition of the board of directors for the next five years | Against |
| Berkshire Hathaway Inc. | U.S. | Adopt a policy on board diversity | Against |
| Canadian Imperial Bank of Commerce | Canada | Adopt a diversity target higher than 40% for the composition of the board of directors for the next five years | Against |
| Costco Wholesale Corporation | U.S. | Disclose board diversity and qualifications matrix | Against |
| Deere & Company | U.S. | Disclose board qualifications matrix | Against |
| Eli Lilly and Company | U.S. | Disclose board matrix including ideological perspectives | Against |
| Expeditors International of Washington, Inc. | U.S. | Adopt a policy on board diversity | For |
| Laurentian Bank of Canada | Canada | Set a diversity target of more than 40% of the board members for the next five years | Against |
| National HealthCare Corporation | U.S. | Report on plans to increase board diversity | For |
| Royal Bank of Canada | Canada | Adopt a diversity target higher than 40% for the composition of the board of directors for the next five years | Against |
| The Bank of Nova Scotia | Canada | Set a diversity target of more than 40% of the board members for the next five years | Against |
| The Boeing Company | U.S. | Require director nominee qualifications | Against |
| The Toronto-Dominion Bank | Canada | Set a diversity target of more than 40% for the composition of its board of directors for the next five years | Against |
| Priority total | | 15 proposals | 13% in favor |

Source: Northern Trust Asset Management

Northern Trust Global Investments Limited (NTGIL) is the entity within Northern Trust Asset Management which is primarily responsible for managing assets for investors in Europe, the Middle East and Africa (EMEA). NTGIL is a London-based investment manager which is authorized and regulated by the Financial Conduct Authority. Its clients are mainly institutional investors such as sovereign wealth funds, pension funds and financial institutions. It manages separately managed portfolios, often customized to the particular needs of the specific client, as well as a range of pooled funds. NTGIL manages listed equities, fixed income and cash and is well recognized for its expertise in both sustainable investing and quantitative investing, as well as for passive management.

IMPORTANT INFORMATION

Northern Trust and its affiliates may have positions in and may effect transactions in the markets, contracts and related investments different than described in this information. This information is obtained from sources believed to be reliable, and its accuracy and completeness are not guaranteed. Information does not constitute a recommendation of any investment strategy, is not intended as investment advice and does not take into account all the circumstances of each investor. Opinions and forecasts discussed are those of the author, do not necessarily reflect the views of Northern Trust and are subject to change without notice.

This report is provided for informational purposes only and is not intended to be, and should not be construed as, an offer, solicitation or recommendation with respect to any transaction and should not be treated as legal advice, investment advice or tax advice. Recipients should not rely upon this information as a substitute for obtaining specific legal or tax advice from their own professional legal or tax advisors. References to specific securities and their issuers are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such securities. Indices and trademarks are the property of their respective owners. Information is subject to change based on market or other conditions.

For legal and regulatory information about our offices and legal entities, visit northerntrust.com/disclosures. The following information is provided to comply with local disclosure requirements: The Northern Trust Company, London Branch; Northern Trust Global Services SE; Northern Trust Global Investments Limited; Northern Trust Securities LLP. Northern Trust Global Services SE, Abu Dhabi Branch, registration Number 000000519 licensed by ADGM under FSRA # 160018. The Northern Trust Company of Saudi Arabia - a Saudi closed joint stock company - Capital SAR 52 million. Licensed by the Capital Market Authority - License No. 12163-26 - C.R: 1010366439. Northern Trust Global Services SE Luxembourg Branch, 6 rue Lou Hemmer, L-1748 Senningerberg, Grand-Duché de Luxembourg, Succursale d'une société de droit étranger RCS B129936. Northern Trust Luxembourg Management Company S.A., 6 rue Lou Hemmer, L-1748 Senningerberg, Grand-Duché de Luxembourg, Société anonyme RCS B99167. Northern Trust (Guernsey) Limited (2651)/Northern Trust Fiduciary Services (Guernsey) Limited (29806)/Northern Trust International Fund Administration Services (Guernsey) Limited (15532) Registered Office: Trafalgar Court Les Banques, St Peter Port, Guernsey GY1 3DA. Issued in the United Kingdom by Northern Trust Global Investments Limited.

All data is as of December 31, 2020 unless otherwise stated.