

Accentuating Director Strengths in the Era of the Universal Proxy Card.

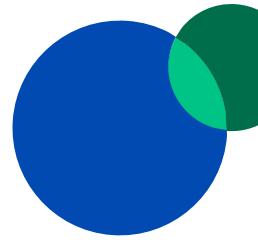
Enhancing nominee disclosures during
(and before) contested elections

September 2023



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Introduction

The universal proxy card (UPC) became effective in 2022 and provides for both activist and company director nominees to appear on the same shareholder ballot. Previously, shareholders not attending the annual meeting were limited to choosing the activist or company slate. With the UPC, shareholders are able to mix and match activist and company nominees.

The advent of the UPC has focused attention on how a company can more effectively communicate that their nominees are ideally suited to become (or continue as) company directors. This is important in a proxy contest, where activists typically advocate based not only on their investment thesis – operational and strategic considerations – but also on individual director qualifications (or lack thereof). However, accentuating the strength of company nominees can bolster defenses against opportunistic strikes by activists who seek to gain settlement leverage against companies with vulnerable directors, threatening a proxy contest even without an economic argument for change.

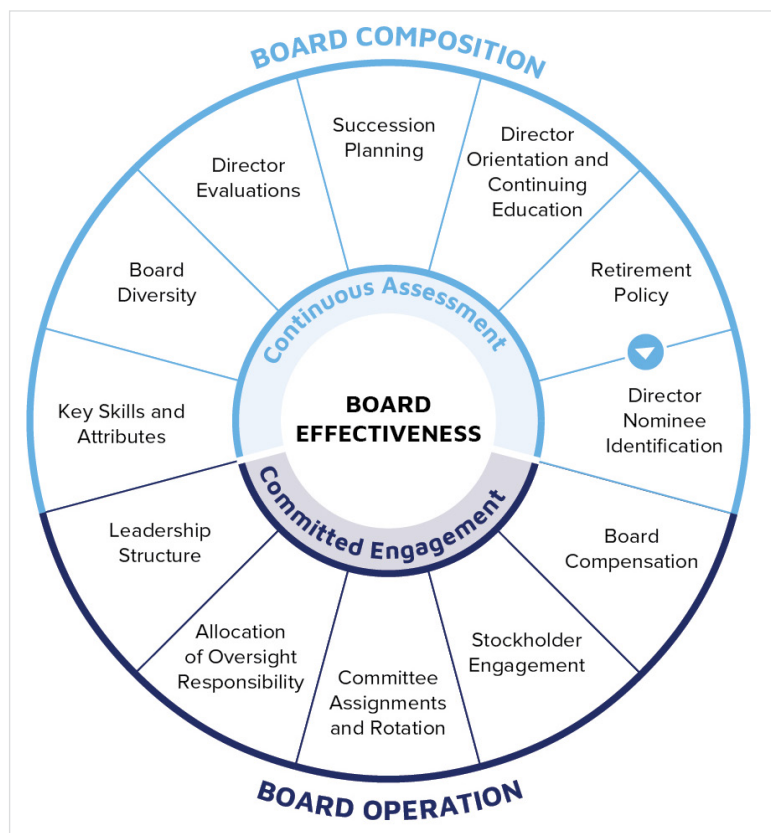
This Thought Piece highlights ways to enhance company proxy disclosures to showcase the strengths and skills of director nominees.

Show a Comprehensive Director Nomination Process

The process by which nominees are identified and evaluated is an important foundation of a high-quality slate. Show shareholders that each nominee, incumbent or new, appears on the ballot as the result of a rigorous and intentional series of decisions designed to seat the optimal board.

- Clearly and thoroughly communicate the comprehensive interconnected processes that lead to the selection of director nominees: board evaluation, director skills gap assessment, succession planning, refreshment, candidate identification and vetting, etc. Show that robust controls are in place to ensure effective annual nominee selection.
- Consider visually linking all inputs into director nominations and re-nominations. How does the board's retirement age, term limit, other commitments/overboarding and committee leadership rotation policies affect refreshment and nominations?

Walgreens Boots Alliance 2023

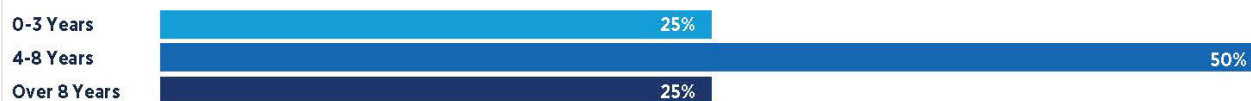


- Consider showing the recent history of refreshment, with rationale for director changes, to show that the board's focus on refreshment is continuous.

Centene 2022

Our Board is focused on refreshment and diversity efforts.	
Recent Board Refreshment	
Kenneth A. Burdick (Appointed January 2022) <ul style="list-style-type: none"> • Brings extensive insurance industry expertise as well as familiarity with Centene's operations. • Former Executive Vice President of Markets and Products for Centene Corporation (2020-2021) • Former Chief Executive Officer of WellCare Health Plans, Inc. (2015-2020) 	Leslie V. Norwalk (Appointed January 2022) <ul style="list-style-type: none"> • Brings extensive legal, regulatory and political, and healthcare expertise. • Strategic Counsel, Epstein Becker Green, P.C. and advisor to three private equity firms in healthcare policy and regulatory matters. • Former Director of Magellan Health.
Christopher J. Coughlin (Appointed January 2022) <ul style="list-style-type: none"> • Brings extensive financial industry expertise and experience as a Board member at large healthcare companies. • Former Retired Executive Vice President and Chief Financial Officer, Tyco International Ltd. • Former Director of large and complex healthcare companies including Allergan, Alexion, Covidien, among others. 	Theodore R. Samuels (Appointed January 2022) <ul style="list-style-type: none"> • Brings extensive financial, operational and investment management expertise. • Former President, Capital Guardian Trust Company • Former Director of Stamps.com until their acquisition in October 2021.
Wayne S. DeVeydt (Appointed January 2022) <ul style="list-style-type: none"> • Brings extensive public accounting and financial expertise as well as executive experience in the healthcare and insurance industries. • Executive Chairman, Surgery Partners, Inc. • Former Chief Executive Officer and Director of Surgery Partners, Inc. (2018-2020) 	

Director tenure ranges



Refreshed board composition and leadership

67%
of Directors elected
in the past five years
are diverse

50%
of Committees
chaired by women

50%
of Committees
chaired by
racially/ethnically
diverse Directors

75%
of Committees
chaired by
diverse Directors

Date of change	Director	Position	Gender or racial/ethnic diversity	Primary reason for nomination/departure
Board composition changes				
— May 2023	Ronald D. Sugar	Director		Mandatory Director Retirement Policy
+ June 2022	Cynthia J. Warner	Director	•	Depth of experience across both the traditional and renewable energy sectors
+ January 2021	Marillyn A. Hewson	Director	•	Valuable global business experience as well as experience with international commerce and geopolitics
+ September 2020	Jon M. Huntsman Jr.	Director		Strong international and public policy experience, knowledge of Chevron's business, and leadership experience
— January 2020	Inge G. Thulin	Director		Time and logistics conflict
Board and committee leadership changes				
+ May 2022	Wanda M. Austin	Lead Director	•	Thoughtful leadership and contributions in a variety of roles, including as chair of the Governance Committee and as former chair of the Public Policy and Sustainability Committee
— May 2022	Ronald D. Sugar	Lead Director		Board Succession Planning
+ May 2021	Debra Reed-Klages	Audit Committee Chair	•	Committee Chair Rotation
+ May 2021	Wanda M. Austin	Board Nominating and Governance Committee Chair	•	Committee Chair Rotation
+ May 2021	Charles W. Moorman	Management Compensation Committee Chair		Committee Chair Rotation
+ May 2021	Enrique Hernandez, Jr.	Public Policy and Sustainability Committee Chair	•	Committee Chair Rotation
— May 2021	Charles W. Moorman	Audit Committee Chair		Committee Chair Rotation
— May 2021	Ronald D. Sugar	Board Nominating and Governance Committee Chair		Committee Chair Rotation
— May 2021	Enrique Hernandez, Jr.	Management Compensation Committee Chair	•	Committee Chair Rotation
— May 2021	Wanda M. Austin	Public Policy and Sustainability Committee Chair	•	Committee Chair Rotation

- Director Evaluations – Investors will benefit from understanding not just the mechanics of evaluations, but the substance and outcomes - what information is taken into account in evaluating incumbents and the board as a whole, and how this impacted the nominee slate.

Walmart 2023

Board Evaluations

The Board is committed to using its annual Board evaluation process as an important tool for promoting effectiveness and continuous improvement. In fiscal 2023, the process was conducted under the leadership of the Lead Independent Director. From time to time, the Board has engaged a third-party consulting firm to lead the evaluation process in order to bring an outside perspective.

Our board evaluation process

1

Questionnaires

Each director completes a detailed questionnaire.

Topics covered include, among others:

- The effectiveness of the Board's leadership structure and the Board committee structure;
- Board and committee skills, composition, diversity, and succession planning;
- Board culture and dynamics, including the effectiveness of discussion and debate at Board and committee meetings;
- The quality of Board and committee agendas and the appropriateness of Board and committee priorities; and
- Board/management dynamics, including management development and succession planning and the quality of management presentations and information provided to the Board and committees.

2

Action Items

These evaluations have consistently found that the Board and Board committees are operating effectively.

Over the past several years, this evaluation process has contributed to various refinements in the way the Board and Board committees operate, including:

- Reducing the size of the Board to promote engagement and input into our strategic decision-making;
- Changing the Board committee structure to create a separate Compensation and Management Development Committee and a Nominating and Governance Committee;
- Changing committee assignments so that Independent Directors generally sit on one "strategy" committee and one "governance" committee;
- Ensuring that Board and committee agendas are appropriately focused on strategic priorities and provide adequate time for director input;
- Assigning additional responsibilities for our Lead Independent Director, including active participation in the agenda-setting process for the Board and Board committees; and
- Increasing focus on continuous Board succession planning and refreshment, including developing and maintaining a long-term director candidate pipeline.

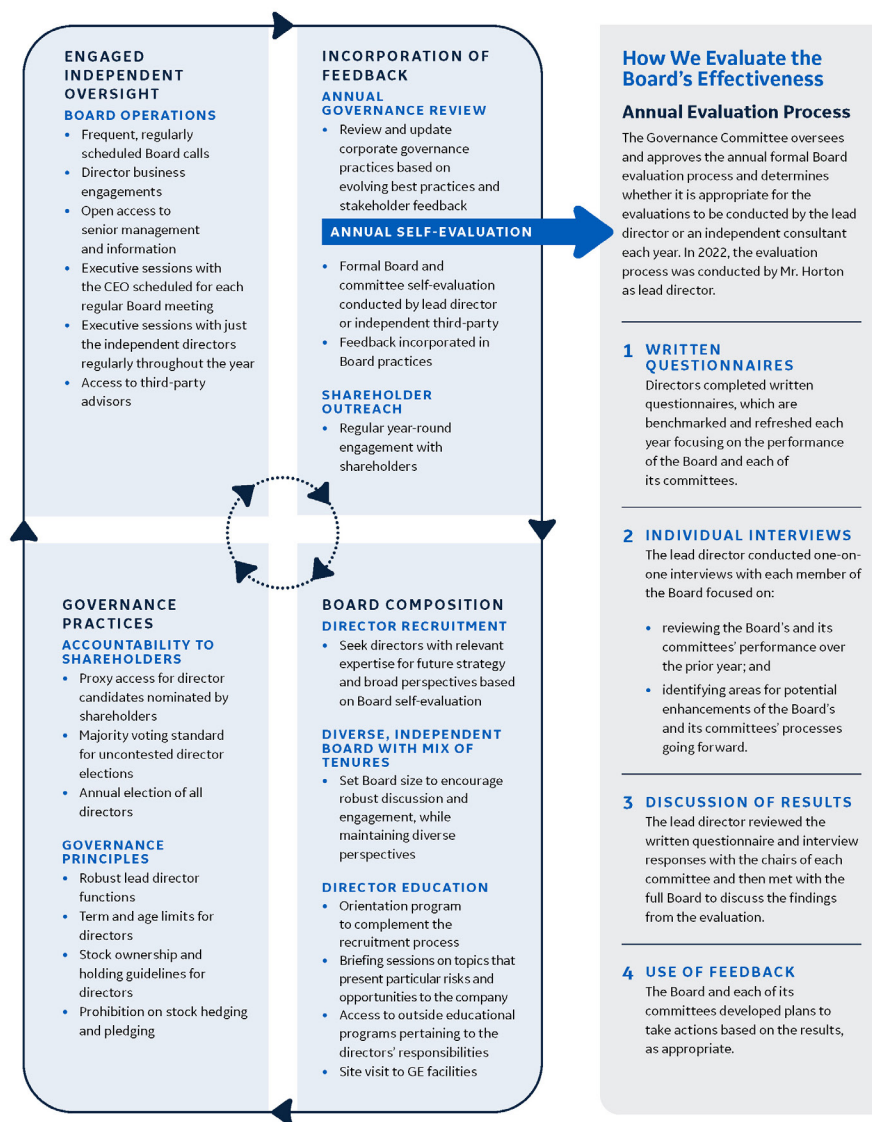
- Disclosure concerning director education and training communicates board engagement and shows that the board keeps current on matters affecting the company and the environment in which it operates. (This topic was specifically mentioned by Vanguard as a consideration in its approach to contested elections.) Consider whether additional information about education and training received by your directors helps communicate the breadth, depth and "currentness" of director knowledge.

- An effective board is strong protection against proxy contests. Consider how you can demonstrate that the board served as “engaged, effective steward of shareholders’ capital through independent oversight of company management, strategy, and material risks.”¹ A graphic depicting your board’s various governance practices can help.

GE 2023

Board Governance Practices

Our Board seeks to operate with the highest degree of effectiveness, supporting a dynamic boardroom culture of independent thought and intelligent debate on critical matters. We take a comprehensive, year-round view of corporate governance and our adoption of best practices impacts our leadership structure, Board composition and recruitment, director engagement, and accountability to shareholders. Our Board and committee evaluation process allows for annual assessment of our Board practices and the opportunity to identify areas for improvement.



GE 2023 PROXY STATEMENT 15

¹ Vanguard, “Our Perspective on Contested Elections”, January 2023, https://corporate.vanguard.com/content/dam/corp/advocate/investment-stewardship/pdf/perspectives-and-commentary/policy_insights_contested_elections.pdf

Link Skills to Strategy

While the Form 10-K is traditionally the forum for making a company's investment case, it's important to communicate strategy in the proxy statement to show how the director nominees are particularly well-suited to represent the shareholders in overseeing and advancing that strategy.

- Make sure your strategy is clear in the proxy statement. We typically see this in the initial pages. Graphics are effective in communicating strategy, particularly where multiple elements are involved.
- Communicate how director skills (aggregate and individual) support the company's strategy now and going forward.

Prologis 2023

Director Qualifications

Director skills and experience support our business strategy

We have deep experience on our Board covering all components of our business model. The Board believes a balance of perspectives from other industries is critical to well-rounded oversight and insight into our customers' perspectives.

BUSINESS STRATEGY	DIRECTOR EXPERIENCE SUPPORTING OUR BUSINESS	FINANCIAL RESULTS ⁽¹⁾
Global presence in the heart of the world's most vibrant and active consumption centers results in outperformance	82% of our directors have global management experience	Strong long-term performance 23.4% earnings per share CAGR and 11.7% Core FFO per share CAGR, ⁽²⁾ 1,566 bps and 428 bps above the Large-Cap REIT Group average
Scale drives efficiency	100% of our directors have large scale company executive management experience	Significant and durable growth 306% AUM growth while G&A ⁽³⁾ as a percentage of AUM decreased
Development enhances the bottom line	55% of our directors have real estate and logistics experience	Building an irreplaceable portfolio \$7.9B in value created by our development business ⁽⁴⁾
Strategic Capital boosts growth through fees and Promotes	100% of our directors have investment and/or finance experience	A high return business \$4.1B delivered in strategic capital fees and Promotes
Essentials , our platform offering logistics solutions, services and products, provides new revenue streams and strengthens customer relationships	36% of our directors have experience with customer products, services and solutions	Additional earnings opportunities Total Essentials contracted sales grew by 150% from 2021 to 2022

(1) Over ten-year period 2013-2022, unless noted otherwise.

(2) Our global platform outperformed the average of the "Large-Cap REIT Group" in net earnings per share and Core FFO per share CAGR by 1,566 bps and 428 bps, respectively, over the last ten years. The average rates for the Large-Cap REIT Group are weighted by market capitalization. See footnotes to page 48 for further detail on the calculation of the Large-Cap REIT Group average. Core FFO per share is a non-GAAP measure. Please see Appendix A for a discussion and reconciliation to the most directly comparable GAAP measure and a calculation of the CAGR of our Core FFO per share. See footnote 3 on page 48 for further detail regarding our net earnings per share CAGR calculation.

(3) "G&A" are our general and administrative expenses.

(4) Value created over our total expected investment through development and leasing activities based on current projections. Please see Appendix A for further detail regarding how we calculate "Value creation." Development value creation is calculated across our owned and managed portfolio.

- It's particularly important to communicate how the board refreshed/added skills if the company's strategy is evolving.

GE 2023 (emphasis added)

Board Composition

The Governance & Public Affairs Committee (Governance Committee) is charged with reviewing the composition of the Board and refreshing it as appropriate. With this in mind, the Governance Committee continuously reviews potential candidates and recommends nominees to the Board for approval. The Board takes a thoughtful approach to its composition to maintain alignment with the company's evolving corporate strategy.

OUR PATH FORWARD

In connection with the spin-off of GE HealthCare in January 2023, a new board of directors assumed their roles at that company as it began operating independently. Current GE directors H. Lawrence Culp, Jr. and Catherine Lesjak also serve on the GE HealthCare board, and former GE directors Risa Lavizzo-Mourey and Tomislav Mihaljevic transitioned from the GE Board to the GE HealthCare board at the time of the spin-off. They were joined by GE HealthCare's CEO Peter Arduini and five new independent directors as GE HealthCare became a public company. The director recruitment efforts continue as we look ahead to the planned separation of GE Vernova and GE Aerospace into independent companies. At the upcoming GE Annual Meeting, shareholders will have the opportunity to elect for the first time two new directors who bring decades of experience relevant to the future companies: Darren McDew and Jessica Uhl. They were recommended as directors by a search firm and by management, respectively.

Director Selection Process

Our Governance Committee, together with the full Board, is responsible for establishing criteria, screening candidates and evaluating the qualifications of persons who may be considered for service on our Board. The Governance Committee considers all shareholder recommendations for director candidates. The following describes the Board's selection process:

Director Recruitment Priorities

RECRUITMENT PRIORITIES GOING FORWARD

- Domain expertise aligned with the planned spin-offs
- Operational experience
- Capital allocation / finance
- Government / regulatory
- Technology / digital
- Diversity

DIRECTOR "MUST-HAVES"

- Leadership experience
- Highest personal & professional ethics
- Integrity & values
- A passion for learning
- Inquisitive & objective perspective
- A sense of priorities & balance
- Talent development experience

Bring Focus to Relevance of Director Skills

A director with multiple skills and expertise may not be a strong candidate if it's not clear how those skills advance the strategy and growth of the company. The proxy statement should clearly make this link.

- Bios should clearly indicate the skills for which the director has been identified as a nominee, how those skills were obtained, and most importantly why they're important to the company. While for SEC purposes the board may not necessarily need a specialist for every topic germane to the company², identification of specific, relevant skills helps investors distinguish nominees and determine which are best suited to guide the company going forward.

Coca Cola 2022

<p>Ana Botín INDEPENDENT</p>  <p>Age: 61 Director since: 2013</p> <p>Committees:  </p>	<p>CAREER HIGHLIGHTS</p> <p>Banco Santander, S.A., a leading retail and commercial bank with a global presence based in Spain</p> <ul style="list-style-type: none"> Since September 2014 Executive Chair December 2010 to September 2014 Chief Executive Officer of subsidiary Santander UK plc, a large retail and commercial bank based in the U.K. 2002 to 2010 Executive Chair of subsidiary Banco Español de Crédito, S.A. 1988 Joined Banco Santander, S.A. where she directed its Latin American expansion during the 1990s and was responsible for the Latin American Corporate Banking, Asset Management and Treasury division <p>JP Morgan</p> <ul style="list-style-type: none"> 1981 to 1988 Started her over 40-year career in the banking industry at JP Morgan in New York <p>PUBLIC BOARD MEMBERSHIPS</p> <p>Current Public Company Boards:</p> <ul style="list-style-type: none"> Since 1989 Banco Santander, S.A. Since 2019 Santander Holdings USA, Inc., a wholly owned subsidiary of Banco Santander, S.A. <p>Previous Public Company Boards (Past Five Years):</p> <ul style="list-style-type: none"> 2010-2021 Santander UK plc 2014-2021 Santander UK Group Holdings plc 	<p>KEY QUALIFICATIONS AND EXPERIENCES</p> <p> High Level of Financial Experience Internationally recognized expert in the investment banking industry with knowledge of global macroeconomic issues. Over 40 years of experience in investment and commercial banking.</p> <p> Relevant Senior Leadership/Chief Executive Officer Experience Executive Chair of Banco Santander, S.A. since September 2014 and Chief Executive Officer of Santander UK plc from 2010 to September 2014.</p> <p> Broad International Exposure/Emerging Market Experience Executive Chair of Banco Santander, S.A., a global financial institution with operations in Europe, North America, Latin America and Asia. Board member of the Institute of International Finance, a global association of the financial industry. Co-founder and Chair of Fundación Empresa y Crecimiento, which finances small and medium-sized companies in Latin America. Founder and President of Fundación Empresa Por Educar, the Spanish member of the global Teach for All network.</p> <p> Governmental or Geopolitical Expertise Extensive experience with the regulatory framework applicable to banking institutions throughout the globe. President of the European Banking Federation since 2021.</p> <p> Risk Oversight/Management Expertise Extensive experience from her work with Banco Santander, S.A., Santander UK plc and Banco Español de Crédito, S.A. in the oversight and management of risks associated with retail and commercial banking activities. Experience with the regulated insurance industry as director of Assicurazioni Generali S.p.A., a global insurance company based in Italy, from 2004 to 2011.</p>
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² Discussing its rationale for dropping the proposal to identify director cyber expertise In the cybersecurity disclosure final rule, the SEC stated: "We are persuaded that effective cybersecurity processes are designed and administered largely at the management level, and that directors with broad-based skills in risk management and strategy often effectively oversee management's efforts without specific subject matter expertise, as they do with other sophisticated technical matters." <https://www.sec.gov/files/rules/final/2023/33-11216.pdf> at 85.

- Consider whether to conduct (and disclose!) an assessment focused on a particularly important skill.

GM 2022

► 2021 Enhancement: ESG Self-Evaluation

Last year, the Board conducted a formal ESG self-evaluation. The evaluation was designed to ensure that the Board possesses the requisite skills and expertise to oversee the Company’s ESG opportunities, priorities, and risks. The Governance Committee, led by our Independent Lead Director, spearheaded this effort by asking directors to consider their expertise across the following key ESG subject matter areas:

- **Environmental:** Greenhouse gas emissions; raw material sources; the physical impacts of climate change; air quality; waste and hazardous materials management; product design and lifecycle management; water and wastewater management; energy efficiency management; and ecological impacts.
- **Social:** DE&I; data privacy; human rights; community relations; workplace health and safety; supply chain management; human capital management; consumer privacy; product quality and safety; and labor practices.
- **Governance:** Public company board governance; legal and regulatory matters; executive compensation; compliance and business ethics; anti-competitive practices; risk management; and ESG reporting principles and frameworks (e.g., Task Force on Climate-Related Financial Disclosures; Value Reporting Foundation).

Upon the conclusion of this evaluation, the Board determined that it has strong ESG expertise and possesses a broad range of skills, qualifications, and attributes that will support the Company’s ambitious EV transition, growth strategy, and sustainability and DE&I goals. The Board further determined it would not benefit at this time from adding a “special purpose” director exclusively on the basis of ESG criteria. The Board believes that it makes decisions as a group and has a collective responsibility to make informed decisions on a deliberative basis on all issues, including those related to ESG.

Results of the Board’s ESG self-evaluation are represented on the Board’s skill matrix above. Additional ESG insights are provided for each director nominee beginning on page 7 of this Proxy Statement under the heading “Director Biographies.” The Board intends to continue this practice going forward to ensure the Board remains an asset to the Company and its management team with respect to emerging ESG issues.

- Macro or company-specific circumstances may warrant highlighting a particular skill.

Verizon 2022

What ESG skills and experience do our Directors bring to the boardroom?

ESG is increasingly incorporated into strategic and operational decision-making at Verizon. Each of our Directors has skills and experience in one or more aspects of ESG, including:

- access and affordability;
- business ethics and compliance;
- corporate social responsibility;
- cybersecurity, data security and privacy;
- diversity, equity and inclusion;
- environmental sustainability, including renewable energy;
- governance;
- network reliability and resilience;
- regulatory and public policy trends;
- risk management; and
- talent development.

- Identifying skills relevant to committee service helps distinguish nominees and underscores their value to the board.

Walmart 2023



Technology and eCommerce Committee

2 MEETINGS DURING FISCAL 2023

4 MEMBERS

Stuart Walton,
Chair
Cesar Conde
Tim Flynn
Marissa Mayer



All four members have global or international business experience



Three members have technology or eCommerce experience



All four members have senior leadership experience



Three members have marketing or brand management experience



One member has finance, accounting, or financial reporting experience



Two members have regulatory, legal, or risk management experience

Primary Responsibilities

- Reviews and provides guidance on the company's eCommerce, omni-channel, and digital businesses in key markets and in ways that weave together the company's unique physical and digital assets and capabilities; development and uses of technology; modernization and ongoing evolution of the company's technology infrastructure; adoption of effective ways of working; data assets, capabilities, and data use cases for commercial purposes; and measurement and tracking of key metrics related to the company's omni-channel digital enterprise
- Reviews and provides guidance regarding trends relevant to an omni-channel digital enterprise

- Consider whether the board has - or appears to have - redundant/duplicative skills. For example, in an early post-UPC proxy contest, ISS declined to recommend one of the target's nominees, noting that the nominee was long-tenured and his specific background and qualifications were already covered on the target's board by more recently appointed independent directors.³ Your disclosure should show how each director brings unique strengths to the board.

³ Land & Buildings' contest against Apartment Investment and Management Co., discussed in <https://www.skadden.com/insights/publications/2023/01/lessons-from-the-first-few-contests-under-the-universal-proxy-rules>

Bolster Additional Disclosures that Emphasize Director Strength

Discussing important actions taken by a nominee or by the board as a cohesive whole provides additional indications of nominee strength.

- **Prior committee and leadership service** – Consider whether highlighting prior leadership on the board (such as committee chair) bolsters a nominee’s value by showing a unique level of commitment and institutional knowledge.
- **Key accomplishments** – Highlighting key accomplishments on your board or other boards (e.g., led board during merger, takeover attempt or other crisis) illustrates the value of an individual director or, if the accomplishments relate to your company, how the incumbent nominees/board as a whole worked together in the best interests of the shareholders.
- **Director engagement** – Consider these ways to visually emphasize how directors are deeply and continuously engaged in the business:

(1) Attendance at board and committee meetings

Goldman Sachs 2023

Commitment of our Board	
Commitment of our Directors—2022 Meetings	
Our Board and its Committees met frequently in 2022.	
	2022 Meetings
Board	16 ^(a)
Audit	16
Compensation	8
Governance	7
Public Responsibilities	6
Risk	12
Executive Sessions of Independent Directors without Management ^(b)	6
Additional Executive Sessions of Independent and/or Non-Employee Directors without Management ^(c)	13

65
Total Board
and Committee
Meetings
in 2022

(a) Includes two meetings of the Board’s 1MDB Remediation Special Committee.
(b) Chaired by our Lead Director.
(c) Led by our Lead Director or other independent Committee Chairs.

Each of our current directors attended over 75% (the threshold for disclosure under SEC rules) of the meetings of our Board and the Committees on which he or she served as a regular member during 2022. Overall attendance at Board and Committee meetings during 2022 was over 98% for our directors as a group.

We encourage our directors to attend our annual meetings. All of our directors then in office attended the 2022 Annual Meeting.

(2) Engagement with business outside of meetings

GE 2023

The GE Board in Action: 2022 Highlights

Our Board recognizes that its oversight of our strategic priorities and responsibility to GE shareholders requires a personal and professional commitment that extends well beyond regularly scheduled Board meetings. Ongoing and meaningful engagement with the business is critical to staying informed and provides the type of insight that allows our directors to provide effective guidance to our leadership team and to engage in constructive dialogue with each other.

ENGAGEMENT WITH SHAREHOLDERS

Governance Discussions

Engagement with shareholders included Thomas Horton (lead director)

DIRECTOR EDUCATION

Ongoing Functional Deep Dives

Periodic sessions with insurance and legal teams

Kaizen Events

Participation in education sessions on Lean fundamentals and other lean events

New Director Orientation

Full orientation program for new directors

ENGAGEMENT WITH THE BUSINESSES

Regular Board Calls

Provide an opportunity for the CEO and the rest of the Board to discuss company operations in real-time

Quarterly Senior Leadership Meetings

Director attendance and presentations

Business Visits and Functional Deep Dives

Provide opportunity for direct employee interaction and better understanding of GE culture



BUSINESS AND STRATEGY REVIEW SESSIONS

- Director participation at strategy sessions for GE Aerospace (September)
- Director participation at strategy reviews for GE Vernova (October)

SITE VISITS BY DIRECTORS

- GE Global Research Center in Niskayuna, NY
- GE Gas Power in Schenectady, NY
- GE Gas Power in Greenville, SC
- GE Aerospace in Evendale, OH
- GE HealthCare in Waukesha, WI

GE LEADERSHIP MEETINGS

- Director participation in quarterly leadership meetings for top ~900 company executives

Regular calls with CEO

Commitment of our Directors—Beyond the Boardroom

Engagement beyond the boardroom provides our directors with additional insights into our businesses, risk management and industry, as well as valuable perspectives on the performance of our firm, our CEO and other members of senior management.

The commitment of our directors extends well beyond preparation for, and attendance at, regular and special meetings.

Ongoing Collaboration	Stakeholder Engagement	Regularly Informed
Frequent interactions with each other, senior management and key employees around the globe on topics including strategy, performance, risk management, culture and talent development	Regular engagement with key stakeholders, including regulators and our shareholders. Participation in firm and industry conferences and other events on behalf of the Board	Receive and review postings on significant developments and weekly informational packages that include updates on recent developments, press coverage and current events that relate to our business, our people and our industry

Our Lead Director and Committee Chairs provide additional independent leadership outside the boardroom.

- For example, each Chair sets the agenda for his or her respective Committee meetings and reviews and provides feedback on the form and type of related materials, in each case taking into account whether his or her Committee is appropriately carrying out its core responsibilities and focusing on the key issues facing the firm, as may be applicable from time to time. To do so, each Chair engages with key members of management and subject matter experts in advance of each Committee meeting.
- In addition, our Lead Director also sets the Board agenda (working with our Chairman) and approves the form and type of related materials. Our Lead Director also approves the schedule of Board and Committee meetings, taking into account whether there is sufficient time for discussion of all agenda items at each Board and Committee meeting.

In carrying out their leadership roles during 2022:

Lead Director / Governance Chair
Adebayo Ogunlesi

over **65** meetings

Committee Chairs
*Audit – Peter Oppenheimer
Compensation – Michele Burns or Mark Winkelman*
Public Responsibilities – Ellen Kullman
Risk – Mark Winkelman or David Vinlar**

over **140** meetings

Includes meetings with, as applicable:
CEO, COO, CFO, Secretary to the Board, CLO and General Counsel, CRO, Director of Internal Audit and Other Key Internal Audit Employees, Chief Accounting Officer, Chief Compliance Officer, Global Head of HCM, Director of Investor Relations, Global Head of Reward and People Analytics, Chief Information Security Officer, Chief Information Officer, Global Head of Marketing, Shareholders, Regulators, Independent Compensation Consultants, Director Search Firm, Independent Auditors

* Changes to Compensation and Risk Committee Chairs effective October 2022.

- (3) Shareholder engagement – consider detail showing the magnitude of director involvement in shareholder engagement.

Intel 2023 (emphasis added)

Who We Met With ~75% of Intel's institutionally-held shares (44% of aggregate outstanding shares) contacted for engagement >50% of Intel's institutionally-held shares (30% of aggregate outstanding shares) engaged with overall >40% of Intel's institutionally-held shares (26% of aggregate outstanding shares) engaged by Board Chair/Compensation Committee Chair 40 separate stockholder meetings throughout the year	
What We Discussed <ul style="list-style-type: none"> • Our corporate governance Board refreshment, composition, and experiences; risk and succession planning oversight; and outside board commitments • Our executive compensation CEO's new-hire award structure, long-term incentive compensation design, quarterly performance bonus program, and future commitments and disclosure • Our environmental and social practices culture and diversity, equity, and inclusion 	How We Responded <ul style="list-style-type: none"> • Board refreshment, composition, and experiences: disclosed the continued Board and committee composition and leadership refreshment efforts, including appointments of two new directors with deep industry experience and stockholder perspective see pages 35-36, 40, 45 • Board's risk and succession planning oversight: added disclosure as to the Board's risk oversight process and engagements in support of succession planning see pages 42, 44 • Directors' other board commitments: included new disclosure on the Board's evaluation of directors' other commitments and newly adopted lower limits see pages 33 • CEO's new-hire award structure: increased the rigor for core components of awards and made more challenging to achieve see pages 72, 76 • Long-term incentive (LTI) compensation design: increased weighting of PSUs in LTI equity mix, added a cap on payout if TSR is negative, committed to return to multi-year goals no later than 2025, and changed RSU vesting schedule see pages 72 • Quarterly performance compensation: eliminated participation for named executive officers see page 77 • Future commitments and disclosure: disclosed a number of enhancements & future commitments see pages 73 • Culture and diversity, equity, and inclusion (DEI): enhanced Corporate Responsibility Report's disclosure in regard to the evolution of our culture and employee inclusive survey results
An Integrated Outreach Team Board Chair & Compensation Committee Chair (select meetings) Chief People Officer (ESG executive sponsor) Human Resources	
Where to Find More Information <ul style="list-style-type: none"> • See "Stockholder Engagement" on page 52 and "Stockholder Engagement and the 2022 Say-on-Pay Vote" on page 72 	
Corporate Secretary Office Investor Relations Corporate Responsibility Office	

- Private directorships – Weigh the benefit of showing experience and skills gained as a director of a private company with the risk of being viewed as overly committed.
- As always, know your directors beyond information provided in director questionnaires. Be aware of director business relationships and activities outside the company. Activists will discover them and may use them as ammunition.⁴

⁴ For example, see <https://www.cnbc.com/2023/06/17/op-ed-in-battle-with-activist-jana-partners-freshpet-unleashes-the-dogs-of-war.html>

- **Caution about overboarding** – Increased attention is being given to director time commitments, such as service on other public company boards. Review the voting policies of proxy advisors and your institutional investors regarding director capacity. If you believe a director may be viewed as overboarded, consider providing an explanation as to how the director devotes sufficient and effective attention to his/her duties as director even with external commitments, perhaps showing the types and frequency of engagement (at and beyond board meetings).

Cardinal Health 2022

Additional Board Service

Directors are expected to commit sufficient time and attention to the activities of the Board. In accordance with our Corporate Governance Guidelines, except as approved by the Board:

- directors who serve as executive officers of a public company, including Cardinal Health, should not serve on more than one outside public company board; and
- other directors should not serve on more than three public company boards in addition to our Board.

Directors must advise the Chairman of the Board, the Chair of the Governance and Sustainability Committee, and the Corporate Secretary in advance of accepting an invitation to serve on another board.

In August 2022, the Governance and Sustainability Committee approved amendments to the Corporate Governance Guidelines that formalized an annual review of director capacity and outside public company board commitments. In this annual review, the Governance and Sustainability Committee may consider all factors it deems to be relevant, including the following:

- meeting attendance;
- whether the director is currently employed or retired from full-time employment;
- the number of other boards of which the director is a member, and the commitment levels and time demands of such other boards;
- the role of a director on other boards (with consideration given to public company board leadership positions);

- any industry or other commonalities between outside boards that aid in the director's efficiencies serving on such boards;
- any other outside commitments;
- individual contributions at our Board and committee meetings;
- peer review feedback from directors throughout the year (if any) and the results of the annual Board evaluation; and
- the director's general engagement, effectiveness, and preparedness.

The Governance and Sustainability Committee conducted a review of director capacity for our 2022 director nominees, including for Ms. Cox. Ms. Cox's long-standing track record of effective engagement, her deep healthcare expertise, and her strong attendance record (95% of board meetings during fiscal 2022) were among the many factors that guided the Committee in proceeding with recommending her nomination. She continues to make substantial contributions to the Board, chairing its Human Resources and Compensation Committee ("Compensation Committee") and sitting on its Ad Hoc Committee assisting the Board in its oversight of opioid-related issues since the committee's formation in 2018. She also has played a key role in engaging with investors in recent years, leading engagements with major shareholders in both 2021 and 2022. The Governance and Sustainability Committee believes that Ms. Cox allocates ample time and attention to company matters.

The Governance and Sustainability Committee affirms that all our 2022 director nominees are compliant with our outside board commitment policy.

Conclusion

The right to elect directors is a powerful shareholder tool. Determine if more can be done in the proxy statement to communicate to your shareholders the strength of your company's nominees. Doing so enhances the quality of information for your shareholders, and may prove a valuable defense against activists.

Citations

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Squire, Kenneth. (June 17, 2023). "[Op-ed: In battle with activist Jana Partners, Freshpet unleashes the dogs of war](#)." *CNBC*.

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