



PROXY VOTING HIGHLIGHTS

The WSIB believes proxy voting is one of the most effective tools for positively influencing companies toward greater board accountability, genuine transparency, and increased focus on material environmental, social and governance (ESG) issues. For investors in publicly traded securities, the proxy should be treated as a valuable asset. As with any WSIB asset, our aim is to manage our proxies prudently for the exclusive benefit of our beneficiaries.

The WSIB's proxy voting-related outcomes for calendar year 2020 included the following:

- ⦿ Voting on 3,089 U.S. corporate meetings during the period (2019: 3,058).
- ⦿ Casting votes on 27,670 individual proposals (2019: 26,832) dealing primarily with the election of directors (67.0 percent of total votes cast), ratification of auditor (9.6 percent), and advisory vote on executive compensation or "say on pay" (8.6 percent).
- ⦿ Voting "against" or "withholding" support from 1,172 of the total 18,548 director votes during the period (6.3 percent versus 7.2 percent in 2019).
- ⦿ For the first time, "lack of board gender diversity" was one of the top reasons the WSIB opposed director elections during the period.
- ⦿ Opposing 421 of the 2,392 say on pay resolutions considered during the year (17.6 percent versus 15.6 percent in 2019).

Shareholder priorities and ESG initiatives are often driven through the shareholder proposal process. The number of shareholder proposals going to a vote in the U.S. market increased slightly last year, with proxy advisory firm Glass Lewis reviewing 434 such resolutions in 2020 as compared to 426 in 2019. This may signal a reversal of a trend where during the prior five years we had seen a declining numbers of shareholder resolutions making their way onto the ballot.

Common shareholder proposal topics in 2020 were board declassification, majority voting standards, political contributions and climate change-related resolutions. Proposals also focused on human capital issues such as diversity-related matters, including both board diversity and issues related to pay gaps. The WSIB supported 60.0 percent of shareholder proposals in 2020, which is nearly identical to support levels in 2019 (59.9 percent). The WSIB's proportional support for environmental-related shareholder resolutions increased from 30.2 percent in 2019 to 45.5 percent in 2020.