



**Thursday, September 18, 2025
Board Meeting**

Call to order is 9:30 a.m.

-

**In-Person Attendance: Washington State Investment Board
2100 Evergreen Park Drive SW, Olympia, WA 98502**

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The link to join online can be found at www.sib.wa.gov/meetings.html

1. Call to Order (9:30a)

2. Adoption of Minutes (9:30-9:35)

A. Adoption of June 12, 2025. Meeting Minutes

B. Adoption of the July 15-17, 2025, Strategic Planning Meeting Minutes

3. Public Comment (9:35-9:55)

4. Officer Elections (9:55-10:00)

5. CEO Report (10:00-10:10)

A. CEO Report to the Board - July/August/September 2025

6. Audit Committee Report (10:10-10:15)

7. Public Markets Committee Report (10:15-10:20)

A. Global Equity Manager Recommendation

8. Private Markets Committee Report (10:20-10:25)

A. Private Equity Investment Recommendation - Menlo Ventures XVII, L.P.

B. Private Equity Investment Recommendation - Menlo Inflection IV, L.P.

9. Administrative Committee Report (10:25-10:30)

10. Break (10:30-10:40)

11. Education Session (10:40-11:10)

A. Unfunded Commitments – Market Risk and Liquidity Considerations

12. Education Session: Commingled Trust Fund Strategic Asset Allocation Study (11:10-12:05)

A. CTF SAA From Modeling to Policy

13. Lunch (12:05-12:35)

14. Labor and Industries Portfolio Review (12:35-1:20)

A. Labor and Industries Portfolio Review

15. Year End Proxy Voting Report (1:20-2:20)

A. WSIB Proxy Voting Activity Fiscal Year (FY) 2025

16. Break (2:20-2:30)

17. Economic Update with Howard Marks (2:30-3:30)

A. Economic Update with Howard Marks

18. Ad Hoc Governance Committee Report (3:30-4:00)

A. WSIB Governance Structure Review

19. Ethics Review (4:00-4:15)

A. 2025 Fiduciary Duties, Ethics, Code of Conduct, Quiet Periods, Open Public Meetings, and Public Records Small-Group Session Overview

20. Quarterly Performance Update (4:15-4:25)

A. Quarterly Performance Update

21. Executive Session - Administrative Committee Report Continued (4:25-4:55)

A. Confidential Secretary Compensation Discussion

B. Succession Planning

C. Non-Voting Board Member Term Expirations

22. Other Items (4:55-5:00)

23. Adjourn (5:00)

WRITTEN PUBLIC COMMENT

Written Public Comment has been received from the following individuals:

- Donna Albert (2)
- Dave Bellefeuille-Rice
- Ruby Borden
- Ariel Brownstein
- Syd Bukhari
- Maureen Canny
- Barbara Carey
- Marilyn Darilek
- Muriel Davis
- Destiny Dodge
- Sara Duke
- Andrew Eckels (350 Seattle)
- Kristin Edmark (2)
- Amy Erie
- Aram Falsafi
- Phyllis Farrell
- Emily Gibbons
- Chris Goelz
- Brandon Hiebert
- Hollis Higgins
- Hisham Hijjawi
- Catherine Jeter
- Mazen Kader
- Timothy Leadingham
- Jessica Lisovsky
- Jennifer MacDonald
- Gayle McDougall-Treacy
- Chloe Meyer
- Kelsey Monaco
- Mary Naber
- Lin Nelson
- Maxima Patasknik
- Elizabeth Pernotto
- Jeanne Poirier
- Austin Price
- Meredith Ruff
- Laila Saliba
- Peter Shelley
- Abe Smith-Groening
- Yve Susskind
- Jeremy Tadros
- Frank Turner
- David Weist
- Justin (Jae) Yoon
- Adel Youssef



UNFUNDED COMMITMENTS – MARKET RISK AND LIQUIDITY CONSIDERATIONS

SEPTEMBER 18, 2025

Kristi Bromley, Assistant Senior Investment Officer
Risk Management and Asset Allocation

Kariym McHoney, Investment Officer
Private Equity





OVERVIEW



From Commitment to Exit: The Lifecycle of a Private Equity Fund



The Private Capital Spigot

The Private Equity Stepladder

A Time-Tested Approach to Liquidity Management

Maintaining Balance Through Pacing and Liquidity Monitoring

The typical private equity fund goes through three phases:

Fundraising

Limited Partners (LPs) commit capital to a fund managed by the General Partner (GP), creating a contractual obligation called an unfunded commitment

- Unfunded Commitments are potential future obligations that do not carry market risk until they are called and invested

Investment Period

GP calls capital from LPs to make investments

- Once the GP calls capital, it becomes invested capital subject to market risk, while the unfunded commitment decreases
- GP typically uses the called capital to invest in portfolio companies and generate investment returns thus creating market exposure

Harvest Period

GP exits investments via a sale or initial public offering and distributes proceeds to LPs (keeping a share for themselves)

THE PRIVATE CAPITAL SPIGOT

The LPs commit capital which creates contractual obligations called “Unfunded Commitments”

- Commitments typically translate into exposure gradually, as the GP identifies opportunities and manages concentration and timing risks

1

**NEW COMMITMENTS
(UNDER LP CONTROL)**



2

**CAPITAL CALLS
(UNDER GP CONTROL)**



The GP identifies an opportunity and calls capital to invest

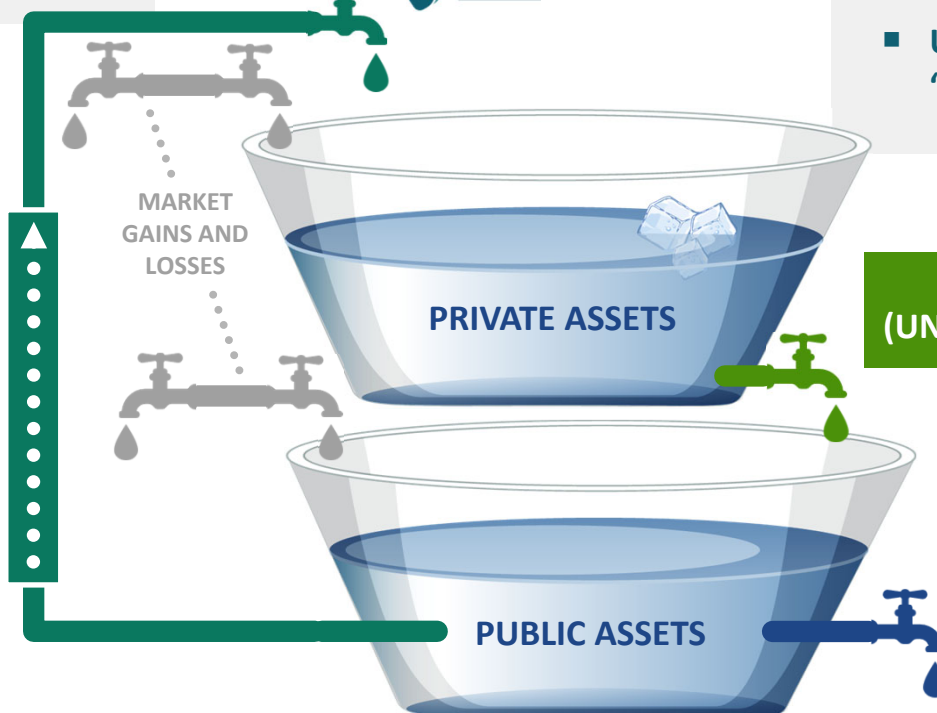
- Uncalled amounts remain as “Unfunded Commitments”

3

**INVESTED
(UNDER GP CONTROL)**

Called capital is invested in private market investments

- Market value rises or falls and fluctuates over time



4

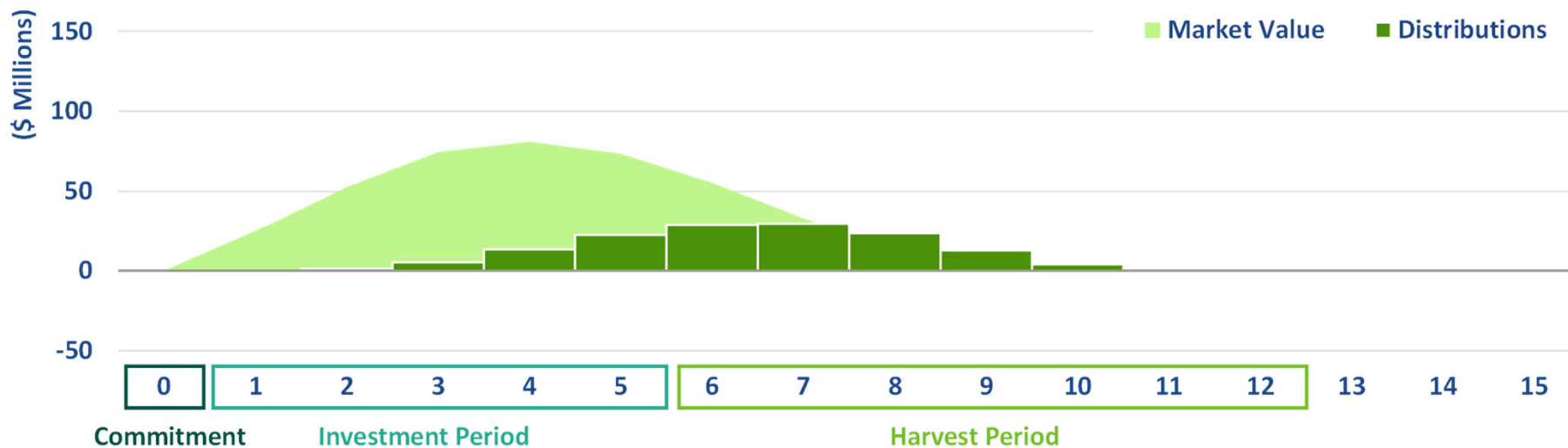
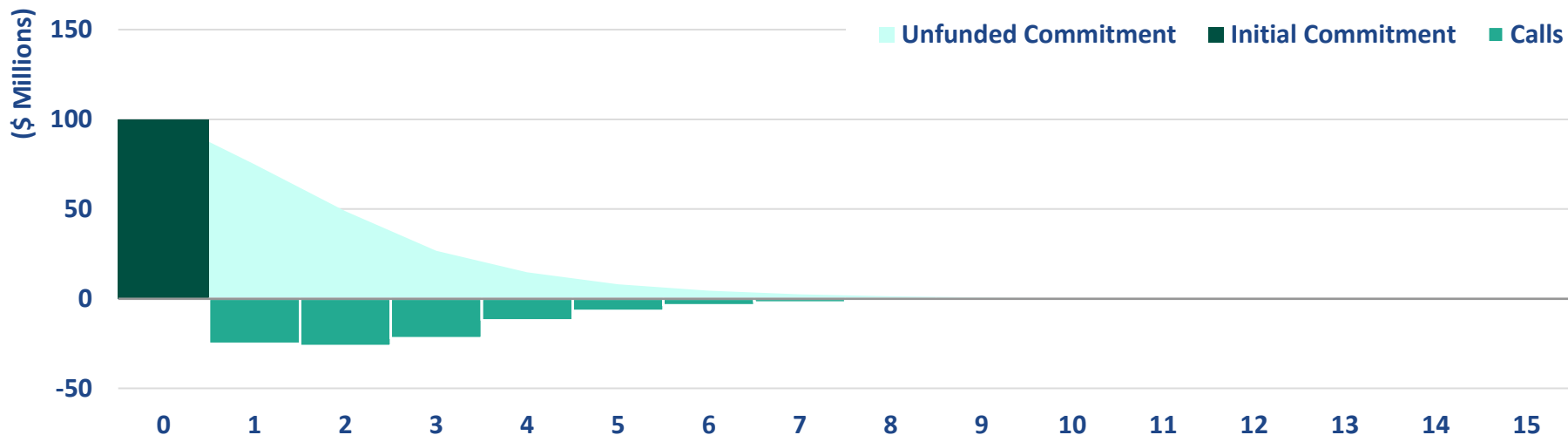
**DISTRIBUTIONS
(UNDER GP CONTROL)**

The GP exits investments and distributes any proceeds to LPs

NET BENEFIT PAYMENTS

THE PRIVATE EQUITY STEPLADDER

Theoretical Commitments, Cash Flows, and Market Value: Single Fund



A TIME-TESTED APPROACH TO LIQUIDITY MANAGEMENT

Unfunded commitments are potential future obligations that create liquidity risk because the WSIB is obligated to provide capital when it is called by the GP

- The WSIB's private market program requires thoughtful liquidity planning to ensure the Commingled Trust Fund (CTF) can meet private market capital calls and beneficiary benefit payments
- The WSIB has deep expertise in liquidity management with a mature private markets program
- The pacing of new private market commitments influences the rate of capital flows into the private market portfolio, maintaining a balance between private and public assets over time

Once capital is called and invested, those assets are exposed to market risk

- Current commitments translate to future market exposure and require planning based on the target state of the CTF

When a GP exits an investment and distributes investment proceeds, the WSIB either reinvests the capital or uses those funds to meet obligations, such as benefit payments



MAINTAINING BALANCE THROUGH PACING AND LIQUIDITY MONITORING

What We Control

- Policy targets
- Annual pacing plans
- Reinvestment of distributions received
- Construction and rebalancing of public asset portfolios

What We Track

- Unfunded commitments
- Subscription line usage
- Capital calls vs. distributions (historical and projected)
- Liquidity buffers vs. benefit outflows
- Pipeline forecasts
- Stress tests

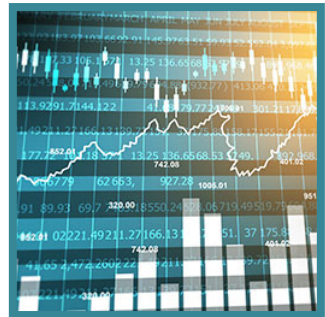
COMMINGLED TRUST FUND (CTF) STRATEGIC ASSET ALLOCATION (SAA) FROM MODELING TO POLICY

SEPTEMBER 18, 2025

Li Gao, CFA, CAIA, Senior Investment Officer

Aileen Liu, Assistant Senior Investment Officer

Julia Ferreira, CFA, Assistant Senior Investment Officer
Risk Management and Asset Allocation





OVERVIEW

Board Risk-Return Preferences Have Changed

Decision Factor Modeled Result

Evaluating Portfolio Options

Building a Balanced Asset Mix

Private Credit Offers Many Benefits

Next Steps

Appendix



BOARD RISK-RETURN PREFERENCES HAVE CHANGED

The Board's recent decision factor voting exercise revealed

- A tempered emphasis on Maximizing Long-Term Compound Return factor
- An increased focus on Minimizing Liquidity Stress and Staying Within a Funded Ratio Corridor factors

Decision Factors	2021	2025
Maximize Long-term Compound Return	73.3%	52.8%
Minimize Liquidity Stress	10.0%	24.2%
Stay Within Funded Ratio Corridor	8.3%	17.8%
Minimize Employer Contribution Volatility	5.0%	3.2%
Minimize Compound Return Volatility	3.3%	2.0%

DECISION FACTOR MODELED RESULT

HIGHER ALLOCATION TO INCOME-PRODUCING ASSETS AND PRIVATE EQUITY

Portfolio Mix	Fixed Income	Private Credit	Tangible Assets	Real Estate	Public Equity	Private Equity	Total
Modeled Result	20.0%	0.0%	11.0%	21.0%	20.0%	28.0%	100.0%
Current Policy	19.0%	0.0%	8.0%	18.0%	30.0%	25.0%	100.0%

The modeled result indicates higher allocation to income-producing assets and the highest returning asset class

The modeled result did not consider the following

- Qualitative judgments about how asset classes interact across different market environments
- Implementation considerations and available opportunities within each asset class
- A more restrictive total private asset target constraint of 53 percent, as recommended by staff

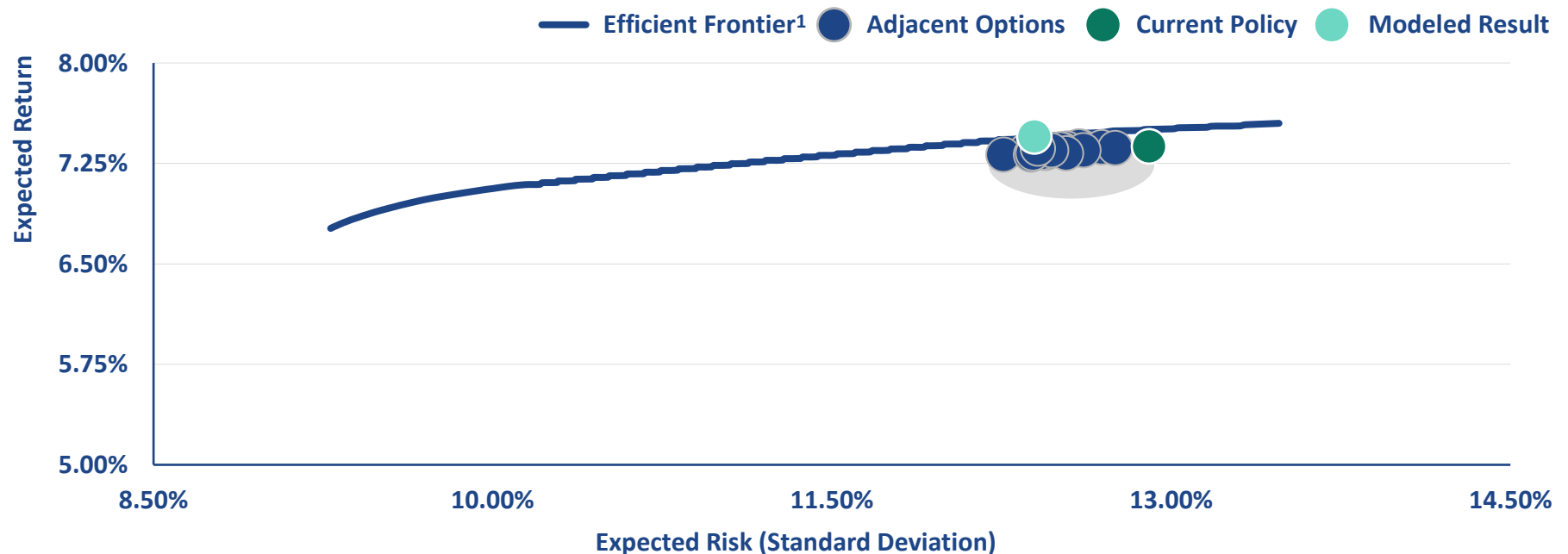
EVALUATING PORTFOLIO OPTIONS

CHARTING A PATH FORWARD

The Board's modeled result is a portfolio solution that maximizes expected return for a given level of risk constrained by a set of model parameters

- It serves as a starting point, as there are numerous potential portfolios that exhibit similar risk-return characteristics to the modeled result
 - Several adjacent portfolios fall within the 53 percent target to private assets while including private credit in the mix

Efficient Frontier



The different components of the CTF balance growth, income, and liquidity differently and provide diversification and resilience across different market environments

Fixed Income	Stabilizes the portfolio during market stress and provides liquidity
Private Credit	Generates differentiated yields that adjust to different interest rate environments
Tangible Assets	Delivers inflation-linked cash flows backed by real assets
Real Estate	Delivers cash flows generally tied to inflation and backed by real estate
Public Equity	Provides global growth exposure and liquidity
Private Equity	Provides the highest expected returns linked to global growth
Innovation Portfolio	Serves as a platform for testing new investment ideas

PRIVATE CREDIT OFFERS MANY BENEFITS

Private credit would strengthen the CTF by enhancing diversification, generating consistent income, and delivering attractive risk-adjusted returns

DIVERSIFICATION

- Return drivers are not reliant on earnings growth
- Differentiated credit exposure to core developed market segments
- Income structures typically feature a floating interest rate with a contractual floor and additional fixed rate components

CASH FLOW PROFILE

- Scheduled coupons and return of capital provide cash flow predictability
- Able to sustain attractive yields during different rate environments

RISK RETURN PROFILE

- Offers strong risk-adjusted returns comparable to tangible assets and real estate
- Has historically demonstrated strong downside protection and resilience

NEXT STEPS

FROM MODELING TO POLICY

November SAA Recommendation Objectives

- Board decision factor preferences to inform the SAA recommendation
 - **Deliver Competitive Long-Term Returns**
 - Achieve the return potential needed to fulfill the WSIB's mandate while adapting to evolving market conditions
 - **Enhance Risk-Adjusted Outcomes**
 - Reduce expected risk through diversified sources of return
 - **Strengthen Income Resilience**
 - Tilt toward income-oriented assets to improve portfolio stability and potentially align cash flow predictability with rising payout needs over time



APPENDIX

CTF LONG TERM CAPITAL MARKETS ASSUMPTIONS ADOPTED BY THE BOARD



	Arithmetic Return	Standard Deviation	Geometric Return
Fixed Income	5.1	6.0	4.9
Tangible Assets	7.1	12.0	6.4
Real Estate	7.4	13.0	6.6
Global Equity	8.0	18.0	6.5
Private Equity	11.0	25.0	8.3
Private Credit	7.2	11.0	6.6

Correlation	Fixed Income	Tangible Assets	Real Estate	Global Equity	Private Equity	Private Credit
Fixed Income	1.00					
Tangible Assets	0.10	1.00				
Real Estate	0.10	0.35	1.00			
Global Equity	0.25	0.30	0.40	1.00		
Private Equity	0.10	0.40	0.40	0.80	1.00	
Private Credit	0.20	0.40	0.30	0.70	0.60	1.00



September 18, 2025

Washington Labor and Industries Funds

WSIB Board Meeting

Steven Center, CFA
Senior Vice President

Kevin Machiz, CFA, FRM
Senior Vice President

Evan Williams, CFA, CAIA
Vice President

Agenda

Economic Data and Peer Comparisons

GAAP/International Financial Reporting Standards (IFRS) Peer Analysis

American Association of State Compensation Insurance Funds (AASCIF) Peer Analysis

L & I Fund Performance

Appendix

- Washington L&I Financial Statement Adjustments & Peer Analysis

- Performance Disclosures & Investment Policy

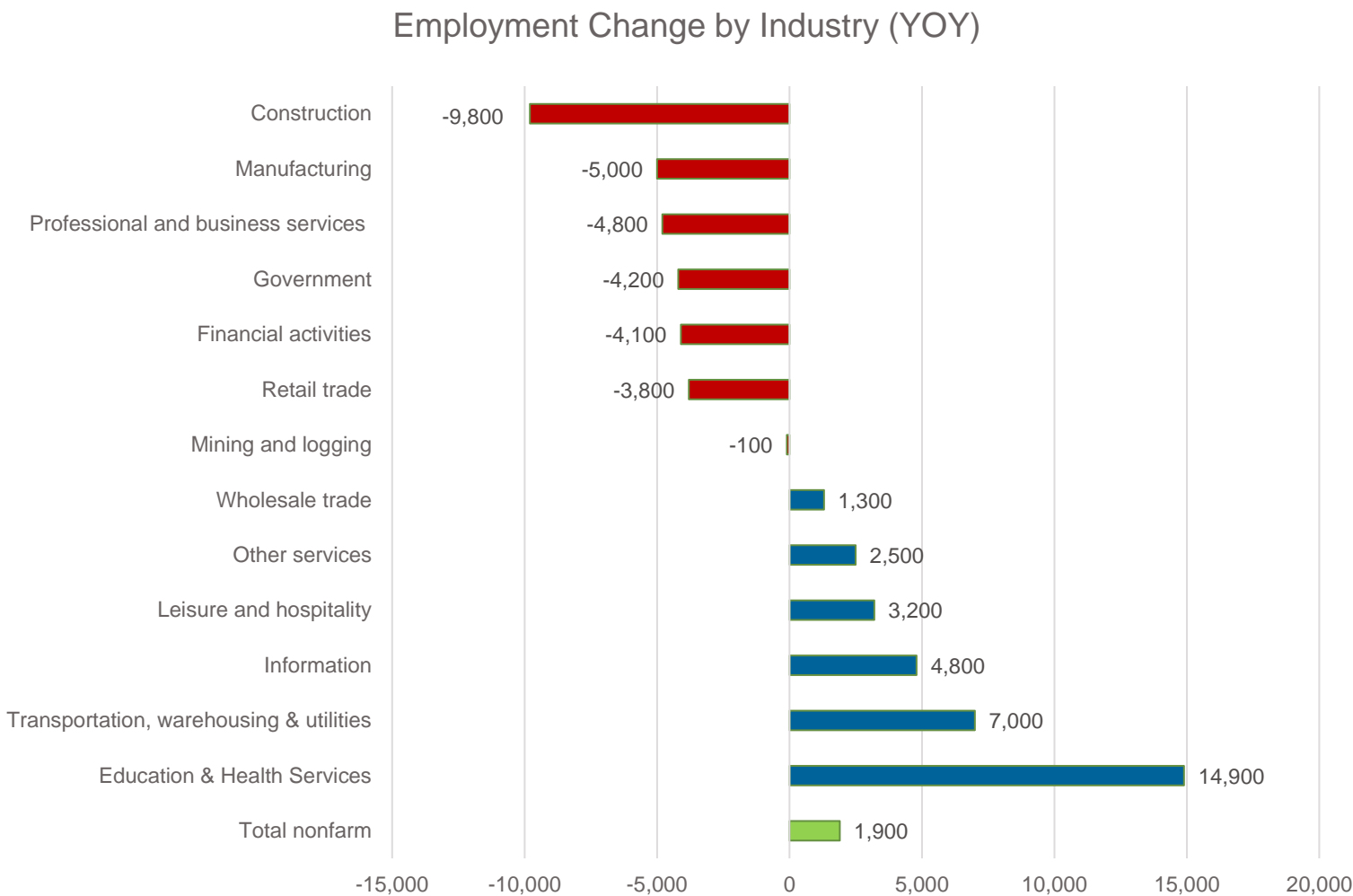
- Important Callan Disclosures

Callan

Economic Data and Peer Comparisons

Washington Employment Change by Industry

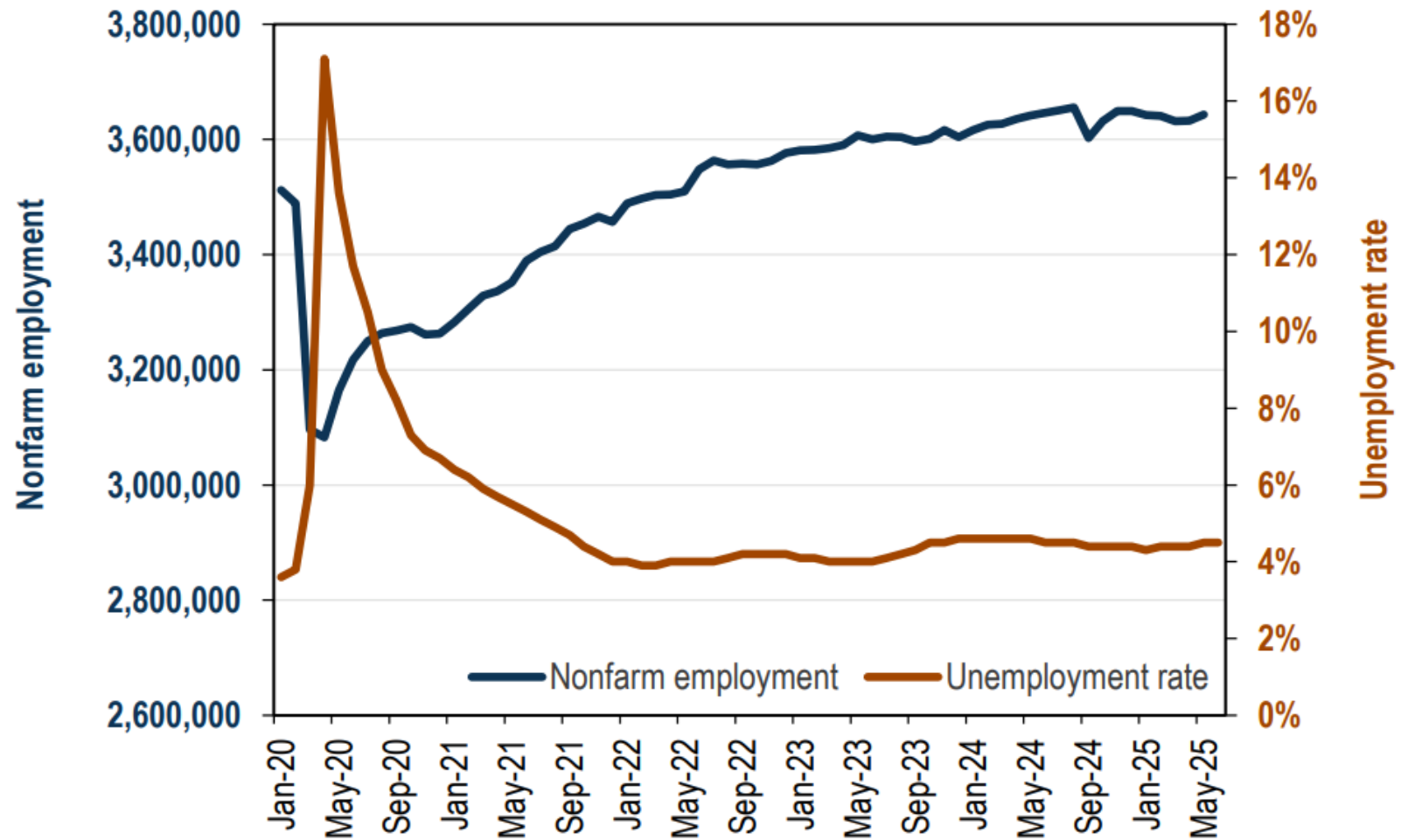
June 2024 to June 2025, not seasonally adjusted



Source: Employment Security Department; U.S. Bureau of Labor Statistics, Current Employment Statistics

Washington Non-Farm Employment and Unemployment Rate

As of June 30, 2025



Source: Employment Security Department/LMIR; U.S. Bureau of Labor Statistics, Current Employment Statistics, Local Area Unemployment Statistics

Labor Force Participation Rate – U.S. and Washington State

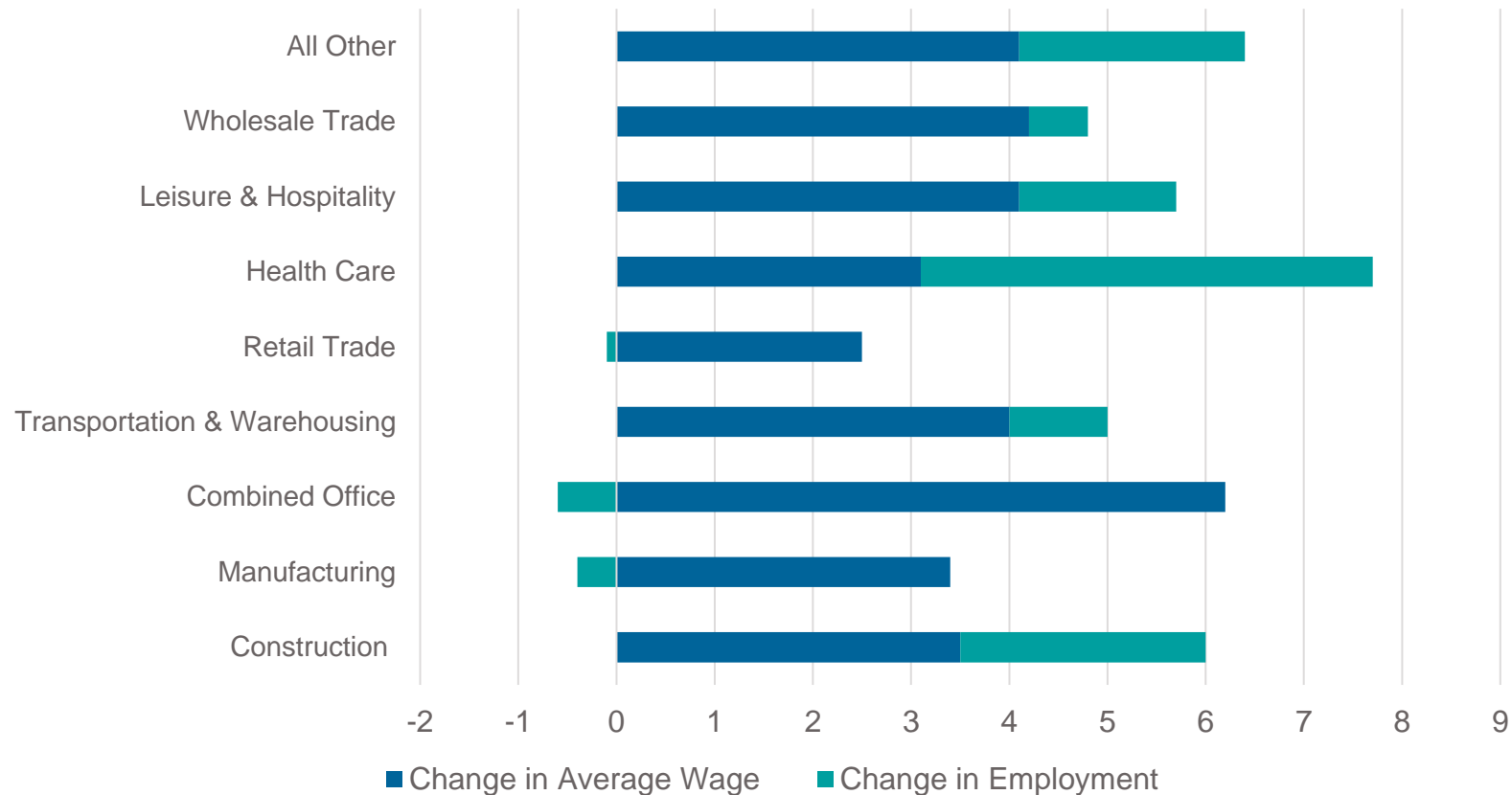
November 1981 – July 2025



Source Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, FRED Database

Percent Change in Payroll By Component 2023-2024

National Employment and Average Wages



- Payroll increased by roughly 5% for National Council on Compensation Insurance (NCCI) states, about 1% from employment and 4% from wages
- Health Care saw the biggest employment gains while Combined Office saw the smallest (losses)

Source Annual Insights Symposium 2025, National Council on Compensation Insurance (NCCI), State of the Line Report. Data reflects changes over calendar year 2024.

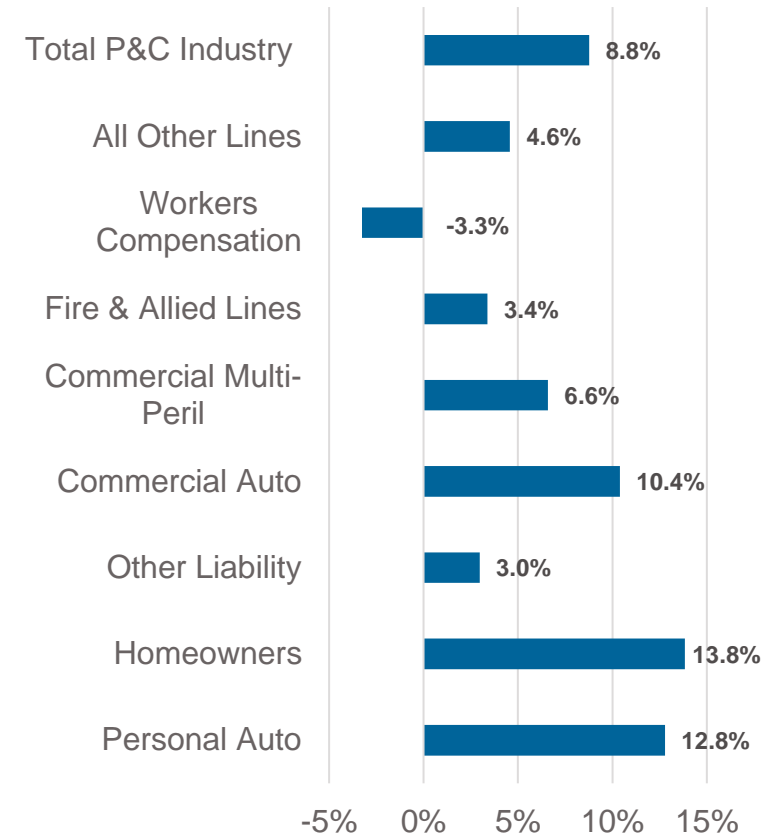
Property & Casualty Industry Net Written Premium Growth

Private Carriers, 2023-2024p

Line of Business	2023 (\$B)	2024 (\$B)	Change (YoY)
Personal Auto	306.6	345.8	39.2
Homeowners	128.0	145.7	17.7
Other Liability*	101.0	104.0	3.0
Commercial Auto	55.8	61.6	5.8
Commercial Multi-Peril	54.6	58.2	3.6
Fire & Allied Lines (incl. Earthquake)	56.1	58.0	1.9
Workers Compensation	43.0	41.6	-1.4
All other Lines	107.2	112.1	4.9
Total P&C Industry	852.3	927.1	74.8

*including product liability

Percentage Change 2023-2024



- Property & Casualty net written premium for private carriers increased by 8.8% in 2024
- Workers Comp was the only category that decreased in 2024 (-3.3%)
- All lines except Workers Comp experienced increases led by homeowners and personal auto which saw large premium increases in 2024 across the country

Source Annual Insights Symposium 2025, National Council on Compensation Insurance, State of the Line Report. Data reflects calendar year ends, highlighting changes over calendar year 2024.

Net Written Premium

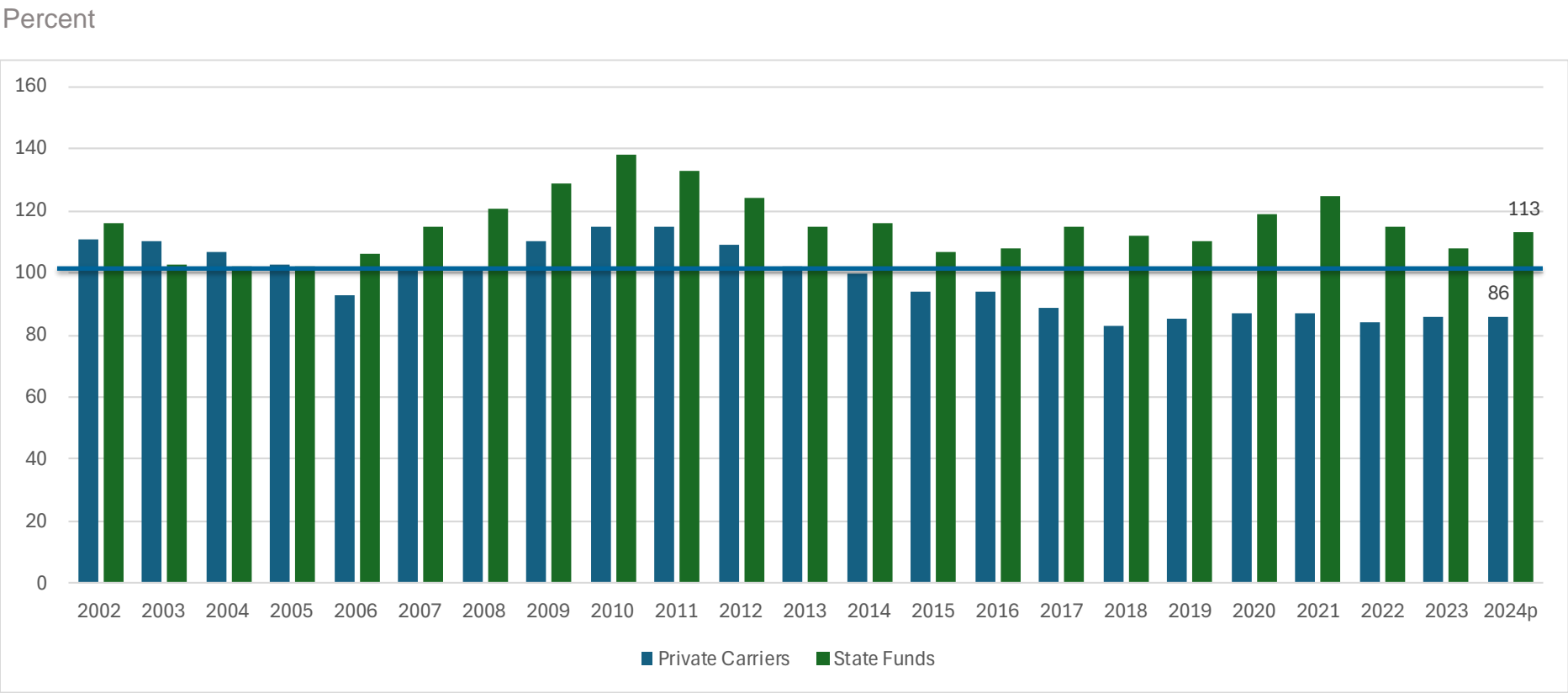
State Funds and Private Carriers



Source Annual Insights Symposium 2025, National Council on Compensation Insurance, State of the Line Report. Annual data as of calendar year end.
The following states are included in the respective calendar years in which they operate as state funds: AZ, CA, CO, HI, ID, KY,LA, MD, MO, MT, NM, OK, OR, RI, TX, and UT

Net Combined Ratios

State and Private Carriers



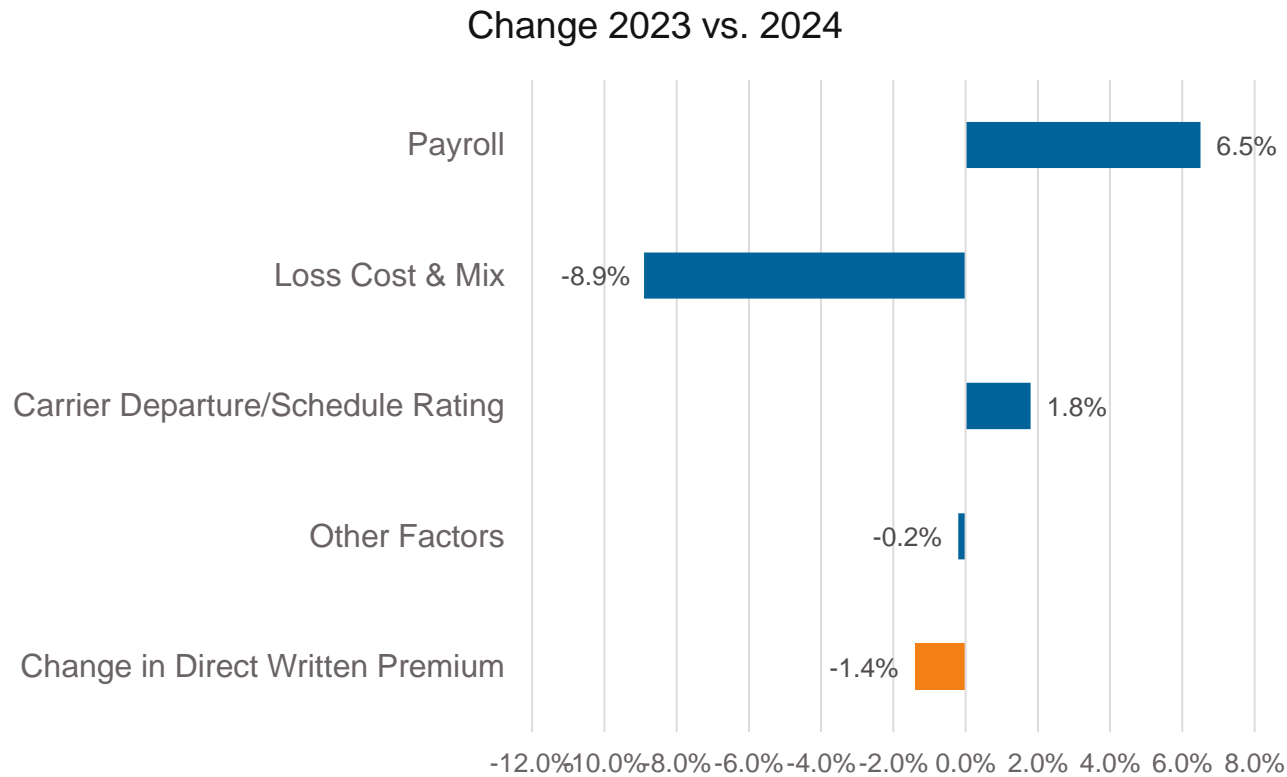
Net Combined Ratio = (Net Claims Incurred + Net Expenses Incurred) / Net Premium Earned

Ratios over 100% indicate claims and expenses were greater than premiums earned

Source Annual Insights Symposium 2025, National Council on Compensation Insurance, State of the Line Report. Annual data as of calendar year end.

Workers Compensation Direct Written Premium Change by Component

Private Carriers – NCCI States*



- For Private Carriers in NCCI States, direct written premium volume decreased 1.4% from 2023-2024
- The positive change in payroll was offset by the decrease in Loss Cost & Mix

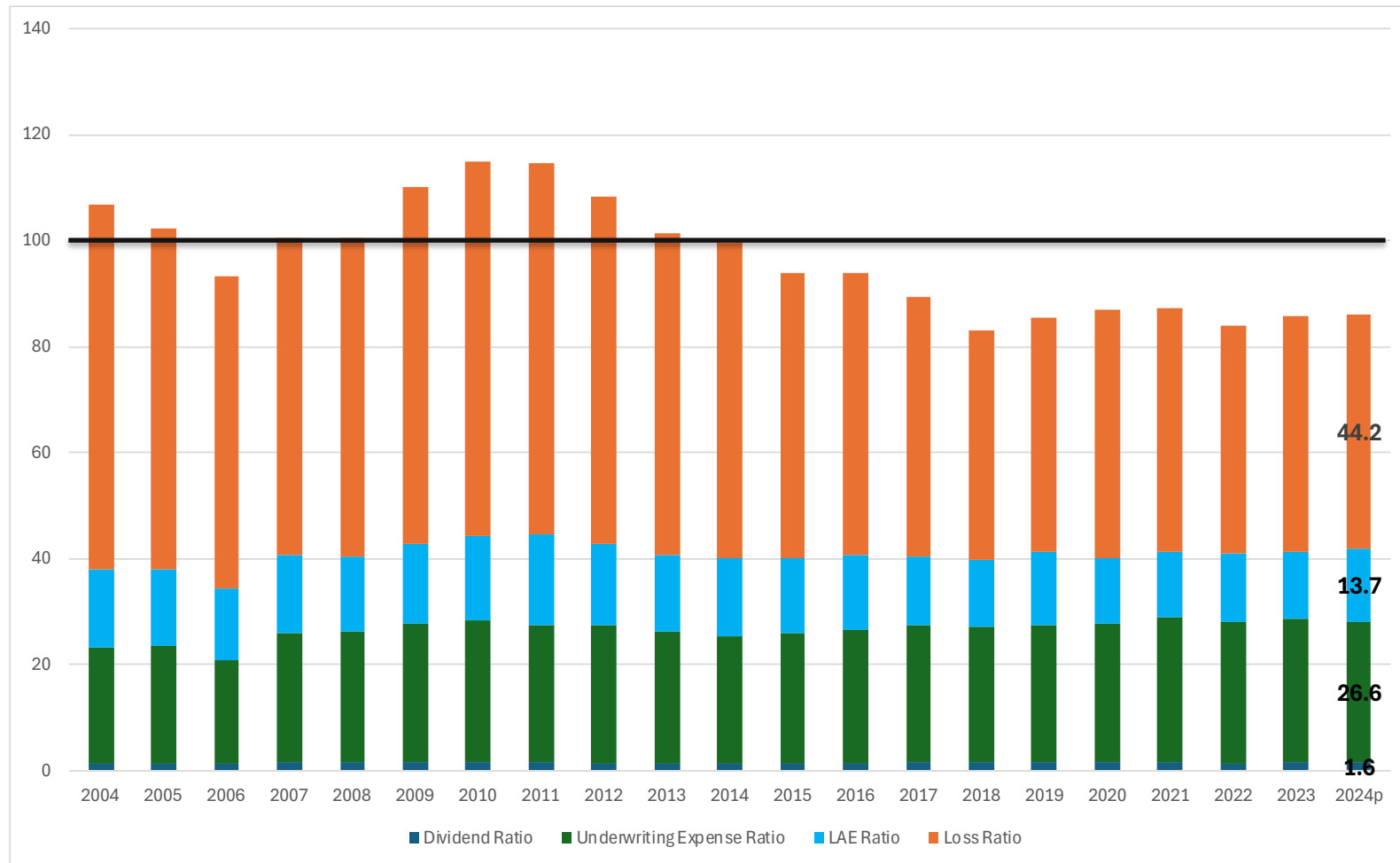
*National Council on Compensation Insurance (NCCI) States: All except Washington, Wyoming, North Dakota, Ohio, California, Minnesota, Wisconsin, Indiana, Michigan, North Carolina, Pennsylvania, Massachusetts, Delaware, New York, New Jersey and Rhode Island. (independent bureau and monopolistic states).

Source Annual Insights Symposium 2025, National Council on Compensation Insurance, State of the Line Report. Data reflects changes over calendar year 2024.

Workers Compensation Net Combined Ratios by Component

Private Carriers

Percent



- The combined ratio and underlying components remained relatively stable for 2024
- Eighth consecutive year with a loss ratio under 50%

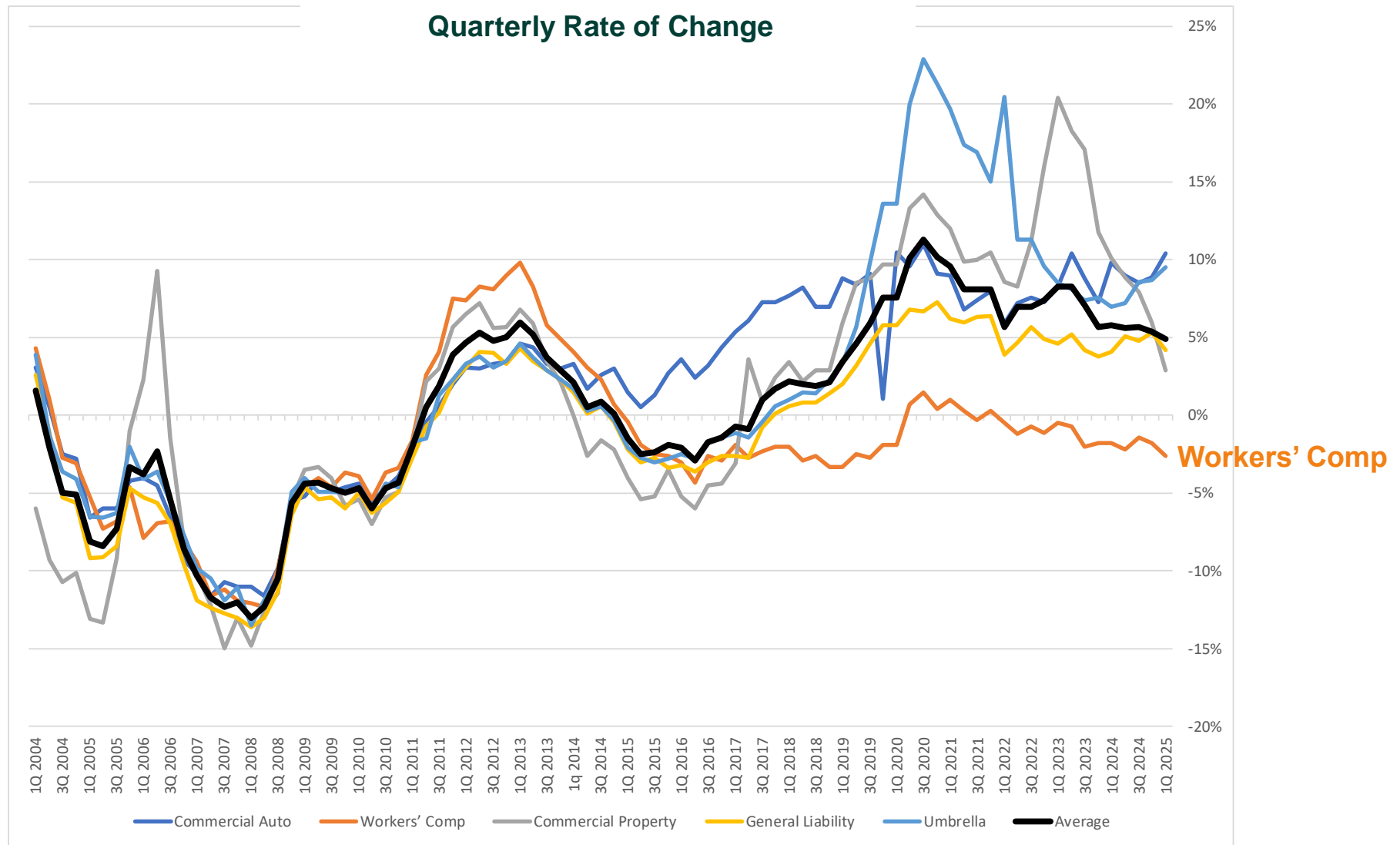
Source Annual Insights Symposium 2025, National Council on Compensation Insurance, State of the Line Report. Annual data as of calendar year end.

Property & Casualty Premium Pricing Trends

First Quarter 2025 Rate Changes Ranged From -2.6% to +10.4%

Premium Pricing by Line of Business

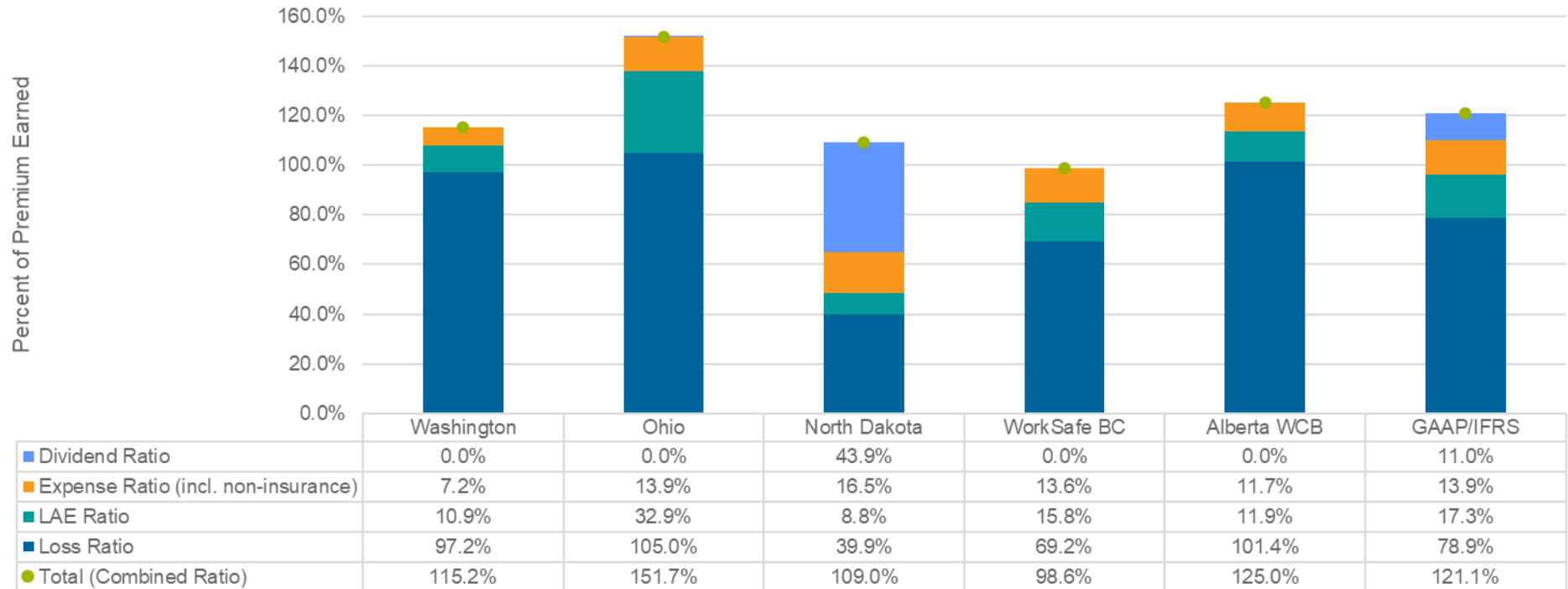
Quarterly Rate of Change



Source: The Council of Insurance Agents & Brokers, Data from 1Q 2004-1Q 2025.

GAAP/IFRS Peer Analysis

Peer Comparison: Combined Ratio Components



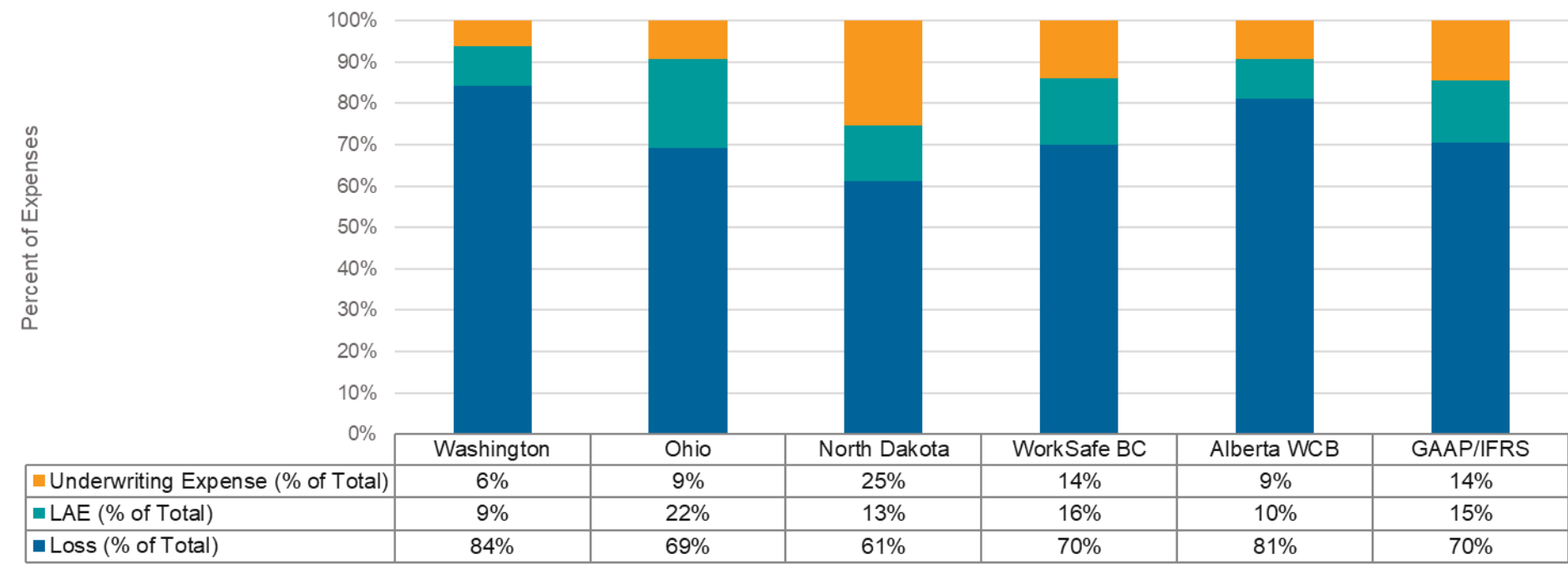
Combined Ratios above 100% could put downward pressure on surplus, absent sufficient investment performance

- Washington had a higher Loss Ratio than the GAAP/IFRS peer group
- Washington's Expense Ratio was the lowest among the peers
- North Dakota's high dividend is associated with its very high surplus

LAE stands for loss adjustment expense

Source: Callan, respective financial statements. Fiscal Year 2024

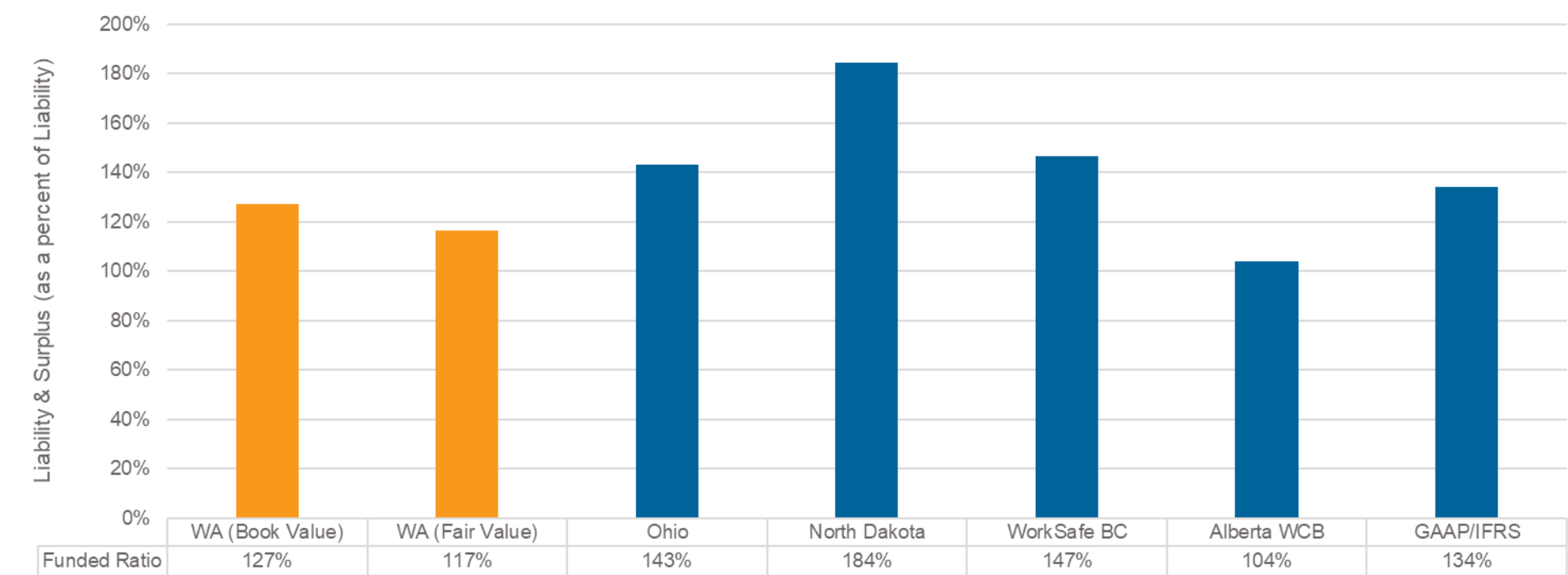
Peer Comparison: Expenses



Underwriting expense is a relatively low percentage of total expense for Washington

LAE stands for loss adjustment expense
Source: Callan, respective financial statements. Fiscal Year 2024

Peer Comparison: Funded Ratio



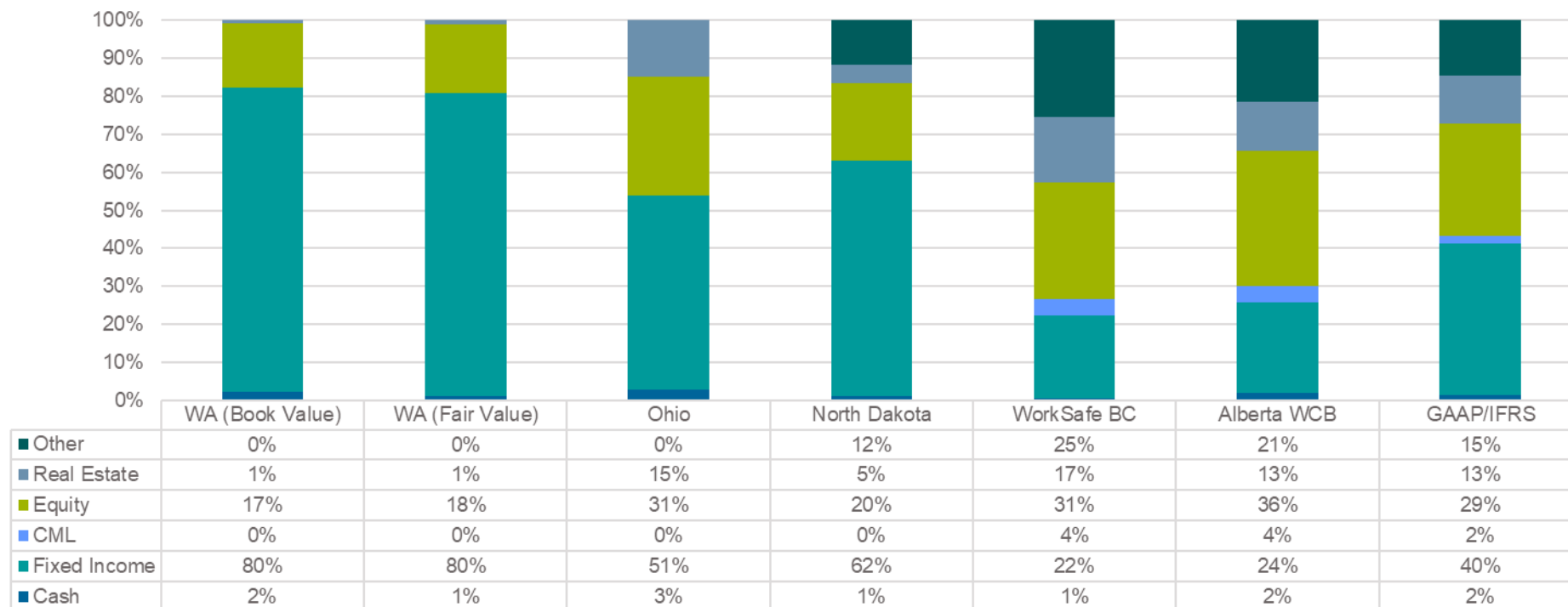
$$Funded\ Ratio = \frac{Liability + Surplus}{Liability}$$

A healthy surplus (funded ratio above 100%) acts as a buffer against potential risks

Alberta and North Dakota are both outliers due to very low and very high surplus levels, respectively

Source: Callan, respective financial statements. Fiscal Year 2024
Contingency Reserve is Surplus

Peer Comparison: Asset Allocation

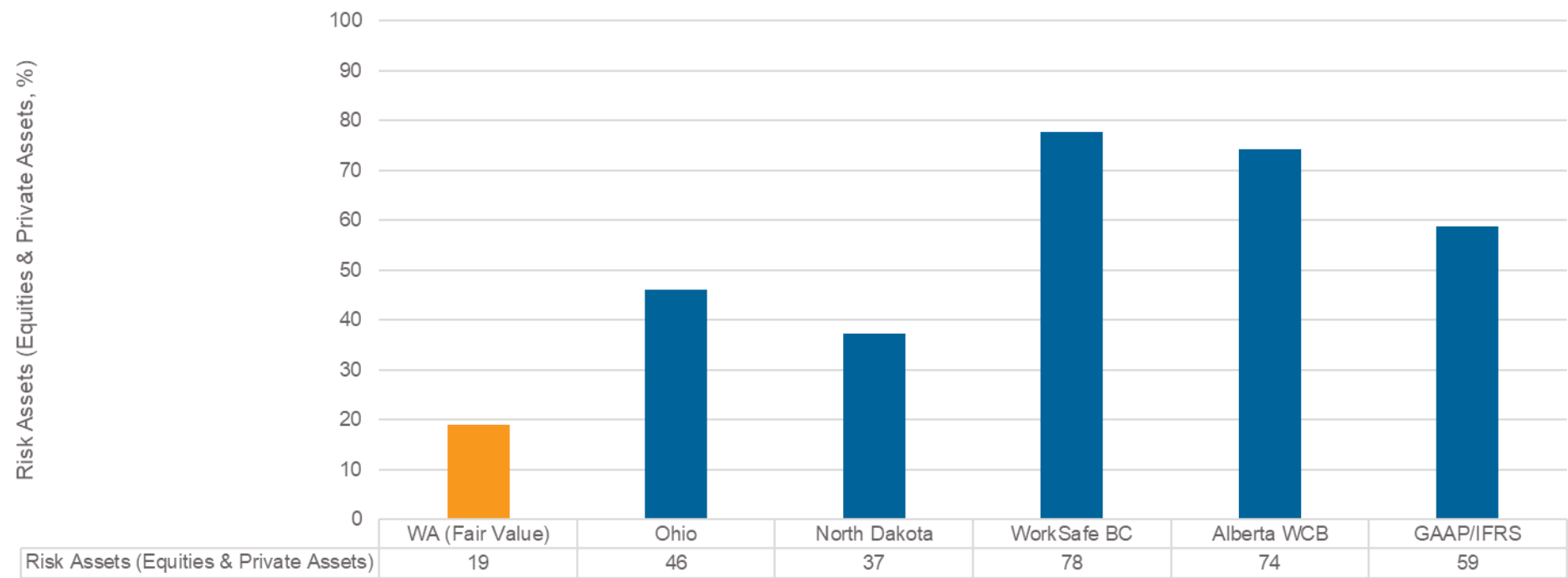


*Data reflects actual asset allocations at fiscal year end 2024

- Washington's allocation to Real Estate is relatively low
 - Washington has a target allocation of 5% to Real Estate
- Washington's allocation to Fixed Income is relatively high
 - Book Value accounting strongly favors fixed income investments

Actual asset allocations shown, not target allocations
 Source: Callan, respective financial statements. Fiscal Year 2024

Peer Comparison: Asset Allocation (Risk Assets)

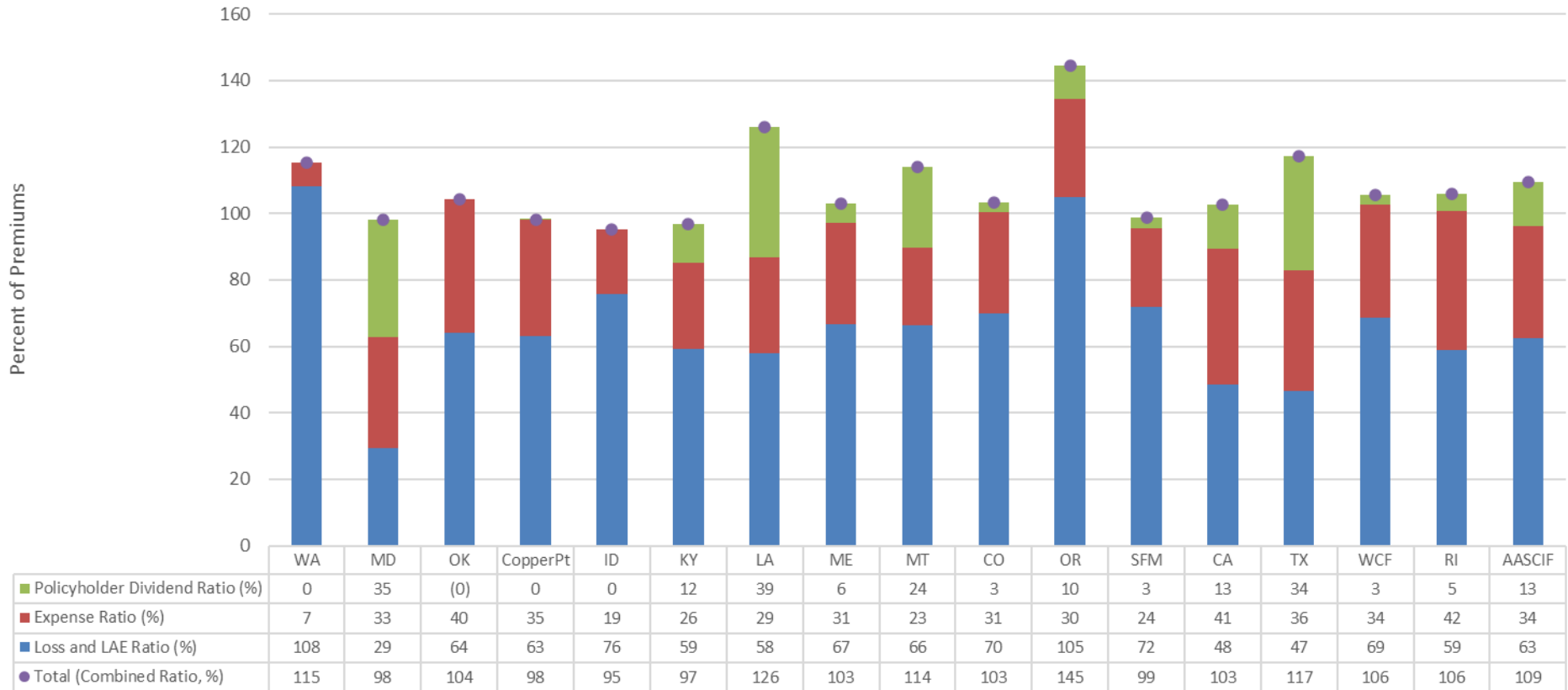


Washington’s allocation to Risk Assets is relatively low compared to this peer group, but is expected to increase as the Real Estate allocation is implemented

Actual asset allocations shown, not target allocations
Source: Callan, respective financial statements. Fiscal Year 2024

AASCIF Peer Analysis

Peer Comparison: Combined Ratio Components



Combined Ratios above 100% could put downward pressure on surplus, absent sufficient investment performance

- Washington's above-average combined ratio was due to relatively higher Loss & Loss Adjustment Expense Ratio
- Washington's Expense Ratio was the lowest among the peers shown above

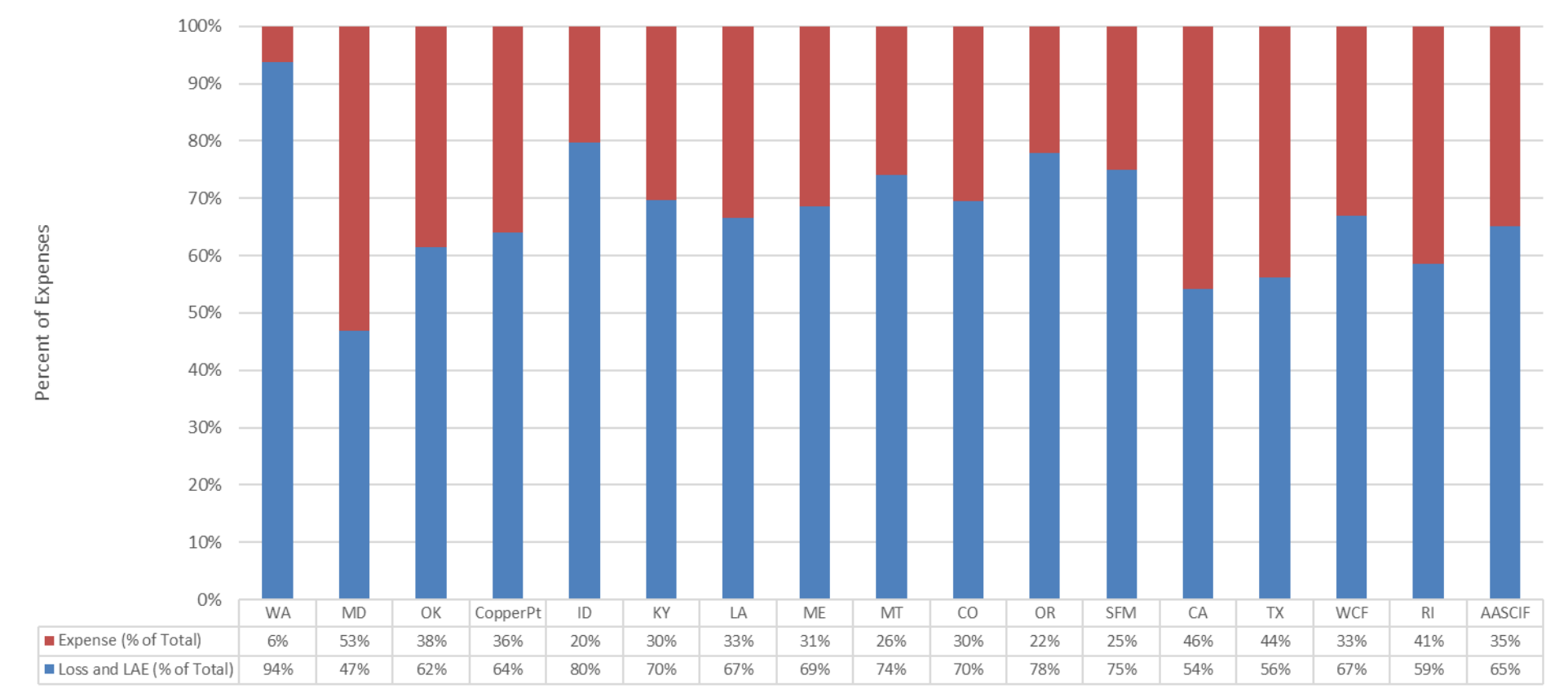
LAE stands for loss adjustment expense

Source: Callan, BlackRock, S&P Capital IQ. Fiscal Year 2024.

AASCIF peer group is comprised of 15 peer workers' compensation insurers.

Contingency Reserve is Surplus

Peer Comparison: Expense Components

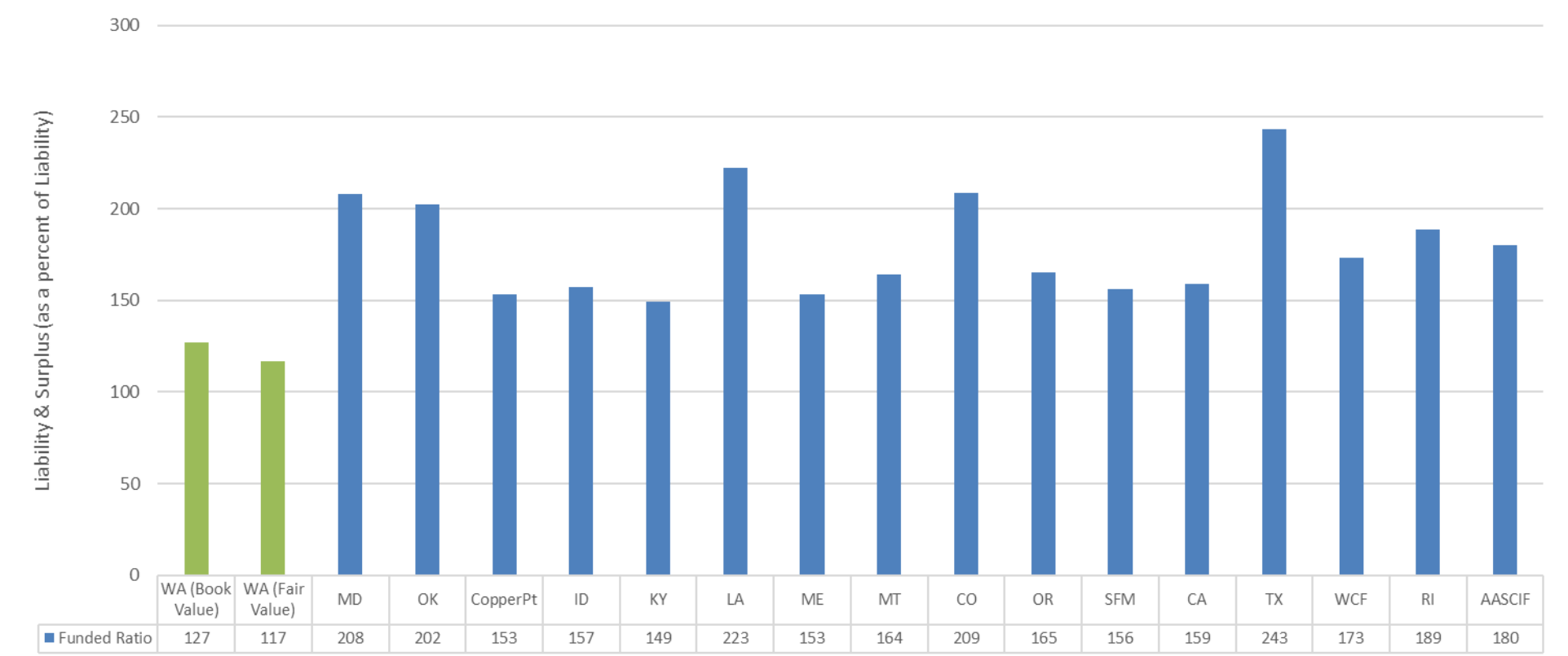


Washington dedicates relatively little expense towards underwriting expenses (red)

- The vast majority of expenses are dedicated to Loss & Loss Adjustment Expense (blue), a higher proportion than any peer shown above

LAE stands for loss adjustment expense
Source: Callan, BlackRock, S&P Capital IQ. Fiscal Year 2024.
AASCIF peer group is comprised of 15 peer workers' compensation insurers.

Peer Comparison: Funded Ratio



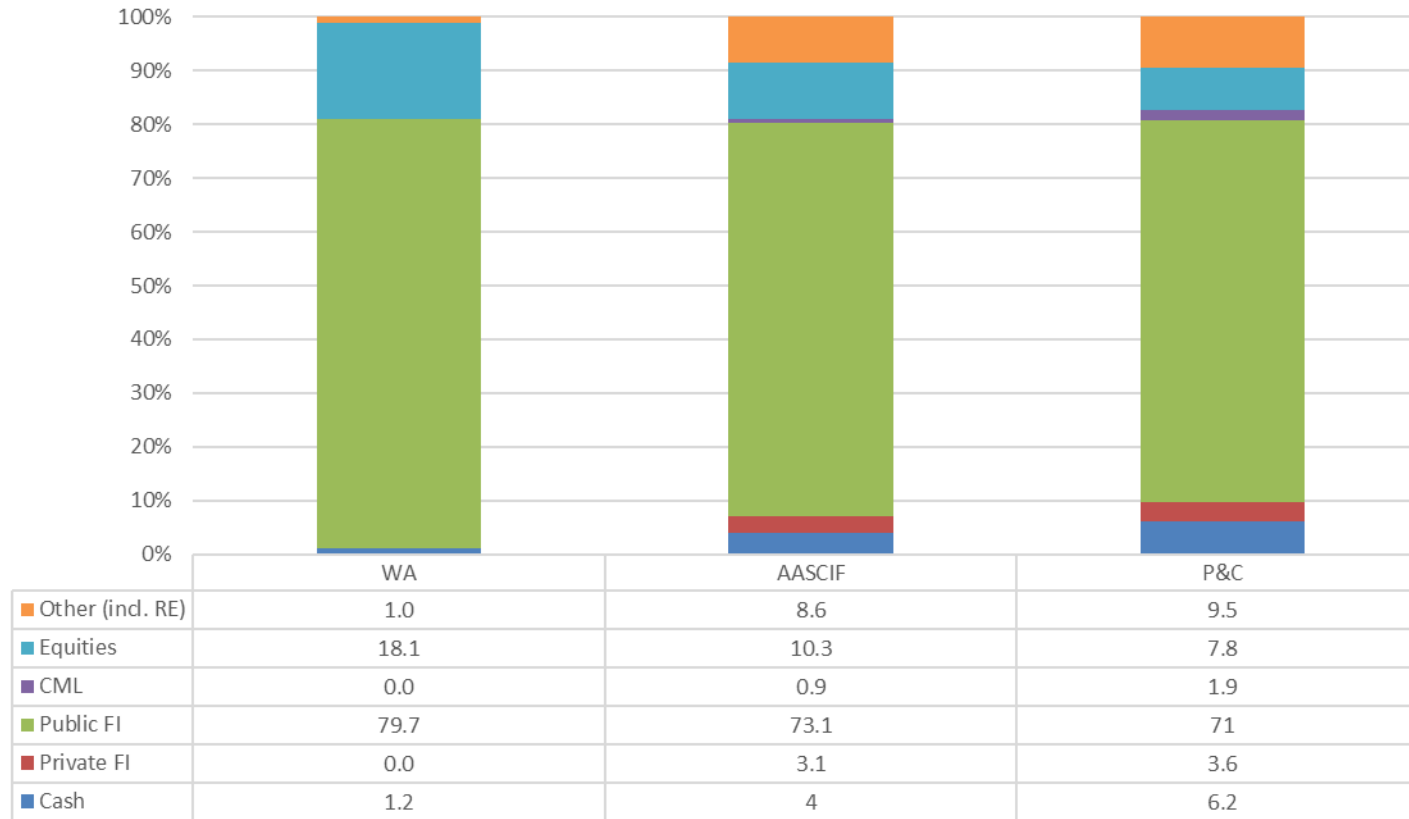
$$Funded\ Ratio = \frac{Liability + Surplus}{Liability}$$

A healthy surplus (funded ratio above 100%) acts as a buffer against potential risks

Washington exhibits a funded ratio lower than the peer group, however none of the peer group constituents are monopolistic states

Source: Callan, BlackRock, S&P Capital IQ. Fiscal Year 2024.
Shown on a fair value basis
AASCIF peer group is comprised of 15 peer workers' compensation insurers.
Contingency Reserve is Surplus

Peer Comparison: Asset Allocation



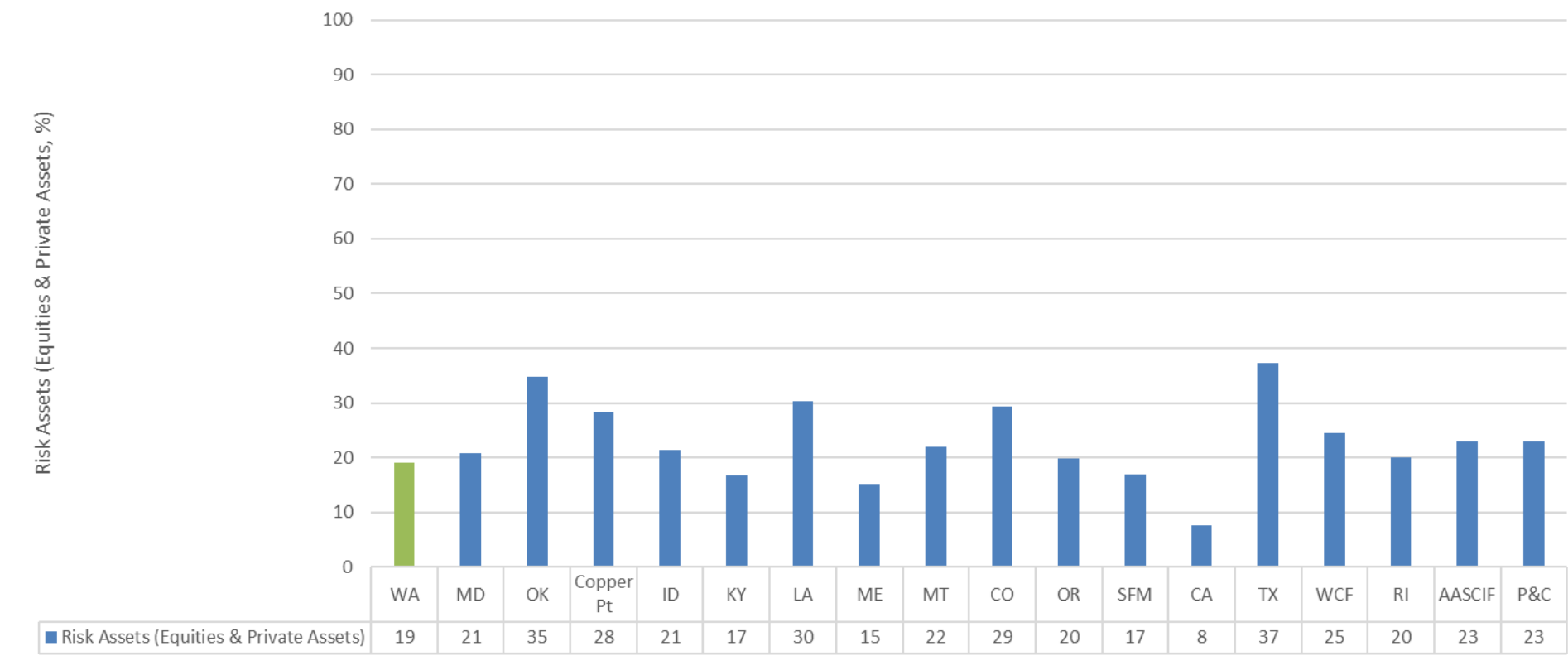
*Data reflects actual asset allocation as of fiscal year end 2024

- Washington's allocation to Real Estate and alternatives is relatively low
 - Washington has a target allocation of 5% to Real Estate, which is relatively close to peers
- Washington's allocation to Fixed Income and Equities are relatively high
 - The Fixed Income allocation is expected to decrease as the Real Estate allocation approaches its target

Source: Callan, BlackRock, S&P Capital IQ. Fiscal Year 2024.

AASCIF peer group is comprised of 15 peer workers' compensation insurers. P&C represents the broad Property & Casualty insurance industry.

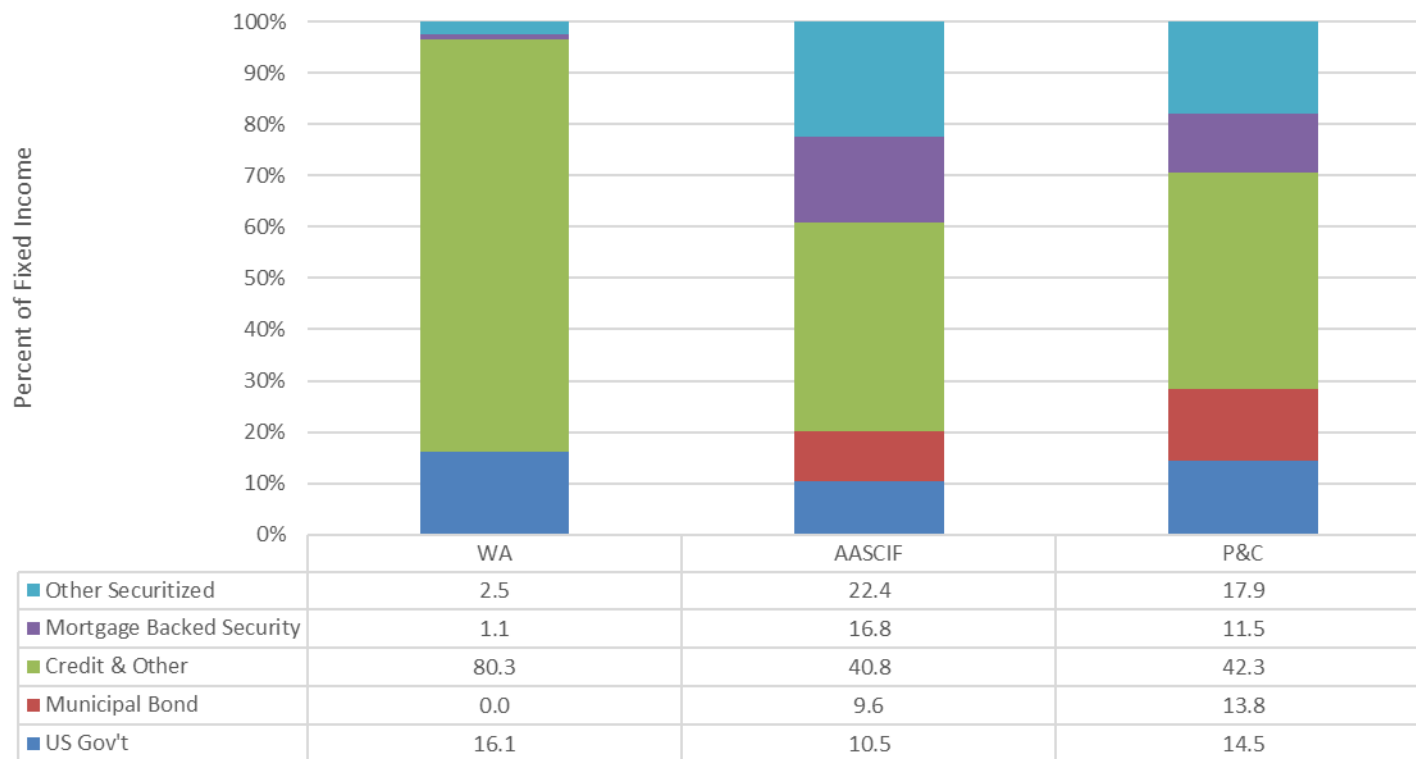
Peer Comparison: Asset Allocation (Risk Assets)



Washington’s allocation to Risk Assets is in line with peers, but is expected to increase as the Real Estate allocation is implemented

Source: Callan, BlackRock, S&P Capital IQ. Fiscal Year 2024.
AASCIF peer group is comprised of 15 peer workers’ compensation insurers. P&C represents the broad Property & Casualty insurance industry.

Peer Comparison: Public Fixed Income Sector Allocation



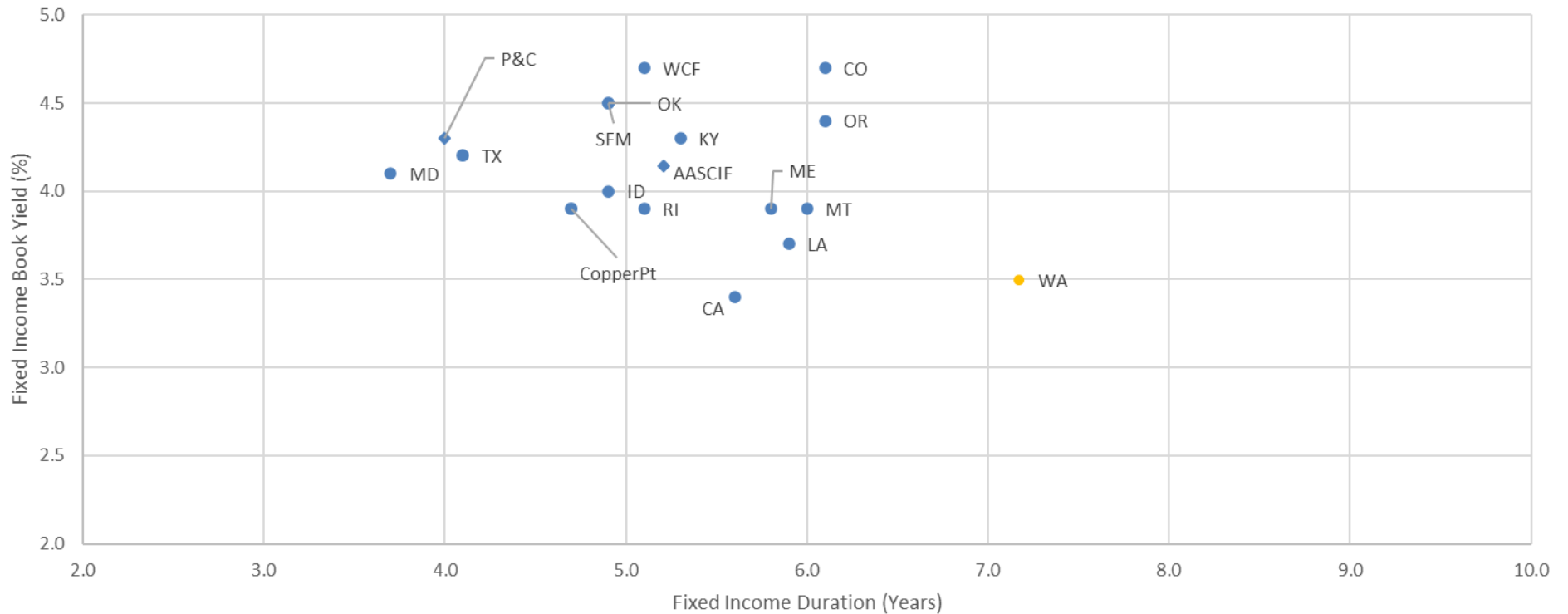
Washington's allocation to credit within the fixed income portfolio is relatively high and allocation to securitized product is relatively low

Washington's allocation to US government bonds within the fixed income portfolio is largely in line with peers

Source: Callan, BlackRock, S&P Capital IQ. Fiscal Year 2024.

AASCIF peer group is comprised of 15 peer workers' compensation insurers. P&C represents the broad Property & Casualty insurance industry.

Peer Comparison: Fixed Income Book Yield vs. Duration



Fixed income book yield reflects bond yields at time of purchase (i.e. in the past, primarily in a lower rate environment)

Duration measures the sensitivity of a bonds price to changes in yields

Washington displayed a higher duration and lower book yield than the peer group

Source: Callan, BlackRock, S&P Capital IQ. Fiscal Year 2024.

AASCIF peer group is comprised of 15 peer workers' compensation insurers. P&C represents the broad Property & Casualty insurance industry.

L&I Performance

Callan Periodic Table of Investment Returns

Calendar Year Returns					Cumulative Returns (Period Ending 6/30/25)					
2020	2021	2022	2023	2024	15 Years	10 Years	5 Years	3 Years	1 Year	1 Quarter
MSCI ACWI IMI	NCREIF ODCE Value Wt (Net)	NCREIF ODCE Value Wt (Net)	MSCI ACWI IMI	MSCI ACWI IMI	MSCI ACWI IMI	MSCI ACWI IMI	MSCI ACWI IMI	MSCI ACWI IMI	MSCI ACWI IMI	MSCI ACWI IMI
16.25%	21.02%	6.55%	21.58%	16.37%	10.51%	9.69%	13.39%	16.80%	15.89%	11.62%
Bloomberg Credit	MSCI ACWI IMI	Bloomberg ABS	Bloomberg Credit	Bloomberg ABS	NCREIF ODCE Value Wt (Net)	NCREIF ODCE Value Wt (Net)	NCREIF ODCE Value Wt (Net)	Bloomberg ABS	Bloomberg CMBS IG	Bloomberg CMBS IG
9.35%	18.22%	-4.30%	8.18%	5.02%	7.31%	4.42%	2.54%	4.30%	7.78%	1.86%
Bloomberg Government	Bloomberg ABS	Bloomberg CMBS IG	Bloomberg ABS	Bloomberg CMBS IG	Bloomberg CMBS IG	Bloomberg Credit	Bloomberg ABS	Bloomberg Credit	Bloomberg Credit	Bloomberg Credit
7.94%	-0.34%	-10.94%	5.54%	4.96%	3.64%	2.80%	1.94%	4.19%	6.83%	1.82%
Bloomberg CMBS IG	Bloomberg CMBS IG	Bloomberg MBS	Bloomberg CMBS IG	Bloomberg Credit	Bloomberg Credit	Bloomberg CMBS IG	Bloomberg CMBS IG	Bloomberg CMBS IG	Bloomberg MBS	Bloomberg ABS
7.61%	-0.90%	-11.81%	5.29%	2.03%	3.50%	2.56%	1.01%	3.89%	6.52%	1.38%
Bloomberg ABS	Bloomberg MBS	Bloomberg Government	Bloomberg MBS	Bloomberg MBS	Bloomberg ABS	Bloomberg ABS	Bloomberg Credit	Bloomberg MBS	Bloomberg ABS	Bloomberg MBS
4.52%	-1.04%	-12.32%	5.05%	1.20%	2.36%	2.30%	0.12%	2.32%	6.33%	1.14%
Bloomberg MBS	Bloomberg Credit	Bloomberg Credit	Bloomberg Government	Bloomberg Government	Bloomberg MBS	Bloomberg MBS	Bloomberg MBS	Bloomberg Government	Bloomberg Government	Bloomberg Government
3.87%	-1.08%	-15.26%	4.09%	0.62%	1.83%	1.30%	-0.60%	1.57%	5.31%	0.85%
NCREIF ODCE Value Wt (Net)	Bloomberg Government	MSCI ACWI IMI	NCREIF ODCE Value Wt (Net)	NCREIF ODCE Value Wt (Net)	Bloomberg Government	Bloomberg Government	Bloomberg Government	NCREIF ODCE Value Wt (Net)	NCREIF ODCE Value Wt (Net)	NCREIF ODCE Value Wt (Net)
0.34%	-2.28%	-18.40%	-12.73%	-2.27%	1.69%	1.22%	-1.53%	-6.21%	2.67%	0.81%

Bond Portfolio Index Composition

	Accident Fund 608	Medical Aid Fund 609	Pension Reserve Fund 610
Bloomberg Credit	50.0%	50.0%	50.0%
Bloomberg Intermediate Government	37.5%	46.0%	25.0%
Bloomberg Long Government	10.0%	1.5%	22.5%
Bloomberg Securitized	2.5%	2.5%	2.5%
Total Bond Benchmark	100.0%	100.0%	100.0%

- Bond indices differ across the three programs, though each have 47.5% allocated to government debt, 50% to credit, and 2.5% to Securitized
- The fixed income component of each program's custom index reflects the duration and maturity structures of each applicable program

Prepared by Callan, LLC, based upon data provided by WSIB as of 06/30/2025. Source: WSIB Labor and Industries' Insurance Fund Policy 2.20.100.

Comparison of Fixed Income Portfolios to Fixed Income Indices

Second Quarter 2025

Comparison of Funds to Benchmarks as of June 30, 2025

Portfolios	Sector Allocation			Duration		
	Accident	Medical	Pension	Accident	Medical	Pension
Cash	0.6%	0.7%	0.6%	0.0	0.0	0.0
Govt	16.2%	15.6%	16.5%	6.7	7.7	13.9
Credit	79.4%	80.0%	80.0%	7.1	6.1	8.1
MBS	0.9%	2.9%	1.5%	4.3	4.4	3.9
CMBS	2.9%	0.8%	1.3%	2.9	1.6	1.5
ABS	0.0%	0.0%	0.0%	0.0	0.0	0.0
Total	100%	100%	100%	6.8	6.3	2.0

Benchmarks	Accident	Medical	Pension	Accident	Medical	Pension
Govt	47.5%	47.5%	47.5%	5.9	4.0	8.9
Credit	50.0%	50.0%	50.0%	6.7	6.7	6.7
Securitized	2.5%	2.5%	2.5%	5.8	5.8	5.8
Total	100%	100%	100%	6.3	5.4	7.7

Difference	Accident	Medical	Pension	Accident	Medical	Pension
Cash	-0.6%	-0.7%	-0.6%	0.0	0.0	0.0
Govt/MBS	+30.4%	+29.1%	+29.5%	-0.6	-3.2	-4.2
Credit	-29.4%	-30.0%	-30.0%	-0.4	0.5	-1.5
CMBS	-0.4%	+1.7%	+1.2%	2.9	4.2	4.3
ABS	+0.0%	+0.0%	+0.0%	0.0	0.0	0.0
Total	0%	0%	0%	0.5	0.9	-5.7

	Maturity Breakdown					
	Accident		Medical Aid		Pen. Reserve	
	Port	Index	Port	Index	Port	Index
0-5 yrs	36%	48%	40%	54%	28%	39%
5-10 yrs	38%	26%	40%	29%	22%	23%
10-20 yrs	10%	11%	9%	7%	17%	16%
20+ yrs	16%	15%	11%	10%	33%	22%
	100%	100%	100%	100%	100%	100%
% Credit	79%	50%	80%	50%	80%	50%
Duration	6.83	6.31	6.25	5.36	1.99	7.70

Portfolio Long Bonds			
	Accident	Medical	Pension
10-20 yrs	10%	9%	17%
20+ yrs	16%	11%	33%
	26%	20%	50%

Benchmark Sector Allocations vs L&I Portfolio					
	Accident	Medical	Pension	BM Av	L&I
Cash					1%
Govt	48%	48%	48%	48%	17%
Credit	50%	50%	50%	50%	79%
Securitized	3%	3%	3%	3%	3%
	100%	100%	100%	100%	100%

Prepared by Callan, LLC, based upon data provided by WSIB as of 6/30/2025. Benchmark data obtained from Bloomberg.

Portfolio Composition as of June 30, 2025

Ending Balances	Accident Fund (608)	Medical Aid Fund (609)	Pension Reserve Fund (610)	Supplemental Pension Fund (881)	Total (\$)	Total (%)
Fixed Income Portfolio	\$6,617,909,151	\$6,100,656,126	\$4,827,977,373	\$211,474,976	\$17,795,353,211	82.6%
Cash	\$40,207,510	\$44,973,674	\$30,685,162	\$37,335,584	\$153,201,929	0.7%
Government	\$1,073,057,208	\$951,062,792	\$797,139,156	\$208,532,959	\$3,029,792,115	14.1%
Credit	\$5,252,755,523	\$4,881,002,524	\$3,861,778,036	\$2,942,017	\$13,998,478,099	65.0%
Securitized	\$251,888,910	\$223,617,137	\$138,375,020	\$0	\$613,881,067	2.8%
Equity Portfolio	\$1,224,138,076	\$1,647,621,696	\$597,274,209	\$0	\$3,469,033,980	16.1%
Real Estate	\$102,987,603	\$103,561,115	\$77,180,817	\$0	\$283,729,535	1.3%
Total Portfolio	\$7,945,034,830	\$7,851,838,937	\$5,502,432,399	\$248,810,560	\$21,548,116,726	100.0%
<i>Target Equity Allocation</i>	15.0%	20.0%	10.0%	0.0%		
<i>Target Fixed Income Allocation</i>	80.0%	75.0%	85.0%	100.0%		
<i>Target Real Estate Allocation</i>	5.0%	5.0%	5.0%	0.0%		

- Data above reflects portfolio composition as of the most recent quarter-end

Quarterly Performance of Custom Index Components

Second Quarter 2025

Bloomberg Benchmarks	April	May	June	2Q2025	Duration (yrs)
Bloomberg Credit	0.06%	-0.07%	1.83%	1.82%	6.68
Bloomberg Intermediate Government	1.07%	-0.56%	0.94%	1.45%	3.61
Bloomberg Long Government	-1.08%	-2.86%	2.50%	-1.51%	14.72
Bloomberg Securitized	0.33%	-0.86%	1.73%	1.18%	5.81

MSCI Equity Index Returns	April	May	June	2Q2025
MSCI ACW IMI Net w/ US Gross	0.95%	5.81%	4.56%	11.69%

- Each sub-component of the Bond benchmarks consists of the respective Bloomberg index
- Equity benchmark is the Morgan Stanley All-Country World Investable Market Index (ACW IMI) Net with US Gross

Prepared by Callan, LLC, based upon data provided by WSIB as of 6/30/2025. Benchmark performance obtained from Bloomberg and MSCI.

Total Portfolio Performance

L&I Total Investment Portfolio Performance as of June 30, 2025

			Annualized Returns					
	1 Quarter	YTD	1 Year	3 Years	5 Years	10 Years	20 Years	Since Inception
Accident Fund (608)	3.05%	5.17%	7.95%	5.78%	2.17%	3.91%	4.71%	6.06%
Total Benchmark	2.86%	4.92%	7.93%	5.82%	2.19%	3.76%	4.35%	
<i>difference</i>	+19	+25	+2	-4	-2	+15	+36	
Medical Aid Fund (609)	3.64%	5.56%	8.64%	6.62%	3.19%	4.26%	4.95%	6.01%
Total Benchmark	3.57%	5.28%	8.70%	6.81%	3.34%	4.14%	4.62%	
<i>difference</i>	+7	+28	-6	-19	-15	+12	+33	
Pension Reserve Fund (610)	2.22%	4.73%	6.96%	3.91%	0.05%	3.23%	4.35%	6.28%
Total Benchmark	2.03%	4.53%	7.48%	4.63%	0.47%	3.11%	4.02%	
<i>difference</i>	+19	+20	-52	-72	-42	+12	+33	

Please refer to the accompanying performance disclosures

Prepared by Callan, LLC, based upon data provided by WSIB as of 6/30/2025.

Fixed Income Portfolio Performance

L&I Fixed Income Portfolio Performance as of June 30, 2025

			Annualized Returns					
	1 Quarter	YTD	1 Year	3 Years	5 Years	10 Years	20 Years	Since Inception
Accident Fund (608)	1.68%	4.37%	6.51%	3.67%	-0.01%	2.70%	4.05%	5.65%
Bond Benchmark	1.34%	4.03%	6.36%	3.57%	-0.12%	2.47%	3.62%	
difference	+34	+34	+15	+20	+11	+23	+43	
Medical Aid Fund (609)	1.76%	4.48%	6.72%	3.85%	0.41%	2.68%	4.04%	5.14%
Bond Benchmark	1.59%	4.09%	6.68%	3.90%	0.43%	2.44%	3.60%	
difference	+17	+39	+4	-5	-2	+24	+44	
Pension Reserve Fund (610)	1.21%	4.15%	5.93%	2.44%	-1.56%	2.32%	3.83%	5.72%
Bond Benchmark	0.96%	3.92%	6.43%	3.10%	-1.16%	2.17%	3.47%	
difference	+25	+23	-50	-66	-40	+15	+36	

Please refer to the accompanying performance disclosures

Prepared by Callan, LLC, based upon data provided by WSIB as of 6/30/2025.

Appendix: Washington L&I Financial Statement Adjustments & Peer Analysis

L&I Financial Adjustments

	2020	2021	2022 BV	2022 FV	2023 BV	2023 FV	WA (Book Value)
Net Premiums Earned	1,906,058	1,615,275	1,854,763	1,854,763	1,950,901	1,950,901	2,053,238
Self-insured 2nd injury pension reserve assessment	46,079	1,722	48,673	48,673	18,921	18,921	24,577
Self-insured cash funded & bonded pension reimb	26012	16,754	34,994	34,994	28,689	28,689	46,119
Adj. Net Premium Earned	1,978,149	1,633,751	1,938,430	1,938,430	1,998,511	1,998,511	2,123,934
Net Investment Income Earned	496,981	466,272	456,375	456,375	504,416	504,416	592,620
Benefits Incurred	2,399,615	2,375,849	1,820,267	1,820,267	2,230,686	2,230,686	2,063,714
Claims Administration Expenses Incurred	253,559	261,173	208,173	208,173	210,420	210,420	231,836
Premium admin expense incurred	47756	47,220	46,436	46,436	47,942	47,942	51,351
General insurance admin expense incurred	24775	26,787	24,156	24,156	28,612	28,612	28,799
Other agency expense incurred	24355	24,442	23,738	23,738	24,808	24,808	24,629
Unadjusted Underwriting expense	96,886	98,449	94,330	94,330	101,362	101,362	104,779
Self-insured admin expense incurred	35184	35,358	35,556	35,556	37,714	37,714	37,803
Underwriting expenses before other income	132,070	133,807	129,886	129,886	139,076	139,076	142,582
Self-insured admin expense assessments	34294	36,334	39,213	39,213	37,883	37,883	41,959
Fines, penalties, interest	0	23,604	35,858	35,858	41,976	41,976	44,956
Other income	9867	11,159	9,688	9,688	10,790	10,790	9,982
Total other income (expense offset)	-44,161	-71,097	-84,759	-84,759	-90,649	-90,649	-96,897
Adj. Insurance admin expense incurred	87909	62,710	45,127	45,127	48,427	48,427	45,685
Non-insurance admin expense incurred	90165	99,929	87,947	87,947	112,839	112,839	106,464
Adj. underwriting expense incurred	178,074	162,639	133,074	133,074	161,266	161,266	152,149
Adj. Total Expenses	2,831,248	2,799,661	2,161,514	2,161,514	2,602,372	2,602,372	2,447,699
Memo: Statutory Total Expenses	2,875,439	2,870,758	2,246,273	2,246,273	2,693,021	2,693,021	2,544,596
Net Investment Realized Gains (losses)	272,266	299,787	141,858	141,858	139,573	139,573	16,179
Adj. Net Income	-83,852	-399,851	375,149	375,149	40,128	40,128	285,034
Memo: Statutory Net Income	-45,315	-401,102	376,936	376,936	39,743	39,743	350,518

At L&I's request, adjust premiums and underwriting expenses
Source: L&I statutory financial statements (thousands of dollars)
Latest year shown on right side. Years shown are fiscal years.

L&I Adjusted Ratios

	2020	2021	2022 BV	2022 FV	2023 BV	2023 FV	WA (Book Value)
Adjusted Ratios							
Loss Ratio	121.3%	145.4%	93.9%	93.9%	111.6%	111.6%	97.2%
LAE Ratio	12.8%	16.0%	10.7%	10.7%	10.5%	10.5%	10.9%
Loss and LAE Ratio	134.1%	161.4%	104.6%	104.6%	122.1%	122.1%	108.1%
Expense Ratio (incl. non-insurance)	9.0%	10.0%	6.9%	6.9%	8.1%	8.1%	7.2%
Combined Ratio (pre-dividend)	143.1%	171.4%	111.5%	111.5%	130.2%	130.2%	115.2%
Investment Income Ratio	25.1%	28.5%	23.5%	23.5%	25.2%	25.2%	27.9%
Operating Ratio	118.0%	142.8%	88.0%	88.0%	105.0%	105.0%	87.3%
Adj. Investment Income Ratio	33.3%	94.0%	-11.3%	-11.3%	43.3%	43.3%	53.0%
Adj. Operating Ratio	109.9%	77.4%	122.8%	122.8%	87.0%	87.0%	62.3%

Source: L&I statutory financial statements
 Latest year shown on right side. Years shown are fiscal years.

Peer Group Composition

GAAP/IFRS peer group consists of four plans and a simple average is shown for representation

	WA (Book Value)	WA (Fair Value)	Ohio	North Dakota	WorkSafe BC	Alberta WCB	GAAP/IFRS
Adj. Net Premium Earned	2,123,934	2,123,934	1,238,848	181,037	2,365,775	1,539,382	1,331,261
Net Investment Income Earned	592,620	592,620	1,017,534	125,198	2,701,369	1,599,972	
Benefits Incurred	2,063,714	2,063,714	1,300,187	72,248	1,636,129	1,560,927	1,142,373
Claims Administration Expenses Incurred	231,836	231,836	407,027	15,866	374,489	183,564	245,237
Adj. underwriting expense incurred	152,149	152,149	172,165	29,808	322,005	179,900	175,969
Dividend	0	0	9	79,483	0	0	
Cash & Investments	21,524,436	19,711,907	21,299,803	2,136,946	26,133,383	14,152,602	15,930,683
Surplus	5,489,503	3,676,974	8,171,846	1,044,634	8,441,081	1,233,743	4,722,826

Washington is shown on both a Book Value basis and a Fair Value basis

- Fair Value is lower than Book Value because interest rates have increased over time, causing bond prices to decline on a Fair Value basis.

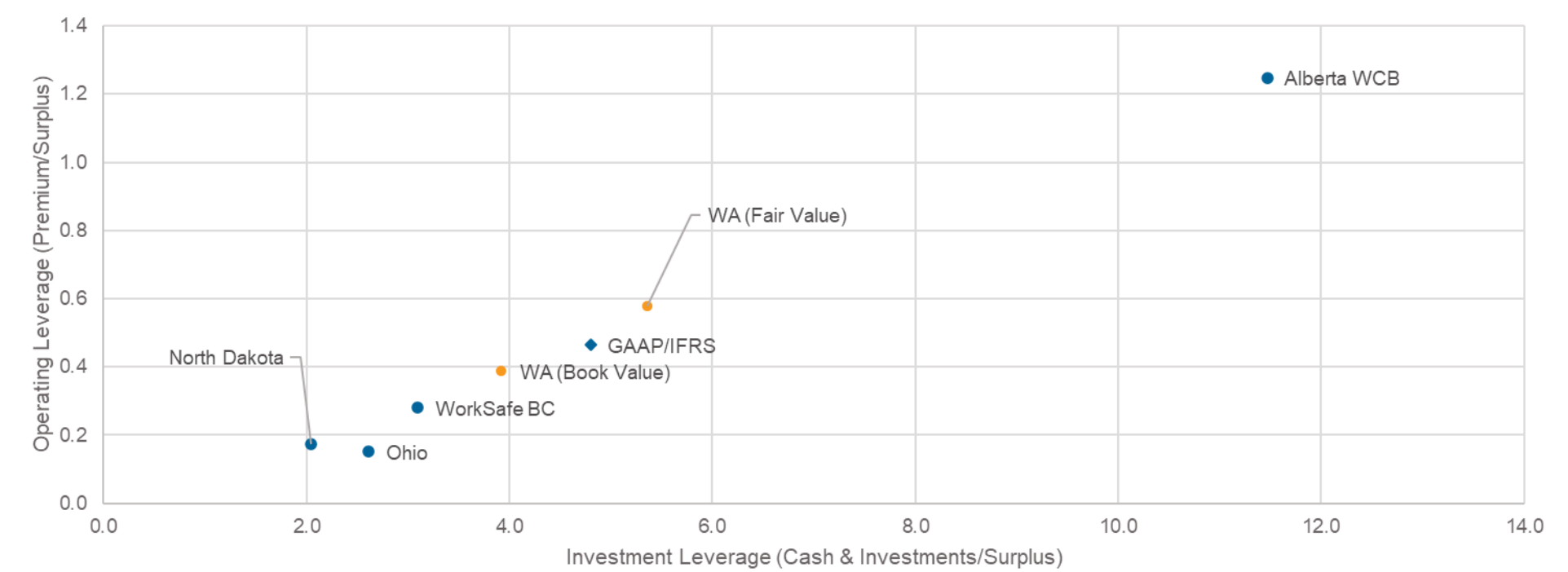
Most constituents of the GAAP/IFRS peer group are smaller than Washington, as measured by premiums

Source: Callan, respective financial statements. Fiscal Year 2024

For Washington, difference in in Book Value and Fair Value of Admitted Assets disclosed on page 80 of statutory accounting financial statements

Contingency Reserve is Surplus

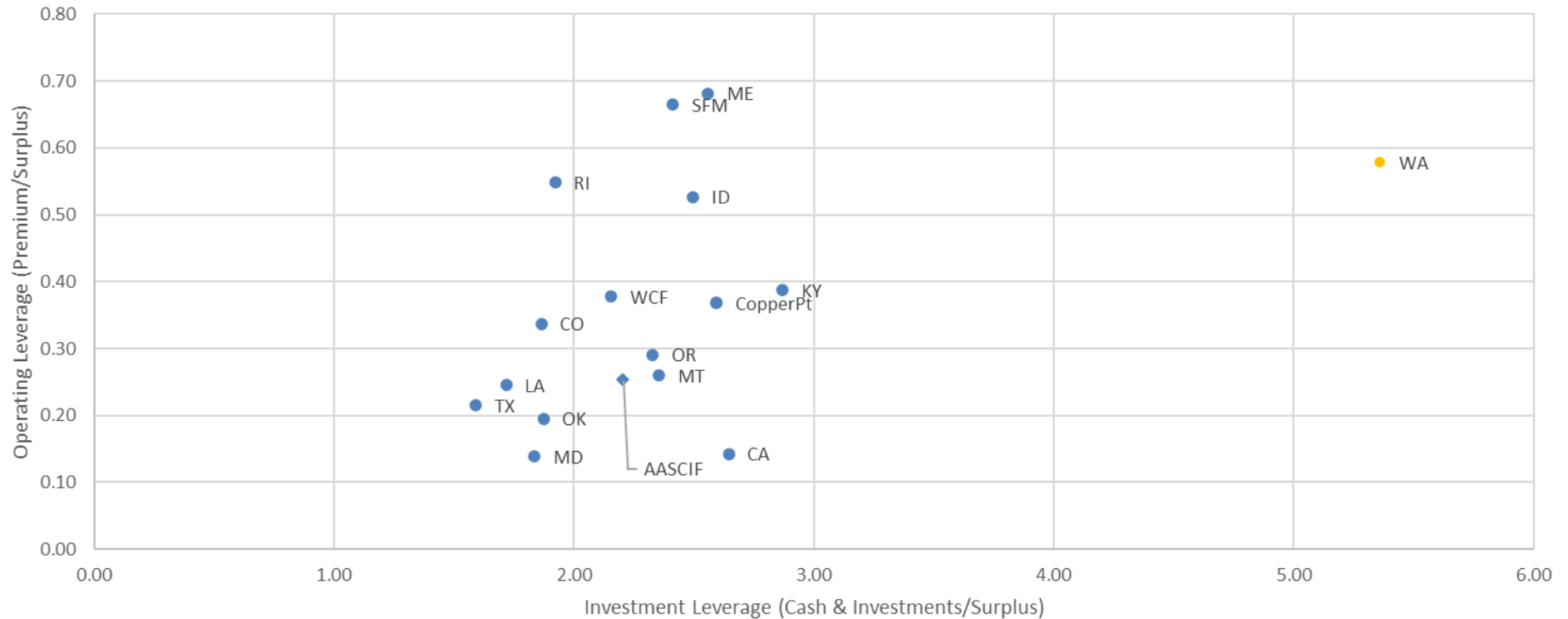
Peer Comparison: Operating Leverage vs. Investment Leverage



Operating leverage is an indicator for the sensitivity of surplus to risks associated with underwriting
Investment Leverage is an indicator for the sensitivity of surplus to risks associated with investing
Alberta and North Dakota are both outliers due to very low and very high surplus levels, respectively

Source: Callan, respective financial statements. Fiscal Year 2024
Contingency Reserve is Surplus

Peer Comparison: Operating Leverage vs. Investment Leverage



Operating leverage is an indicator for the sensitivity of surplus to risks associated with underwriting

Investment Leverage is an indicator for the sensitivity of surplus to risks associated with investing

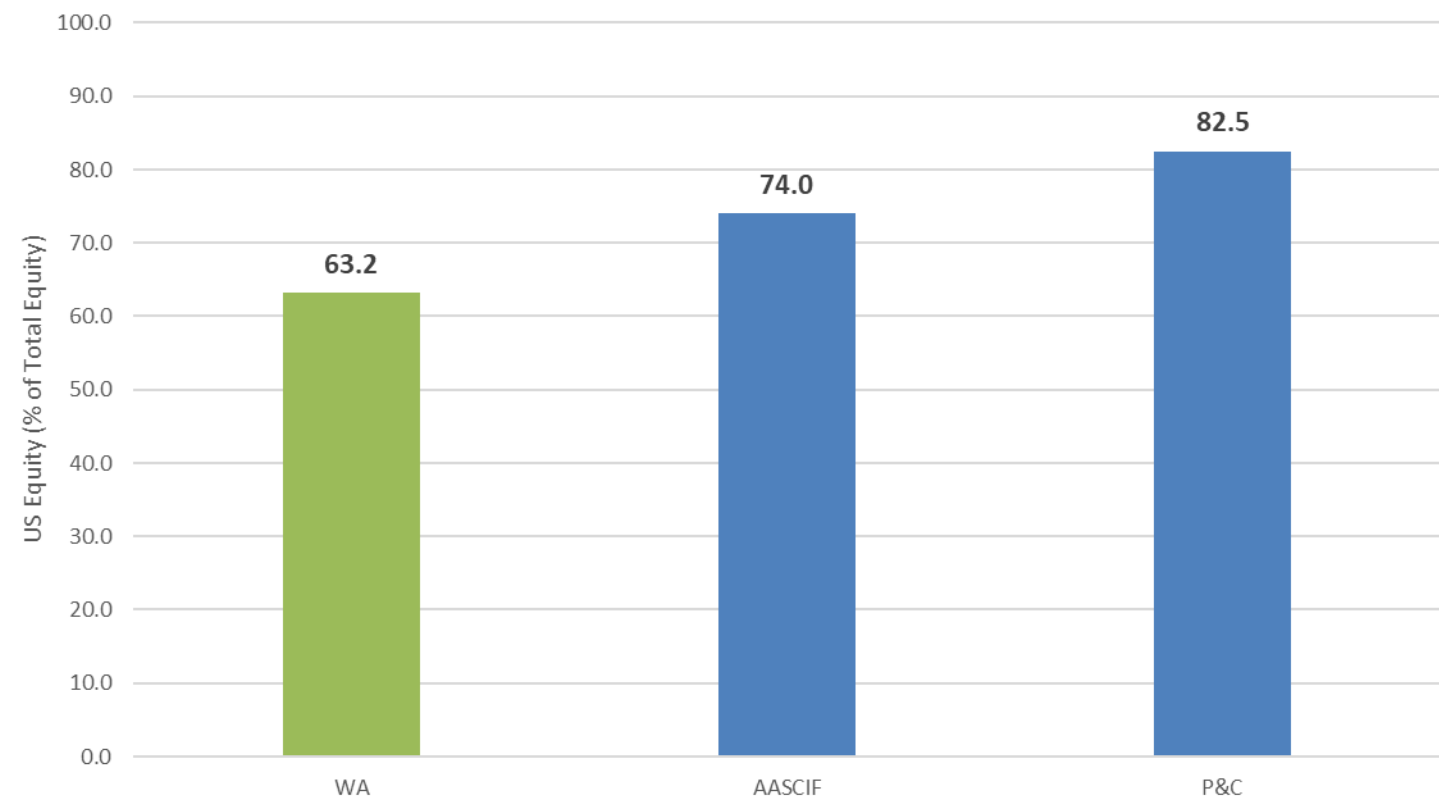
AASCIF peers have varying levels of operating leverage, but tended to exhibit lower investment leverage than Washington

Source: Callan, BlackRock, S&P Capital IQ. Fiscal Year 2024.

AASCIF peer group is comprised of 15 peer workers' compensation insurers. P&C represents the broad Property & Casualty insurance industry.

Contingency Reserve is Surplus

Peer Comparison: Domestic Equity Allocation



While the peer group exhibits a home country bias, Washington does not

Source: Callan, BlackRock, S&P Capital IQ. Fiscal Year 2024.
AASCIF peer group is comprised of 15 peer workers' compensation insurers. P&C represents the broad Property & Casualty insurance industry.

Appendix: Disclosures and Investment Policy

Performance Disclosures

Notes to L&I Performance Reporting

1. Inception date for performance reporting is July 1, 1993 (Fiscal Year 1994).
2. Returns one year and less cumulative. Returns over one year are annualized (unless noted).
3. Callan commenced calculating the CMI returns as of July 1, 2022 and ceased calculations as of September 30, 2024.
 - a) Historical CMI returns prior to July 1, 2022 provided by previous investment consultant, Conning.
 - b) CMI returns were calculated by InvestorForce for the four quarters from 4Q99 through 4Q00.
 - c) CMI returns were re-calculated retrospectively in the 3rd quarter of 1996 to make for a better comparison with the funds; these changes increased the CMI's cumulative total returns.
 - d) CMI returns were recalculated retrospectively to the 1st quarter of 2010 in the 4th quarter of 2012 to make for a better comparison with the funds; these changes decreased the CMI's cumulative total returns.
 - e) CMI returns were recalculated retrospectively to the 2nd quarter of 2020 in the 4th quarter of 2020 to make for a better comparison with the funds.
 - f) CMI calculations ceased due to a change in WSIB investment policy effective September 19, 2024.
4. Total portfolio and asset class returns for the L&I funds are provided by the SIB's custodian bank.
5. CMIs were periodically revised prospectively to reflect changes in the investment strategies for the L&I portfolios. For example, the equity components of the CMIs have been periodically revised to use the appropriate benchmark for the index funds being utilized by the SIB. CMI's were designed to be comparable to L&I funds' long-term target asset allocations and durations.
6. Current investment policy utilizes benchmarks with specified weighted blends of fixed income indices

Investment Policy

WSIB Policy 2.20.100
Page 2 of 7



Washington State Investment Board

BOARD ADOPTED POLICY

POLICY NUMBER: 2.20.100 **EFFECTIVE DATE:** 9/19/24

TITLE: Labor and Industries' Insurance Funds **SUPERSEDES:** 6/17/19

BOARD ADOPTION: 9/19/24 **APPROVED:**

PURPOSE

This document is the investment policy for the Department of Labor and Industries' (L&I) Insurance Funds managed by the Washington State Investment Board (WSIB) and supersedes any prior Board-adopted policies. The policy allows for sufficient flexibility in the management process to capture investment opportunities, while providing parameters that will ensure prudence and care in the execution of the investment program.

The investment responsibility for the L&I Insurance Funds managed by the WSIB is granted to the WSIB in Revised Code of Washington (RCW) 51.44.100.

POLICY

Standard of Care

Under RCW 43.33A.030, trusteeship of the funds under the authority of the WSIB is vested in the voting members of the Board. The Legislature has established a standard of care for investment of all WSIB funds in RCW 43.33A.140. Additionally, the Board and its staff must comply with other state laws, such as the Ethics in Public Service Act, Chapter 42.52 RCW, as it makes its investment decisions and seeks to meet the investment objectives listed below.

Strategic Investment Objectives

All funds in the portfolio are managed in accordance RCW 43.33A.110 to achieve a maximum return at a prudent level of risk. However, in accordance with RCW 43.33A.110, the accident, medical aid, and reserve funds are managed to limit fluctuations in the industrial insurance premiums, and, subject to this purpose, achieve a maximum return at a prudent level of risk. Based on this requirement, the order of the objectives shall be:

1. Maintain the solvency of the funds.
2. Maintain premium rate stability.
3. Ensure sufficient assets are available to fund the expected liability payments.
4. Subject to those above, achieve a maximum return at a prudent level of risk.

The Supplemental Pension Fund is managed to achieve a maximum return at a prudent level of risk, consistent with the high liquidity needs of the portfolio.

Investment Performance Objectives

The investment performance objectives are intended to provide the WSIB and L&I with a way to measure the success of this investment policy, the overall asset allocation strategy, and the implementation of that strategy over time. First and foremost, the performance of the investment portfolios shall be evaluated relative to the Strategic Investment Objectives. With the first three criteria met, the actual rates of return of the portfolios will be compared to their custom benchmarks. The funds' custom benchmarks are a combination of each asset class's benchmark in the percentage allocations that represent the funds' target allocations.

Fixed Income Portfolios

The benchmarks for the four main fixed income portfolios are a weighted blend of the fixed income indices as shown in the table below.

	Accident Fund	Pension Reserve Fund	Self-Insurance Reserve Fund	Medical Aid Fund
Bloomberg U.S. Credit Index	50.00%	50.00%	50.00%	50.00%
Bloomberg U.S. Government: Intermediate Bond Index	37.50%	25.00%	25.00%	46.00%
Bloomberg U.S. Government: Long Bond Index	10.00%	22.50%	22.50%	1.50%
Bloomberg U.S. Securitized: MBS/ABS/CMBS Index	2.50%	2.50%	2.50%	2.50%

Equity Portfolios

The benchmark for the equity portfolios is the MSCI All Country World Investable Market Index (MSCI ACWI IMI) Net with U.S. Gross.

Real Estate Portfolios

The benchmark for the real estate portfolios is a total net return of 6 percent measured over a rolling 10-year period. Due to lack of a relevant shorter-term benchmark, an annualized 6 percent return for all reporting periods will be used for comparative purposes.

Risk Constraints

1. The L&I funds are to be managed to attempt to limit fluctuations in the industrial insurance premiums and, subject to that purpose, maximize return at a prudent level of risk (RCW 43.33A.110).
2. No corporate fixed income issue's or common stock holding's cost shall exceed 3 percent of the fund's market value at the time of purchase, nor shall its market value exceed 6 percent of the fund's market value at any time (RCW 43.33A.140).
3. Total market value of below investment grade credit bonds (as defined by Bloomberg U.S. Global Family of Fixed Income Indices) shall not exceed 5 percent of the total market value of the fund's fixed income portfolio.
4. Below investment grade mortgage-backed, asset-backed, or commercial mortgage-backed securities may not be purchased. If investment grade mortgage-backed, asset-backed, or commercial mortgage-backed securities are downgraded to below investment grade, the securities may continue to be held, but their total market value shall not exceed 5 percent of the total market value of the fund's fixed income portfolio.

Investment Policy

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5. If, in the judgment of the Fixed Income Senior Investment Officer and the Chief Investment Officer (CIO), liquidity in the public markets is impaired, the fixed income sector and duration ranges described in this policy will be suspended. The suspension will allow for the sale of Treasuries and reduce the likelihood of forced sales of non-Treasury securities at impaired prices. The suspension of target ranges will take effect upon written notice from the CIO to the Chief Executive Officer (CEO). If suspended, the ranges will be reinstated as soon as feasible upon return of liquidity.
6. No more than 15 percent of long-term target allocation for real estate will be invested in the equity position for a single property at the time of acquisition.

Asset Allocation

Target and Ranges

	Fixed Income	Equity	Real Estate*
Accident Fund	80% ±6	15% ±4	5% ±2
Pension Reserve Fund	85% ±5	10% ±3	5% ±2
Self-Insurance Reserve Fund	85% ±5	10% ±3	5% ±2
Medical Aid Fund	75% ±7	20% ±5	5% ±2
Supplemental Pension Fund	100%	0%	0%

*If real estate, due to timing or illiquidity, is above or below its target, fixed income will be used to offset the balance.

The Board has elected to take a gradual implementation approach to reach the strategic asset allocation target for real estate given the liquidity constraints of the asset class. When the real estate allocation is below its target, the amount of the under allocation will be invested in fixed income.

The following tables set forth the projected allocations during the implementation period. For asset allocation monitoring purposes, the initial calendar year-end implementation targets become effective upon Board adoption, and subsequent year-end implementation targets become effective at the beginning of the specified calendar year.

Implementation Target – Calendar Year-End 2024

	Fixed Income	Equity	Real Estate
Accident Fund	83.50%	15.00%	1.50%
Pension Reserve Fund	88.50%	10.00%	1.50%
Medical Aid Fund	78.50%	20.00%	1.50%
Supplemental Pension Fund	100.00%	0.00%	0.00%

Implementation Target – Calendar Year-End 2025

	Fixed Income	Equity	Real Estate
Accident Fund	82.25%	15.00%	2.75%
Pension Reserve Fund	87.25%	10.00%	2.75%
Self-Insurance Reserve Fund	87.25%	10.00%	2.75%

Medical Aid Fund	77.25%	20.00%	2.75%
Supplemental Pension Fund	100.00%	0.00%	0.00%
Implementation Target – Calendar Year-End 2026			
	Fixed Income	Equity	Real Estate
Accident Fund	81.00%	15.00%	4.00%
Pension Reserve Fund	86.00%	10.00%	4.00%
Self-Insurance Reserve Fund	86.00%	10.00%	4.00%
Medical Aid Fund	76.00%	20.00%	4.00%
Supplemental Pension Fund	100.00%	0.00%	0.00%

Asset allocation will be reviewed every 4 years, or sooner if there are significant changes in funding levels or the liability durations.

Market conditions, funding status, and liability assumptions are dynamic; therefore, WSIB staff will meet quarterly with L&I staff to review the investment portfolios.

The Board has delegated to the CEO the authority to rebalance the asset allocation within the procedures established by the WSIB. Assets will be rebalanced across asset classes when market values of the assets fall outside the policy ranges. Rebalancings will be based on market opportunities, cash flows, and the consideration of transaction costs and, therefore, need not occur immediately.

Asset Class Structure

Asset class structure is established by the Board with guidelines for staff to move assets in order to achieve the funds' overall objectives.

Equity

The equity portfolios are 100 percent passively managed in one or more commingled index funds. The commingled fund(s) may use futures for hedging or establishing a long position.

Fixed Income

The fixed income portfolios are 100 percent actively managed. The duration of each of the four main fixed income portfolios funds are managed within plus or minus 25 percent of the duration of each fund's custom fixed income benchmark. The duration of the Supplemental Pension Fund will be kept short.

Permissible Fixed Income Investments

Any and all fixed income securities are permissible unless specifically prohibited, including, but not limited to, the following:

1. U.S. Treasuries and Government Agencies.
2. Credit Bonds.
3. Investment Grade Mortgage-Backed Securities as defined by Bloomberg U.S. Global Family of Fixed Income Indices.
4. Investment Grade Asset-Backed Securities as defined by Bloomberg U.S. Global Family of Fixed Income Indices.
5. Investment Grade Commercial Mortgage-Backed Securities as defined by Bloomberg U.S. Global Family of Fixed Income Indices.
6. Investment Grade Non-U.S. Dollar Bonds.

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Fixed Income Sector Allocations

Fixed income sector allocations for funds other than the Supplemental Pension Fund are managed within the ranges presented below. These targets are long-term in nature. Deviations may occur in the short term as a result of interim market conditions. However, if a range is exceeded, the portfolios must be rebalanced to the target allocations as soon as practical.

Target Allocations for Fixed Income Sectors:	Range
U.S. Treasuries and Government Agencies	5 – 75%
Credit Bonds	20 – 80%
Asset-Backed Securities	0 – 10%
Commercial Mortgage-Backed Securities	0 – 10%
Mortgage-Backed Securities	0 – 25%
Total Market Value	100%

The Supplemental Pension Fund is managed in a manner that recognizes the high liquidity needs of the portfolio.

Market Changes and Portfolio Rebalancing

There are three instances when normal policy constraints can place unintended burdens on the portfolios through no action of the fixed income portfolio manager: changes in market interest rates, portfolio rebalancing, and rating downgrades. It is not the intent of this policy to force sales or purchases of fixed income securities that harm the portfolio or are not in the best interest of stakeholders. If any of the following cases occur, the CIO must be notified in writing.

1. If a fixed income portfolio falls outside of guidelines for sector allocations, duration, or limits on below investment grade credits, or any combination of the three, due to changes in the market interest rates and not actions by the portfolio managers, the portfolio can remain outside the guidelines until it can be rectified without harming the portfolio.
2. If a fixed income portfolio falls outside of guidelines for sector allocations, duration, or limits on below investment grade credits, or any combination of the three, due to total portfolio rebalancing, the portfolio can remain outside the guidelines until it can be rectified without harming the portfolio.
3. Credit rating downgrades by applicable rating agencies that cause the constraint regarding the limit on total below investment grade holdings to be violated do not require securities to be sold. However, additional below investment grade securities may not be purchased where the constraint has been violated.

Real Estate

The CEO has delegated the authority to make portfolio construction and investment decisions for the L&I real estate portfolio to the dedicated L&I real estate portfolio manager, consistent with policies and directives adopted by the Board.

The objectives and characteristics of the real estate portfolio are as follows:

1. The real estate portfolio will seek to generate a 6 percent annual investment return over a rolling 10-year period.
2. The majority of the return will be generated by current income, and the portfolio will intentionally be constructed with a focus on yield rather than total return.
3. The focus will generally be on making smaller investments at the asset level in order to provide maximum diversification across geography and property type.
4. The WSIB's real estate staff will primarily utilize an asset-based approach to building the L&I portfolio. While not specifically disallowed, corporate ownership will be neither anticipated nor sought.
5. The portfolio may invest through a variety of ownership structures (e.g., joint ventures, separate accounts, open-end funds, and co-investments) depending on opportunities available.
6. Property management and leasing for most real estate will be externally managed by third-party professional firms.

Real Estate Diversification

Diversification will be achieved through a combination of factors, including property type, geography, place in the capital structure, and number of properties.

The portfolio will be geographically diversified as staff will evaluate potential investments based on anticipated after-tax yield. A given country's tax regime will be a key point of consideration when evaluating potential investments.

No more than 15 percent of the long-term target allocation for real estate will be invested in the equity position for a single property at the time of acquisition. This guideline is meant to be long term and may not be possible during the build-out period.

Reporting

Performance is measured by the custodian bank and reported quarterly by WSIB staff to the Board and L&I.

WSIB staff will report internally to the CIO or designee on the fixed income implementation of this policy. This report will be prepared monthly and will include, but not be limited to, the following:

1. Current market values and allocations, by sector, compared to the policy ranges.
2. Aggregate and individual portfolio characteristics compared to guidelines.

Delinquencies and defaults will be reported to the CIO immediately.

RESPONSIBILITIES

Washington State Investment Board

The Board is responsible for approving the investment policy and setting the investment objectives, risk standards, and asset allocation of the portfolios as well as reviewing the structure, strategy, and performance of the portfolios. The Board is also responsible for the approval of recommendations made by the Public Markets Committee regarding public market components of the portfolios, including public equity investment managers, and by the Private Markets Committee regarding the private market components of the portfolios.

Public Markets Committee

The Public Markets Committee is responsible for reviewing the structure and strategy of the public market components of the portfolios and recommending any revisions to the Board. The Public Markets Committee is also responsible for recommending public equity investment managers for hire or termination, except as provided for by the Delegation of Authority Policy 1.05.100.

Private Markets Committee

The Private Markets Committee is responsible for reviewing the structure and strategy of the private market components of the portfolios and recommending any revisions to the Board.

Staff

Staff is responsible for recommending strategic asset allocation to the Board and enhancements and changes to the asset class related components of the investment policy to the Public Markets and Private Markets Committees, as appropriate. Staff is also responsible for implementing the policy, managing the assets, rebalancing the asset allocation, and reporting performance to the Board and L&I.

POLICY REVIEW

The Board shall review this policy at least once every four (4) years to ensure it remains relevant and appropriate.

Original Policy Adopted 10/20/92

Revised 6/16/94

Revised 9/21/95

Revised 10/17/96

Revised 2/19/98

Revised 8/20/98

Revised 10/25/01

Revised 4/18/02

Revised 11/21/02

Revised 5/20/04

Revised 7/21/05

Revised 9/20/07

Revised 02/21/08

Revised 10/31/08

Revised 12/17/09

Revised 12/15/11

Revised 11/15/12

Revised 1/16/14

Revised 6/15/17

Revised 12/17/20

Revised 6/17/21

Revised 9/19/24

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Callan undertakes no obligation to update the information contained herein except as specifically requested by the client.

Past performance is no guarantee of future results.

WSIB PROXY VOTING ACTIVITY FISCAL YEAR 2025

SEPTEMBER 18, 2025

Bridget Murphy, Asset Stewardship Officer
Julian Hamud, Assistant Corporate Governance Officer





AGENDA

Review Fiscal Year (FY) 2025

- Summary Results
- Market Forces
- Review of FY 2025 Proxy Voting and Results
 - Election of Directors (EoD)
 - Executive Compensation
 - Shareholder Proposals (SHPs)
 - State-level Reincorporations

Going Forward: Stewardship Priorities and Proxy Policy Discussion



WSIB PROXY VOTING SNAPSHOT

Total Meetings

3,030

FY 2025

2,970

FY 2024

Proxy Voting Proposals

28,025

FY 2025

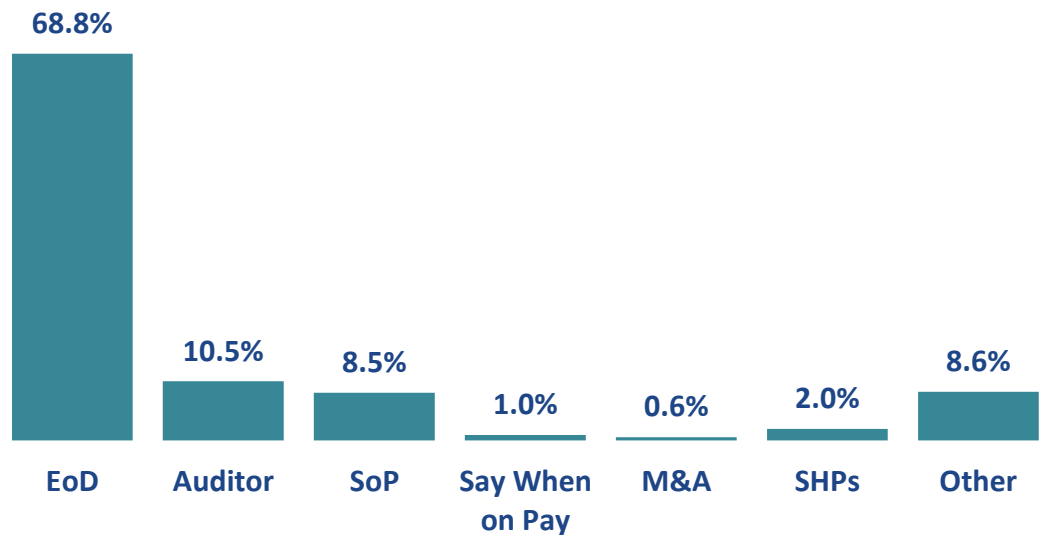
27,773

FY 2024

Including:

- Election of Directors (EoD)
- Ratification of Auditor
- Say on Pay (SoP)
- SoP Frequency (Say When on Pay)
- Mergers and acquisitions (M&A)
- Shareholder Proposals (SHPs)

FY 2025 Voting Activity



WSIB Supported Proposals

Management

89.2%

FY 2025

88.9%

FY 2024

Shareholder and Activist

54.7%

FY 2025

46.4%

FY 2024



Regulation

- Changes to U.S. Securities and Exchange Commission's (SEC) SHP "no-action" process
- Updated SEC guidance on beneficial ownership reporting rule

Litigation

- SHPs: *Exxon Mobil Corp. v. Arjuna Capital, LLC*
- Diversity/affirmative action: *Students for Fair Admissions v. Harvard*

Legislation

- Changes to U.S. state-level corporate codes
- New state laws targeting ESG investment considerations

Activism

- Higher bars for activist and investor proposals
- New proposal proponents with new approaches



ELECTION OF DIRECTORS: A CONTINUED FOCUS ON BOARD DIVERSITY, EQUAL VOTING RIGHTS, AND INDEPENDENT CHAIRS

The WSIB supported 90.6 percent of the 19,286 EoD proposals in FY 2025

- Voting trends are largely consistent with previous years

Most common voting concerns related to directors:

- Board diversity and related disclosures
- Multi-class share structure with unequal voting rights
- No independent lead or presiding director



TARGETED OPPOSITION TO DIRECTORS WHO ARE NOT ADDRESSING CLIMATE RISKS

Background

2023: New WSIB policy affecting board votes at certain companies that are not sufficiently managing climate-related risks

2024: Clarifications to this policy aligned with our Climate Blueprint

Outcomes

2025: Consistent application of policy, focusing on outliers

FY 2025

11 DIRECTORS OPPOSED
Based on Specific
Climate-Related Concerns

FY 2024: 11 DIRECTORS OPPOSED

AND

FY 2025

31 DIRECTORS OPPOSED
Based on Insufficient
Environmental and Social Oversight

FY 2024: 45 DIRECTORS OPPOSED

Background

- Proxy voting on compensation practices in the U.S. market is primarily conducted via proposals covering SoP, Say When on Pay, and stock option plans

Trends to Note

- Pay levels are on the rise, and companies continue awarding special “megagrants” despite persistent shareholder concern

Director-Level Escalation

- Advisory SoP votes provide feedback to companies, but binding director-level votes are more significant
- Compensation decisions are traceable to a responsible committee

FY 2025

2,383	1,971	82.7%	84
Total SoP Votes	Proposals Supported	% of Total	Directors Opposed Based on Pay Issues


FY 2024

2,395	1,980	82.7%	77
Total SoP Votes	Proposals Supported	% of Total	Directors Opposed Based on Pay Issues

Activism

- Disconnect between pay and performance
- Concerns regarding pay practices
- Insufficient response to shareholder dissent

CASE STUDIES: PAYING FOR LEADERSHIP TRANSITIONS

Company	Issue	Assessment	WSIB Vote
Capital Markets Company A	High pay for multiple executives as part of planned CEO transition	<ul style="list-style-type: none">■ Good disclosure of approach, benchmarks, and one-time nature of decisions■ Meaningful commitments around go-forward practices	
Capital Markets Company B	Company provided special equity awards for the CEO after saying they would not do so	<ul style="list-style-type: none">■ Excessive compensation and concerning pay practices	 (EoD and SoP)

Background

- Voting decisions for SHPs are complicated by nuanced approaches and unpredictable topics
 - Proposals can be broadly focused on topics like long-term climate planning or as narrowly focused as on participation in a single survey
 - Our proxy voting policy provides broad guidance for most topics and allows for case-by-case assessments
- These proposals are often in the spotlight, but they are not necessarily the most impactful facet of proxy voting or asset stewardship
- SHP proponents include a broader range of entities, including non-profit advocacy groups, faith-based organizations, and politically motivated interests
- A proponent's affiliations and/or ideology do not affect voting decisions

The WSIB's voting approach remains rooted in fiduciary duty and materiality, in line with our proxy voting policy and organizational mission

WSIB: FEWER PROPOSALS, NARROWER TOPICS, HIGHER SUPPORT LEVELS

Significant decrease in the number of SHPs voted, driven by high numbers of withdrawals and grants of no-action relief by SEC

		2025	WSIB Support Rate	2024	WSIB Support Rate
Shareholder Proposals		563	54.7%	692	46.4%
Environmental (E)		87	41.4%	116	39.7%
Social (S)		162	41.4%	258	42.6%
Governance (G)	Traditional Resolutions	189	86.2%	188	71.8%
	Dissident Directors	51	49.0%	26	30.8%
Compensation		56	25.0%	85	14.1%
Miscellaneous		18	16.7%	19	31.6%

Market support for SHPs declined from previous years

- Majority support remains a rarity in the U.S. market
- Average support for S&P 1500 environmental and social (E&S) proposals was 14.0 percent¹
 - Less than half the average from only three years ago
 - Decline is apparent even excluding consistently unpopular ESG-skeptic proposals
- Support for governance (G) resolutions remains higher, as “best practices” are more established

A 10-YEAR LOW
E&S proposal support at its lowest level in a decade²

¹EY Center for Board Matters, 2025 Proxy Season Review: Four Key Takeaways. <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-us/campaigns/board-matters/documents/ey-cbm-2025-proxy-review-final-us-score-us.pdf>. ²Lindsey Steward, The 2025 Proxy Season in 7 Charts. Morningstar. <https://www.morningstar.com/sustainable-investing/2025-proxy-season-7-charts>.

ESG-SKEPTIC SHPS PROLIFERATE BUT ARE NOT GAINING TRACTION WITH SHAREHOLDERS

SHPs historically advanced traditional E&S considerations, albeit with a varying focus on financial materiality

Recent ESG-skeptic proposals question the benefits, fairness, and legality of ESG-related practices, primarily E&S proposals

ESG-skeptic proposal quality has increased in many cases, but most voting shareholders remain unconvinced

**25.0% OF E&S PROPOSALS
WERE ESG-SKEPTIC**

Average Voting Support for SHPs

26.0%




Excluding
ESG-Skeptic

2.8%

ESG-Skeptic

Resubmission Threshold for First-Time Proposals: 5.0%



Company	Resolution	Assessment	WSIB Vote
Financial Services Company	Shareholder Proposal Regarding Racial Equity Audit	<ul style="list-style-type: none">■ Adoption of proposal could help shareholders better understand human capital risks■ There are laws related to pay parity	
Insurance Company	Shareholder Proposal Regarding Disclosure of Greenhouse Gas Emissions	<ul style="list-style-type: none">■ Disclosure of emissions is reasonable and would better align company with peers■ Climate issues remain material for the company	
Hotels, Restaurants and Leisure Company	Shareholder Proposal Regarding Report on Cost Savings of Smoke-free Policy	<ul style="list-style-type: none">■ Given the company- and industry-specific risks, additional reporting is warranted	

CASE STUDIES: PROPOSALS TARGETING REPORTING ON DEVELOPING ISSUES

Company	Resolution	Assessment	WSIB Vote
Interactive Media and Services Company	Shareholder Proposal Regarding Transparency Report on Data Collection and Advertising Practices	<ul style="list-style-type: none">■ Adoption of this proposal could help mitigate potential regulatory and reputational risks	
Interactive Media and Services Company	Shareholder Proposal Regarding Report on Risks of AI Data Sourcing	<ul style="list-style-type: none">■ Additional disclosure would benefit shareholders and stakeholders	
Food Products Company	Shareholder Proposal Regarding Report on Recyclability Claims	<ul style="list-style-type: none">■ The company has made reasonable commitments which may sufficiently address the proposal's concerns	

STATE-LEVEL REINCORPORATIONS: MUCH ADO ABOUT A FEW?



Talk of a “Dexit”

Recent Delaware legislation weakened shareholder protections as other states change corporate codes to favor boards and management

- The lure of codes favorable to company insiders has driven more competition for corporate charters
- Recent departures have raised questions about its primacy
- For shareholder rights, Delaware law remains the gold standard

Yes, But...

More than 2 million legal entities are incorporated in Delaware, including two-thirds of the Fortune 500¹

WSIB Voting

- WSIB voted on more reincorporations in 2025, but the total number remains low
- Vote considerations include corporate codes in the proposed state, structure of the proposed bylaws, and company-provided rationales for the move

FY 2025: 20

25.0%

For: 5

75.0%

Against: 15

FY 2024: 12

91.7%

For: 11

8.3%

Against: 1

Reminder

In April 2025, the Board approved additional detail in the proxy voting guidelines around change in state of incorporation

¹Mingson Lau, “Delaware is the incorporation capital, but other states are making moves”. Associated Press, June 23, 2025.
<https://apnews.com/article/business-incorporation-delaware-texas-nevada-dexit-oklahoma-7aa1f738096dec9498f0e8139e6fc7aa>.



Stewardship Priorities

Proxy Voting

- Further alignment between proxy voting practices with evolving WSIB Climate and DEI Blueprints, as well as regulatory developments
- Further enhancements to oversight of voting delegated to managers and related reporting

Engagement

- Advance public company engagement program, with a focus on shareholder rights and core corporate governance principles, as well as alignment with proxy voting decisions

2025 Proxy Policy Review

- Enhancement of compensation policies
 - Issue-specific standards
 - Section reorganization
- Breakout of human capital-related SHP policies

POLICY NUMBER: 2.05.200**EFFECTIVE DATE:** 4/17/25**TITLE:** Global Proxy Voting Policy**SUPERSEDES:** 2/15/24**BOARD ADOPTION:** 02/15/24**REVIEWED:**

PURPOSE

One of the principal forms of participation in corporate governance by investors is through the proxy vote. This policy and the associated guidelines form the basis of the Washington State Investment Board's (WSIB) participation in proxy voting.

The proxy vote is an asset of the WSIB and, as with all assets of the Board, must be managed prudently for the exclusive benefit of the beneficiaries. The root of the corporate governance issue for investors is the separation of ownership from control. The agent—management—may not have the same interests as the principal—the shareholders. Investors invest in equity for good risk adjusted returns, but the power relationship between the investor and the company is unequal. Company management possesses more information and has more ability to act than either the board of directors or the shareholders. The rights of investors to act are limited, sometimes severely. Investors depend on company directors to look after their interests, but the results are not always satisfactory despite the best intentions of the directors. The agency problem may produce a misalignment of interests that can be detrimental to the interests of the shareholders.

The traditional view of corporate governance participation by investors is that an investor who believes governance is important and who is dissatisfied with a company's governance structure will sell the stock. But for institutional investors like the WSIB with their long investment horizon and relatively constant asset allocations, and particularly for those with allocations to passive index funds, exit via stock sales is not a viable option. If exit isn't a prudent option, then prudent active participation becomes even more important.

Corporate governance matters because it is a powerful form of accountability for corporate management that helps to align the interests of owners and managers and thus create an investment climate more favorable to the interests of long-term, patient capital.

POLICY

The WSIB or its delegates will aim—on a best-effort basis—to vote all proposals submitted to shareholders consistent with its fiduciary duty. In exercising its judgment with respect to voting proxies, the WSIB or its delegates are governed by their primary duty to advance the long-term economic value of the investee companies, within the boundaries of prudent and responsible corporate behavior.

The WSIB developed the accompanying guidelines as general principles to guide the exercise of proxy voting rights for global equity investments, with a particular focus on U.S. investments. These guidelines address the major corporate governance issues that are typically raised by shareholders and management. These guidelines are intended to provide general direction as to particular issues. They are not meant as a substitute for careful review of ballot proposals or contextual application of the guidelines to the specific circumstances facing any company and its shareholders at any given time. The WSIB votes the issues expressly addressed in the guidelines in accordance with the guidelines, except where a different result is warranted in the context of the company, the timing, and the issue at hand.

The WSIB examines the issues not expressly addressed in the guidelines on a case-by-case basis in a manner consistent with the relevant principles set forth herein and informed by the research and recommendations of the WSIB's proxy voting advisors. The WSIB reserves the ultimate right, where necessary, and excluding the proxy votes it has contractually delegated to its international managers (as outlined in the International Proxy Voting and Market Differences section below), to specifically direct the exercise of proxy voting rights for any issue, whether or not addressed in the accompanying guidelines.

Duty

The basic fiduciary requirements under common law are the duty of loyalty and the duty of care. The prudent investor rule, as applied to proxy voting, means that a fiduciary must carefully analyze the implications of proxy proposals. These duties are (1) the fiduciary actually votes the proxies the plan is entitled to vote; (2) the fiduciary votes after careful study of the issues; and (3) the fiduciary can show why the votes cast were in the best interest of the plan beneficiaries. Consistent with its duty to maximize returns at a prudent level of risk, the WSIB does use securities lending to generate income and does not have voting rights over shares whilst they are on loan.

Strategic Role

Corporations are a cornerstone of a market economy, and as such should be governed by the principles of accountability and fairness. Shareholders are the owners of corporations and the directors are accountable to the shareholders who elect them. Investment managers and WSIB staff, in turn, are accountable to the Board and its obligation to maximize returns to beneficiaries at a prudent level of risk. This policy is therefore designed to assist the WSIB's staff and investment managers to vote proxies on behalf of the WSIB consistent with the WSIB's obligation to maximize investment return at a prudent level of risk for the exclusive benefit of fund beneficiaries.

Application

This policy and the guidelines are not intended to be a substitute for, or be in conflict with, statutory, regulatory, or stock exchange requirements. Statutory, regulatory, and stock exchange requirements shall provide the minimum requirements.

The Board delegates to the Chief Executive Officer (CEO) the authority to implement the proxy voting policy and guidelines and to ensure that the WSIB's proxy voting rights are fully and properly exercised. The CEO may make necessary updates and adjustments to the guidelines consistent with any changes in statutory, regulatory, or stock exchange requirements, the overall policy and guidelines, and upon consultation with the Chair of the Board. The Board will review the guidelines annually, at which time any updates and adjustments made to the guidelines by the CEO will be considered for affirmation and approval. The WSIB staff and the WSIB's advisors shall provide the Board with an annual report, and such other periodic reports as may be requested by the Board, summarizing the exercise of the WSIB's proxy voting rights. The WSIB will post its full proxy voting record on the public website quarterly, alongside prior voting records.

Public Equity Investments in Separate Accounts

Proxy voting may be performed by staff, contracted to a third-party vendor, or delegated to the investment manager in accordance with the guidelines developed by the WSIB.

Voting Rights in Commingled Funds

The WSIB invests in commingled funds for use in defined contributions and savings programs, although some commingled funds may be used across various other WSIB investment

programs. The WSIB does not have a direct equity position, but holds units or shares in a commingled fund. The commingled fund is responsible for establishing appropriate guidelines and voting proxies.

The WSIB will work with its fund managers to understand proxy voting issues and provide input where appropriate.

For the specific case of U.S. equity commingled accounts in the defined benefit program, the WSIB will vote proxies in the companies in which the WSIB holds an indirect public equity interest, in accordance with the guidelines developed by the WSIB and as agreed with BlackRock as a part of their Voting Choice Program.

International Proxy Voting and Market Differences

Proxy voting in international markets differs somewhat from proxy voting in the U.S. markets, due to the various country specific laws, customs, and regulations. For this reason, the WSIB typically asks its international managers, who have close knowledge of those intricacies, to vote the proxies in those markets. However, the WSIB will closely monitor these managers' proxy voting practices and policies, and report the international voting activities to the Board annually. Should the WSIB, in consideration of the Board's fiduciary duty, believe that a particular proxy should be voted a particular way, the WSIB may contact the manager to discuss the WSIB's viewpoint and express the WSIB rationale. The manager will retain the right to vote the proxy; however, the WSIB may require that the manager provide in writing a rationale as to why the manager voted the way it did, if different, from the WSIB's expressed view on a particular proxy matter.

International, as used in the policy, means non-U.S. markets.

POLICY REVIEW

The Board shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.

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Revised 12/15/92

Revised 11/18/93

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Revised 12/18/97

Revised 12/20/01

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Revised 12/17/20

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Revised 12/14/23
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PROXY VOTING GUIDELINES

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BOARD OF DIRECTORS

A Board of Directors ("board") exists to represent shareholders, protect shareholders' interests, and maximize shareholder value. The WSIB seeks board members with a proven record of protecting shareholders and delivering value over the medium- to long-term. In our view, boards working to protect and enhance the best interests of shareholders typically possess substantial independence (the definition of which may vary due to local market practice and regulations) and are comprised of members with a record of positive performance and directors with a breadth and depth of experience.

Board Composition

Director Independence

We look at each individual on the board and examine their relationships with the company, the company's executives, and with other board members. The purpose of this inquiry is to determine whether pre-existing personal, familial, or financial relationships (apart from compensation as a director) are likely to impact the decisions of that board member.

We believe a director is independent if he or she has no material financial, familial or other current relationships with the company, its executives, or other board members except for service on the board and standard fees paid for that service. Relationships that have existed within the past five years prior to the inquiry are usually considered to be "current" for purposes of this test.

Directors are not considered independent if their employer has a material financial relationship with the company. This includes a director who owns or is employed by a group that controls 20 percent or more of the company's voting stock.

Where the company does not disclose the names and backgrounds of director nominees with sufficient time in advance of the shareholder meeting to evaluate their independence and performance, we will consider abstaining on the directors' election.

Board Independence

We believe that U.S. boards should be composed of a minimum of two-thirds independent directors (this proportion will vary for other markets in accordance with local standards). Further, we believe that only independent directors should serve on a company's audit, compensation, nominating, and governance committees. The WSIB votes in a manner that encourages such a makeup or encourages change where this is not the case. We will likewise vote against insiders on this basis, though we rarely vote against a CEO to reduce the number of insiders or affiliates on the board.

We vote against directors who have consulting relationships with the company because we view those relationships as both affecting the board members' ability to act independent of the management from whom the directors received consulting contracts and as potentially interfering with the company's ability to procure services from the best advisor for the issue at hand.

Controlled Company Exception

We note that in the case of a controlled company, we do not vote against directors where the board reflects the makeup of the shareholder population.

Board Diversity

The WSIB recognizes the importance of ensuring that the board is comprised of directors who demonstrate a diverse set of skills, thought, and experience, as such diversity benefits

companies by providing a broad range of perspectives and insights. We believe that teams with cognitive diversity and diversity of background can make better decisions, and one way to achieve this is to appoint directors representing a range of racial and ethnic backgrounds, a material number of women, as well as self-identification as a member of the LGBTQ+ community.

The WSIB closely reviews the composition of the board for representation of diverse director candidates. For companies in the Russell 3000 Index, we will generally vote against the nominating/governance committee chair when fewer than 30 percent of the board seats are held by women. We also expect companies to consider and disclose how they assess racial representation on the board and, for companies in the Russell 1000 Index, will generally vote against the nominating/governance committee chair of a board when director race and ethnicity is not provided. We accept disclosures on either an individual or aggregate basis.

Depending on other factors, including the size of the company, the industry in which the company operates, the state in which the company is headquartered, and the governance profile of the company, we may extend this policy to vote against other nominating committee members. When making these voting decisions, we will carefully review a company's disclosure of its diversity considerations and may refrain from voting against directors of companies outside the Russell 3000 Index, or when boards have provided a sufficient rationale for not having an adequate number of women on the board. Such rationale may include, but is not limited to, a disclosed timetable for addressing the lack of diversity on the board and any notable restrictions in place regarding the board's composition, such as director nomination agreements with significant investors.

Director Accountability

We closely scrutinize board accountability and oversight at companies that demonstrate poor corporate stewardship. Specifically, the WSIB considers it problematic when companies lack oversight mechanisms and board accountability to shareholders.

We generally vote against directors individually, committee members, or the entire board (except new nominees) due to:

- Material failures of governance, stewardship, risk oversight, or fiduciary responsibilities
- Failure to act on a shareholder proposal that received significant support in the previous year
- A lack of responsiveness to significant shareholder opposition to management proposals in the prior year
- Failure to disclose a detailed record of proxy voting results from the last annual meeting
- Implementing bylaw or charter amendments without shareholder approval in a manner that materially diminishes shareholders' rights or that could adversely impact shareholders (including exclusive venue and fee-shifting bylaw provisions)
- Adoption of a poison pill (with a term of more than 12 months), renewal of any existing pill without shareholder approval, or other onerous provisions that may limit shareholders' rights
- The presence of a multi-class share structure and unequal voting rights when the company does not provide for a reasonable sunset of the multi-class share structure (generally seven years or less)

For companies systemically critical to the climate transition such as large companies where emissions and/or climate-related impacts represent a material risk, we may vote against

relevant members of the board due to failure to implement a strong governance and disclosure framework related to climate change risk.

Director Performance

We vote in favor of governance structures that will positively drive performance and create shareholder value. The most crucial test of a board's commitment to the company and to its shareholders lies in the actions of the board and its members. The performance of directors as board members, as well as their performance in their roles at other companies is of substantial importance.

We consider the following key performance factors, among many others, in assessing whether to support a board's nominees:

- Did a continuing director show an attention and dedication to shareholder representation by attending at least 75 percent of the board and applicable committee meetings last year?
- Does a continuing director or the director's immediate family members receive perquisites in the form of special compensation or other special benefits not ordinarily conferred on directors?
- Does the nominee sit on an excessive number of public company boards, especially in light of the director's other professional obligations?
- Does the nominee, or a member of their immediate family, provide material professional services to the company presently or in the past?
- Does or would the nominee have an interlocking directorship with an executive of the company?
- Does the nominee have a track record of service as a director or executive at a company where significant performance, transparency, environmental, social, governance, legal, or accounting problems exist or have in the past?
- Is the nominee currently the CFO or other financial executive of the company on whose board the nominee is proposed to serve?

Director Experience

We look for boards with talented directors who have a diversity of backgrounds and experience that will enable them to understand the issues particular to the company where they serve and who collectively have the ability to review and judge the critical issues they decide on behalf of shareholders.

Nominating committee charters, or equivalent, ought to reflect that boards should be diverse, including, in addition to background and experience, such considerations as age, race, gender, and ethnicity, and self-identification as a member of the LGBTQ+ community.

Audit Committee Members

Audit committee members should be independent and qualified, with at least some members of the full committee demonstrating key expertise in audit and/or finance (e.g., current or former CPAs/CFOs). The committee should take care to ensure that the auditor is not conflicted or distracted from the audit function and be mindful of the fees paid to the company's independent auditor and the services underlying those fees. It is the duty of the audit committee to oversee the company's independent auditor, its internal controls and the filing of the company's financial statements. Further, we believe shareholders' interests are best protected when the audit committee allows for shareholder ratification of the independent auditor at each annual meeting.

Board-Related Shareholder Proposals

Independent Chair (Separation of the roles of Chairman and CEO)

The WSIB believes that requiring the chairman's position be filled by an independent director or separating the roles of corporate officers and the chairman of the board, is a better governance structure than a combined executive/chairman position. The role of executives is to manage the business on the basis of the course charted by the board. Executives should be in the position of reporting and answering to the board as it relates to their performance in achieving the goals set out by such board. This becomes much more complicated when management actually sits on or chairs the board.

We view an independent chairman as better able to oversee the executives of the company and set a pro-shareholder agenda, without the management conflicts that a CEO and other executive insiders often face. This, in turn, leads to a more proactive and effective board of directors that is looking out for the interests of shareholders, above all else.

We support proposals to separate the roles of chairman of the board and CEO, except in circumstances where the existing arrangement has worked out to be economically beneficial to shareholders, so as to not warrant a change at the time proposed.

In the absence of an independent chairman, we support the existence of a presiding or lead director with authority to call a board meeting, set the agenda for any board meeting, and to lead sessions of the non-employee directors.

Staggered (Classified) Boards

The WSIB favors the annual election of directors and the repeal of staggered boards. We believe that staggered boards are less accountable to shareholders than boards that are elected annually. In our view, the annual election of directors encourages board members to focus on the interests of shareholders.

Election of Directors by a Majority Vote

The ability to elect directors is a fundamental part of shareholder rights. We believe that the plurality method currently used by a significant number of companies does not provide shareholders with meaningful input on the election of directors, since a director could be elected with as few as one vote. Therefore, we support shareholder or other proposals that recommend or require that companies adopt a majority vote standard for election of directors in uncontested elections. We vote against if no carve-out for a plurality vote standard in contested elections is included.

Proxy Access

The WSIB will consider supporting reasonable proposals requesting shareholders' ability to nominate director candidates to management's proxy ("proxy access"), as we believe that significant, long-term shareholders should have the ability to nominate their representatives to the board. The WSIB reviews proposals requesting proxy access on a case-by-case basis, and will consider the following in our analysis:

- Company size
- Existing or proposed proxy access provisions
- Board independence and diversity of skills, experience, background and tenure
- The shareholder proponent and the rationale for putting forth the proposal at the target company
- The percentage ownership requested and holding period requirement
- Shareholder base in both percentage of ownership and type of shareholder (e.g., hedge fund, activist investor, mutual fund, pension fund, etc.)

- Responsiveness of board and management to shareholders evidenced by progressive shareholder rights policies (e.g., majority voting, declassifying boards, etc.) and reaction to shareholder proposals
- Company performance and steps taken to improve poor performance (e.g., new executives/directors, spin-offs, etc.)
- Existence of anti-takeover protections or other entrenchment devices
- Opportunities for shareholder action (e.g., ability to act by written consent or right to call a special meeting)

In recent years, shareholders have requested that companies amend existing proxy access bylaws (commonly referred to as “fix it” proposals) in order to, for example, change the percentage of proxy access nominees that can be submitted to the board or to allow for a larger group limit for shareholder nominators. We will review such proposals on a case-by-case basis.

CEO Succession Planning

All companies should have succession planning policies and succession plans in place, and boards should periodically review and update them. Guidelines for disclosure of a company's succession planning process should balance the board's interest in keeping business strategies confidential, with shareholders' interests in ensuring that the board is performing its planning duties adequately.

Generally, the WSIB supports proposals seeking disclosure on a CEO succession planning policy, considering, at a minimum, the following factors:

- The company's existing disclosure on its current CEO succession planning process
- The reasonableness/scope of the request

Cumulative Voting

Cumulative voting is a voting process that maximizes the ability of minority shareholders to ensure representation of their views on the board by casting as many shares of the stock they own multiplied by the number of directors to be elected, allowing them to cast all their votes for a single (or smaller number of nominees) nominee up for election. Cumulative voting can play an especially important role where a board is controlled mainly by insiders or affiliates, or where the company's ownership structure includes one or more very large shareholders who control a majority-voting block. This voting mechanism allows for the creation of boards that are broadly responsive to the interests of all shareholders rather than simply to a small group of large holders.

The WSIB assess cumulative voting structures and related proposals on a case-by-case basis, factoring in the structure and independence of the board and the governance/shareholder structures. In instances where independence is lacking and shareholder protections are lacking, we will typically support cumulative voting.

However, if a company has adopted a true majority vote standard (i.e., where a director must receive a majority of votes cast to be elected, as opposed to a modified policy indicated by a resignation policy only), we will vote against a cumulative voting proposal, since it may be incompatible with majority voting. Furthermore, when companies have adopted some form of majority voting, but it falls short of a true majority voting standard, we will vote against cumulative voting proposals if the company has not adopted antitakeover protections and has been responsive to shareholders.

Where a company has not adopted a majority voting standard and is facing both a shareholder proposal to adopt majority voting and a shareholder proposal to adopt cumulative voting, the WSIB will support only the latter.

Mandatory Director Retirement Provisions

Director Term Limits

Term limits are not the best method for pursuing change at the board level. The experience of directors through their service over time can be a valuable asset to shareholders.

However, periodic director rotation may be appropriate to ensure a fresh perspective in the boardroom and the generation of new ideas and business strategies. Therefore, where the WSIB believes needed change has not come to the board through other means, and the length of the term is long enough to limit continuous turnover (usually 10 years or more), we may support a term limit.

Director Age Limits

Age limits are not usually in the best interests of shareholders. The experience of directors through their service over time can be a valuable asset to shareholders. Age limits unfairly imply that older or younger directors cannot contribute meaningfully to the oversight of a company.

Board Operations

Shareholders are best served when directors provide effective oversight of management, as well as of each other. Shareholder interests are enhanced when directors have a peer review process, a director training process and an executive review process in place. The WSIB supports proposals calling for these processes, where we believe the board does not have an effective process currently in place.

Director Stock Ownership

Share ownership by directors helps align directors' interests with those of other shareholders. Accordingly, we support reasonable equity compensation of directors and reasonable ownership and holding requirements for directors.

AUDIT-RELATED

Auditor Ratification

The role of the auditor is crucial to protecting shareholder value. Like directors, auditors should be free from conflicts of interest and should assiduously avoid situations that tempt them to make choices between their own interests and those of the public shareholders whom they serve. The WSIB generally supports management's recommendation regarding the selection of an auditor and supports granting the board the authority to fix auditor fees, except in cases where we believe the independence of an incumbent auditor or the integrity of the audit has been compromised.

The WSIB may vote against an auditor and/or authorizing the board to set auditor fees in limited situations, including, among others, the following:

- The auditor limited its liability through its contract with the company or the audit contract requires the corporation to use alternative dispute resolution procedures without adequate justification
- The auditor has a conflict of interest or has failed to properly fulfill its duties
- Any category of non-audit fees exceeds audit fees
- The company has had recent restatements involving auditor errors or late filings
- The company's accounting policies are aggressive

- The company has poor disclosure or a lack of transparency in its financial statements
- The company is changing auditors as a result of a disagreement between the company and the auditor on a matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures

Auditor Rotation

The WSIB supports audit-related proposals regarding mandatory auditor rotation when the rotation occurs after a reasonable period of time (usually not less than 5-7 years).

TRANSPARENCY & INTEGRITY IN FINANCIAL REPORTING

Shareholders' insight into the value of their investments and the growth potential of that investment is only as good as the information disclosed to shareholders by the company. Shareholders ultimately rely on the board members and the auditors they hire to review and approve the company's financial reporting and disclosure. Transparent disclosure to shareholders and unconflicted presentation of a company's financial position is critical to allow shareholders to make informed investment decisions. Accordingly, we believe that transparency and integrity in financial reporting is one of the most crucial matters for shareholder review and attention. We use proxy voting as a mechanism for supporting companies with transparent disclosure and for demanding transparency where it is lacking.

Accounts and Reports

Many countries require companies to submit the annual financial statements, director reports, and independent auditors' reports to shareholders at a general meeting. Shareholder approval of such proposals does not discharge the board or management. The WSIB generally votes in favor of these proposals, except when there are concerns about the integrity of the statements/reports. However, should the audited financial statements, auditor's report, and/or annual report not be published at the writing of our report, we will abstain from voting on this proposal.

COMPENSATION AND PERFORMANCE

A company's compensation practices are a key indicator of whether the company's board is looking out for the best interests of shareholders. The WSIB believes that executive and equity compensation plans are two of the most critical areas for shareholder scrutiny. First, because the company is using shareholders' money and must always do so prudently; but, equally important, this is an area that has proven to be rife with conflicts and abuse where it is not carefully monitored.

Our analysis of compensation plans is decidedly quantitative and focused on the cost of the plan, as compared to the operating metrics of the business. Our goal is to determine whether a proposed plan is absolutely excessive or is outside a reasonable deviation from the norm for its peers. We do not rely exclusively on relative comparisons, as we believe that there should be some absolute limits to avoid endless upward pressure.

Executive Compensation

Executive compensation should be linked directly with the performance of the business the executive is charged with managing. The WSIB carefully evaluates executive compensation issues at each company whose proxy it votes, to determine whether the compensation to the company's senior executives is in line with the performance of the business. Pay received by executives at a company should also not exceed those of relevant peers. The WSIB considers peer groups in evaluating executive compensation and compares both the executives' pay and the company's performance to those peers to assess whether the executive pay structure at any given company is appropriate and reasonable.

Excessive Executive Compensation

The "Tax Cut and Jobs Act" had significant implications on Section 162(m) of the Internal Revenue Code, a provision that allowed companies to deduct compensation in excess of \$1 million for the CEO and the next three most highly compensated executive officers, excluding the CFO, if the compensation is performance-based and is paid under shareholder-approved plans. The WSIB does not generally view amendments to equity plans and changes to compensation programs in response to the elimination of tax deductions under 162(m) as problematic. This specifically holds true if such modifications contribute to the maintenance of a sound performance-based compensation program.

Given the shareholder approval requirement of section 162(m), we believe that companies must provide reasonable disclosure to shareholders so that they can make sound judgments about the reasonableness of the proposed plan. We support the plan if the proposal includes specific performance goals, a maximum award pool, and a maximum award amount per employee. We also consider whether the estimated grants are reasonable and in line with the company's peers. Similar principles will be applied to executive compensation in other markets, though the specifics may vary by local market and applicable regulation.

Equity-Based Compensation Plans

The WSIB evaluates option and other equity-based compensation on a case-by-case basis. We believe that equity compensation awards are a useful tool, when not abused, for retaining and for providing appropriate incentives for employees to work to improve the performance of the company. When the cost of the plan is not in line with the performance of the business or are excessive on an absolute basis, or where the company has a pattern of excessive compensation and the proposed plan appears to continue in that tradition, we vote against the plan and encourage the company to return with a reasonable plan that reflects the economics of the business and protects value for shareholders.

We evaluate option plans based on the following overarching principles:

- Companies should seek more shares only when needed
- Plans should be small enough that companies seek approval every 3-4 years (or less) from shareholders
- If a plan is relatively expensive, it should not grant options solely to senior executives and board members
- Annual net share count and voting power dilution should be limited
- Annual cost of the plan (especially if not shown on the income statement) should be reasonable as a percentage of financial results, and in line with the company's peer group
- The expected annual cost of the plan should be proportional to the value of the business
- The intrinsic value received by option grantees in the past should be reasonable compared with the financial results of the business
- Plans should deliver value on a per-employee basis when compared with programs at peer companies
- Plans should not permit re-pricing of stock options
- Plans should not contain excessively liberal administrative or payment terms

The WSIB is assisted by a proprietary model developed by our proxy voting advisors to evaluate plans based on each of these principles and to make recommendations accordingly.

Option Exchanges

We disfavor option exchanges, which re-price options after their initial grant. We believe that employees are more likely to look after the interests of shareholders when they face the same risks shareholders face.

We may support a re-pricing if the following conditions are true:

- Officers and board members do not participate in the program
- The stock decline mirrors the market or industry price decline in terms of timing and approximates the decline in magnitude
- The exchange is value neutral or value creative to shareholders with very conservative assumptions and recognition of the adverse selection problems inherent in voluntary programs
- Management and the board make a cogent case for needing to provide incentives to and retain existing employees, such as being in a competitive employment market

Director Compensation Plans

Non-employee directors should receive compensation for the time and effort they spend serving on the board and its committees. In particular, we support compensation plans that include option grants, or other equity-based awards, which help to align the interests of outside directors with those of shareholders. Director fees should be competitive in order to retain and attract qualified individuals, especially in an environment where the responsibilities of directors are increasing. However, excessive fees represent a financial cost to the company and threaten the objectivity and independence of non-employee directors. Therefore, we believe a balance is required.

Advisory Votes on Compensation

We closely review companies' remuneration practices and disclosure, as outlined in company filings, to evaluate management-submitted advisory compensation vote proposals. In evaluating these proposals, which can be binding or non-binding depending on the country, we examine how well the company has disclosed information pertinent to its compensation programs, encourages long-termism, the extent to which overall compensation is tied to performance, the performance metrics selected by the company, and the levels of remuneration in comparison to company performance and that of its peers.

We support an annual advisory vote on executive compensation, as it provides the greatest degree of accountability and constructive communication by linking the vote to the information presented in the accompanying proxy statement for the annual shareholders' meeting.

Shareholder Proposals on Compensation

Golden Parachutes

The WSIB believes that shareholders' ratification should be required for golden parachute severance agreements that exceed Internal Revenue Service (IRS) guidelines in the U.S. (such as when they exceed 2.99 times the sum of the executive's base salary plus bonus). Accordingly, we support shareholder or other proposals that provide for such shareholder approval. We will apply similar standards, subject to local considerations, in evaluating "golden parachutes" outside the U.S.

Limit Accelerated Vesting of Equity Awards Upon a Change in Control (Pro-rata Vesting)

In the case of equity awards, their disposition in connection with a change in control is generally provided for under the equity-based incentive plan, under which they are granted.

The WSIB believes that such provisions should not “default” to automatic vesting or payout of outstanding awards upon a change in control, but rather should permit that action only as a “last resort” if there is no possibility of the awards being assumed or replaced by the surviving corporation, and subject to acceleration only if the participant’s employment terminates.

Generally, the WSIB supports proposals seeking a policy that prohibits acceleration of the vesting of equity awards to senior executives in the event of a change in control (except for pro rata vesting, considering the time elapsed and attainment of any related performance goals between the award date and the change in control).

Recoupment of Compensation in Specified Circumstances (Clawback Policy)

Many companies have adopted policies that permit recoupment in cases where an executive's fraud, misconduct, or negligence significantly contributed to a restatement of financial results that led to the awarding of unearned incentive compensation. The emerging best practice calls for recoupment not only in such cases, but also when misstated results did not involve outright fraud or misconduct, as new concerns about “risk motivating” incentives have put focus on the potential of robust clawback policies to mitigate that effect. In the U.S., rules adopted by the Securities and Exchange Commission (SEC) in effect for 2024 require public companies to maintain policies allowing for recoupment in such cases.

The WSIB assesses, on a case-by-case basis, proposals to recoup incentive cash or stock compensation made to senior executives if it is later determined that the figures upon which incentive compensation is earned turn out to have been in error, or if the senior executive has breached company policy, engaged in any misconduct, or failed to manage or monitor risks that subsequently led to significant financial or reputational harm to the company. In considering whether to support such shareholder proposals, we will take into consideration the following factors:

- The company's recoupment policy (if any)
- The rigor of the recoupment policy focusing on how and under what circumstances the company may recoup incentive or stock compensation
- The company's restatement history or track record of material financial problems
- Whether the company’s policy substantially addresses the concerns raised by the proponent
- Disclosure of recoupment of incentive or stock compensation from senior executives or lack thereof
- Any other relevant factors

In the case where a company discloses that recovery of an amount covered by the new regulation was forgone, we will consider the rationale provided on a case-by-case basis when considering votes on say-on-pay and/or director candidates.

Share Ownership Guidelines

Share ownership requirements for executives are an important tool for aligning management and shareholder interests. We believe that all top employees should be required to build and hold a meaningful level of share ownership over their first years of employment with the company. While we have not identified a level of shareholding that represents best practices for all companies, we believe that companies should determine and implement appropriate requirements. However, we generally vote against shareholder proposals that mandate a minimum amount of stock that directors must own in order to

qualify as a director or to remain on the board. While we favor stock ownership on the part of directors, the company should determine the appropriate ownership requirement.

MERGERS, CAPITALIZATION, AND CORPORATE STRUCTURE ISSUES

The WSIB considers corporate structure, capitalization, and merger issues in the context of their economic impact on shareholders. With the help of our advisers, we assess the potential impacts of these types of proposals to ensure that we are exercising our votes consistent with the best value as shareholders.

Mergers, Acquisitions, and Sale of Corporate Assets

We support mergers where we believe that the value being delivered to the WSIB is reasonable and represents the best alternative available to the company. The most critical analysis we undertake is our own analysis, with the help of our advisers, to assess whether the transaction is fair and delivers appropriate value to our fund. However, in coming to a conclusion about the economic benefits of a proposed transaction, we also consider the process employed by the board in reviewing and recommending the merger. We look at whether the board's interests are aligned with shareholders based on the details of the proposed deal. In particular, we look at executive and board member payouts associated with the proposed transaction. We consider the financial advice received by the board in support of its recommendation to ensure that the advice was unbiased and well-reasoned. The overwhelming majority of merger transactions meet these criteria, thus we regularly support them.

Capitalization

Authorized Shares

Adequate capital stock is important to the operation of a company. When analyzing a request for additional shares, we review four common reasons why a company might need additional capital stock beyond what is currently available:

- Stock split
- Anti-takeover defenses
- Financing for acquisitions
- Financing for operations

The WSIB votes for the authorization of additional shares, unless we find that the company does not have a reasonable plan for use of the proposed shares, or we believe the plan is inappropriate (e.g., to fund a poison pill or to serve as a component of some other anti-takeover defense), or where the number of shares far exceeds those needed to accomplish the proposed plan.

Blank Check Preferred Stock and Unequal Voting Rights

Blank check preferred stock which allows the board to implement unequal voting rights and other forms of stock with existing unequal voting rights, are typically counter to the interests of ordinary public shareholders. We believe that each share should have one vote and all shareholders should be treated equally in their ability to set the direction of the company, based only on their percentage of holdings. Accordingly, we favor the removal or reduction of unequal voting rights wherever possible.

Reverse Stock Splits

We also typically support reverse stock splits because they tend to allow for decreased cost by shareholders in trading the stock, and it may increase marketability of the stock.

Issuance of Shares

Issuing additional shares can dilute existing holders. Further, the availability of additional shares, where the board has discretion to implement a poison pill, can often serve as a deterrent to interested suitors. Accordingly, where we find that the company has not disclosed a detailed plan for use of the proposed shares, or where the number of shares requested are excessive, we typically vote against the issuance. In the case of a private placement, we will also consider whether the company is offering a discount to its share price.

In addition, some companies may request shareholder approval to authorize the board to issue shares with or without preemption rights over a defined time period, in order to allow the board the flexibility to finance operations and future business opportunities. In general, we will support proposals to authorize the board to issue shares, with pre-emption rights, up to a maximum of 100 percent of the issued ordinary share capital of the company. This authority should not exceed 5 years, or less for some countries. If the proposal contains a figure greater than 100 percent, the company should provide an acceptable explanation.

We will also generally support proposals to authorize the board to issue shares without pre-emption rights for a maximum of 20 percent of the issued ordinary share capital of the company. If the proposal contains a figure greater than 20 percent, the company should provide an acceptable explanation. This authority should not exceed 5 years.

Repurchase of Shares

We will recommend voting in favor of a proposal to repurchase shares when the plan includes the following safeguards: (i) a maximum number of shares which may be purchased (typically not more than 15 percent of the issued share capital), and (ii) a maximum price which may be paid for each share (as a percentage of the market price).

Corporate Structure

Multi-Class Share Structures

The WSIB believes multi-class voting structures are typically not in the best interests of common shareholders. Allowing one vote per share generally operates as a safeguard for common shareholders by ensuring that those who hold a significant minority of shares are able to weigh in on issues set forth by the board.

Furthermore, we believe that the economic stake of each shareholder should match their voting power and that no small group of shareholders, family or otherwise, should have voting rights different from those of other shareholders. On matters of governance and shareholder rights, we believe shareholders should have the power to speak and the opportunity to effect change. That power should not be concentrated in the hands of a few for reasons other than economic stake.

We therefore typically support boards and shareholder resolutions that support single class share structures over time.

Bylaw/Corporate Charter Amendments

Offshore Reincorporation

The WSIB considers the stated economic benefits of such a proposed transaction relative to the potential drawbacks of offshore reincorporation, such as decreased shareholder rights, potential business losses (including government contracting) and difficulty realizing tax advantages based on often discussed tax and legal changes by Congress. The WSIB also reviews the relevant law to assess whether the protections built into a particular locale's

code are better for shareholders than the existing forum. Where shareholder protections are enhanced or remain the same, we may support the transaction. Ultimately, we take into account all these considerations and attempt to assess the best long-term outcome from a shareholder perspective.

Interstate Reincorporation

The WSIB will carefully assess requests for companies to reincorporate from one U.S. state to another and will generally oppose moves that would result in weaker shareholder rights standards and/or corporate governance structures.

Amendments to the Articles of Association

We will evaluate proposed amendments to a company's articles of association on a case-by-case basis, considering whether:

- Management provides sufficiently valid reasons for the amendments
- Shareholder rights are protected
- There is a negligible or positive impact on shareholder value
- The company is required to do so by law (if applicable)
- They are of a housekeeping nature (updates or corrections)

We are opposed to the practice of bundling several amendments under a single proposal because it prevents shareholders from evaluating each amendment on its own merits. In such cases, we will analyze each change individually. We will vote for the proposal only when we believe that the overall effect of the amendments is in the best interests of shareholders.

SHAREHOLDER RIGHTS AND ANTI-TAKEOVER PROVISIONS

Companies sometimes seek to implement certain provisions in order to create thresholds for the exercise of shareholder rights and thresholds for takeover efforts. Where these thresholds are reasonable and do not unduly impair shareholder value and rights, the WSIB will not oppose them. In many instances, however, these thresholds seek to place undue barriers to the exercise of shareholder rights and undue barriers to legitimate takeover efforts. In such instances, the WSIB will oppose such proposals.

Shareholder Rights

Right of Shareholders to Call a Special Meeting

The WSIB strongly believes that investors should have the ability to call meetings of shareholders between annual meetings to consider matters that require prompt attention. However, in order to prevent abuse and waste of corporate resources by a small minority of shareholders, we believe that shareholders representing at least a sizable minority of shares must support such a meeting prior to its calling. If this threshold is set too low, companies might frequently be subjected to meetings that disrupt normal business operations in order to focus on the interests of only a small minority of owners. Typically we believe this threshold should not fall below 10 to 15 percent of shares, depending on company size.

Shareholder Action by Written Consent

The WSIB is generally supportive of the right for shareholders to act by written consent. However, we believe that special meetings are preferable to action by written consent, as special meetings provide more protection for minority shareholders and better ensure that management is able to respond to the concerns raised by shareholders. Accordingly, in instances where companies have established other means for shareholders to influence a company's proxy or act outside the annual meeting cycle, the WSIB may consider voting against shareholder proposals requesting that companies adopt a right for shareholders to

act by written consent. Specifically, if a company has adopted a special meeting right of 15 percent or below and has adopted reasonable proxy access provisions, the WSIB will generally vote against shareholder proposals asking companies to adopt their bylaws to provide shareholders with the right to action by written consent.

Advance Notice Requirements for Shareholder Ballot Proposals

These proposals typically attempt to require a certain amount of notice before shareholders are allowed to place proposals on the ballot. Notice requirements may be unduly lengthy, such as those that range between 3 to 6 months prior to the annual meeting. These proposals make it very difficult for shareholders to present a proposal or a director nominee, even if that proposal is in the best interests of the company and its shareholders.

We typically vote against proposals that would require advance notice of shareholder proposals or of director nominees. As a provision that may limit shareholders' rights, we also may support proposals advocating for a shareholder vote on potential changes to bylaws.

Anti-Takeover Provisions

Poison Pills (Shareholder Rights Plans)

The WSIB believes that poison pill or similar shareholder rights plans are not in the best interests of the fund or its beneficiaries. Specifically, poison pills can reduce management accountability by substantially limiting opportunities for corporate takeovers. Shareholder rights plans can thus prevent the WSIB from receiving a buy-out premium for our stock. We believe that shareholders should be allowed to vote on whether or not they support such a plan's implementation. This is also an issue in which the interests of management may be very different from ours, and therefore, pursuing shareholders' approval is the best way to safeguard our interests. We generally vote against these plans; however, in certain limited circumstances, we will support the adoption of poison pills that are limited in scope, provide reasonable protection to shareholders, and are designed to provide the board and shareholders adequate time to pursue value-maximizing alternatives.

We are particularly opposed to "dead-hand poison pills" that only allow former directors who have left office to determine whether or not the pill can be revoked.

Supermajority Vote Requirements

Supermajority vote requirements act as impediments to shareholder action on ballot items that are critical to our interests. One key example is in the takeover context where supermajority vote requirements can limit shareholders' power to make decisions on such crucial matters as selling shares at a premium. The WSIB favors a simple majority voting structure. However, for companies with shareholders who have significant ownership levels, we vote case-by-case, taking into account the company's ownership structure, quorum requirements, and vote requirements.

Fair Price Provisions

The WSIB disfavors the use of "Fair Price Provisions" that attempt to dictate the price for all shares in a tender offer situation, as we believe these provisions tend to act like those of a poison pill in discouraging takeover offers.

Litigation Rights (including Exclusive Venue and Fee-Shifting Bylaw Provisions)

Bylaw provisions impacting shareholders' ability to bring suit against the company may include: (1) exclusive venue provisions, which provide that the state of incorporation shall be the sole venue for certain types of litigation; and, (2) fee-shifting provisions that require

a shareholder who sues a company unsuccessfully to pay litigation expenses of the defendant corporation.

The WSIB does not support exclusive venue bylaw provisions that require a company's state of incorporation to be the sole venue for certain types of litigation. Additionally, we generally vote against bylaws that mandate fee-shifting whenever plaintiffs are not completely successful on the merits (e.g., shifting the fees even in cases where the plaintiffs are partially successful).

Procedural Matters

Transaction of Other Business at an Annual or Special Meeting of Shareholders

The WSIB believes that shareholders should have a say in all matters up for a vote. Therefore, we do not give our proxy to management with unfettered discretion to vote on any other business items that may properly come before the annual meeting.

Right of the Board to Adjourn a Meeting of Shareholders

The WSIB supports the right of the board to adjourn a meeting of shareholders where we support the proposals put forth by management. Adjourning the meeting, if necessary, can give the board time to solicit the votes of shareholders who may not yet have voted, in order to pass such proposals.

SHAREHOLDER INITIATIVES & MANAGEMENT OF THE FIRM

As a long-term investor, the WSIB favors proposals that are designed to increase or protect shareholder value and/or promote and protect shareholder rights. We typically prefer to leave decisions regarding day-to-day management of the business and policy decisions related to political, social, or environmental issues to management and the board, except where a shareholder proposal demonstrates that a company's operations, practices, or lack of attention pose risks to the current or long-term shareholder value in the company.

We will generally support proposals calling for greater disclosure of risks and risk mitigation actions related to financial, environmental, social, and governance issues, believing that such disclosure tends to be beneficial and in the long-term best interest of the company and its shareholders, absent any meaningful competitive reasons for limiting disclosure.

Climate Change/Greenhouse Gas (GHG) Emissions

The WSIB's investment belief on sustainability states that "[t]he WSIB has a long investment horizon and is subject to complex and systemic global dynamics that unfold over time," and accordingly recognizes climate change as one of the core risks and opportunities under that investment belief. The WSIB accordingly evaluates how companies are managing their climate-related exposure and how this may affect shareholder value.

Generally, the WSIB supports resolutions requesting that a company disclose information on the impact of climate change and GHG emissions on its operations and investments, considering:

- Availability of company information on the impacts that climate change may have on the company, as well as associated company policies and procedures to address related risks and/or opportunities
- Level of disclosure compared to that of industry peers
- Presence of significant controversies, fines, penalties, or litigation associated with the company's relevant environmental performance

The WSIB evaluates proposals that call for the adoption of GHG reduction goals from products and operations on a case-by-case basis, taking into account:

- Availability of company disclosure of year-over-year GHG emissions performance data
- Level of disclosure is comparable to that of industry peers
- The company's actual GHG emissions performance
- The company's current GHG emission policies, oversight mechanisms, and related initiatives
- Presence of significant, controversies, fines, penalties, or litigation associated with the company's GHG emissions

Sustainability Reporting

The idea of sustainability is a business model that encourages companies to balance current business requirements without compromising future business, societal, and environmental needs. How best to promote sustainable development — defined by the United Nations as "meeting the needs of the present without compromising the ability of future generations to meet their own needs" — has been an area of focus for investors that have long-term investment horizons. When evaluating resolutions calling for a sustainability report, the WSIB reviews the current reporting policies of the company as they relate to sustainability issues and avoiding duplications.

Generally, the WSIB supports proposals requesting that a company report on its policies, initiatives, and oversight mechanisms related to social, economic, and environmental sustainability, unless:

- The company already provides similar information through existing reports or policies, such as an environment, health, and safety (EHS) report; a comprehensive code of corporate conduct; and/or a diversity report
- The company has formally committed to the implementation of a reporting program based on International Sustainability Standards Board (ISSB) guidelines or a similar standard within a specified time frame

Reporting Contributions and Political Spending

The area of campaign contributions is heavily regulated in the U.S. by federal, state, and local laws, and other countries may also have their own regulations. The WSIB believes that disclosure regarding how a company uses its funds is an important component of corporate accountability. Unfortunately, there is no standardized manner in which companies must disclose their political contributions and spending. It is the WSIB's position that companies should provide an itemized list of the amounts of all political contributions and their corresponding recipients, a list of trade associations to which the company in question belongs, amounts paid to trade associations, and amounts from the company used by trade associations for lobbying – in both memberships and donations. Moreover, the board of directors should maintain oversight and approval of all political spending. The board should only approve contributions that are consistent with the interests of the company and its shareholders.

Other than in exceptional circumstances, we believe that the mechanism for disclosure and the standards for donating are best left to the board's discretion. However, given the broadening of allowable donations as a result of the Supreme Court ruling in *Citizens United v. Federal Election Commission* and the move by many companies to provide more specific disclosure about their political contributions, we will support shareholder proposals seeking more disclosure about a company's political donations.

Climate-Related Lobbying

On a global basis, companies have begun providing additional disclosure concerning how they are ensuring that corporate funds are being spent in ways that further their objectives with respect to climate policy. As such, there is a growing acknowledgement by investors and companies that ensuring alignment between stated values and lobbying expenditures, including those of trade associations, is an important consideration. When companies actively lobby, whether directly or indirectly, in a manner that seems to contradict their espoused priorities and positions, it can result in the inefficient use of corporate resources, confuse a company's messages, and expose a company to significant reputational risks. Accordingly, the WSIB will generally vote in favor of proposals requesting more information on a company's climate-related lobbying. When reviewing proposals asking for disclosure on this issue, we will evaluate:

- Whether the requested disclosure would meaningfully benefit shareholders' understanding of the company's policies and positions on this issue
- The industry in which the company operates; (iii) the company's current level of disclosure regarding its direct and indirect lobbying on climate change-related issues
- Any significant controversies related to the Company's management of climate change or its trade association memberships.

While we generally believe that companies should enhance their disclosure on these issues, we will generally vote against any proposals that would require a company to suspend its memberships in industry associations in or otherwise limit a company's ability to participate fully in the trade associations of which it is a member.

Multi-Class Share Structures

The WSIB believes that multi-class voting structures are typically not in the best interests of common shareholders. This is particularly the case when the voting power of one class is significantly different from that of common shareholders, giving a small group of shareholders a significant amount of control over the affairs of the Company. We believe that all shareholders should have a say in decisions that will affect them.

We believe that allowing one vote per share generally operates as a safeguard for common shareholders by ensuring that those who hold a significant minority of shares are able to weigh in on issues set forth by the board, especially in regard to the director election process. Elimination of the multi-class structure creates an even playing field for all shareholders, as well as a board that is more responsive to shareholders. Accordingly, the WSIB will generally vote in favor of proposals that would eliminate a company's multi-class share structure to allow for one vote per share.

Human Rights

Adherence to globally-accepted workplace codes of conduct and human rights standards is a vital part of corporate stewardship. We expect companies to appropriately report on company and company vendor standards, and provide clear explanation of how the approach taken by the company represents the best interest of shareholders. We may favor requests to report on such standards if such information is not already made publicly available. Similarly, the WSIB may support proposals to implement labor and human rights standards if we believe that a company's disclosed practices are not in alignment with globally adopted standards, or if we have concerns regarding recent, significant company controversies, fines, or litigation regarding human rights at the company or its suppliers which may have a potential adverse impact on our long-term economic interests.

Board Diversity

The WSIB supports a diverse board. The WSIB believes a diverse board has benefits that can enhance corporate financial performance, particularly in today's global market place. Nominating committee charters, or equivalent, ought to reflect that boards should be diverse, including such considerations as background, experience, age, race, gender, ethnicity, and self-identification as a member of the LGBTQ+ community. Many shareholders believe that the best indicator of a company's commitment to workplace diversity is reflected by the composition of its board.

The WSIB evaluates proposals, asking a company to increase diversity on its board on a case-by-case basis, taking into account:

- The degree of existing diversity on the company's board and among its executive officers
- The level of diversity that exists at the company's industry peers
- The company's established process for addressing diversity
- The independence of the company's nominating committee
- The company's use of an outside search firm to identify potential director nominees
- The presence of recent controversies, fines, or litigation regarding equal employment practices
- The scope of the request, including whether the proposal contains an overly prescriptive request to amend nominating committee charter language



GLASS LEWIS

2025 Glass Lewis Updates

WSIB

September 18, 2025

Agenda

- Speaker
 - **Aaron Wendt**, Senior Director of North American Research, Policy & Engagement
- Agenda
 - 2025 Season U.S. Meetings and Proposals
 - Meetings, Proposals, and Vote Outcomes
 - Regulatory Updates
 - Anti-ESG Regulation
 - State Law Amendments
 - Service Provider Rules
 - SEC Rulemaking
 - 2025 Review of Key Trends
 - Board Composition and Oversight
 - Election of Directors
 - Compensation
 - ESG and Shareholder Proposals
 - Activism
 - Q&A

Note: all data included reflects the period from January 1 to June 30, 2025



2025 Season Review

U.S. Meetings and Proposals

2025 Season Glass Lewis Proposals and Vote Outcomes

2025	Number of Proposals (vs. 2024)	Average Shareholder % Support (vs. 2024)	Average GL % Support (vs. 2024)
Director Proposals	22,635 (-1.8%)	94.7% (vs. 94.2%)	85.4% (vs. 85.8%)
Say on Pay Proposals	2,634 (0.0%)	89.7% (vs. 89.9%)	84.2% (vs. 82.6%)
Shareholder Proposals	445 (-24.6%)	22.9% (vs. 22.9%)	48% (vs. 43%)

Meetings Covered

- 3,748 AGMs
(vs. 3,926 in 2024)
- 333 Special Meetings
(vs. 519 in 2024)

Director Proposals

- Top drivers of majority opposition:
 - Gender Diversity Concerns
 - Failed Director Remaining on Board

Say on Pay Proposals

- Support levels remain consistent
 - Top drivers of majority opposition were pay and performance misalignment and excessive compensation/granting practices

Shareholder Proposals

- 49 Proposals approved by shareholders
(vs. 47 in 2024)
 - 5 majority supported resolutions were on E&S (vs. 4 in 2024)



Regulatory Updates



Anti-ESG Backlash: State and Federal Efforts

State Efforts

- Legislation
 - Prohibition on state pension funds contracting with firms that “boycott” energy or firearm companies
 - Requirements for state pension funds to only consider “pecuniary” factors
 - Texas Proxy Advice bill
- State Attorney General interpretations, investigations and litigation
 - [Glass Lewis Response to State AGs](#)
- State Treasurer activities
 - [Glass Lewis Response to State Treasurers](#)

Federal Hearings & Inquiries

- House
 - House Judiciary Inquiry and Hearings
 - House Oversight Committee Hearings
 - House Financial Services Committee Hearings
 - [Glass Lewis testimony](#)
- Senate
 - Senate Banking Committee
 - Working Group
 - [Glass Lewis response to Letter](#)

Federal Legislation

- HFSC Draft Bills
 - Proxy Advisor Regulation
 - Registration
 - Consulting
 - Certifications
 - Litigation
 - Banning “robo-voting”
 - Investment manager proxy vote disclosure and certification
 - “Best economic interest”

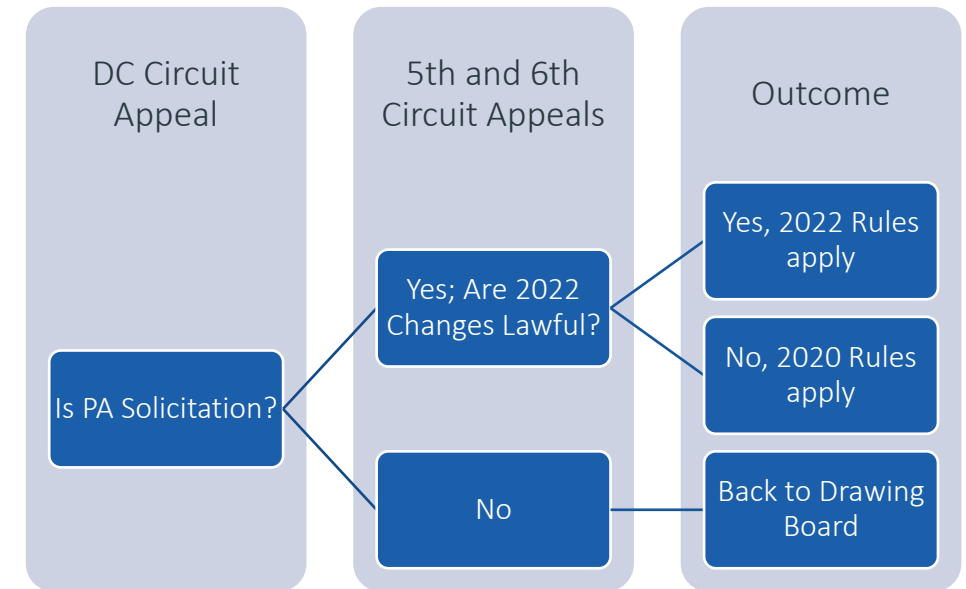
Focus on Texas: SB 2337

- Applies to three categories of “Texas companies”
- Section 101: “Non-Financial” Proxy Advice
 - Advice that takes into account a non-financial factor, such as “an environmental, social, or governance (ESG) ... factor” triggers company and client notices that “conspicuously state[] that the service is not being provided solely in the financial interest of the company’s shareholders because it is based wholly or partly on one or more nonfinancial factors”
- Section 102: “Conflicting” Proxy Advice
 - Different advice to clients or any against recommendation triggers notices to clients, companies and the Texas AG
- [Glass Lewis Letter/Blog Post](#)
- New Law was set to be effective September 1, 2025
 - On 8/29, the Texas federal court granted Glass Lewis’ motion for a preliminary injunction
 - Effectively, the Texas Attorney General and his office are unable to enforce S.B. 2337 against GL until trial, which is currently scheduled for February 2, 2026.
 - Potential Legal Issues
 - First Amendment
 - Vagueness
 - Preemption



SEC Proxy Advice Rules: The End of the Saga?

- **Apparent End to Litigation over SEC 2020 Rules**
- **Is SEC current regulatory approach to proxy advice lawful?**
 - ISS v. SEC -- DC Circuit Decision (July 2025)
 - Proxy advice is not solicitation
 - Cert petition possible
 - Investment advice?
 - Boyden Gray Rulemaking Petition
- **Renders Fifth and Sixth Circuit litigation over SEC 2022 changes moot**
- **SEC Investment Adviser Guidance on Proxy Voting and Use of a Proxy Advisor**
 - 2019 Investment Adviser Guidance
 - Glass Lewis Due Diligence resource maps Glass Lewis policies and procedures to SEC 2019 guidance (**updated October 2024)



Atkins SEC: Initial Steps

- Shareholder Proposals: SLB 14M
 - Changes to the interpretation of the exclusions for “Ordinary Business” and “Economic Relevance”
 - Significant social policy issue must have sufficient nexus to company
 - Reverting to prior approach to “micromanagement” under “Ordinary Business” exclusion
- Engagement: Revised C&DIs on Forms 13D/G
 - Previous: “Engagement on corporate governance topics . . . without more, generally would not disqualify an otherwise eligible shareholder from filing on Schedule 13G if the discussion is being undertaken by the shareholder as part of a broad effort to promote its view of good corporate governance practices for all of its portfolio companies, rather than to facilitate a specific change in control in a particular company.”
 - New: Engagement that “states or implies during any such discussions that it will not support one or more of the issuer’s director nominees at the next director election unless management makes changes” may make shareholder ineligible for Form 13G
- Exempt Solicitations: New C&DIs
 - Voluntary filer must “solicit” on own; can’t just use Edgar
 - Enhanced disclosure of whether person has a position in company
 - Subject to anti-fraud rules
- Withdrawal of proposed rules, including investment adviser greenwashing rules
- Focus on Executive Compensation Disclosures

Shareholder Proposals: Staff Legal Bulletin No. 14M (CF)

Division of Corporation Finance

Securities and Exchange Commission

Action: Publication of CF Staff Legal Bulletin

Date: February 12, 2025

Summary: This staff legal bulletin provides information for companies and shareholders regarding Rule 14a-8 under the Securities Exchange Act of 1934.

Question 103.11

Question: The Hart-Scott-Rodino (“HSR”) Act provides an exempt notification and waiting period provisions if, among other things, it was made “solely for the purpose of investment,” with the acquirer participating in the formulation, determination, or direction of the issuer.” 15 U.S.C. 18a(c)(9); 16 C.F.R. 801.1(i)(1). Does the fact that the issuer on a particular topic, by itself, disqualify the shareholder continuing to report, beneficial ownership on Schedule 13G?

Answer: No. The inability to rely on the HSR Act exemption also disqualifies a shareholder from filing on Schedule 13G in lieu of the Schedule 13G-1(c) will depend, among other things, on whether the shareholder equity the subject securities with the purpose or effect of changing or influencing control of the issuer. This determination is based upon all the relevant facts and circumstances, and will be informed by the meaning of “control” as defined in Exchange Act Rule 12b-2. [Feb. 11, 2025]

The subject matter of the shareholder’s discussions with the issuer’s management may be dispositive in making this determination, although the context in which the discussions occur is also highly relevant. For example:

— Generally, engagement with an issuer’s management on executive compensation and social or public interest issues (such as environmental policies), without more, would not preclude a shareholder from filing on Schedule 13G so long as such engagement is not undertaken with the purpose or effect of changing or influencing control of the issuer and the shareholder is otherwise eligible to file on Schedule 13G. See Release No. 34-39538 (Jan. 13, 1996) (stating that a shareholder’s topics generally would not cause a loss of).


— Engagement on corporate governance topics, majority voting standards in director elections without more, generally would not disqualify filing on Schedule 13G if the discussion is a broad effort to promote its view of good corporate governance, rather than to facilitate company.

— By contrast, Schedule 13G would be unavailable if the shareholder’s discussion is about the issuer’s management on matters that specifically concern the sale of a significant amount of issuer, or a contested election of directors.

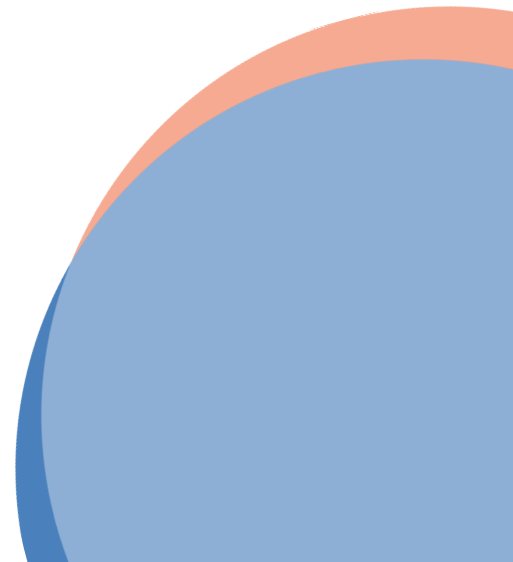
Question 126.08

Question: Can a person submit written soliciting material under the cover of a Notice of Exempt Solicitation on EDGAR if the written soliciting material has not been sent or given to security holders?

Answer: No. The submission of a Notice of Exempt Solicitation on EDGAR is not intended to be the means through which a person disseminates written soliciting material to security holders. Rather, its purpose is to notify the public of the written soliciting material that the person has sent or given to security holders through other means. See Release No. 34-30849 (June 23, 1992) (proposing the notice requirement so there would be public notice of extensive soliciting activity made in reliance on the Rule 14a-2(b)(1) exemption); Release No. 34-31326 (Oct. 16, 1992) (adopting the notice requirement in response to commenters’ concerns that, absent such a requirement, the Rule 14a-2(b)(1) exemption would permit large shareholders to conduct “secret” solicitation campaigns). [January 27, 2025]



2025 Review of Key Trends



Board Composition

Spotlight on Diversity and Related Disclosure Continues

- **Gender Diversity:** Russell 3000 companies averaged 30.6% gender diversity during 2025 (2024: 30.2%). Gender diversity in U.S. board leadership positions continued to marginally increase year over year. Gender diverse directors represent more than 30% of all key committee chair positions.
- **Racial/Ethnic Diversity:** Average racial/ethnic diversity increased to 26.3% for S&P 500 boards and 24.8% for Russell 1000 boards in 2025, among companies that disclosed such information (2024: 25.3% and 24%, respectively).
- Although many companies made significant changes in diversity-related disclosure considering the landmark June 2023 Supreme Court decision and the current U.S. Administration's shift in approach to DEI programs, we found that a significant majority of companies in the Russell 1000 index (approx. 70%) continued to disclose racial/ethnic director diversity information in 2025.
 - In 2024, 94.1% of Russell 1000 companies disclosed racial/ethnic diversity of directors at aggregate or individual level.

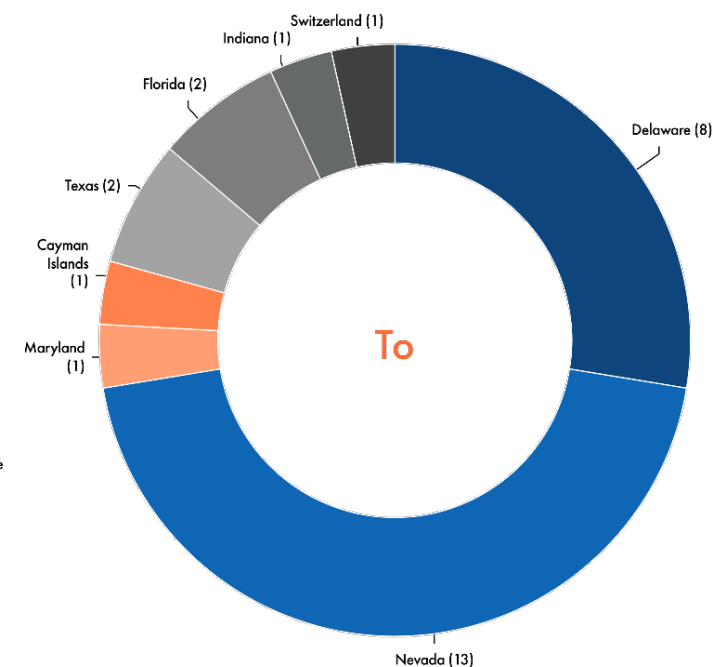
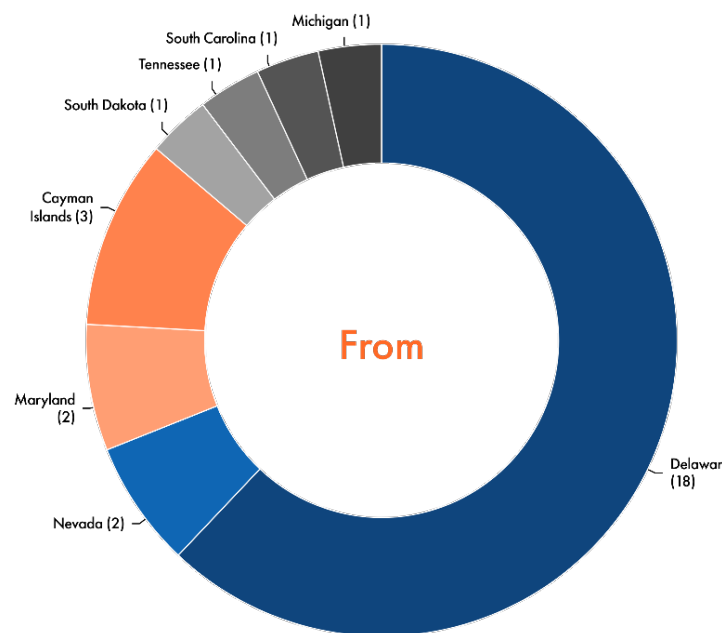
Proxy Paper Enhancement – Diversity Alerts

- In 2025, we issued a [Supplemental Statement](#) on our approach to diversity-related issues.
 - Flagging all director election and shareholder proposals at U.S. companies in which our recommendation is based on considerations of gender or underrepresented community ("UC") diversity.
 - Offering 2 sets of recommendations: one that applies our Benchmark Policy approach, and one that does not consider gender or UC diversity as part of the recommendation.

Reincorporation Proposals

Increase in Reincorporation Activity

- Some U.S. states have recently amended their corporate laws to attract or retain companies incorporating in their states, driving interest in reincorporation proposals.
 - While such proposals reached a three-year high with 29 in 2025, compared to 17 in 2024, and 20 in 2023, these proposals remain relatively uncommon among amendments to governing documents appearing on ballots this proxy season.
 - Nevada was the most common state for reincorporation, with 12 companies requesting a move to Nevada
 - Delaware was the most common state for companies to leave, with 18 companies requesting a move from Delaware



Reincorporations

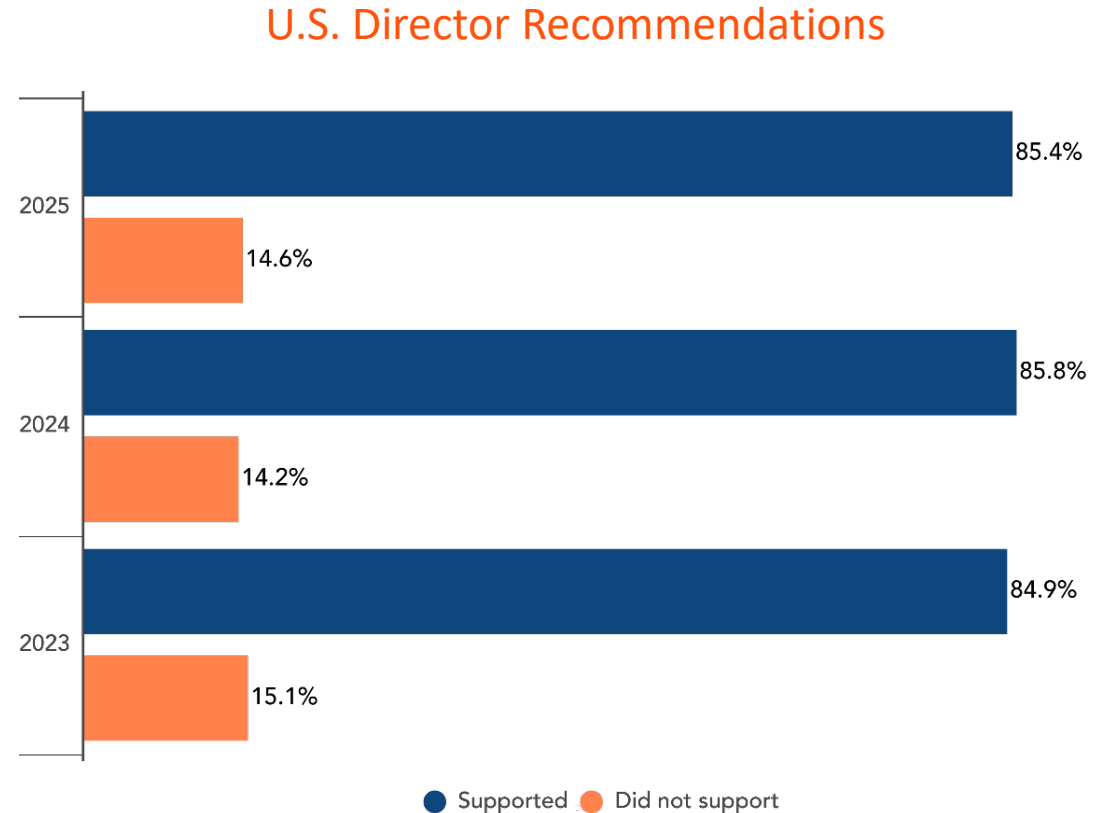
We review all proposals to reincorporate to a different state or jurisdiction on a case-by-case basis

- The benchmark policy closely examines the impact on shareholder rights arising from a change in domicile and governing law.
- Our review includes (but not limited to):
 - Changes in corporate governance provisions, especially those relating to shareholder rights
 - Material differences in corporate statutes and legal precedents
 - Relevant financial benefits
 - Overall corporate governance of the company

Election of Directors

Shareholder Voting Activity

- Glass Lewis support rate for directors was approx. 85.4%
 - On par with last year (85.8%)
 - 91% support at Russell 3000 companies
 - 95% support at S&P 500 companies
- On average, directors received 94.7% support from shareholders
 - Consistent with 94.2% last year
- 72 failed directors in total U.S. coverage, consistent with 69 last year
 - However, there was a slight decrease in the number of failed directors in the Russell 3000 index (33 in 2025 compared to 39 in 2024).



Say-On-Pay Proposals

- Shareholder support for executive pay practices consistent with prior year.
- Glass Lewis supported 89.7% of say-on-pay proposals compared to 82.6% in 2024, reflecting improved design of compensation programs amidst persistent market volatility and enhancements in contextual disclosure.
- Five failed proposals from S&P 500 constituents, compared to four in 2024
 - Concerns over excessive or problematic one-off award granting for Molina Healthcare, Otis Worldwide, Thermo Fisher Scientific, and Warner Bros. Discovery
 - For Simpon Property Group, a unique incentive plan paid out leading to excessive overall compensation
- The S&P 500 saw the largest increases in total CEO pay at 9.2% vs. 6.0%
- Corresponds with increase of 18.2% in one-time award sizes for the S&P 500 and 7.7% for the Russell 3000
 - External hires are rising as indicated by the prevalence of make-whole compensation (over half of sign-on awards granted by S&P 500 companies vs. 38% in 2024)

US: 89.7% average shareholder support (89.9% in 2024).

228 proposals
with weak
majority support

39 proposals
failed to receive
majority support

Drivers for Against Recommendations

P4P Disconnect	48.2%
Excessive Compensation/Granting Practices	28.7%
Insufficient Response to Shareholder Dissent	24.2%
Concerning Pay Practices (Other)	17.6%
Concerning/Poorly Justified OTAs	17.3%

Note: Multiple reasons may be flagged for one company.

U.S. Shareholder Proposals (“SHPs”)

- Although there was a significant decline in the number of proposals going to a vote, average shareholder support remained consistent with 2024
 - There was an approximately 25% drop in the number of proposals in 2025 (590 vs. 445)
 - Average shareholder support for all proposals was 22.9% in both 2024 and 2025 (23.1% in 2023)
 - Although there was a slight increase in average support for compensation-related proposals (14% vs. 16%) and governance proposals (36% vs. 38%), support for environmental and social proposals declined significantly (20% and 16% in 2024 vs. 11% and 12% in 2025)
 - Average support rose largely on account of an increased proportion of governance-related proposals (40% of all proposals in 2025 vs. 32% of proposals in 2024)
- Despite the decrease in the number of proposals going to a vote, there was an increase in majority supported proposals
 - There were 49 shareholder proposals that received over 50% shareholder support (47 in 2024 and 30 in 2023)
 - Five environmental/social proposals received majority support in 2025, versus four in 2024
 - In 2025, the only E&S proposals to receive majority shareholder support were requesting more reporting on companies’ political contributions and expenditures

Activism

2025 H1 Review of Shareholder Activism

- 70 new U.S. campaigns (a 13% Y-o-Y increase)
- U.S. activists secured a record 112 board seats, up from 101 in H1 2024.
 - Notably, 92% of these seats were obtained via settlements, a five-year high, and the average settlement timeline declined to 16.5 days in Q2 (Source: [Diligent](#))
- Board representation demands in the U.S. fell by 23%, yet success in settlements gave activists a strategic edge
- Only eight U.S. proxy fights went to an actual vote, with activists winning board seats in half of those (Source: Harvard Law's 2025 Proxy Season Update)

Q&A

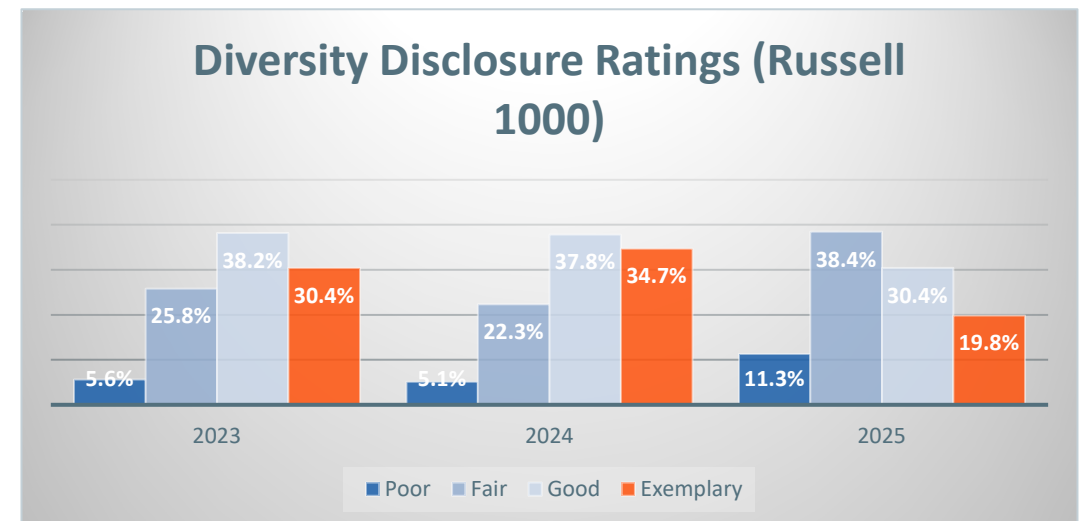
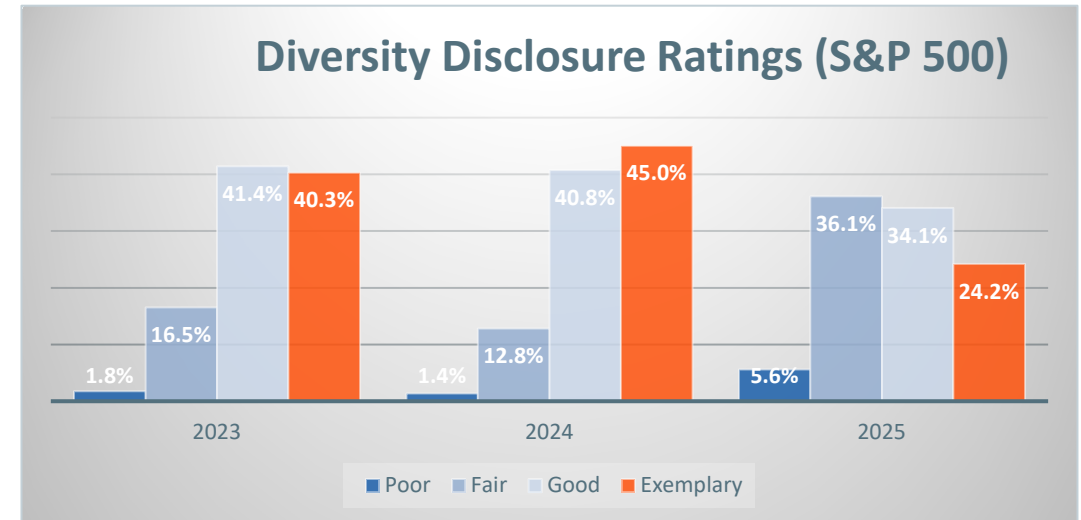
Contact Us:
awendt@glasslewis.com

Appendix



Diversity Disclosure

- Gender diverse directors represent 28.4% of directors in our full U.S. coverage, up slightly from 28.2% in 2024
 - Gender diversity for the Russell 3000 is 30.6%, up slightly from 30.4% in 2024
 - Gender diverse directors continue to represent more than 30% of key board committee chair roles (audit, compensation, nominating/governance) in our full U.S. coverage
- Diversity Disclosure Assessment Findings**
 - In light of many companies making significant changes in diversity-related disclosure, we found that a significant majority of companies in the Russell 1000 index (approx. 70%) continued to disclose racial/ethnic director diversity information in 2025 (down from 94% in 2024).
 - In addition, 50.2% of Russell 1000 follow disclosure best practices and received a good or exemplary rating, down from 72.5% in 2024



Reincorporations

Changes in State Laws

- Delaware
 - SB 21 (effective May 25, 2025)
 - Delaware's amendments provide additional legal clarity regarding the procedures to secure safe harbors from liability in controlling shareholder transactions and conflicted transactions, adds a codified definition of controlling shareholders, and creates certain limits related to books and records requests, among other changes.
- Nevada
 - SB 239 (effective May 30, 2025)
 - Nevada's amendments define controlling shareholders and the fiduciary duties of controllers, establish safe harbors in conflicted transactions, make certain adjustments to Nevada's statutory business judgment rule, and establish a specialized business court.
- Texas
 - SB 29 (effective May 14, 2025)
 - Texas amended a number of provisions, including ownership threshold requirements for derivative lawsuits and books and records requests, and codification of its business judgement rule.
 - SB 1057 (effective September 1, 2025)
 - Sets minimum ownership thresholds (at least \$1 million in market value or 3% of the Company's voting shares) for shareholders to submit proposals.

2025 FIDUCIARY DUTIES, ETHICS, CODE OF CONDUCT, QUIET PERIODS, OPEN PUBLIC MEETINGS, AND PUBLIC RECORDS SMALL-GROUP SESSION OVERVIEW

SEPTEMBER 18, 2025

Liz Smith

Legal, Risk and Compliance Director



A TWO-PRONGED APPROACH: FIDUCIARY AND ETHICS TRAINING

Board members are required to complete training every year

- Each year, the trainings alternate between Board presentations and small group discussions

2025 Approach

- Six small group trainings in July and August

2026 Intent

- Presentation to the Board



Fiduciary Duties

- Fundamental Duties/Principles
- Governance Structure

Ethics in Public Service Act, RCW 42.52

- Use of Public Resources
- Public Resources for Political Campaigns
- Special Privileges

WSIB Ethics Policies 2.00.101 – 2.00.106

- Conflict of Interest and Recusal
- Gifts
- Confidentiality and Use of Position
- Personal Investments
- Travel Reimbursement by Investment Partners and Others
- Sanctions for Violations

WSIB Code of Conduct Policy 2.00.150

Quiet Periods, Service Provider Policy 2.00.230

Open Public Meetings Act (OPMA), RCW 42.30

Public Records Act, RCW 42.56

QUARTERLY PERFORMANCE AS OF JUNE 30, 2025

Chris Hanak
Chief Investment Officer



TOTAL FUND MARKET VALUE AND NET PERFORMANCE

COMMINGLED TRUST FUND (CTF)

		Qtr.	1 Year	3 Year	5 Year	10 Year	20 Year
Total Fund:	\$179,287,482,000	4.48%	9.04%	7.58%	11.05%	9.31%	8.43%
Passive Benchmark		8.44%	13.20%	12.79%	9.39%	7.71%	6.98%
Implementation Value Added Benchmark		3.90%	9.69%	8.61%	10.09%	8.30%	
TUCS Public Fund >\$1B Median		5.82%	10.53%	9.73%	9.84%	7.89%	
TUCS Public/Corporate Fund >\$1B Median		5.20%	10.04%	8.75%	9.40%	7.59%	

NET PERFORMANCE

COMMINGLED TRUST FUND (CTF)

	Qtr.	1 Year	3 Year	5 Year	10 Year	20 Year
Fixed Income	1.70%	7.04%	4.57%	0.80%	2.91%	4.11%
Bloomberg Universal	1.40%	6.51%	3.28%	-0.15%	2.11%	3.39%
Tangible Assets	2.92%	6.60%	8.24%	10.26%	7.28%	N/A
CPI (Lagged One Quarter) + 400 bps	1.63%	6.41%	7.60%	8.37%	7.08%	N/A
Real Estate	1.75%	2.90%	2.01%	11.09%	10.74%	9.74%
8% Return Over Rolling 10 Years					8.00%	
NCREIF (Lagged One Quarter)	1.28%	2.72%	-2.11%	3.25%	5.42%	6.89%
Public Equity	10.87%	15.08%	17.18%	13.80%	10.13%	8.41%
Custom Benchmark	11.69%	16.18%	17.13%	13.70%	10.01%	8.37%
Private Equity	2.68%	9.60%	4.92%	16.58%	13.16%	12.65%
Custom Benchmark	-0.81%	9.57%	9.61%	18.33%	11.87%	10.18%
Innovation	0.58%	6.33%	6.81%	13.83%	-0.41%	N/A
Custom Benchmark	1.12%	9.76%	9.99%	12.83%	8.02%	N/A

Public Equity benchmark: MSCI ACWI IMI w/U.S. Gross and a custom historical blend

Private Equity benchmark: MSCI ACWI IMI w/U.S. Gross (Lagged One Quarter) + 300 bps and a custom historical blend

Innovation benchmark: The weighted average of the underlying benchmarks for each asset/idea within the portfolio

NET PERFORMANCE

LABOR & INDUSTRIES' FUNDS

	Qtr.	1 Year	3 Year	5 Year	10 Year
Accident	3.05%	7.95%	5.78%	2.17%	3.91%
Custom Benchmark	2.86%	7.93%	5.82%	2.19%	3.76%
Medical Aid	3.64%	8.64%	6.62%	3.19%	4.26%
Custom Benchmark	3.57%	8.70%	6.81%	3.34%	4.14%
Pension Reserve	2.22%	6.96%	3.91%	0.05%	3.23%
Custom Benchmark	2.03%	7.48%	4.63%	0.47%	3.11%