BNY MELLON | INVESTMENT MANAGEMENT

MELLON

PROXY VOTING REPORT

SPRING 2024

GUIDING PRINCIPLES

Promote the accountability of a company's management to its board of directors, as well as the accountability of the board of directors to the company's shareholders

Align the interests of a company's management & board of directors with those of the company's stakeholders

Uphold the rights of a company's shareholders to effect change by voting on those matters submitted to shareholders for approval

Promote transparency & disclosure of a company's business operations and financial activity

MELLON PROXY VOTING & GUIDING PRINCIPLES

The Mellon Proxy Committee is comprised of Mellon investment professionals and is responsible for all proxy voting decisions for the index division of Mellon Investments Corporation. An articulated philosophy, stated guidelines, and a well-defined proxy evaluation process supports and informs the voting decisions of the Proxy Committee. We are committed to transparency for our clients and update our proxy voting guidelines annually, which can be found on our website.

At Mellon, we have a fiduciary responsibility to our clients to ensure our proxy voting decisions are in their best long-term economic interest. As shareholders, we approach proxy voting with the same precision and engagement that we apply to our index investment activities. When our clients entrust us with proxy voting responsibility, we understand and take seriously that we owe them a duty of care with respect to voting proxies. In evaluating proxies, Mellon focuses on factors that are financially material to individual companies in support of maximizing long-term economic value.

Our fourth semi-annual voting report covering July to December 2023 focuses on engagement, showcasing the variety of topics Mellon discusses with every portfolio company with which we engage. We held approximately 350 engagements in 2023, covering areas including board governance, shareholder rights, executive compensation, stock plan compensation, and human capital management risks.

You can locate a summary of our proxy voting guidelines and previous versions of our voting reports on our website: www.mellon.com.

CALENDAR YEAR 2023

BY THE NUMBERS

133,175
proposals

107,922
management proposals

3,100
shareholder proposals

14,246
meetings

10,730
companies

64
countries

88% supported management on 88% of management proposals

89% supported management on 89% of director related proposals

26% opposed management on 26% of Say-on-Pay proposals

90% supported 90% of governance related proposals

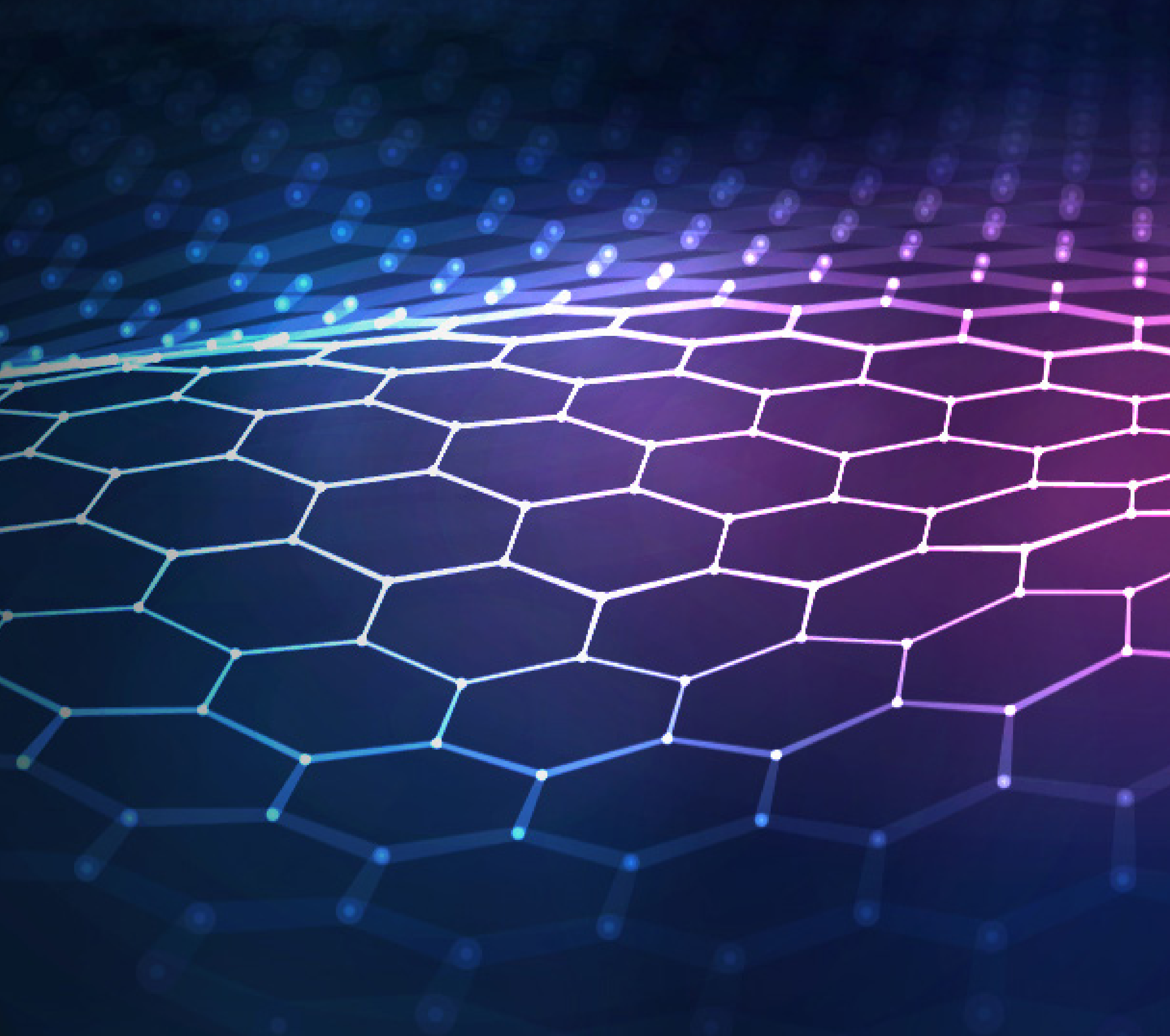
87% supported 87% of governance shareholder proposals

83% supported 83% of shareholder requests for independent chairperson

EXPECTATIONS

ARTIFICIAL INTELLIGENCE

AS A GOVERNANCE RISK



Artificial Intelligence (AI) is a fast-growing area of technology that will likely be utilized by most publicly listed companies in the coming years. What current regulations exist around the use and creation of AI technologies?

Currently, a comprehensive framework for regulation of AI in the United States does not exist; however, there are many government entities and regulatory bodies that have listed statements and frameworks around the uses and potential misuses of the technology. There are also many regulatory initiatives taking place outside of the United States, including in the UK, EU, and Canada. Absent any official regulations on the topic, it will be imperative for company management and boards to develop their own structures and related controls for oversight of this area.

Which industries are actively adopting AI technologies, and what are some of the main risks?

Although AI use likely exists in some shape or form throughout all industries, the most widespread use currently seems to be in industries such as technology, defense, media, insurance, financial services, medical & biotechnology, and energy. Additionally, companies with expansive customer service operations may be included.

The risks of the use and misuse of AI technologies vary widely. Major areas of risk include those related to human capital management functions, intellectual property, legal obligations inadvertently generated by AI, data integrity, cybersecurity, safety, and data privacy laws. Companies will need to evolve to maintain proper oversight structures both at the management and board levels for these areas and others as the use of AI technologies grows.

How does Mellon currently address these issues during engagement with portfolio companies?

Mellon consistently engages with companies around board oversight structure for many material risk areas, and the risk of AI is no different. Similar to cybersecurity, we will look for companies to disclose which board committee has responsibility for oversight, and how the committee and the board as a whole will manage this risk. We will look to see this information concerning a company's specific AI-related risk and related practices disclosed in annual reports, proxy reports, and any other disclosures companies may publish. The disclosures must be transparent, and outside of SEC disclosures required of public companies, must be updated at least annually.

It will be important for shareholders to understand how management is managing a company's specific AI-related risk, the internal communication and education structures of the company, and how management is working with the board to ensure they are sufficiently educated and informed on the specific risks as well as the related benefits of AI technologies.

JULY 1, 2023 – DECEMBER 31, 2023

PROXY VOTING
DECISIONS & RATIONALE

Our Proxy Committee has designed voting guidelines to assist with voting decisions to seek to maximize the economic value of the securities of companies held in client accounts over time. Generally, the Proxy Committee votes consistently on similar proxy proposals across all shareholder meetings. However, many proxy proposals are considered on a case-by-case basis, considering the particular facts and circumstances of the proposal. We aim to hold company leaders accountable, uphold the rights of shareholders, and promote clear and complete disclosures.

GOVERNANCE

When we consider governance issues, we seek to promote structures that will align the interests of a company's management and board with the long-term economic interests of a company's shareholders. In addition to tenure and relevant experience, we also believe it is important to elect independent directors and separate the CEO and Chairperson roles. These practices help alleviate conflicts of interest and enhance communication between leadership and shareholders.

When considering compensation practices, we are mindful that these proposals represent the conveyance of wealth from shareholders to management and we strive to ensure these practices are designed to benefit shareholders

ENVIRONMENTAL & SOCIAL

As long-term shareholders, we believe companies have a duty to disclose potential environmental material risks as well as emerging opportunities in this space to create value. We carefully consider supporting proposals calling for increased disclosure surrounding emissions and waste reduction for companies where it is material to their industry and long-term risk profile. We also consider if proposals have a specific, realistic time horizon, pragmatic cost impacts, and alignment with broader business goals.

In addition, we believe that properly managing human capital generally gives rise to a productive and inclusive workforce where all voices can be heard. We encourage companies to have transparent disclosure related to workforce statistics, pay equity, and the health and safety of employees and customers to provide shareholders with a holistic view on how the company is managing their specific human capital risks. The Proxy Committee carefully considers supporting proposals that ask for improved transparency on human capital policies and procedures only where it is deemed to be a material risk that could impact the long-term value of the company.

SPOTLIGHT

VOTING RATIONALES

VECTOR GROUP, INC.

In July 2023, Mellon voted against the Say-on-Pay proposal due to the structure of the long-term incentive plan, which we deemed to not be sufficiently performance-based. The 2023 Say-on-Pay proposal passed, and we will engage with Vector to encourage the company to increase the performance-based portion of their long-term incentive plan in the future.

BROWN-FORMAN CORPORATION

In July 2023, Mellon voted against the Compensation Committee Chairperson due to consecutive years of high pay to directors without a sufficient rationale explaining these decisions. We encourage all companies to have transparent and detailed disclosures concerning their pay practices and will seek to engage with Brown-Forman around this matter.

SYSCO CORPORATION

In November 2023, Mellon did not support a shareholder proposal asking Sysco to re-establish a policy for eliminating or reducing gestation crates in its pork supply chain, with measurable targets within six months of the annual meeting date. Mellon carefully considered whether the topic of the proposal was material to the long-term value of the company, and also any timelines put in place by the proponent. In this instance, we deemed a six-month timeframe to be too short for the Company to adequately review and disclose new or re-established policies. The shareholder proposal did not pass. Mellon will continue to engage with Sysco to ensure they are enhancing their disclosures around this topic.

GEN DIGITAL INC.

In September 2023, Mellon did not support a shareholder proposal asking that the Board seek shareholder approval of any senior manager's new or renewed pay package that provides for severance or termination payments with an estimated value exceeding 2.99 times the sum of the executive's base salary plus target short-term bonus. The Company already maintains a policy that limits cash severance payments, and many of their existing severance plans provide for much lower limits than the one proposed by the proponent.

CORVEL CORPORATION

In August 2023, Mellon withheld support from members of the Nominating and Governance Committee due to board tenure concerns, as the average director tenure is over 12 years. We believe that there should be a practice of thoughtful board refreshment over time to ensure the proper mix of skills, viewpoints, and guidance from each board member.

ENGAGEMENT

PRECISION WITH PURPOSE

Corporate engagement is an integral component of the value we aim to offer our clients. In our view, responsible, engaged stewardship involves structured, purposeful discussions with companies and issuers on behalf of investors to seek to protect and enhance long-term shareholder value. Our stewardship activities can include, but are not limited to, issuer engagement, voting at shareholder meetings, direct roles on investee boards and board committees, negotiation with and monitoring of the stewardship actions of suppliers in the investment chain, policymaker engagement, engagement with standard setters, contributions to public goods (e.g., research) and public discourse (e.g., media) that supports stewardship.

Mellon Proxy Committee members recognize the significance of their role and the ensuing impact. Our meetings with executive management teams help us appreciate the complexities of each company. A deeper understanding of a company's business practices enables us to convey our expectations more effectively, voice our concerns, and suggest improvements where warranted.

The Proxy Committee partners with Mellon's senior professionals and the BNY Mellon Proxy Voting and Governance Research (PVGR) team to widen the scope of discussion topics with management teams, allowing for the proactive examination of company-specific matters beyond compensation. Whether the concern is sustainability targets, board structure, or compensation, taking steps to maximize long-term shareholder value together with our clients' best interests remains our top priority.

DEVON ENERGY CORPORATION

We met with representatives of Devon Energy Corporation (DEV) in August 2023, including the Corporate Secretary, the Vice President of Total Rewards and the Employee Health and Safety Manager.

SHAREHOLDER RIGHTS

Mellon discussed our support of the shareholder proposal at the 2023 annual meeting requesting an amendment to the right to call a special meeting, lowering the threshold from the current 25% ownership to 10% ownership. As the proposal did not pass, we explained our rationale for supporting the proposal and how we view the shareholder right to call a special meeting. Devon explained why they prefer the 25% threshold, and we reinforced our opinion that we would like to see the threshold lowered as we view a lower threshold as critical to bolstering the rights of all shareholders. We will continue to monitor any upcoming shareholder proposals at future annual meetings.

DISCLOSURE ENHANCEMENTS

As companies continue to develop skills matrices for the board of directors in the proxy statement, we noted our preference for skill definitions in addition to listing the skills for each individual director. As skill definitions can vary across industries, we prefer to see the definitions included to ensure that we are interpreting the skill as the Company intends. It also helps us to identify where there may be skillset gaps in any given area. Devon added that its board undergoes a rigorous board skill assessment that involves directors self-identifying skills and vetting the skills of the entire board overall.

COMPENSATION

We did not support the executive compensation vote at Devon's 2023 annual meeting due to the structure of the long-term incentive plan. The current structure is too time-based according to our guidelines and we would prefer that Devon add a heavier weighting to performance-based vehicles in the plan. Devon reiterated their position that they believe their long-term incentive plan is well balanced, as it has received high levels of support from a majority of shareholders. Additionally, we reviewed our preference for three-year performance periods in the long-term incentive plan.

AUTOZONE, INC.

We met with representatives of AutoZone, Inc. (AZO) in August 2023, including the current CEO and Chair of the Board, General Counsel, and the incoming CEO.

LEADERSHIP TRANSITION

AutoZone began the engagement by outlining their succession planning objectives for the CEO. The current CEO will be transitioning from that role into the Executive Chair position and will be replaced by an internal candidate beginning January 2024. The internal candidate has been with AutoZone for over 30 years and has served as a key advisor to the CEO during his tenure. The company discussed the careful thought they put into the CEO transition plan which has been ongoing since 2017. The company spent the next few years seeking to evaluate candidates to fill his role. AutoZone created a dedicated subcommittee to oversee this process, and prospective candidates were expected to meet with board members, travel to meetings across the country, and integrate themselves into the traditional day-to-day structure of the organization. Mellon appreciated the Company's in-depth review of their succession planning process, and inquired whether additional changes related to the transition were expected. The Company stated that in conjunction with this transition, the Company has decided to split the Chair/CEO role temporarily. They do not anticipate that this will be a permanent change. We shared our view that we prefer a separate Chair/CEO position generally, but we will monitor the changes going forward.

BOARD TENURE

The board's average tenure was 9 years at the time of the Company's last annual meeting. Mellon reviewed our tenure guideline, which states that an average board tenure of 12 years or higher will trigger a deeper look into the board's refreshment process overall. AutoZone indicated that they were aware of tenure challenges but had been prioritizing CEO transition planning in recent years. AutoZone is proud that their board and executive committee are 60% ethnically or gender diverse. However, they remain mindful of the tenure issue and want to see more board refreshment.

PORTLAND GENERAL ELECTRIC

We met with representatives of Portland General Electric (POR) in September 2023, including the Corporate Secretary and Investor Relations.

GOVERNANCE

Mellon outlined the governance practices they would expect a company of the Company's size and market capitalization to implement. The governance structures and shareholder rights implemented at the organization are in line with Mellon's expectations. We advised the company to inculcate definitions of skills into their board skills matrix. These definitions will allow investors to better interpret the board's overall composition.

HUMAN CAPITAL MANAGEMENT

Mellon views human capital management as a potentially material risk to all our portfolio companies and inquired as to the Company's views around up-and-coming human capital management areas of focus. The Company outlined their many objectives around developing a skilled workforce, which is a top focus area. The board is working closely with local state legislators to address some of the gaps they are seeing in developing these skills. The Company is trying to find more people that are able and interested in joining successful union jobs, which requires making connections at the high school and college level.

ENVIRONMENTAL AND SUPPLY CHAIN RISK

Given the company's status as a public utility company, Mellon inquired as to any areas of focus related to environmental and social risk to the Company. The Company stated one of their areas of primary focus in the past year was opening a clean wind and solar farm in Montana. In conjunction with this opening, the company issued their inaugural clean energy and resource plan. Their customers have their own sustainability goals that they are trying to meet, so the Company is seeking to play a pivotal role in helping them achieve those objectives. Regarding supplier diversity, the company set some baseline targets in recent years. Their objective is to continue raising the target but are primarily focused on trying to reach those initial goals. The Company indicated that part of achieving these objectives is to remove any potential roadblocks and make it easier for smaller suppliers to conduct business with them.

THE KRAFT HEINZ COMPANY

We met with representatives of The Kraft Heinz Company (KHC) in September 2023, including Deputy General Counsel, Assistant Corporate Secretary, Director of Human Resources – Global Compensation and Global ESG positions.

BOARD REFRESHMENT

In reviewing recent refreshment updates to the board of directors, the company added two new directors in the last year as they are undergoing a CEO transition. The Company was looking to add a new member to the compensation committee to address concerns shareholders have raised with their compensation practices in the past. The board's average tenure is now approximately three years. Mellon was appreciative of the update as well as the Company's focus on remaining responsive to shareholder concerns.

LEADERSHIP TRANSITION

In reviewing the leadership transition, the Company named a successor to the CEO in the upcoming year. The transition plan has been in place for some time and the board feels that the transition went seamlessly. In connection with this shift, the board will temporarily split the CEO and Chair roles, which will result in the former CEO joining as the Executive Chairperson of the board. Mellon encouraged the Company to disclose if there was a sunset date to the former CEO's position as Executive Chairperson of the board.

COMPENSATION

Mellon voted against the compensation program at the previous annual meeting due to the structure of the long-term incentive plan. Mellon generally prefers that a long-term incentive plan be two-thirds performance-based, one-third time-based. The Company outlined their changes to the executive compensation plan and how it will be structured moving forward. The long-term incentive plan will consist of 70% performance share units and 30% restricted stock units. In addition to these changes, the vesting periods for the awards will be lengthened. The Company detailed the shareholder feedback they received regarding the metrics in the long-term incentive plan, and they've elected to introduce additional metrics into their performance share unit structure. There will also be a negative total shareholder return (TSR) cap on any awards granted moving forward. Lastly, the CEO will participate in the annual compensation program instead of receiving a front-loaded equity grant. Mellon views all of the changes stated by the Company to be extremely positive and encouraged the Company to continue to be transparent and straightforward in the proxy statement disclosure going forward.

VENTAS, INC.

We met with representatives of Ventas, Inc. (VTR) in October 2023, including the Chair of the Compensation Committee, General Counsel, and Investor Relations.

SHAREHOLDER RIGHTS

The Company currently does not offer shareholders the right to call a special meeting. Mellon stated that we would prefer the Company have a special meeting right in place at a threshold between 20%–25%, given the high ownership of certain shareholders. Mellon believes the shareholder right to call a special meeting is an important right to have as it generally adds to the suite of shareholder rights we expect companies to maintain in order for shareholders to have a variety of ways to act when specific circumstances may exist. The Company is aware of this interest among some investors and keeps it in mind when discussing governance with the board. They have heard similar feedback from other investors, and should they introduce the right to call a special meeting they would likely place it in this range.

BOARD GOVERNANCE

Mellon shifted the conversation to discuss the Company's thoughts on possibly utilizing a thirdparty every few years to conduct board evaluations. We believe this can be a useful practice to ensure that boards are properly reviewing their structure and efficiency from an independent perspective, as well as understanding current market trends. The Company stated that since they have undergone significant refreshment in recent years, they did not find a third-party evaluation to be a key priority at this time. The Company stated that the board is very transparent and collaborative in their self-assessments.

HUMAN CAPITAL MANAGEMENT

The Company outlined their approach to employee engagement using pulse surveys. Each pulse survey conducted by the Company revolves around specific themes, which allows them to get detailed insight on specific topics and achieve high numbers of employee participation. This is an important tool for the Company as they strategize around making any human capital changes effective for employees. Mellon reiterated their focus on potential human capital management risk at all portfolio companies and was pleased by the Company's transparency in discussing areas of focus for employee engagement.

LINCOLN NATIONAL CORPORATION

We met with representatives from Lincoln National Corporation (LNC) in November 2023, including the Corporate Secretary, Chief Sustainability Officer, Chief Diversity Officer, and the VP of Total Rewards.

GOVERNANCE

At the 2023 annual meeting, Mellon supported a shareholder proposal requesting that the board adopt a policy to state that two separate people should hold the office of the CEO and the office of the Chair, also ensuring that whenever possible the Chair be independent. Mellon generally believes that the positions of CEO and Chair should remain separate, ideally with an independent Chair. Lincoln National stated that the CEO is the only non-independent director on the board, and that the structure works well for them at this time. We discussed our view that the governance structure at Lincoln National is robust and well disclosed and explained that the committees have varying perspectives.

COMPENSATION

Mellon supported the Say-on-Pay vote at the 2023 annual meeting. Mellon discussed with Lincoln National our compensation philosophy, highlighting that we prefer to see a majority performance-based long-term incentive plan for executives. We also noted that the Company was appropriately responsive to investors' concerns from the previous year's annual meeting. The Company provided us with a general overview of a few changes they were planning to make to the compensation structure. We appreciated the transparency from the Company and look forward to reviewing the changes in the 2024 proxy statement.

HUMAN CAPITAL MANAGEMENT

Mellon asked for more information around the Company's business resource groups (BRGs), including participation levels and aims of the groups. The Company stated that the four focus areas of the BRGs have signature programs that are the face of the organization from an education standpoint. Since having returned to office after the pandemic, the Company has found the BRGs to be a big draw for employees. Mellon was also appreciative of the transparency in reporting of employee training by hours and subject.

ABOUT MELLON

Mellon is a global leader in index management. Our dedication to precision and partnership goes beyond the benchmark. From 1983 to today, partnership with clients and precise execution drives our business. Mellon provides solutions to the world's most sophisticated investors designed to meet their unique challenges, proving that index investing requires an active mindset.

Disclosure

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For more market perspectives and insights from our teams, please visit www.mellon.com.

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