

# **The Ohio Police and Fire Pension Fund International Proxy Voting Policy**

**Approved March 1, 2023**

The Ohio Police and Fire Pension Fund International Proxy Voting Guidelines address a broad range of issues, including director elections, executive compensation, capitalization and capital structure related items, and other potentially significant voting items. Due to foreign market variations in corporate, legal, and governance standards, OP&F will take relevant market-specific factors into account when making voting decisions. Therefore, these guidelines intend to provide general direction and instruction on common voting items in foreign markets.

### **Routine Proposals:**

- The below proposals are generally supported unless there is some aspect that would have the potential to disenfranchise foreign shareholders:
  - Financial Results/Director and Auditor Reports
  - Approval of Non-Financial Information Statement/Report
  - Appointment of Auditors and Auditor Fees
  - Appointment of Internal Statutory Auditors
  - Allocation of Income
  - Change in Company Fiscal Term
- The below proposals are evaluated on a CASE-BY-CASE basis:
  - Amendments to Articles of Association
  - Amend Quorum Requirements
  - Stock (Scrip) Dividend Alternative
- The below proposals are generally voted AGAINST:
  - Lower Disclosure Threshold for Stock Ownership
  - Vote AGAINST resolutions to lower the stock ownership disclosure threshold below 5 percent unless specific reasons exist to implement a lower threshold
  - Transact Other Business

### **Board of Directors:**

- OP&F will vote FOR management nominees in the election of directors, unless:
  - Adequate disclosure has not been provided in a timely manner;
  - There are clear concerns over questionable finances or restatements;
  - There have been questionable transactions with conflicts of interest;
  - There are any records of abuses against minority shareholder interests;
  - The board fails to meet minimum corporate governance standards;
  - There are specific concerns about the individual, such as criminal wrongdoing or breach of fiduciary responsibilities; and
  - Repeated absences at board and committee meetings have not been explained (in countries where this information is disclosed).

In addition to these general factors, OP&F may vote AGAINST due to concerns related to at least one of the following specific factors:

#### *Director Terms*

- In certain markets, maximum board terms are either recommended best practice or required by legislation. In these markets, generally vote AGAINST the (re)election of any director when his/her term is not disclosed or when it exceeds four years and adequate explanation for non-compliance has not been provided. Under best practice

recommendations, companies should shorten the terms for directors when the terms exceed the limits suggested by best practices.

- Generally vote AGAINST article amendment proposals to extend board terms.

#### *Bundling of Proposals to Elect Directors*

- Bundling together proposals that could be presented as separate voting items is not considered good market practice in a number of foreign markets, because bundled resolutions leave shareholders with an all-or-nothing choice, skewing power disproportionately towards the board and away from shareholders. Directors should be elected individually, where applicable, based on market specific corporate governance standards.
- OP&F will vote AGAINST proposals to classify the board and elect directors as a bundled item.

#### *Board Independence*

- Independence standards can vary considerably in foreign markets. In widely-held companies and/or markets with established corporate governance standards and practices, generally vote AGAINST the election or reelection of any non-independent directors (excluding the CEO) if:
  - Fewer than 50 percent of the board members elected by shareholders (excluding, where relevant, employee shareholder representatives) would be independent; or
  - Fewer than one-third of all board members would be independent
  - Given the importance of board leadership, OP&F may consider that the chair of the board (where applicable) should be an independent non-executive director.

#### *Disclosure of Names of Nominees*

- Generally vote AGAINST the election or reelection of any and all director nominees when the names of the nominees are not available at a reasonable time prior to the meeting.

#### *Combined Chairman/CEO*

- In markets where it can be considered best practice, vote AGAINST the (re)election of combined Chair/CEOs.

#### *Election of a Former CEO as Chairman of the Board*

- In markets where it can be considered best practice, vote AGAINST the election of a former CEO as Chairman of the Board

#### *Over-boarded Directors*

- Generally vote AGAINST a director nominee when: The nominee holds more than five mandates at listed companies or,
- The nominee is an executive director at one company and a non-executive chairman at a different company

#### *One Board Seat per Director*

- Generally vote AGAINST a director nominee when a director holds more than one board seat on a single board and the corresponding votes.

#### *Composition of Committees*

- In markets where it can be considered standard practice, generally vote AGAINST the (re)election of any non-independent members of the audit committee if:
  - Fewer than 50 percent of the shareholder elected audit committee members would be independent; or
- In certain markets, good corporate governance practices may dictate votes AGAINST members of a key committee, executives, or the full board when:
  - An executive serves on the company’s audit or remuneration committee
  - The company does not have an audit or remuneration committee

#### *Diversity*

- In terms of gender diversity, [supervisory] boards should adhere to domestic legal requirements or local best market practices or, in the absence thereof, be in line with market established best practice.
- Generally vote AGAINST the chair of the nomination committee (or other directors on a CASE-BY-CASE basis) if:
  - The underrepresented gender accounts for less than 30 percent (or any higher domestic threshold) of shareholder-elected directors of a widely held company – excluding, where relevant, employee shareholder representatives.
  - Both genders are not represented on the board of a non-widely held company.

#### *Mitigating factors may include:*

- Compliance with the relevant standard at the preceding annual meeting and a firm commitment, publicly available, to comply with the relevant standard within a year; or
- Other relevant factors as applicable.

#### *Egregious Actions*

- Under extraordinary circumstances, vote AGAINST or WITHHOLD from directors individually, on a committee, or the entire board, due to:
  - Materials failures of governance, stewardship, risk oversight, including demonstrably poor risk oversight of environmental and social issues, including climate change; or fiduciary responsibilities at the company;
  - Failure to replace management as appropriate; or
  - Egregious actions related to the director(s)’ service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

#### *Capital Structure with Unequal Voting Rights*

- For meeting held on or after Feb. 1, 2024, at widely-held companies in markets where it can be considered standard practice, OP&F will generally vote against directors or against the discharge of (non-executive) directors, if the company employs a stock structure with

unequal voting rights. Vote recommendations will generally be directed the nominees primarily responsible for, or benefiting from, the unequal vote structure.

Exceptions to this policy will generally be limited to:

- Newly-public companies with a sunset provision of no more than seven years from the date of going public;
- Situations where the unequal voting rights are considered de minimis; or
- The company provides sufficient protections for minority shareholders, for example such as allowing minority shareholders a regular binding vote on whether the capital structure should be maintained or a commitment to abolish the structure by the next AGM.

## **Capital Structure:**

Market best practice for Capital Structure related items vary greatly. The below guidelines provide a framework for evaluating these items and do not necessarily consider local standards for each market.

### *Share Issuance Requests – General Issuances*

- Vote AGAINST the issuance of equity or equity linked securities with pre-emptive rights if the stock that could be issued represents more than 100% of the current outstanding shares.
- Vote AGAINST the issuance of equity or equity linked securities without pre-emptive rights if the stock that could be issued represents more than 33% of the current outstanding shares, or could be used as a takeover defense.

### *Increases in Authorized Capital*

- OP&F will vote AGAINST proposals to increase authorized common stock if the proposed increase represents more than 100% of the current authorized shares of stock class.
- Generally vote AGAINST proposals to adopt unlimited capital authorizations

### *Warrant/Bond Issuance*

- OP&F will vote AGAINST issuances of warrants/bonds with warrants attached/convertible bonds with preemptive rights if the stock that could be issued represents more than 100% of the current outstanding shares.
- OP&F will vote AGAINST issuances of warrants/bonds with warrants attached/convertible bonds without preemptive rights if the stock that could be issued represents more than 33% of the current outstanding shares.

### *Authorize New Class of Preferred Stock*

- OP&F will vote AGAINST the authorization of a new class of preferred stock if the board has the ability to set the rights/terms of the shares at issuance.

### *Share Repurchase Plans*

- OP&F will generally vote FOR market repurchase authorities if the terms comply with the following criteria:
  - A repurchase limit of up to 10 percent of issued share capital
  - A holding limit of up to 10 percent of a company’s issued share capital in treasury; and
  - Duration of no more than 5 years, or such lower threshold as may be set by applicable law, regulation, or code of governance best practice
- Authorities to repurchase shares in excess of the 10 percent repurchase limit will be assessed on a CASE-BY-CASE basis.
- Additionally, OP&F may vote AGAINST any proposal where:
  - The repurchase can be used for takeover defense
  - There is clear evidence of abuse;
  - There is no safeguard against selective buybacks;
  - Pricing provisions and safeguards are deemed to be unreasonable in light of market practice.

**Compensation:**

OP&F will evaluate management proposals seeking ratification of a company’s compensation-related items on a CASE-BY-CASE basis, and where relevant, will take into account any market specific Pay of Performance Model outcomes within a qualitative review of a company’s remuneration practices.

OP&F will generally vote AGAINST a company’s compensation-related proposal if such proposal fails to comply with one or a combination of several of the global principles.

- The OP&F global principles on compensation underlie market-specific policies in all markets:
  - Provide shareholders with clear, comprehensive compensation disclosures;
  - Maintain appropriate pay-for-performance alignment with emphasis on long-term shareholder value;
  - Avoid arrangements that risk “pay for failure”;
  - Maintain an independent and effective compensation committee;
  - Avoid inappropriate pay to non-executive directors

*Compensation-Related Voting Sanctions: Remuneration Committee Responsiveness*

Should a company be deemed:

- To have egregious remuneration practices;
- To have failed to follow market practice by not submitting expected resolutions on executive compensation; or
- To have failed to respond to significant shareholder dissent on remuneration-related proposals;

An adverse vote recommendation could be applied to any of the following on a CASE-BY-CASE basis:

1. The reelection of the chair of the remuneration committee or, where relevant, any other members of the remuneration committee;
2. The reelection of the board chair;
3. The discharge of directors; or
4. The annual report and accounts.

This recommendation could be made in addition to other adverse recommendations under existing remuneration proposals (if any).

### *Equity Based Compensation*

- OP&F will generally vote FOR equity-based compensation proposals for employees if the plan(s) are in line with long-term shareholder interests and align the award with shareholder value.
  - The volume of awards (to be) transferred to participants under all outstanding plans must not be excessive.
  - The plan(s) must be sufficiently long-term in nature/structure: the vesting of awards (i) must occur no less than three years from the grant date, and (ii) if applicable, should be conditioned on meeting performance targets that are measured over a period of at least three consecutive years.
  - The awards must be granted at market price. Discounts, if any, must be mitigated by performance criteria or other features that justify such discount.
  - If applicable, performance criteria must be fully disclosed, measurable, quantifiable, and long-term oriented.
- However, OP&F will vote AGAINST certain equity-based compensation plans based on specific factors – the plans and criteria are described below:
- OP&F will generally vote AGAINST employee stock purchase plans and bundled remuneration plans if the proposals' dilution exceeds 8% (basic dilution), or if the dilution of all shares reserved under all stock purchase plans exceeds 15%.
- OP&F will generally vote AGAINST the approval or amendment of executive share options plans and omnibus stock plans, as well as the approval of stock option plan grants if the proposals' dilution exceeds 8% (basic dilution), the dilution of all shares reserved under all stock purchase plans exceeds 15%, or if the plan or amendment allows options to be priced at a discount to the full fair market value.
- OP&F will generally vote AGAINST the approval or amendment of non-employee director stock option plans and non-employee director omnibus stock plans, as well as amending non-employee director restricted stock plans if the proposals' dilution exceeds

2% (basic dilution), the dilution of all shares reserved under all stock purchase plans exceeds 15%, or if the plan or amendment allows options to be priced at a discount to the full fair market value.

- OP&F will generally vote AGAINST the approval or amendment of restricted stock plans and the approval of non-employee director restricted stock plans if the proposals' dilution exceeds 2% (basic dilution), or if the dilution of all shares reserved under all stock purchase plans exceeds 15%.

## Shareholder Proposals

- OP&F will generally vote international shareholder proposals according to the guidelines described in the U.S section of the OP&F proxy voting policy. There are several shareholder proposals voted differently in international markets that are outlined below:
  - Rotate Annual Meeting Location – CASE-BY-CASE
  - Change Date/Time of Annual Meeting – CASE-BY-CASE
  - Eliminate Discretionary Voting of Unmarked Proxies – CASE-BY-CASE
  - Establish Director Stock Ownership Requirement – CASE-BY-CASE
  - Adopt Retention Ratio for Executives/Directors – CASE-BY-CASE
  - Require Majority of Independent Directors on Board – CASE-BY-CASE
  - Increase Disclosure of Executive Compensation – CASE-BY-CASE
  - Establish SERP Policy – Vote AGAINST this proposal.
  - Genetically Modified Organisms (GMO) – Vote with management on this proposal.
  - Report on Sustainability – CASE-BY-CASE
  - Gender Pay Gap – Vote with management on this proposal.
- Aside from the above proposals, and the guidance regarding shareholder proposals in the U.S. section of the proxy voting guidelines, the following analysis will generally be applied to environmental and social shareholder proposals not specifically addressed:
- Generally vote CASE-BY-CASE, examining primarily whether implementation of the proposal is likely to enhance or protect shareholder value. The following factors will be considered:
  - If the issues presented in the proposal are more appropriately or effectively dealt with through legislation or government regulation;
  - If the company has already responded in an appropriate and sufficient manner to the issue(s) raised in the proposal;
  - Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive;
  - The company's approach compared with any industry standard practices for addressing the issue(s) raised by the proposal;
  - Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental or social practices;



- If the proposal requests increased disclosure or greater transparency, whether reasonable and sufficient information is currently available to shareholders from the company or from other publicly available sources; and
- If the proposal requests increased disclosure or greater transparency, whether implementation would reveal proprietary or confidential information that could place the company at a competitive disadvantage.

## **Other Items/Miscellaneous Proposals:**

### *Reorganizations/Restructurings*

- Reorganizations and restructurings will be voted on a CASE-BY-CASE basis.

### *Mergers and Acquisitions*

- Vote CASE-BY-CASE on mergers and acquisitions taking into account the following:
  - Valuation
  - Market reaction
  - Strategic rationale
  - Conflicts of interest
  - Governance
- Vote AGAINST if the companies do not provide sufficient information upon request to allow shareholders to make an informed voting decision.

### *Adopt Majority Voting for Uncontested Election of Directors*

- Vote FOR management proposals to adopt majority voting for uncontested election of directors.

### *Amend Articles/Bylaws/Charter to Remove Antitakeover Provision(s)*

- Vote FOR management proposals to amend articles/bylaws/charter to remove antitakeover provisions.

### *Reduce Supermajority Vote Requirement*

- Vote FOR management proposals to reduce supermajority vote requirements.

### *Adopt Fair Price Provision*

- Vote AGAINST management proposals that call for the adoption of fair price provisions.

### *Provide Right to Call Special Meeting*

- Vote FOR management proposals that provide the right to call special meetings.

### *Redeem Shareholder Rights Plan (Poison Pill)*

- Vote AGAINST management proposals to redeem shareholder rights plans.

### *Eliminate/Restrict Right to Call a Special Meeting*

- Vote AGAINST management proposals that would eliminate or restrict the right to call a special meeting.

*Provide Directors May Only Be Removed for Cause*

- Vote AGAINST management proposals that allow directors to only be removed for cause.

*Adopt, Renew or Amend Shareholder Rights Plan (Poison Pill)*

- Vote AGAINST management proposals to adopt, renew, or amend shareholder rights plans.

*Rescind Fair Price Provision*

- Vote FOR management proposals that would rescind fair price provisions.

*Share Re-registration Consent*

- Vote FOR management proposals asking for share re-registration consent.