

# The Nathan Cummings Foundation Proxy Voting Guidelines

## **MANAGEMENT PROPOSALS**

### Boards of Directors

Vote **FOR** director nominees as long as the following three criteria are met:

1. The board is not classified, or, if the board is classified, there is a management-supported proposal to declassify the board included on the ballot
2. The board does not recommend a vote **AGAINST** a shareholder proposal that the Foundation supports  
AND
3. ISS supports the candidate

### Auditors

Vote **FOR** auditors if either of the following two criteria are met:

1. ISS recommends a vote **FOR** the auditors
2. Other fees are less than or equal to 2% of total fees paid to the auditing company

### Compensation

Follow ISS recommendations regarding management proposals relating to options, compensation and incentive plans.

### Stock Issuance

Follow ISS recommendations regarding management proposals relating to the issuance of additional shares of company stock.

### Mergers

The Foundation will confer with the investment manager responsible for selecting the stock and will vote **FOR** proposals when the merger is supported by the relevant manager. In the case of mergers relating to a company held in an index fund, the Foundation will follow ISS' recommendation.

### Declassification

Vote **FOR** management-sponsored proposals to declassify the board of directors.

### Other Business

Vote **AGAINST** proposals granting the board the discretion to act upon all other matters that may properly come before the meeting, or adjournment or postponement thereof.

### Miscellaneous Management Proposals

All other management proposals will be voted on a **case-by-case basis** taking into account ISS recommendations on the issue, the proposal's impact on long-term shareholder value and the Foundation's overall themes of accountability, transparency and social and economic justice.

## **SHAREHOLDER PROPOSALS – CORPORATE GOVERNANCE**

### Compensation

*Advisory Resolution to Ratify Executive Compensation* - The Foundation will vote **FOR** proposals requesting that the board adopt a policy giving shareholders the opportunity to vote on an advisory resolution to ratify the compensation of the named executive officers set forth in the proxy statement's summary compensation table and the accompanying narrative disclosure of material factors.

*Claw-Back Provisions* – NCF will vote **FOR** resolutions requesting that boards adopt a bylaw to recoup for the benefit of the company all unearned incentive bonuses or other incentive payments to senior executives to the extent that their corresponding performance targets were later reasonably determined to have not been achieved.

*Compensation Limits* - The Foundation will vote resolutions requesting that companies limit the average individual compensation of senior management (including individual performance awards and discretionary awards) on a **case-by-case basis**, taking into account ISS recommendations and the Foundation's programmatic values.

*Elimination of Options* – NCF will vote **AGAINST** resolutions requesting that the company eliminate options grants.

*Options Dating* – Vote **FOR** requests that the board adopt a policy under which the board shall award any standard stock options that are granted to senior executives at an exercise price equal to an average of the opening and closing prices of the underlying stock on the date that the option is granted, with any grant dates to be established and disclosed in advance.

*Pay for Performance* – The Foundation will generally vote **FOR** proposals tying pay to performance.

*Performance Vesting Shares* – The Foundation will vote **FOR** proposals requesting that boards adopt a policy that a significant portion of future equity compensation grants to senior executives shall be shares of stock that require the achievement of performance goals as a prerequisite to vesting.

*Time Restricted Options* - The Foundation will vote **FOR** resolutions requesting that boards modify the granting of stock options in any future stock option program to include a provision that the sale of underlying shares acquired through the exercise of the options is restricted until a specified period of time has lapsed from the date of the options vesting.

### Director Elections & Voting Practices

*Cumulative Voting* - The Foundation will vote **FOR** proposals requesting that companies adopt cumulative voting.

*Declassification of the Board* - The Foundation will vote **FOR** proposals requesting the declassification of the board.

*Director Term Limits* - The Foundation will vote proposals calling for the establishment of term limits for directors on a **case-by-case basis**, taking into account ISS recommendations and the Foundation's programmatic values.

*Majority Vote Standard* - The Foundation will vote **FOR** proposals requesting that bylaws be amend to provide for a majority vote standard in the election of directors.

*Over-Extended Directors* – Vote **FOR** resolutions requesting that directors be limited in the number of outside boards they are able to serve on.

*Qualifications for Director Nominees* - NCF generally **ABSTAINS** from voting on proposals that lay out specific qualification requirements for director nominees.

#### Poison Pills

Vote **FOR** proposals requesting that the board adopt a bylaw or charter amendment that any future or current poison pill be subject to a shareholder vote as a separate ballot item.

#### Political Contributions & Partisanship

*Political Contributions* - The Foundation will generally vote **FOR** resolutions requesting that companies report on their political contributions and payments to trade associations.

*Political Nonpartisanship* - NCF will vote resolutions requesting that companies affirm their political non-partisanship by avoiding certain specified practices on a **case-by-case basis**, taking into account ISS recommendations and the Foundation's programmatic values.

#### Separation of CEO & Chair

Vote **FOR** proposals requesting the separation of the Chair and CEO positions.

#### Severance Agreements

The Foundation will vote **FOR** proposals that request that the board seek shareholder approval of future severance agreements with senior executives that provide benefits in an amount exceeding 2.99 times the sum of the executives' base salary plus bonus.

#### Special Meetings

Vote **FOR** proposals requesting that boards amend company bylaws to give holders of the outstanding common stock the power to call special shareholder meetings.

#### Supplemental Retirement Plans

The Foundation votes **FOR** proposals requesting that the board's executive compensation committee establish a policy limiting the benefits provided under supplemental executive retirement plans ("SERP Policy").

#### Other Corporate Governance Proposals

All other corporate governance shareholder proposals will be voted on a **case-by-case basis** taking into account ISS recommendations on the issues, the proposal's impact on long-term shareholder value and the Foundation's overall themes of accountability, transparency and social and economic justice.

### **SHAREHOLDER PROPOSALS – ENVIRONMENTAL ISSUES**

#### Climate Change

*Report on Climate Change* - The Foundation will generally vote **FOR** proposals addressing issues relating to climate change, including proposals to report on rising pressure to reduce emissions or increase energy efficiency.

*Renewables* – The Foundation will generally vote **FOR** proposals requesting a report explaining how companies will respond to rising regulatory, competitive, and public pressure to significantly develop renewable energy sources.

*Report on Emissions Reduction Goals* – Vote **FOR** resolutions requesting a report on emissions reduction goals.

*Report on Science* - The Foundation will vote **AGAINST** climate proposals sponsored by climate skeptics such as the **Free Enterprise Action Fund**. These proposals generally request that companies which have taken proactive stances on climate change report on the science behind their decisions.

#### Drilling in Sensitive/Protected Areas

NCF will vote **FOR** resolutions requesting a report on the potential environmental damage that would result from drilling in sensitive areas such as the National Petroleum Reserve in Alaska and the implications of refraining from drilling in such regions.

#### Toxics

Vote **FOR** resolutions requesting reports on the feasibility of phasing out the use of toxic chemicals such as persistent and bio-accumulative toxic (PBT) chemicals, brominated flame retardants (BFRs) and polyvinyl chloride (PVC) plastics.

#### Other Environmental Proposals

All other environment-related shareholder proposals will be voted on a **case-by-case basis** taking into account ISS recommendations on the issues, the proposal's impact on long-term shareholder value and the Foundation's overall themes of accountability, transparency and social and economic justice.

### **SHAREHOLDER PROPOSALS – SOCIAL ISSUES**

#### Charitable Contributions

NCF will vote proposals requesting that companies report on their charitable contributions on a **case-by-case basis**, taking into account ISS recommendations and the Foundation's programmatic values.

Proposals either implicitly or explicitly referencing contributions to specific groups will also be voted on a **case-by-case basis**, taking into account ISS recommendations and the Foundation's programmatic values.

#### Community Impact

NCF will vote **FOR** proposals requesting reports on how companies are accountable for the impact of their operations on all of the communities in which they operate. These reports generally cover how the company makes available reports regarding its emissions and environmental impact, how the company integrates community environmental accountability into its code of conduct, and the extent to which company actions have a negative impact on the health of those living in poor communities.

#### Equal Employment Opportunity

*EEO Data* - NCF votes **FOR** resolutions requesting that the company prepare a report identifying employees according to their sex and race in each of the nine United States (U.S.) Equal Employment Opportunity Commission- (EEOC) defined job categories and including a description of affirmative action policies and programs, and/or a description

of policies and programs aimed at increasing the number of women and minority managers.

*McBride Principles/Northern Ireland* – Vote **FOR** resolutions requesting that companies implement the McBride Principles.

#### Freedom of Access to the Internet

The Foundation will vote **FOR** proposals requesting that companies adopt policies to protect freedom of access to the internet.

#### Foreign Military Sales

The Foundation will vote **FOR** proposals requesting that companies report on foreign sales of weapons related products and services.

#### Genetically Modified Organisms

The Foundation will vote **FOR** proposals asking for transparency on policies relating to genetically modified organisms.

#### Government Service

The Foundation will generally vote **FOR** proposals requesting that companies provide lists of company executives, consultants, legal counsel, and lobbyists that served in any governmental capacity. Requests should be limited to service in the previous five years.

#### Healthcare

The Foundation will vote **FOR** resolutions requesting that companies report on the impact that rising healthcare costs will have on the company and how the company is prepared to address these concerns while maintaining the health and productivity of its workforce.

#### Human Rights

*Labor Standards/ILO Conventions* - The Foundation will vote **FOR** proposals concerning the adoption, implementation and/or enforcement of a company-wide Code of Conduct, inclusive of suppliers and sub-contractors, based on the International Labor Organization's Declaration of Fundamental Principles and Rights at Work.

*Indigenous Populations* – The Foundation will vote **FOR** resolutions requesting reports on companies' policies and procedures regarding: host country laws and regulations with respect to their adequacy to protect indigenous rights; and, the process and practice for obtaining consent of indigenous peoples affected by its operations.

#### Pay Disparity

Vote **FOR** resolutions requesting a report comparing the total compensation of the company's top executives with that of the company's lowest paid workers.

#### Sustainability Reporting

NCF votes **FOR** resolutions requesting that the company prepare a sustainability report. The resolution may or may not reference preparing the report in accordance with the Global Reporting Initiative guidelines.

### Other Social Proposals

All other shareholder proposals dealing with social issues will be voted on a **case-by-case basis** taking into account ISS recommendations on the issues, the proposal's impact on long-term shareholder value and the Foundation's overall themes of accountability, transparency and social and economic justice.