

## ANOTHER BUSY YEAR AHEAD FOR PROXY ACCESS

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As in 2015, proxy access is shaping up to be a dominant theme of the 2016 proxy season. Most recently, Institutional Shareholder Services (ISS) issued additional policy revisions pertaining to proxy access, and new variations of shareholder proposals are being introduced. These developments are discussed below.

### *ISS Policy Changes*

In a second round of 2016 policy updates, ISS has published a frequently asked questions (FAQ) document on proxy access, along with other matters.<sup>1</sup> The FAQ specifically addresses provisions in proxy access bylaws that ISS considers to be overly restrictive, as well as the framework ISS will use in analyzing proxy access nominees. Issuers are reminded that ISS is not changing its current policy of supporting management and shareholder proxy access proposals that mirror the SEC's voided rule, which would have allowed holders of 3% of the shares for three years to nominate up to 25% of the board.

As detailed in its FAQ, ISS will evaluate a board's response to a majority-supported proxy access proposal by examining whether the major points of the shareholder resolution are being implemented. ISS will also examine additional provisions that were not included in the shareholder proposal to determine whether they unnecessarily restrict the use of the proxy access right. If ISS concludes that the board response was inadequate, it will recommend against individual

directors, nominating/governance committee members, or the entire board.

The following may trigger a negative recommendation under ISS's Board Responsiveness policy:

- A company bylaw that is more restrictive than a 3/3/20/20 formulation—i.e., a group of up to 20 shareholders owning at least 3% of the shares for three years may nominate up to 20% of the board.
- If the cap on shareholder nominees or the aggregation limit differs from what was stated in the shareholder proposal, and the company does not disclose its shareholder outreach efforts.
- Restrictions that effectively nullify the proxy access right:
  - Counting individual funds within a mutual fund family as separate shareholders under the aggregation limit, and
  - Post-meeting shareholding requirements for nominating shareholders.
- Other restrictions or conditions on proxy access nominees that are potentially problematic when combined:
  - Prohibitions on the resubmission of failed shareholder nominees in subsequent years,
  - Restrictions on third-party compensation of proxy access nominees,
  - Restrictions on the use of proxy access and proxy contest procedures for the same meeting,

<sup>1</sup> See ISS's U.S. Policies and Procedures FAQ at <http://www.issgovernance.com/file/policy/us-policies-and-procedures-faq-dec-2015.pdf>. ISS also issued FAQs on equity compensation plans and executive compensation, available at [http://www.issgovernance.com/file/policy/1\\_us-equity-compensation-plans-faq-dec-2015.pdf](http://www.issgovernance.com/file/policy/1_us-equity-compensation-plans-faq-dec-2015.pdf) and <http://www.issgovernance.com/file/policy/us-executive-compensation-policies-faq-dec-2015.pdf>.

- How long and under what terms an elected shareholder nominee will count towards the maximum number of proxy access nominees, and
- When the proxy access right will be fully implemented and available to qualifying shareholders.

ISS has also created an analytical framework for evaluating proxy access candidates that offers more latitude than its standard proxy contest policy. This framework takes into account that a shareholder nominator may have no disagreement with the company’s strategy or individual directors, but wishes to propose an alternative candidate to address a specific concern, such as board diversity, lack of board refreshment, or a perceived skills gap on the board. In assessing proxy access nominees, ISS will consider the following criteria:

- Nominee and nominator-specific factors:
  - Nominator’s rationale,
  - Nominator’s critique of management/incumbent directors, and
  - Nominee’s qualifications, independence, and overall fitness for directorship.
- Company-specific factors:
  - Company performance relative to peers,
  - Background to the contested situation (if applicable),
  - Board’s track record and responsiveness,
  - Independence of director/nominees,
  - Governance profile of the company,
  - Evidence of board entrenchment,

- Current board composition (skill sets, tenure, diversity, etc.), and
- Any ongoing controversies.
- Election-specific factors:
  - Whether the number of nominees exceeds the number of board seats, and
  - Vote standard for the election of directors.

### *Impact on Issuers*

This year, 55 shareholder-sponsored proxy access proposals received majority support (excluding abstentions). So far, 26 companies (47%) have responded to the votes, and all of their bylaws fall within ISS’s 3/3/20/20 parameters (see Table 1). Nevertheless, responding companies will still need to disclose their shareholder outreach efforts in their proxy statements to justify any deviations from the shareholder proposal in regards to board seat caps and shareholder aggregation limits.

Less clear is how ISS will weigh problematic features in proxy access bylaws in determining whether or not to recommend votes against directors. None of the 26 responding companies mandate a post-meeting holding period, though nearly half require nominators to provide a representation of their intent to hold the required shares for at least one year after the annual meeting. Similarly, 24 of the companies count funds under common management and investment control as one shareholder under the aggregation limit, but two—Priceline Group and TCF Financial—are silent on the matter. Other potentially problematic features cited by ISS appear to some degree in virtually all of the proxy access bylaws implemented to date.<sup>2</sup> Indeed, even institutional investors that have adopted proxy access (State Street and T. Rowe Price) include some of these

<sup>2</sup> See “Key Provisions of Proxy Access Mechanisms” by the Council of Institutional Investors and Covington & Burlig at [http://www.cii.org/proxy\\_access](http://www.cii.org/proxy_access).

restrictions in their bylaws.<sup>3</sup> Companies that are responding to majority votes should address these ancillary provisions in their engagement with major shareholders to determine which ones need to be avoided or scaled back.

ISS's Board Responsiveness policy should not impact issuers that adopted access rights in contexts other than a majority-supported shareholder resolution. Since August, 67 firms have proactively implemented proxy access, either to get a shareholder proposal withdrawn or to avoid being targeted in the future (see Table 2).<sup>4</sup> All but a handful of these recent adopters instituted a 3/3/20/20 structure, which has effectively become the market standard. The exceptions include five companies that established a 5% ownership threshold (Flowserve, Noble Energy, NVR, Oshkosh, and VCA), and two that limited nominating groups to fewer than 20 holders (Goldman Sachs and Philip Morris International).<sup>5</sup>

### *Upcoming Resolutions*

Looking ahead, proponents are taking a tougher approach in next year's round of proxy access proposals. Among other targets, the Office of the New York City Comptroller has filed resolutions with at least 10 fossil fuel companies, motivated by their "business-as-usual" stance towards the risks of climate change.<sup>6</sup> While many of the Comptroller's resolutions

maintain the 2015 format—tailored after the SEC's vacated proxy access rule—in at least two cases the proposal takes the form of a binding bylaw amendment. At Cabot Oil & Gas and NVR, the resolution will amend the companies' existing proxy access bylaws to reduce the ownership threshold from 5% to 3%, eliminate the shareholder aggregation limit, and change the post-meeting holding requirement from "maintaining a qualifying ownership of the shares" to "remaining a shareholder." Other proposed revisions specific to each company include raising the board seat cap from 20% to 25%, lowering the renomination requirement from 25% to 10% voting support, and extending the recall period for counting loaned shares from three to five business days. The proposal at Cabot Oil & Gas will also prohibit the board from unilaterally altering the bylaw.

Resolutions from individual investors will similarly be more prescriptive. James McRitchie has reframed his 2016 proposals in line with best practice guidance issued by the Council of Institutional Investors (CII).<sup>7</sup> At new targets, his 3%/3-year proposals will explicitly allow an unrestricted number of shareholders to form a nominating group and nominate the greater of two directors or 25% of the board. McRitchie is also circling back to past adopters to eliminate "troublesome" provisions in their proxy access bylaws, including caps on group aggregations and prohibitions on loaned shares counting towards the ownership threshold, compensation arrangements between nominators and their nominees, and re-nominations of shareholder candidates that fail to receive a minimal level of voting support.<sup>8</sup> In selecting his 2016 targets, McRitchie stated that he is choosing the "path of less

<sup>3</sup> Both State Street and T. Rowe Price prohibit re-nomination of shareholder candidates for two annual meetings if they do not receive at least 25% support. T. Rowe Price also bans third-party compensation for board service, while State Street bans third-party compensation for board candidacy or service unless disclosed to the company.

<sup>4</sup> So far in 2015, 115 companies have adopted proxy access, including 92 S&P 500 firms. This brings the total number of companies with proxy access to 131 including 98 S&P 500 firms.

<sup>5</sup> Oshkosh has received a 2016 shareholder proposal to bring its bylaw in line with the SEC's vacated rule.

<sup>6</sup> See <http://www.ceres.org/investor-network/resolutions/shareholder-resolutions#!/subject=Governance>. Also see <http://www.ceres.org/investor-network/resolutions/cabot-amend-proxy-access-bylaws-2016> and

<https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2015/nyccomptroller122315-14a8-incoming.pdf>.

<sup>7</sup> See CII's proxy access guidelines at [http://www.cii.org/files/publications/misc/08\\_05\\_15\\_Best%20Practices%20-%20Proxy%20Access.pdf](http://www.cii.org/files/publications/misc/08_05_15_Best%20Practices%20-%20Proxy%20Access.pdf).

<sup>8</sup> See McRitchie's proposals at <http://www.corpgov.net/2015/09/avoiding-proxy-access-lite-revised-template/#more-24297> and <http://www.corpgov.net/2015/09/fixing-proxy-access-lite/#more-24190>.

resistance” by focusing on well-governed companies which are likely to adopt best practices. Once proxy access becomes ubiquitous, poorly governed companies will be under greater pressure to adopt robust access rights.<sup>9</sup>

If 2015 serves as any guidance, McRitchie’s version 2.0 proposals are unlikely to be successful at companies that have already implemented 3%/3-year access rights. This year, investors voted down shareholder resolutions at Boston Properties, Expeditors International, and Rite Aid, which adopted or proposed 3%/3-year access bylaws but restricted group aggregations and, in two cases, limited shareholder nominations to 20% rather than 25% of the board.<sup>10</sup> McRitchie’s initial targets for 2016 include Apple, QUALCOMM, and Whole Foods Market, all of which have adopted 3/3/20/20 bylaws.

Other variations of proxy access could be in the works for 2016. The United Brotherhood of Carpenters Pension Fund (UBC), for example, prefers that proxy access rights have a triggering mechanism tied to “zombie” directors. In recent letters to 50 companies that received proxy access proposals in 2015 and have majority voting, the UBC advocated that proxy access only be invoked if one or more directors failed their election and the board rejected their resignations. The UBC contends that “triggered” proxy access would give shareholders an avenue for dealing with unresponsive boards, but protect companies from the threat of a proxy access challenge in the absence of a serious governance or strategic matter.

The 2016 proxy season will also be a testing ground for the omission of proxy access proposals. In October, the SEC narrowed its interpretation of the conflicting proposal exclusion so that management and shareholder

proposals on the same subject matter would only pose a direct conflict if a reasonable shareholder could not logically vote for both of them.<sup>11</sup> As a result, more companies are likely to seek no-action relief based on substantial implementation of the proposal, which was successful at General Electric last spring.<sup>12</sup> Among the initial challengers are Baxter International, Coca-Cola, Dun & Bradstreet, General Dynamics, Huntington Ingalls Industries, Kimberly-Clark, and PPG Industries, which received shareholder proposals from McRitchie, John Chevedden, and Myra K. Young that call for a 3%/3-year proxy access regime with no limit on nominating group size and a board seat cap equal to the greater of two directors or 25% of the board. Six of the companies adopted 3%/3-year bylaws this fall, but limit group aggregations to 20 holders and shareholder nominations to either 20% of the board or the greater of two directors and 20% of the board. Huntington Ingalls Industries plans to adopt a similar bylaw at its January 2016 board meeting.

### *Conclusion*

Although issuers can expect another active year ahead for proxy access proposals, they must keep in mind that there is still no uniform opinion among investors regarding the concept of proxy access in general and the appropriate terms in particular. For this reason, a number of companies with upcoming annual meetings, such as Costco Wholesale and Johnson Controls, are opting to oppose the shareholder resolution while they continue to engage their key investors on the matter. Notwithstanding the views of shareholder proponents and proxy advisory firms, it is essential that boards base their decision on the adoption and structure of proxy access rights on what is ultimately workable and desirable for their own investors.

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<sup>9</sup> The same strategy was used in the private ordering of majority voting in director elections. See the academic study, “Does Majority Voting Improve Board Accountability?” at [http://www.law.uchicago.edu/files/files/majority\\_voting\\_9-20-2015.pdf](http://www.law.uchicago.edu/files/files/majority_voting_9-20-2015.pdf).

<sup>10</sup> ISS supported the shareholder proposals at all three companies, while Glass Lewis only supported the proposal at Boston properties, whose bylaw limited nominating groups to five shareholders.

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<sup>11</sup> See Staff Legal Bulletin No. 14H at <https://www.sec.gov/interps/legal/cfs14h.htm>.

<sup>12</sup> General Electric omitted a 3/3/25 proxy access proposal filed by Kevin Mahar after adopting a 3/3/20/20 bylaw.

**Table 1: 2015 Majority Votes on Proxy Access Proposals**

Target company	Proponent	2015 Meeting Date	% Support <sup>1</sup>	Date Bylaw Adopted	Owner-ship %	# Hldrs	Owner-ship Years	# of Nominees
AES Corporation	NYC Comptroller	23-Apr	66.4%	25-Nov	3%	20	3	20%
Alliance Data Systems Corporation	NYC Comptroller	3-Jun	55.7%					
Alpha Natural Resources, Inc.	NYC Comptroller	21-May	67.1%					
American Electric Power Company, Inc.	NYC Comptroller	21-Apr	67.2%	20-Oct	3%	20	3	2 directors or 20% of board
Anadarko Petroleum Corporation	NYC Comptroller	12-May	59.4%	15-Sep	3%	20	3	2 directors or 20% of board
Anthem, Inc. (formerly WellPoint Inc.)	Harrington Investments	13-May	66.5%					
Apache Corporation <sup>2</sup>	NYC Comptroller	14-May	92.7%					
Apartment Investment and Management Company	NYC Comptroller	28-Apr	57.7%					
AvalonBay Communities, Inc.	NYC Comptroller	21-May	65.0%	12-Nov	3%	20	3	2 directors or 20% of board
Avon Products Inc.	NYC Comptroller	6-May	75.7%					
CBL & Associates Properties, Inc. <sup>2</sup>	Connecticut, Kansas City Firefighters, City of Philadelphia PERS	4-May	69.0%					
CF Industries Holdings, Inc.	NYC Comptroller	15-May	57.4%	14-Oct	3%	20	3	25%
Cheniere Energy, Inc.	NYC Comptroller	11-Jun	63.1%	13-Dec	3%	20	3	2 directors or 20% of board
Chevron Corp.	NYC Comptroller	27-May	55.3%	30-Sep	3%	20	3	2 directors or 20% of board
Cimarex Energy Corp.	NYC Comptroller	14-May	56.2%	11-Nov	3%	20	3	25%
Cisco Systems, Inc.	James McRitchie	19-Nov	64.7%					
Citigroup, Inc. <sup>3</sup>	John Chevedden for James McRitchie and Myra K. Young	28-Apr	86.9%	22-Oct	3%	20	3	2 directors or 20% of board
Cloud Peak Energy Inc. <sup>4</sup>	NYC Comptroller	13-May	71.1%	20-Oct	3%	20	3	2 directors or 20% of board

Target company	Proponent	2015 Meeting Date	% Support <sup>1</sup>	Date Bylaw Adopted	Owner-ship %	# Hldrs	Owner-ship Years	# of Nominees
ConocoPhillips	NYC Comptroller	12-May	54.3%	9-Oct	3%	20	3	2 directors or 20% of board
Devon Energy Corp.	NYC Comptroller	3-Jun	58.2%					
DTE Energy Company	NYC Comptroller	7-May	61.7%	17-Sep	3%	20	3	2 directors or 20% of board
Duke Energy Corp.	NYC Comptroller	7-May	62.7%					
eBay Inc.	NYC Comptroller	1-May	59.4%					
Electronic Arts Inc.	NYC Comptroller, Illinois State Board of Investment	14-Aug	55.0%					
EOG Resources, Inc.	NYC Comptroller	30-Apr	50.7%	22-Sep	3%	20	3	2 directors or 20% of board
EQT Corporation	NYC Comptroller	15-Apr	66.3%	14-Oct	3%	20	3	2 directors or 20% of board
Equity Residential	NYC Comptroller	24-Jun	56.1%	1-Oct	3%	20	3	20%
FedEx Corp.	Marco Consulting Group	28-Sep	54.3%					
Fidelity National Financial, Inc.	NYC Comptroller	17-Jun	60.9%					
FirstEnergy Corp.	NYC Comptroller	19-May	71.4%					
Freeport-McMoRan Inc.	NYC Comptroller	10-Jun	64.9%					
Hain Celestial Group, Inc. <sup>3</sup>	James McRitchie	19-Nov	87.1%					
Hasbro, Inc.	NYC Comptroller	21-May	68.6%	1-Oct	3%	20	3	2 directors or 20% of board
HCP, Inc. <sup>5</sup>	NYC Comptroller	30-Apr	55.5%					
Hess Corp.	NYC Comptroller	6-May	51.1%	4-Nov	3%	20	3	2 directors or 20% of board
Kohl's Corp.	CalPERS	14-May	73.3%	11-Nov	3%	20	3	2 directors or 20% of board
Marathon Oil Corporation <sup>5</sup>	NYC Comptroller	29-Apr	62.7%	26-Aug	3%	20	3	25%
McDonald's Corp.	UAW	21-May	61.7%	26-Oct	3%	20	3	2 directors or 20% of board
Monsanto Co.	Harrington Investments	30-Jan	53.5%	5-Jun	3%	20	3	20%
Murphy Oil Corporation	NYC Comptroller	13-May	53.0%					
Nabors Industries Ltd.	NYC Comptroller	2-Jun	67.0%					
Netflix, Inc.	NYC Comptroller	9-Jun	71.0%					

Target company	Proponent	2015 Meeting Date	% Support <sup>1</sup>	Date Bylaw Adopted	Owner-ship %	# Hldrs	Owner-ship Years	# of Nominees
<b>Occidental Petroleum Corp.</b>	NYC Comptroller	1-May	62.0%	8-Oct	3%	20	3	2 directors or 20% of board
<b>Oracle Corp.</b>	Nathan Cummings, UAW, Marco Consulting Group	18-Nov	55.0%					
<b>PPL Corporation</b>	NYC Comptroller	20-May	61.4%	18-Dec	3%	25	3	2 directors or 20% of board
<b>Precision Castparts Corp.</b> <sup>7</sup>	NYC Comptroller	17-Aug	58.7%					
<b>Priceline Group Inc.</b> <sup>5</sup>	NYC Comptroller	4-Jun	53.7%	23-Jul	3%	No limit	3	25%
<b>Range Resources Corporation</b>	NYC Comptroller	19-May	60.9%					
<b>Republic Services, Inc.</b> <sup>8</sup>	NYC Comptroller	14-May	89.9%					
<b>Roper Technologies, Inc.</b>	NYC Comptroller	29-May	67.6%					
<b>Southwestern Energy Company</b>	NYC Comptroller	19-May	56.4%	9-Nov	3%	20	3	2 directors or 20% of board
<b>St. Jude Medical, Inc.</b>	UAW	7-May	72.5%					
<b>TCF Financial Corp.</b>	Kansas City Firefighters	22-Apr	59.9%	19-Oct	3%	20	3	25%
<b>Vertex Pharmaceuticals Inc.</b>	NYC Comptroller	4-Jun	58.4%					
<b>Visteon Corporation</b> <sup>4</sup>	NYC Comptroller	11-Jun	75.7%					

Source: SEC filings.

1. Based on "for" votes as a percentage of "for" and "against" votes.
2. CBL & Associates announced in November that it would adopt a 3/3/25 proxy access bylaw later this year.
3. The board supported the shareholder proposal.
4. A competing management proposal for 5%/3-year access rights failed.
5. The company had adopted a 5%/3-year proxy access bylaw prior to its 2015 annual meeting.
6. Nabors Industries adopted a 5%/-3-year proxy access policy in 2014.
7. Company is being acquired by Berkshire Hathaway.
8. The board made no recommendation on the shareholder proposal.

*Table 2: Additional Proxy Access Adoptions (August - December)*

2015 SH Proposal Withdrawn	Date Bylaw Adopted	Ownership %	# Holders	Ownership Years	# of Nominees
Clorox Co.	28-Aug	3%	20	3	20%
Kindred Healthcare, Inc.	29-Oct	3%	20-25	3	2 directors or 20% of board
Microsoft Corp.	7-Aug	3%	20	3	2 directors or 20% of board
Staples Inc.	1-Dec	3%	25	3	2 directors or 20%
United Natural Foods, Inc.	23-Oct	3%	20	3	20%
VEREIT, Inc.	5-Aug	3%	20	3	25%
YUM! Brands, Inc.	18-Sep	3%	20	3	20%

2016 SH Proposal Withdrawn	Date Bylaw Adopted	Ownership %	# Holders	Ownership Years	# of Nominees
Visa, Inc.	30-Oct	3%	20	3	20%

2015 SH Proposal Failed	Date Bylaw Adopted	Ownership %	# Holders	Ownership Years	# of Nominees
Apple Inc.	21-Dec	3%	20	3	20%
Coca-Cola Co.	2-Sep	3%	20	3	2 directors or 20% of board
Level 3 Communications, Inc.	12-Nov	3%	20	3	20%
Noble Energy, Inc.	22-Oct	5%	20	3	20%
NVR, Inc.	6-Nov	5%	20	3	20%
Peabody Energy Corporation	10-Dec	3%	20	3	2 directors or 20% of board
Pioneer Natural Resources Company	19-Nov	3%	20	3	2 directors or 20% of board
VCA, Inc.	29-Oct	5%	20	3	20%
Walgreens Boots Alliance Inc.	16-Oct	3%	20	3	20%





No SH Proposal in 2015	Date Bylaw Adopted	Ownership %	# Holders	Ownership Years	# of Nominees
3M Co.	10-Nov	3%	20	3	2 directors or 20%
Abbott Laboratories	11-Dec	3%	20	3	20%
Aflac Inc.	10-Nov	3%	20	3	20%
Alaska Air Group, Inc.	9-Dec	3%	20	3	2 directors or 20%
Allstate Corp.	19-Nov	3%	20	3	20%
Altria Group, Inc.	29-Oct	3%	20	3	2 directors or 20%
Ameren Corp.	11-Dec	3%	20	3	2 directors or 20%
American International Group, Inc.	16-Nov	3%	20	3	2 directors or 20%
AmerisourceBergen Corp.	18-Nov	3%	20	3	2 directors or 20%
Archer-Daniels-Midland Co.	5-Nov	3%	20	3	20%
AT&T Inc.	18-Dec	3%	20	3	2 directors or 20%
Bank of New York Mellon Corp.	13-Oct	3%	20	3	2 directors or 20%
Baxter International Inc.	18-Dec	3%	20	3	2 directors or 20%
Boeing Co.	14-Dec	3%	20	3	2 directors or 20%
Capital One Financial Corp.	5-Oct	3%	20	3	2 directors or 20%
CarMax, Inc.	8-Dec	3%	20	3	20%
Caterpillar Inc.	9-Dec	3%	20	3	2 directors or 20%
Corning, Inc.	7-Dec	3%	20	3	2 directors or 20%
CSX Corp.	7-Oct	3%	20	3	2 directors or 20%
Dominion Resources, Inc.	17-Dec	3%	20	3	2 directors or 20%
Dun & Bradstreet Corp.	3-Dec	3%	20	3	2 directors or 20%
Ecolab Inc.	3-Dec	3%	20	3	2 directors or 20%
Edison International	10-Dec	3%	20	3	2 directors or 20%
Flowserve Corp.	14-Dec	5%	20	3	2 directors or 20%
General Dynamics Corp.	2-Dec	3%	20	3	20%
Gilead Sciences	23-Dec	3%	20	3	2 directors or 20%
Goldman Sachs Group, Inc.	23-Oct	3%	15	3	2 directors or 20%
Honeywell International Inc.	11-Dec	3%	20	3	2 directors or 20%
Illinois Tool Works Inc,	11-Dec	3%	20	3	2 directors or 25%



No SH Proposal in 2015	Date Bylaw Adopted	Ownership %	# Holders	Ownership Years	# of Nominees
International Flavors & Fragrances Inc.	15-Dec	3%	20	3	20%
Kimberly-Clark Corp.	14-Dec	3%	20	3	2 directors or 20%
MetLife, Inc.	8-Dec	3%	20	3	20%
Mondelez International, Inc.	1-Oct	3%	20	3	2 directors or 20%
Morgan Stanley	29-Oct	3%	20	3	2 directors or 20%
Northrop Grumman Corp.	4-Dec	3%	20	3	2 directors or 20%
Oshkosh Corp.	13-Nov	5%	20	3	20%
Pfizer Inc.	14-Dec	3%	20	3	2 directors or 20%
Philip Morris International Inc.	16-Sep	3%	15	3	20%
PPG Industries, Inc.	10-Dec	3%	20	3	2 directors or 20%
Progressive Corp.	7-Aug	3%	20	3	20%
Public Service Enterprise Group Inc.	15-Dec	3%	20	3	25%
QUALCOMM Inc.	7-Dec	3%	20	3	20%
Spectra Energy Corp.	4-Nov	3%	20	3	20%
State Street Corp.	20-Oct	3%	20	3	20%
T. Rowe Price Group Inc.	10-Dec	3%	20	3	2 directors or 20%
Target Corp.	11-Nov	3%	20	3	2 directors or 20%
Union Pacific Corp.	19-Nov	3%	20	3	2 directors or 20%
United Technologies Corp.	9-Sep	3%	20	3	20%
Wells Fargo & Co.	17-Dec	3%	20	3	2 directors or 20%
Windstream Holdings, Inc.	19-Nov	3%	20	3	2 directors or 20%

Additional Commitments	Ownership %	# Holders	Ownership Years	# of Nominees
Accenture plc <sup>1</sup>	3%	20	3	2 directors or 20%
BlackRock, Inc. <sup>1</sup>	3%	20	3	25%
Children's Place, Inc. <sup>1</sup>	3%	20	3	20%
Huntington Ingalls Industries, Inc. <sup>2</sup>	3%	20	3	2 directors or 20%
JPMorgan Chase & Co. <sup>2</sup>	3%	20	3	20%

Source: SEC filings.

1. Accenture, BlackRock, and Children's Place are submitting management proposals in 2016.
2. JPMorgan Chase and Huntington Ingalls Industries plan to adopt proxy access bylaws at their next board meetings.