

WEBINAR

2018 Proxy Season Review and Outlook for 2019

OCTOBER 23, 2018

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- Questions will be answered as time permits
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WEBINAR

Speakers



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2018 Proxy Season Review

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2018 Proxy Season Review

Trends and Highlights

- Environmental, Social and Governance Issues Gain Attention and Support
 - Board diversity, accountability and skillsets received heightened investor and public focus
- Virtual-only Meetings
 - New York City Pension Funds to oppose nominating/governance committee members at S&P 500 companies that held virtual-only meetings in 2018
 - Glass Lewis updated voting policy for 2019 to recommend against members of governance committee at companies that hold virtual-only meetings

2018 Proxy Season Review

- Director Elections
 - Median vote support remains high; 7% of directors in R3000 received less than 75% support (32 received below 50%)
- Corporate Governance Reform and Transparency Act
 - Passed U.S. House in Dec. 2017
 - Requires proxy advisory firms to register with SEC
 - Develop procedures to allow issuers to preview reports and enlarge “window” of time to respond
 - Advisors will be required to hire ombudsman and additional compliance monitors
 - Develop written policies to manage conflicts of interest
 - May 2018 – Letter to ISS and Glass Lewis from six U.S. senators on Banking Committee

2018 Proxy Season Review

A Note About Our Sources

The research, data and insights contained in this section of the program have been pulled from Georgeson's 2018 Annual Corporate Governance Review unless otherwise noted.

The 2018 Annual Corporate Governance Review is now available for download at www.georgeson.com.

2018 Proxy Season Review

Shareholder Proposals

Trends and Highlights in S&P 1500

416 shareholder proposals
voted on at S&P 1500
companies

Average level of 'FOR'
support was 32%

42 proposals received
majority vote (over 50% of
votes cast)

Top 3 sectors with
shareholder proposals
voted on at annual
meetings:

- Industrials
- Consumer Cyclical
- Healthcare

Top 5 shareholder
proposal proponents:

- John Chevedden
- Kenneth Steiner
- New York State Common Fund
- James McRitchie
- Myra Young

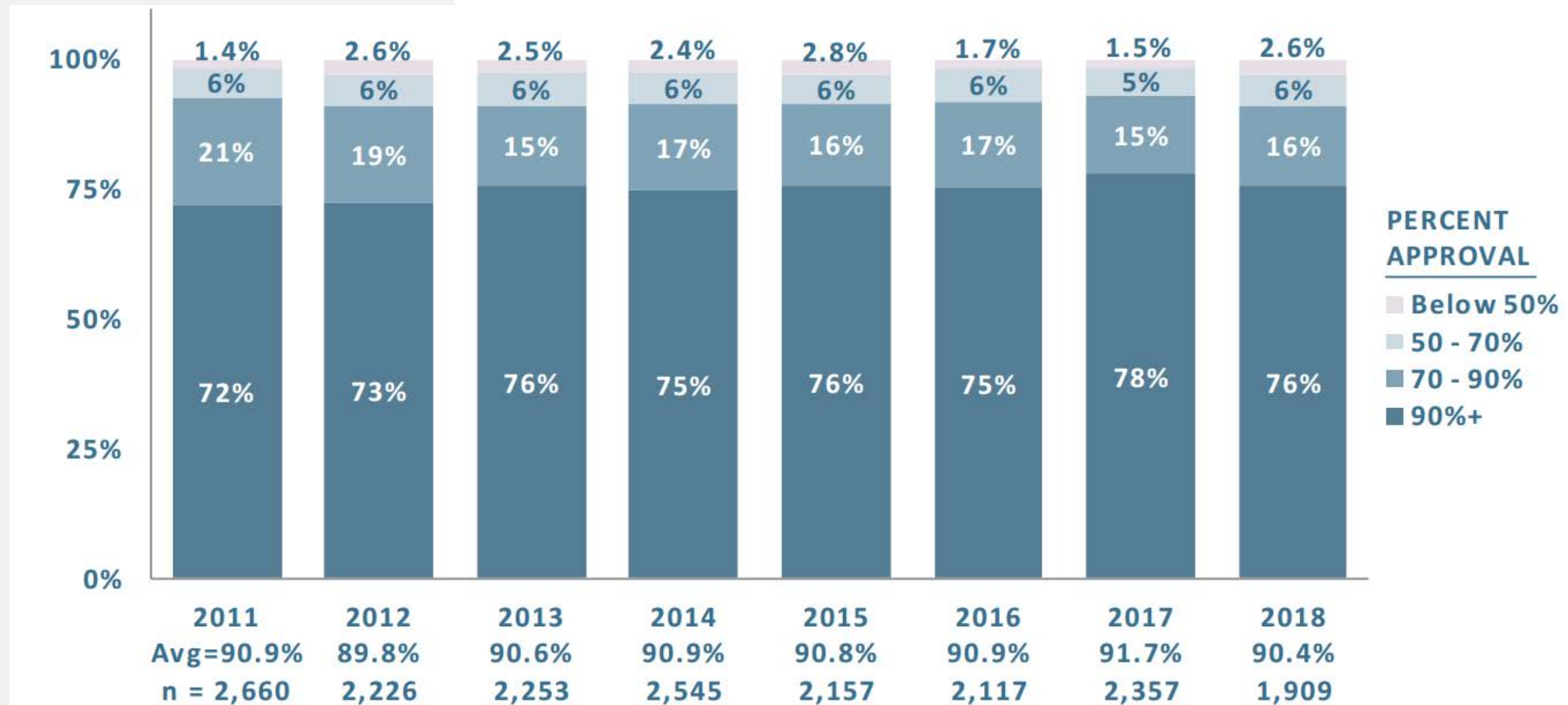
2018 Proxy Season Review

Say-on-pay

- Average support for say-on-pay proposal at Russell 3000 companies is 90.4%
- As of July 2018, 51 companies in the Russell 3000 failed to achieve majority support (failed) for say-on-pay proposal, marking an increase over 2017
- Year over year, ISS generally recommends “against” say-on-pay proposal at approximately 10-15% of R3000 company annual meetings
- Industries with lower than average say-on-pay support:
 - Telecommunication services – 84.2%
 - Information technology – 89.5%
 - Consumer Discretionary – 89.6%

2018 Proxy Season Review

Say-on-pay



2018 Proxy Season Review

Say-on-pay

The average level of 'FOR' support in 2018 was 90%.

S&P 500 vote support levels:

- 11 companies failed (received under 50% of votes cast)
- 22 companies were in the “red zone” (received between 50% - 70%)
- 379 companies received over 90% support

Potential reasons for ISS “against” recommendations:



Director Elections

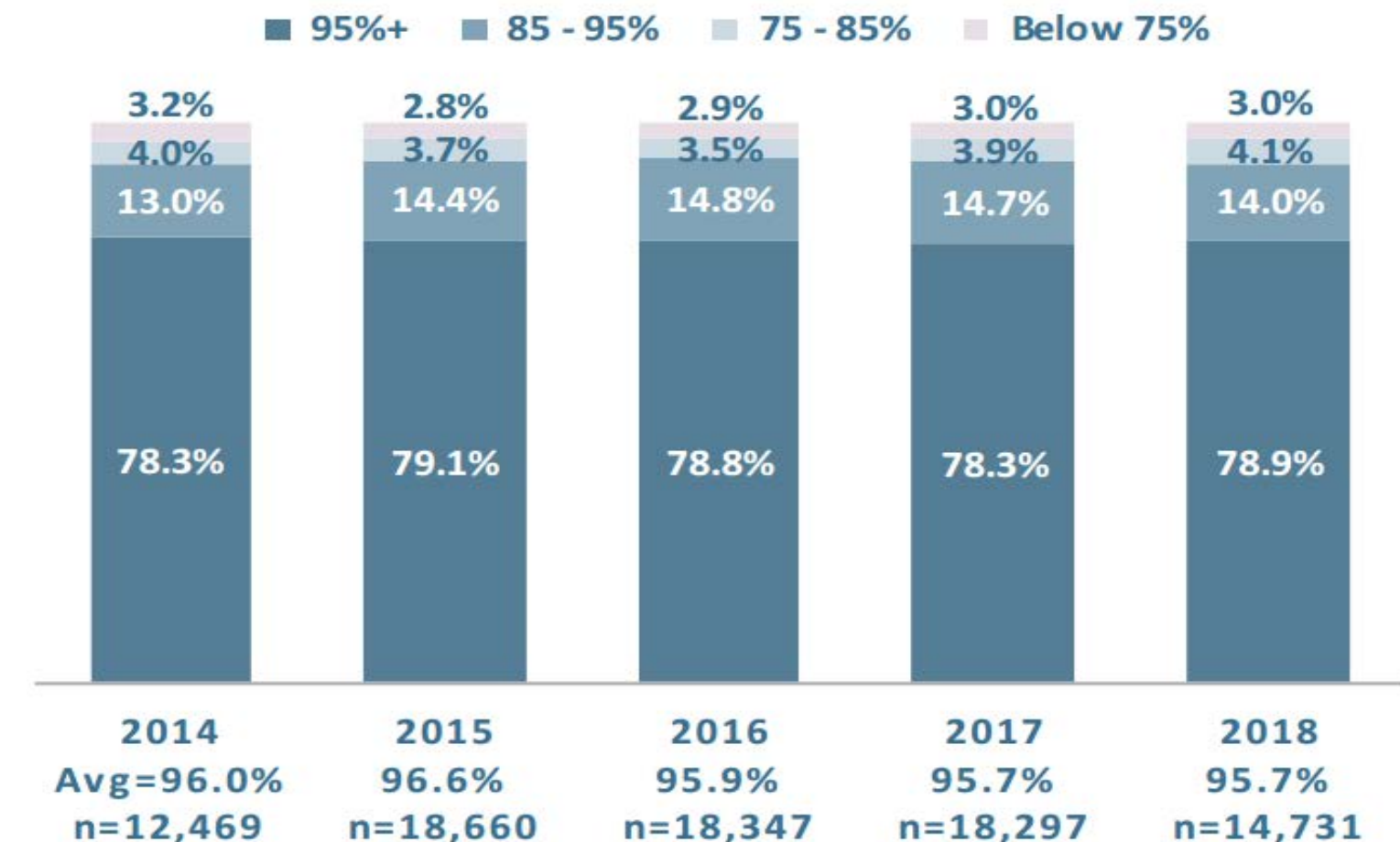
Russell 3000

Over 11,000 director nominees up for election at S&P 1500 companies in the 2018 proxy season

Highlights:

- > Average 'FOR' vote was 96%
- > Overwhelming majority of directors received over 90% of votes cast
- > 16 directors received less than 50% of votes cast

Historical Director Election Results



Potential reasons for votes against directors:

- Poor attendance at board and committee meetings
- Board accountability concerns (poison pill adoption, unilateral bylaw amendment, compensation concerns)
- Board diversity
- Investor vote guidelines related to diversity may cause votes against directors to increase this upcoming proxy season

2018 Proxy Season Review

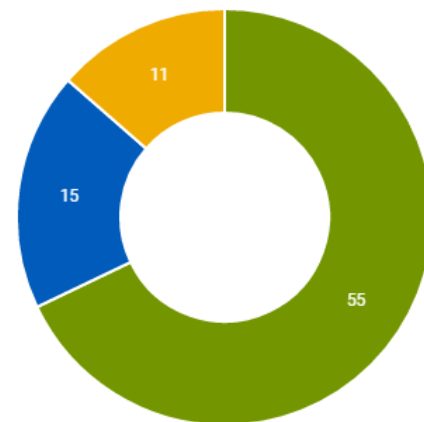
CEO Pay Ratio Disclosure

- 2018 introductory year of CEO pay ratio disclosure
 - Reported ratios range from 0:1 to over 5,000:1
 - Median ratio in Russell 3000: 70:1
 - Sectors with highest ratios: Consumer Goods and Services
- Disclosure issues
 - Location
- Use of Exceptions
 - De minimis exception widely used
 - Acquired companies exception occasionally used
 - Cost of living adjustments rarely used
 - Data privacy exception almost never used

Shareholder Proposals

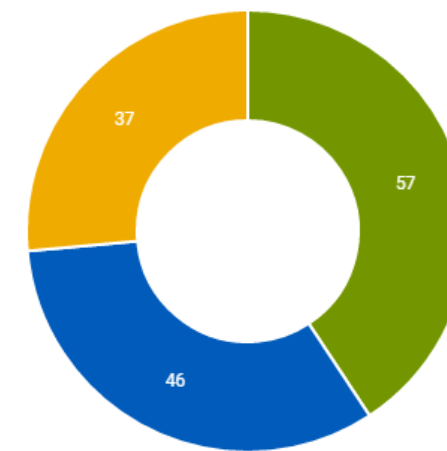
- Support levels are high with 54% of shareholder proposals receiving above 30% of votes cast
- Majority of proxy season shareholder proposals relate to governance issues
- Institutional investors BlackRock, SSGA, Fidelity recently changed voting policies related to ESG proposals

Top 3 Environmental & Social Shareholder Proposals 2018 – S&P 1500



	Number of Proposals Voted	Average 'FOR' Vote
Report on Political/Lobbying Contributions	55	28%
Report on Industrial Waste/Pollution/GHG Emissions	15	30%
Report on Board/Employment Diversity	11	37%

Top 3 Governance Shareholder Proposals 2018 – S&P 1500



	Number of Proposals Voted	Average 'FOR' Vote
Right to Call Special Meeting	57	40%
Independent Board Chairman	46	32%
Proxy Access	37	33%



Looking Ahead: Governance and Oversight

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In 2019, Expect to Hear More About...

Investor Stewardship

- The large asset managers (e.g., Blackrock, SSGA, Vanguard) have embraced their role as permanent capital and invested resources to more effectively monitor and engage with companies
- Investor Stewardship Group
- Commonsense Principals 2.0

Proxy Plumbing

- Recent withdrawal by the SEC's Division of Investment Management of two 2004 letters to proxy advisory firms
- Topics for the SEC's Proxy Roundtable on November 15 may include: retail shareholder participation; proxy advisory firms; shareholder proposals; and voting mechanics

In 2019, Expect to Hear More About...

ESG

- Changes in voting policies and engagement approach at large institutions will continue to drive higher voting support levels
- Record rate of E&S proposal withdrawals in 2018 is also likely to lead to more proposals and more requests for engagement
- Likely to see more requests that compensation performance targets include E&S issues
- ISS has expanded its QualityScore rankings to add social and environmental scores that measure company E&S disclosures
- The focus on E&S issues highlights the need to establish robust controls and procedures to support any company disclosures

Board Oversight & Culture

- Investors are taking a tougher stance on overboarding and diversity
- Boards practices and composition will remain a key engagement topic and area for enhanced disclosure
- Board oversight of corporate culture, human capital management and cybersecurity

Governance: Director Elections

Diversity

- California has become the first state to mandate board gender diversity (one female director by end of 2019; by end of 2021, three if total number of directors is 6 or more, otherwise two)
- ISS and certain large asset managers have adopted policies to vote against directors at companies with no female directors
- NYC Comptroller's Boardroom Accountability Project 2.0 has resulted in increased disclosure of skills/qualifications matrices and diversity (on an individual or aggregate basis)

Proxy Access

- Over two-thirds of the S&P 500 now has proxy access
- "Fix-it" proposals have not gained traction

Majority Voting Standard

- 90% of S&P 500 have majority voting, but only 33% of R2K do
- Often the first governance issue raised to smaller companies

Governance: Other Issues

Independent Board Chair

- While most proposals come from retail investors, E&S proponents also target this topic

Shareholder Right to Call Special Meetings

- Top governance proposal in 2018, including proposals for initial adoption of right and to amend an existing right to lower its trigger threshold; All from retail investors

Director Compensation

- ISS's policy to recommend against directors at companies that demonstrate "pattern" of excessive director compensation

Recently Public Companies

- ISS/GL policies have increased pressure on directors, sooner than in the past, at IPO companies with "unfriendly" shareholder provisions

Shareholder Proposals

More shareholder rights proposals making the ballot...

- For the first time in recent years, shareholder proposal votes on topics such as special meeting rights, written consent and proxy access outnumbered votes on climate change, political activity and sustainability-related proposals

Environmental and Social proposals are effecting change

- An increasing number of ES proposals were withdrawn in 2018 vs. 2017
- Withdrawals mainly resulted from issuer and proponent engagement, with dialogue resulting in issuers committing to action
- Human capital proposals, which increased year-over-year, were a significant portion of those that resulted in withdrawals – these proposals related to sexual harassment, board diversity, gender pay and EEO

Environmental topics become mainstream

- Environmental risks are increasingly considered material by mainstream investors, with a particular focus on how boards and management teams are overseeing these risks as part of long-term value creation

By the numbers¹:

44%

Percentage of ES proposals withdrawn compared to 29% in 2017

24%

Average support for ES proposals, up from 21% in 2017 and 19% in 2015

10

Majority-supported ES proposals in 2018

Proprietary and Confidential

¹ Source: ISS Voting Analytics; includes all proposals related to environmental issues, diversity, human rights, health & safety, and other related categories. Excludes proposals related to lobbying or political contributions

Social Issues

Political Contributions and Lobbying

- Fewer proposals, reflecting past success of efforts to expand corporate disclosure
- The next election cycle starts each election day

Human Rights

- Mind your supply chain

Industry Specific Issues

- Fake news; Gun safety; Opioid crisis; Food safety and ingredients

ISS QualityScore Categories

- Human Rights; Labor, Health & Safety; Stakeholder and Society; Product Safety, Quality & Brand

Environmental Issues

Sustainability Reporting

- 85% of S&P 500 publishes a sustainability report

Efforts continue to mandate disclosure continue, but SEC is unlikely to take action on its own initiative

- Legislation: Sen. Warren's "Climate Risk Disclosure Act" (Sept 2018)
- Rulemaking Petition: Request for ESG Disclosures from group of professors and signed by investors (Oct 2018)

ISS QualityScore Categories

- Management of Environmental Risks and Opportunities; Carbon & Climate; Natural Resources; Waste & Toxicity

Activism

- Record number of campaigns launched globally in the first half of 2018
- Nearly 80% of resolved requests for board representation settled in the first half of the year, up from 60% in the same time period of 2017
- Increasing ownership by passive institutions continues to drive activism trends and outcomes

1H2017

1H2018

193 → 235

Campaigns launched at U.S. companies¹

67 → 100

Settlements at U.S. companies²

107 → 167

Board seats won at U.S. companies²

Key Trends

Growth of Global Activism	Increased Nexus Between Activism & M&A	Actives Becoming More Activist	Activists Embrace Sustainability
<ul style="list-style-type: none"> ▪ Several of this season's most prominent situations – Third Point / Nestlé, Elliott / Telecom Italia and Hyundai, Starboard / Mellanox – took place overseas ▪ Trian is reportedly raising \$1.3B for a U.K.-listed fund, with the intention of targeting a European company 	<ul style="list-style-type: none"> ▪ Whether pushing for a spin-off or sale of the company, or advocating for or against a previously signed deal, activism is becoming more prevalent in M&A situations 	<ul style="list-style-type: none"> ▪ Active managers are responding by becoming more aggressive, sometimes pushing publicly for changes themselves ▪ D.E. Shaw, Neuberger Berman, and AllianceBernstein are among the funds that have shown increased willingness to take action 	<ul style="list-style-type: none"> ▪ Traditional activists have been increasingly vocal about the importance of sustainability ▪ JANA and ValueAct launched sustainability-focused investment vehicles ▪ Board gender diversity has been a key factor in recent campaigns and will become increasingly integrated into activism campaigns

¹ Source: SharkRepellent – economic activism campaigns

² Source: Activist Insight, "The Activist Investing First Half Review 2018"



Looking Ahead: Disclosure and Other Developments

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2018 Form 10-K

What's New

- Smaller reporting company definition
- Disclosure update and simplification
- Cover page changes

Other Focus Areas

- Cybersecurity disclosure
- Risk Factors – cybersecurity, privacy, trade/tariffs and tax reform, among other updates
- Impact of upcoming accounting standards changes
- Final disclosure under SAB 118 regarding completion of accounting for TCJA
- Auditor report – preparing for CAMs disclosure

New Thresholds to Initially Qualify as a SRC

Criteria	Prior SRC Definition (2008)	New SRC Definition (2018)
Public Float	Less than \$75 million	Less than \$250 million
Revenues	Less than \$50 million of annual revenues <u>and</u> no public float	Less than \$100 million of annual revenues <u>and either:</u> (1) no public float; or (2) public float less than \$700 million

- A company with a public float under \$250m is a SRC regardless of its revenues
- SEC estimates that 966 additional companies will qualify (365 of which are now EGCs)
- Companies with between \$75 million and \$250 million of public float can now be both SRCs and accelerated filers

Overview of Scaled Disclosures for SRCs

- The amendments do not change the scaled disclosure accommodations available to SRCs in Regulations S-K and S-X
- SRCs can elect on an item-by-item basis whether to take advantage of scaled disclosure
- SRCs must, however, comply with the potentially more stringent disclosure requirement relating to related person transactions
- Eligible SRCs using Form S-1 can incorporate by reference information filed prior and subsequent to the effectiveness of the Form S-1

Disclosure Update and Simplification – Impact on Form 10-K (1 of 4)

Item 1 – Business

- No longer required to include in the Business section a discussion of (1) financial information about segments or (2) financial information about geographic areas
- No longer required to include in the Business section a discussion of company- and customer-sponsored R&D activities (but such information continues to be disclosed under GAAP)
- All companies, not just accelerated filers and large accelerated filers, must now disclose their Internet addresses, if one exists
- No longer required to include the street address or telephone number of the SEC's Public Reference Room (but still required to include the SEC's website)

Disclosure Update and Simplification – Impact on Form 10-K (2 of 4)

Item 1A – Risk Factors

- Confirm that appropriate risk factor disclosure is provided for the following areas where Regulation S-K was recently amended to eliminate certain overlapping disclosures:
 - risks attendant to foreign operations
 - restrictions on payment of dividends

Disclosure Update and Simplification – Impact on Form 10-K (3 of 4)

Item 5 – Market For Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

- Must now include the company’s ticker symbol(s) on its principal markets
- When the company’s principal market is a stock exchange or OTC, no longer need to provide two-plus years of high and low price information
 - When there is no established public trading market, must still report high and low bid prices
- No longer required to include in this section information on cash dividends paid in last two-plus years or restrictions on payment of dividends
 - Information on restrictions will be provided in the financial statements
 - Companies that want to highlight their return of capital to investors, may continue to include some disclosure on dividends here or in MD&A

Disclosure Update and Simplification – Impact on Form 10-K (4 of 4)

Item 7 – MD&A

- Where appropriate to an understanding of a company's business, include MD&A discussion by geographic area

Item 15 – Exhibits

- The following exhibits are no longer required:
 - Statement re: computation of per share earnings
 - Statement re: calculation of ratios (including ratio of earnings to fixed charges)
 - Published reports regarding security holder voting matters
 - Invitations for competitive bids

Proxy Statement for 2019 Annual Meeting

What's New

- Updated/New C&DIs for proxy rules and proxy statements
 - Discretionary authority to cumulate votes
 - Preliminary proxy statement for non-Rule 14a-8 shareholder proposals
 - No preliminary proxy statement solely for corporate name change
 - Proxy statement instructions for certain issuances of securities
 - Can omit certain individuals and groups from new plan benefits table
 - Impact of elimination of preemptive rights from a security

Other Focus Areas

- Continued enforcement interest in perquisites
- Section 162(m) disclosure post-Tax Cuts and Jobs Act
- Director qualification and board diversity disclosure
- Environmental, social and governance (ESG) disclosure
- Board oversight of cybersecurity risks
- Second year of pay ratio disclosure

Virtual Shareholder Meetings

- Increasing number of companies are holding virtual meetings
 - During the first six months of 2018, 212 companies held virtual meetings, compared to 180 during the same period in 2017
- Many shareholders are concerned about or critical of this trend
- Glass Lewis voting guidelines change in 2019
 - Generally recommend voting against members of governance committee if meeting will be held on a virtual-only basis unless the proxy statement contains robust disclosure assuring shareholders that they will have the same rights and opportunities to participate as they would at an in-person meeting

Director Compensation

- Increased focus on “excessive” director compensation
 - Several shareholder suits have been threatened or brought, many against smaller companies
 - Beginning in 2019, ISS will recommend against directors who approve excessive director compensation for two or more consecutive years without a compelling rationale
- Standard of judicial review under Delaware law
 - Default standard for review of director compensation is “entire fairness,” which requires Board to prove fair process and fair result
 - The Business Judgment Rule can instead apply under the “ratification defense” if the specific compensation was approved by a vote of fully-informed, uncoerced and disinterested stockholders
 - Plans that only include general parameters for awards and allow director discretion do not qualify for the ratification defense when a stockholder adequately alleges that discretion was exercised inequitably
- Punchline: “Meaningful limits” do not guarantee BJR review, but may still be worthwhile



You'll Never Believe What Happened After We Filed Our Proxy Statement

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The Tale of Two Issuers

Say-on-pay Proposal

- The first company – **Polly Poormouth Inc.** – got **63% vote support**
- The second company – **Dudley Do-Right Inc.** – got **96% vote support**
 - Why were there two such divergent results?
- Let's look at the specifics

Issuer #1 – Polly Poormouth Inc.

Scenario: “Really, ISS recommended Against our Say-on-pay Proposal?”

- Issuer had elevated CEO pay and sustained TSR underperformance. They also set incentive opportunities at high levels. Despite this misalignment, the company undertook little to no preparation to consider an escalation strategy for the proxy solicitation.
- Upon receiving the draft ISS report showing a negative recommendation, chaos ensued.

Issuer #1 – Polly Poormouth Inc.

— Immediate considerations:

- ISS draft report... any factual inaccuracies? What is the basis for their recommendation against? Any chance of changing the recommendation with additional color or disclosure? What's the impact? What impact will the recommendation have on investors' voting decisions? Ramifications of a low vote after the fact? What will Glass Lewis do?

— Immediate action items:

- Hire proxy solicitor. Our recommendations included:
 - Create institutional investor proxy contact list and a vote projection.
 - Consider use of an engagement deck as supplemental proxy material.
 - Begin preparations for outreach with institutional investors – socialize issues with board and consider requesting Compensation Committee Chair participation on calls.
 - Prepare for retail solicitation (registered and NOBO).

Issuer #1 – Polly Poormouth Inc.

Action Plan

- Advice on institutional investor outreach included the following:
 - Research on each investor to understand how they voted for this issuer last year, including:
 - The percentage of times each investor votes FOR say on pay overall, and
 - How often each investor is in line with ISS when they recommend against.
 - Institutional investor profile pages regarding say-on-pay voting guidelines and proxy solicitor experience dealing with the investor. How much is this investor influenced by ISS/Glass Lewis? What metrics/pay practices do they like? Dislike? Who are the best governance investor contacts? Biographical information on each?

Issuer #1 – Polly Poormouth Inc.

- Assistance determining who from the company should participate on calls
 - Guidance on developing talking points.
 - Consider using an investor deck, filed with SEC, as additional solicitation materials. Provide relevant samples that illustrate how other issuers dealt with similar circumstances.
- Prep session with participants anticipating questions and concerns from investors.

Issuer #1 – Polly Poormouth Inc.

Lessons Learned

- ISS recommended AGAINST for reasons that the issuer should have anticipated.
 - HIGH CONCERN = opportunity to prepare.
- A clear, concise supplemental filing can greatly aid in the institutional investor outreach process. Don't bash ISS.
- Don't assume your friends will vote FOR.
 - #1 investor (> 10% of o/s), while historically a strong supporter of the company, still voted against on the night before the meeting.

Issuer #1 – Polly Poormouth Inc.

- Last minute escalation resulted in confusion.
 - A strong, capable advisor can assist in prioritizing and organizing. The triage of what we should and should not do is crucial.
- Consider the implications of a poor vote so you can properly prepare the board and set reasonable expectations.
- The red zone result (<70% of votes cast in favor for ISS and <75% of votes cast in favor for Glass Lewis), requires significant effort over the following year to illustrate Compensation Committee responsiveness and avoid larger problems in the next subsequent annual meeting.

Issuer #2 – Dudley Do-Right Inc.

Scenario: “ISS may have some concerns, let’s be ready for it.”

- Months prior to proxy filing, worked with compensation consultant to model PFP alignment
 - Considered all three prongs of ISS methodology; (i) Relative Alignment, (ii) Multiple of Median, and (iii) Absolute Pay/TSR alignment. Also considered the Financial Performance Assessment.
 - Results were projected to yield “Low Concern” on all three tests, but issuer was very close to “Medium Concern” on RDA and Absolute Alignment. Furthermore, Financial Performance Assessment was going to be poor.
 - Peer group was also an estimate – used same ISS peer group from prior year, where 3 peers were acquired or no longer public and most current peers have not yet filed 2018 proxies that discuss FY2017 pay (data lag).

Issuer #2 – Dudley Do-Right Inc.

- Compensation program facts
 - 3 year pay at 38th percentile of ISS peers
 - 3 year TSR performance last among ISS peers
 - CEO pay is 1.6x the peer median
 - Stock price ~half the value compared to IPO and CEO comp spiked due to sign-on equity awards granted to new CEO
 - Projected in bottom quartile for relative performance of each: EBITDA Growth, ROIC, ROA and ROE

Issuer #2 – Dudley Do-Right Inc.

Action Plan

Consider pay story from the perspective of a Qualitative Review and potential recommendation against:

- Drafted CD&A to anticipate criticism from investors and proxy advisors alike:
 - We are in a “transformational year” with structural and leadership changes.
 - Completed a strategic review that best positions us for success.
 - How our compensation program is aligned with our business strategy.

Issuer #2 – Dudley Do-Right Inc.

- Undertook significant effort to plan an escalation strategy for the solicitation in the event of a recommendation AGAINST from ISS:
 - Drafted an engagement deck prior to proxy filing.
 - Analyzed investor base to identify institutions most likely to listen to our story.
 - Created a vote projection with multiple scenarios so mgmt. and board would have reasonable expectations.
 - Prepared institutional investor profile pages to better understand proxy vote decision-making.
 - Held prep sessions with management team and Chair of Compensation Committee to become familiar with cadence of the discussion and fine tune talking points.

Issuer #2 – Dudley Do-Right Inc.

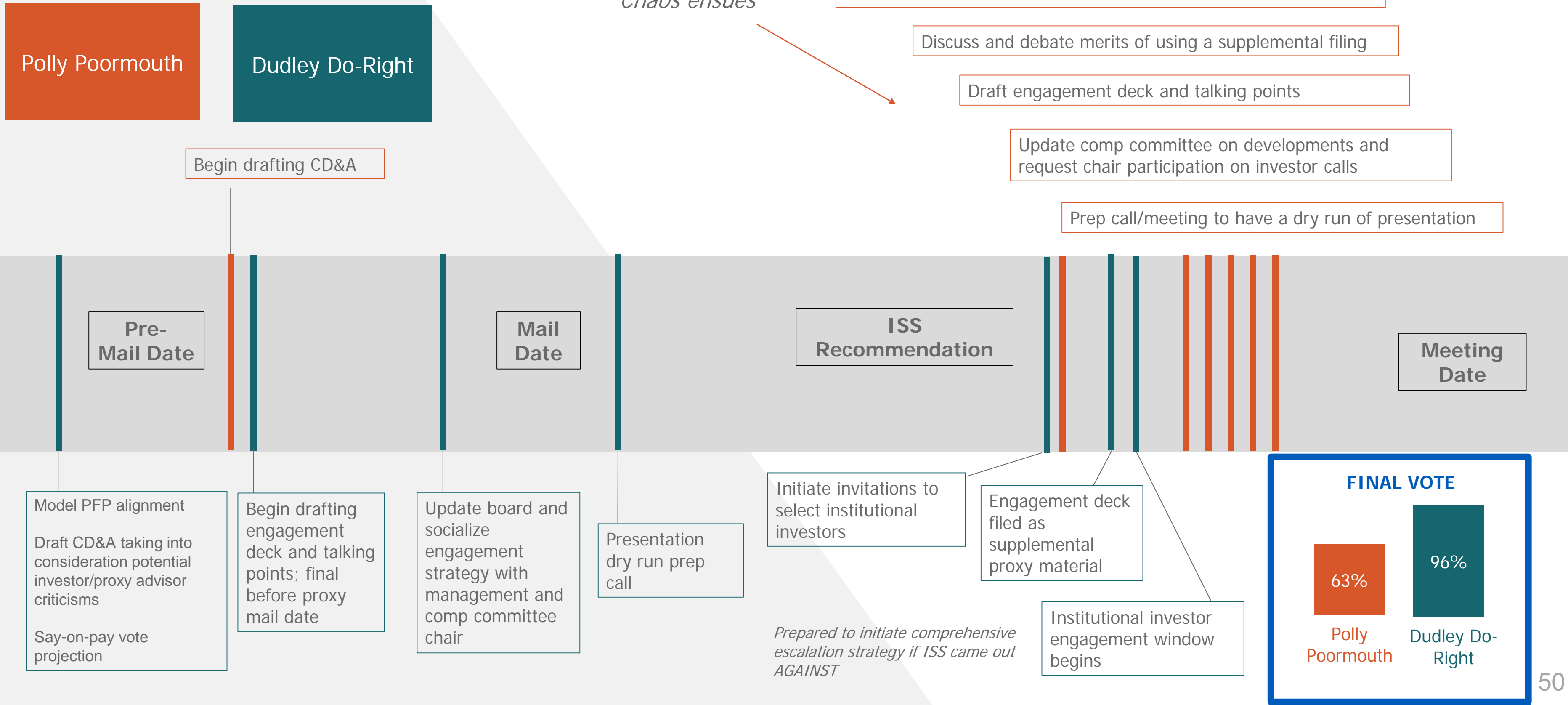
Lessons Learned

- Anticipating how investors and proxy advisors are going to view your pay story gives you time to incorporate meaningful and substantive explanations into the CD&A.
 - Why are we in the situation we are in? Provide context to TSR underperformance or increased CEO pay.
 - How does our compensation program fit into the business strategy and incentive performance properly?
 - ❖ In our view, the reason ISS did not recommend AGAINST is because issuer successfully told their story in the CD&A.

Issuer #2 – Dudley Do-Right Inc.

- Developing a detailed escalation strategy avoids chaos and confusion. Can create opportunities for improved institutional investor and proxy advisory firm relationships.
 - Follow up investor engagement helping to build credibility and goodwill with investors; these can potentially be leveraged for a time in the future when we might need their vote.
- Compensation Committee, and full board, are much more in tune with investor expectations.
 - This knowledge was gained in “peace time” as opposed to a frenetic response to a negative recommendation.

Two Different Timelines: Preparation Makes the Difference





How to Approach Your Next Proxy Statement (and Perhaps Avoid Some Surprises)

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Letter from the Board of Directors

Letter from the Board of Directors to Our Shareholders

The Board values this opportunity to share our perspective regarding the work we undertook for our shareholders during 2017. Our objective is to guide and oversee management in the creation of long-term value through the execution of a sound business strategy, prudent risk management, talent development, succession planning, a commitment to corporate ethics, and creating societal impact. In pursuit of these objectives, we are pleased to share with you an overview of the Board’s priorities and actions during the year.

BUSINESS STRATEGY

We believe that an optimal and effective board is informed, active and constructively engaged with management, without undue disruption to the day-to-day business of the company. Our Board meets regularly to discuss Prudential’s strategic direction. Our collective skills and experience in the areas of regulation, business operations, risk management and capital markets enable us to provide critical insights to our Company to help maximize shareholder value and support the pursuit of our mission: “To help our customers achieve financial prosperity and peace of mind.”

At each Board meeting and during our annual strategy planning session, we engage with Prudential’s senior leadership in robust discussions about the Company’s overall strategy, priorities for its businesses, and long-term growth opportunities.

BOARD RISK OVERSIGHT

Managing and monitoring risks are important to our oversight of Prudential, and we take this responsibility seriously. We regularly review the Company’s risk profile, including its approach to capital management, its operational footprint, and its investment risks and strategies. The Board considers the breadth of the Company’s risk management framework when approving its strategy and risk tolerance, and verifies that strategic plans are commensurate with our ability to identify and manage risk.

The Board’s Risk Committee includes the chairs of each of the other Board committees, allowing us to more closely coordinate our risk oversight function. The Risk Committee has metrics in place to monitor and review market, insurance, investment and operational risk.

CULTIVATING A STRONG ETHICAL CULTURE

We recognize the importance of doing business the right way in all of our locations across the globe. We work with management to set and communicate the appropriate ethical “tone” for the Company, which guides our conduct and protects Prudential’s reputation.

We believe employees’ actions are significantly influenced by an organization’s culture, and that the corporate environment often determines how employees make decisions. To help us monitor the engagement of Prudential’s worldwide workforce, we meet with senior leaders representing Prudential’s global businesses throughout the year, including those on the front-line who have direct customer contact. Prudential also maintains a robust ethics and compliance program directed by its Chief Ethics and Compliance Officer, with whom we meet regularly. We also assess employee engagement surveys, employee turnover, and the Company’s incentive plans to ensure that goals and performance are both reasonable and aligned.

TALENT DEVELOPMENT AND SUCCESSION PLANNING

The diversity of experiences, backgrounds and ideas of Prudential’s global employees enables us to develop products that address the financial security needs of our customers. Therefore, recruiting, developing and retaining top diverse industry talent is a key priority for the Company. Talent development is discussed at every Board meeting, and once per year, the Board devotes time to discuss talent at each business and functional leadership level across the Company. This engagement gives us rich insight into the Company’s pool of talent and its succession plans.

CREATING POSITIVE SOCIETAL IMPACT

Prudential was founded on the belief that financial security should be attainable to everyone. Creating both business and societal impact has guided our business model for more than 140 years. By leveraging the full breadth of Prudential’s business capabilities, the Company harnesses the power of the capital markets to promote economic opportunity and sustainable growth. To make sure the Company is delivering on its promise of inclusion, the Company has a Corporate Social Responsibility Oversight Committee. The Committee meets three times per year and is comprised of Board members and Prudential senior executives.

ENGAGEMENT AND OUTREACH

As a Board, one of our priorities is listening to and considering the views of our shareholders as we make decisions in the boardroom. We accomplish this through a robust outreach and engagement program. In 2017, we spoke to investors who represent a majority of our outstanding shares. Topics discussed included Prudential’s environmental, sustainability and social strategy, Board composition and refreshment, Board leadership structure, succession planning, and our executive compensation program.

YOUR VIEWPOINT IS IMPORTANT


We value your support, and we encourage you to share your opinions with us. You can do so by writing to us at the address below. You can also send an email to the independent directors at independentdirectors@prudential.com or provide feedback on executive compensation via our website at www.prudential.com/executivecomp. If you would like to write to us, you may do so by addressing your correspondence to Prudential Financial, Inc., Board of Directors, c/o Margaret M. Foran, Chief Governance Officer, 751 Broad Street, Newark, New Jersey 07102. We suggest you view short videos from our Lead Independent Director, Thomas Baltimore, and the Chair of our Finance Committee, Christine Poon, on our website at www.prudential.com/directortvideos.

THE BOARD OF DIRECTORS OF PRUDENTIAL FINANCIAL, INC.

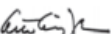

Thomas J. Baltimore


Gilbert Casellas


Mark B. Grier


Martina Hund-Mejzan



Karl J. Krapek


Peter R. Lighte


George Paz


Sandra Pianalto


Christine Poon


Douglas A. Scovanner


John R. Strangfeld


Michael A. Todman

Dear Fellow Shareholders:

You are invited to the Annual Meeting of Shareholders on May 8, 2018, at 751 Broad Street, Newark, NJ, at 2:00 p.m. We hope that you will attend the meeting, but whether or not you attend, please designate the proxies on the proxy card to vote your shares.

We are excited that shareholder voting has increased and are again offering a voting incentive to registered shareholders. Because of your active participation, we continue to support the work of American Forests to protect and restore America’s forest ecosystems.

Every shareholder’s vote is important. Thank you for your commitment to the Company and please vote your shares.

Sincerely,




John R. Strangfeld
Chairman and Chief Executive Officer

Prudential Financial, Inc.
751 Broad Street
Newark, NJ 07102

Letter from the Chairman

- FTI Consulting leads its proxy statement with a letter from their independent Chairman, who discusses the hiring of a new CEO, FTI's transformation as a company, and actions taken to respond to shareholder feedback

DEAR FELLOW SHAREHOLDERS:

On behalf of our Board and as the Non-Executive Chairman, we would like to take this opportunity to reflect on the significant progress made in transforming FTI Consulting, Inc. since the Board selected Steven Gunby as our Chief Executive Officer.

Over the past four years, the Company has executed on its strategic goals, driven disciplined financial and operational performance, and enhanced shareholder returns. As I discussed with many of you during our conversations over the past few years, this has been a significant undertaking on which we have made great progress and better positioned the Company for the future.

Our Ongoing Transformation

Steve's leadership and fresh perspective have been instrumental in positioning FTI Consulting for its next stage of growth. Along with the talented executive team he has assembled, Steve has developed and led several financial and operational initiatives that have enabled our professionals to deliver sustained business growth as demonstrated by GAAP EPS and Adjusted EPS increasing 91% and 41%, respectively, over the last three years, and more recently by the Adjusted EBITDA growth in the second half of 2017.

Steve and his team have led this process by transforming FTI Consulting from a largely siloed, acquisition-driven organization to a more integrated organic growth focused firm. Strong financial performance and disciplined use of cash, along with stock price appreciation of 47.4% from the date of our last annual meeting on June 7th, 2017 through April 13th, 2018, reflects continuing progress on our ongoing transformation. While we are pleased with the progress to date, our Board and management fully recognize that there is more to do and we remain focused on our long-term strategic priorities.

We believe the Company is at an inflection point in this transformation where it can begin to accelerate growth while investing in initiatives that support our practice of attracting and retaining the highest quality professional talent.

Shareholder Feedback and Responsiveness

In addition to the Company's transformation over the last few years, the Board has focused on continuing to move forward with best-in-class corporate governance practices. This includes the establishment of an independent Chairman role, and conducting refreshment to ensure our Board consists of directors with the right balance of tenure, expertise and perspective to be effective in our oversight of the development and execution of Company strategy. A core initiative of the refreshment process was to increase the diversity of our Board, a quarter of which is now comprised of female directors and a quarter of which is based outside of the United States, to better reflect our global clientele and operations.

Our Board is committed to maintaining an open dialogue with shareholders and conducted robust shareholder engagement since last year's meeting. The changes approved for the 2018 executive compensation programs demonstrate our responsiveness to shareholder feedback. These changes are described in the Compensation Discussion and Analysis section of the Proxy Statement starting on page 29.

We remain committed to the principles of transparency, clear communication, alignment of pay with performance and best practices in governance that protect and grow shareholder value.

Our Path Forward

Steve and the management team remain focused on FTI Consulting's strengths: industry-leading talent with diverse and definitive expertise, solid and expanding positions across a global footprint and a strong balance sheet with a disciplined approach to cost management. Our Board is confident that the Company's diverse lines of business stand on firm platforms for growth and that the right leadership team is in place to execute on near and long-term opportunities.

Thank you for your continued support throughout this transformation and for the opportunity to share some of the key changes underway at FTI Consulting. We welcome your feedback as we move forward together.



Gerard E. Holthaus

Chairman of the Board

Board Leadership Structures

Gilead Sciences 2018 Proxy Statement

Lead Independent Director duties include:

- presiding at meetings of the Board at which the Chairperson is not present, including executive sessions of the independent directors;
- serving as principal liaison between the independent directors and the Chairperson and between the independent directors and senior management;
- approving information sent to the Board and its committees;
- approving agendas for the Board;
- approving meeting schedules to ensure there is sufficient time for discussion of all agenda items;
- calling meetings of the independent directors when necessary and appropriate;
- responding directly to stockholder and other stakeholder questions and comments that are directed to the Lead Independent Director or to the independent directors as a group;
- advising the Board and the Board committees on the retention of advisers and consultants to report directly to the Board; and
- communicating to management, as appropriate, the results of private discussions among independent directors.

In 2017, after discussions with our stockholders, we added additional responsibilities to the Lead Independent Director Charter as follows:

- encouraging director participation by fostering an environment of open dialogue and constructive feedback among independent directors;
- facilitating the effective functioning of key Board committees and provide input on functioning of the committees, when required;
- participating on ad-hoc committees established to deal with extraordinary matters, such as investigations and mergers and acquisitions;
- providing guidance on director succession and development;
- ensuring Board agendas provide Board with ability to periodically review and provide input on the company's long-term strategy and to monitor management's execution of the long term-strategy;
- unless otherwise directed by the Board, serving as the independent directors' representative in crisis situations;
- monitoring conflicts of interest of all directors, including the Chief Executive Officer;
- participating in succession planning for the Chief Executive Officer and in talent retention and development programs for members of senior management; and
- representing independent directors in communications with other stakeholders, as required.

In addition, as required by our Board Guidelines, Gilead's independent directors meet without executive management on a routine basis to review, among other things, Gilead's strategy, performance, management effectiveness and succession planning. In addition to his role as Lead Independent Director, Dr. Cogan is a member of the Audit Committee and the Scientific Committee and frequently attends meetings of other

Board committees. In addition, Dr. Cogan leads the Board in conducting an annual assessment of the Board and committees of the Board to evaluate their effectiveness.

The Lead Independent Director Charter is available on our website at <http://www.gilead.com> in the Investors section under "Corporate Governance."

- Discloses a strong list of responsibilities for their Lead Independent Director with detailed descriptions grouped into an easy to read format

Allstate 2018 Proxy Statement



Lead Independent Director Responsibilities

- | | |
|--|---|
| <p>✓ Board Meetings and Executive Sessions</p> <ul style="list-style-type: none">• Has the authority to call meetings of the independent directors• Approves meeting agendas and schedules and information sent to the Board to ensure there is sufficient time for discussion of all items and that directors have the information necessary to perform their duties• Chairs executive sessions of independent directors at every Board meeting• Presides at all Board meetings when the Chair is not present | <p>✓ CEO Performance Evaluation</p> <ul style="list-style-type: none">• Facilitates and communicates the Board's performance evaluation of the Chair and CEO with the chair of the compensation and succession committee |
| <p>✓ Duties to the Board</p> <ul style="list-style-type: none">• Has regular communications with the CEO about Allstate's strategy and performance• Performs additional duties designated by the independent directors | <p>✓ Communication Between Chair and Independent Directors</p> <ul style="list-style-type: none">• Serves as liaison between the Chair and independent directors• Consults with the Chair and discusses items raised in executive sessions |
| <p>✓ Succession Plans</p> <ul style="list-style-type: none">• Facilitates the development of a succession plan for the Chair and CEO | <p>✓ Communication with Stockholders</p> <ul style="list-style-type: none">• Communicates with significant stockholders and other stakeholders on matters involving broad corporate policies and practices, when appropriate |
| <p>✓ Board and Individual Director Evaluations</p> <ul style="list-style-type: none">• Facilitates the evaluation of individual director, Board and committee performance with the chair of the nominating and governance committee and the Chair | <p>✓ Committee Involvement</p> <ul style="list-style-type: none">• Works with the Chair and committee chairs to ensure coordinated coverage of Board responsibilities and ensures effective functioning of all committees• Ensures the implementation of a committee self-evaluation process and regular committee reports to the Board |



Board Qualifications & Director Bios

- Bios provide information on each directors' qualifications for committee assignments, in addition to individual skills and qualifications

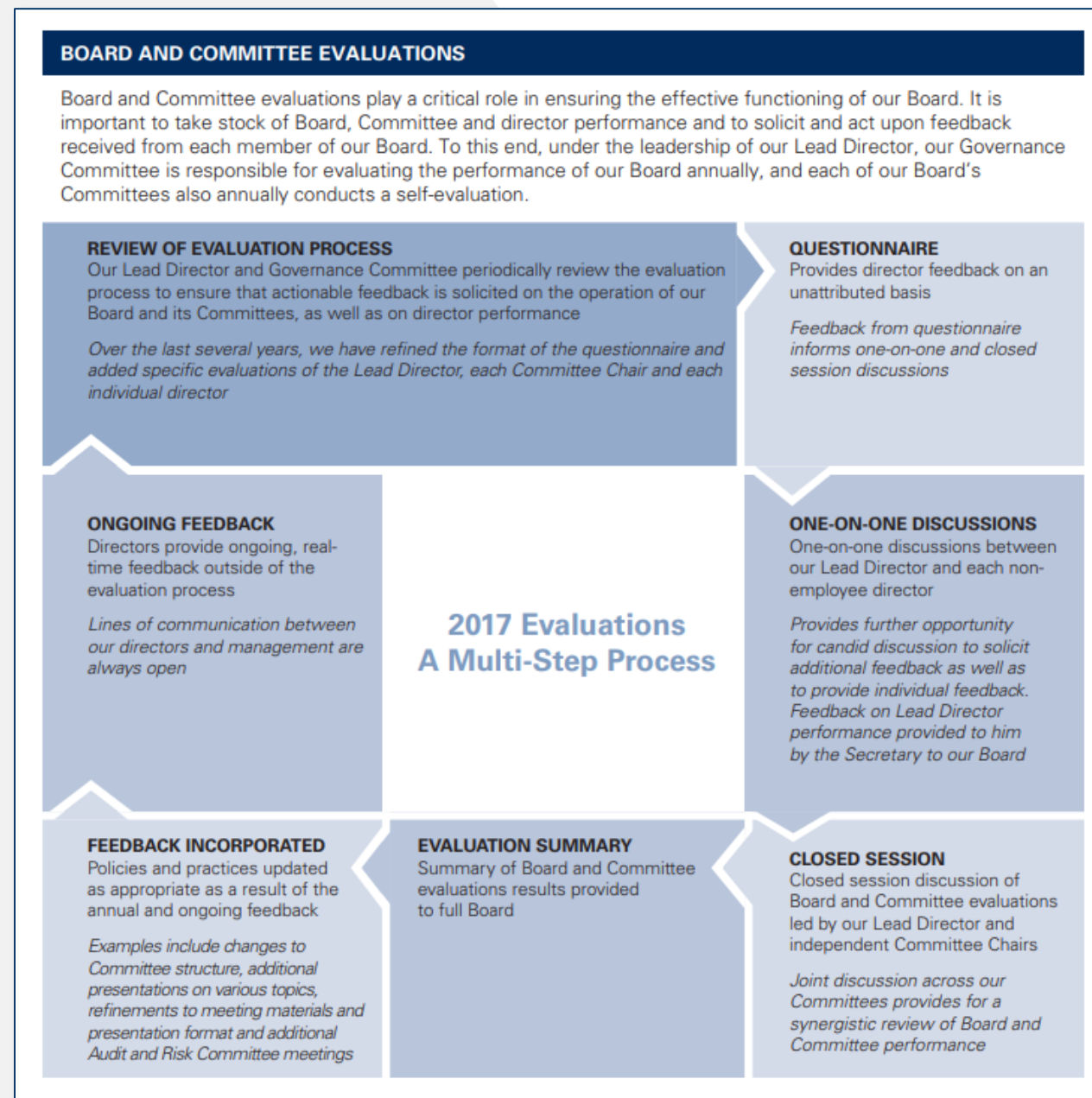
Target 2018 Proxy Statement

 <p>Roxanne S. Austin</p> <p>Age 57 Director since 2002 Independent</p> <p>Committees</p> <ul style="list-style-type: none">• Human Resources & Compensation (Chair)• Risk & Compliance	<p>Background Current and past five years Roxanne S. Austin is President of Austin Investment Advisors, a private investment and consulting firm, a position she has held since 2004, and chairs the U.S. Mid-Market Investment Advisory Committee of EQT Partners.</p> <p>Other experience Ms. Austin also previously served as President & Chief Executive Officer of Move Networks, Inc., President & Chief Operating Officer of DIRECTV, Inc., Executive Vice President & Chief Financial Officer of Hughes Electronics Corporation and as a partner of Deloitte & Touche LLP.</p> <p>Qualifications Through her extensive management and operating roles, including her financial roles, Ms. Austin provides the Board with financial, operational and risk management expertise, and substantial knowledge of new media technologies.</p> <p>Other public company boards</p> <table><thead><tr><th>Current</th><th>Within past five years</th></tr></thead><tbody><tr><td>Abbott Laboratories AbbVie Inc. Teledyne Technologies Incorporated</td><td>LM Ericsson Telephone Company</td></tr></tbody></table>	Current	Within past five years	Abbott Laboratories AbbVie Inc. Teledyne Technologies Incorporated	LM Ericsson Telephone Company
Current	Within past five years				
Abbott Laboratories AbbVie Inc. Teledyne Technologies Incorporated	LM Ericsson Telephone Company				
 <p>Douglas M. Baker, Jr.</p> <p>Age 59 Director since 2013 Lead Independent Director</p> <p>Committees</p> <ul style="list-style-type: none">• Nominating & Governance (Chair)• Risk & Compliance	<p>Background Current and past five years Douglas M. Baker, Jr., is Chairman & Chief Executive Officer of Ecolab Inc., a provider of water and hygiene services and technologies for the food, hospitality, industrial and energy markets. He has served as Chairman of the Board of Ecolab since May 2006 and Chief Executive Officer since July 2004.</p> <p>Other experience Mr. Baker held various leadership positions within Ecolab, including President and Chief Operating Officer.</p> <p>Qualifications Mr. Baker provides the Board with valuable global marketing, sales and general management experience, as well as operational and governance perspectives. His current role as CEO of a large publicly-held company provides the Board with additional top-level perspective in organizational management.</p> <p>Other public company boards</p> <table><thead><tr><th>Current</th><th>Within past five years</th></tr></thead><tbody><tr><td>Ecolab Inc.</td><td>U.S. Bancorp</td></tr></tbody></table>	Current	Within past five years	Ecolab Inc.	U.S. Bancorp
Current	Within past five years				
Ecolab Inc.	U.S. Bancorp				

Allstate 2018 Proxy Statement

Director Nominees	
 <p>KERMIT R. CRAWFORD Age: 58</p> <p>Allstate Board Service</p> <ul style="list-style-type: none">• Tenure: 5 years (2013)• Audit committee• Nominating and governance committee <p>INDEPENDENT</p> <p>Professional Experience</p> <ul style="list-style-type: none">• Current President and Chief Operating Officer of Rite Aid Corporation, which operates the third largest retail drugstore chain in the United States based on both revenues and number of stores.• Former Executive Vice President and President, Pharmacy, Health and Wellness for Walgreen Co., which operates one of the largest drugstore chains in the United States. <p>Relevant Skills</p> <ul style="list-style-type: none">• Expertise assessing the strategies and performance of a geographically distributed and consumer-focused service business in a highly competitive industry.• Effectively led operational change, including through the use of technology, and established strong platforms for long-term stockholder value creation.• Extensive knowledge about analyzing consumer experience and insights.• Effectively transformed the pharmacy experience from a model focused primarily on drug delivery to a pharmacist-patient centric model. <p>Other Public Board Service</p> <ul style="list-style-type: none">• LifePoint Health 2016–present <p>Committee Expertise Highlights Audit Committee Member</p> <ul style="list-style-type: none">• Responsible for all aspects of strategic, operational, and profit and loss management of one of the largest drugstore chains in the United States.• Significant experience overseeing the strategy and transformation of a highly competitive consumer-focused business.• Current member of the audit and compliance committee at LifePoint Health. <p>Nominating and Governance Committee Member</p> <ul style="list-style-type: none">• Member of the governing bodies of Northwestern Lake Forest Hospital and the University of Southern California School of Pharmacy.• Current member of the corporate governance and nominating committee at LifePoint Health.	 <p>MICHAEL L. ESKEW Age: 68</p> <p>Allstate Board Service</p> <ul style="list-style-type: none">• Tenure: 4 years (2014)• Audit committee• Compensation and succession committee <p>INDEPENDENT</p> <p>Professional Experience</p> <ul style="list-style-type: none">• Former Chairman and CEO of United Parcel Service, Inc., a provider of specialty transportation and logistics services.• Presiding director at International Business Machines Corporation since May 2014 and lead director at 3M Company since 2012. <p>Relevant Skills</p> <ul style="list-style-type: none">• Effectively re-designed UPS's operational platforms by using digital technologies to more effectively and efficiently deliver a customer-focused worldwide service.• Expertise in strategy and leadership development.• Oversight of a highly regulated company as a director of Eli Lilly and Company. <p>Other Public Board Service</p> <ul style="list-style-type: none">• Eli Lilly and Company 2008–present• IBM 2005–present• 3M Company 2003–present <p>Committee Expertise Highlights Audit Committee Member</p> <ul style="list-style-type: none">• Chair of the IBM and Eli Lilly audit committees and a past member of the 3M audit committee.• Successful execution of financial oversight responsibilities as CEO of UPS. <p>Compensation and Succession Committee Member</p> <ul style="list-style-type: none">• Significant management experience as former Chairman and CEO of UPS from 2002 to 2007 and director of other publicly-traded companies.• Current chair of the 3M compensation committee and member of the Eli Lilly compensation committee.

Board Evaluation Process



- Graphic representation to highlight the board and committee evaluation process and a table to illustrate key assessment topics

TOPICS CONSIDERED DURING THE BOARD AND COMMITTEE EVALUATIONS INCLUDE:			
DIRECTOR PERFORMANCE	BOARD AND COMMITTEE OPERATIONS	BOARD PERFORMANCE	COMMITTEE PERFORMANCE
<ul style="list-style-type: none"> Individual director performance Lead Director (in that role) Each Committee Chair (in that role) 	<ul style="list-style-type: none"> Board and Committee membership, including director skills, background, expertise and diversity Committee structure, including whether the Committee structure enhances Board and Committee performance Access to firm personnel Conduct of meetings, including time allocated for, and encouragement of, candid dialogue Materials and information, including quality and quantity of information received from management, and suggestions for educational sessions Shareholder feedback 	<ul style="list-style-type: none"> Key areas of focus for the Board Consideration of reputation Strategy oversight Consideration of shareholder value Capital planning 	<ul style="list-style-type: none"> Performance of Committee duties under Committee charters Consideration of reputation and shareholder value Effectiveness of outside advisers Identification of topics that should receive more attention and discussion

Source: [2018 Proxy Statement](#) (pg. 27-28)

Board Evaluation Process

- Tables provide detailed information on evaluations of the board and respective committees, including participants, frequency, process and results

Annual Board Evaluation Process

The board recognizes that a robust and constructive evaluation process is an essential part of good corporate governance and board effectiveness. The evaluation processes utilized by the board are designed to assess board and committee effectiveness as well as individual

director performance and contribution levels. The corporate governance committee considers the results of the annual evaluations in connection with its review of director nominees to ensure the board continues to operate effectively.

Our evaluation process consists of the following components:

BOARD EVALUATIONS

Performed By	All Directors	Senior Management	Independent Lead Director	Independent Consultant
Frequency	Annual	Annual	Annual (except if independent consultant is used)	Every 3-4 years
Process	Board members complete written board self-evaluations which: (a) provide for quantitative ratings of key board priorities and the operation of the board and (b) seek subjective feedback on areas for improvement.	Members of senior management who regularly interact with the board and/or its committees complete a written evaluation to solicit their input and perspective on the operation of the board.	The Independent Lead Director interviews each board member to elicit additional in-depth feedback on board and individual director performance that is not always available through the written evaluations.	A third-party governance expert conducts in-depth interviews with each board member. The use of a third-party facilitator provides an outside perspective on board culture and individual director performance.
Results	<ul style="list-style-type: none">✓ The Chairman, Independent Lead Director and Corporate Governance Committee Chair review and discuss the results.✓ The Independent Lead Director reviews a summary of the results with the full board, and changes are implemented as appropriate.✓ For third-party reviews, the Chairman, Independent Lead Director and Corporate Governance Committee chair review and discuss the results with the third-party reviewer to identify feedback to the board on how it can enhance its effectiveness.✓ The Corporate Governance Committee reviews any concerns or issues regarding individual director performance and takes appropriate action if necessary.			

COMMITTEE EVALUATIONS

Performed By	All Members of the respective Committees
Frequency	Annual
Process	Committee members complete committee self-evaluations which: (a) provide for quantitative ratings of each board committee and (b) seek subjective feedback on areas for Committee improvement. <ul style="list-style-type: none">✓ The Chairman, Independent Lead Director and Corporate Governance Committee chair review and discuss the results and take appropriate action if necessary.
Results	<ul style="list-style-type: none">✓ Each Committee discusses the survey results and the Committee chairs present the results to the full board for its consideration and discussion.

Board Oversight of Strategy

- Strong disclosure on how the Board and committees work with management to oversee business strategy within the Governance section of the proxy

Walgreens 2018 Proxy Statement (pg. 28)

GOVERNANCE

Board Oversight of Strategy and Risk Management

.....

Strategy

Oversight of our business strategy is a key responsibility of the Board. Throughout the year, the Board and its committees provide oversight and guidance to management regarding our strategy, operating plans, and overall performance. While elements of strategy are embedded in every regularly-scheduled meeting of the Board, the Board also dedicates at least one multi-day meeting each year to focus on our long-term business strategic planning.

The Board, primarily through its Finance Committee, also dedicates significant focus to reviewing our capital allocation strategy. Our current Board-approved capital allocation policy, which was approved and announced in 2014, is designed to ensure a balanced and disciplined approach to deploying capital intended to drive business growth and generate strong returns, while returning cash to stockholders through dividends and share repurchases over the long-term. The key elements of this policy include

seeking to maintain a strong balance sheet and financial flexibility, with a commitment to solid investment grade credit ratings to govern future capital allocation.

While the Board and its committees oversee elements of our strategic planning, our management is charged with executing the business strategy. To monitor our performance against our strategic goals, the Board receives regular updates and actively engages in dialogue with our executive management team. Directors may also periodically visit certain of our stores and other locations to see our strategy execution first hand.

The Board's oversight and our management's execution of our business strategy are intended to help promote the creation of long-term stockholder value in a sustainable manner, with a focus on assessing both potential opportunities available to us and risks that we might encounter.

- Oversight of strategy is named as a key Board responsibility, with accompanying disclosure on how the Board performs this oversight

Coca-Cola 2018 Proxy Statement (pg. 27)

BOARD AND COMMITTEE GOVERNANCE

Role of the Board

The Board is elected by the shareowners to oversee their interests in the long-term health and overall success of the Company's business and financial strength. The Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the shareowners. The Board oversees the proper safeguarding of the assets of the Company, the maintenance of appropriate financial and other internal controls and the Company's compliance with applicable laws and regulations and proper governance. The Board selects the Chief Executive Officer and oversees the members of senior management, who are charged by the Board with conducting the business of the Company.

KEY RESPONSIBILITIES OF THE BOARD		
Oversight of Strategy	Oversight of Risk	Succession Planning
<ul style="list-style-type: none">✓ The Board oversees and monitors strategic planning.✓ Business strategy is a key focus at the Board level and embedded in the work of Board committees.✓ Company management is charged with executing business strategy and provides regular performance updates to the Board.	<ul style="list-style-type: none">✓ The Board oversees risk management.✓ Board committees, which meet regularly and report back to the full Board, play significant roles in carrying out the risk oversight function.✓ Company management is charged with managing risk, through robust internal processes and effective internal controls.	<ul style="list-style-type: none">✓ The Board oversees succession planning and talent development for senior executive positions.✓ The Management Development Committee, which meets regularly and reports back to the Board, has primary responsibility for developing succession plans for the CEO position.✓ The CEO is charged with preparing, and reviewing with the Management Development Committee, talent development plans for senior executives and their potential successors.

Oversight of Strategy

Strategic planning and oversight of the Company's business strategy is a key responsibility of the Board. The Board believes that overseeing and monitoring strategy is a continuous process and takes a multilayered approach in exercising its duties. The Board dedicates one meeting each year to focus on business strategy, and elements of strategy are addressed in every Board meeting and embedded in the work of Board committees. This ongoing effort enables the Board to focus on Company performance over the short, intermediate and long term, as well as the quality of operations. In addition to financial and operational performance, non-financial measures, including sustainability goals, are discussed regularly by the Board and Board committees.

While the Board and its committees oversee strategic planning, Company management is charged with executing the business strategy. To monitor performance against the Company's strategic goals, the Board receives regular updates and actively engages in dialogue with our Company's senior leaders. These boardroom discussions are enhanced with "hands-on" experiences, such as market visits, which provide Directors an opportunity to see strategy execution first hand.

The Board's oversight and management's execution of business strategy are viewed with a long-term mindset and a focus on assessing both opportunities for and potential risks to the Company.

Oversight of Risk

Inherent in the Board's responsibilities is an understanding and oversight of the various risks facing the Company. The Board does not view risk in isolation. Risks are considered in virtually every business decision. The Board recognizes that it is neither possible nor prudent to eliminate all risk; indeed, purposeful and appropriate risk taking is essential for the Company to be competitive on a global basis and to achieve the Company's long-term strategic objectives. Effective risk oversight is an important priority of the Board. The Board has implemented a risk governance framework designed to:

- understand critical risks in the Company's business and strategy;
- allocate responsibilities for risk oversight among the full Board and its committees;
- evaluate the Company's risk management processes and whether they are functioning adequately;

Board Oversight of Human Capital Management

- Discusses human capital management in the Corporate Governance section of the proxy
- Outlines focus areas under four categories, including diversity, compensation, talent development and benefits

Being a Great Place to Work

Central to sustainable Responsible Growth are the actions we take to be the best place to work for our team. Our culture reflects how we run our company every day. We put the customer first, emphasize integrity and responsibility, and actively encourage all employees to bring their whole selves to work. When we create a workplace where our colleagues are engaged, empowered, and committed for the long term, we are better positioned to help our clients improve their financial lives.

Growing our Diverse & Inclusive Workforce

- Our **Global Diversity & Inclusion Council**, chaired by our CEO, is responsible for setting and upholding diversity and inclusion goals and practices
- We are a **diverse and inclusive company**. Currently, our global workforce is more than **50% female**; and **more than 40% of the U.S.-based workforce is racially or ethnically diverse**. Our **senior leadership is also diverse**; six of our CEO's 12 direct reports and seven of our 15 Board members are women and/or persons of color
- Our most recent campus recruiting class in the U.S. was **more than 50% diverse**, as we focus on building the next generation of leaders
- Our **Courageous Conversations program** provides space for difficult but vital dialogues. These group discussions, which encourage employees to have open dialogue on topics that are important to them, promote inclusion, understanding, and positive action by creating awareness of employees' experiences and perspectives related to differences in background, experience or viewpoints (e.g. class, age, gender, gender identification and expression, sexual orientation, ethnicity, and disabilities)
- Our company is recognized by *Fortune Magazine* on its **100 Best Workplaces for Diversity List**

Empowering Professional Growth & Development

- We have launched multiple **internal job search/career planning tools** to better facilitate career growth at our company. For example, in our Consumer Banking organization, we created the Consumer Academy to increase focus on skill development and career pathing, and we launched a new Career Path Tool to facilitate internal movement. We have had high employee adoption using the tool and participating in the academy, which together have helped support more than 7,600 employees moving to new roles within our Consumer Banking team in 2017
- We support the **professional growth and development of our managers** through programs like Manager Excellence, which helps managers develop their skills with practical tips on professional topics. Last year, **more than 86% of eligible managers** participated in some form of manager development program
- We have a range of programs to connect employees, executives, and thought leaders across our company, including **11 Employee Networks with more than 240 chapters made up of over 100,000 memberships worldwide**
- Our tuition reimbursement program **provides thousands of employees up to \$5,250 per year for courses** related to current or future roles at our company

Rewarding Performance That Balances Risk & Reward

- All of our compensation plans are **reviewed and certified annually** by our risk management function
- We have an **enhanced performance review process** for senior leaders and employees who have the ability to expose our company to material risk. Since 2010, the number of senior leaders and employees who have been identified as "covered" employees has doubled
- We have paid our hourly, non-commissioned U.S. employees **at or above the federal and state minimum wage requirements** for several years. We have made regular increases during that period, with efforts in progress to continue to increase our minimum wage, which reached \$15 per hour at the start of 2017
- Since 2010, average **annual compensation increases for our U.S. employees have out-paced** average U.S. national wage growth. Compensation for all but the highest-paid 10% has grown at least twice the rate of the U.S. national average
- To **share our success**, at the end of 2017, U.S. employees making \$150,000 or less per year in total compensation—about **145,000 employees—received a one-time bonus of \$1,000**. In early 2018, we also extended a cash bonus to non-U.S. employees and a special, long-term restricted stock award to employees with total compensation greater than \$150,000 to \$250,000. Together, **over 90% of employees received special awards**
- Our company is committed to **fairly and equitably compensating all of our employees** and maintains robust policies and practices to reinforce our commitment. We recently announced the results of our most recent review on gender and minority pay equity (see next page)
- We announced a **new U.S. practice restricting how we solicit compensation information when hiring**, so we determine compensation levels for new hires based on individual qualifications, roles and performance, rather than how they may have been compensated in the past

Investing in Health, Emotional & Financial Wellness

- We are focused on offering innovative and affordable benefits and programs that meet the diverse needs of our employees and their families, including **up to 16 weeks of paid parental leave, flexible work arrangements, competitive 401(k) benefits, and backup child and adult care**
- We are focused on supporting our employees' physical, financial, and emotional well-being. We continue to **offer health insurance benefits to U.S.-based employees who regularly work 20 or more hours per week** with multiple medical coverage options
- We **aligned the cost of health coverage with compensation** through progressive premiums to provide affordable coverage. We reduced premiums by 50% for employees making less than \$50,000 in 2011 and have kept their premiums flat for the past six years
- Our approach is built on the **things we can do together with our employees to address health risks and manage health care costs**, including focusing on wellness, providing education and support, and partnering with efficient and accountable health care providers; **68,000 employees** participated in the Get Active! health improvement challenge in 2017, walking **26 billion steps**
- In October 2017, we adopted an **extended bereavement policy** to provide up to 20 days paid time for the loss of a spouse/partner or child
- Our **U.S. Life Event Services (LES)** team, which assisted almost 25,000 employees in 2017, is dedicated to supporting employees during major life events, such as retirement, leaves of absence, facing a terminal illness, having a family member pass away, being impacted by a natural disaster or house fire, undergoing a gender transition, or being impacted by domestic violence. LES also supports our employees affected by man-made and natural disasters by contacting employees to confirm their safety and connecting them to available resources, including confidential counseling through our Employee Assistance Program

Source: [2018 Proxy Statement](#) (pg. 24-25)

Board Oversight of Human Capital Management

- Connects human capital management to business strategy and customer service
- References senior leadership and the active role that the CHRO has in overseeing human capital management

The Board's Role in Human Capital Management and Talent Development

The Board believes that human capital management and talent development, including diversity and inclusion initiatives and succession planning, are vital to PepsiCo's continued success. Our Board's involvement in leadership development and succession planning is systematic and ongoing, and the Board provides input on important decisions in each of these areas. The Board has primary responsibility for succession planning for the CEO and oversight of other executive officer positions. The Nominating and Corporate Governance Committee oversees the development of the process and protocols regarding succession plans for the CEO, and annually reviews and updates these protocols to reflect input from Board members. To assist the Board, the CEO annually provides the Board with an assessment of senior managers and their potential to succeed to the position of CEO, developed in consultation with the Presiding Director and the Chair of the Nominating and Corporate Governance Committee. The Board meets regularly with high-potential executives, both in small group and one-on-one settings.

Board Oversight of Corporate Culture

- Utilizes a graphic to highlight the Board's oversight of various company initiatives including the firm's cultural expectations and code of conduct

Board Oversight of our Firm

KEY AREAS OF BOARD OVERSIGHT

Our Board is responsible for, and committed to, the oversight of the business and affairs of our firm. In carrying out this responsibility, our Board advises our senior management to help drive success for our clients and long-term value creation for our shareholders, and oversees management's efforts to ensure that the firm's cultural expectations are appropriately communicated and embraced throughout the firm. Our Board discusses and receives regular updates on a wide variety of matters affecting our firm.



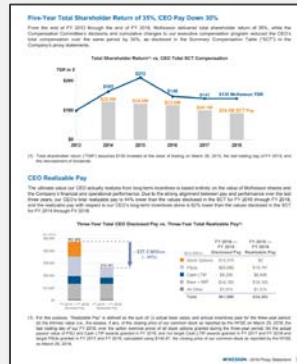
Investor Stewardship Group Principles Alignment

- Prudential discloses how it adheres to the Investor Stewardship Group's Corporate Governance Principles in the Corporate Governance section of its 2018 proxy statement

Prudential	
Corporate Governance	
PRUDENTIAL FOLLOWS THE INVESTOR STEWARDSHIP GROUP'S (ISG) CORPORATE GOVERNANCE FRAMEWORK FOR U.S. LISTED COMPANIES	
ISG Principle	Prudential Practice
Principle 1: Boards are accountable to shareholders.	<ul style="list-style-type: none">All directors stand for election annuallyProxy access with market termsBoard and Lead Independent Director letters and videos provide large and small investors insight into Board strategy and oversight objectives, and corporate governance practices
Principle 2: Shareholders should be entitled to voting rights in proportion to their economic interest.	<ul style="list-style-type: none">Majority voting in uncontested director elections, and directors not receiving majority support must tender their resignation for consideration by the Board
Principle 3: Boards should be responsive to shareholders and be proactive in order to understand their perspectives.	<ul style="list-style-type: none">Management and Board members met with investors owning a majority of shares outstanding in 2017Engagement topics included environmental, sustainability and social strategy, Board composition and refreshment, succession planning, and executive compensation program
Principle 4: Boards should have a strong, independent leadership structure.	<ul style="list-style-type: none">Strong Lead Independent Director with clearly defined duties that are disclosed to shareholdersBoard considers appropriateness of its leadership structure at least annuallyStrong Independent Committee ChairsProxy discloses why Board believes current leadership structure is appropriate
Principle 5: Boards should adopt structures and practices that enhance their effectiveness.	<ul style="list-style-type: none">83% of Board members are independentTwo-thirds of Board members are diverseAnnual Board evaluation by independent third party; results and next steps disclosed in proxyActive Board refreshment plan; 42% refreshment in last five yearsDirectors attended 99% of combined total Board and applicable committee meetings in 2017, and all directors attended the 2017 Annual Meeting
Principle 6: Boards should develop management incentive structures that are aligned with the long-term strategy of the company.	<ul style="list-style-type: none">Executive Compensation program received over 93% support in 2017Compensation Committee annually reviews and approves incentive program design, goals and objectives for alignment with compensation and business strategiesAnnual and long-term incentive programs are designed to reward financial and operational performance that furthers short- and long-term strategic objectives

Source: [2018 Proxy Statement](#) (pg. 20)

CD&A Disclosure Best-Practices



McKesson 2018 Proxy Statement

- Streamlined and organized format makes CD&A easy to read
- Comprehensive section on shareholder engagement and program changes (pg. 32)
- Realizable pay graph to demonstrate alignment of pay with recent financial performance (pg. 35)
- Strong disclosure around target rigor when goals are set at or below prior years' goals (pg. 37)

The table shows Chevron's performance measures for 2018, including Total Return to Shareholders (TRS), Earnings Before Interest and Taxes (EBIT), and Earnings Before Interest and Taxes (EBIT) adjusted for non-recurring items. It also includes a table for the 2018 Long-Term Incentive Program (LTIP).

Chevron 2018 Proxy Statement

- Succinct, effective executive summary (pg. 31-35)
- Detailed and organized annual plan disclosure, with helpful table laying out performance measures, performance against plan and results (pg. 38-41)
- Peer group disclosure clearly highlights Chevron's place in the market and how it uses peer groups to inform pay decisions (pg. 36-37)

The table shows Exelon's 2017 Long-Term Incentive Program (LTIP) performance measures, including Total Return to Shareholders (TRS), Earnings Before Interest and Taxes (EBIT), and Earnings Before Interest and Taxes (EBIT) adjusted for non-recurring items.

Exelon 2018 Proxy Statement

- Strong disclosure of link between strategic priorities and metric selection (pg. 46)
- Clear and understandable display of annual plan metrics, targets and results (pg. 55)
- Easy-to-read graphic on how performance periods and metrics work for the Performance Share Unit portion of the long-term plan (pg. 56)

The table shows AT&T's compensation and incentives for 2018, including Total Return to Shareholders (TRS), Earnings Before Interest and Taxes (EBIT), and Earnings Before Interest and Taxes (EBIT) adjusted for non-recurring items.

AT&T 2018 Proxy Statement

- Strong disclosure on changes made to compensation program and rationale (pg. 57)
- Elements of Total Direct Compensation table is easy to read and describes link to strategy (pg. 58)
- Clear description of NEO pay outcomes and rationale (pg. 66-70)

Environmental & Social Integration

- Provides overview of sustainability governance, including board oversight
- Detail on sustainability strategy, priorities and performance highlights

Environmental, Social, and Governance Highlights

Citizenship and Sustainability Governance at Citi

Citizenship and sustainability governance are important principles at Citi, and two Board-level committees have oversight responsibility for citizenship and sustainability-related activities. Management groups provide strategic guidance and senior-level review on citizenship and sustainability topics.

Board of Directors		Senior Management
Nomination, Governance and Public Affairs Committee	Ethics and Culture Committee	<ul style="list-style-type: none">Environmental and Social Advisory CouncilCitizenship, Corporate Sustainability, and Environmental and Social Risk Management teamsBusiness Practices Committees
Oversees citizenship and sustainability programs and company policies and procedures that impact citizenship and sustainability, including climate change, human rights and other issues, advises on engagement with major external stakeholders, and provides oversight of business practices	Oversees senior management's efforts to reinforce and enhance a culture of ethics throughout the firm	

Sustainability Framework

Our Sustainable Progress Strategy focuses on Climate Change, Sustainable Cities, and People and Communities, with our sustainability activities organized under three primary pillars:

Environmental Finance \$100 Billion Environmental Finance Goal focused on financing environmental and climate solutions	Environmental & Social Risk Management (ESRM) Collaborating with our clients to manage environmental and social risks and impacts associated with our products and services	Operations & Supply Chain Managing our global facilities and supply chain to minimize direct impact, reduce costs, and reflect best practices
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Sustainable Progress Performance Highlights – 2017

FINANCED and FACILITATED \$17.6B under our \$100 Billion Environmental Finance Goal (cumulative \$57B since 2014)	As part of our COAL MINING POLICY COMMITMENT , reduced our credit exposure to this sector for the past two years ⁽¹⁾	Citi to be 100% powered by RENEWABLE ENERGY by 2020
FACILITATED \$4.4B IN GREEN BONDS for environmentally responsible projects ⁽²⁾	UPDATED INDIGENOUS PEOPLES POLICY to global standard requiring consultation with the goal of achieving FREE, PRIOR, AND INFORMED CONSENT	Expanded our LEED-CERTIFIED real estate portfolio to 22% ⁽³⁾
Helped Goldwind, the LARGEST CHINESE WIND TURBINE MANUFACTURER , finance a 160MW wind project in Texas with direct investment and a power hedge	Implemented an ESRM Watchlist EARLY WARNING SYSTEM for clients and transactions that pose heightened ENVIRONMENTAL, SOCIAL, OR REPUTATIONAL RISK	Committed to procuring an additional \$100 MILLION from WOMEN-OWNED BUSINESSES over the next three years

Citi, together with the United Nations Environment Programme Finance Initiative and 15 other global banks, is working on implementing the recommendations set forth by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) (<https://www.fsb-tcfd.org/>), including conducting climate scenario analyses.

The UN Sustainable Development Goals: Citi Priorities

The United Nations Sustainable Development Goals (SDGs) are a set of 17 global development goals for 2030. Citi is focused on seven SDGs where our core business and key initiatives can have the greatest impact.

Our Focus Areas

Gender Equality (Goal 5)	Affordable & Clean Energy (Goal 7)	Decent Work & Economic Growth (Goal 8)	Industry, Innovation & Infrastructure (Goal 9)
Sustainable Cities & Communities (Goal 11)	Climate Action (Goal 13)	Partnership for the Goals (Goal 17)	

Citi Initiatives Tied to Our SDG Priorities





- \$100B Environmental Finance Goal:** Pledged to finance and facilitate \$100B toward activities that reduce the impacts of climate change and create solutions
- Inclusive Finance:** Dedicated Inclusive Finance team works across Citi's businesses globally to identify solutions to expand financial access to underserved markets
- Citi for Cities:** Partner with governments, businesses, and communities to identify and implement innovative solutions that help cities thrive
- Women's Economic Empowerment:** Working to promote greater gender equality through dedicated programs within our company, as well as through being the first U.S. bank to disclose gender pay data
- Pathways to Progress:** \$150 million commitment by the Citi Foundation to boost the employability of 600,000 youths worldwide by 2020 (met \$50M goal)
- Open Innovation:** Citi's Open Innovation initiatives offer high-impact programs to accelerate the bank's access to disruptive digital business models

Citizenship Performance Highlights – 2017

Conduct and Culture	<ul style="list-style-type: none">Expanded Conduct Risk Program to include businesses in 84 countries, up from 44 countries the previous yearMore than 175,000 employees completed Compliance training, including Anti-Money Laundering (AML), Sanctions and Anti-Bribery training
Digital Innovation	<ul style="list-style-type: none">Engaged 21,000+ Citi mobile customers in co-creation effort to identify digital banking problems our mobile app can help solveRecognized as the world's best digital bank by Euromoney magazine
Talent and Diversity	<ul style="list-style-type: none">Launched five of our ten Affinities (Asian Heritage, Black Heritage, Citi Salutes, Citi Women and Pride) and worked with our Affinity Leaders to develop and roll out strategic priorities for these diverse populations80% of Citi employees participated in an unconscious bias training, including 250 of Citi's most senior leaders and the CEO leadership team
Human Rights	<ul style="list-style-type: none">Released our first UK Modern Slavery Act transparency statement, summarizing our approach to eradicating modern slavery in our supply chain and operationsScored 100% on the Human Rights Campaign's Corporate Equality Index since 2004
ESG Ratings	<ul style="list-style-type: none">Selected for annual inclusion in DJSI[®] World and North America Indices (since 2001) and FTSE4Good Index[®] (since 2002)Maintained CDP[®] score of A-Sustainalytics[®] score of 68 (79th percentile) and MSCI[®] score of BBB

Source: [2018 Proxy Statement](#) (pg. 13-15)

Environmental & Social Integration

CORPORATE SUSTAINABILITY	
The Board believes operating sustainably benefits Allstate's many different stakeholders and drives long-term value creation.	
Priorities	Recent Progress
Privacy and Information Security 	<p>An integral part of Allstate's commitment to its customers is preventing the loss of their data and ensuring that their data is protected and kept private. Allstate leverages a risk-based approach to implementing its information security program.</p> <ul style="list-style-type: none">• Allstate has established an Information Security Council, which reviews and ensures alignment of the program with regulatory and industry standards.• Allstate has a clear privacy policy and requires training and annual compliance confirmation by its employees.• Allstate's program maps to the National Institute of Standards and Technology Cybersecurity Framework, and International Organization for Standardization ("ISO") 27001.
Workforce and Diversity 	<p>We manage talent by providing employees with training, interesting work, mentoring, and career development; promoting from within; emphasizing inclusive diversity; retaining existing talent; attracting new employees by offering appropriate employee benefits; and monitoring engagement on annual employee surveys.</p> <ul style="list-style-type: none">• Allstate invests in training opportunities for its employees, and in 2017, employees completed 317,055 courses and 356,971 hours of learning.• Allstate strives for a workforce that mirrors the diversity of its customers and communities, and in 2017, 69% of Allstate employees were diverse.• In 2017, Allstate retained 86.4% of its employees.• In its last annual employee survey, which measures the general health of the work environment, Allstate achieved an engagement score of 83%.
Risk and Climate 	<p>In 2017, Allstate continued its efforts to assess and refine its exposure management, pricing, modeling, and underwriting practices related to climate risks. Some of Allstate's initiatives included:</p> <ul style="list-style-type: none">• Strengthening its catastrophe response and risk management programs through technology such as drone usage, QuickFoto Claim®, and Mobile Claims Centers, which expedited Allstate's catastrophe response.• Addressing the risk of loss from catastrophes by continuing to purchase reinsurance for specific states and countrywide for its personal lines property insurance.• Active participation in shaping federal legislation for the Write Your Own Flood Insurance Program.• Being selective with personal homeowners insurance new business underwritings in certain coastal areas, as well as other deductibles or exclusions where appropriate.• Assisting customers in mitigating their carbon footprint through an endorsement that allows customers to replace covered, damaged, or destroyed items with more energy efficient ones.
Community 	<ul style="list-style-type: none">• Allstate Foundation Purple Purse is the longest-running national campaign focused on ending domestic violence through financial empowerment services for survivors. Since 2005, The Allstate Foundation has helped over 1.3 million survivors and invested more than \$60 million to help end domestic violence.• Good Starts Young is The Allstate Foundation's program supporting America's youth and it was instrumental in helping over five million youth participate in service-based learning last year. Since 2014, the Allstate Foundation has invested over \$45 million in youth empowerment.• Allstate employees and agency force engage in numerous community service programs and volunteered over 258,000 reported hours to over 2,430 local nonprofit organizations in 2017.
To learn more about our corporate sustainability efforts, please view Allstate's 2016/2017 Sustainability Report at http://allstatesustainability.com	



Key Takeaways and Action Items

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Takeaways and Action Items

- Consider providing enhanced voluntary disclosure about:
 - Long-term business strategy
 - Qualifications and diversity of your directors
 - Relationship of compensation programs to long-term strategy
 - Risk oversight, including with regard to cybersecurity
 - Sustainability and other social issues (including workplace diversity)
 - Succession planning
 - Board evaluation processes
 - Audit committee oversight of independent auditor
- Strengthen controls and procedures, including with respect to cybersecurity, social media, perquisites and environmental and social disclosures
- Evaluate approach to director compensation
- Assess whether changes in workforce and/or compensation warrant reevaluation of median employee for pay ratio disclosures

Questions

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