

Risk of Loss of Passive Investor Status

LOW

HIGH

Posting investor's voting policies.
Engaging on corporate governance topics as part of broad effort to promote view of corporate governance practices for all portfolio companies.

Discussing with issuer investor's view, voting policy or recommendation on a topic, **and** how it **may** inform investor's voting decisions.

Context: Generally, issuer-initiated engagements are less risky, as are off-season, ordinary-course engagements.

Discussing with issuer the investor's view, voting policy or recommendation on any topic, **and to pressure** issuer, **stating/implying** support for director nominee(s) at next director election is **conditioned on** management meeting shareholder's expectation. Any topic could be problematic, but high-risk recommendations from investor include:

- de-classifying board.
- switching to a majority voting standard in uncontested director elections.
- eliminating supermajority provisions in the charter.
- eliminating other antitakeover provisions in the charter, such as inability of stockholders to act by written consent or to call special meeting.
- eliminating poison pill.
- changing executive compensation practices.
- undertaking specific actions on ESG policy.
- changing dividend policy.
- making changes relating to commercial topics or capitalization.

Context: In the above cases, investor-initiated engagements, particularly leading up to the next annual meeting, may be **more risky**.

Engaging with issuer to **specifically call for:**

- sale of issuer.
- significant amount of issuer's assets.
- restructuring of issuer.
- election of contested director nominees.