Trends in Investor Communications **Communicating Purpose in Light of BlackRock's Letter to CEOs**



Communicating Purpose in Light of BlackRock's Letter to CEOs

Last Summer, we shared Argyle's thinking on the communication of Corporate Purpose:

- "Behind every successful strategy is a broader goal, yet many Annual Reports are light on the discussion of Corporate Purpose. Why does the business exist? What is the mission that sets the strategic direction? What values guide employee behavior? How does the company define success in the broader societal context?
- This is set to change. As consumers seek authenticity from the brands they patronize, investors also want to understand and evaluate the sustainability of the business model. Accordingly, we are seeing a growing number of reporters incorporate purpose and values into the heart of their corporate communications."
- From "Presenting Value Beyond Financial Returns: Communicating Purpose" http://argyle.company/downloads/OnPurpose.pdf
- Given our interest in this topic, we were excited to read Larry Fink's 2018 BlackRock Letter to CEOs which presents Corporate Purpose as a central theme (https://www.blackrock.com/corporate/investor-relations/ larry-fink-ceo-letter).
- Communicating Corporate Purpose enables investors to better understand and evaluate how companies expect to create value for a broad range of stakeholders and deliver long-term returns. The BlackRock letter comes at an exciting time for corporate reporting, as we are seeing more investors call for an evolution from a siloed, rules-based approach to integrated, dynamic communications that connect stakeholder interests.

We have identified the following leading investor considerations:

- 1. Corporate Purpose why a business exists, and the role it plays in society is a prerequisite to defining a sustainable business strategy and generating long-term value.
- 2. Reporting with a primary focus on financial returns is no longer sufficient.
- 3. Boards are expected to engage with stakeholders to understand their interests, and Boards will be held accountable for aligning strategy with Corporate Purpose.

Larry Fink's Letter to CEOs is an important contribution to the ongoing dialogue around Corporate Purpose. Over the following pages, we take a fresh look at how a range of investor communications prepared by US and foreign corporations link their Corporate Purpose, progress and performance, in alignment with BlackRock's proposals.

"Purposeful" Investor Communications



Communicating Social Purpose

From Larry Fink's 2018 letter to CEOs:

"Indeed, the public expectations of your company have never been greater. Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate."

We looked for:

Examples of how corporations communicate that they are acting on their Purpose



Allstate Prosperity Report

This year, Allstate recreated its Annual Report from the ground up to communicate clearly and confidently about how the company is performing against its Purpose, and in doing so rebranded its Annual Report as a "Prosperity Report".



https://www.allstate.com/resources/allstate/ attachments/annual-report/328815-allstatecomplete-combo-2017.pdf



Why a Prosperity Report? Allstate is about creating the future

Annual reports were created before ubiquitous and continuous information flows. Today, a company's successes and disappointments are tweeted while blogs and social media sites shape reputation one word at a time. As a result, we want to share the broader story of Allstate's successes and challenges in the first of many Prosperit Reports.

Businesses create prosperity. Iron rocks are molded into steel skyscrapers and molecules are combined to create lifesaving drugs. Alistate protects tens of millions of people from life's uncertainties and helps here rebuilt the lifes after disaster states. Private enterprises errors^{10,00} of the 110⁰ molecules. Are combined people, intelligence and processes are combined to make the worl

continue creating prosperity businesses must take on a bigger i seeds to make an acceptate profit since this is a measure of how etrone is expected and needed from business. Eighty-sever perusinesses need to do more than make a profit. Companies also in the, making sure free markste work and improving our community datatate we pursue these four goals by following Our Shared Pur age. In business, it is often all what gets measured gets done. V

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Novo Nordisk 2017 Annual Report

Novo Nordisk places Social and Environmental progress at the heart of their corporate reporting.

https://www.novonordisk.com/content/dam/ Denmark/HQ/investors/irmaterial/annual report/2018/NN-AR17_UK_Online1.pdf

PERFORMANCE	HIGHL	IGHT	S				
DKK million	2013	2014	2015	2016	2017	2016-2017	
FINANCIAL PERFORMANCE						Change	
Net sales	83,572	88,806	107,927	111,780	111,696	(0%)	
Sales growth in local currencies ¹ Foreign currency impact	11.9% (4.8%)	8.3% (2.0%)	8.4% 13.1%	5.5% (1.9%)	2.3% (2.4%)		
Net sales growth as reported	7.1%	6.3%	21.5%	3.6%	(0.1%)		
Depreciation, amortisation and impairment losses	2,799	3,435	2,959	3,193	3,182	(0%)	
Dperating profit Net financials	31,493 1,046	34,492 (396)	49,444 (5,961)	48,432 (634)	48,967 (287)	1% N/A	
Net financials Profit before income taxes	1,046	(396)	(5,961) 43,483	(634) 47.798	(287) 48.680	N/A 2%	
Net profit for the year	25,184	26,481	34,860	37,925	38,130	1%	
fotal assets	70,337	77,062	91,799	97,539	102,355	5%	
Equity	42,569	40,294	46,969	45,269	49,815	10%	
Capital expenditure, net	3,207	3,986	5,209	7,061	8,679	23%	
Free cash flow ¹	22,358	27,396	34,222	39,991	32,588	(19%)	
FINANCIAL RATIOS ¹							
Percentage of sales: Sales outside Denmark	99.4%	99.5%	99.7%	99.7%	99.6%		
sales outside Dermanc Sales and distribution costs	28.0%	26.2%	26.2%	25.4%	25.4%		
Research and development costs	14.0%	15.5%	12.6%	13.0%	12.5%		
Administrative costs	4.2%	4.0%	3.6%	3.5%	3.4%		
Sross margin	83.1%	83.6%	85.0%	84.6%	84.2%		
Operating margin	37.7%	38.8%	45.8%	43.3%	43.8% 34.1%		
Net profit margin Effective tax rate	30.1%	29.8%	32.3% 19.8%	33.9% 20.7%	34.1% 21.7%		
Envelope Las Falle Equity ratio	60.5%	52 3%	51.2%	46.4%	48.7%		
Return on equity	60.5%	63.9%	79.9%	82.2%	80.2%		
Eash to earnings	88.8%	103.5%	98.2%	105.4%	85.5%		
Payout ratio	47.1%	48.7%	46.6%	50.2%	50.4%		
LONG-TERM FINANCIAL TARGETS ¹	6.9%	9.5%	43.3%		1.1%	Target	
Dperating profit growth Operating profit growth adjusted ²	6.9%	9.5%	43.3%	(2.0%) 3.9%	1.1%	5%	
Dperating profit growth in local currencies adjusted ²	14.6%	12.7%	12 7%	5.9%	4.8%		
Dperating profit after tax to net operating assets	97.2%	101.0%	148.7%	150.2%	143.2%	125%	
Eash to earnings (three-year average)	93.9%	93.1%	96.8%	102.4%	96.4%	90%	
Ioming of austin for influencedary shareden requestively. SALES BY GEOGRAPHIC REGION Region Latin America Region Latin A Korea Region China Region China Region China Region China Region Furgpe Netth America Operations	s, eduand far DIX 2.738 million fram the partial divertment of N DIABETES CARE AND OBESITY SALES DOPHr diabeter care and obesity Victora? Networks Modern nachton insulin Human insulin			ES BIO			
DKK billion	DKK billion				DKK billion		
125	100	100			50		
100	80	80			40		
75	60	60			30		
50	40			20 -			
25-	20-	014 2015 20	15 2017	10 - 0 -	2013 2014 20	015 2016 2017	



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Meaningful Shareholder Engagement

From Larry Fink's 2018 letter to CEOs:

"The time has come for a new model of shareholder engagement – one that strengthens and deepens communication between shareholders and the companies that they own. I have written before that companies have been too focused on quarterly results; similarly, shareholder engagement has been too focused on annual meetings and proxy votes. If engagement is to be meaningful and productive – if we collectively are going to focus on benefitting shareholders instead of wasting time and money in proxy fights – then engagement needs to be a year-round conversation about improving long-term value."

We looked for:

Disclosure of meaningful engagement with shareholders around strategy



ConocoPhillips presents shareholder engagement in detail, and cross-references the subject throughout the Proxy Statement. The Company's strategy and value proposition are among the topics discussed and – importantly – an overview of ConocoPhillips' strategy is also presented in the Proxy Statement.



http://static.conocophillips.com/files/ resources/18proxystatement.htm#1 We announced an updated value proposition in late 2016 focused on creating value through commodity price cycles with a disciplined, returns-focused strategy. In late 2017, we reaffirmed our value proposition to the market. Our value proposition is underpinned by five strategic cash flow allocation priorities that we expect will deliver our goal of **superior returns to stockholders through price cycles**. We believe the following strategic priorities, and our ability to deliver them through cycles, are distinctive and differential among E&P companies.

5 **Reduce debt** Invest enough Grow dividend Pay out 20 to 30 Disciplined capital to sustain annually: and target 'A' percent of cash investment credit rating; production and from operations to expand pay existing to stockholders cash from dividend; annually; and operations.



GlaxoSmithKline 2017 Annual Report

While a number of US corporations undertake investor days, few communicate about them in annual reporting in the style of GSK and a number of British peers. In this extract from the Company's Annual Report, GSK presents how the Chairman uses an Annual Governance Event to share updates on areas of Board focus including oversight of business priorities, culture and strategy.

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https://www.gsk.com/media/4751/annual-report.pdf

Committed to Innovation and Long-Term Growth

Throughout the year, the Board is actively engaged in developing corporate strategy and participating in our long-range planning. The corporation made \$1.2 billion of capital expenditures in 2017. We plan to increase capital expenditures in 2018 and invest more in research and development to create new technologies that will help drive long-term growth. We are committed to meeting our customers' needs, pursuing opportunities to grow our business and returning value to stockholders. We also remain focused on ensuring that our strategy for future success is reflected in our executive pay programs through a mix of short- and long-term incentives that align with the corporation's long-range plan. At the same time, we are steadfast in maintaining our longstanding commitment to corporate citizenship and sustainability.

Effective Stockholder Engagement

Accountability to our stockholders is an important component of the Corporation's success. We recognize the value of building informed relationships with our investors that promote further transparency and accountability. More than 94 percent of the votes cast at our 2017 annual meeting approved our Say-on-Pay proposal. While proxy voting is one direct way to influence corporate behavior, proactive engagement with our investors can be effective and impactful. Investor views are communicated to the Board and are instrumental in the development of our governance, compensation and sustainability policies and informs our business strategy.

During 2017, we had 27 engagements by telephone conference and or written correspondence with our largest institutional investors and other significant stockholders. We engaged with investors about an array of governance topics, including stockholders' right to amend the Corporation's Bylaws and Board composition. Many investors considered the right to amend our Bylaws to be a fundamental right. In response, we made that right available through an amendment to the Bylaws. The Board will continue to seek investor put on its governance practices in furtherance of enhancing long-term stockholder value.



Annual Governance event

A cornerstone of our investor calendar is the annual governance event that we hold with institutional shareholders, key investment industry bodies and influential proxy advisory firms. This year's event was held in December 2017 at the Francis Crick Institute in London and was hosted by the Chairman, our SID, and our Committee Chairs.

We valued prior engagement with and input from the Investor Forum and their members in helping shape the agenda for the event. The Chairman shared updates on key areas of focus for the Board including:

- Overview of business performance for 2017
- Board and CET Succession skills, capabilities and diversity
- New CEO
- Oversight of new business priorities:
- Innovation, Performance and Trust
- Capital Allocation



Lockheed Martin 2018 Proxy Statement

In a letter at the beginning of the Proxy Statement, Marillyn Hewson, Lockheed Martin's Chairman, President and CEO, highlights that the Board, "... is actively engaged in developing corporate strategy and participating in our long-range planning". The Proxy Statement goes on to disclose that investor views are communicated to the Board and inform the Company's business strategy.



https://www.lockheedmartin.com/content/ dam/lockheed-martin/eo/documents/ annual-reports/2018-proxy-statement.pdf

- Aligning culture and strategy
- e in Board stewardship and stakehold

Lynn Elsenhans, Dr Jesse Goodmar Urs Rohner provided an overview of Board Committees undertaken duri Banga, our SID, provided his insigh dynamics and the role and contribut Directors in challenging and shapin business model.

Listening to the views of our sharehfeedback during this event held in the reporting and AGM season, helps the shareholders' views.

Argyle

Board Oversight of Strategy

From Larry Fink's 2018 letter to CEOs:

⁴⁴In order to make engagement with shareholders as productive as possible, companies must be able to describe their strategy for long-term growth. I want to reiterate our request, outlined in past letters, that you publicly articulate your company's strategic framework for long-term value creation and explicitly affirm that it has been reviewed by your board of directors. This demonstrates to investors that your board is engaged with the strategic direction of the company. When we meet with directors, we also expect them to describe the Board process for overseeing your strategy.

We looked for:

Disclosures that highlight board oversight of corporate strategy



American Express 2018 Proxy Statement

American Express presents an overview of how its Board oversees corporate strategy.



http://ir.americanexpress.com/Cache/1001233964. PDF?O=PDF&T=&Y=&D=&FID=1001233964&iid=102700



SUMMARY OF DIRE

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.	Strategy
	Branding
	Consumer/Retail
X	Digital/Omni-Chan
0	Technology
8	HR/Org Developm



RD'S ROLE IN STRATEGIC OVERSIGHT

And is actively an ago in the oversight of the Company's strategic plan. While the Board receives updates ng strategic matters throughout the year, one Board meeting per year, typically in September, is focused on mpany's strategic planning and direction. At this meeting, the Board reviews the Company's corporate strategy ented by management and provides input and oversight on short-term strategic goals and helps set the longrategic direction of the Company. In addition to this annual review, the Board reviews detailed presentations include w of performance, progress on initiatives, and reports from specific departments such as finance, business rmation, store operations, merchandising, marketing, information technology, supply chain, human resources al



Age: 55 Director Since: 2015 - Audt: Augt: 25 - Audt:

strategy development, marketing services and con insights, as well as extensive experience serving or boards of directors of other public companies

Grabery-Clark, Kraft Foots and Camabel Seap Ca, in progressively hipher leader/hip roles. Here more recent roles to amabel were President. Pepperdege Terms, VP Global Barling and Snacking, Global Chef Strakey Offloer and President. North America Foodservice. Prior to Campabell, Ms. Bitt Heid leader/hip roles with Yoah Foods and forders/Clark. Kraft Currently servers on the boards of Durins Brands Group, Lin, including as chard ther and forders/Clark. Kraft Currently servers on the boards of Durins Brands Group, Lin, including as chard ther another on the avail to compate governance committee and as a member of their audit committee, and Brighthouse financial, linc, including as chard ther mominishing and Corporate governance committee and as a member of heir compensation and investment committees. She was a director of TerraVia Holdings Inc. from March 2017 to harany 2018, Were is served as chargerson of the board and as member of their compensation committee.





Tailored Brands 2018 Proxy Statement

Tailored Brands presents its Board's role in overseeing strategy, and uses a Skills Matrix and Director Biographies to highlight individual directors' experience in this area.



https://www.sec.gov/Archives/edgar/ data/884217/000120677418001613/tlrd_courtesypdf.pdf



McDonald's 2018 Proxy Statement

McDonald's highlights its Board's oversight of strategy throughout the Proxy Statement, and presents the Company's strategy in a dedicated section.



https://corporate.mcdonalds.com/ corpmcd/investors-relations/investorevents/annual-shareholders-meeting.html



Strategy for Long-Term Growth

From Larry Fink's 2018 letter to CEOs:

"The statement of long-term strategy is essential to understanding a company's actions and policies, its preparation for potential challenges, and the context of its shorter-term decisions. Your company's strategy must articulate a path to achieve financial performance. To sustain that performance, however, you must also understand the societal impact of your business as well as the ways that broad, structural trends – from slow wage growth to rising automation to climate change - affect your potential for growth."

We looked for:

10

Presentations of strategy that communicate how a company creates long-term value



Corning 2018 Proxy Statement

Corning presents its strategy with a focus on how the Company plans to generate sustainable returns over time.





Our Strategy and Capital Allocation Framework

Leadership Priorities through 2019 Focus Portfolio and Utilize Financial Strength

announced a Strategy and Capital Allocation Frame

October 2015, Co



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Exelon's Purpose:

Powering a cleaner and brighter future for our customers and communities

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xelon, our family of companies, the oundation and our employees set a corporate philanthropy and volunte committing more than \$52 million and volunteering 210,000 hours.

Proxy Statement Summary

The Exelon Family of Con

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The Exelon Strategic Plan 6

Our Strategy

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Exelon is America's Leading Energy Provider

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righlights selected information about the items to be voted on at the annual meeting of sharel not contain all of the information that was should consider in deviding how to unter Places real



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Exelon 2018 Proxy Statement

Exelon presents an aligned vision of the Company's purpose and strategy, and sustainable business practices.

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http://www.exeloncorp.com/company/Documents/ Exelon%20-%202018%20Proxy%20Statement.pdf



Tractor Supply 2017 Annual Report and 2018 Proxy Statement

Tractor Supply communicates its strategy for growth clearly and consistently across all of the Company's shareholder materials.



Annual Report:

http://ir.tractorsupply.com/Cache/1500109200 PDF?O=PDF&T=&Y=&D=&FID= 1500109200&iid=4071364

Proxy Statement: https://www.sec.gov/Archives/edgar/ data/916365/000091636518000036/ a2018proxydef14ar339.pdf

Argyle

Linking the Boardroom to the Business

From Larry Fink's 2018 letter to CEOs:

"The board's engagement in developing your long-term strategy is essential because an engaged board and a long-term approach are valuable indicators of a company's ability to create long-term value for shareholders. Just as we seek deeper conversation between companies and shareholders, we also ask that directors assume deeper involvement with a firm's long-term strategy. Boards meet only periodically, but their responsibility is continuous. Directors whose knowledge is derived only from sporadic meetings are not fulfilling their duty to shareholders."

We looked for:

Presentations of ongoing Director education and proximity to the business



GE 2018 Proxy Statement

GE uses the Proxy Statement to explain how directors go beyond the boardroom.



https://www.ge.com/investor-relations/proxy/overview

Board Members Are Encouraged to Visit at Least Two GE Businesses Per Year

GE PRACTICE. We encourage our directors to meet with GE senior managers throughout the company. To facilitate this contact, directors are encouraged to make at least two visits to GE businessee seah year, typically unaccompanied by corporate management. Priority goes to those businesses identified as strategically important during the company's annual financial and strategic planning sessions as well as any that were recently acquired or are a particular focus of risk oversight. These visits also serve as an important tool in the Board's succession planning process for the CEO and the rest of the senior leadership team.

10 BUSINESS VISITS IN 2017

UNITED STATES

- 💮 Additive, Cincinnati, Ohio
- 🚳 Aviation, Cincinnati, Ohio
- 🛞 GE Capital, Norwalk, Connecticut
- 🌐 Global Research Center, Niskayuna, New York
- 🛞 Healthcare, Chicago, Illinois
- 💧 Oil & Gas, Houston, Texas
- 🚯 Power, Schenectady, New York

EUROPE

💧 Oil & Gas, Florence, Italy

ASIA

- Digital, Shanghai, China
- 🛞 Healthcare, Beijing, China



Director Orientation and Continuing Education

We have a comprehensive orientation program for all new directors with respect to their role as directors and as members of the particular Board committees on which they will serve. This orientation program includes one-on-one meetings with senior management, visits to PepsiCo's operations and extensive written materials to familiarize new directors with PepsiCo's business, financial performance, strategic plans, executive compensation program, and corporate governance policies and practices. Additional training is also provided when a director assumes a leadership role, such as becoming a Committee Chair.

We also have continuing education programs to assist directors in enhancing their skills and knowledge to better perform their duties and to recognize, and deal appropriately with, issues that may arise. These programs may be part of regular Board and Committee meetings or provided by qualified third-parties on various topics. The directors also periodically visit PepsiCo's operations, which provide the directors with an opportunity to see firsthand the execution and impact of the Company's strategy and engage with senior leaders and associates in our divisions to deepen their understanding of PepsiCo's business, competitive environment and corporate culture. In addition, the Company pays for all reasonable expenses for any director who wishes to attend an external director continuing education program.

PepsiCo 2018 Proxy Statement

PepsiCo discloses that periodic site visits provide directors with the opportunity to see the execution and impact of the Company's strategy.



http://www.pepsico.com/docs/album/investor/ pepsico-inc-2018-proxy-statement.pdf

Local market focus: Vodafone Germany and the Mission to the Moon project

As part of this project. Vodafone Germany will be working with Nokia and PTScientists to create the first 4G network on the moon. Vodafone's 4G network will enable the first live-streaming of HD video from the moon's surface to a global audience.

During the Board's meeting held in Düsseldorf, a demonstration was given of the new technology being developed as part of this project along with a project presentation from senior management from Vodafone Germany.

The demonstration of this project allowed the Board to see first-hand the innovative work being undertaken in a local market and is a good example of how Vodafone is developing new and exciting mobile network infrastructure. It allowed the Board to gain a better insight into that local market.

As outlined on pages 60 and 61, an action from the 2017 Board evaluation was to ensure that the Board was provided with opportunities to enhance its engagement with local markets and this is one example of such activities.





Vodafone 2018 Annual Report

Each year, Vodafone presents details of its Board strategy day, which enables Directors to meet with senior management and learn more about the Company's products.



https://www.vodafone.com/content/annualreport/ annual_report18/downloads/Vodafone-full-annualreport-2018.pdf



Diversity in the Boardroom

From Larry Fink's 2018 letter to CEOs:

"We also will continue to emphasize the importance of a diverse board. Boards with a diverse mix of genders, ethnicities, career experiences, and ways of thinking have, as a result, a more diverse and aware mindset. They are less likely to succumb to groupthink or miss new threats to a company's business model. And they are better able to identify opportunities that promote long-term growth."

We looked for:

Presentations of boardroom diversity



HP 2017 Annual Report/ 2018 Proxy Statement (Combo Book)

HP has the most diverse board of US technology companies, and also presents in broader terms how the Company is demonstrating innovation through diversity.



www.hpannualmeeting.com



Diversity and Inclusion











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In that workplace diversity creates value for the Company, enhances the quality of work we create for a positive corporate culture. We know that a workforce reflecting the demographics of our society create effective campaings for our clients that resonance with a diverse population. With our global eve it is important that our workforce reflects our global community. This commitment to diversity statist on. Our Board includes six women and four African Americans, including Leonard S. Coleman, J.r. our Director. Across the Company, we are committed to recruiting and retaining the best talent from diverse eninces and perspectives and have implemented key programs and initiatives to ensure we deliver on These efforts include:

and accountability – Omnicom created the role of Senior Vice President and Chief Diversity Officer at our ce in 2009, reporting directly to the CEO, and this role has since been expanded throughout our Company. networks now employ their own Directors of Diversity or Chief Diversity Officers, and throughout its networks, ID professionals are dedicated full-time to overseeing and advancing diversity and inclusion jevel of our organization. sple Engagement Network (OPEN) – led by six senior-level Chief Diversity Champions, meets quarterly practices and develop tools to efficiently and effectively incorporate diversity and inclusion in thatives at

practices and develop tools to efficiently and effectively incorporate diversity and inclusion initiatives at ces. a sub-group of OPEN, specifically strives to identify and develop LGBTQ talent and promote awareness, ad advocsacy by creating opportunities for leadership, visibility, community involvement, networking and ughout our networks.

In aurocar, by Cesamy provide the set of the

The annual robuctor's contributions and efforts to open doors for other high-potential, diverse professionals, either personal contributions and efforts to open doors for other high-potential, diverse professionals, - is a global initiative, launched in April 2014, intended to serve as a catalyst to increase the influence and men leaders across the Omnicom networks. Leading this initiative are the most senior women executives on and its agencies.



Omnicom 2018 Proxy Statement

Omnicom presents diversity as a core value across the organization, with statistics at board level, and an explanation of how diversity creates value for the Company.



http://investor.omnicomgroup.com/investor-relations/ overview/default.aspx

We believe that diversity in our boardroom supports UPS's continued success and advantage

C I D' I		A Di sult		
Gender Diversity	Overall Diversity	Age Diversity		
31% female	38% diversity of gender and ethnicity	62 years median age		
Male Female	African-American Female	40s 50s 6		
	Have worked abroad	60s		

Board Diversity

Effective decision-making is facilitated by a variety of viewpoints. Diversity is an important consideration for the Nominating and Corporate Governance Committee when identifying director nominees. The Committee considers nominees' race, gender, age and cultural background, as well as diversity in experience and skills relevant to the oversight of a complex global business. The Nominating and Corporate Governance Committee assesses the effectiveness of its diversity efforts through periodic evaluations of the board's composition. Our 13 director nominees include a diverse range of individuals, including four women, one African-American, two Europeans and a nominee who spent his entire career in Asia. Furthermore, our directors' ages range between 47 and 72 years.

Thurday, May 10, 2018 8:00 a.n. Exstem Time Watangto, Dateware

Notice of 2018 Annual Meeting

of Shareowners and Proxy Statement

UPS 2018 Proxy Statement

UPS goes beyond diversity metrics to present what diversity means to the Company.



https://www.upsannualmeeting.com



Environmental, Social, and Governance Matters

From Larry Fink's 2018 letter to CEOs:

"Furthermore, the board is essential to helping a company articulate and pursue its purpose, as well as respond to the questions that are increasingly important to its investors, its consumers, and the communities in which it operates. In the current environment, these stakeholders are demanding that companies exercise leadership on a broader range of issues. And they are right to: a company's ability to manage environmental, social, and governance matters demonstrates the leadership and good governance that is so essential to sustainable growth, which is why we are increasingly integrating these issues into our investment process."

We looked for:

Disclosures around board oversight of ESG matters

Our Business and Clean Energy Strategy

EIX's core business is conducted by its subsidiary SCE, a rate-regulated ele energy to approximately 15 million people in a 50,000 square-mile area of building a modern electricity company that allows customers to take cont providing safe, smart, flexible, reliable, and affordable services. We are foc

· Cleaning the power system through continued leadership in procurem



Edison International 2018 Proxy Statement

ESG features prominently in Edison's 2018 Proxy Statement, as the Company places clean energy and responses to recent environmental disasters at the heart of its business strategy.



https://www.edison.com/content/dam/eix/ documents/investors/corporate-governance/2018eix-sce-proxy-statement.pdf





engagement topic.

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The Hartford 2018 Proxy Statement

ESG matters throughout its Proxy Statement,

and highlights sustainability as a shareholder

https://ir.thehartford.com/financial-information/ annual-reports-and-proxy-statements/2018

The Hartford hardwires board oversight of

SUSTAINABILITY PRACTICES

We believe that having a positive impact on the world is the right thing to do and a business imperative. Our success is inextricably tied to the well-being of our customers, employees, partners and neighbors, and to the way we conduct ourselves. Our focus and impact must extend beyond the quality of the products and services we offer to encompass our responsibilities as an employer, neighbor, member of the global community and steward of the planet's natural resources.

Our approach to ESG issues has traditionally focused on four areas to illustrate our commitment to sustainability.

- Environmental Stewardship. As an insurance company, we understand the risks that environmental challenges present to
 people and communities. As stewards of the environment, we are committed to mitigating climate change and reducing
 our carbon tooptrint incrementally each year.
- Communities and Giving. We help individuals and communities prevail by building safe, strong and successful neighborhoods through targeted philanthropic investments, by partnering with like-minded national and local organizations, and by harnessing the power of our employees to engage with their communities.
- Diversity & Inclusion. We are committed to building an inclusive and engaging culture where people are respected for who they are, recognized for how they contribute and celebrated for growth and exceptional performance. We value the diversity of our employees' skills and life experiences and invest in their development so they can deliver on our strategy and propel our company forward.
- Ethics & Governance. We believe that doing the right thing every day is core to our character and we are proud of our reputation for being a company that places ethics and integrity above all else.

Consistent with best-practices, we have established forward-looking goals for each of the areas above, which are featured in our Sustainability Report along with examples of the progress we have made in each area. As a result of our efforts, in 2017 the company received the following national recognition:

Dow Jones Sustainability Indices

Included in the Dow Jones Sustainability Indices in 2017 for the sixth year, one of only five U.S. insurers



Participated in the CDP reporting process in 2017, publicly disclosing our progress toward environmental goals for the 10th year in a row; one of only four U.S. insurers to be featured in the Leadership category

BOARD AND GOVERNANCE MATTERS

In 2017, we took actions to improve our sustainability practices and enable the full Board to oversee ESG risks and opportunities that contribute to the long-term sustainability of the company:

- First, we better defined the scope of ESG priorities at the company based, in part, on a materiality assessment we conducted in May, 2017, in which stakeholders (investors, employees, customers, community member and suppliers) were asked to identify and prioritize the ESG factors most important to them.
- Second, we formed a Sustainability Governance Committee comprised of senior leaders to set and help drive execution of
 the company's sustainability strategy, which reports up to the full Board at least annually.

The first such report was a deep dive on climate change and severe weather in February 2018, which, among other things, looked at (1) how the company is reducing its environmental impact; (2) how the company helps its customers reduce their environmental impact through his products, services and investments; and (3) how the company's Enterprise Risk Management function monitors and manages the risks associated with climate change and severe weather.

To learn more please access our Sustainability Report, which presents our sustainability goals and provides data and examples of our efforts to achieve those goals, and our Global Reporting Initiative (GRI) G4 Response, which offers greater detail on our activities at https://www.thehartford.com/about-us/corporate-sustainability.

POLITICAL ACTIVITIES

The Nominating Committee reviews the company's political and lobbying policies and reports of political contributions annually. As The Nominating Control of the set of the set

LETTER FROM OUR LEAD DIRECTOR

Dear fellow shareholders:

As my first year as Lead Director draws to a close, I would like to share my reflections on how the Board worked together to provide independent oversight and represent shareholder interests in 2017.

Throughout the year, the Board remained highly engaged in the company's strategy for creating long-term shareholder value by profitably writing business while expanding the range of insurance products and services offered to customers; investing in systems, data and analytical tools and other capabilities to make The Hartford an easier company to do business with; and attracting, retaining and developing top talent. In addition to overseeing the acquisition of Aetna's U.S. group life and disability business and the sale of Talcott Resolution, the Board devoted significant time and discussion to the company's long-term plans for driving future profitable growth, allocating time at each board meeting to discuss strategy at the business line and enterprise level. In these sessions, the board discussed advancing existing strategic priorities and investments not only within the framework of the company's of time. In July, discussions Existing strategic priorities and investments not only within the framework of the company s traditional operating plan cycle, but also over a longer period of time. In July, discussions focused on the strategic implications of market outlooks, demographic shifts and industry trends using the year 2025 as a target time horizon to free our thinking from the constraints of the three year planning period, but not so far off as to lack relevance. The Board also devoted substantial time in 2017 to risk management, with a particular focus on cybersecurity and insurance risk.



2018 Proxy Statement 17

ctric utility that supplies electric southern California. We are ol of their energy consumption by used on four strategic priorities:

ent of renewable power distributed energy resources such

a foundation for long-term

emissions to 40 percent below w 1990 levels by 2050. We believe imate and energy challenges





Southern Company 2018 Proxy Statement

Southern Company makes clear its commitment to sustainable business practices, communicates clearly which Board Committee oversees Sustainability initiatives, and links its compensation program to the Company's long-term strategy and sustainability for customers, stockholders, employees and communities.



https://southerncompanyannualmeeting.com

Our Compensation Program is Designed to Further Our Long-Term Strategy

Operating premier state-regulated utilities and investing in energy infrastructure under long-term contracts is the focus of our customer-centric business model, which is designed to support regular, predictable and sustainable long-term earnings and dividend growth. We believe in several overarching principles in designing the compensation program to tie to our long-term strategy.

Alignment with Strategy

- Metrics support long-term business strategy of superior risk-adjusted returns
 Goals are set to align with investor guidance

Balance and Sustainability

- Designs balance achievement of short-term goals and long-term value creation
- Designs balance operational goals and financial objectives (leading and lagging indicators)
 Ensure programs reward behaviors that drive long-term sustainability for customers, stockholders, employees
- and the communities we serve

Pay for Performance

- Ensure a strong pay-for-performance relationship exists between business results, stockholder returns and payouts
- Where appropriate, use individual performance metrics to enhance pay-for-performance relationship
- Ensure appropriate pay mix (i.e. the % of total pay derived from annual and long-term incentives) accurately
 reflects the scope of responsibility of the role
- The Compensation Committee exercises discretion when necessary to ensure actual payouts are appropriately
 mance and stockholder returns





Age: 72 Director since: 2008 Board committees: Nominating, Governance and Corporate Responsibility (Chair); Operations, Environmental and Safety

Director highlights:

Urector highlights: Ms. Hagen's qualifications include senior leadership experience, corporate governance knowledge and experience, environmental matters experience and chief executive officer of two global companies allows her to contribute key valuable insights to the Board regarding operations management, customer service and strategic planning.

- From 2007 until her retirement in 2013, Ms. Hagen served as Chief Executive Officer of Polymer Group, Inc. and served from 2007 to 2015 as a Director. Ms. Hagen also served as President of Polymer Group, Inc. from January 2011 until her retirement in 2013. Polymer Group, Inc. is a leading producer and marketer of engineered materials.
- Prior to joining Polymer Group, Inc., Ms. Hagen was the President and Chief Executive Officer of Sappi Fine Paper, a division of Sappi Limited, the South African-based global leader in the pulp and paper industry, from November 2004 until 2007.
- ► She also served as Vice President and Chief Customer Officer at Alcoa Inc. and owned and operated Metal Sales Associates, a privately-held metal business.
- ▶ She serves on the Audit Committee, Compensation Committee and the Nominating/Corporate Governance Committee of the Board of Directors of American Water Works Company, Inc. Ms. Hagen also serves as the Chair of the Leadership Development and Compensation Committee and a member of the Nominating and Governance Committee of the Board of Directors of Newmont Mining Corporation

Other public company directorships: American Water Works Company, Inc., Newmont Mining Corporation







Southern Company Planning for a low-carbon future

Southern Company also publishes a report to discuss the Company's strategy to maximize longterm value to shareholders through a customer, community and stakeholder-focused business model that produces sustainable levels of return on energy infrastructure.

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https://www.southerncompany.com/content/dam/ southern-company/pdf/corpresponsibility/Planningfor-a-low-carbon-future.pdf

Governance to guide us through

Our Board of Directors recognizes the potential impacts on our business and the transitional risks and opportunities the utility industry faces in a low-carbon future. Our governance process combines regular assessments of our short- and long-term business strategy and a robust enterprise risk management program, both of which facilitate identification. communication and management of significant risks ultimately reporting to the Chief Executive Officer and the Board. The existing governance and enterprise risk management process ensures focus on the longterm sustainability of our business.

Transparency on ESG data

We are focused on increasing transparency and accessibility to information about our carbon emissions. We have worked with the Edison Electric Institute (EEI) and its member companies, our investors and other stakeholders to develop an ESG/Sustainability template that is consistent across the electric sector. The goals of this initiative include:

- Provide consistent information to investors;
- Allow integration of ESG/Sustainability data and performance;
- Provide clarity of risks (e.g., stranded assets, regulatory issues, etc.) and opportunities (e.g., investments in renewables, etc.) and how they are being managed;
- Provide insight into growth strategy, assumptions and future trajectory;
- Provide both qualitative and quantitative information; and
- Serve as a primary reporting channel for consolidated ESG/ Sustainability information relevant to investors and other stakeholders.



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