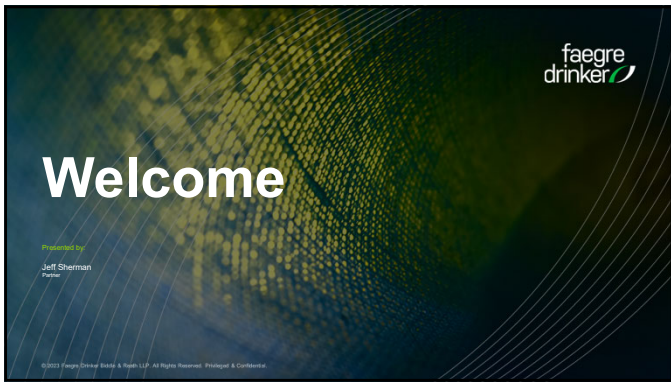




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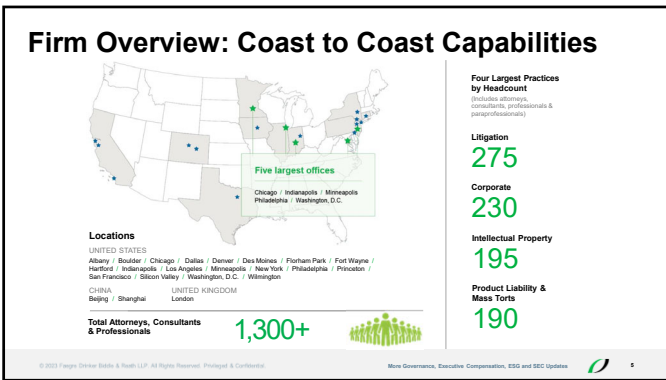


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4



5



6



A BUSY SEC

- Proposed rulemakings on near-term agenda:
 - Proposed rules on earnings releases/quarterly reports
 - Proposed rules on clawbacks
 - Proposed rules modernizing MD&A, Selected Financial Data and Supplementary Financial Information disclosures
 - Proposed rules modernizing Business, Legal Proceedings and Risk Factors disclosures
 - Proposed rules regulating proxy advisors
 - Amendments to Rule 14a-8 regarding shareholder proposals
 - Amendments to auditor independence rules

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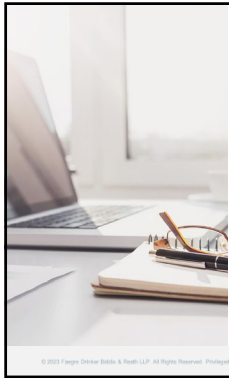
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Continuing Education

- Don't forget to visit the registration desk to grab your CLE/CPE form
- Please **complete and return** to the registration desk before you leave the program
- Your **certificate** of attendance will be emailed to you

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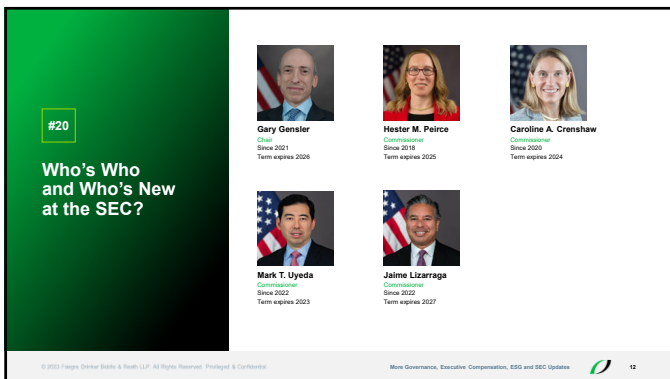
Navigating the 2023 Annual Report and Proxy Season

20 in 20

Presented by
Jeff Sherman
Partner






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#20

Who's Who and Who's New at the SEC?

 Gary Gensler <small>Chair Since 2021 Term expires 2026</small>	 Hester M. Peirce <small>Commissioner Since 2018 Term expires 2025</small>	 Caroline A. Crenshaw <small>Commissioner Since 2020 Term expires 2024</small>
 Mark T. Uyeda <small>Commissioner Since 2022 Term expires 2023</small>	 Jaime Lizarraga <small>Commissioner Since 2022 Term expires 2027</small>	

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#19
Status of Certain SEC Rulemaking

TOPIC	STATUS	KEY DATES
Universal Proxy	Final Rule / Effective	Effective 9/1/22
Pay for Performance Disclosure	Final Rule	Effective for FYs ending after 12/16/22
Clawback Rules	Final Rule	Stock exchanges have 90 days to issue final implementing rules; rules to be effective within a year
Share Repurchases	Proposed Rule	Final rule expected since October 2022
Climate Change Disclosure	Proposed Rule	Timing uncertain
Cybersecurity Risk Disclosure	Proposed Rule	Final rules expected April 2023
Modernization of Beneficial Ownership Reporting	Proposed Rule	Final rules expected April 2023
Rule 10b5-1 and Insider Trading	Proposed Rule	Final rules expected April 2023
Human Capital Management Disclosure Enhancements	Expected Rulemaking	Proposed rule expected since October 2022
Corporate Board Diversity	Expected Rulemaking	Proposed rule was expected April 2023

Expected dates are based on latest SEC RegFlex agenda, but actual dates are entirely uncertain; actual dates frequently vary significantly from expectations

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#18
Clayton Act Enforcement

The Clayton Act (Section 8) prohibits individuals from simultaneously serving on board or as an executive officer of competing companies.

Size of companies test:

- Prohibition triggered if combined capital, surplus & undivided profits of each of the companies exceed **\$41,034,000***

Exemptions:

- Prohibition does not apply if competitive sales (measured by gross revenues) are:
 - less than **\$4,103,400*** for either company
 - less than **2%** of that company's total sales
 - less than **4%** of both companies' total sales

* Amounts adjusted annually for inflation.

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#17
D&O Questionnaire Highlights

- Clayton Act**
 - Inquire about current officer and director positions
- Diversity Demographics**
 - Gender
 - Race/ethnicity
 - Other (LGBTQ+, Veterans, Disabilities)
- Consent to be Named in Proxy Statement**

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#16

Director Support Levels

94.7% average support across Russell 3000

Common concerns leading to against recommendations:

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#15

Director Overboarding

POLICY	PUBLIC COMPANY/ CEO	NON-EXECUTIVE DIRECTOR	NOTES
ISS	3	5	Mitigating factors can avoid against recommendation
Glass Lewis	2 (Own co. plus one) (any public company executive officers)	5	Mitigating factors discussed below
BlackRock	2	4	
State Street	2	4	Mitigating factors can avoid against vote
T. Rowe	2	4*	* Lower limit of 3 for board chairs and independent lead directors
Vanguard	2 (any public company executive officers)	5	

Glass Lewis mitigating factors include "size and location of other companies where director serves on board, director's board roles at companies in question, whether director serves on board of any large privately-held companies, director's tenure on boards in question, and director's attendance record at all companies."

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#14

Board Diversity Matrix

NASDAQ RULE	Initial Matrix	1 Diverse Director	2 Diverse Directors
Nasdaq Global Select/Global Market	Later of August 8, 2022 or the date company files 2022 proxy.	August 7, 2023	August 6, 2025
Nasdaq Capital Market	OR If listed on/after August 6, 2021, then one year from date of listing	August 7, 2023	August 6, 2026
Boards with 5 or fewer directors			N/A

Year 2 Reminder:

- Matrix must disclose for current year + prior year

Disclosure samples from Nasdaq: <https://bit.ly/3gpcntz>

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#13

Committee Charters

AUDIT	COMPENSATION	NOMINATING & GOVERNANCE
<ul style="list-style-type: none"> • Review of critical audit matters • Oversee disclosure of key performance measures (KPIs) similar to non-GAAP measures • Oversight of ESG reporting? • Cybersecurity risk oversight? 	<ul style="list-style-type: none"> • Eliminate any legacy references to directors needing to be qualified as "outside directors" under 162(m) unless required for certain grandfathered compensation • Human Capital Management disclosure and general oversight? • Oversee/administer rising policies like stock ownership guidelines, clawback policies? 	<ul style="list-style-type: none"> • Allocate all/portion of ESG oversight?

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#12

Corporate Governance Guidelines

Board refreshment

- Retirement ages, director tenure, failure to receive majority vote, change in principal occupation

Director overboarding

- Notice of new boards, preventative policies

Board diversity

- Rooney Rule
- Stock exchange requirements

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#11

Virtual Meetings

- Virtual-only meetings **declined** slightly in 2022
 - some meetings returned to in-person
- Expect more **in-person meetings** in 2023
- **Hybrid** continues to be viewed as worst of all options
- **Virtual platforms** enhanced
 - Provide livestream of audio and video
 - Provide authentication of attendees
 - Permit shareholder interaction for Q&A

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#10
SWOP is Back!

... and the answer is easy . . .

ANNUAL!



- 2011 → 2017 → 2023
- Was *your* last Say on Pay Frequency proposal six years ago?
- Proxy cards generally must state “1 Year” (not “One Year” or “Annual”)
- Remember to make a final frequency decision and report it in Form 8-K with voting results

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#9
Human Capital Management Disclosures

Most popular topics:
Talent development, compensation and benefits, health and safety, commitment to DEI, pandemic measures, employee engagement, employee geography, leadership development, employee resource groups

Biggest trends compared to 2021:
Increased diversity breakdown disclosures, increased employee geography disclosures, increased turnover disclosures

Most likely areas for SEC rulemaking:
Turnover data, skills and development training, compensation/benefits and workforce demographics



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#8
EDGAR & XBRL Updates

Glossy Annual Reports

- Current rule:** Must post any 14a-3 “glossy” annual report on corporate website
- Effective January 11, 2023:** Must submit any 14a-3 “glossy” annual report on EDGAR (as PDF)

Forms 144

- Current rule:** Form 144 can be filed in paper and mailed or emailed to SEC
- Effective April 23, 2023:** Must file Form 144 on EDGAR (no requirement to send to stock exchange)

Form 11-Ks

- Current rule:** Can file Form 11-K in paper, although most file on EDGAR already
- Effective January 22, 2023:** Must file Form 11-K on EDGAR
- Effective July 11, 2025:** Must tag Form 11-K financial statements in XBRL

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#7

**Comment Letters:
Board Risk Oversight & Leadership Disclosure**

- SEC Staff has sent some futures comment letters to some companies encouraging more tailored, less boilerplate, disclosure
- Two topics:
 - Board leadership structures
 - Board oversight of risk and role of independent board leadership
- Focus on “why” your structure is right for your company

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#6

**Dear Issuer:
Russia/Ukraine *
Supply Chain Issues**

- Exposure to affected areas through operations, employees, investments, sanctions, or legal/regulatory uncertainty
- Direct or indirect reliance on good/services
- Actual or potential disruptions in supply chain
- Business relationships with and assets in affected areas
- Board oversight of risks
- New/heightened risk of cyberattacks
- Known trends/uncertainties
- Critical accounting estimates
- Non-GAAP adjustments

“We note your adjustment to add an estimate of lost revenue due to [Russia’s invasion of Ukraine and/or supply chain disruptions]. Recognizing revenue that was not earned during the period presented results in the use of an individually tailored revenue recognition and measurement method which may not be in accordance with Rule 100(b) of Regulation G. Please remove these adjustments. Refer to Question 100.04 of the Division’s C&DI for Non-GAAP Financial Measures.”

CorpFin Sample Letter to Companies, May 2022, available at <https://www.sec.gov/corpfin/sample-letter-companies-performing-in-ukraine>.

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#5

Risk Factor Hot Topics

RISING

- International Political/Economic/Operational Risks
 - Ukraine/Russia (often as the first risk factor)
- Ethical, Social, and Environmental Considerations
- Cybersecurity, Data Privacy, and Information Technology
- Natural Disasters, Climate Change Law & Regulation
- Supply Chain
- Recent/Specific Market Risks
 - Volatility
 - Securities Analysts May Downgrade or Cease Coverage

FADING

- COVID-19 (often more genericizing than dropping)
- Brexit
- Third party credit risk
- Valuation of Goodwill and Intangible Assets
- Debt Covenants, Risk of Default

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#4

MD&A Reminders in Turbulent Markets

- Describe and quantify factors that contributed to material period-to-period changes
- Describe any unusual or infrequent events or transactions
- Explain components of revenue or expense (acquisitions/organic, price/volume, etc.)
- Disclose known trends and uncertainties
- Liquidity and capital resources
- Consideration of impairment, including risk of impairment

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#3

SEC Filing Fee Exhibit

SEC adopted changes to modernize filing fee disclosures and payment methods, effective May 31, 2022

OUT: Cover Page Fee Table

IN: Exhibit 107

XBRL Required:

- 7/31/2024 (LAFs)
- 7/31/2025 (all others)

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#2

Courtesy Copies: Thanks, but no thanks!

SEC requests that paper “courtesy copies” **not** be sent unless specifically requested by Staff.

NO THANKS

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#1

Proxy Prep: Checklist of Things to do Now!

- **Pay Ratio:** Need new median employee?
- **Section 16:** Any late filings?
- **Exhibits:** Review Description of Capital Stock and Registration Statements for Auditors Consent
- **New Directors:** Identify source of candidate
- **Equity Plan Proposals:** Any plans expiring, need more shares, extensions?
- **Director Attendance:** Check meeting attendance to date
- **Pay for Performance Disclosure:** Start preparing for new disclosure...

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Navigating the 2023 Annual Report and Proxy Season

In Other News
(What happened since November?)

Presented by
Jeff Sherman
Partner

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drinker

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Russell 3000 Board Diversity Disclosure Initiative
(November 15)

- Letter campaign calling for increased board diversity disclosure
- Russell 3000 companies
 - 13% - exemplary disclosure
 - Diversity information by director
 - 63% - partial disclosure
 - Aggregated diversity disclosure
 - 24% - no disclosure

Year	Exemplary Disclosure	Partial Disclosure	No Disclosure
2020	~100	~1,000	~1,900
2021	~150	~1,100	~1,750
2022	~200	~1,200	~1,600

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AT&T's Reg FD Settlement
(December 5)

- AT&T settled by paying \$6.25 million, and three IR executives each paid \$25,000
- AT&T missed quarterly revenue estimates for two quarters and was concerned about missing estimates for a third quarter
- CFO instructed IR team to make calls to "work the analysts who still have equipment revenue too high"
 - IR team made about 20 calls to analysts
 - Allegedly disclosed smartphone sales data (equipment data and upgrade rates), even though internal documents suggested this information was "material"
- Analysts substantially reduced their revenue forecasts, leading to consensus revenue just below the level AT&T eventually reported

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SEC Universal Proxy C&DIs
(December 6)

- SEC issued universal proxy C&DIs
- Company does not include dissident nominees on proxy card if it determines shareholder **failed to comply** with advance notice bylaws
- If shareholder **initiates litigation** to dispute exclusion, company must disclose that it determined nominations to be invalid and a description of the basis for the conclusion and potential implications if they were valid (company would need to re-solicit)
- Dissidents must use their **own proxy card**

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UPC – Early Returns

- **AIMCO Proxy Fight – December 16**
 - L&B nominated two candidates for three seats
 - ISS recommend in favor of one L&B nominee and vote on L&B proxy card
 - Shareholders elected one L&B nominee and two company nominees
- **Argo Proxy Fight – Withdrawn earlier**
 - CRM nominated two candidates for seven seats
 - ISS and GL recommend for company's nominees; CRM withdrew nominations
- **Aim ImmunoTech Proxy Fight – Found invalid**
 - DE courts found dissident did not comply with advance notice bylaws

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Non-GAAP C&DIs (December 13)

- SEC issued new and revised C&DIs
 - Certain adjustments misleading under Reg G –
 - Excluding normal cash operating expenses that occur repeatedly or occasionally (including at irregular intervals) may be misleading; analysis depends on company's business
 - Individually tailored accounting principles (revenue recognition) - may be misleading
 - Inadequate labelling – may be misleading
 - Failure to identify and describe as non-GAAP
 - Presenting measures with label that does not reflect actual nature of measure
 - Greater or equal prominence rules applies to:
 - Ratios, charts/graphs, discussion and analysis
- SEC continues to issue many comment letters on non-GAAP compliance

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Nasdaq Board Diversity Rules: Amended Compliance Dates (December 14)

NASDAQ RULE	Initial Matrix	1 Diverse Director	2 Diverse Directors
Nasdaq Global Select/Global Market			December 31, 2025
Nasdaq Capital Market	December 31, 2022	December 31, 2023	December 31, 2026
Boards with 5 or fewer directors			N/A

Year Two Reminder:

- Matrix must disclose for current year + prior year
- Requirement to disclose prior year is considered satisfied if matrix for the prior year is publicly available (such as in a filed proxy statement, or if still posted on the company's website)

If Post on Website:

- Can satisfy requirement by submitting URL to drivingdiversity@nasdaq.com

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Form 10-K Cover Check Boxes for Clawback Rules

Compliance Dates

- January 27, 2023 – SEC rule effective
- February 27, 2023 – NYSE/Nasdaq deadline
- November 28, 2023 – Latest possible effective date
 - Companies will have 60 days to adopt compliant clawback policy

Additional check boxes on Form 10-K

- Effective date uncertain

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. □

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). □

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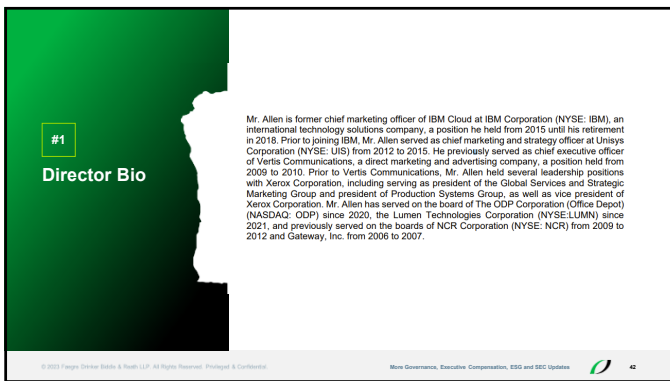




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#2
Director Bio



JULIA A. STEWART
Age 65
 Director since January 2020
 Independent

RECENT BUSINESS EXPERIENCE
 • Health and wellness company
 • Former Chair, CEO since January 2020
 • Director, Global, Inc. (formerly Clearfield, Inc.), senior operator and founder of HCP and Applied's subsidiaries
 • Chairman & CEO from June 2008 to March 2017

BOARD ROLES
 • Compensation Committee Chair
 • Governance Committee Member

OTHER PUBLIC COMPANY BOARDS
 • None


Other Public Company Boards
 • Full Five Years
 • One Brands Global, Inc.

SELECT SKILLS AND QUALIFICATIONS
 • Senior leadership experience
 • Led company that with over 3000 million in annual revenues and nearly 1,000 employees
 • Industry expertise and global exposure
 • Extensive operational and marketing experience in manufacturing industry
 • Expertise in brand positioning, risk assessment, financial reporting and governance
 • U.S. public company board experience
 • Current service on one other board and prior service on other boards

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#3
Director Bio



Lynn A. Pike
Age 65
 Director since 2020 | Independent | Age 65
 Committee: Compensation and Benefits

Career Highlights
 • Former President of Capital One Bank (2007-2012) and a former member of the Capital One Executive Committee
 • Former President of Business Banking at Bank of America, as well as the former President of California for that corporation

Specific Qualifications, Experience, Skills and Expertise
 • Over 30 years of experience as a member of the Board of Directors of American Express National Bank
 • Banking industry expertise
 • Corporate, operations and management
 • Payments and network industry expertise
 • Regulatory experience

Other Current Public Directorships
 • None

Other Public Directorships in the Past Five Years
 • None

Select Professional and Community Contributions
 • Co-Chair, Board of Directors of American Express National Bank
 • Director, Illinois USA (HCO)
 • Director, Board of Directors, California State University Channel Islands Foundation

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#4
Director Bio



Frank P. Bramble, Sr.
Age 72
 Director since January 2020
 Former Executive Vice Chairman, MBNA Corporation

Other Banking experience and service
 • Former member of the Board of Directors of Sunoco Company and the Board of Directors of Sunoco Energy and the Board of Directors of Sunoco Financial Services from 2008 to 2009


Professional Highlights:
 • Served as Chairman of the Board of Trustees from July 2014 to June 2019, and as Trustee President from July 2012 to June 2014 at Johns Hopkins University School of Medicine, Maryland
 • Served as Executive Vice Chairman from July 2010 to April 2016, and Chairman of the Executive Committee from April 2010 to December 2010 of MBNA Corporation, a financial services company, subsequently Bank of America in January 2016
 • Previously served as the Chairman, President, and Chief Executive Officer of Citicorp Financial Inc., MAC Financial Inc., Maryland National Bank, American Security Bank and Regions Federal Savings Bank
 • Served as a member of the Board of Directors from December 1999 to May 2002 of United Financial and as the CEO and Chairman of Bank One Bank, Inc.
 • Reported to career as a bank clerk at the First National Bank of Maryland

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#5
Director Bio



Drew Faust, 74
Independent

Director Since: July 2018

Other U.S.-Listed Company Directorships:

- Current: None
- Former: Board of Trustees, Stivers, Inc.

KEY EXPERIENCE AND QUALIFICATIONS:

- Human capital and diversity:** As former President of Harvard University, well-positioned to provide insight on the firm's strategies relating to diversity, recruiting and retention.
- Leadership and Governance:** Current faculty service on the boards of directors of public and/or not-for-profit private educational institutions.
- Operations and sustainability:** During her tenure at Harvard University, she, among other things, launched the university's first-ever sustainability office, spearheaded collaboration across disciplines and administrative units and developed and implemented various sustainability initiatives, including Harvard's Climate Action Plan.

CAREER HIGHLIGHTS:

- Harvard University
 - President Emerita (July 2018 - Present) and Arthur Knightley Porter University Professor (January 2019 - Present)
 - President (July 2007 - June 2018)
 - Visiting Professor of History (January 2003 - December 2018)
 - Founding Dean, Radcliffe Institute for Advanced Study (January 2001 - July 2007)
 - University of Pennsylvania (1978 - 2000), where faculty service included as the following:
 - Professor of History and the Director of the Center for the Study of Slavery and Race
 - Member, Educational Advisory Board, John Simon Guggenheim Memorial Foundation
 - Member, American Academy of Arts & Sciences
 - Member, The MIT Corporation
 - Former Member, Board of Directors, The Board Institute Inc.
 - Former Member, Board of Directors, Harvard Management Company Inc.

EDUCATION:

- Graduate of Bryn Mawr College and the University of Pennsylvania (Masters and Ph.D.)

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#6
Director Bio



Ted Sarandos
CO-CHIEF EXECUTIVE OFFICER AND CHIEF CONTENT OFFICER OF THE COMPANY

Why this director is valuable to Netflix:

Mr. Sarandos, as CO-Chief Executive Officer and Chief Content Officer, is integral to developing corporate strategy and oversees the teams responsible for the acquisition, creation and production of Netflix content including original series from around the world. His in-depth knowledge about Netflix and experience in the entertainment industry provide a unique business perspective to the Board.

Also:

Mr. Sarandos has been responsible for all content operations since 2000, and led the Company's transition into original content production that began in 2013 with the launch of series such as House of Cards, Arrested Development and Orange Is the New Black. Mr. Sarandos has 20+ years' experience in home entertainment. He is recognized in the industry as an innovator in film acquisition and distribution and was named one of Time Magazine's 100 Most Influential People of 2013. He is a Henry Crown Fellow of the Aspen Institute and serves on the board of Exploring The Arts, a nonprofit focused on arts education. Mr. Sarandos also serves on the Film Advisory Board for the Tribeca and Los Angeles Film Festivals, is an American Cinematheque board member, an Executive Committee member of the Academy of Television Arts & Sciences and is a trustee of the nonprofit Film Institute.

Career Snapshot:

- CO-Chief Executive Officer (since July 2020) and Chief Content Officer of Netflix (since 2000)
- Executive of video distributor ETO and Video City/Next Coast video, a video rental retail chain
- Producer/Executive Producer for award-winning and critically acclaimed documentaries and independent films including the Emmy-nominated Outrage and Tony Bennett: The Master Never Ends.

Other Public Company Boards:

- Sputnik Technology SA

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SAC1

Highlight ESG Experience



Thomas W. Schoewe
Member of the Board of Directors of the Company

Director Since: July 2018

Other U.S.-Listed Company Directorships:

- Current: None
- Former: Board of Directors, Black & Decker

Spotlight on ESG Expertise: Mr. Schoewe developed social expertise - in particular, supply chain management - during his tenure as CFO at Black & Decker and Wal-Mart and currently as a member of the Audit Committee Leadership Network. In his current capacity, he leverages his training to advocate for improved performance of audit committees and more rigorous controls of ESG disclosures. GM benefits from Mr. Schoewe's experience as we continue our efforts to provide comprehensive and meaningful ESG disclosures.

Additional Information:

Mr. Schoewe developed social expertise - in particular, supply chain management - during his tenure as CFO at Black & Decker and Wal-Mart and currently as a member of the Audit Committee Leadership Network. In his current capacity, he leverages his training to advocate for improved performance of audit committees and more rigorous controls of ESG disclosures. GM benefits from Mr. Schoewe's experience as we continue our efforts to provide comprehensive and meaningful ESG disclosures.

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Slide 48

SAC1 Graphics team - the paragraph on the right is a blown up version of the bottom paragraph on the left - is there a way to demonstrate that

Seidel, Amy C., 1/6/2023

Highlight Director Leader Responsibilities

Our Board leadership structure

Our Board's general leadership structure may change over time to reflect our company's evolving needs, strategy, and operating environments. Changes in our Board's composition and leadership needs are driven by factors including the appointment of shareholders and other stakeholders at a 2021 special meeting called solely for that purpose. Our Board has the authority to amend the Board leadership structure until called for the next meeting of our company and our Board. Our shareholders reaffirmed their support for allowing the flexibility to bring against shareholder proposals seeking Board appointments requiring an independent Chair at each of our 2021 and 2020 annual meetings of shareholders. As such, our Board is committed to our Corporate Governance, ESG, and Sustainability Committee, deliberates on and discusses the appropriate Board leadership structure, including the considerations described above.

Under our Board's current leadership structure, we have a Chair and a Lead Independent Director. Our Lead Independent Director is empowered with, and exercises, advice, with defined limits. Our Board is composed of experienced and committed independent directors with all non-management members being independent. Our Board committees have objective, transparent charters and members. All our directors are mandated to spend the necessary time to provide leadership of the Lead Independent Director. It is committed to engaging with shareholders and other stakeholders. Our Board believes that these factors, taken together, provide for effective independent Board leadership, effective engagement with our oversight of management, and a belief that it is independent from management and accountable to shareholders and other stakeholders.

Our Lead Independent Director, together with the other independent directors, identifies areas for independent Board leadership, and effectively engages and oversees management. The Lead Independent Director is assisted by experienced independent Board members and a Regulatory Counsel. The independent directors provide objective oversight of management, oversee the CEO's performance, determine our general CEO compensation, help us establish our long-term strategy and regularly assess its effectiveness, and serve the best interests of our company and our shareholders by overseeing management's work to create long-term value.

Our Board, through its annual assessment, with input from shareholders, believes that the existing structure continues to be the optimal leadership framework for the time. As a highly regulated global financial services company, we and our shareholders benefit from an executive Chair with their experience and leadership, and knowledge of the financial services industry, our company's business, and our focus on Responsible Growth. Our Chair is also a global leader who is highly active in ESG progress, including through the Board's Corporate Social Responsibility Committee. Our Board's Regulatory Counsel, who is also our Regulatory Counsel, is a global leader in the Sustainable Markets Initiative. We and our shareholders also benefit from a Lead Independent Director who is experienced and well-regarded for his global financial services industry and holds regular meetings with our primary regulators, our independent directors, and our CEO and other management representatives, and plays a leading role in our shareholder engagement process.

Highly engaged Lead Independent Director


The following list of duties of the Lead Independent Director does not fully capture Mr. Nowell's active role in our Board's independent leadership. Among other things, Mr. Nowell:

- Meets to monthly calls with our primary bank regulators to discuss any issues of concern.
- Regularly speaks with our CEO and holds calls at least monthly to discuss Board meeting agendas and discussion topics, schedules, and other Board governance matters.
- Attends meetings of all of the Board committees.
- Speaks with each Board member at least quarterly to discuss their role as Board members, Board effectiveness, Board meeting matters, and other related topics of management concern.
- Meets at least quarterly with management members, including our CEO and Chief Financial Officer, our Chief Compliance and Risk Officer, and our Chief Human Resources Officer.
- Plays a leading role in our shareholder engagement process, including our Board and independent directors in investor meetings and other public events, including our annual general meetings with our shareholders.

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Meet Our Independent Lead Director



Our Lead Independent Director
Mary S. Gerber

The Role of the Lead Independent Director

Our Lead Independent Director has significant authority and responsibilities to provide for an effective and independent Board. In this role, Ms. Gerber:

- Develops and approves the agenda for Board meetings, in consultation with the Chairman and Committee Chairs.
- Leads executive sessions and facilitates discussion of the Company's strategy, key governance issues (including succession planning) and the performance of BlackRock senior executives at each executive session.
- Serves as liaison between independent directors and the Chairman.
- Focuses on Board effectiveness, performance and composition with input from the NMSC.
- Oversees and reports on annual Board and Committee performance evaluations, in consultation with the NMSC.
- Serves as the primary Board contact for shareholder engagement.

Ms. Gerber has substantial experience with corporate governance and public company management, as well as deep knowledge of the Company and its governance practices. The Board believes Ms. Gerber's long tenure as a director enables him to provide a valuable perspective on BlackRock's growing business and risk management and enhances his ability to challenge members of senior management. The Board, as reflected in responses to the 2022 Board and Committee evaluations, commended Mr. Gerber's strength as Lead Independent Director, highlighting his leadership and the effectiveness with which he acts as a liaison between the Board and the Chairman.

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Cover Letter from Board Leadership

Letter from our Chair and Chief Executive Officer

We are pleased to report on the 2021 annual meeting of shareholders to be held on April 29, 2022 at 10:00 a.m. Eastern time. For the health and safety of our shareholders, employees, and communities, our 2021 annual meeting will be held virtually by Zoom.

During the meeting, we will discuss our performance, including our Responsible Growth, our company's performance for shareholders and all of our stakeholders in 2021.

We will also hear from Lead Nowell, who assumed the role of Lead Independent Director following the 2021 annual meeting.

Your vote is important. We will make a 25% charitable donation for every shareholder who votes on our resolutions with their in-voting proxy. To receive this donation, you must vote on our resolutions. This is the only way you can make a 25% charitable donation for every shareholder who votes on our resolutions at the 2021 annual meeting. We will make a 25% charitable donation to the National Urban League and United Way.

For more information, please visit our 2021 Proxy Statement, our 2021 Annual Report, and the other proxy materials and the voting instructions on the page that follow to ensure your shares are represented at the meeting.


Letter from our Lead Independent Director

The independent directors and I are pleased to inform you that our company's 2021 annual meeting of shareholders, the Board will take place from our shareholders on the company's website on April 29, 2022. As the Board's Lead Independent Director, I meet regularly with investors and other stakeholders to ensure the 2021 annual meeting is a strong event. Our Lead Independent Director Committee will be the 2022 Board's primary contact with the Board, and the Board will continue our communication.


During 2021 and early 2022, our dialogue covered broad-ranging topics, including the Board's overall composition and the Board's oversight of the Board's oversight of risk, including climate risk, the Board's oversight of our company's broader long-term strategy to address social, equality and economic opportunities, and how our company continues to support our employees, our clients, and the communities we serve along the global.

Each of our shareholders has the opportunity to hear directly from our Board members, we continue to make available video recordings of each Board meeting on our company's governance website and also. Highlights from our 2021 annual meeting will be available on our website. We will also be available to answer your questions and comments at our 2021 annual meeting.

Our Board remains committed to building long-term value in the company through the continued focus on Responsible Growth. On behalf of the directors, Lynn Black and the management team in thanking you for choosing to invest in Board of America.



BRIAN T. MORRISON
Chair and Chief Executive Officer



LIONEL L. NOWELL III
Lead Independent Director

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Highlight the Committees

AUDIT	EXECUTIVE COMPENSATION
<p>Chair  Thomas M. Schreiner Director, Chairman of the Board, Chairman of the Audit Committee, Chairman of the Compensation Committee, Chairman of the ESG Committee, Chairman of the Nominations and Governance Committee</p> <p>Members  Stephen L. Mayo, Ph.D. Director  Paul B. Robinson, M.D. Director  Christine E. Soderstrom, M.D. Director  Kelly J. Warden Director</p> <p>Number of Meetings in 2021: 9</p> <p>Financial Experts on Audit Committee The Board has determined that each of Mr. Mayo and Mr. Warden are "audit committee financial experts" as defined by the SEC and the accounting-related financial management expertise as required by NYSE Corporate Governance Listing Standards.</p>	<p>Chair  Carol M. DeLorenzo Director, Chairman of the Board, Chairman of the Audit Committee, Chairman of the Compensation Committee, Chairman of the ESG Committee, Chairman of the Nominations and Governance Committee</p> <p>Members  David M. Stephenson Director  Margaret C. Whitman Director</p> <p>Number of Meetings in 2021: 10</p> <p>Primary Functions</p> <ul style="list-style-type: none"> Review the Company's executive compensation policies, practices, and programs. Review and approve corporate goals and objectives for compensation, evaluate performance (along with the full Board), and determine compensation levels for the CEO. Review and approve compensation of NEOs, executive officers, and other senior leaders. Review compensation policies and practices to the extent they are not consistent with or otherwise not taking into account the purpose. Review the Company's compensation policies and practices in an effort to promote diversity and inclusion. <p>The Board has determined that all members of the Compensation Committee meet "financial expertise" and "public company" requirements as defined by the SEC rules. The Compensation Committee's charter permits the Committee to designate its authority to members of management and also, from time to time, to designate authority to committees, consisting of one or more members when it deems it appropriate.</p>

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Highlight the Committees

CONTINUED

Audit Committee

Chair
 **Pamela J. Craig**

Other Members
 **Tracy E. Bell**
 **Stephen L. Mayo**, Ph.D.
 **Paul B. Robinson**, M.D.
 **Christine E. Soderstrom**, M.D.
 **Kelly J. Warden**

Number of Meetings in 2021:
9

Financial Experts on Audit Committee
 The Board has determined that each of Mr. Mayo and Mr. Warden are "audit committee financial experts" as defined by the SEC and the accounting-related financial management expertise as required by NYSE Corporate Governance Listing Standards.

Primary Functions

The Audit Committee oversees our accounting and financial reporting processes, internal controls and audits and consults with management, the internal auditors, and the independent auditors on, among other items, matters related to the annual audit, the published financial statements and the accounting principles applied. The Audit Committee has established policies and procedures for the pre-approval of all services provided by the independent auditor (as described on page E3 of this proxy statement) and for the approval of the annual internal audit plan as conducted by the internal audit organization.

The Audit Committee's Report is included on page E3 of this proxy statement.

The Primary Functions of this Committee are to:

- Appoint, evaluate and retain our independent auditors;
- Maintain direct responsibility for the compensation, termination and oversight of our independent auditors and evaluate the independent auditors' qualifications, performance and independence;
- Oversee the Company's compliance with legal & regulatory requirements, including monitoring compliance with the Foreign Corrupt Practices Act and the Company's policies on ethical business practices and reporting on these items to the Board;
- Establish procedures for the receipt, retention and treatment, on a confidential basis, of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
- Oversee the Enterprise Risk Management process;
- Regularly meet with the Chief Information Officer regarding the Company's information technology and have primary responsibility for overseeing the Company's cybersecurity risk management program; and
- Review any significant issues concerning litigation and contingencies with management, counsel, and the independent public accountants.

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Show How Hard They Work

In carrying out their leadership roles during 2021:

LEAD DIRECTOR OVER 55 MEETINGS	}	Includes meetings with, as applicable: CEO, COO, CFO, Secretary to the Board, General Counsel, ERO, Director of Internal Audit and other key Internal Audit employees, Controller, Global Head of HCM, Director of Investor Relations, Global Head of Executive Compensation, Chief Information Security Officer, Co-Chief Information Officer, Shareholders, Regulators, Independent Compensation Consultants, Director Search Firm, Independent Auditors
COMMITTEE CHAIR OVER 125 MEETINGS		













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Vote For Me!

Our Board of Directors recommends a vote FOR the election to the Board for each of the nominees listed below.

 Paul G. Hoffman Age 61 Director Since 2017 Executive Director Partner, Laycock Partners	 Hugh F. Johnston Age 60 Director Since 2017 Executive Vice Chairman Executive Vice President, and CFO, PepsiCo, Inc.	 Teri L. List Age 59 Director Since 2014 Director, Finance Executive Vice President and CFO, The Gap, Inc.	 Satya Nadella Board Chair Age 54 Director Since 2016 Executive Chairman and CEO, Microsoft Corporation
 Sandra K. Peterson Age 62 Director Since 2013 Executive Operating Executive, Capital Markets & Risk	 Pamela S. Proffler Age 61 Director Since 2017 Operations Executive and Chairman, PPF Partners, LLC and	 Patricia A. Rodriguez Age 62, Anne Ingerson Director Operations, President, CEO, and Executive, American Life Insurance Co.	 Charles W. Schell Age 63 Director Since 2014 Deputy CEO, President, and Director, Weather, and Company
 John W. Stanton Age 60 Director Since 2016 Executive Director and Chairman, Prudential Partnerships	 John W. Thompson Age 62 Director Since 2012 Executive Director Executive Director, Former CEO and Director, Virtual Instruments Corporation	 Emma N. Walmsley Age 56 Director Since 2019 Executive Director Director, GlobalBanking plc	 Radhamesa Warior Age 59 Director Since 2015 President, Founder, and CEO, Table Group, Inc.

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Draw Attention to Highlights

Board and Committee Oversight of Cybersecurity

Our Board is actively engaged in the oversight of BlackRock's cybersecurity program. Several of our director nominees bring experience with managing and mitigating cyber and technology risks as regulated entities, which provides the Board with insight and skills in overseeing the firm's technology and operations, as well as our monitoring investment in and development of the cybersecurity program.

Our Risk Committee receives regular reports on the Company's cybersecurity program and related developments from members of our information security team. These reports include analyses of recent cybersecurity threats and incidents across the industry, as well as reviews of BlackRock's own security controls and programs, including as it relates to Aladdin and our investment platform.

On an annual basis, senior members of BlackRock's technology, risk and information security teams provide a comprehensive overview of BlackRock's cyber risk and related programs to a joint session of the Risk and Audit Committees.

Our global information security team, in collaboration with our technology risk team, internal audit and independent third parties, assesses cyber risks and adjusts our program as needed.

In 2021, the Risk Committee also discussed with management cyber incident preparedness and measures implemented by the firm, such as response, governance and communication protocols, as well as the results of "tabletop" exercises conducted by management and led by external advisors.

Program Highlights:

- Global, in-depth, multi-layered strategy of control programs, using internal teams and independent third parties, including monitoring incident management, security engineering, identity and access management and security assessments.
- Participation in financial services industry and government forums to improve both internal and sector cybersecurity practices.
- Cybersecurity risk program is aligned with various frameworks, including FedRAMP, SOC 2, CIS CSC 20/27/28 and others.
- Employees are required to complete an annual information security training.

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Understand Our Board Refreshment

Board Refreshment
The NACD is committed to identifying and securing qualified director candidates, ensuring Board Continuity.

- To assist the Board with an appropriate balance of experience and qualifications, the NACD will provide recommendations and assist in the search for qualified director candidates.
- The NACD will engage in a continuous search for qualified director candidates.
- Particular attention is placed on diverse candidates currently serving in public companies.
- Our NACD is a Board Refreshment team consisting of BlackRock Board and Executive Directors.
- Annual Board and Committee evaluations that identify director skills and competencies that are needed for the next year.
- The NACD will engage in a continuous search for qualified director candidates.
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Call Us ...well, maybe email us

Communications with the Board
 Shareholders and interested parties may contact a member (or all members) of the Board, any Committee or any Chair of any such Committee by mail or electronically.
 Correspondence may be sent by:

Mail: BlackRock, Inc.
 Attn: Board of Directors
 c/o Corporate Secretary
 40 East 52nd Street
 New York, New York 10022

Online: Go to the BlackRock website at www.blackrock.com. Under the headings "Our Company and Sites / About BlackRock / Investor Relations / Governance / Governance Overview / Contact Our Board of Directors," you will find a link that may be used for writing an electronic message to the Board, the Lead Independent Director, any individual director or any group or committee of directors.

BlackRock's Corporate Communications, Investor Relations and Legal and Compliance Departments will review all communications received by electronic means. The customer support message or whether for our directors' review. Requests for a meeting with any member of the Board will also be reviewed accordingly and, if appropriate, arranged by Investor Relations and the Corporate Secretary. Consents relating to executing, internal controls or trading practices are handled in accordance with established procedures.

Shareholders are encouraged to visit the "Governance / Governance Overview" page of the BlackRock website at <http://www.blackrock.com> to see the Corporate Governance Guidelines, Code of Business Conduct and Ethics, Code of Ethics for Chief Executive and Senior Financial Officers and additional information about BlackRock's Board and its Committees and corporate governance policies.

The charters for each of the Board Committees, the NEDCC, the NEDIC, the NEDIC, the Risk Committee and the Executive Committee can be found at the same website address. In addition, BlackRock intends to satisfy any disclosure requirements regarding any amendments to, or waiver from, a provision of the Code of Ethics for Chief Executive and Senior Financial Officers by posting such information on its corporate website.

BlackRock will provide a copy of these documents without charge to each shareholder upon request. Requests for copies should be addressed to the Corporate Secretary, BlackRock, Inc., 40 East 52nd Street, New York, New York 10022.

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Show the Board's Track Record

Demonstrated track record of responsiveness to investors and other stakeholders
 Our Board evaluates and reviews input from our shareholders in considering their independent oversight of management and our long-term strategy. As part of our commitment to continuous engagement with investors, we evaluate and respond to the views raised by our shareholders, including voting results from our annual meetings of shareholders. Our dedication has led to enhancements in our corporate governance, ESG, and executive compensation practices, which our Board officers and our Chief Executive and our Corporate Secretary, for example, often communicate about from shareholders and other stakeholders.

- We continued to actively consider board succession planning and refreshment, driven by our Corporate Governance, ESG, and Sustainability Committee and the process described in "Identifying and evaluating potential candidates" on page 10.
- Board input upon shareholders' input on our voting, shareholders to ratify the amendments to our Bylaws to provide for Disclosure Exclusion Forum Provision. See Proposal 4 on page 95.
- We provided focused disclosures on our Board and management ESG oversight structure, including their oversight of human capital matters, ESG matters generally, and ESG risk (see page 8).
- We enhanced ESG disclosures in the proxy statement (see pages 38 through 43) and in our 2021 Annual Report. We continue to add to and refine disclosures on Responsible Growth and our work to drive responsible growth, including our focus on sharing success in our operations, strong progress to help reach a clean energy future and being a great place to work. The details of our ESG accomplishments, including our pilot programs, actions to promote social equality and economic opportunity, work to mobilize and deploy sustainable finance, and progress on our climate strategy.
- In our 2021 Annual Report, we include Human Capital Management updates to share the latest information about our commitment to being a great place to work, including our support of the physical, emotional, and financial wellness of employees, being an inclusive workplace, and our ESG data. A subset of this information is summarized in this proxy statement (see pages 43 through 47).
- We continued our active participation in The Value Reporting Foundation including through the voice of our Chief Accounting Officer on The Value Reporting Foundation Board of Directors.
- We published our new ESG Report in 2020 providing information to our shareholders, clients, and customers regarding the potential financial risks of climate change to our business and how we are managing those risks. We plan to update this report in 2022. This is in addition to the information about how we manage climate risk already disclosed in our 2021 Annual Report.
- We updated our Environmental and Social Risk Policy Framework (ESRPF) to highlight our Net Zero Goal, our collaboration with partners through TCFD to drive consistent messaging to clients and other investors associated with our funds, training advisors, operators, and supply chain, and our plan to set public goals to reduce emissions for key high-emitting portfolio, including energy and power utilities in 2022.
- We continued to refine our shareholder engagement process to connect shareholders and key stakeholders with our Lead Independent Director, other independent directors, and senior management.
- At our 2021 annual meeting, 94% of the votes cast favored the "top on pay" proposal. Our Compensation and Human Capital Committee considered this result and other factors, including our shareholder engagement process, and kept all of the voting support, established a shareholder council approach for compensation-related matters effective in 2021, and past performance. See Proposal 2 on page 56. Also see "Shareholder engagement & 'top on pay' results" on page 55 for a discussion of our compensation-related shareholder engagement and our historical "top on pay" vote results.

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And the Oscar goes to

HP Board of Directors Videos

hp's commitment to create a cleaner, greener, and more equitable economy

hp's Board Discusses Audit and Compensation

Sustainability | Audit

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Slide 60

SAC2 Graphics team - can you then make the picture of the video on the left become active so that we can plan about 30 seconds of it? It is available here:

Seidel, Amy C., 1/6/2023

SAC3 <https://investor.hp.com/governance/board-of-directors/default.asp>

Seidel, Amy C., 1/6/2023

NEOs are People Too

Named Executive Officers

The named executive officers for Fiscal 2022 were:

 Michael S. Dell Chairman and Chief Executive Officer	 Thomas W. Sweet Chief Finance Officer	 Jeffrey W. Clarke Co-Chief Operating Officer and Vice Chairman	 Anthony Charles Wilton Co-Chief Operating Officer	 William F. Scannell President, Global Sales and Customer Operations
-----------------------------------------------------------------------	-----------------------------------------------------	---------------------------------------------------------------------------------	------------------------------------------------------------------------	--------------------------------------------------------------------------------------

Spencer Neumann CHIEF FINANCIAL OFFICER
(AGE 52)

About:
Spencer was named CFO of Herbalife in January of 2018, adding his finance, strategy, and accounting experience in media, entertainment and service oriented companies to contribute to the company's track record of success and innovation.

Abs:
Spencer also worked at the private equity firms of Providence Equity Partners and Summit Partners. Additional positions at The Walt Disney Company, which he initially joined in 1995, included executive vice president of the ABC Television Network and CFO of the Walt Disney Internet Group. He is a member of the national board of directors of Beta Alpha Kappa America. Spencer holds both a B.S. in economics and an M.B.A. from Harvard University.

Career Snapshot:

- CFO of Herbalife (since 2018)
- Director of Herbalife, Inc. (since 2021)

Prior:

- CFO of Adision Biotech, a video-gaming company (2017-2019)
- CFO and executive vice president of Global Credit Experience of Walt Disney Parks and Resorts, among other positions at the Walt Disney Company, a diversified international media and entertainment company (2012-2017)

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Navigating the 2023 Annual Report and Proxy Season

Executive Compensation Q&A

Presented by
Amy Seidel & Yana Johnson

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Navigating the 2023 Annual Report and Proxy Season

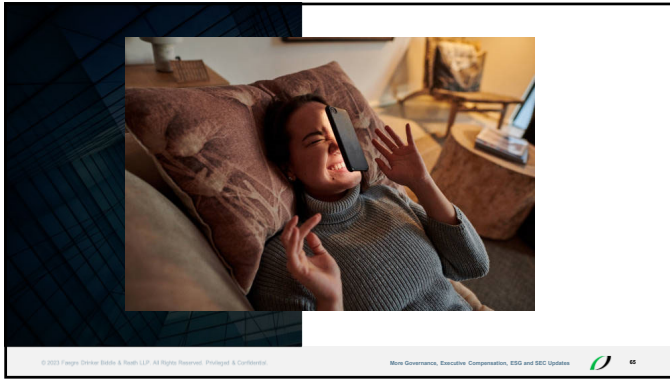
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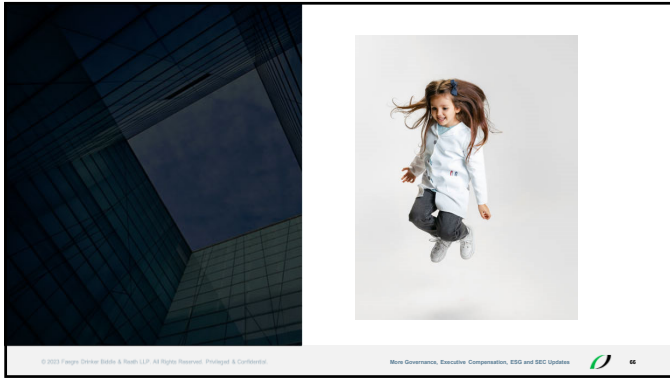
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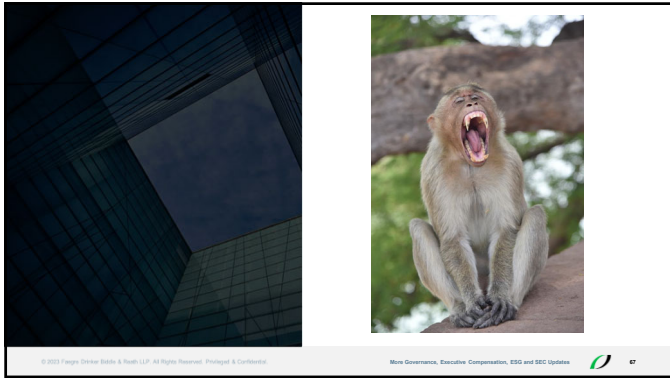


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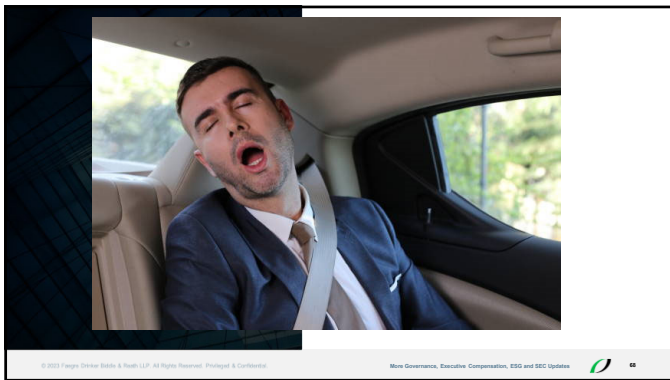


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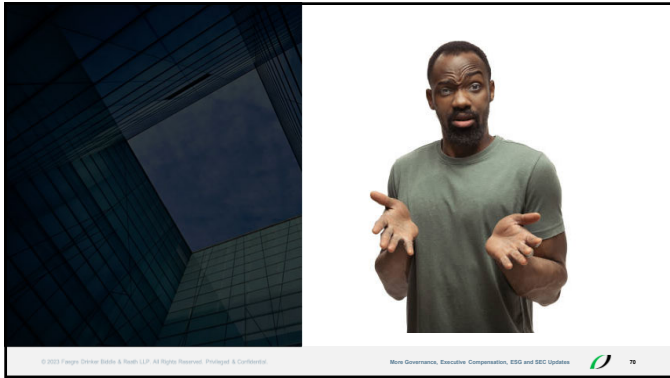


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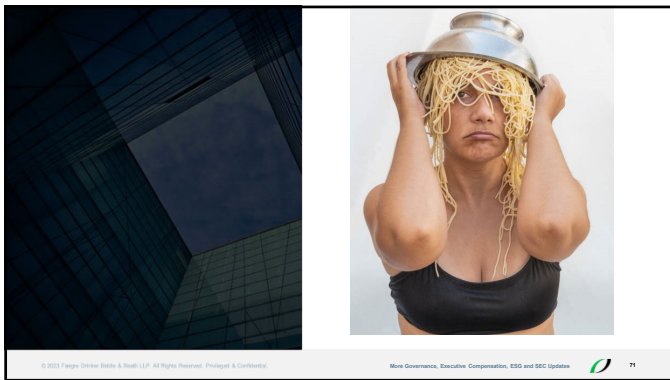


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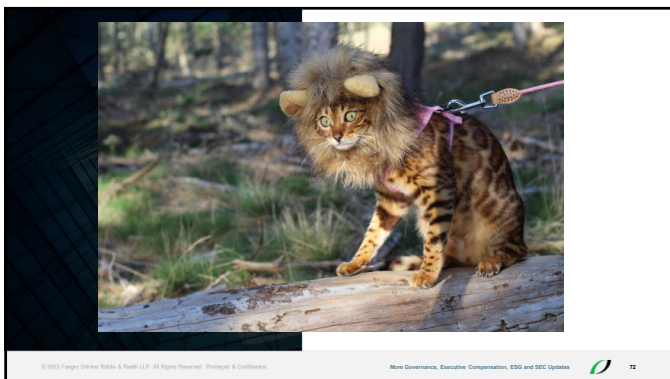




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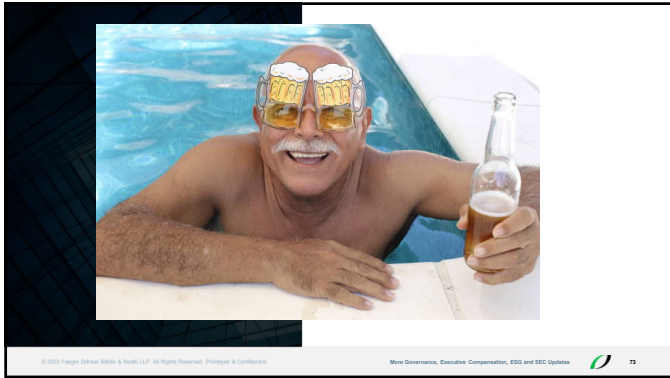


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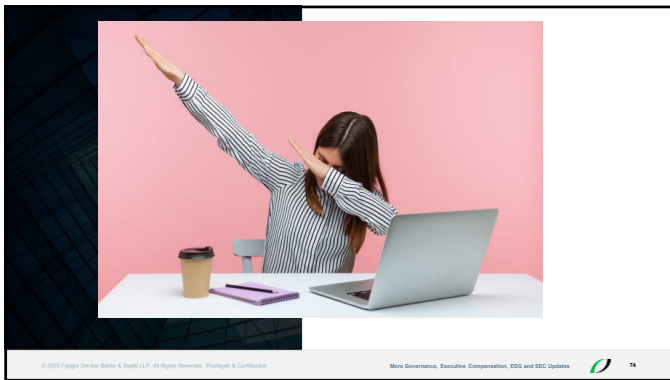


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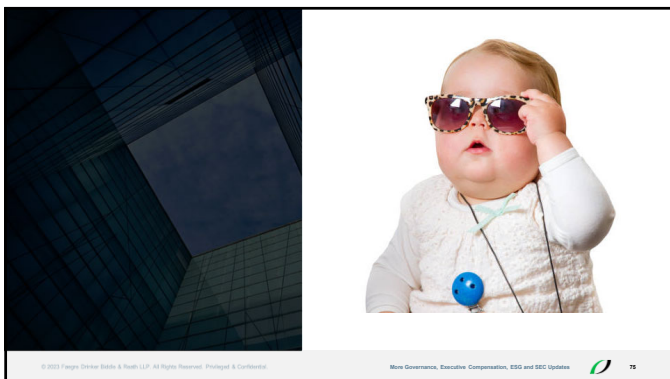




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Rule 10b5-1(c) Amendments

- **Prohibit Overlapping Plans by All Non-Issuers**
 - Cannot have multiple plans in place
 - Series of separate contracts with different B-Ds can be treated as a single "plan"
 - May have one later-commencing plan under which trading not authorized to commence until current plan is completed/expired
 - Exemption for plans for sell-to-cover transactions to satisfy tax withholding obligations upon vesting
- **Limit Single-Trade Plans by All Non-Issuers**
 - Only one plan designed to effect transaction in single-trade in any 12-month period
 - Exemption for sell-to-cover plans

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Rule 10b5-1(c) Amendments

D&O Certification – include certification in plan:

- Not aware of MNPI (personal determination)
- Adopting in good faith and not as part of a plan or scheme to evade Rule 10b-5

Amended Good Faith Condition

- Trader must act in good faith "with respect to the contract, instruction or plan" (expands good faith requirement currently applicable to adopting the plan)
 - Must be "operated" in good faith during life of the plan
 - This is the only new condition that applies to issuers as well

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Original Rule 10b5-1(c) Still Applies!

REMEMBER!

- All of the current provisions of Rule 10b5-1(c) still apply to be eligible for safe harbor
- Must not have MNPI when entering into the contract, instruction or plan
 - Cannot rely on cooling off period to "cleanse" MNPI

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Rule 10b5-1 and Insider Trading Disclosures

Material terms do not require disclosure of "price"

Quarterly Disclosure of Trading Arrangements* (Item 408(a))	Annual Disclosure of Insider Trading Policies & Procedures (Item 408(b))
<ul style="list-style-type: none"> Any director or Section 16 officer Adopts or terminates (includes modifications) Rule 10b5-1 trading arrangement and/or any non-Rule 10b5-1 trading arrangement Describe material terms (in 10-Q/10-K) <ul style="list-style-type: none"> Name/title Date of adoption or termination Duration of the arrangement Aggregate number of securities to be purchased/sold <p>Must be XBRL tagged</p>	<ul style="list-style-type: none"> Whether policies/procedures adopted and, if not, why not <ul style="list-style-type: none"> Required in 10-K proxy Must be XBRL tagged File policy and procedures as exhibit to 10-K <ul style="list-style-type: none"> Consider incorporating procedures into policy

Non-Rule 10b5-1 trading arrangement is an arrangement that does not satisfy all of the conditions of Rule 10b5-1, but nonetheless may not violate Rule 10b-5.

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Form 4s and 5s Disclosures

- Adds a **box to check** on Form 4s and Form 5s if reported transaction was intended to satisfy Rule 10b5-1(c)

FORM 4	UNITED STATES SECURITIES AND EXCHANGE COMMISSION									
Check box if this report relates to Section 10(b) of the Securities Exchange Act of 1934 or Section 302(a) of the Securities Exchange Act of 1934.	STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES									
Check box if you intend that a transaction will occur pursuant to a Rule 10b5-1 trading arrangement and you are a director or officer of the issuer.										
<table border="0"> <tr> <td>1. Name of Issuer (Company Name)</td> <td>2. Issue Name and Trading Symbol</td> <td>3. Relationship of Reporting Person to Issuer (Check all that apply): Director, ___ Officer, ___ Other (Specify)</td> </tr> <tr> <td>4. Date of Initial Transaction (Month/Day/Year)</td> <td>5. Date of Amendment (Date Original Filed)</td> <td>6. Individual or Joint/Group Filing (Check all that apply): Individual, ___ Joint/Group</td> </tr> <tr> <td>7. Date of Report (Month/Day/Year)</td> <td>8. Date of Acquisition (Date Original Filed)</td> <td>9. From What Box Was the Reporting Made?</td> </tr> </table>	1. Name of Issuer (Company Name)	2. Issue Name and Trading Symbol	3. Relationship of Reporting Person to Issuer (Check all that apply): Director, ___ Officer, ___ Other (Specify)	4. Date of Initial Transaction (Month/Day/Year)	5. Date of Amendment (Date Original Filed)	6. Individual or Joint/Group Filing (Check all that apply): Individual, ___ Joint/Group	7. Date of Report (Month/Day/Year)	8. Date of Acquisition (Date Original Filed)	9. From What Box Was the Reporting Made?	<input type="checkbox"/> Intended to Satisfy Rule 10b5-1(c) <input type="checkbox"/> Not Intended to Satisfy Rule 10b5-1(c)
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7. Date of Report (Month/Day/Year)	8. Date of Acquisition (Date Original Filed)	9. From What Box Was the Reporting Made?								

- Requires two business day reporting of gifts on Form 4s

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Guidance on Gifts

SEC commentary in release states: "a donor of securities violates Section 10(b) if the donor gifts a security of an issuer in fraudulent breach of a duty of trust and confidence when the donor was aware of material nonpublic information about the security or issuer, and knew or was reckless in not knowing that the donee would sell the securities prior to the disclosure of such information."

- Revisit policies on gifting in insider trading policy (or absence thereof)
- Particularly relevant to year-end charitable gifts/contributions
 - Although, SEC noted 10b5-1(c) is available for a bona fide gift

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Option/SAR Grants
Describe policies

New Item 402(x) requires annual disclosure in 10-K/proxy of policies and practices on timing of awards in relation to disclosure of MNPI

- How board determines when to grant awards (such as predetermined schedules)
- Whether the board/comp committee takes MNPI into account when determining timing and terms of awards
- Whether company has timed disclosure of MNPI for purpose of affecting the value of compensation

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Options/SAR Grants Table

Disclose tabular information if during the last year:

- Options/SARs granted to NEOs
- During period beginning 4 business days before and ending 1 business day after
- Filing of 10-K, 10-Q or 8-K announcing MNPI
 - Other than Item 5.02 8-K disclosing material option grant

Name	Grant date	Number of securities underlying the award	Exercise price of the award (\$/sh)	Grant date fair value of the award (\$)	Percentage change in the closing market price of the securities underlying the award between the trailing day ending immediately prior to the disclosure of material nonpublic information and the trailing day beginning immediately following the disclosure of material nonpublic information
CEO	(b)	(d)	(d)	(d)	(d)
CFO					
A.					
B.					
C.					

Disclosure must be iXBRL tagged

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Key Dates

Is this an April Fool's Day Joke?
(Answer: No.)

February 27, 2023

- 10b5-1(c) rule changes effective
- Existing 10b5-1 plans grandfathered (unless modified)

April 1, 2023

- Form 4s and Form 5s filed after this date

April 1, 2023: 10-Ks, 10-Qs and Proxy Statements for periods beginning on or after this date (October 1 for SRCs)

- Quarterly disclosure of 10b5-1 plans
- Annual disclosure of insider trading policies and procedures
- Annual table regarding option/SAR grants close in time to material news

For 12/31 FYE companies (non-SRC/EGC):

- 10-Q for quarter ending 6/30/23
- 10-K and proxy for year ending 12/31/23 - ??

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What Do We Need To Do?

- Amend **insider trading policy**, and related memos and training materials
- Prepare to **file** insider trading policy
- **Inventory** existing trading arrangements
- **Review any new 10b5-1** plans for compliance with new rules
- **Monitor dates of option/SAR grants** (and/or consider policy/practice regarding grant timing)
- Ensure **Section 16 filing team** is aware of the changes to Form 4 and Form 5 (check box for 10b5-1 plans and gift reporting)
- **Notify and educate** officers, directors and employees of the changes
- Reflect the above in **disclosure controls and procedures**

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Navigating the 2023 Annual Report and Proxy Season

The Renewed Focus on Corporate Compliance in Government Investigations

Presented by
Mike MacPhail
 Partner

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Compliance is Top-of-Mind for Current Government Officials

Kenneth A. Polite, Assistant Attorney General, DOJ Criminal Division

- Previously served as the Chief Compliance Officer for Entergy, a Fortune 500 energy company

Glenn Leon, recently selected as Fraud Section Chief, DOJ Criminal Division

- Previously served as the Chief Ethics & Compliance Officer at Hewlett Packard

Gurbir Grewal, SEC, Director of Enforcement

- In his first publicized speech as Director of the SEC's Division of Enforcement, Grewal spoke about the importance of "modeling excellence" in compliance efforts

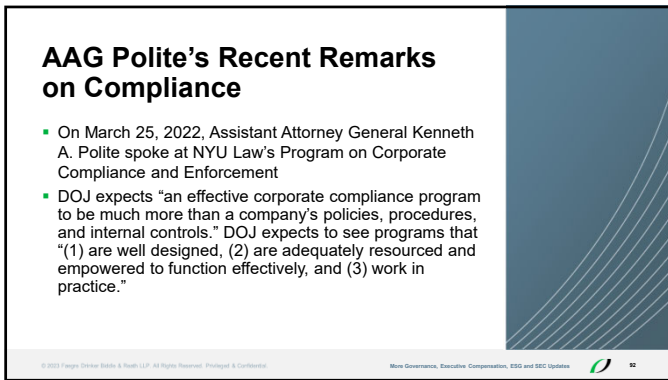
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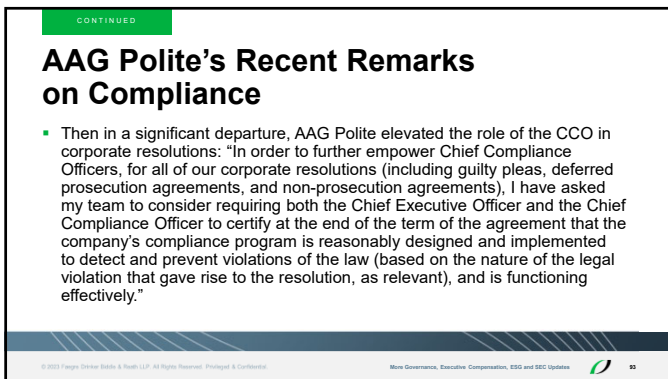




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AAG Polite's Recent Remarks on Compliance

- "In instances where a monitor is not imposed and a company is required to provide annual self-reports on the state of their compliance programs, **we will consider requiring that the CEO and the CCO will also have to certify that all compliance reports submitted during the term of the resolution are true, accurate, and complete.**"



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CONTINUED


AAG Polite's Recent Remarks on Compliance

- DOJ also expects companies to measure and test the effectiveness of their compliance programs.
- AAG Polite put it this way: "We are also interested in how a company measures and tests its culture—at all levels of seniority and throughout its operations—and **how it uses the data from that testing to embed and continuously improve its ethical culture.**"



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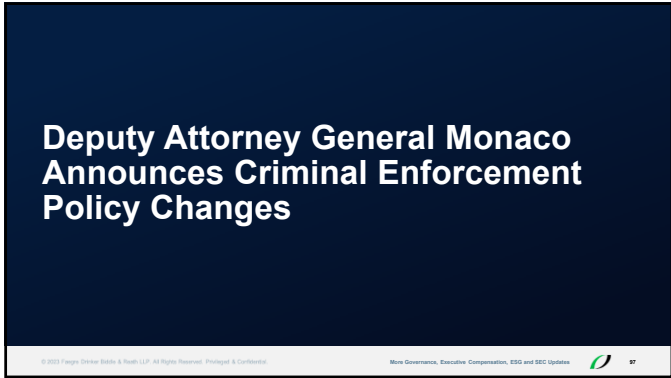
AAG Polite's Summation

AAG Polite concluded: "Our message is clear – companies that make a serious investment in improving their compliance programs and internal controls will be viewed in a better light by the Department. Support your compliance team now or pay later."

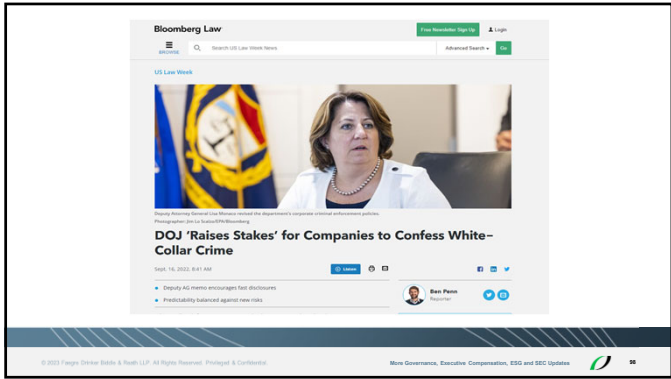
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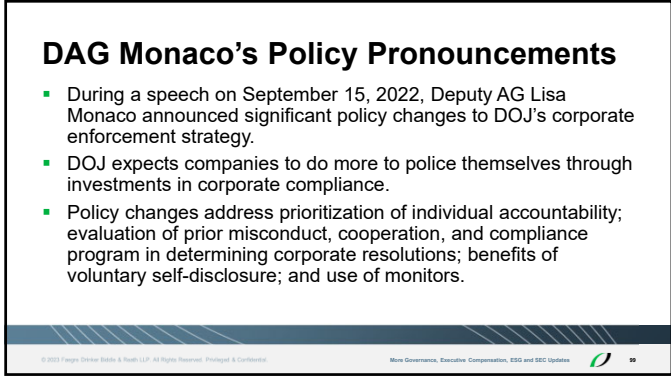




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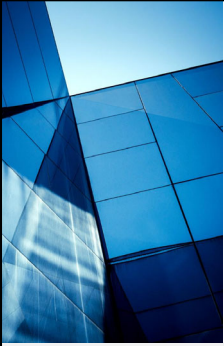


Renewed Focus on the Timeliness of Cooperation

- "Going forward, undue or intentional delay in producing information or documents—particularly those that show individual culpability—will result in the **reduction or denial of cooperation credit.**"
- "If a cooperating company discovers hot documents or evidence, its **first reaction** should be to notify the prosecutors. This requirement is in addition to prior guidance that corporations must provide all relevant, non-privileged facts about individual misconduct to receive any cooperation credit."

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Benefits of Voluntary Self-Disclosure

- Self-disclosure remains the "clearest path" to avoiding a guilty plea or indictment.
- DOJ seeks "to reward those companies whose historical investments in compliance enable voluntary self-disclosure and to incentivize other companies to make the same investments going forward."

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Benefits of Voluntary Self-Disclosure

- "[F]or the first time ever, every Department component that prosecutes corporate crime will have a program that incentivizes voluntary self-disclosure. If a component currently lacks a formal, documented policy, it must draft one."
- "Absent aggravating factors, the Department will not seek a guilty plea when a company has voluntarily self-disclosed, cooperated, and remediated misconduct."
- "In addition, the Department will not require an independent compliance monitor for such a corporation if, at the time of resolution, it also has implemented and tested an effective compliance program."

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Focus on Corporate Culture and Financial Incentives

- “[R]esourcing a compliance department is not enough; it must also be backed by, and integrated into, a corporate culture that rejects wrongdoing for the sake of profit.”
- Companies should hold financially accountable all individuals who contribute to criminal misconduct by, e.g., employing “clawback provisions” and/or escrowing compensation.
- “Compensation systems that clearly and effectively impose financial penalties for misconduct can deter risky behavior and foster a culture of compliance.”
- Companies should also promote compliance by using affirmative benchmarks to reward compliance-promoting behavior.

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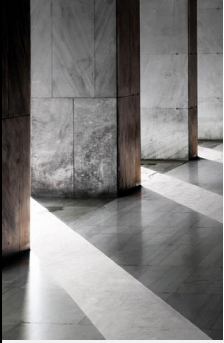
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Focus on Corporate Culture and Financial Incentives

- “Going forward, when prosecutors evaluate the strength of a company’s compliance program, they will consider whether its compensation systems reward compliance and impose financial sanctions on employees, executives, or directors whose direct or supervisory actions or omissions contributed to criminal conduct.”
- Criminal Division to provide further guidance by end of year on how to reward corporations that employ clawback or similar arrangements.

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Focus on “Ephemeral Messaging”

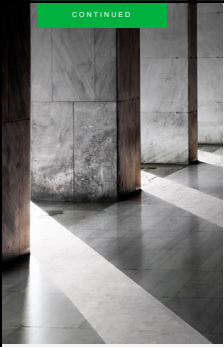
- DOJ prosecutors should consider, among other things, “whether the corporation has implemented effective policies and procedures governing the use of personal devices and third-party messaging platforms to ensure that business-related electronic data and communications are preserved.”

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CONTINUED



Focus on “Ephemeral Messaging”

- Prosecutors should also consider whether a corporation seeking cooperation credit in connection with an investigation has instituted policies to ensure that it will be able to collect and provide to the government all non-privileged responsive documents relevant to the investigation, including work-related communications (e.g., texts, e-messages, or chats), and data contained on phones, tablets, or other devices that are used by its employees for business purposes.

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Focus on “Ephemeral Messaging”

- “We continue to see in multiple investigations instances where one party or firm that used off-channel communications has preserved and produced them, while the other has not. Not only do these failures delay and obstruct investigations, they raise broader accountability, integrity and spoliation issues. A proactive compliance approach requires market participants to not wait for an enforcement action to put in place appropriate policies and procedures to preserve these communications and anticipate these emerging challenges.”
 - SEC Director of Enforcement, Gurbir S. Grewal, Oct. 6, 2021

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Compliance as a Risk Mitigation Tool in a Tough Enforcement Climate

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The Role of Compliance as a Risk Mitigation Tool in Government Enforcement

- Domestic and international government authorities consistently stress the same core components of a corporate compliance program:
 - U.S. Sentencing Guidelines for Corporations
 - DOJ Fraud Section’s Corporate Enforcement Policy (CEP)
 - DOJ Antitrust Division Guidance
 - OFAC Compliance Framework
 - U.K. Financial Conduct Authority Financial Crime Guide
 - U.K. Bribery Act Guidance
 - World Bank Group Integrity Compliance Guidelines

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The Role of Compliance as a Risk Mitigation Tool in Government Enforcement

- The United States Sentencing Guidelines
 - Organizations can receive a reduction in their culpability score if their compliance programs meet certain requirements, meaning that a company may receive a significantly lower fine.
- The Principles of Federal Prosecution of Business Organizations “The Filip Factors”
 - DOJ prosecutors are required to consider “the adequacy and effectiveness of the corporation’s compliance program at the time of the offense, as well as at the time of a charging decision,” meaning an adequate compliance program may mitigate the terms of a criminal resolution or avoid one altogether.

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The Role of Compliance as a Risk Mitigation Tool in Government Enforcement

- On June 1, 2020, the Criminal Division of the U.S. Department of Justice released updated guidance to its prosecutors on how to evaluate the design, implementation, and effective operation of corporate compliance programs:
 - A company’s assessment of risks is the “starting point” for evaluating the design of compliance programs, and under the guidance prosecutors should probe how the risk assessment informed “why the company has chosen to set up the compliance program the way that it has, and why and how the company’s compliance program has evolved over time.”

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The Role of Compliance as a Risk Mitigation Tool in Government Enforcement

- **DOJ Fraud Section's Corporate Enforcement Policy (CEP)**
 - Presumption that a company will receive a declination absent aggravating circumstances when it voluntarily self-discloses misconduct, fully cooperates, and provides "timely and appropriate" remediation.
 - The CEP defines timely and appropriate remediation to include: "Implementation of an effective compliance and ethics program" measured by, among other items, **a culture of compliance, the dedication of resources, the authority and independence of the compliance function, and the effectiveness of a company's risk assessment, auditing and reporting functions.**

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The Role of Compliance as a Risk Mitigation Tool in Government Enforcement

- **The Securities and Exchange Commission (SEC)**
 - Four factors identified in the Seaboard Report used when determining appropriate charges and remedies are self-policing, self-reporting, remediation, and cooperation.
- **In addressing corporate "self-policing" the SEC asks:**
 - How did the misconduct arise? Is it the result of pressure placed on employees to achieve specific results, or a tone of lawlessness set by those in control of the company? **What compliance procedures were in place to prevent the misconduct now uncovered? Why did those procedures fail to stop or inhibit the wrongful conduct?**

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The Role of Compliance as a Risk Mitigation Tool in Government Enforcement

- **The Resource Guide to the U.S. Foreign Corrupt Practices Act**, published jointly by the Criminal Division of the U.S. Department of Justice and the Enforcement Division of the U.S. Securities and Exchange Commission
 - The guide contains the "hallmarks of effective compliance programs" that DOJ and the SEC consider when evaluating corporate compliance programs in the context of an FCPA enforcement action (but which in practice apply more broadly):
 - Commitment from Senior Management
 - Clearly Articulated Policies
 - Code of Conduct
 - Oversight, Autonomy and Resources
 - **Testing and Risk Assessment**

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The Role of Compliance as a Risk Mitigation Tool in Government Enforcement

- U.K. Financial Conduct Authority (FCA)
- "A firm's efforts to combat financial crime should be subject to challenge. We expect senior management to ensure that policies and procedures are appropriate and followed." Self-assessment questions are:
 - How does your firm ensure that its approach to reviewing the effectiveness of financial crime systems controls is comprehensive?
 - **What are the findings of recent internal audits and compliance reviews on topics related to financial crime?**
 - How has the firm progressed remedial measures?"

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The Role of Compliance as a Risk Mitigation Tool in Government Enforcement

The U.K. Bribery Act

- **Affirmative defense** of "adequate procedures" which can shield a company from prosecution for the strict liability offense of failing to prevent bribery.
- Ministry of Justice Guidance sets forth factors which may be considered adequate in evaluating corporate compliance programs:
 - Proportionate procedures
 - Top-level commitment
 - Risk assessment
 - Due diligence
 - Communication (including training)
 - **Monitoring and review**

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Navigating the 2023 Annual Report and Proxy Season

The Road Ahead More SEC Initiatives in the Pipeline

Presented by
Jeff Sherman
Partner

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Climate Change Disclosure
(Proposed rule)

Requires companies to make disclosure regarding climate change matters, including:

- Risks, strategy, governance and risk management
- GHG emissions metrics (Scope 1 and 2, and for some Scope 3)
- Targets and transition plans
- Disclosure in financial statements

Take-Aways:

- Highly controversial rulemaking; will likely be challenged through litigation
- Consider conducting "gap" analysis to compare current state to proposed rules

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Share Repurchases
(Proposed rule)

Requires reporting of share repurchase data on new Form SR no later than first business day after purchase, and enhances disclosure requirements about share repurchase program

Take-Aways:

- May result in speculation about day-to-day decisions by issuer in effecting repurchases
 - Why isn't company buying back shares when price seems low? Does it imply that there is some material information?
- Additional compliance requirements and costs
- Additional disclosure unlikely to add much as most companies have same reason for repurchasing stock (tax efficient way to return capital to shareholders and offset dilution, especially when shares are undervalued)
- Note also the 1% excise tax on repurchases under Inflation Reduction Act of 2022

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Cybersecurity
(Proposed rule)

Requires:

- Reporting of material cyber incidents on Form 8-K within 4 business days of determination such event has occurred, and then periodic updates
- Requires periodic disclosure of risk and governance matters, including board of directors' cyber expertise

Take-Aways:

- Proposed rule does not permit flexibility for timing of disclosure of incident even when law enforcement would not support disclosure at that time
- Places a focus on company/board process for identifying and analyzing cyber incidents
- Concerns about suggesting boards need a "cyber" expert director

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Additional Proposed Rulemakings on the Horizon

- Enhanced Human Capital Management Disclosure**
 - Likely to require additional quantitative disclosure about matters such as workforce demographics, turnover data, skills and development training, compensation/benefits
- Board Diversity Disclosure**
 - May require disclosure about diversity demographics of board members (similar to existing Nasdaq requirement)

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