Office of the Illinois State Treasurer
Michael W. Frerichs

2022 Proxy Voting Policy Statement

Effective 2/23/2022

PROXY VOTING GUIDELINES

The Office of the Illinois State Treasurer ("Illinois Treasurer") serves as trustee and administers the investment of state, local, and individual monies. For equity holdings, the Illinois Treasurer maintains the right to vote by proxy on ballots and proposals presented at corporate annual meetings.

These Proxy Voting Guidelines ("Guidelines") have been approved and adopted by the Illinois Treasurer for proxy voting on issues pertaining to corporate governance and financial performance. These Guidelines provide the framework for the proxy votes wherein the Illinois Treasurer is eligible to cast a ballot.

The Guidelines are based on what the Illinois Treasurer, through thorough evaluation and in consultation with Segal Marco Advisors ("SMA"), its corporate governance consultant, view as best practices in corporate governance and investment stewardship.

Ultimately, the Illinois Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted return and promotes preservation of capital for beneficiaries using authorized instruments. To achieve this objective, the Illinois Treasurer has a responsibility to vote by proxy on ballots and proposals that may have a prospective material and relevant financial impact on safety or performance of its investments.

CORPORATE GOVERNANCE PHILOSOPHY

An essential component of responsible investment stewardship and risk management is supporting good governance practices. Good governance mitigates investment risks and may provide collateral benefits to the beneficiaries of the assets under the Illinois Treasurer's stewardship. Numerous studies and surveys of leading institutional investors demonstrate the value of good corporate governance (see appendix for research sources).

Each proxy will be reviewed on a case-by-case basis with final decisions based on the merits of each case. In reviewing the proxy issues, we will use the following Issue Guidelines for each of the categories of issues listed below. If any conflicts of interest should arise, SMA will resolve them pursuant to the steps prescribed in the Administrative Procedures section below.

ISSUE GUIDELINES

ELECTION OF DIRECTORS

The members of the boards of directors are elected by shareholders to represent the shareholders' interests. This representation is most likely to occur if two-thirds of the members are independent outsiders as opposed to insider directors (such as long-tenured directors of more than 10 years, senior management employees, former employees, relatives of management or contractors with the company). If two-thirds of the board is not represented by independent outsiders, a vote will usually be cast to withhold authority on the inside directors.

Other factors that will be considered when reviewing candidates will be the diversity of board nominees in terms of race, gender, experience and expertise (members of the nominating and governance committee of board of directors with fewer than two women will be held accountable); the number of corporate boards on which they already serve (CEOs should serve on no more than one other corporate boards, while non-CEO directors with fulltime jobs should serve on no more than three other boards and no individual should serve on more than five other boards); whether they have pledged a substantial amount of company stock; their performance on committees and other boards; the company's short-term and long-term financial performance under the incumbent candidates; the company's responsiveness to shareholder concerns (particularly the responsiveness to shareholder proposals that were approved by a majority of shareholders in the past 12 months) and other important corporate constituents; the overall conduct of the company (e.g., excessive executive compensation, adopting anti-takeover provisions without shareholder approval); and not attending at least 75% of Board and Committee meetings unless there is a valid excuse. Votes may be cast against nominating committee members where companies fail to provide the criteria necessary to determine the composition of the board and whether it is sufficiently diverse.

Recently, more emphasis has been placed on the independence of key Board committees—audit, compensation and nominating committees. It is in the best interests of shareholders for only independent directors to serve on these committees. Votes will be withheld from any insider nominee who serves on these committees. Votes will also be cast against board chairs concurrently serving as CEOs or are otherwise non-independent. An independent chairman helps avoid any conflicts of interest in the board's role of overseeing management.

Directors will not be supported where the board has failed in its oversight responsibilities (such as where there is significant corporate misbehavior, repeated financial restatements or inadequate responses to systemic risks including climate change that may have a material impact on performance). We may vote against directors at companies that have failed to set science-based emissions targets aligned to the goal of limiting warming to 1.5°C or failed to disclose material climate risk exposures and how the company governs, manages, and mitigates those risks.

In contested elections of directors, the competing slates will be evaluated upon the personal qualifications of the candidates, the quality of the strategic plan they advance to enhance long-term corporate value, management's historical track record, the background to the proxy contest, and the equity ownership positions of individual directors.

RATIFICATION OF AUDITORS

The ratification of auditors used to be universally considered a routine proposal, but a disturbing series of audit scandals at publicly-traded companies and SEC-mandated disclosures that revealed auditors were being paid much more for "other" work at companies in addition to their "audit" work have demonstrated that the ratification of auditors needs to be scrutinized as much as the election of directors.

Although the Sarbanes-Oxley Act of 2002 attempted to address the issue of auditor conflicts of interest, it still allows auditors to do substantial "other" work (primarily in the area of taxes) for companies that they audit. Therefore, SMA will weigh the amount of the non-audit work and if it is so substantial as to give rise to a conflict of interest, it will vote against the ratification of auditors. Concern will be raised if the non-audit work is more than 20% of the total fees paid to the auditors. Other factors to weigh will be if the auditors provide tax avoidance strategies, the reasons for any change in prior auditors by the company, and if the same firm has audited the company for more than seven years.

ROUTINE PROPOSALS

Routine proposals are most commonly defined as those which do not change the structure, by laws, or operation of the company to the detriment of the shareholders. Traditionally, these issues include:

- Indemnification provisions for directors;
- Liability limitations of directors;
- Stock splits/reverse stock splits; and
- Name changes.

Given the routine nature of these proposals, proxies will usually be voted with management. However, each will be examined carefully. For example, limitations on directors' liability will be analyzed to ensure that the provisions conform with the law and do not affect their liability for such actions as the receipts of improper personal benefits or the breach of their duty of loyalty. The analysis of a proposal to limit directors' liability would also take into consideration whether any litigation is pending against current board members.

NON-ROUTINE PROPOSALS

Issues in this category are more likely to affect the structure and operation of the company and, therefore will have a greater impact on the value of a shareholder's investment. We will review each issue in this category on case-by case basis.

As previously stated, voting decisions will be made based on the financial interest of the plan beneficiaries. Non-routine matters include:

Climate Action Plan
Companies seeking shareholder approval for their Climate Action Plan should provide detailed disclosure that shows consistency with the Paris Agreement's goal of limiting global warming to well below 2 degrees, preferably 1.5 degrees, Celsius compared to pre-industrial levels and with achieving net zero by 2050. Careful consideration of the proposed plan will review several key factors, including: (i) whether the plan includes clear and measurable goals of short, medium and long-term emissions reduction targets; (ii) the effectiveness of the company's corporate governance framework to manage climate-related risks; (iii) the alignment of executive compensation and climate change metrics; (iv) how a company addresses its transition plan for employees, including training and support for new employment and disclosure of any job losses; and (v) the company's commitment to regularly report progress on its climate transition plan. A vote will be cast in favor where the Climate Action Plan provides the detailed specificity on key factors and against where the Plan lacks detail or ambition.

SPAC Merger Transactions
A Special Purpose Acquisition Corporation (SPAC) is a shell company created for the sole purpose of merging with a private company to take it public within a two-year timeframe as an alternative to the traditional IPO process. SPAC sponsors may hold founder shares and receive a premium regardless of the return to public investors. SPAC shareholders are entitled to vote on the transition to bring a specific private company public. A vote will be cast in favor where the stock of the merged entity will trade at a premium to the redemption value for public shareholders and against where it trades at a discount.

Mergers/Acquisitions and Restructuring (See also Reincorporating/ Inversions)
Our analysis will focus on the strategic justifications for the transaction and the fairness of any costs incurred.

Advisory Votes on Compensation Policies and Practices
To evaluate compensation policies and practices, the threshold query is "does a company's compensation reflects its performance"? This will be determined by how a company has performed for shareholders compared to its peer group as well as by how a company has compensated its executives compared to its peer group. Whether restricted stock awards are time vesting or performance vesting will also be taken into consideration. Additional queries will be made to determine the level of dilution in stock compensation plans, and to ascertain if golden parachutes have been awarded to executives and, if they have, whether they pay tax gross-ups. The ratio of pay to the CEO as compared to the average worker will also be taken into consideration as well as whether companies adjust GAAP metrics and the robustness of

the explanatory disclosure. The threshold query will carry the most weight, but the additional queries can be persuasive in the event the answer to the threshold query is not clear cut. There will also be an option as to whether the company should have these advisory votes on compensation on an annual basis or every two or three years. An annual basis is in the best interests of shareholders.

Advisory Votes on Severance Packages In Connection with Mergers/Acquisitions

The factors to weigh are whether the total payment is in excess of 2.99 times salary and bonus, whether excise taxes are grossed-up, if there is a double trigger for cash payments and whether the accelerated vesting of stock awards is excessive.

Fair-Price Provisions

These attempts to guard against two-tiered tender offers in which some shareholders receive less value for their stock than other shareholders from a bidder who seeks to take a controlling interest in the company. There can be an impact on the long-term value of holdings in the event shareholders do not tender. Such provisions must be analyzed on a case-by-case basis.

Reincorporating/Inversions

A company usually changes the state or country of its incorporation to take advantage of tax and corporate laws in the new state or country. These advantages should be clear and convincing and be supported by specific, legitimate business justifications that will enhance the company's long-term value to shareholders and will be weighed along with any loss in shareholder rights and protections (e.g., dilution of management accountability and liability, anti-takeover devices), reputational risk, damage to governmental relationships, adverse impact on the company's employees and erosion of the local/state/Federal tax base.

Changes in Capitalization

Our inquiry will study whether the change is necessary and beneficial in long run to shareholders. Creation of blank check preferred stock, which gives the board broad powers to establish voting, dividend and other rights without shareholder review, will be opposed.

Increase in Preferred and Common Stock

Such increases can cause significant dilution to current shareholder equity and can be used to deter acquisitions that would be beneficial to shareholders. We will determine if any such increases have a specific, justified purpose and if the amounts of the increase are excessive.

Stock/Executive Compensation Plans

The purpose of such plans should be to reward employees or directors for superior performance in carrying out their responsibilities and to encourage the same performance in the future. Consequently, the plan should specify that awards are based on the executive's/director's and the company's performance. In the case of directors, their attendance at meetings should also be a requirement. In evaluating such plans, we will also consider whether the amount of the shares cause significant dilution (5% or more) to current shareholder equity, how broad-based and concentrated the grant rates are, if there are holding periods, if the shares are sold at less than fair market value, if the plan contains change-in-control provisions that deter acquisitions, if the plan has a reload feature, and if the plan allow the repricing of "underwater" options.

Employee Stock Purchase Plans
These are broad-based plans, federally regulated plans which allow almost all fulltime and some part-time workers to purchase limited amounts of company stock at a slight discount. Usually the amount of dilution is extremely small. They will normally be supported because they do give workers an equity interest in the company and better align their interests with shareholders.

Creation of Tracking Stock
Tracking stock is designed to reflect the performance of a particular business segment. The problem with tracking stocks is they can create substantial conflicts of interest between shareholders, board members and management. Such proposals must be carefully scrutinized and they should be supported only if a company makes a compelling justification for them.

Approving Other Business
Some companies seek shareholder approval of management being given broad authority to take action at a meeting without shareholder consent. Such proposals are not in the best interests of shareholders and will be opposed.

CORPORATE GOVERNANCE PROPOSALS

We will generally vote against any management proposal that is designed to limit shareholder democracy and has the effect of restricting the ability of shareholders to realize the value of their investment. Proposals in this category would include:

Golden Parachutes
These are special severance agreements that take effect after an executive is terminated following a merger or takeover. In evaluating such proposals, we will consider the salaries, bonuses, stock option plans and other forms of compensation already available to these executives to determine if the additional compensation in the golden parachutes is excessive. Shareholder proposals requesting that they be approved by shareholders will be supported.

Greenmail Payments
Greenmail is when a company agrees to buy back a corporate raider's shares at a premium in exchange for an agreement by the raider to cease takeover activity. Such payments can have a negative impact on shareholder value. Given that impact, we will want there to be a shareholder vote to approve such payments and we will insist that there be solid economic justification before ever granting such approval.

Super Majority Voting
Some companies want a super majority (e.g., 66%) vote for certain issues. We believe a simple majority is generally in the best interest of shareholders and we will normally vote

that way unless there is strong evidence to the contrary.

Dual Class Voting
Some companies create two classes of stock with different voting rights and dividend preferences. We will examine the purpose that is being used to justify the two classes as well as to whom the preferred class of stock is being offered. Proposals that are designed to entrench company management or a small group of shareholders at the expense of the majority of shareholders will not be supported. Proposals that seek to enhance the voting rights of long-term shareholders will be given careful consideration.

Fair Price Proposals
These require a bidder in a takeover situation to pay a defined "fair price" for stock. Our analysis will focus on how fairly "fair price" is defined and what other anti-takeover measures are already in place at the company that might discourage potential bids that would be beneficial in the long term to shareholders.

Classified Boards
These are boards where the members are elected for staggered terms. The most common method is to elect one-third of the board each year for three-year terms. We believe the accountability afforded by the annual election of the entire board is very beneficial to stockholders and it would take an extraordinary set of circumstance to develop for us to support classified boards.

Shareholders' Right To Call Special Meetings and Act By Written Consent
These are important rights for shareholders and any attempts to limit or eliminate them should be resisted. Proposals to restore them should be supported.

SHAREHOLDER PROPOSALS

Proposals submitted by shareholders for vote usually include issues of corporate governance and other non-routine matters. We will review each issue on a case-by-case basis to determine the position that best represents the financial interest of the Treasurer's Office. Shareholders matters include:

Public Benefit Corporation
A Public Benefit Corporation (PBC) is a legal status for a for-profit corporation that has a dual purpose of providing a public benefit, such as a fulfilling a social or environmental mission. A vote may be cast in favor of a proposal seeking the conversion to a PBC where the entity ensures no shareholder rights are weakened and where the entity does not subordinate financial return for the public benefit. Additional criteria to evaluate the firm's readiness to sustain success as a PBC include: (i) company performance over the past five years; (ii) approach and history with the stated public benefit it seeks to achieve; (iii) designated board committee to oversee the transition; (iv) absence of a dual class stock structure with different voting rights and (v) shareholder rights in the form of ability to call a special meeting, act by written consent and proxy access.

Board Diversity
Research demonstrates that a board comprised of diverse directors is better equipped to ensure multiple perspectives are considered and better positioned enhance long-term company performance within a marketplace defined by extensive diversity and multiculturalism. Diversity is inclusive of gender, race/ethnicity, skill sets, professional backgrounds, and LGBTQ status. We will support proposals that encourage diverse representation on the board and those that aim to expand the search for diverse candidates, including proposals asking companies to make greater efforts to diversify their boards and proposals to report to shareholders on those efforts and on the process of selecting nominees.

Poison Pill Plans
These plans are designed to discourage takeovers of a company, which can deny shareholders the opportunity to benefit from a change in ownership of the company. Shareholders have responded with proposals to vote on the plans or to redeem them. In reviewing such plans, we check whether the poison pill plans were initially approved by shareholders and what anti-takeover devices are already in place at the company.

Independence of Boards and Auditors
The wave of corporate/audit scandals at the start of the 21st Century provided compelling evidence that it is in the best interests of shareholders to support proposal seeking increased independence of boards (e.g., requiring supermajority of independents on boards, completely independent nominating, compensation and audit committees, stricter definitions of "independence", disclosures of conflicts of interest) and auditors (e.g., eliminate or limit "other" services auditors perform, rotation of audit firms). A related issue is the independence of analysts at investment banking firms. Proposals seeking to separate the investment banking business from the sell-side analyst research and IPO allocation process should be supported.

Cumulative Voting
This allows each shareholder to vote equal to the number of shares held multiplied by the number of directors to be elected to the board. Shareholders can then target all their votes for one of a few candidates or allocate them equally among all candidates. It is one of the few ways shareholders can attempt to elect board members. In studying cumulative voting proposals, we will review the company's election procedures and what access shareholders have to the nominating and voting process.

Confidential Voting
Most voting of proxies in corporate America is not confidential. This opens the process to charges that management pressures shareholders or their investment managers to vote in accordance with management's recommendations. We believe the concept of confidential voting is so fundamental to the democratic process and is so much in the best interest of shareholders that we would oppose it only in the most extraordinary circumstances.

Shareholder Access to the Proxy For Director Nominations

Proposals to provide shareholders access to the company proxy statement to advance non-management board candidates will generally be supported if they are reasonably designed to enhance the ability of substantial shareholders to nominate directors and are not being used to promote hostile takeovers.

Separate Chairperson and Chief Executive Officer

The primary purpose of the board of directors is to protect shareholder interests by providing independent oversight of management. If the Chair of the Board is also the Chief Executive Officer of the company, the quality of oversight is obviously hindered. Therefore, proposals seeking to require that an independent director serve as Chair of the Board will be supported. An alternative to this proposal would be the establishment of a lead independent director, who would preside at meetings of the board's independent directors and coordinate the activities of the independent directors.

Term Limit For Directors

Proposals seeking to limit the term for directors will normally not be supported because they can deny shareholders the service of well-qualified directors who have effectively represented shareholder interests.

Greater Transparency and Oversight

Shareholders benefit from full disclosure of board practices and procedures, company operating practices and policies, business strategy, and the way companies calculate executive compensation. Proposals seeking greater disclosure on these matters will generally be supported.

Executive/Director Compensation

Proposals seeking to tie executive and director compensation to specific performance standards, to impose reasonable limits on it or to require greater disclosure of it are in the best interests of shareholders. The expense of options should be included in financial statements (as required in Canada). Financial performance is the traditional measurement for executive compensation—the more specific the better. Where executive pay is based on metrics that are improved through share repurchases the impact of repurchases should be neutralized to avoid artificially inflating executive pay. Other performance measures can be a useful supplement to the traditional financial performance measurement and are worthy of consideration. Examples are regulatory compliance, international labor standards, high performance workplace standards and measures of employee satisfaction.

High Performance Workplaces

We will support proposals encouraging the high-performance workplace practices identified in the Department of Labor's report that contribute to a company's productivity and long-term financial performance.

Codes of Conduct
Proposals seeking reports on and/or implementation of such commonly accepted principles of conducts as the Ceres Principles (environment), MacBride Principles (Northern Ireland), Code of Conduct for South Africa, United Nations' International Labor Organization's Fundamental Conventions, fair lending practices and the U.S. Equal Employment Opportunity Commission are in the best interests of shareholders because they provide useful information and promote compliance with the principles.

Pension Choice
There has been a recent trend by companies to convert traditional defined benefit pension plans into cash-balance plans. This has proved controversial because cash-balance plans often hurt older workers and may be motivated by a company's desire to inflate its book profits by boosting surpluses in its pension trust funds. Proposals giving employees a choice between maintaining their defined benefits or converting to a cash-balance will generally be supported.

Say on Pay
Shareholders in the United Kingdom, Australia, Norway, the Netherlands and Sweden have had an advisory vote on companies' compensation reports for several years. Say on Pay proposals will be supported because they give shareholders meaningful input on a company's approach to executive compensation without entangling them with the micromanagement of specific plans.

Majority Vote Standard for Director Elections
For years, most boards of directors were elected by a plurality vote standard—nominees who get the most votes win. In a non-contested election (which most are) the only vote options are "for" and "withhold authority." That means a nominee could have only one share cast "for" him/her and still be elected, regardless of how many shareholders withheld their votes for that nominee. Therefore, proposals requesting that nominees in non-contested elections receive a majority of the votes cast will be supported.

MUTUAL FUND PROXIES

MANAGEMENT PROPOSALS FOR MUTUAL FUNDS

Election of Trustees
Generally, vote in favor of the board of trustees unless the board lacks independence, has been unresponsive to investor concerns or has lost investor confidence in their stewardship of the fund.

Ratification of Auditors
A vote generally will be cast in favor of the auditors unless the amount paid for non-audit work is substantial enough to raise concerns about a potential conflict of interest to audit work.

Amend Declaration of Trust
A vote generally will be cast in favor of amendments that are procedural in nature and against amendments that include changes adverse to investor interests.

Approve Reorganization of Funds
A vote generally will be cast in favor of a reorganization of funds to decrease operating expenses. A vote generally will be cast against if a reorganization significantly changes the mandate of a fund to the detriment of the investor's interest.

Converting Closed-end Fund to Open-end Fund
Vote case-by-case on conversion proposals, considering the following factors:

- Measures taken by the board to address the discount;
- Past performance as a closed-end fund;
- Market in which the fund invests; and
- Past shareholder activism, board activity, and votes on related proposals.

Amend Investment Policy
A vote generally will be cast in favor of amendments that are procedural in nature and against amendments that include changes adverse to investor interests upon consideration and evaluation of the specific changes.

Approve Hiring of a New Manager
In the absence of any specific concerns, a vote generally will be cast in favor of proposals seeking to hire a new manager.

Approve a New Sub Advisory Agreement
Vote case-by-case on such proposals taking into consideration the need for efficiencies in manager selection, the firm's capabilities and the rationale for a new agreement.

Vote Upon Such Other Matters as May Properly Come Before the Meeting
A vote generally will be cast against this proposal because it provides approval for undisclosed items.

Approve Change to Fundamental Investment Objective or Policy
A vote generally will be cast against changes to fundamental investment objectives or fundamental investment policy if the changes are not adequately explained or significantly alter the terms of the investment.

Approve a Fund's Service Agreement
A vote generally will be cast in favor of service agreements that are procedural in nature and against service agreements that include changes adverse to investor interests.

Fee Structure
Funds may seek changes to the fee structure through revenue sharing agreements or alternative arrangements, which will only be supported if the changes are unlikely to result in overall increased fees to the investor.

Authorizing the Board to Hire and Terminate Subadvisors Without Shareholder Approval
A vote will be cast against proposals authorizing the board to hire or terminate subadvisors without shareholder approval.

SHAREHOLDER PROPOSALS FOR MUTUAL FUNDS

A vote will be cast in favor of reporting and transparency about issues that may impact a fund's performance or risk profile. Requests for further action by the fund, such as divestment, will be assessed on a case-by-case basis.

APPENDIX

Select studies, surveys and papers demonstrating the value of corporate governance.

David Katz and Carmen X. W. Lu, "ESG in the Mainstream: Sell-Side Analysts Addressing ESG Concerns," Harvard Law School Forum on Corporate Governance, May 29, 2020. https://corpgov.law.harvard.edu/2020/05/29/esg-in-the-mainstream-sell-side-analysts-addressing-esg-concerns/	Looking ahead, companies will face growing scrutiny from investors and other stakeholders on their ESG performance, including their performance relative to industry peers, and should stay abreast of how their ESG data is being collected and evaluated by third parties.
Miriam Breitenstein, Duc Khuong Nguyen and Thomas Walther, "Environmental Hazards and Risk Management in the Financial Sector: A Systematic Literature Review," University of St. Gallen, School of Finance Research Paper No. 2019/10, May 2020. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3428953&dgcid=ejournal_htmlemail_risk:management:ejournal_abstractlink	We find that financial institutions can reduce their risk exposure by highly committing with environmental responsibility and performance. Moreover, the increase in willingness to assess climate-related financial risk incentivizes corporate managers to adopt more proactive environmental policies and practices.
Ashish Lodh, "ESG and the Cost of Capital," MSCI, Feb. 2020. https://www.msci.com/www/blog-posts/esg-and-the-cost-of-capital/01726513589?utm_source=onemsci&utm_medium=email&utm_campaign=msci-weekly-2020-02-27	Companies with high ESG scores, on average, experienced lower costs of capital compared to companies with poor ESG scores in both developed and emerging markets during a four-year study period. The cost of equity and debt followed the same relationship. In developed markets, companies with lower ESG scores, upon improving their MSCI ESG Rating, experienced reduced costs of capital.
Caroline Flammer, Nichael W. Toffel, and Kala Viswanathan, "Shareholder Activism and Firms' Voluntary Disclosure of Climate Change Risks," October 2019. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3468896&dgcid=ejournal_htmlemail_harvard:business:school:technology:operations:management:unit:working:paper:series_abstractlink	Found that companies that voluntarily disclose climate change risks following environmental shareholder activism achieve a higher valuation post disclosure, suggesting that investors value transparency with respect to climate change risks.
Karl V. Lins, Henri Servaes and Ane Tamayo, "Social Capital, Trust, and Corporate Performance: How CSR Helped Companies During the Financial Crisis (and Why it Can Keep Helping Them)," Journal of Applied Corporate Finance 31(2), May 2019.	CSR investments can help companies when they perhaps need it most—that is, during sharp downturns when overall trust in companies and markets declines. Companies with high-CSR rankings experienced stock returns that were five to seven percentage points higher than their low-CSR counterparts during the 2008–2009 financial crisis. High-CSR companies during the crisis also reported better operating

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3604416	performance, higher growth, higher employee productivity, and greater access to debt markets—while continuing to generate higher shareholder returns as late as the end of 2013.
Jonathan M. Karpoff, John R. Lott and Eric W. Wehrly, "The Reputational Penalties for Environmental Violations: Empirical Evidence," Journal of Law and Economics, Vol. 68, October 2005. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=747824	Firms violating environmental laws suffer statistically significant losses in the market value of firm equity. The losses, however, are of similar magnitudes to the legal penalties imposed; and in the cross section, the market value loss is related to the size of the legal penalty.
Carbon Beta and Equity Performance: An Empirical Analysis," Innovest Strategic Value Advisors, October 2007. https://www.kellogg.northwestern.edu/faculty/mazzeo/htm/sp_files/021209/(4)%20innovest/innovest%20publications/carbon_20final.pdf	Companies' responses to both the risks and opportunities driven by climate change are becoming increasingly critical to their competitiveness and financial performance. Investors require in depth, company-specific research which addresses each of the critical dimensions of climate risk, not simply companies' gross carbon footprint, such as: • Companies' overall carbon footprint or potential risk exposure, adjusted to reflect differing regulatory circumstances in different countries and regions. • Their ability to manage and reduce that risk exposure • Their ability to recognize and seize climate-driven opportunities on the upside • Their rate of improvement or regression
Guido Giese, Linda-Eling Lee, Dimitris Melas, Zoltán Nagy, and Laura Nishikawa, "Foundations of ESG Investing: How ESG Affects Equity Valuation, Risk, and Performance," MSCI, July 2019. https://www.msci.com/documents/10199/03d6faef-2394-44e9-a119-4ca130909226	That companies' ESG information was transmitted to their valuation and performance, both through their systematic risk profile (lower costs of capital and higher valuations) and their idiosyncratic risk profile (higher profitability and lower exposures to tail risk). The research suggests that changes in a company's ESG characteristics may be a useful financial indicator. ESG ratings may also be suitable for integration into policy benchmarks and financial analyses.
John Bae, Wonik Choi and Jongha Lim, "Corporate Social Responsibility: An Umbrella or a Puddle on a Rainy Day? Evidence Surrounding Corporate Financial Misconduct," European Financial Management, Sept 2019. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3443824&dgcid=ejournal_htmlemail_corporate:governance:social:responsibility:social:impact:ejournal_abstractlink	Firms with good CSR performance suffer smaller market penalties upon the revelation of financial wrongdoing, supporting the buffer effect, as opposed to the backfire effect, of a good social image.
Ferri, Fabrizio, and David Oesch. "Management Influence on Investors: Evidence from Shareholder Votes on the Frequency of Say on Pay." SSRN, 25 Mar. 2013, revised Feb. 2016, website.	"[c]ompared to firms adopting an annual frequency, firms following management's recommendation to adopt a triennial frequency are significantly less likely to change their compensation practices in response to an adverse say on pay

	vote, consistent with the notion that a less frequent vote results in lower management accountability."
Hunt, Vivian, et al. "Why Diversity Matters." McKinsey & Company, McKinsey & Company, 14 Feb. 2020, www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters#.	Companies in the top quartile for gender or racial and ethnic diversity tend to report financial returns above their national industry medians.
Misercola, Mark. "Higher Returns with Women in Decision-Making Positions." Credit Suisse, 10 Mar. 2016, https://www.credit-suisse.com/about-us-news/en/articles/news-and-expertise/higher-returns-with-women-in-decision-making-positions-201610.html.	Companies with more female executives in decision-making positions continue to generate stronger market returns and superior profits, and contrary to conventional wisdom, women in leadership roles do not actively exclude other women from promotions to top management.
Appel, Ian R, et al. 2015, Passive Investors, Not Passive Owners, https://rodneywhitecenter.wharton.upenn.edu/wp-content/uploads/2014/04/12-15.keim_.pdf	*Passive Investors, Not Passive Owners,* that found passively managed mutual funds exert influence on firms' governance. The research also found the significant governance changes associated with the funds such as more independent directors, removal of takeover defenses and more equal voting rights improve firms' long-term performance.
Gompers, P., et al. "Corporate Governance and Equity Prices." The Quarterly Journal of Economics, vol. 118, no. 1, 2003, pp. 107–156., doi:10.1162/00335530360535162.	Firms with stronger shareholder rights had higher firm value, higher profits, higher sales growth and lower capital expenditures.