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2020 Proxy Disclosure and 17th Annual Executive Compensation Conferences, hosted by TheCorporateCounsel.net and CompensationStandards.com

Day 2
The Big Kahuna-Your Burning Questions Answered
Date: 09-22-20

Liz: Welcome back everyone. Thank you for joining our last substantive panel of the day. This is a very popular session every year because it is filled with practical advice. We call it The Big Kahuna- Your Burning Questions Answered. We have Howard Dicker of Weil, Gotshal, Ron Mueller of Gibson Dunn, Katy Murray of Activision and Reid Pearson of Alliance Advisors and just before we get started, one house keeping note to enter the CLE codes you need to enter your name in the box in the chat window to the right of the video that you are seeing and then when those codes pop up, you can either enter then via the link above the video player or you can copy and paste the link in that announcement in to a separate window in your browser. So, that is all I got. I want to make sure people get their CLE credit. I will turn it over to Howard to talk about how to avoid making disclosures that attract that attention of plaintiffs, attorneys, or SEC enforcement lawyers.

Howard Dicker: Hi everyone. Listen up because this tidbit may save your company 100,000 dollars and save you out of embarrassment. In my written materials on pages 92 to 95, I provide one tale of woe of a company to illustrate the types of shareholder litigation that can arise even in a fairly plain vanilla proxy statement. The take away of all of this is sometimes plaintiff lawyers pick up on the smallest technical requirements of the disclosure rules to bring their claims and to sue to get their legal fees reimbursed by the company. One tale of woe goes like this, you mail out your proxy statement and 1 week later, the company receives a demand letter from a plaintiff attorney about false and misleading statements and even possibly breaches of fiduciary duties by directors. The company had been seeking approval of an amendment to its equity plan and in the proxy the company disclosed that “all of its employees were eligible to participate in the plan.” The plaintiff complained that the disclosures were not compliant because item 10 of schedule 14a requires disclosure of the approximate number of persons in each class who are eligible. The company failed to state that its 2508 employees were eligible to participate. After getting this plaintiff demand, the general council and securities council are saying “this is ridiculous” and often times it is. But many times, to avoid costly litigation, companies settle these matters and sometimes they have to pay the plaintiff’s law firms between 50,000 and 250,000 dollars in fees. Of course, if it was you that had been doing the disclosure, you are pretty unhappy. And shareholders, they receive some corrective disclosure. That is how we correct these things. In my written material, I have other examples to watch for but it is not only plaintiff lawyers. The SEC division of

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enforcement is out there too and have been conducting investigations of many companies particularly in the areas of perk disclosure and non-GAAP financial measure disclosure. So, here are a few take a ways with a lot more in my written materials. So, do a rules check for compliance with SEC disclosure requirements. If when you leave your companies disclosures, you know the drafts, and you don't understand it, there could be a problem. If when you write disclosures and others don't understand it, there could be a problem. Be very careful in describing plan, share usage, award limits, performance measures and adjustments. Be accurate to the plan. A lot of times I see what is in the plan is not exactly what is in the disclosure. Mind is the non-GAAP financial measures. I frequently see non-GAAP measures that are not juxtaposed to a discussion of compensation, particularly in proxy summaries. In that case, you may need to comply with the more stringent non-GAAP disclosure requirements including equal prominence. So, SEC comment letters are not the only thing to worry about here because plaintiff lawyers have been reading documents and are increasingly looking for significant attorney's fees for improving companies disclosures. Make sure that the statements made in the proxy are accurate. Do not overstate. Overstatements might include things like the company does not provide any perks. Make sure that is true. Often it isn't. Maybe they do provide perks but it is not required to be disclosed or something like that. And lastly, stay up to date with the changes to the SEC rules. So, be sure to read the Corporate Counsel.net. Katy over to you.

Katy Murray: Thank you so much. Great tips. So, I am going to be talking about the disclosure changes in light of regulation S-K modernization. As everybody is painfully aware, since the Jobs Act in 2012, the commission has undertaken a number of initiatives that aim according to the commission to ease and update disclosure requirements or public companies. Not sure about the ____ **0:05:52.0** part but certainly the updates. I go in to excruciating detail in my written materials about what sort of happened in the past. But I want to focus on what you should be doing now. That goes without saying that if you are not in compliance with the disclosure rules as they have already been amended by the disclosure update in simplification or the Fast Act modernization, you should be. But I do want to spend more time on the modernization of regulation S-K 101,103, and 105 that just came down on August 26. I have put together sort of a cheat sheet in my written materials about things that I think issuers should be doing now and that I am partnering with my internal accountant at Activision on. The first thing you ought to be looking at is your general description of business. So, the SEC has relaxed the disclosure on having a 5-year time limit. But I think one that issuers ought to be thinking about is whether there is actually anything prior to 5 years that given the removal of that requirement might be something they want to include in their general description 101a disclosure. Also, to the extent that you as an issuer, your client has actually previously disclosed business strategy. 101a now requires any material changes to be included in that disclosure. It does not in fact require you to disclose business strategy but if you have done so, you need to provide an update. You also ought to be looking at your 101c narrative description of business

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with fresh eyes. I would look at it as to make sure that you think as a whole that the disclosure presents an understanding of your business and is appropriately tailored to your specific facts and circumstances. I mean I know that most issuers take the prior years disclosure and sort of bring it forward. This is a great opportunity and in fact, I highly suggest that people take this time to now really look at it more holistically. More critically I think were the things that you absolutely do need to be doing. You need to be considering whether any of the **____ 0:08:03.6** to an understanding of the issuers business or in the case of the second and third thing I will mention, a segment of the business. So, the first is whether there are any resources other than raw materials that are in material to the business that might be patents, trademarks, other IP. You also need to be considering material effects of **____ 0:08:22.4** with regulations beyond environmental laws. So, this could be things that have effects on capital expenditures or names etc. And the big one that everybody I am sure is fully aware is human capital resources. I think this one is going to be particularly challenging for most issuers because unlike a lot of the other new requirements, it is going to require partnership with people beyond legal and financial reporting. This is not something that your accountants are going to be able to draft on their own. Internally, we are playing a game of not it, for whom in our HR group is going to be responsible for helping to draft this disclosure. Right, trying to figure that out. Then, last but certainly not least in this modernization of 101, 103 and 105 is risk factors disclosure. So, if you have not read the rules, you absolutely should. The first thing you need to do is a page count on your risk factors. If they exceed 15 pages, my advice is then revise them so they do not exceed 15 pages, which I am sure is exactly what the SEC has in mind. If you choose to keep your risk factors longer than 15 pages, you need to begin to prepare a no more than 2-page summary disclosure and everybody needs to begin organizing their risk factors under relevant headings. One thing to note in particular I think, is if you insist upon including risk factors that are not specifically relevant to an investor in your securities, you need to batch them in the end under general risk factors. This is clearly an example, I think, of disclosure, you know, by legislation way. I mean, they are trying to drive it a specific outcome by regulating your disclosure. So, try to simplify your risk factors. Another thing that is on the SEC, reg flex agenda but is not yet a final role, is modernization and simplification disclosures regarding MDNA, selected financial data and supplementary financial information. So, these rules are not final but I still think it is best if everybody tries to get ahead of them. Once again, review your MDNA with fresh eyes to determine whether it really enables the company to see your business through the eyes of management. There is a lot more specific rules in there as well that are outlined in my materials. One of them for example is reviewing your MDNA to ensure that it includes in your discussion of the underlying reasons for material changes. Not just the cause for them. I will leave that up to you to decide what that means. But I refer you to again to my materials for sort of more excruciating venusia on things, that you really ought to be doing now so that you are not caught flat footed when these rules are final. And I do not know who I am turning it over to. I am sorry.

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Ron Mueller: Thanks Katy, we are just going around the Hollywood Squares here. So, I will go next. I am going to talk about this is one of two topics that I call turning over the rocks. So, typically there is kind of 2 rocks that I am hesitant to turn over and one of them is how are they keeping track of their form S-8 registrations. The consequences of not keeping track of your S-8 registrations can be both severe and embarrassing. First of all, there is disclosure requirements in 10K and 10Q about unregistered sales of securities. If those sales hit a certain level, it could even require an 8K. If you have not registered shares offerings that you should have, you actually have a contingent liability under the securities act. Because of a line of rescission for at least shares sold in the past year or two and you may have to book a reserve or have an approval charge for that contingent liability or at least some disclosure around it. Notwithstanding that, the significance of it is really not a lot of real clear standards out here. All of us I think on our calls have probably wrestled with these. So, I am going to try and give a few points just to keep track of. You know, first of all, I think it is always important to be kind of conservative in your approach here. So, as I will mention there is some uncertainty and so, when you are planning and setting up a system for counting your S-8 share usage, you may want to be conservative. You know, if you have not had a system set up and you have to defend yourself in the hindsight, maybe you can be more aggressive. But it is best to just kind of assume okay, this is going to be treated as a sale that counts against our S-8. The second thing you can do is to know that you are actually doing several different types of share counting under your plans. One, is a state law account as far as the number of shares that have been authorized for issuers. So, you really are looking at kind of number shares that are going out to the employees. The second type of share counting is the S-8 that I am focusing on and then some plans have their own share counting system. Most of them, in fact do. I mean, there is the extreme cases of a pluggable share pool where certain **_____ 0:14:21.9** will count against your reserved or your authorized number of shares at a higher level than other types of awards. But there is also issues such as well if the share is withheld to pay taxes or to pay the **exercise price 0:14:35.8**, does that count against the limit that shareholders authorize. So, it is important to recognize that you have different tasks going on. S-8 share counting itself really is focusing on a 33-act concept, which securities were offered in solely to investors. Unfortunately, most of the clear literature around this dates back to the days of stock options and stock options were pretty straight forward. You know, the options is exercised, excellent consideration has been paid and then there is a sale. Unfortunately, there is not a lot of right line guidance around RSUs and PSUs and this is where I am saying “Gee it’s probably better to be conservative and say that sale is occurring when **____ 0:15:30.2** is granted.” I think the important thing here is to really to recognize the issue to kind of say how are we keeping track of our S-8, how many shares did we register. What are we counting against at. What are we doing with different scenarios. If we counted a performance share and ran it against the S-8 when it was granted but it is never earned, are we going to say that that actually at the fact does not count or what. I think different securities lawyers will have different views about the best way of doing that. The main take away here, I hope you come away with is

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"Gee let us turn over that rock and ask that question what are we doing and get your systems set up so that you can keep track of it going forward. Reid.

Reid Pearson: Thank you Ron. I appreciate it. I am going to talk a little bit about how to handle compensation related share holder proposals. So, give you a little bit of the lay of the land right now. The number of share holder proposals related to compensation has been decreasing. This year so far through July, we have seen the lowest total since 2011 at 92 proposals submitted. Of these, we have seen 1 proposal that have received a majority support. That was at a company called Serious Cycle where they received about 55% on a proposal asking the company to enhance their claw back beyond the fraud and intentional misconduct to include risks associated that might cause financial as well as reputational harm. So, both I assess and Glass Lewis recommended for this particular proposal and some of the big shareholders also voted for this proposal. The second set of proposals that we are seeing a lot more of are ones that are tied or asking companies to tie executive compensation to sustain ability and ESG issues. So, this is a trend that we have seen over the past couple of years. There have been about 20 such proposals filed thus far in 2020 which matches up with what we've seen in 2019 as well. Another proposal similar to this was at Verizon. Again, asking for a report on the user privacy protections in the executive compensation program. Received 31% support in this year. Up dramatically when they had identical proposal in 2019, where it received about 12%. So, this one represents the biggest vote getter proposals related tying executive comp to ESG issues. Another group here are Unicapital which has done a number of propels over the years requesting companies to disclose the global median pay gap, which the intent there is to show the underrepresentation of woman and minorities in higher paid jobs. These Juno proposals have received a bit of a set back in 2020. Average support levels were about 13.5% or so which was down roughly from 25% in 2019. I think this reflects obviously companies engaging with their holders a bit more making tweaks to their disclosure seems to work in a lot of cases. ISS for example supported all of these proposals in 2019 but has only supported 1 so far in 2020. So, a bit on how to handle some of these proposals, I think 1 obviously as you do with most proposals is trying to have it excluded but two, I think negotiations are really important. A lot of these firms are willing to kind of withdrawal the proposal if they feel the company could make some tweak to their disclosure, that might be satisfactory to the company. So, negotiations might be away to get a lot of clients to feel this is kind of an important part. Even if they don't think the proposal is actually going to pass, not something they want to deal with and kind of make a list of having received some of these unique proposals. And finally, what you want to do is if the proposal does make it on the ballet, lets run a vote projection. And this is important so you can see how the proposal is likely to fare. Could update your board on what the proposal is likely to do. There is a lot of data out there, a lot of historical voting data, a lot of policies, a lot of guidelines that would let you kind of zero in on a pretty accurate vote projection. So, just a little bit on how to handle the share proposals. Katy I think I am going to turn it over to you.

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Katy Murray: Okay. So, I fear I am about to say some things that offend proxy advisors. So, forgive me in advance. I am going to talk about the impact of real time voting disclosures by investors. I should prep this by saying there is no real time voting disclosure by investors, so this is like a hypothetical conversation. Every year as I prepare for my annual shareholder meeting, the question I am most asked by my committee management is how can we expect shareholders to vote. Whether they will vote in with management recommendation. So, currently without the help of a third party, there is no way for me to identify exactly who my companies institutional shareholders are or how they have or will vote until well after the fact. So, the first step is obviously understanding who the shareholders are. The only way issuers can verbally identify their largest institutional shareholders is by potentially out of date 13F disclosure. So, 13F as you all probably know are filed by institutional investment managers with control over 100 million assets or more. Those reports are not really concerned about disclosing the control of a particular issuer. So, they are more about what that funds assets are under management. So, to read 13F disclosure by issuer involves luckily thankfully third-party sites like **Will 0:22:10.7** has done. That sort of do sort it for you. Even so, it can be relatively out of date. They are not required to be filed util 45 days after the end of the quarter and the FCC is proposing to amend a threshold from 100 million to 3.5 billion. Which I think will fundamentally change my ability to read 13F and understand what my company's holdings are like. Even once I finished the relatively easy task of compiling an albeit out of date list of my companies shareholders, I am faced with the more difficult task of voting patterns. So, currently the only publicly available information with respect to how certain institutional investors vote is the clunky and potentially out of date form N-PX. Form N-PX has detailed the voting records of mutual funds and other registered management investment companies for the most recent 12-month period ending June 30th. So, they must be filed no later than August 31st. They basically just ruled in. So, in other words months after the meetings. And even then they are impossible to understand without paying a third party for some kind of software or access to some kind of analysis. There are tons of third parties that are willing to do it, er go, proxy solicitation firms. In my experience, proxy solicitation firms are excellent in identifying the identity of institutional shareholders. So, they certainly got the average, you know, Joe, you know, lawyer an issuer like me beat in that regard. I think they are very good but not perfect in identifying voting patterns. So, I think what they do, do correct me if I am wrong, I am hopefully right, is it is more of an art than a science. So, it is based on an understanding of historical voting patterns and published guidelines and almost every institutional investor does publish guidelines. From my perspective, they are more helpful from a directional point of view rather than understanding how a shareholder will vote on a specific proposal. Like in our case, every year, it is **____ 0:24:17.9**. And I can read their guidelines and it does not really tell me how they are going to vote. It tells me generally what they care about. I am sure there is a lot more secret sauce in what proxy solicitors do and we always hire one and I find them really valuable. But in terms of actually having a direct line of sight ahead of

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the meeting of how large institutional voters are going to vote, it is not really a thing. I mean, it is really incredibly helpful but it is not 100% accurate. Currently real time reporting by large investors of proxy votes in a user-friendly format is really only something getting attention from like gadflies. Like I think Jean MacRitchie is a large proponent of this. And I did some thinking in advance of this panel about what it would mean, you know, if it was a lot easier in real time to understand prior to the meeting and thought how institutions have voted. And at first it seemed like really wonderful and then I realized on the ballets it is probably relatively mixed for corporate issuers. Certainly for Mr. and Mr. 401K for them to understand more easier whether the votes of the institutions that in term hold the companies in which they are investing, like mutual funds etc., whether they line up with their own values, absolutely. I think that is Mr. MacRitchie's point. There will be an incremental increase in burden for institutions but my guess it would be a candid section 16 filing. You know, issuers will still want to know how institutions are going to vote before they vote. So, there is still a huge role for proxy solicitors. I mean, our shareholder outreach is early and often and it is tends to be more successful if we can speak with institutions before they have voted. It is not to say that people cant change their votes one they are cast. It tends to be more effective ahead of time. So, I still think having a line of sight into voting before hand would still be incredibly interesting. Also, you know, I think having that information more readily available, arguably NPX already does this. Again, I think it is so difficult to understand and I am not sure it just does its job in that way. Will make it even harder for issuers to convince institutions to vote against their public guidelines. So, you know what I mean, I think like having the information seems like it would be really wonderful but I think that it is not dealing and trading but sort of the persuasion that goes on behind the scenes between issuers and their largest shareholders before meetings, I think would become infinitely more difficult with larger and more public information is sort of ironic and silly as that sounds. In any case, I think this is a highly hypothetical conversation. I think the fact that the SEC is for example proposing amendments to 13F to raise the threshold to 3.5 billion shows that I think it is really unlikely they are going to support more real time information about this. In any case, so, you have plenty of work to do forever right. Take it or leave it.

Ron Mueller: Thank you Katy. So, I occasionally get a question from clients as like "okay well it has been a while since we've looked at our insider trading policy. Is there anything new we have to address in there. It is like well, you know, last year the SEC put out a division corporation finance, put out some guidance about cyber security incidents and, you know, do you have cyber security incidents mentioned as a type of material non public information. Yeah, check, we got that. The only other questions are the new SEC rules last year about disclosing your hedging policies. Do you have your hedging policy. Have you reviewed that? Because a lot of times that is the inside trading policy. We have that and then also what are you doing about gifts. And were are like gifts, you know, gifts are gifts. Gifts are not trading. And I was like "well lets talk about gifts and whether you should have addressed them in your insider trading policy. I

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will admit there is actually no case law that I am aware of that has addressed definitively whether a gift can be a form of insider trading. There are, however SEC enforcement cases where they have included gifts among their allegations. And as with many SEC insider trading cases, the cases typically get sat on. So, then SECs never really had to articulate what their theory is and the court has never really had to pass on whether this is a gift. There are, however other situations contexts in which courts were asked to assess trading by insiders in the context of class actions stock drop suits and seeing whether those trading suggest or support an inference of why did the company not disclose that information while these people were trying to sell their stock. And there are times that courts will look at gifts and see if the gifts are suspicious trading. I think it is something to think about . Gifts unfortunately come at the end of the year tends to be a closed black out period. And so, you need to focus on well could there be some aspect of this and I think that the people that have speculated that how would the SEC say that a gift is insider trading. Well, they have another context. They have section 5 context of security offerings appointed to gifts, offers and sales of securities and courts have upheld it there. If you give to a charity, you know, it is very likely that charity is going to turn around and sell that stock right away. So, maybe that is a close enough connection to meet the connection with the purchase sale standard under 10B 5 or there could be like a tipping theory. You know, I gifted the stock and that was kind of the tip that it is time to sell. So, maybe you know, you should do that. So, again I am all for trying to avoid controversy and saying lets just, you know, try to avoid the situation completely. Lets not get in that situation from someone planning a big year end gift and lets start addressing gifts in our insider trading policy. I also want to talk about gifts to trusts. Trusts themselves present a pristine situation, you know, the SEC has in section 16, kind of ignores the legal formality around trust and says whoever is exercising investment control over that trust, is deemed a trustee through section 16. I really think that, so I weight that you should look at those also under your insider trading policy. As a practical matter, people often give stock to family trusts. They say no you know, the broker or my estate lawyer is the trustee and I am not the trustee so we don’t have to worry about it. But it is very unlikely that the broker or the estate lawyer is going to do anything with that stock without confirming with the insider. So, I think it is better to you know, again may not be required by law but something to think about is are you going to say instead of trying to prove that you did not communicate to the trustee, let’s make sure you have some understanding with that trustee that we are going to keep those shares subject to our insider trading policy and if the trustee wants to sell, you know, even if they are not talking to you, maybe we should preclear that transaction. So, just some thoughts to think about we are looking at the yearend rolling around and all trying to avoid issues. You know, I put this on the agenda before the recent issue at Kodak but there was, you know, I think we will have this tested again with a gift that a director made at Kodak. Law firm did review that and try to conclude it in that situation the charity that the shares were gifted to did not sell. So, even under a very aggressive theory of insider trading, maybe there is no insider trading but you know it is certainly is a lot of the issue and is something to think about. Reid.

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Reid Pearson: Thank you Ron. I appreciate it. Talk a little bit about engagement on equity compensation plans. Hundreds and hundreds of these proposals are submitted to shareholders every year and only 1 or 2 fail, right, 2, 3 or 4 fail a year. So, not that many. So, I guess why stress about it and I argue that compensation plans are probably more scrutinized issues when it comes down to voting and you know, if your plan fails, it really puts a strain on your equity granting practices for the year. So, it is really no wonder that companies do a lot of work in preparing to present one of these equity plan proposals and one of the key aspects of it is engaging with your shareholders particularly in a situation where you think you might have an opposition from my assess or from some of your large shareholders. So, before you engage obviously you need to do a little bit of homework. Number one is really kind of understanding your shareholder base. You know, how much of your base is made up of institutional investors which I will spend more time talking about but also how much of your shareholder base is made up of retail shareholders. If you are really under the gun with a proposal the retail base, even if it is small could be a decent source of before votes. So, don't necessarily neglect the retail shareholders. On the institutional side, obviously you want to kind of determine the level of influence of ISS as well Glass Lewis. How strictly do each of your shareholders follow them. You know, you will have some firms that will blindly follow ISS quant shops for example. Typically, you have a larger set of institutions that may default to ISS or Glass Lewis but could be persuaded after discussion to override and when you are thinking about your engagement, this is one of the key groups that you really want to focus on. Also determine how vote decisions are made. Is it made by a stewardship team? Is it made on the investment side, by the portfolio manager? Or is a kind of a combination of the 2. So, again kind of understanding how vote decisions are made. Once you have reviewed your shareholder base, now you want to review your plan both from a qualitative as well as a quantitative perspective. So, on the quantitative side, most of the institutions not influenced by ISS or by Glass Lewis, will be looking at burn rate, will be looking at delusion. Make sure you understand their policies because these thresholds can vary in where they want to see delusion and burn rate but also how strictly do they look at these guidelines. How willing are they to give companies the benefit of the doubt depending upon their story. You know, on a qualitative side, you have the obvious factors, you have obvious deal killers, evergreen provisions, repricing without shareholder approval. But also pay attention and make sure you are engaging withholders on if you have a repurchase program or if the plan is broad based and significant number of grants do not go to the NEOs. These are all key aspects of kind of get your story together before you engage. Again, once you get to the engagement process, if you feel like ISS or some of your large holders are not going to support. Really encourage people to engage before the proxy is put out there. Gives you an opportunity to kind of tell your story in a less stressful environment. There is not an ask. There is not a vote that is on the table to the shareholders are a little bit more open. Also, to that you know, you can get feedback from shareholders. We had a great conversation with a client this year. Knew we were not going to get ISS support.

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Shareholders were actually really influenced by ISS. They had a lot of good relationships with the portfolio managers. So, we did that reengagement. 2 big shareholders came back and said "look we would like to see more disclosure about peer groups and where you are delusion and burn rate are to that and that was something we were able to tuck in to the proxy statement and it was really kind of a big sell. So, when you are in the engagement, you know, I really do encourage it kind of preseason. Obviously, you want to do it once the proxy is filled, you do want to do it at that time as well. Just to try and lock down the voting and last thing I know we are ruining a little bit out of time but last thing is do not neglect the investor relations side of things. Because they are going to be key at actively managed funds and the portfolio managers are the analysts getting them to go to bat for you at their proxy committees. So, that is a key aspect. So, I know we are running out so, I will flip it over to you.

Howard Dicker: Okay I will in a minute or two, I will summarize. My next topic is beware of litigation traps and human capital ESG disclosures or I said earlier equally applies here but this topic is more timely in light of the new human capital disclosure requirements and 101 which will be included in 10Ks and increasing disclosure and proxy statements and elsewhere concerning the companies commitment to diversity and increasing use of sustainability reports neither ESG disclosure appearing on website. And it also applies to codes of conduct and similar ethical codes that the company makes public. In particular, the new human capital disclosure requirement will likely attract a lot of attention by companies and other interested parties. I can see the possibility that these disclosures might also include lofty statements regarding the work force. However, companies much realize that there is not always a clear distinction regarding what is merely aspirational statement and statement for which there can be liability because the statement were either untrue or the company failed to deliver on its promises or commitments. My key take away here is make sure the statements are accurate and relevant to the company. Do not overstate. Do not say we have zero tolerance policy when you do not. Do not say we comply with the highest standards when you don't. Do not say we will achieve X by the end of the year when we know we will not. Disclosures may invite shareholders to bring claims based on allegations that a company has fallen short of the standards that it has touted for itself. This is not a hypothetical. Big companies are being assumed now. For example, for allegedly making false statements and proxy statements such as a vow or a commitment to diversity on which shareholders rely and reelecting directors and approving compensation. So, the threat of litigation doesn't mean that we should not disclose metrics and sustainability frameworks. Companies should seek to manage the rest. That means the company should be sure to have processes including disclosure controls around human resources and ESG disclosures and for the selection of the management of metrics before they are released to the public. Companies should use disclaimers for ESG and similar disclosures. So, I will cut it there and Liz I will turn it back to you.

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Liz: Thanks Howard. Sorry to cut you off. That is a great topic and I want to let people know that we do have more information posted on that topic on the corporate Counsel.net in our ESG practice area. So, you can visit there for additional info. Thanks again Howard and thank you Reid and Ron, that was all really great.

Markeys/pti:sh

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