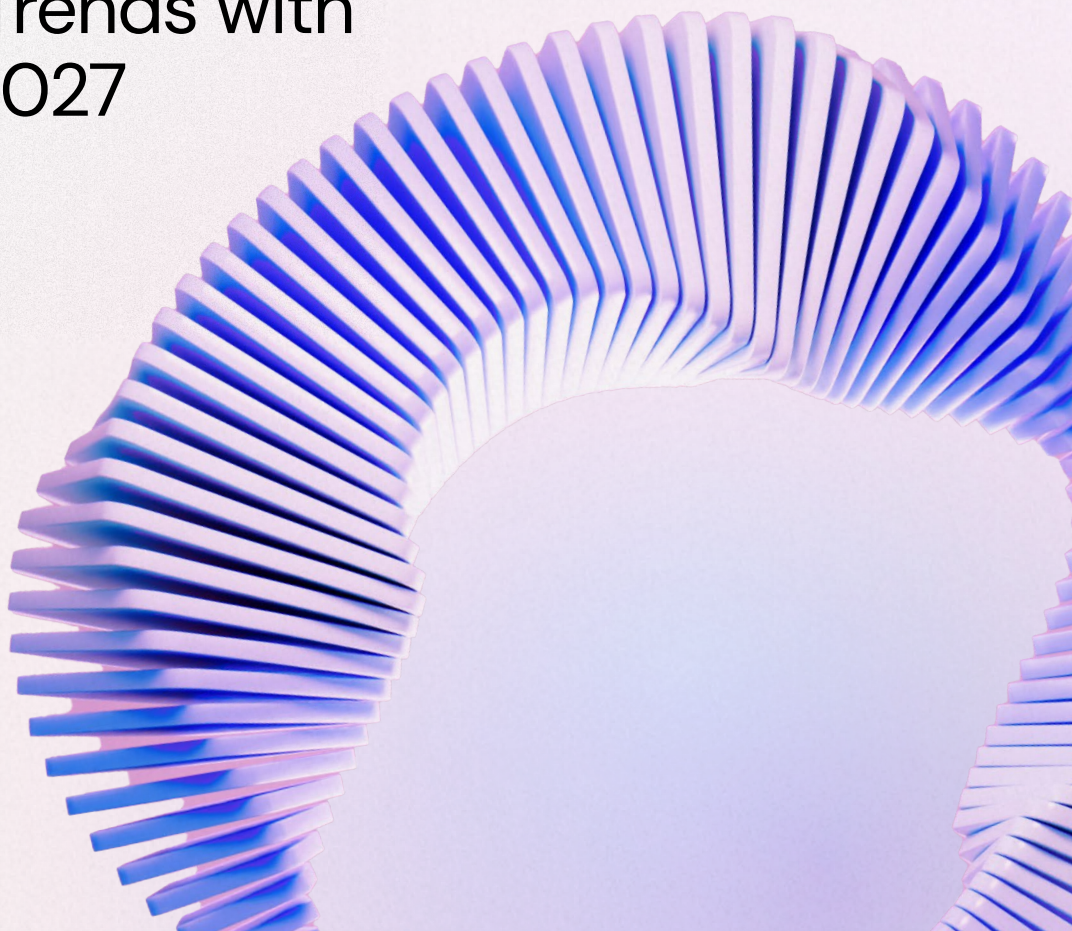
Labrador Transparency

Board Oversight of the Right Risks, the Right Way: Four Pointers for Effective Disclosure

2026 Proxy Trends with Insights for 2027

November 2026

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The proxy trends series is prepared by Labrador's Lead Advisors and explores emerging trends in proxy statements in 2026 and offers insights and actionable elements for your teams to consider as you prepare your 2027 Proxy Statement.

Introduction

Proxy disclosure should give shareholders decision-useful information about the board's role so they can cast informed votes in director elections and assess the quality of governance supporting their investment. One of the board's central responsibilities is oversight of corporate strategy and the material risks and opportunities that may affect it. And just as strategy must evolve to adapt to changes in the external environment, so must the risks and opportunities that management and the board focus on.

Effective risk disclosure therefore needs to reflect dynamic circumstances, not static boilerplate stating that the board "oversees risk." It should show what the board oversees, who is responsible, how oversight works in practice, and why the directors are equipped to perform that role. Since the SEC began requiring disclosure about the board's role in risk oversight more than 15 years ago, expectations about risk disclosure have been shaped (and expanded) by changing regulatory priorities, additional SEC rulemaking, litigation, and investor voting policies. These forces have also made clear that risk oversight disclosure goes beyond discussing process: the quality of board risk oversight depends on whether its members have the capabilities to understand the company's most important risks and opportunities, test management's assumptions, and provide informed counsel.

This article offers four practical disclosure pointers to help meet evolving stakeholder expectations for board risk oversight disclosure: (1) name the material risks and explain why they matter; (2) identify the board or committee responsible for oversight and how that allocation was determined; (3) describe the oversight process and activities; and (4) demonstrate that the board has the capabilities and readiness to oversee the company's ever-changing risk profile. Examples are provided throughout, concluding with a comprehensive example that illustrates all the pointers in action.

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Why Board Risk Oversight Disclosure Matters

One of the most widespread and rapidly developing risks is artificial intelligence. According to institutional investors representing $55 trillion in assets under management, investors want to understand how AI is governed, how the board is developing sufficient fluency, and how directors oversee both opportunity and risk. They want company-specific explanations identifying the AI issues that matter to the business. They want insight into the quality and frequency of information and engagement supporting oversight, and connect those responsibilities to director experience, education, and access to experts.[1]

Those concerns and information needs are equally applicable to cybersecurity, human capital, geopolitical exposure, regulatory change, supply-chain resilience, and other significant risks and opportunities. The subject will vary, but the disclosure challenge is the same: translate governance architecture into a clear account of informed, active, and adaptable oversight.

Institutional investor policies connect board accountability with transparent oversight of strategy and material risk. Across the proxy voting policies of at least three of the largest US institutional investors, the recurring questions are practical: Does the board understand the company's significant risks and opportunities? Are responsibilities clearly allocated? Does the board receive relevant information at an appropriate frequency? Does it challenge management and adapt its approach as strategy and the risk environment change?[2] Robust disclosure helps shareholders answer those questions without forcing them to infer the quality of governance from generic statements.

The legal context reinforces the value of disciplined oversight. Under the *Caremark* line of cases, the threshold for director liability for breach of duty of oversight is high and generally requires particularized allegations of bad faith. But it remains a risk when processes are weak, disregarded, or not prioritized. In recent years Delaware courts have allowed cases to continue to discovery when particularized allegations detailed the board's inattention to red flags or failure to establish a process for regular reporting or assessment of risks.[3] Boards would be wise to maintain processes and records showing active supervision of mission-critical and other material risks. Proxy disclosure is not a substitute for board and committee records, but it can accurately reflect the board's diligence and signal an established culture of thorough oversight.

[1] See EY, *Five ways boards can respond to investor expectations on AI* (January 2026), https://www.ey.com/content/dam/ey-unified-site/ey-com/en-us/campaigns/board-matters/documents/ey-cbm-five-ways-boards-can-respond-to-investor-expectations-on-ai.pdf

[2] BlackRock Investment Stewardship, *Proxy Voting Guidelines for Benchmark Policies: U.S. Securities* (January 2026), https://www.blackrock.com/gls-download/literature/publication/blackrock-investment-stewardship-benchmark-guidelines-us.pdf; Vanguard Capital Management Investment Stewardship, *2026 Annual Report* (September 4, 2026), https://corporate.vanguard.com/content/dam/corp/about-our-funds/pdf/vcm/vcmis_2026_annual_report.pdf; State Street Investment Management, *Global Proxy Voting and Engagement Policy* (April 2026), https://www.ssga.com/library-content/assets/pdf/global/asset-stewardship/proxy-voting-and-engagement-policy.pdf.

[3] Wachtell, Lipton, Rosen & Katz, Risk Management and the Board of Directors (Sept. 2025), https://theliptonarchive.org/wp-content/uploads/Risk-Management-and-the-Board-of-Directors.pdf

Disclosure Pointer 1: Name the Risks—and Explain Why They Matter

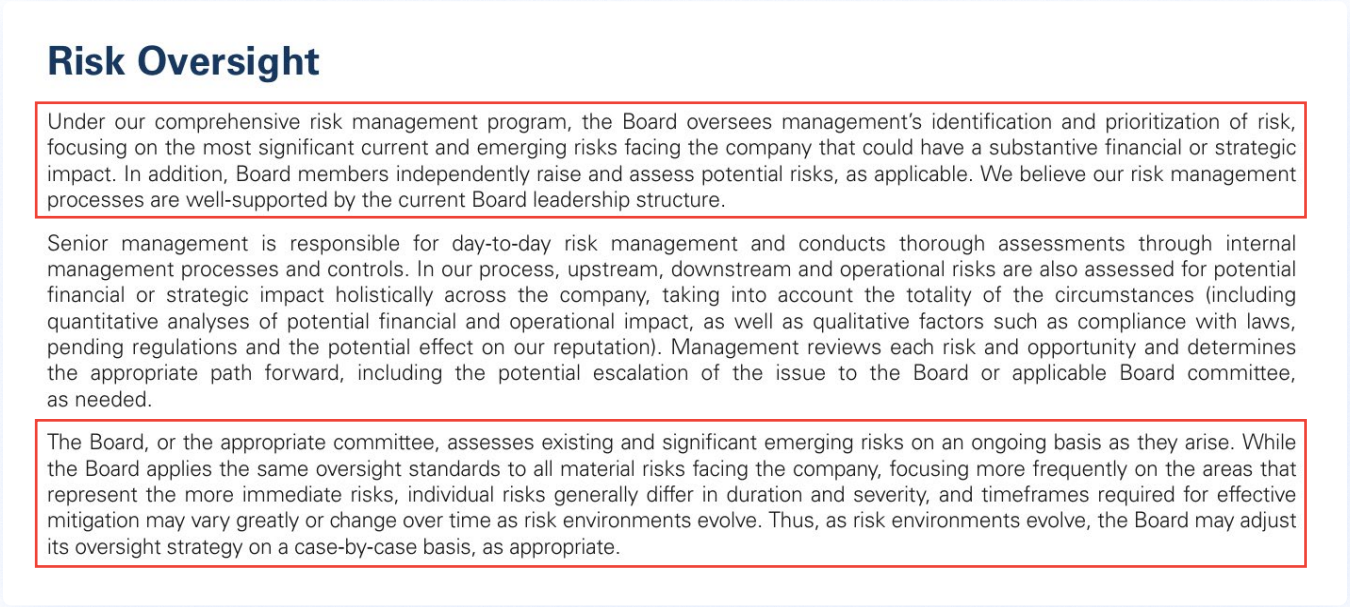
Start with specificity. Readers should be able to identify which risks and opportunities are most significant to the company and therefore command board attention. The proxy should align with the company's other reports; where other disclosure—such as cybersecurity disclosure under Item 106 of Regulation S-K—addresses a risk in detail, the proxy should be consistent with it. Company-specific explanations are more informative than boilerplate: the proxy should explain how material risks connect to company strategy and why they matter now.

The strongest disclosure moves beyond a static inventory. It explains how the enterprise risk-management process identifies and assesses priority risks, which risks rise to the board level, and how that focus changes over time. A description of the company's enterprise risk-management system provides decision-useful information about how the company identifies, assesses, monitors, and manages the risks that the board oversees.

Core risks may remain stable, while other risks shift with the company's strategy, operating environment, and emerging technologies. "Spotlights" are useful for disclosing these shifting risks.

The examples below illustrate various approaches to specifying the risks overseen by the board. The common lesson is not to copy a format, but to help readers understand the company's own hierarchy of risk.

General Dynamics – *Discusses which risks rise to board attention in a dynamic environment; lists specific risk topics discussed during the year.*

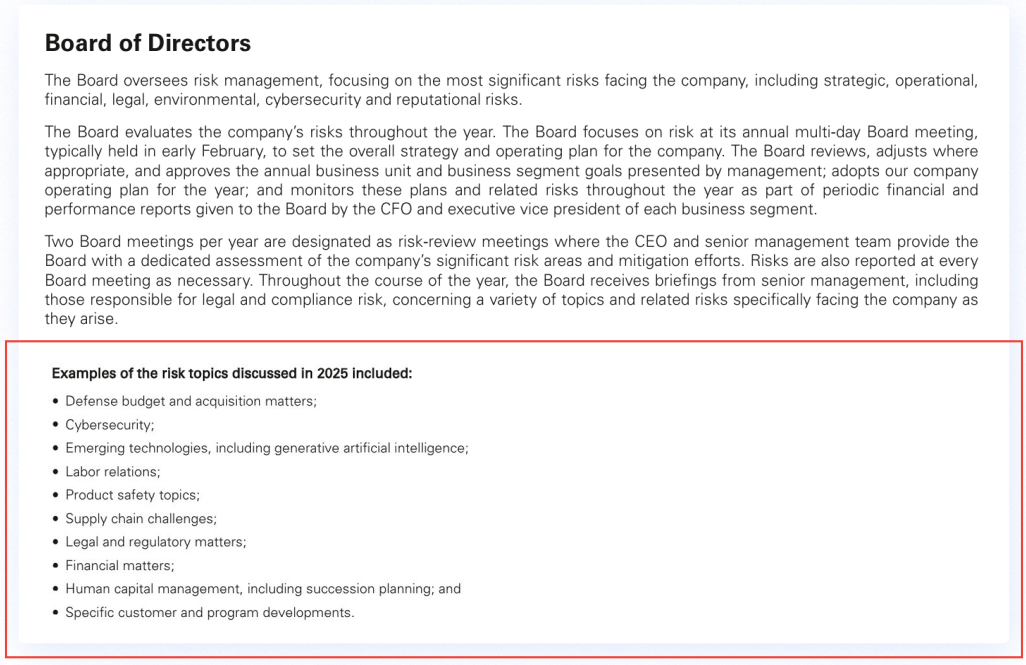


Risk Oversight

Under our comprehensive risk management program, the Board oversees management's identification and prioritization of risk, focusing on the most significant current and emerging risks facing the company that could have a substantive financial or strategic impact. In addition, Board members independently raise and assess potential risks, as applicable. We believe our risk management processes are well-supported by the current Board leadership structure.

Senior management is responsible for day-to-day risk management and conducts thorough assessments through internal management processes and controls. In our process, upstream, downstream and operational risks are also assessed for potential financial or strategic impact holistically across the company, taking into account the totality of the circumstances (including quantitative analyses of potential financial and operational impact, as well as qualitative factors such as compliance with laws, pending regulations and the potential effect on our reputation). Management reviews each risk and opportunity and determines the appropriate path forward, including the potential escalation of the issue to the Board or applicable Board committee, as needed.

The Board, or the appropriate committee, assesses existing and significant emerging risks on an ongoing basis as they arise. While the Board applies the same oversight standards to all material risks facing the company, focusing more frequently on the areas that represent the more immediate risks, individual risks generally differ in duration and severity, and timeframes required for effective mitigation may vary greatly or change over time as risk environments evolve. Thus, as risk environments evolve, the Board may adjust its oversight strategy on a case-by-case basis, as appropriate.



Board of Directors

The Board oversees risk management, focusing on the most significant risks facing the company, including strategic, operational, financial, legal, environmental, cybersecurity and reputational risks.

The Board evaluates the company's risks throughout the year. The Board focuses on risk at its annual multi-day Board meeting, typically held in early February, to set the overall strategy and operating plan for the company. The Board reviews, adjusts where appropriate, and approves the annual business unit and business segment goals presented by management; adopts our company operating plan for the year; and monitors these plans and related risks throughout the year as part of periodic financial and performance reports given to the Board by the CFO and executive vice president of each business segment.

Two Board meetings per year are designated as risk-review meetings where the CEO and senior management team provide the Board with a dedicated assessment of the company's significant risk areas and mitigation efforts. Risks are also reported at every Board meeting as necessary. Throughout the course of the year, the Board receives briefings from senior management, including those responsible for legal and compliance risk, concerning a variety of topics and related risks specifically facing the company as they arise.

Examples of the risk topics discussed in 2025 included:

- Defense budget and acquisition matters;
- Cybersecurity;
- Emerging technologies, including generative artificial intelligence;
- Labor relations;
- Product safety topics;
- Supply chain challenges;
- Legal and regulatory matters;
- Financial matters;
- Human capital management, including succession planning; and
- Specific customer and program developments.

Lockheed Martin – *identifies dynamic risks.*

The Board evaluates numerous dynamic and emerging risk focus areas

The full Board retains primary oversight of the following risks due to their importance to our stakeholders.

Extensive cybersecurity protections

- Senior leadership, including our Chief Information Security Officer (CISO), regularly updates the Board on our cybersecurity and information security posture and cybersecurity incidents deemed to have a moderate or higher business impact, even if immaterial to us.
- Senior leadership briefs the CBS Committee on the cybersecurity of classified programs and the security of our classified business supply chain.
- Cybersecurity-related risks are integrated into our overall ERM process, and we maintain cybersecurity insurance to further mitigate associated risks.

Ethical, governable artificial intelligence development & deployment

- The full Board reviews our AI strategy with senior leadership, including the Chief Digital and Artificial Intelligence Officer.
- We analyze AI risks through our ERM process, discuss them with the Audit Committee and, in the context of our classified programs, discuss them with the CBS Committee.
- The Governance Committee oversees our 2025 Sustainability Management Plan (SMP), which includes an achieved goal for providing AI developers with training on system engineering approaches to AI ethical principles.
- Our Code of Ethics and Business Conduct (Code of Conduct) and our "Ethical Development and Use of Artificial Intelligence" policy guide the Company's development and use of AI. Our cross-enterprise AI Ethics Subcommittee meets monthly to oversee AI design, development, deployment and use aligned to our adopted principles for the responsible use of AI: responsible, equitable, traceable, reliable and governable. The subcommittee reports quarterly to the AI Executive Steering Committee.
- Both our Senior Vice President, Technology and Strategic Innovation and our Senior Vice President, Ethics and Enterprise Assurance review performance on a periodic basis and serve as the Executive Leadership Team's leaders responsible for ethical use of AI.

Xcel Energy – *describes how enterprise risk management program identifies risks and names key risk management areas.*

Risk Oversight

A key accountability of the Board is the oversight of material risk, and our Board leadership structure positions the Board well to oversee risk management. As outlined below, management and each Board committee have responsibilities for overseeing the identification and mitigation of key risks and reporting their assessments, activities and initiatives to the full Board.

Management identifies and analyzes risks to determine materiality and other attributes such as timing, probability and controllability. Management broadly considers our business, the utility industry, business and policy trends, the domestic and global economies and the environment to determine enterprise risks and actions to mitigate them, and employs a robust program to identify, assess, manage and mitigate compliance risks.

Key Components of Management's Oversight and Mitigation of Risk

Identify and analyze materiality of risks through:

- Formal key risk assessment
- Financial disclosure process
- Hazard risk management process
- Compliance with financial and operational controls
- Business planning process
- Development of strategic goals and key performance indicators ("KPIs")

Provide regular presentations to the Board regarding risk assessment and mitigation, including:

- Comprehensive risk overview
- Legal and regulatory risks
- Operational risks, including wildfire, cybersecurity, nuclear and natural gas pipeline safety risks
- Financial risks
- Compliance risks
- Sustainability risks
- Customer affordability and resource adequacy risks

Manage and mitigate risks through use of management structures and groups, including:

- Management councils
- Enterprise risk management committees
- Advice from internal corporate areas

Employ a robust compliance program for the mitigation of risk, including:

- Adherence to our Code of Conduct and other compliance policies
- Focused management to mitigate the risks inherent in the implementation of our strategy

Set forth below are key risk management areas within the utility industry and our areas of focus.

Wildfire	Nuclear Operations	Cybersecurity	Natural Gas Pipeline Safety
Company Focus Areas	**Company Focus Areas**	**Company Focus Areas**	**Company Focus Areas**
• Wildfire mitigation plans • Situational awareness • Physical mitigations (system resiliency and hardening) • Operational mitigations (public safety power shutoff and enhanced powerline safety settings) • Operating protocols	• Regulatory compliance • Equipment reliability • Operational performance • Organization and culture • Internal and external stakeholder engagement	• Security resilience • Organization and culture • Risk management and compliance • Security operations • Business engagement	• Distribution integrity management program • Transmission integrity management program • Damage prevention • Compressors and regulator stations

Northrop Grumman – *identifies areas of evolving risk; spotlight on evolving AI risk.*

Evolving Risk Focus Areas

Our corporate governance framework is designed not only to understand and mitigate our current significant risks, but also to evaluate and prepare for evolving and future risks. Below are some of the evolving risk areas that our Board, committees, and management continue to assess and plan for.



Evolving Risk Spotlight: Artificial Intelligence (AI)

For over 40 years, Northrop Grumman has been using AI in its operations and products and its groundbreaking impact continues to emerge. At Northrop Grumman, AI has the potential to transform every system, product and service that we produce for our customers, worldwide. The stakes are high—and our standards for ethics and security are even higher.

VALUES

Our corporate values guide our innovation and set the stage for our five responsible AI principles to develop and design our AI systems and solutions:

HUMAN-CENTERED: We maintain meaningful human oversight and control over AI systems to confirm they perform to our standards.

SECURE: We protect and safeguard company, employee and customer data when using AI.

ACCOUNTABLE: We seek to ensure our AI is thoroughly documented to meet applicable standards and requirements.

ROBUST: We design and test our AI solutions for accuracy and identify and manage risks to maintain transparency.

ETHICAL: We partner across functions and with various stakeholders to identify and address potential ethical issues prior to deployment.

GOVERNANCE

A sophisticated AI governance framework is critical to help ensure robust oversight and accountability as we continue to use and evaluate new AI use cases within our organization.

BOARD OVERSIGHT: Our Board provides oversight with respect to AI governance and receives periodic updates on the topic.

FOCUSED OVERSIGHT: Focused oversight of technology and AI-related risks are also reviewed with the Enterprise Risk Management Council.

AI GOVERNANCE FRAMEWORK: We have established cross-functional AI governance processes to review AI use cases for compliance with our internal AI policies, applicable laws and regulations, and industry best practices. Our governance processes include an enterprise-level AI governance board that reviews high risk use cases, as well as sector-level processes for reviewing use cases for mission applications.

POLICIES AND PROCEDURES: We have company policies and procedures regarding the requirements and processes for the responsible development, procurement, use, and governance of AI.

TRAINING: All employees are required to complete annual AI training, along with additional training to use certain applications.

Disclosure Pointer 2: Identify the Oversight Owner

Once the key risks are identified, the proxy should make responsibility easy to follow. Explain which matters remain with the full board, which are delegated to committees, and how the board decides between those approaches. Allocation of oversight responsibility should reflect the nature of the risk, the committee's mandate, and the expertise of its members.

Good disclosure also shows how the structure works as a whole. A committee may have primary responsibility for particular risks, but the full board likely receives the information needed to understand the company's aggregate exposure and the interaction among risks. Cross-committee reporting, committee-chair updates, and escalation protocols can help demonstrate that delegation does not become fragmentation.

The examples below illustrate how companies clearly communicate the board's approach to allocating risk oversight responsibilities.

Starbucks - *explains how the board delegates risk oversight, based on committee member expertise.*

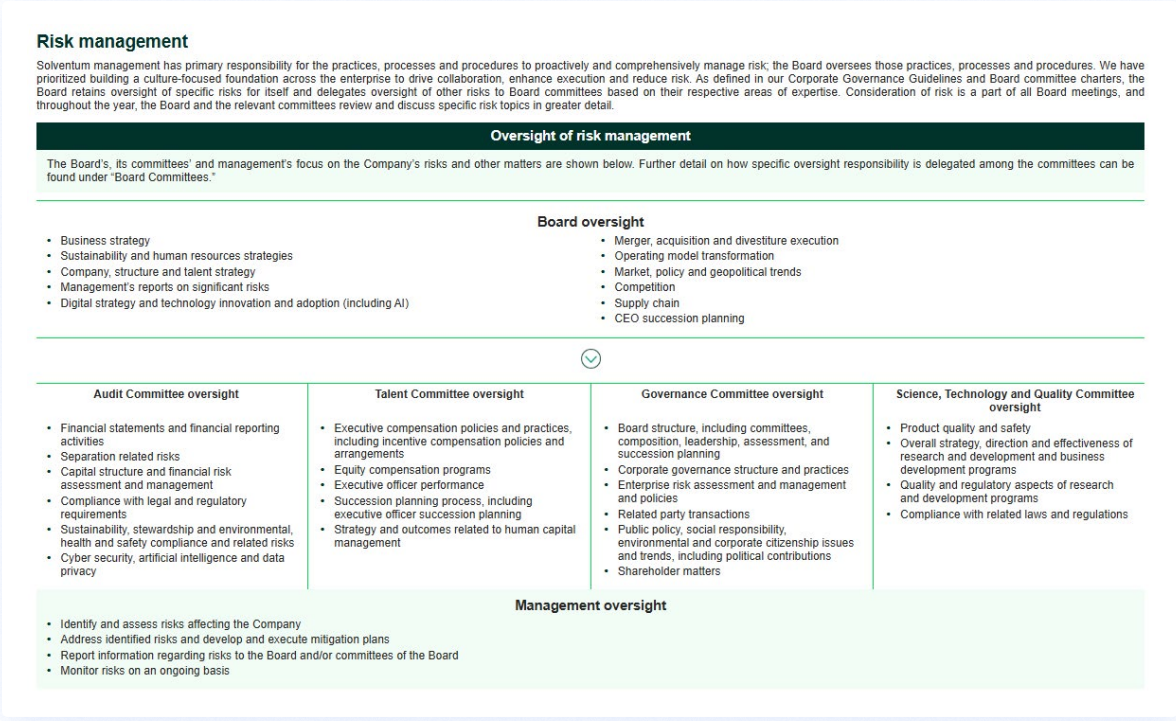
RISK OVERSIGHT BY THE BOARD

The board has ultimate responsibility for risk oversight. We believe that a fundamental part of risk oversight is not only understanding the material risks a company faces and the steps management is taking to manage those risks but also understanding what level of risk is appropriate for that company. The involvement of the board in reviewing Starbucks business strategy is integral to the board's assessment of management's tolerance for risk and its determination of what constitutes an appropriate level of risk for Starbucks.

The full board has ultimate responsibility for risk oversight and exercises such oversight directly over certain enterprise-wide risk categories, such as brand risks and labor. In addition, the board has delegated primary oversight responsibility for certain categories of risk to its standing committees. This approach allows the board to draw upon the knowledge and judgment of specific directors on each committee who have experience overseeing and managing particular risks that Starbucks faces in various areas of its business. Each of our board committees is authorized by its charter to consult at its discretion with any experts or advisors that committee members feel would be helpful. All committees receive regular reports from management responsible for monitoring and mitigating particular risk exposures as part of the Company's enterprise risk management ("ERM") program, and the committee chairs provide regular reports to the full board on relevant areas of oversight.

The board believes that its leadership structure, coupled with the structure and work of the various committees described below, is appropriate and effective in facilitating board-level risk oversight.

Solventum – *specifies which risks are retained by the full board and which are delegated to its committees.*



Risk management

Solventum management has primary responsibility for the practices, processes and procedures to proactively and comprehensively manage risk; the Board oversees those practices, processes and procedures. We have prioritized building a culture-focused foundation across the enterprise to drive collaboration, enhance execution and reduce risk. As defined in our Corporate Governance Guidelines and Board committee charters, the Board retains oversight of specific risks for itself and delegates oversight of other risks to Board committees based on their respective areas of expertise. Consideration of risk is a part of all Board meetings, and throughout the year, the Board and the relevant committees review and discuss specific risk topics in greater detail.

Oversight of risk management

The Board's, its committees' and management's focus on the Company's risks and other matters are shown below. Further detail on how specific oversight responsibility is delegated among the committees can be found under "Board Committees."

Board oversight

- Business strategy
- Sustainability and human resources strategies
- Company, structure and talent strategy
- Management's reports on significant risks
- Digital strategy and technology innovation and adoption (including AI)
- Merger, acquisition and divestiture execution
- Operating model transformation
- Market, policy and geopolitical trends
- Competition
- Supply chain
- CEO succession planning

Audit Committee oversight

- Financial statements and financial reporting activities
- Separation related risks
- Capital structure and financial risk assessment and management
- Compliance with legal and regulatory requirements
- Sustainability, stewardship and environmental, health and safety compliance and related risks
- Cyber security, artificial intelligence and data privacy

Talent Committee oversight

- Executive compensation policies and practices, including incentive compensation policies and arrangements
- Equity compensation programs
- Executive officer performance
- Succession planning process, including executive officer succession planning
- Strategy and outcomes related to human capital management

Governance Committee oversight

- Board structure, including committees, composition, leadership, assessment, and succession planning
- Corporate governance structure and practices
- Enterprise risk assessment and management and policies
- Related party transactions
- Public policy, social responsibility, environmental and corporate citizenship issues and trends, including political contributions
- Shareholder matters

Science, Technology and Quality Committee oversight

- Product quality and safety
- Overall strategy, direction and effectiveness of research and development and business development programs
- Quality and regulatory aspects of research and development programs
- Compliance with related laws and regulations

Management oversight

- Identify and assess risks affecting the Company
- Address identified risks and develop and execute mitigation plans
- Report information regarding risks to the Board and/or committees of the Board
- Monitor risks on an ongoing basis

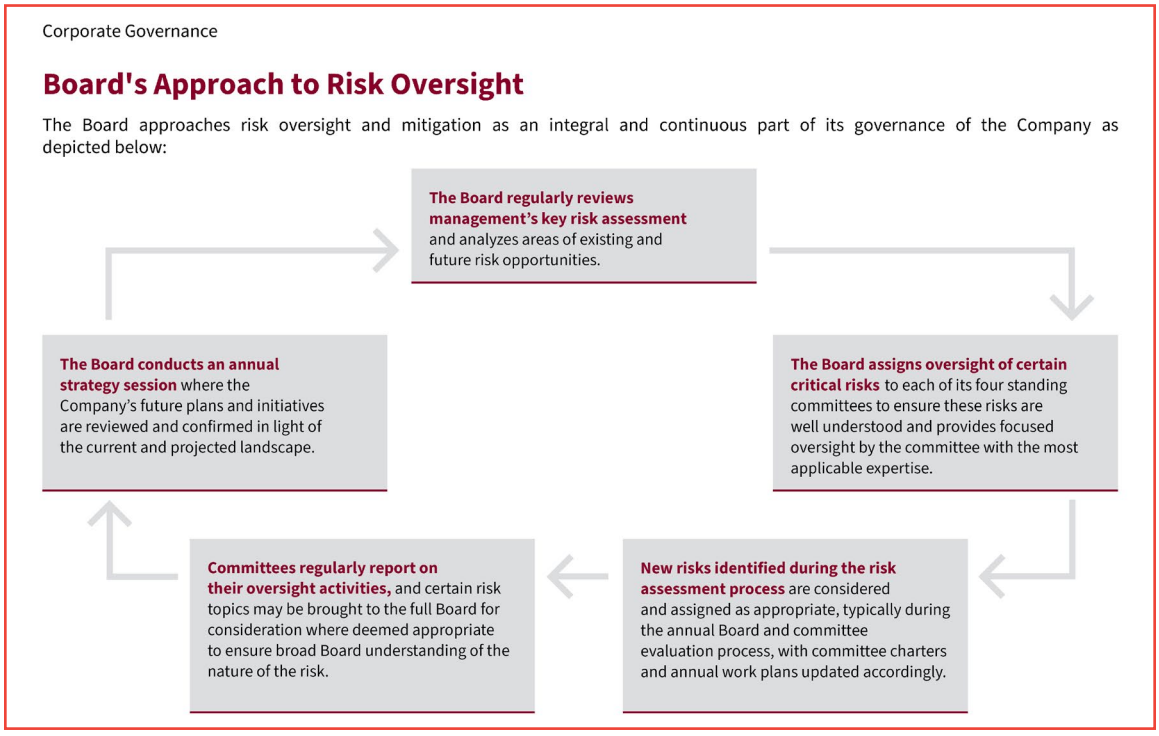
Synchrony – *highlights its risk management approach to one of its highest priorities, data protection, including details on Board oversight structure and reporting and noting director expertise.*

Board Oversight of Cybersecurity and Technology

The protection and security of financial and personal information of our consumers is one of the Company's highest priorities. To that end, we have an extensive cybersecurity oversight framework in place, which includes oversight of cybersecurity risk. Our information security team, led by a Chief Information Security Officer ("CISO"), in collaboration with our Risk Committee and our executive leadership team, closely monitors our information security program, including our strategy and information security policies and practices. The CISO role reports directly to our Chief Technology and Operating Officer and on a dotted line basis to our CRO. The Risk Committee receives reports and briefings on our information security and enterprise risk management programs at least quarterly, including the results of any external audits, examinations and evaluations, as well as maturity assessments of our information security program, and at least one of these sessions is held jointly with the Audit Committee. The Risk Committee and Audit Committee report regularly to the Board on the topics covered during these briefings. The Board also receives reports on cybersecurity and the Board ensures that it includes members with cybersecurity experience. The information security program includes administrative, technical and physical safeguards and is designed to provide an appropriate level of protection to maintain the confidentiality, integrity and availability of our Company's, our partners' and our customers' information. This includes protecting against known and evolving threats to the security or integrity of customer records and information, and against unauthorized or unintended access, compromise, disruption, loss or destruction of Company, partner and customer records or information and of our information systems. For more information regarding our cybersecurity risk management strategy and governance, please see "Item 1C. Cybersecurity" in our Form 10-K for the year ended December 31, 2025, filed with the U.S. Securities and Exchange Commission ("SEC") on February 6, 2026.

A key part of our strategic focus is the continued development of innovative, efficient and flexible technology to deliver products and services that meet the needs of our partners and customers and enables us to operate our business efficiently. The integration of our technology with our partners is at the core of our value proposition, enabling us to anticipate and deliver the experiences and tools our partners and consumers want, while reducing fraud and enhancing customer service. Recognizing the importance of technology and innovation to our future success, and in order to better leverage the Board's technology expertise, we have a committee of the Board devoted exclusively to technology and innovation. The Technology Committee reviews and advises the Board on major strategies and other subjects relating to the Company's approach to technology-related innovation, the technology development process and existing and emerging technologies, including generative artificial intelligence technologies, such as agentic artificial intelligence. The Chair of the Technology Committee is Art Coviello, a leader in the technology industry and former Executive Vice President of EMC Corporation and Executive Chairman of RSA Security, Inc.

Xcel Energy – *describes how risk is allocated among board and its committees, including dual-responsibility approach for particularly important topics.*



Corporate Governance

Board's Approach to Risk Oversight

The Board approaches risk oversight and mitigation as an integral and continuous part of its governance of the Company as depicted below:

The Board regularly reviews management's key risk assessment and analyzes areas of existing and future risk opportunities.

The Board assigns oversight of certain critical risks to each of its four standing committees to ensure these risks are well understood and provides focused oversight by the committee with the most applicable expertise.

New risks identified during the risk assessment process are considered and assigned as appropriate, typically during the annual Board and committee evaluation process, with committee charters and annual work plans updated accordingly.

Committees regularly report on their oversight activities, and certain risk topics may be brought to the full Board for consideration where deemed appropriate to ensure broad Board understanding of the nature of the risk.

The Board conducts an annual strategy session where the Company's future plans and initiatives are reviewed and confirmed in light of the current and projected landscape.

The Audit Committee is responsible for reviewing the adequacy of risk oversight and affirming that appropriate oversight occurs. Current risk assignments are as follows:

Board of Directors

Overall identification, management and mitigation of risk, with a focus on strategic risks

Audit Committee

- Financial reporting and internal control risks
- Risk management policies and guidelines
- Compliance risk assessment and mitigation
- Litigation risks

Finance Committee

- Financial risks, including liquidity, credit, capital market and insurance risks

GCN Committee

- Executive compensation-related risks
- Political activity risks
- Sustainability risks
- Board and management succession risks

ONES Committee

- Operating risks, including safety, nuclear, environmental, carbon, electric and natural gas operations, cyber and physical security, wildfire risks, resource adequacy and system resiliency

This tiered and structured approach provides a comprehensive risk management framework designed to protect shareholder interests. For example, the Board employs oversight of the risks associated with cybersecurity and the physical security of our assets, with information security matters being discussed at each regular board meeting as well as at the Operations, Nuclear, Environmental and Safety ("ONES") Committee and Audit Committee meetings throughout the year. While the ONES Committee has primary committee responsibility for this topic due to the operational issues involved, the Board has determined that the topic is of sufficient importance to warrant this comprehensive oversight approach. Similarly, the Board employs oversight of risks associated with AI, with appropriate matters being discussed as needed at regular Board meetings as well as at committee meetings. Given the importance of employee and public safety in our industry, the Board is regularly briefed on our approach to safety. Augmenting such oversight efforts, the Board conducts drills to practice its response in a possible emergency situation to ensure it is well prepared and positioned to perform in a possible crisis.

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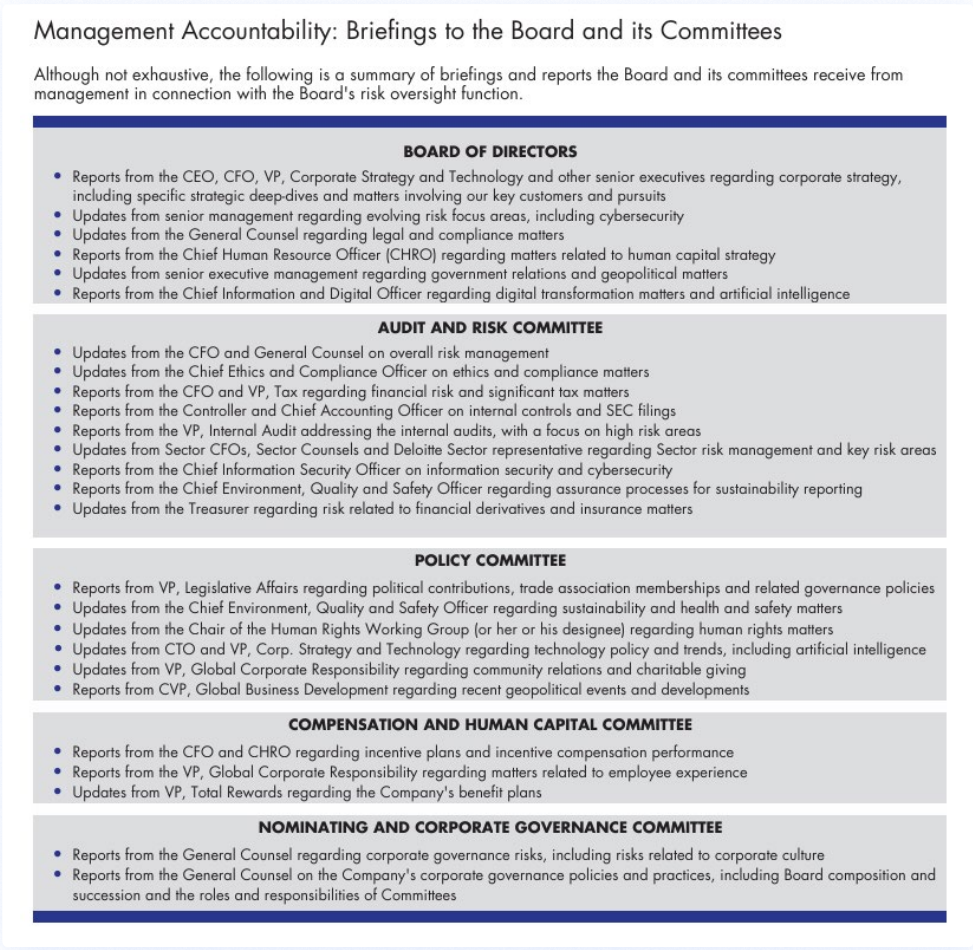
Disclosure Pointer 3: Describe the Oversight Process and Activities

Responsibility alone does not establish effective oversight. Shareholders also need to understand what the board or committee actually does. Useful disclosure addresses the rhythm and substance of oversight: how often significant topics appear on agendas; who reports to the board; what information or external advice directors receive; and how directors engage with management.

Activity-based disclosures make the process credible. Show how the board executes its oversight duty. Discussing the frequency and content of information and management reporting to the board is more informative than expressing it only as "regular" reporting. A rapidly changing or high-priority risk may require more frequent discussion, interim updates, dedicated education, or access to outside advisers.

The examples that follow show how information about what the board assesses—including how often and from whom it receives that information—helps stakeholders evaluate the quality of the board's oversight.

Northrop Grumman – *lists specific briefings and reports provided to the board.*



Management Accountability: Briefings to the Board and its Committees

Although not exhaustive, the following is a summary of briefings and reports the Board and its committees receive from management in connection with the Board's risk oversight function.

BOARD OF DIRECTORS

- Reports from the CEO, CFO, VP, Corporate Strategy and Technology and other senior executives regarding corporate strategy, including specific strategic deep-dives and matters involving our key customers and pursuits
- Updates from senior management regarding evolving risk focus areas, including cybersecurity
- Updates from the General Counsel regarding legal and compliance matters
- Reports from the Chief Human Resource Officer (CHRO) regarding matters related to human capital strategy
- Updates from senior executive management regarding government relations and geopolitical matters
- Reports from the Chief Information and Digital Officer regarding digital transformation matters and artificial intelligence

AUDIT AND RISK COMMITTEE

- Updates from the CFO and General Counsel on overall risk management
- Updates from the Chief Ethics and Compliance Officer on ethics and compliance matters
- Reports from the CFO and VP, Tax regarding financial risk and significant tax matters
- Reports from the Controller and Chief Accounting Officer on internal controls and SEC filings
- Reports from the VP, Internal Audit addressing the internal audits, with a focus on high risk areas
- Updates from Sector CFOs, Sector Counsels and Deloitte Sector representative regarding Sector risk management and key risk areas
- Reports from the Chief Information Security Officer on information security and cybersecurity
- Reports from the Chief Environment, Quality and Safety Officer regarding assurance processes for sustainability reporting
- Updates from the Treasurer regarding risk related to financial derivatives and insurance matters

POLICY COMMITTEE

- Reports from VP, Legislative Affairs regarding political contributions, trade association memberships and related governance policies
- Updates from the Chief Environment, Quality and Safety Officer regarding sustainability and health and safety matters
- Updates from the Chair of the Human Rights Working Group (or her or his designee) regarding human rights matters
- Updates from CTO and VP, Corp. Strategy and Technology regarding technology policy and trends, including artificial intelligence
- Updates from VP, Global Corporate Responsibility regarding community relations and charitable giving
- Reports from CVP, Global Business Development regarding recent geopolitical events and developments

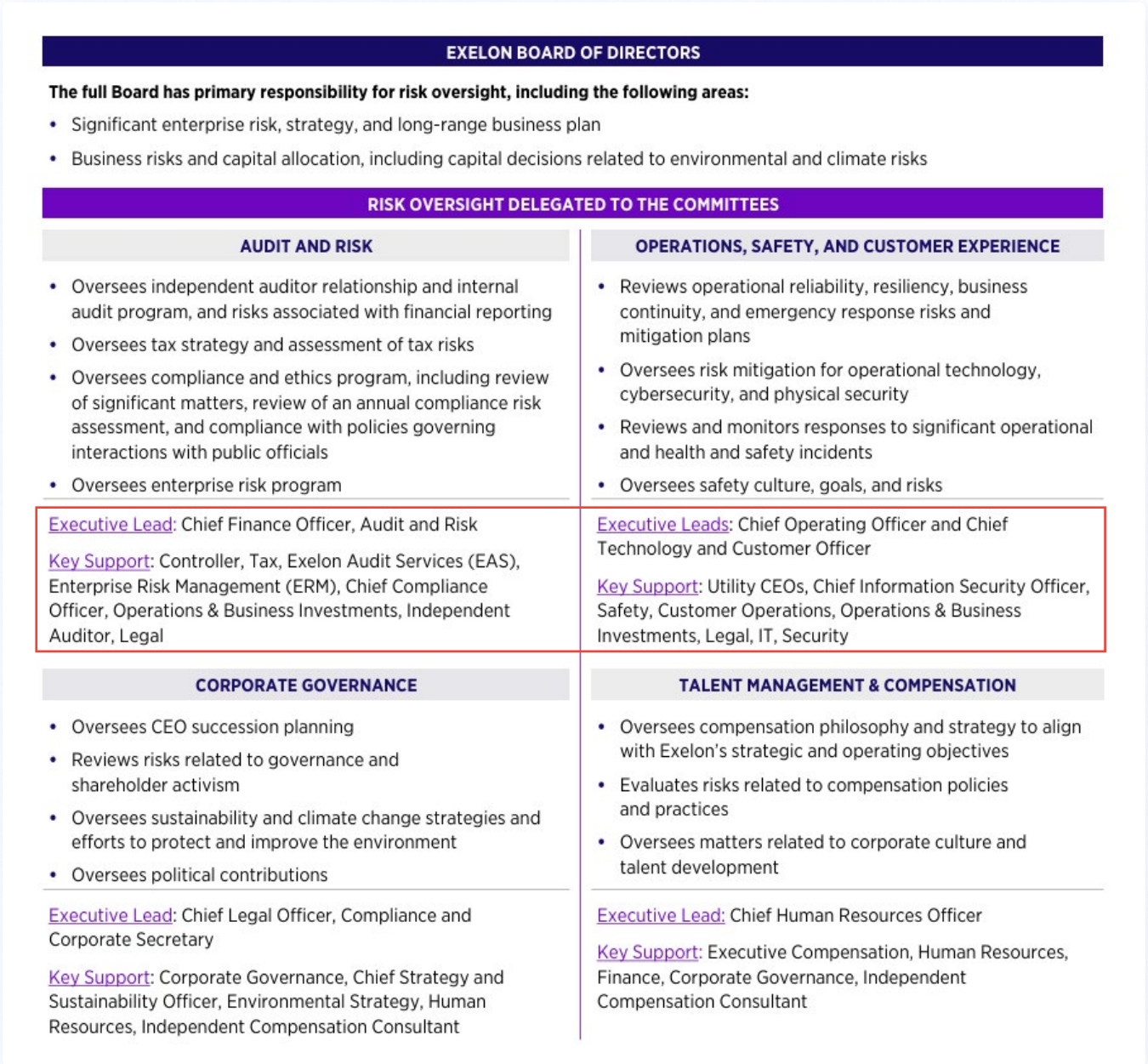
COMPENSATION AND HUMAN CAPITAL COMMITTEE

- Reports from the CFO and CHRO regarding incentive plans and incentive compensation performance
- Reports from the VP, Global Corporate Responsibility regarding matters related to employee experience
- Updates from VP, Total Rewards regarding the Company's benefit plans

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

- Reports from the General Counsel regarding corporate governance risks, including risks related to corporate culture
- Reports from the General Counsel on the Company's corporate governance policies and practices, including Board composition and succession and the roles and responsibilities of Committees

Exelon – *illustrates how management interacts with the board and identifies key and supporting management participants.*



EXELON BOARD OF DIRECTORS

The full Board has primary responsibility for risk oversight, including the following areas:

- Significant enterprise risk, strategy, and long-range business plan
- Business risks and capital allocation, including capital decisions related to environmental and climate risks

RISK OVERSIGHT DELEGATED TO THE COMMITTEES

AUDIT AND RISK

- Oversees independent auditor relationship and internal audit program, and risks associated with financial reporting
- Oversees tax strategy and assessment of tax risks
- Oversees compliance and ethics program, including review of significant matters, review of an annual compliance risk assessment, and compliance with policies governing interactions with public officials
- Oversees enterprise risk program

Executive Lead: Chief Finance Officer, Audit and Risk

Key Support: Controller, Tax, Exelon Audit Services (EAS), Enterprise Risk Management (ERM), Chief Compliance Officer, Operations & Business Investments, Independent Auditor, Legal

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE

- Reviews operational reliability, resiliency, business continuity, and emergency response risks and mitigation plans
- Oversees risk mitigation for operational technology, cybersecurity, and physical security
- Reviews and monitors responses to significant operational and health and safety incidents
- Oversees safety culture, goals, and risks

Executive Leads: Chief Operating Officer and Chief Technology and Customer Officer

Key Support: Utility CEOs, Chief Information Security Officer, Safety, Customer Operations, Operations & Business Investments, Legal, IT, Security

CORPORATE GOVERNANCE

- Oversees CEO succession planning
- Reviews risks related to governance and shareholder activism
- Oversees sustainability and climate change strategies and efforts to protect and improve the environment
- Oversees political contributions

Executive Lead: Chief Legal Officer, Compliance and Corporate Secretary

Key Support: Corporate Governance, Chief Strategy and Sustainability Officer, Environmental Strategy, Human Resources, Independent Compensation Consultant

TALENT MANAGEMENT & COMPENSATION

- Oversees compensation philosophy and strategy to align with Exelon's strategic and operating objectives
- Evaluates risks related to compensation policies and practices
- Oversees matters related to corporate culture and talent development

Executive Lead: Chief Human Resources Officer

Key Support: Executive Compensation, Human Resources, Finance, Corporate Governance, Independent Compensation Consultant

RTX – *provides details on content of risk briefings by management.*

The Chief Financial Officer and the General Counsel brief the Board at least biannually on the most significant risks under our ERM program and the associated mitigation plans. They also annually brief the Audit Committee on the ERM review process. In connection with these ERM reports and briefings, the Board reviews its allocation of risk oversight responsibilities among itself and the Committees.

In addition to these ERM briefings, management regularly reviews significant risks, including trends and developments, with the Board and its Committees, providing updates on long-term risks during annual long-range planning, strategic reviews and through regular reviews of annual operating plans, as well as providing a near- and medium-term focus on financial performance, market environment updates and presentations on specific associated risk areas. Between Board and Committee meetings, directors receive updates regarding developments in the Company's business as well as emerging risks. In addition, the Independent Lead Director regularly communicates with the CEO and other directors about emerging risks and issues and the coverage of appropriate risk topics in Board meeting agendas.

Product Safety Risk Oversight

Management fosters a strong safety culture and maintains robust safety programs across our businesses. Product safety is covered by our ERM program, and the Governance Committee has oversight responsibility for product safety risks (with the Special Activities Committee assisting on classified product safety). The Governance Committee annually reviews our corporate product safety program, receives an update at each meeting regarding product safety matters (including incident metrics and managed safety issues) and regularly receives a briefing from each business unit on its product safety management system, including how the system applies in practice, as well as the business unit's product safety culture. Our product safety program also provides for immediate reporting to the Governance Committee in the event of certain significant product safety incidents.

Allstate – *indicates frequency of risk review and identifies from whom reports are received.*

Risk and Return Management Oversight

Board Oversight of Risk

The key risk areas overseen by each Board committee are described below.

Board of Directors
Overall accountability of Allstate's enterprise risk and return management

Risk and Return Committee	Audit Committee	Compensation and Human Capital Committee	Nominating, Governance and Social Responsibility Committee
Review Frequency of Risk Areas			
Five times annually	Four times annually	Twice annually	Twice annually
Key Areas of Risk Oversight			
• ERRM Framework and risk-related decision making • Enterprise risk and return profile, including emerging risks • Enterprise resilience • AI governance • Risk and return perspective on strategic and operating plans • Extremely low frequency scenarios with potentially high impacts	• System of internal controls over accounting and financial reporting and disclosures • External financial reporting • Effectiveness of ethics and compliance program and reporting • Cyber resilience and cyber security • Litigation and regulatory developments • Auditor independence	• Executive compensation programs (design, performance measures and ranges in incentive plans), including review of the Chief Risk Officer's assessment of incentive compensation programs • Senior executive succession planning • Human capital management, leadership and development, organizational health and pay equity	• Corporate governance • Shareholder engagement • Political contributions and public policy activities, including review of the Chief Risk Officer's assessment of political activities • Sustainability strategy, progress and reporting
Reports From			
• Chief Risk Officer • Business unit chief risk officers • Senior business leaders • External experts	• Chief Financial Officer, Chief Accounting Officer, Chief Audit Executive, Chief Risk Officer, Chief Ethics and Compliance Officer, Chief Information Security Officer, Deputy General Counsel, Global Litigation • Independent cybersecurity advisor • Independent registered public accountant	• Chief Human Resources Officer • Chief Risk Officer • Independent compensation consultant • External and other internal experts	• Deputy General Counsel, Corporate Law • SVP, Government Relations • Chief Risk Officer • External and other internal experts

Management

Management is responsible for the day-to-day implementation of the ERRM Framework. The management team includes an executive risk and return management committee, and specialist committees that govern particular risks across three risk and return principles and six key categories identified on page 37.

General Dynamics – *describes briefings and other information received from management and external advisors.*

In addition, the Board committees are each responsible for various areas of risk oversight as described below.

Audit Committee

- Oversees the company's policies and practices concerning overall risk assessment and risk management.
- Reviews and takes appropriate action regarding the company's annual and quarterly financial statements, the internal audit program, the ethics program and internal control over financial reporting.
- Receives regular briefings from members of senior management on accounting matters, the internal audit plan, internal control over financial reporting matters, and ethics program matters.
- Holds separate, regular executive sessions with internal audit, management and the members of the company's independent auditors' audit team.

Finance and Benefit Plans Committee

- Oversees the management of the company's financial policies and the assets of the company's defined benefit plans for employees.
- Oversees market risk exposure with respect to assets within the company's defined benefit plans, and related to the capital structure of the company, including borrowing, liquidity, allocation of capital and funding of benefit plans.
- Assesses risks in areas under its purview, and receives regular briefings from our senior management or external advisors on financial policies, pension plan liabilities, and funding and asset performance.

Compensation Committee

- Oversees our executive compensation program to ensure that the program creates incentives for strong operational performance and for the long-term benefit of the company and its shareholders without encouraging excessive risk-taking.
- Receives briefings from the chairman and CEO; the senior vice president, human resources and administration; and outside consultants and advisors on compensation matters.

Nominating and Corporate Governance Committee

- Oversees risks related to the company's governance structure, processes, and risks arising from related person transactions.
- Receives briefings from the senior vice president, general counsel and secretary.

Sustainability Committee

- Oversees risks relating to the company's corporate sustainability practices and management, such as those regarding environmental, employee health and safety, human rights (including international sales of defense articles) and other social matters.
- Monitors developments, trends and best practices in managing corporate sustainability matters.
- Receives briefings from the senior vice president, general counsel and secretary; and the senior vice president, human resources and administration.

Senior Management

- Assumes responsibility for day-to-day risk management; conducts thorough assessments of the company's risks through internal management processes and controls, including an evaluation of the potential impact of existing and significant emerging risks to the company.
- Ensures compliance with the company's disclosure obligations, controls and procedures as existing and significant emerging risks are identified.
- Provides the Board with a comprehensive briefing of material risks at a minimum of two Board meetings a year that are designated as risk meetings, and briefs the Board throughout the year on specific risks facing the company.
- Delivers reports to the Board at an annual multi-day Board meeting, typically held in early February, on opportunities and risks in the markets in which the company conducts business. Additionally, each business unit president and each business segment executive vice president presents the unit's and segment's respective operating plan and strategic initiatives for the year. The presentations typically touch on notable business opportunities and risks in the segment that are relevant to its plan.
- Reports financial and performance metrics to the Board, through the CFO and executive vice presidents of each business segment.

External Advisors

- Remain available for consultation and provide independent, expert advice on the identification, oversight, evaluation and management of specific risks facing our business (including future threats and trends), and review and comment on risk management processes and procedures as necessary.
- Review and suggest updates and improvements to our risk management processes and procedures.
- Assist in the implementation of Board and senior management responsibilities regarding risk management.
- Support, advise and assist with public disclosure regarding risk management and company risks.

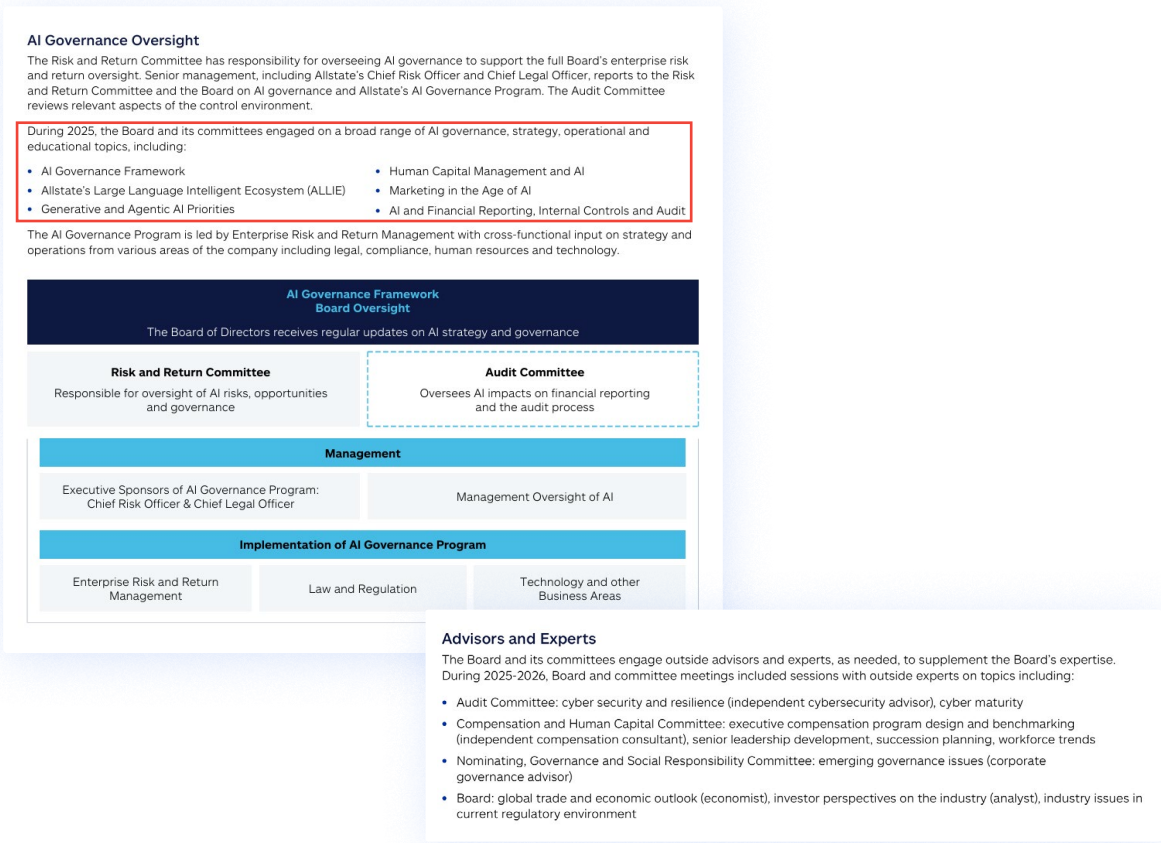
Disclosure Pointer 4: Show the Board's Capabilities and Readiness

The final step is to connect oversight responsibilities with the people performing them. A clear chain should be visible: a committee oversees a particular risk; its members collectively possess relevant skills; director biographies explain the experience behind those skills; and the board supplements existing knowledge through continuing education, external advice, and thoughtful refreshment.

Skills matrices are most useful when the skill definitions are specific enough to be meaningful and when they evolve with the company's needs. Similarly, biographies are most useful when they show not just that a director has a particular risk expertise, but instead shows how their experience supports oversight of the company's particular exposures. Where refreshment has added capabilities tied to strategic priorities or emerging risks, say so. The same is true of continuing education: identify the subjects addressed and how the program helps directors remain current.

The examples that follow show several ways to make the important connection between oversight and director skills, pulling from sections of the proxy statement beyond risk oversight. The objective is to demonstrate present capability while showing that the board is preparing for what comes next.

Allstate – *specifies board training on AI; indicates topics for which board engaged outside experts and advisors.*



AI Governance Oversight

The Risk and Return Committee has responsibility for overseeing AI governance to support the full Board's enterprise risk and return oversight. Senior management, including Allstate's Chief Risk Officer and Chief Legal Officer, reports to the Risk and Return Committee and the Board on AI governance and Allstate's AI Governance Program. The Audit Committee reviews relevant aspects of the control environment.

During 2025, the Board and its committees engaged on a broad range of AI governance, strategy, operational and educational topics, including:

- AI Governance Framework
- Allstate's Large Language Intelligent Ecosystem (ALLIE)
- Generative and Agentic AI Priorities
- Human Capital Management and AI
- Marketing in the Age of AI
- AI and Financial Reporting, Internal Controls and Audit

The AI Governance Program is led by Enterprise Risk and Return Management with cross-functional input on strategy and operations from various areas of the company including legal, compliance, human resources and technology.

AI Governance Framework
Board Oversight

The Board of Directors receives regular updates on AI strategy and governance

Risk and Return Committee
Responsible for oversight of AI risks, opportunities and governance

Audit Committee
Oversees AI impacts on financial reporting and the audit process

Management

Executive Sponsors of AI Governance Program: Chief Risk Officer & Chief Legal Officer

Management Oversight of AI

Implementation of AI Governance Program

Enterprise Risk and Return Management

Law and Regulation

Technology and other Business Areas

Advisors and Experts

The Board and its committees engage outside advisors and experts, as needed, to supplement the Board's expertise. During 2025-2026, Board and committee meetings included sessions with outside experts on topics including:

- Audit Committee: cyber security and resilience (independent cybersecurity advisor), cyber maturity
- Compensation and Human Capital Committee: executive compensation program design and benchmarking (independent compensation consultant), senior leadership development, succession planning, workforce trends
- Nominating, Governance and Social Responsibility Committee: emerging governance issues (corporate governance advisor)
- Board: global trade and economic outlook (economist), investor perspectives on the industry (analyst), industry issues in current regulatory environment

Allstate – *ties director expertise to effective committee oversight.*

Director Expertise Enhances Committee Oversight

The table below highlights four of the most relevant areas of expertise that the committee members possess; however, it is not an exhaustive list of skills and expertise for those directors. For more information on committee responsibilities and committee member experience, see pages 32-33.

Capabilities/Experience	Audit Committee	Compensation and Human Capital Committee	Nominating, Governance and Social Responsibility Committee	Risk and Return Committee
Enterprise Oversight				
Strategy Development		●		●
Customer Focus			●	●
Operational Execution				●
Industry Experience				
Insurance and Financial Services	●	●		
Investments				
Risk Management	●	●		●
Technical Expertise				
Technology and Cybersecurity	●			●
Regulatory Affairs	●		●	
Financial	●	●		
Corporate Governance				
Succession and Human Capital		●	●	
Shareholder Advocacy			●	
Societal Engagement			●	

Margaret M. Keane

Independent

Age 66

Director since 2018 (8 years of tenure)

Professional Experience

- CEO of Cisive Inc., a provider of employee background screening and related compliance services.
- Former Executive Chair, CEO and President of Synchrony Financial, a consumer financial services company.
- Former President and CEO of GE Capital Retail Finance.

Other Public Board Service

- Tenable Holdings, Inc. (2023–present)

Key Experience and Qualifications

Enterprise Oversight: Operational and strategic experience in the consumer financial services industry gained as CEO of two financial services companies and Cisive. As CEO of Synchrony, led strategic and technology transformation in rapidly changing consumer payments industry

Industry Experience: In-depth understanding and experience in financial services industry as CEO of Synchrony Financial and GE Capital Retail Finance. Gained unique perspective on risk management as CEO of Cisive, a background screening company.

Technical Expertise: Extensive knowledge of innovation and technology transformation strategies gained throughout financial services career, including driving Synchrony's digital transformation, and use of artificial intelligence, machine learning and data analytics to improve underwriting.

Corporate Governance: Significant experience in developing talent and succession planning as CEO of Cisive and Synchrony Financial, complemented by board service at Tenable that brings additional perspectives on corporate governance.

Committee Assignments and Rationale

Compensation and Human Capital Committee

- Substantial experience in establishing management performance objectives and executive compensation as CEO of Cisive and Synchrony Financial.

Risk and Return Committee

- Extensive experience in risk and return management as CEO of Cisive and Synchrony Financial.
- Expertise in evaluating risk and return in innovation and technology transformation environments.

Walmart – *shows committee's expertise supporting effective oversight.*

Board Committees

To enhance the effectiveness of the Board's risk oversight function, the Board regularly reviews its committee structure and committee responsibilities to ensure that the Board has an appropriate committee structure focused on matters of strategic and governance importance to Walmart. Currently, the Board has six standing committees, which are described below. In addition to the duties described below, our Board committees perform the risk oversight functions described on page 34.

Strategic Planning and Finance Committee

Steuart Walton, Chair
Cesar Conde
Carla Harris
Tom Horton
Randall Stephenson

3
Meetings in Fiscal 2026

Primary Responsibilities

- Reviews global financial policies and practices and reviews and analyzes financial matters, acquisition, and divestiture transactions
- Oversees long-range strategic planning
- Reviews and recommends a dividend policy to the Board
- Reviews the preliminary annual operating plan, annual financial plan, and annual capital plan to be approved by the Board, as well as the company's capital structure and capital expenditures

Experience of Committee Members

5/5	Global or International Business Experience	3/5	Finance, Accounting, or Financial Reporting Experience
5/5	Senior Leadership Experience	2/5	Retail Experience
4/5	Regulatory, Legal, or Risk Management Experience	3/5	Technology or eCommerce Experience

Technology and eCommerce Committee

Sarah Friar, Chair
Tim Flynn
Marissa Mayer
Shishir Mehrotra
Bob Moritz
Brian Niccol

3
Meetings in Fiscal 2026

Primary Responsibilities

- Reviews and provides guidance on the company's eCommerce, omnichannel, and digital businesses in key markets and in ways that weave together the company's unique physical and digital assets and capabilities; development and uses of technology, including artificial intelligence; modernization and ongoing evolution of the company's technology infrastructure; adoption of effective ways of working; data assets, capabilities, and data use cases for commercial purposes; and measurement and tracking of key metrics related to the company's omnichannel digital enterprise
- Reviews and provides guidance regarding trends relevant to an omnichannel digital enterprise

Experience of Committee Members

6/6	Global or International Business Experience	4/6	Finance, Accounting, or Financial Reporting Experience
6/6	Senior Leadership Experience	2/6	Marketing or Brand Management Experience
2/6	Regulatory, Legal, or Risk Management Experience	4/6	Technology or eCommerce Experience

Equifax – *describes how directors build practical fluency in AI.*

Board Oversight of AI-Related Risks & Opportunities

Our Board of Directors monitors our "tone at the top" and risk culture and oversees principal risks facing the Company. We take a "whole Board" approach to oversight of AI governance, meaning that our full Board of Directors exercises direct oversight of AI-related risks and opportunities.

In order to fulfill its oversight responsibility, our Board believes that all directors should have a practical understanding of AI technology and governance, both generally speaking and as applied to Equifax. In support of this commitment, our Board has undertaken several actions:

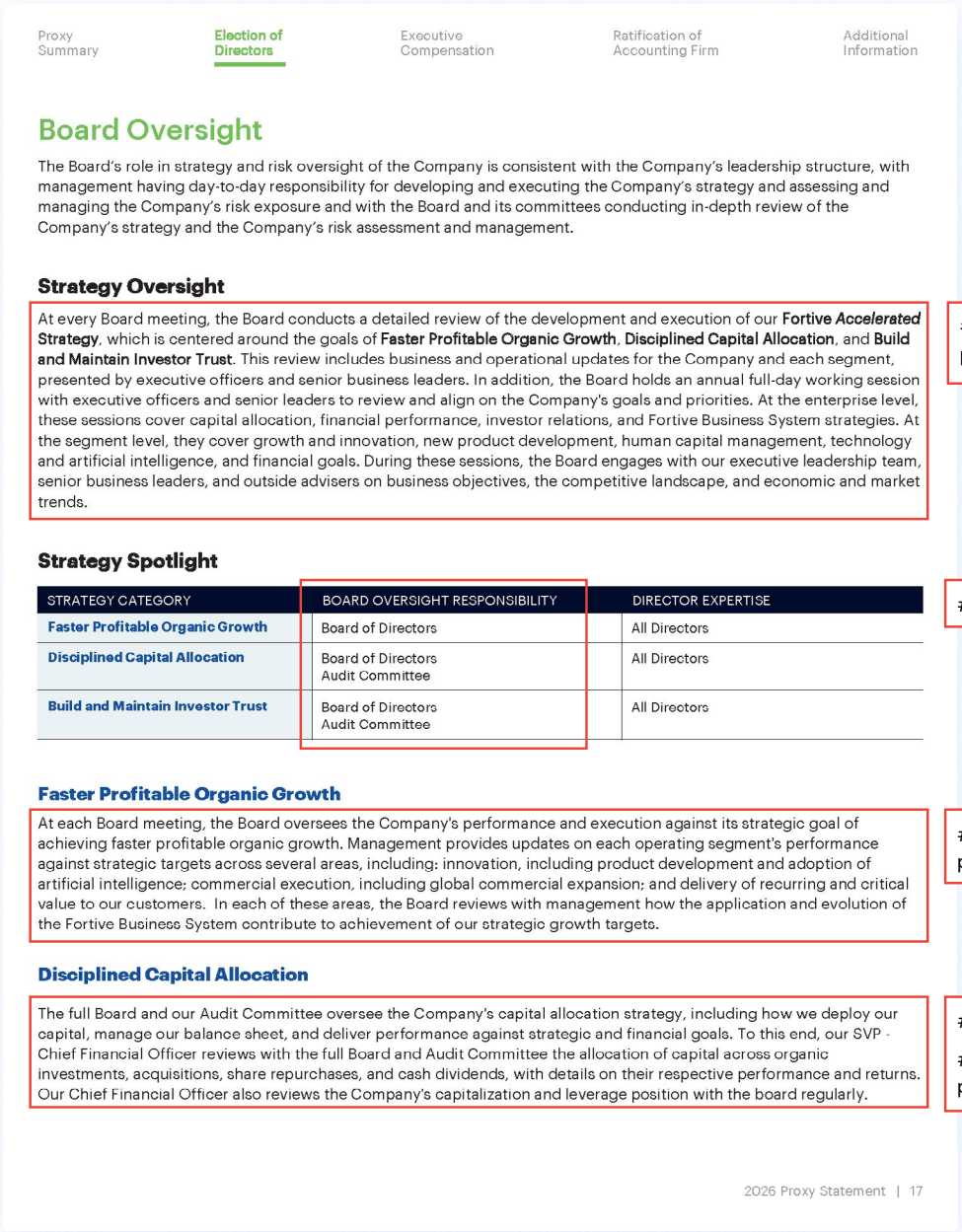
- *AI Updates Presented to Full Board of Directors.* We have been driving responsible AI innovation for more than a decade under the oversight of our Board of Directors and our Technology Committee. As our use of AI technology has accelerated, our Board has shifted AI-related updates to become a recurring topic at quarterly meetings of the full Board, instead of presenting these updates only to the Technology Committee.
- *Continuing Board Education.* We periodically bring in internal subject matter experts and outside experts to speak to our directors about AI issues and topics, including developments in AI technology and AI governance.
- *AI Integrated into Annual Strategy Review.* Our full Board reviews our AI strategy as part of our annual strategic review with management.

As we continue to innovate, our Board is focused on ensuring that our AI initiatives deliver tangible benefits – for customers, consumers, our employees and our shareholders – while at the same time abiding by established governance processes that mitigate risk.

Comprehensive example: Fortive

Companies preparing the next proxy should test their draft against four questions investors are asking: Can a shareholder tell which risks receive board attention, and why? Is it clear who owns oversight? Does the disclosure reveal what the board actually does? And can the reader understand why the directors have the necessary expertise and readiness? In its 2026 proxy statement (pages 17-21), Fortive comprehensively addresses all of these questions, providing disclosure that is decision-useful—and reflects the quality of oversight the board intends to provide.

Numerical references are to the pointers discussed above.



Proxy Summary | Election of Directors | Executive Compensation | Ratification of Accounting Firm | Additional Information

Board Oversight

The Board's role in strategy and risk oversight of the Company is consistent with the Company's leadership structure, with management having day-to-day responsibility for developing and executing the Company's strategy and assessing and managing the Company's risk exposure and with the Board and its committees conducting in-depth review of the Company's strategy and the Company's risk assessment and management.

Strategy Oversight

At every Board meeting, the Board conducts a detailed review of the development and execution of our **Fortive *Accelerated* Strategy**, which is centered around the goals of **Faster Profitable Organic Growth**, **Disciplined Capital Allocation**, and **Build and Maintain Investor Trust**. This review includes business and operational updates for the Company and each segment, presented by executive officers and senior business leaders. In addition, the Board holds an annual full-day working session with executive officers and senior leaders to review and align on the Company's goals and priorities. At the enterprise level, these sessions cover capital allocation, financial performance, investor relations, and Fortive Business System strategies. At the segment level, they cover growth and innovation, new product development, human capital management, technology and artificial intelligence, and financial goals. During these sessions, the Board engages with our executive leadership team, senior business leaders, and outside advisers on business objectives, the competitive landscape, and economic and market trends.

#3 Describe the oversight process and activities

Strategy Spotlight

STRATEGY CATEGORY	BOARD OVERSIGHT RESPONSIBILITY	DIRECTOR EXPERTISE
Faster Profitable Organic Growth	Board of Directors	All Directors
Disciplined Capital Allocation	Board of Directors Audit Committee	All Directors
Build and Maintain Investor Trust	Board of Directors Audit Committee	All Directors

#2 Identify the oversight owner

Faster Profitable Organic Growth

At each Board meeting, the Board oversees the Company's performance and execution against its strategic goal of achieving faster profitable organic growth. Management provides updates on each operating segment's performance against strategic targets across several areas, including: innovation, including product development and adoption of artificial intelligence; commercial execution, including global commercial expansion; and delivery of recurring and critical value to our customers. In each of these areas, the Board reviews with management how the application and evolution of the Fortive Business System contribute to achievement of our strategic growth targets.

#3 Describe the oversight process and activities

Disciplined Capital Allocation

The full Board and our Audit Committee oversee the Company's capital allocation strategy, including how we deploy our capital, manage our balance sheet, and deliver performance against strategic and financial goals. To this end, our SVP - Chief Financial Officer reviews with the full Board and Audit Committee the allocation of capital across organic investments, acquisitions, share repurchases, and cash dividends, with details on their respective performance and returns. Our Chief Financial Officer also reviews the Company's capitalization and leverage position with the board regularly.

#2 Identify the oversight owner

#3 Describe the oversight process and activities

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Build and Maintain Investor Trust

The full Board and our Audit Committee oversee the Company's investor relations strategy, including how we build credibility with our investors through setting clear expectations and executing consistently. Our Chief Financial Officer and our VP - Investor Relations review with the full Board and Audit Committee our public disclosure strategies, including how we communicate with clarity and credibility to our investors. Our Chief Financial Officer also reviews in detail with the full Board and Audit Committee investor feedback, ownership dynamics among our shareholder base as well as financial performance relative to peer companies and relevant benchmarks.

Risk Oversight

The Board oversees the Company's risk management processes directly and through each of its committees. In general, the Board oversees the management of risks inherent in the operation of the Company's businesses on a consolidated basis, by each operating segment and by key corporate functions. In addition, the enterprise risk oversight includes review of the risks and opportunities related to the implementation by the Company of its strategic plan, its capital allocation program, its capital structure and liquidity and its organizational structure. Furthermore, through the Audit Committee, the Board oversees the Company's enterprise risk management process and policies. At least on an annual basis or more frequently as deemed appropriate by the Board, the Board reviews in depth with senior leaders of the Company the Company's enterprise risk management, with particular focus on the enterprise risks and opportunities with the greatest impact and highest probability. In addition, the chairs of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee review with each other and with the rest of the Board during executive sessions of Board meetings as appropriate updates to the Company's enterprise risk management discussed during the corresponding committee meetings. Furthermore, at least on an annual basis or more frequently as deemed appropriate by the Board, the Board reviews with the VP - Corporate Secretary our insurance policies, including our D&O insurance policy, general liability policy, and our information security risk insurance policy.

#2 Identify the oversight owner

#3 Describe the oversight process

Committees' Role in Risk Oversight



#1 Name the risks

#2 Identify the oversight owner

Each committee reports to the full Board on a regular basis, including as appropriate with respect to the committee's risk oversight activities.

Internal Risk Committee

The Company's Risk Committee (consisting of members of senior management) inventories, assesses, and prioritizes the most significant risks facing the Company as well as related mitigation efforts, and, on at least an annual basis, provides a report to the Board and provides a report of the process to the Audit Committee.

Risk Spotlight

RISK CATEGORY	BOARD OVERSIGHT RESPONSIBILITY	DIRECTOR EXPERTISE
Cybersecurity and Product Security	Board of Directors Audit Committee	Sharmistha Dubey Rejji Hayes Kate Mitchell Gregory Moore Jeannine Sargent
Artificial Intelligence Governance	Board of Directors	Eric Branderiz* Sharmistha Dubey Kate Mitchell Gregory Moore Jeannine Sargent Olumide Soroye
Human Capital Management	Board of Directors Compensation Committee	All Directors
Sustainability Reporting and Climate-Related Risk	Board of Directors Nominating and Governance Committee	Eric Branderiz* Rejji Hayes Jeannine Sargent
CEO Succession Planning	Board of Directors Nominating and Governance Committee	All Directors

#1 Name the risks

#4 Show the board's capabilities

* Mr. Branderiz will retire from the Board at the 2026 Annual Meeting.

Cybersecurity and Product Security

The Board has delegated to the Audit Committee the responsibility of exercising oversight with respect to the Company's cybersecurity risk management and risk controls. Our Chief Information Officer and our Chief Information Security Officer report to the Audit Committee and to the Board regarding cybersecurity threat, risks, and other cybersecurity related matters. Our Chief Information Officer and our Chief Information Security Officer are informed about and monitor the prevention, mitigation, detection, and remediation of cybersecurity incidents through their management of, and participation in, cybersecurity risk management and strategy processes, including the operation of our incident response plan and oversight of the IT function. In addition, our Chief Information Officer and our Chief Information Security Officer review with the Audit Committee the results of certain cybersecurity-related assessments including, the annual risk assessment and penetration test performed by an independent third party. The incident response and escalation procedures are tested through our annual tabletop exercises with senior management and our quarterly tabletop exercises with the IT operations teams. The Company's security framework is based on the National Institute of Security and Technology (NIST) Frameworks, Generally Accepted Privacy Program (GAPP) guiding principles, and ISO 27001/2 standards.

#2 Identify the oversight owner

#3 Describe the oversight process and activities

Artificial Intelligence Governance

The full Board oversees the Company's use of artificial intelligence, including how artificial intelligence ("AI") is integrated into our products and operations. At least annually, the Board reviews the impact, development, utilization, and governance of artificial intelligence, including compliance with the Company's AI ethics and governance policies.

Human Capital Management

The Board has delegated to the Compensation Committee the responsibility of exercising oversight of the Company's human capital and compensation risks, including oversight of risks related to overall compensation, retention and company culture. Our SVP - Chief People Officer provides regular reports on compensation and other human capital management risks, trends, best practices, strategies and disclosure to the Compensation Committee. While the Board has delegated these responsibilities to the Compensation Committee, the Board remains actively involved and receives additional reports throughout the year on employee engagement, inclusion, talent development, company culture and alignment of human capital strategies and risks with the Company's overall growth, innovation, and operational strategies.

Sustainability Reporting and Climate-Related Risk

The Board has delegated to the Nominating and Governance Committee the responsibility of exercising oversight with respect to the reporting of our Sustainability disclosure as well as oversight of our climate-related risk management and performance. Consistent with such delegation, our SVP – Chief Legal Officer provides frequent reports and updates to the Nominating and Governance Committee, and a report to the Board on an annual basis, regarding the Company's Sustainability program, including the corresponding climate-related risks and opportunities, sustainability goals, progress, shareholder engagement and disclosure. See "Sustainability" for further discussion on governance structure of our Sustainability program.

CEO Succession Planning

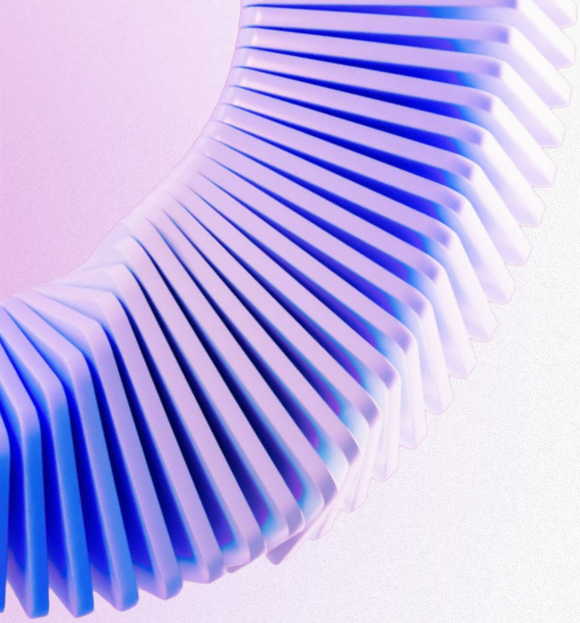
The entire Board oversees the recruitment, development, retention, and succession planning of our executive officer positions, with the responsibilities of oversight of CEO succession planning delegated to the Nominating and Governance Committee, and the responsibilities of ensuring appropriate compensation strategies and programs to align with the retention and recruitment delegated to the Compensation Committee. Our SVP - Chief People Officer provides regular reports on the CEO succession planning process and strategies to the Nominating and Governance Committee and on compensation strategies and programs to assist in retention and recruitment of future leaders to the Compensation Committee. The SVP - Chief People Officer also provides additional reports throughout the year to the full Board on short-term and long-term readiness of potential successors, outside recruitment to populate the succession funnel as necessary, and development plans of future leaders. In addition to the formal activities noted below, the Board and its committee members engage and assess our executive officers and high-potential employees during management presentations, our annual multi-day leadership conference, our annual strategy sessions for the Board, regular visits to our operating companies, and periodic informal meetings and communications.

November and December	February	June	August
Strategy Update and CEO Succession Planning Process Review	**Performance Review and Compensation Awards**	**Employee Engagement Update and Enterprise Risk Assessment Report**	**Talent, Succession and Engagement Update**
Board: Assessment of management during full-day informal strategy session with management	**Compensation Committee**: Finalize and approve performance reviews and compensation decisions for the prior year and target compensation for the current year, with deliberation and input from the entire Board	**Board**: Update on company culture, talent retention and leadership effectiveness reflected in employee survey	**Board**: Review of senior management succession readiness, including short-term and long-term leadership development, and employee engagement
Compensation Committee: Preliminary review of the performance of the executive officers in connection with compensation analysis		**Nominating and Governance Committee**: Review CEO succession planning, process	

As a result of this rigorous, thoughtful, and well-designed approach to succession planning, on June 27, 2025, the Board appointed Olumide Soroye as CEO and President of Fortive, consistent with long-term planning and advance notice to the investors, upon the completion of the separation of Ralliant into a new, publicly-traded company.

#2 Identify the oversight owner

#3 Describe the oversight process and activities



About Labrador Transparency

Labrador Transparency exists to offer the science of transparency to corporations wishing to communicate effectively with their readers.

Our experienced and passionate team is composed of attorneys, designers, project managers, thinkers, and web developers. We collaborate together around a process that encompasses drafting, editing, designing, and publishing across all digital and print channels.

We are thrilled that communications prepared by Labrador Transparency have contributed to trustful relationships between our clients and their readers, whether investors, employees, or other stakeholders.

In turn, our commitment to our clients has resulted in meaningful long-term relationships with some of the most respected public and private companies in the world.

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