Triodos Investment Management

STRATEGIC EDUCATION INC

MEETING DATE	Tue, 27 Apr 2021 8:00 am	TYPE	AGM	ISSUE DATE	Tue, 20 Apr 2021
MEETING LOCATION	Virtual Meeting: http://www.viewproxy.com/StrategicEducation/2021/htype.asp				
CURRENT INDICES	PIRC Global				
SECTOR	Educational services				
FYE	31 Dec 2020				

	PROPOSALS	ADVICE
1.1	**Elect Robert S. Silberman - Chair (Executive)** Executive Chair. It is a generally accepted norm of good practice that the Chair of the Board should act with a proper degree of independence from the company's management team when exercising his or her oversight of the functioning of the Board. Holding an executive position is incompatible with this. Triodos opposes this resolution.	**Oppose**
1.2	**Elect J. Kevin Gilligan - Vice Chair (Non Executive)** Non-Executive Vice Chair. Not considered independent as the director previously served as Executive Vice Chair until 1 August 2019. There is insufficient independent representation on the Board. Triodos opposes this resolution.	**Oppose**
1.3	**Elect Robert R. Grusky - Presiding Independent Director** Presiding Independent Director. Not considered independent owing to a tenure of over nine years. It is considered that a Lead Independent Director should be independent, in order to fulfil the responsibilities assigned to that role. Triodos opposes this resolution.	**Oppose**
1.4	**Elect Charlotte F. Beason - Non-Executive Director** Non-Executive Director. Not considered independent owing to a tenure of over nine years, although this candidate increases the overall diversity profile of the board there is insufficient independent representation on the Board. Triodos abstains this resolution.	**Abstain**
1.5	**Elect Rita D. Brogley - Non-Executive Director** Independent Non-Executive Director.	**For**
1.6	**Elect John T. Casteen, III - Non-Executive Director** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board. Triodos opposes this resolution.	**Oppose**
1.7	**Elect H. James Dallas - Non-Executive Director** Independent Non-Executive Director.	**For**
1.8	**Elect Nathaniel C. Fick - Non-Executive Director** Independent Non-Executive Director.	**For**
1.9	**Elect Jerry L. Johnson - Non-Executive Director** Independent Non-Executive Director.	**For**
1.10	**Elect Karl McDonnell - Chief Executive** Chief Executive.	**For**
1.11	**Elect William J. Slocum - Non-Executive Director** Non-Executive Director. Not considered independent as the director is a Partner at Inclusive Capital Partners, L.P. a significant shareholder of the company, owning 5.6% of common stock. There is insufficient independent representation on the Board. Triodos opposes this resolution.	**Oppose**

1.12 Elect G. Thomas Waite, III - Non-Executive Director **Oppose**

Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.
Triodos opposes this resolution.

2 Re-appoint PricewaterhouseCoopers LLP as the Auditors **Oppose**

PwC proposed. Non-audit fees represented 11.23% of audit fees during the year under review and 11.23% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The date of appointment of the current audit firm is undisclosed, meaning the length of tenure is not known. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.
Triodos opposes this resolution.

3 Advisory Vote on Executive Compensation **Oppose**

The company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment.
The company uses adjusted performance metrics for most elements of compensation. The use of non-GAAP metrics prevents shareholders from being able to assess fully whether the performance targets are sufficiently challenging. The company included non-financial metrics into the annual bonus structure, which is considered best practice. The annual incentive award made during the year under review is not considered to be overly excessive as it amounts to less than 200% of base salary. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Maximum long-term award opportunities are limited to 200% of base salary, which is considered as acceptable practice. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice. The minimum performance period prior to vesting is less than three years, which is considered to be short term. Five-year vesting would be preferred. Executive compensation is aligned with peer group averages.
The compensation rating is: ECB
Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

Disclosure: E - The company has provided the level of fees paid to the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency. The performance metrics used to award the Annual bonus have not been disclosed. Specific performance targets for all long-term awards have not been adequately disclosed.
Balance: C - The company uses adjusted performance metrics for most elements of compensation. The use of non-GAAP metrics prevents shareholders from being able to assess fully whether the performance targets are sufficiently challenging. The company included non-financial metrics into the annual bonus structure, which is considered best practice. The annual incentive award made during the year under review is not considered to be overly excessive as it amounts to less than 200% of base salary. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Maximum long-term award opportunities are limited to 200% of base salary, which is considered as acceptable practice. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice. The minimum performance period prior to vesting is less than three years, which is considered to be short term. Five-year vesting would be preferred. Executive compensation is aligned with peer group averages.
Contract: B - Cash severance is limited to three times base salary; which is welcomed. Change-in-control payments are subject to double-trigger provisions. 'Good reason' is not defined appropriately, such that the Remuneration Committee is able to apply discretion when determining the status of a departing executive. The Compensation Committee has full discretion to accelerate the vesting of awards upon a change of control, which is a concern. The claw-back policy is considered appropriate as it applies to short- and long-term incentives, and is not limited to cases of financial misstatement.

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