UNITED STATES

SRI PROXY VOTING GUIDELINES UPDATES
2024 Policy Recommendations

Published January 2024

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Executive and Director Compensation

Criteria for Evaluating Executive Pay

Problematic Pay Practices

<table>
<tr><th>Current Social Advisory Services Policy:</th><th>New Social Advisory Services Policy:</th></tr>
<tr><td>Problematic pay elements are generally evaluated case-by-case considering the context of a company's overall pay program and demonstrated pay-for-performance philosophy. The focus is on executive compensation practices that contravene the global pay principles, including:
Problematic practices related to non-performance-based compensation elements;
Incentives that may motivate excessive risk-taking or present a windfall risk; and
Pay decisions that circumvent pay-for-performance, such as options backdating or waiving performance requirements.
The list of examples below highlights certain problematic practices that carry significant weight in this overall consideration and may result in adverse vote recommendations:
Repricing or replacing of underwater stock options/SARs without prior shareholder approval (including cash buyouts and voluntary surrender of underwater options);
Extraordinary perquisites or tax gross-ups);
New or materially amended agreements that provide for:
Excessive termination or CIC severance payments (generally exceeding 3 times base salary and average/target/most recent bonus);
CIC severance payments without involuntary job loss or substantial diminution of duties ("single" or "modified single" triggers) or in connection with a problematic Good Reason definition;
CIC excise tax gross-up entitlements (including "modified" gross-ups);</td><td>Problematic pay elements are generally evaluated case-by-case considering the context of a company's overall pay program and demonstrated pay-for-performance philosophy. The focus is on executive compensation practices that contravene the global pay principles, including:
Problematic practices related to non-performance-based compensation elements;
Incentives that may motivate excessive risk-taking or present a windfall risk; and
Pay decisions that circumvent pay-for-performance, such as options backdating or waiving performance requirements.
The list of examples below highlights certain problematic practices that carry significant weight in this overall consideration and may result in adverse vote recommendations:
Repricing or replacing of underwater stock options/SARs without prior shareholder approval (including cash buyouts and voluntary surrender of underwater options);
Extraordinary perquisites or tax gross-ups);
New or materially amended agreements that provide for:
Excessive termination or CIC severance payments (generally exceeding 3 times base salary and average/target/most recent bonus);
CIC severance payments without involuntary job loss or substantial diminution of duties ("single" or "modified single" triggers) or in connection with a problematic Good Reason definition;
CIC excise tax gross-up entitlements (including "modified" gross-ups);</td></tr>
</table>

- Multi-year guaranteed awards that are not at risk due to rigorous performance conditions; - Liberal CIC definition combined with any single-trigger CIC benefits; - Insufficient executive compensation disclosure by externally-managed issuers (EMIs) such that a reasonable assessment of pay programs and practices applicable to the EMI's executives is not possible; - Severance payments made when the termination is not clearly disclosed as involuntary (for example, a termination without cause or resignation for good reason); - E&S Incentives: A lack of any LTI and STI performance metrics and/or a lack of disclosure on LTI and STI performance metrics related to E&S criteria. - Any other provision or practice deemed to be egregious and present a significant risk to investors. The above examples are not an exhaustive list. Please refer to the U.S. Compensation Policies FAQ document for additional detail on specific pay practices that have been identified as problematic and may lead to negative vote recommendations.	- Multi-year guaranteed awards that are not at risk due to rigorous performance conditions; - Liberal CIC definition combined with any single-trigger CIC benefits; - Insufficient executive compensation disclosure by externally-managed issuers (EMIs) such that a reasonable assessment of pay programs and practices applicable to the EMI's executives is not possible; - Severance payments made when the termination is not clearly disclosed as involuntary (for example, a termination without cause or resignation for good reason); - E&S Incentives: A lack of any LTI and STI performance metrics, incentives, and/or a lack of disclosure on LTI and STI performance metrics related to E&S criteria. - Any other provision or practice deemed to be egregious and present a significant risk to investors. The above examples are not an exhaustive list. Please refer to the U.S. Compensation Policies FAQ document for additional detail on specific pay practices that have been identified as problematic and may lead to negative vote recommendations.

Rationale for Change:

Investors are increasingly concerned about ESG risks as a corporate governance issue and over the past few years, ESG metrics have been increasingly used to evaluate company performance. Over the past three years, there have been some shareholder proposals raised requesting the feasibility of incorporating ESG metrics into the company's compensation program, but beyond that, for some investors, there is has been increased interest in incorporating ESG risks and E&S metrics as part of their sustainable investment strategy. According to some investors, incorporating ESG risks and E&S metrics into executive compensation presents an opportunity for companies to signal to investors their commitment to long-term shareholder value, sustainability, and financial performance.

During 2023 Specialty Roundtable discussions and in the previous 2022 Specialty Roundtable conversations, investors insisted that ESG is a material governance concern and therefore should be used as a compensation metric. Additionally, investors asserted the importance of evaluating board responsiveness to ESG concerns. Clients asked for meaningful and effective metric disclosure that will promote increased E&S focus in the long term while continuing to accurately award compensation to directors. Flagging company disclosure on specifically LTI performance metrics concerning ESG topics in executive compensation has brought greater attention to the value of E&S issues. Further expanding the evaluation of the scope of STI and LTI performance metrics disclosure to STI and LTI performance incentives can pave the path forward toward the variety of ways to measure that performance, whether that be a modifier, weighted metric, sub-metric, or general consideration.

Shareholder Proposals on Compensation

Severance Agreements/Golden Parachutes

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Social Advisory Services Recommendation: Vote for shareholder proposals requiring that golden parachutes or executive severance agreements be submitted for shareholder ratification, unless the proposal requires shareholder approval prior to entering into employment contracts.	**Social Advisory Services Recommendation:** Vote case-by-case on shareholder proposals requiring that executive severance (including change-in-control related) arrangements or payments be submitted for shareholder ratification. Factors that will be considered include, but are not limited to: ▪ The company's severance or change-in-control agreements in place, and the presence of problematic features (such as excessive severance entitlements, single triggers, excise tax gross-ups, etc.); ▪ Any existing limits on cash severance payouts or policies which require shareholder ratification of severance payments exceeding a certain level; ▪ Any recent severance-related controversies; and ▪ Whether the proposal is overly prescriptive, such as requiring shareholder approval of severance that does not exceed market norms.

Rationale for Change:

The current policy is being updated to reflect Social Advisory Services' case-by-case approach when analyzing shareholder proposals requiring that executive severance arrangements or payments be submitted for shareholder ratification. The updated policy (i) harmonizes the factors used to analyze both regular termination severance as well as change-in-control related ("golden parachute") severance; and (ii) clarifies the key factors considered, including the company's existing severance provisions and whether the company has already implemented adequate safeguards against the potential for problematic or excessive severance.

Social and Environmental Proposals

Diversity and Equality

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Diversity and Equality Significant progress has been made in recent years in the advancement of women and racial minorities in the workplace and the establishment of greater protections against discriminatory practices in the workplace. In the U.S, there are many civil rights laws that are enforced by the Equal Employment Opportunity Commission. The Civil Rights Act of 1964 prohibits discrimination based on race, color, religion, sex and nationality. However, discrimination on the basis of race, gender, religion, nationality, and sexual preference continues. The SEC's revised disclosure rules now require information on how boards factor diversity into the director nomination process, as well as disclosure on how the board assesses the effectiveness of its diversity policy. Shareholder proposals on diversity may target a company's board nomination procedures or seek greater disclosure on a company's programs and procedures on increasing the diversity of its workforce, and make reference to one or more of the following points: ▪ Violations of workplace anti-discrimination laws lead to expensive litigation and damaged corporate reputations that are not in the best interests of shareholders; ▪ Employers already prepare employee diversity reports for the EEOC, so preparing a similar report to shareholders can be done at minimal cost; ▪ The presence of women, ethnic minorities and union members in workforce and customer pools gives companies with diversified boards a practical advantage over their competitors as a result of their unique perspectives; ▪ Efforts to include women, minorities and union representatives on corporate boards can be made at reasonable costs; ▪ Reports can be prepared "at reasonable expense" describing efforts to encourage diversified representation on their boards;	**Diversity and Equality** Significant progress has been made in recent years in the advancement of gender and racial diversity in the workplace and the establishment of greater protections against discriminatory practices in the workplace. In the U.S, there are many civil rights laws that are enforced by the Equal Employment Opportunity Commission. The Civil Rights Act of 1964 prohibits discrimination based on race religion, sex, gender identity, sexual orientation, and nationality. However, discrimination on the basis of federally protected characteristics continues. The SEC's revised disclosure rules now require information on how boards factor diversity into the director nomination process, as well as disclosure on how the board assesses the effectiveness of its diversity policy. Shareholder proposals on diversity may target a company's board nomination procedures or seek greater disclosure on a company's programs and procedures on increasing the diversity of its workforce, and make reference to one or more of the following points: ▪ Violations of workplace anti-discrimination laws lead to expensive litigation and damaged corporate reputations that are not in the best interests of shareholders; ▪ Employers already prepare employee diversity reports for the EEOC, so preparing a similar report to shareholders can be done at minimal cost; ▪ The presence of gender and ethnic diversity in workforce and customer pools gives companies with diversified boards a practical advantage over their competitors as a result of their unique perspectives;

- Board diversification increases the pool of the company's potential investors because more and more investors are favoring companies with diverse boards; - A commitment to diversity in the workforce can lead to superior financial returns.	- Efforts to increase diversity on corporate boards can be made at reasonable costs; - Reports can be prepared "at reasonable expense" describing efforts to encourage diversified representation on their boards; **Add Women and Minorities to the Board** Board diversification proposals ask companies to put systems in place to increase the representation of gender, ethnic, and racial diversity as well as union members or other underrepresented minority groups on boards of directors. **Social Advisory Services Recommendation:** - Vote for shareholder proposals that ask the company to take steps to increase diversity to the board. - Vote for shareholder proposals asking for reports on board diversity. - Vote for shareholder proposals asking companies to adopt nomination charters or amend existing charters to include reasonable language addressing diversity.

Rationale for Change:

This change updates the language and consolidates two similar diversity topics into one section in the policy guidelines. This policy update is meant to serve only as language clarification that maintains the policy's relevance, as many of these policies were enacted years ago when different terminology was in use or now outdated current events catalyzed the policy's formation. Outdated terminology is replaced with more updated and inclusive language. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Add Women and Minorities to the Board

<table>
<tr><th>Current Social Advisory Services Policy:</th><th>New Social Advisory Services Policy:</th></tr>
<tr><td>Add Women and Minorities to the Board

Board diversification proposals ask companies to put systems in place to increase the representation of women, racial minorities, union members or other underrepresented minority groups on boards of directors. In prior years, board diversification proposals requested that companies nominate board members from certain constituencies, appoint special committees to recommend underrepresented classes of board members, establish board positions reserved for representatives of certain groups, or simply “make greater efforts” to nominate women and ethnic minorities to their boards.

Social Advisory Services Recommendation:

▪ Vote for shareholder proposals that ask the company to take steps to nominate more women and racial minorities to the board.
▪ Vote for shareholder proposals asking for reports on board diversity.
▪ Vote for shareholder proposals asking companies to adopt nomination charters or amend existing charters to include reasonable language addressing diversity.</td><td>[none]</td></tr>
</table>

Rationale for Change:

This change updates the language and consolidates two similar diversity topics into one section in the policy guidelines. This policy update is meant to serve only as language clarification that maintains the policy’s relevance, as many of these policies were enacted years ago when different terminology was in use or now outdated current events catalyzed the policy’s formation. Outdated terminology is replaced with more updated and inclusive language. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Prepare Report/Promote EEOC-Related Activities

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Prepare Report/Promote EEOC-Related Activities - Filers of proposals on this issue generally ask a company to make available, at a reasonable cost and omitting proprietary information, data the company includes in its annual report to the Equal Employment Opportunity Commission (EEOC) outlining the make-up of its workforce by race, gender and position. Shareholders also ask companies to report on any efforts they are making to advance the representation of women and ethnic minorities in jobs in which they have been historically underrepresented, such as sales and management. The costs of violating federal laws that prohibit discrimination by corporations are high and can affect corporate earnings. The Equal Opportunities Employment Commission does not release the companies' filings to the public, unless it is involved in litigation and this information is difficult to obtain from other sources. Companies need to be sensitive to minority employment issues as the new evolving workforce becomes increasingly diverse. This information can be provided with little cost to the company and does not create an unreasonable burden on management. **Social Advisory Services Recommendation:** ▪ Vote for shareholder proposals that ask the company to report on its diversity and/or affirmative action programs. ▪ Vote for shareholder proposals calling for legal and regulatory compliance and public reporting related to nondiscrimination, affirmative action, workplace health and safety, and labor policies and practices that effect long-term corporate performance. ▪ Vote for shareholder proposals requesting nondiscrimination in salary, wages and all benefits. ▪ Vote for shareholder proposals calling for action on equal employment opportunity and antidiscrimination.	**Prepare Report/Promote EEOC-Related Activities -** Filers of proposals on this issue generally ask a company to make available, at a reasonable cost and omitting proprietary information, data the company includes in its annual report to the Equal Employment Opportunity Commission (EEOC) outlining the make-up of its workforce by race, gender and position. Shareholders also ask companies to report on any efforts they are making to advance the representation of underrepresented gender, ethnic, and racial identities in their workforce. The costs of violating federal laws that prohibit discrimination by corporations are high and can affect corporate earnings. The Equal Opportunities Employment Commission does not release the companies' filings to the public, unless it is involved in litigation and this information is difficult to obtain from other sources. Companies need to be sensitive to diverse workforce employment issues as new generations of workers become increasingly diverse. This information can be provided with little cost to the company and does not create an unreasonable burden on management. **Social Advisory Services Recommendation:** ▪ Vote for shareholder proposals that ask the company to report on its diversity and/or affirmative action programs. ▪ Vote for shareholder proposals calling for legal and regulatory compliance and public reporting related to nondiscrimination, affirmative action, workplace health and safety, and labor policies and practices that effect long-term corporate performance. ▪ Vote for shareholder proposals requesting nondiscrimination in salary, wages and all benefits. ▪ Vote for shareholder proposals calling for action on equal employment opportunity and antidiscrimination.

Rationale for Change:

This policy update is meant to serve only as language clarification that maintains the policy's relevance, as many of these policies were enacted years ago when different terminology was in use or now outdated current events catalyzed the policy's formation. Outdated terminology is replaced with more updated and inclusive language. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Prohibit Discrimination on the Basis of Sexual Orientation or Gender Identity

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Prohibit Discrimination on the Basis of Sexual Orientation or Gender Identity - Federal law does not ban workplace discrimination against gay and lesbian employees, and only some states have enacted workplace protections for these employees. Although an increasing number of US companies have explicitly banned discrimination on the basis of sexual orientation or gender identity in their equal employment opportunity (EEO) statements, many still do not. Shareholder proponents and other activist groups concerned with gay and lesbian rights, such as the Human Rights Campaign (HRC) and the Pride Foundation, have targeted U.S. companies that do not specifically restrict discrimination on the basis of sexual orientation in their EEO statements. Shareholder proposals on this topic ask companies to change the language of their EEO statements in order to put in place anti-discrimination protection for their gay and lesbian employees. In addition, proposals may seek disclosure on a company's general initiatives to create a workplace free of discrimination on the basis of sexual orientation, including reference to such items as support of gay and lesbian employee groups, diversity training that addresses sexual orientation, and non-medical benefits to domestic partners of gay and lesbian employees. **Social Advisory Services Recommendation:** ▪ Vote for shareholder proposals to include language in EEO statements specifically barring discrimination on the basis of sexual orientation or gender identity. ▪ Vote for shareholder proposals seeking reports on a company's initiatives to create a workplace free of discrimination on the basis of sexual orientation or gender identity. ▪ Vote against shareholder proposals that seek to eliminate protection already afforded to gay and lesbian employees.	**Prohibit Discrimination on the Basis of Sexual Orientation or Gender Identity -** Federal law bans workplace discrimination against lesbian, gay, bisexual, transgender, and/or queer (LGBTQ) employees, and some states have additionally enacted workplace protections for these employees. Although an increasing number of US companies have explicitly banned discrimination on the basis of sexual orientation or gender identity in their equal employment opportunity (EEO) statements, many still do not. Shareholder proponents and other activist groups concerned with LGBTQ rights, such as the Human Rights Campaign (HRC) and the Pride Foundation, have targeted U.S. companies that do not specifically restrict discrimination on the basis of sexual orientation in their EEO statements. Shareholder proposals on this topic ask companies to change the language of their EEO statements in order to put in place anti-discrimination protection for their LGBTQ employees. In addition, proposals may seek disclosure on a company's general initiatives to create a workplace free of discrimination on the basis of sexual orientation, including reference to such items as support of LGBTQ employee groups, diversity training that addresses sexual orientation, and non-medical benefits to domestic partners of LGBTQ employees. **Social Advisory Services Recommendation:** ▪ Vote for shareholder proposals to include language in EEO statements specifically barring discrimination on the basis of sexual orientation or gender identity. ▪ Vote for shareholder proposals seeking reports on a company's initiatives to create a workplace free of discrimination on the basis of sexual orientation or gender identity. ▪ Vote against shareholder proposals that seek to eliminate protection already afforded to LGBTQ employees.

Rationale for Change:

This change updates the language and consolidates two similar diversity topics into one section in the policy guidelines. This policy update is meant to serve only as language clarification that maintains the policy's relevance, as many of these policies were enacted years ago when different terminology was in use or now outdated current events catalyzed the policy's formation. For example, a number of U.S. standardization organizations, such as the American Bar Association, the American Psychological Assocation Style Guide, and the Association of LGBTQ+ Journalists, support the term LGBTQ, rather than only gay and lesbian, to be more inclusive of sexual orientation identities. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Gender, Race, or Ethnicity Pay Gap

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Gender, Race, or Ethnicity Pay Gap - Over the past several years, shareholders have filed resolutions requesting that companies report whether a gender, race, or ethnicity pay gap exists, and if so, what measures are being taken to eliminate the gap. While primarily filed at technology firms, in 2017, the resolutions were also filed at firms in the financial services, insurance, healthcare, and telecommunication sectors. Proponents are expected to continue this campaign by engaging companies and filing shareholder proposals on this issue. **Social Advisory Services Recommendation:** Vote for requests for reports on a company's pay data by gender, race, or ethnicity, or a report on a company's policies and goals to reduce any gender, race, or ethinicity pay gap.	**Gender, Race, or Ethnicity Pay Gap -** Over the past several years, shareholders have filed resolutions requesting that companies report whether a gender, race, or ethnicity pay gap exists, and if so, what measures are being taken to eliminate the gap. **Social Advisory Services Recommendation:** Vote for requests for reports on a company's pay data by gender, race, or ethnicity, or a report on a company's policies and goals to reduce any gender, race, or ethnicity pay gap.

Rationale for Change:

This policy update is meant to serve only as language clarification that maintains the policy's relevance, as many of these policies were enacted years ago when different terminology was in use or now outdated current events catalyzed the policy's formation. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Labor and Human Rights

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Labor and Human Rights - Investors, international human rights groups, and labor advocacy groups have long been making attempts to safeguard worker rights in the international marketplace. In instances where companies themselves operate factories in developing countries for example, these advocates have asked that the companies adopt global corporate standards that guarantee sustainable wages and safe working conditions for their workers abroad. Companies that contract out portions of their manufacturing operations to foreign companies have been asked to ensure that the products they receive from those contractors have not been made using forced labor, child labor, or sweatshop labor. These companies are asked to adopt formal vendor standards that, among other things, include some sort of monitoring mechanisms. Globalization, relocation of production overseas, and widespread use of subcontractors and vendors; often make it difficult to obtain a complete picture of a company's labor practices in global markets. Recent deadly accidents at factories, most notably in Bangladesh and in Pakistan, have continued to intensify these concerns. Many investors believe that companies would benefit from adopting a human rights policy, based on the Universal Declaration of Human Rights and the International Labour Organization's Core Labor Standards. Efforts that seek greater disclosure on a company's global labor practices, including its supply chain, and that seek to establish minimum standards for a company's operations will be supported. In addition, requests for independent monitoring of overseas operations will be supported. Social Advisory Services generally supports proposals that call for the adoption and/or enforcement of principles or codes relating to countries in which there are systematic violations of human rights; such as the use of slave, child, or prison labor; a government that is illegitimate; or there is a call by human rights advocates, pro-democracy organizations, or legitimately-elected representatives for economic sanctions. The use of child, sweatshop, or forced labor is unethical and can damage corporate reputations. Poor labor practices can lead to litigation against the company, which can be costly and time consuming.	**Labor and Human Rights -** Investors, international human rights groups, and labor advocacy groups have long been making attempts to safeguard worker rights in the international marketplace. In instances where companies themselves operate factories in developing countries for example, these advocates have asked that the companies adopt global corporate standards that guarantee sustainable wages and safe working conditions for their workers abroad. Companies that contract out portions of their manufacturing operations to foreign companies have been asked to ensure that the products they receive from those contractors have not been made using forced labor, child labor, or other forms of modern slavery. These companies are asked to adopt formal vendor standards that, among other things, include some sort of monitoring mechanisms. Globalization, relocation of production overseas, and widespread use of subcontractors and vendors; often make it difficult to obtain a complete picture of a company's labor practices in global markets. Deadly accidents at factories, most notably in Bangladesh and Pakistan, have continued to intensify these concerns. Many investors believe that companies would benefit from adopting a human rights policy, based on the Universal Declaration of Human Rights and the International Labour Organization's Core Labor Standards. Efforts that seek greater disclosure on a company's global labor practices, including its supply chain, and that seek to establish minimum standards for a company's operations will be supported. In addition, requests for independent monitoring of overseas operations will be supported. Social Advisory Services generally supports proposals that call for the adoption and/or enforcement of principles or codes relating to countries in which there are systematic violations of human rights; such as the use of slave, child, or prison labor; a government that is illegitimate; or there is a call by human rights advocates, pro-democracy organizations, or legitimately-elected representatives for economic sanctions. The use of child labor or forced labor is unethical and can damage corporate reputations. Poor labor practices can lead to litigation against the company, which can be costly and time consuming.

Rationale for Change:

This policy update is meant to serve only as language clarification that maintains the policy's relevance, as many of these policies were enacted years ago when different terminology was in use or now outdated current events catalyzed the policy's formation. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Codes of Conduct and Vendor Standards

<table>
<tr><th>Current Social Advisory Services Policy:</th><th>New Social Advisory Services Policy:</th></tr>
<tr><td>Codes of Conduct and Vendor Standards - In recent years, an increasing number of shareholder proposals have been submitted that pertain to the adoption of codes of conduct or provision, greater disclosure a company's international workplace standards, or that request human rights risk assessment. Companies have been asked to adopt a number of different types of codes, including a workplace code of conduct, standards for international business operations, human rights standards, International Labour Organization (ILO) standards and the SA 8000 principles. The ILO is an independent agency of the United Nations which consists of 187 member nations represented by workers, employers, and governments. The ILO's general mandate is to promote a decent workplace for all individuals. The ILO sets international labor standards in the form of its conventions and then monitors compliance with the standards. The seven conventions of the ILO fall under four broad categories: Right to organize and bargain collectively, Nondiscrimination in employment, Abolition of forced labor, and End of child labor. Each of the 187 member-nations of the ILO is bound to respect and promote these rights to the best of their abilities. SA 8000 is a set of labor standards, based on the principles of the ILO conventions and other human rights conventions, and covers eight workplace conditions, including: child labor, forced labor, health and safety, freedom of association and the right to collective bargaining, discrimination, disciplinary practices, working hours and compensation. The Global Sullivan Principles are a set of guidelines that support economic, social and political justice by companies where they do business; to support human rights and to encourage equal opportunity at all levels of employment.

Social Advisory Services Recommendation:

Vote for shareholder proposals to implement human rights standards and workplace codes of conduct.
Vote for shareholder proposals calling for the implementation and reporting on ILO codes of conduct, SA 8000 Standards, or the Global Sullivan Principles.
Vote for shareholder proposals that call for the adoption of principles or codes of conduct relating to company investments in countries with patterns of human rights abuses (e.g. Northern Ireland, Burma, former Soviet Union, and China).
</td>
<td>Codes of Conduct and Vendor Standards - Shareholders have submitted proposals that pertain to the adoption of codes of conduct or provision, greater disclosure of a company's international workplace standards, or that request a human rights risk assessment. Companies have been asked to adopt a number of different types of codes, including a workplace code of conduct, standards for international business operations, human rights standards, International Labour Organization (ILO) standards and the SA 8000 principles. The ILO is an independent agency of the United Nations which consists of 187 member nations represented by workers, employers, and governments. The ILO's general mandate is to promote a decent workplace for all individuals. The ILO sets international labor standards in the form of its conventions and then monitors compliance with the standards. The seven conventions of the ILO fall under four broad categories: Right to organize and bargain collectively, Nondiscrimination in employment, Abolition of forced labor, and End of child labor. Each of the 187 member-nations of the ILO is bound to respect and promote these rights to the best of their abilities. SA 8000 is a set of labor standards, based on the principles of the ILO conventions and other human rights conventions, and covers eight workplace conditions, including: child labor, forced labor, health and safety, freedom of association and the right to collective bargaining, discrimination, disciplinary practices, working hours and compensation. Companies have also turned to the United Nations "Guiding Principles on Business and Human Rights," a set of guidelines that create a framework for states to protect human rights, corporations to respect human rights, and rights-holders to access remediation.

Social Advisory Services Recommendation:

Vote for shareholder proposals to implement human rights standards and workplace codes of conduct.
Vote for shareholder proposals calling for the implementation and reporting on ILO codes of conduct, SA 8000 Standards, or human rights due diligence practices.
Vote for shareholder proposals that call for the adoption of principles or codes of conduct relating to company investments in countries with patterns of human rights abuses.
</td></tr>
</table>

▪ Vote for shareholder proposals that call for independent monitoring programs in conjunction with local and respected religious and human rights groups to monitor supplier and licensee compliance with codes. ▪ Vote for shareholder proposals that seek publication of a “Code of Conduct” by the company’s foreign suppliers and licensees, requiring that they satisfy all applicable standards and laws protecting employees’ wages, benefits, working conditions, freedom of association, and other rights. ▪ Vote for proposals requesting that a company conduct an assessment of the human rights risks in its operations or in its supply chain, or report on its human rights risk assessment process. ▪ Vote for shareholder proposals seeking reports on, or the adoption of, vendor standards including: reporting on incentives to encourage suppliers to raise standards rather than terminate contracts and providing public disclosure of contract supplier reviews on a regular basis. ▪ Vote for shareholder proposals to adopt labor standards for foreign and domestic suppliers to ensure that the company will not do business with foreign suppliers that manufacture products for sale in the U.S. using forced labor, child labor, or that fail to comply with applicable laws protecting employee’s wages and working conditions.	▪ Vote for shareholder proposals that call for independent monitoring programs in conjunction with local and respected religious and human rights groups to monitor supplier and licensee compliance with codes. ▪ Vote for shareholder proposals that seek publication of a “Code of Conduct” by the company’s foreign suppliers and licensees, requiring that they satisfy all applicable standards and laws protecting employees’ wages, benefits, working conditions, freedom of association, and other rights. ▪ Vote for proposals requesting that a company conduct an assessment of the human rights risks in its operations or in its supply chain, or report on its human rights risk assessment process. ▪ Vote for shareholder proposals seeking reports on, or the adoption of, vendor standards including: reporting on incentives to encourage suppliers to raise standards rather than terminate contracts and providing public disclosure of contract supplier reviews on a regular basis. ▪ Vote for shareholder proposals to adopt labor standards for foreign and domestic suppliers to ensure that the company will not do business with foreign suppliers that manufacture products for sale in the U.S. using forced labor, child labor, or that fail to comply with applicable laws protecting employee’s wages and working conditions.

Rationale for Change:

This policy update is meant to serve only as language clarification that maintains the policy’s relevance, as many of these policies were enacted years ago when different terminology was in use or now outdated current events catalyzed the policy’s formation. For example, more companies have adopted the UNGP’s as part of their sustainability efforts and commitments, as well as shareholder citing the UNGP’s in more shareholder proposals. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Community Impact Assessment/Indigenous Peoples' Rights

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Community Impact Assessment/Indigenous Peoples' Rights In recent years, a number of U.S. public companies have found their operations or expansion plans in conflict with local indigenous groups. In order to improve their standing with indigenous groups and decrease any negative publicity companies may face, some concerned shareholders have sought reports requesting that companies review their obligations, actions and presence on these groups. Some have also requested these companies adopt policies based on the Draft UN Declaration on the Rights of Indigenous Peoples and the Organization of American States' (OAS) American Declaration on rights of Indigenous Peoples. Some companies such as Starbucks have reached agreements with local governments to ensure better business practices for products produced by indigenous groups. Shareholders, concerned with the negative impact that the company's operations may have on the indigenous people's land and community, have sought reports detailing the impact of the company's actions and presence on these groups.	**Community Impact Assessment/Indigenous Peoples' Rights** A number of U.S. public companies have found their operations or expansion plans in conflict with local indigenous groups. In order to improve their standing with indigenous groups and decrease any negative publicity companies may face, some concerned shareholders have sought reports requesting that companies review their obligations, actions and presence on these groups. Some companies have made progress in working with indigenous groups. However, shareholders who are concerned with the negative impact that the company's operations may have on the indigenous people's land and community, have sought reports detailing the impact of the company's actions and presence on these groups.

Rationale for Change:

This policy update is meant to serve only as language clarification that maintains the policy's relevance, as many of these policies were enacted years ago when different terminology was in use or now outdated current events catalyzed the policy's formation. In addition, the language updates help ensure the text is more perennial. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Report on the Impact of Health Pandemics on Company Operations

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Report on the Impact of Health Pandemics on Company Operations Sub-Saharan Africa is the most affected region in the world with regard to the HIV/AIDS pandemic. With limited access to antiretroviral treatment for HIV/AIDS, the increasing death toll is expected to have profound social, political and economic impact on that region and the companies or industries with operations in Sub-Saharan Africa. In the past, shareholder proposals asked companies to develop policies to provide affordable HIV/AIDS, malaria, and tuberculosis drugs in third-world countries. However, in recent years, shareholders have changed their tactic, asking instead for reports on the impact of these pandemics on company operations, including both pharmaceutical and non-pharmaceutical companies operating in high-risk areas. This change is consistent with the general shift in shareholder proposals towards risk assessment and mitigation. **Social Advisory Services Recommendation:** Vote for shareholder proposals asking for companies to report on the impact of pandemics, such as HIV/AIDS, malaria, and tuberculosis, on their business strategies.	**Report on the Impact of Health Pandemics on Company Operations** Following the COVID-19 pandemic, among other historic pandemics, the distribution of treatments vastly differed in effectiveness between regions. . With limited access to adequate treatments, the increasing death toll is expected to have profound social, political and economic impact globally, including on the companies or industries with operations in affected areas. In the past, shareholder proposals asked companies to develop policies to provide affordable drugs in historically disadvantaged regions. However, in recent years, shareholders have changed their tactic, asking instead for reports on the impact of these pandemics on company operations, including both pharmaceutical and non-pharmaceutical companies operating in high-risk areas. This change is consistent with the general shift in shareholder proposals towards risk assessment and mitigation. **Social Advisory Services Recommendation:** Vote for shareholder proposals asking for companies to report on the impact of pandemics, such as COVID-19, HIV/AIDS, malaria, and tuberculosis, on their business strategies.

Rationale for Change:

This policy update is meant to serve only as language clarification that maintains the policy's relevance, as many of these policies were enacted years ago when different terminology was in use or now outdated current events catalyzed the policy's formation. In addition, the language updates help ensure the text is more perennial. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Operations in High Risk Markets

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Operations in High Risk Markets In recent years, shareholder advocates and human rights organizations have highlighted concerns associated with companies operating in regions that are politically unstable, including state sponsors of terror. The U.S. government has active trade sanction regimes in place against a number of countries, including Cuba, Iran, North Korea, Sudan, and Syria, among others. These sanctions are enforced by the Office of Foreign Assets Control, which is part of the U.S. Department of the Treasury. However, these countries do not comprise an exhaustive list of countries considered to be high-risk markets. Shareholder proponents have filed resolutions addressing a variety of concerns around how investments and operations in high-risk regions may support, or be perceived to support, potentially oppressive governments. Proponents contend that operations in these countries may lead to potential reputational, regulatory, and/or supply chain risks as a result of operational disruptions. Concerned shareholders have requested investment withdrawals or cessation of operations in high-risk markets as well as reports on operations in high-risk markets. Such reports may seek additional disclosure from companies on criteria employed for investing in, continuing to operate in, and withdrawing from specific countries. Depending on the country's human rights record, investors have also asked companies to refrain from commencing new projects in the country of concern until improvements are made. In addition, investors have sought greater disclosure on the nature of a company's involvement in the country and on the impact of their involvement or operations. **Social Advisory Services Recommendation:** Vote for requests for a review of and a report outlining the company's potential financial and reputation risks associated with operations in "high-risk" markets, such as a terrorism- sponsoring state or otherwise, taking into account: ▪ The nature, purpose, and scope of the operations and business involved that could be affected by social or political disruption;	**Operations in High-Risk Markets** In recent years, shareholder advocates and human rights organizations have highlighted concerns associated with companies operating in regions that are politically unstable, including state sponsors of terror. The U.S. government has active trade sanction regimes in place against specific companies, or persons, including Russia, China, Cuba, Iran, North Korea, Sudan, and Syria, among others. These sanctions are enforced by the Office of Foreign Assets Control, which is part of the U.S. Department of the Treasury, as well as U.S. Customs and Border Patrol for sanctioned goods. However, these countries do not comprise an exhaustive list of countries considered to be high-risk markets. Shareholder proponents have filed resolutions addressing a variety of concerns around how investments and operations in high-risk regions may support, or be perceived to support, potentially oppressive governments. Proponents contend that operations in these countries may lead to potential reputational, regulatory, and/or supply chain risks as a result of operational disruptions. Concerned shareholders have requested investment withdrawals or cessation of operations in high-risk markets as well as reports on operations in high-risk markets. Such reports may seek additional disclosure from companies on criteria employed for investing in, continuing to operate in, and withdrawing from specific countries. Depending on the country's human rights record, investors have also asked companies to refrain from commencing new projects in the country of concern until improvements are made. In addition, investors have sought greater disclosure on the nature of a company's involvement in the country and on the impact of their involvement or operations. **Social Advisory Services Recommendation:** Vote for requests for a review of and a report outlining the company's potential financial and reputation risks associated with operations in "high-risk" markets, such as a terrorism- sponsoring state or otherwise, taking into account: ▪ The nature, purpose, and scope of the operations and business involved that could be affected by social or political disruption;

▪ Current disclosure of applicable risk assessment(s) and risk management procedures; ▪ Compliance with U.S. sanctions and laws; ▪ Consideration of other international policies, standards, and laws; ▪ Whether the company has been recently involved in significant controversies or violations in "high-risk" markets.	▪ Current disclosure of applicable risk assessment(s) and risk management procedures; ▪ Compliance with U.S. sanctions and laws; ▪ Consideration of other international policies, standards, and laws; ▪ Whether the company has been recently involved in significant controversies or violations in "high-risk" markets.

Rationale for Change:

This policy update is meant to serve only as language clarification that maintains the policy's relevance, as many of these policies were enacted years ago when different terminology was in use or now outdated current events catalyzed the policy's formation. In addition, the language updates help ensure the text is more perennial. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Reports on Operations in China

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Reports on Operations in China Documented human rights abuses in China continue to raise concerns among investors, specifically with respect to alleged use of prison and child labor in manufacturing. Reports have identified U.S. companies with direct or indirect ties to companies controlled by the Chinese military, the People's Liberation Army (PLA), and hence links to prison labor. The U.S. Business Principles for Human Rights of Workers in China may help a company with operations in China avoid being blacklisted by U.S. states and municipalities, many of whom have limited their contracts with companies that fail to adopt similar principles in other countries recognized for committing gross human rights violations. **Social Advisory Services Recommendation:** ▪ Vote for shareholder proposals requesting more disclosure on a company's involvement in China. ▪ Vote case-by-case on shareholder proposals that ask a company to terminate a project or investment in China.	**Reports on Operations in China** Documented human rights abuses in China continue to raise concerns among investors, specifically with respect to alleged use of forced and child labor in supply chains across industries such as apparel, solar energy, technology manufacturing, and more. Reports have identified U.S. companies with direct or indirect ties to companies controlled by the Chinese military, the People's Liberation Army (PLA). In addition, a number of Chinese companies have been connected to the use of state-sponsored forced labor of Uyghur and other Muslim minority groups. The Chinese government has explained these forced labor transfer programs as policies to combat terrorism, religious extremism, and poverty in the Xinjiang Uyghur Autonomous Region, China. **Social Advisory Services Recommendation:** ▪ Vote for shareholder proposals requesting more disclosure on a company's involvement in China. ▪ Vote case-by-case on shareholder proposals that ask a company to terminate a project or investment in China.

Rationale for Change:

International organizations and various governments, including the United States, have sanctioned the XUAR region, Chinese officials and particular Chinese companies for using Uyghur forced labor (CBP.gov). International consensus has also condemned the Chinese government for the forced labor camps, including the United Nations Human Rights Office releasing a report in 2022 confirming the human rights violations (OHCHR). These language amendments reflect the most updated information available, as well as ensuring the SRI guidelines are following current laws in place, such as the Uyghur Forced Labor Prevent Act. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Internet Privacy/Censorship and Data Security

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Internet Privacy/Censorship and Data Security Internet Privacy/Censorship and Data Security Information technology sector companies have been at the center of shareholder advocacy campaigns regarding concerns over Internet service companies and technology providers' alleged cooperation with potentially repressive regimes, notably the Chinese government. Shareholder proposals, submitted at Yahoo!, Google, Microsoft, and Cisco, among others, asked companies to take steps to stop abetting repression and censorship of the Internet and/or review their human rights policies taking this issue into consideration. Resolution sponsors generally argue that the Chinese government is using IT company technologies to track, monitor, identify, and, ultimately, suppress political dissent. In the view of proponents, this process of surveillance and associated suppression violates internationally accepted norms outlined in the U.N. Universal Declaration of Human Rights. While early shareholder resolutions on Internet issues focused on censorship by repressive regimes and net neutrality, proponents have recently raised concerns regarding privacy and data security in the wake of increased breaches that result in the misuse of personal information. On Oct. 13, 2011, the Securities and Exchange Commission (SEC) issued a guidance document about the disclosure obligations relating to cybersecurity risks and cyber incidents. In the document, the SEC references the negative consequences that are associated with cyberattacks, such as: remediation costs, including those required to repair relationships with customers and clients; increased cyber-security protection costs; lost revenues from unauthorized use of the information or missed opportunities to attract clients; litigation; and reputational damage. The document says that while the federal securities laws do not explicitly require disclosure of cybersecurity risks and incidents, some disclosure requirements may impose an obligation on the company to disclose such information and provides scenarios where disclosure may be required. A 2013 study by the Ponemon Institute found that the median annualized cost of cyber-attacks for the 60 organizations studied was $11.6 million. The study also found that the number of successful cyber-attacks among the 60 companies increased by 18 percent between 2012 and 2013, from 102 successful attacks on average per week to 122.	**Internet Privacy/Censorship and Data Security** Internet Privacy/Censorship and Data Security Information technology sector companies have been at the center of shareholder advocacy campaigns regarding concerns over Internet service companies and technology providers' alleged cooperation with potentially repressive regimes, notably the Chinese government. Shareholder proposals, submitted at various companies advocated for companies to take steps to stop abetting repression and censorship of the Internet and/or review their human rights policies taking this issue into consideration. Resolution sponsors generally argue that the Chinese government is using IT company technologies to track, monitor, identify, and, ultimately, suppress political dissent. In the view of proponents, this process of surveillance and associated suppression violates internationally accepted norms outlined in the U.N. Universal Declaration of Human Rights. While early shareholder resolutions on Internet issues focused on censorship by repressive regimes and net neutrality, proponents have recently raised concerns regarding privacy and data security in the wake of increased breaches that result in the misuse of personal information. On Oct. 13, 2011, the Securities and Exchange Commission (SEC) issued a guidance document about the disclosure obligations relating to cybersecurity risks and cyber incidents. In the document, the SEC references the negative consequences that are associated with cyberattacks, such as: remediation costs, including those required to repair relationships with customers and clients; increased cyber-security protection costs; lost revenues from unauthorized use of the information or missed opportunities to attract clients; litigation; and reputational damage. The document says that while the federal securities laws do not explicitly require disclosure of cybersecurity risks and incidents, some disclosure requirements may impose an obligation on the company to disclose such information and provides scenarios where disclosure may be required. According to the FBI's 2021 Internet Crime report, potential losses from cyber crimes hit $6.9 billion, up 64% from 2018. **Social Advisory Services Recommendation:** Vote for resolutions requesting the disclosure and implementation of Internet privacy and censorship policies and procedures considering:

More recently, data security has been the focus of media outlets and a public concern. During the 2013 holiday shopping season, Target, Neiman Marcus, and other retailers were the targets of hackers looking to steal credit card numbers. It is estimated that as many as 40 million customer credit and debit card accounts were stolen at Target alone. These incidents preceded what many people consider the largest data security breach in the United States. In June 2013, major media outlets began releasing information about leaked classified documents disclosed by Edward Snowden, an NSA contractor. The documents revealed a government-run Internet and telephone surveillance program aimed at collecting metadata. As part of this operation, the government is said to have obtained from major U.S. telecommunications companies the call records of their customers. **Social Advisory Services Recommendation:** Vote for resolutions requesting the disclosure and implementation of Internet privacy and censorship policies and procedures considering: ▪ The level of disclosure of policies and procedures relating to privacy, freedom of speech, Internet censorship, and government monitoring of the Internet; ▪ Engagement in dialogue with governments and/or relevant groups with respect to the Internet and the free flow of information; ▪ The scope of business involvement and of investment in markets that maintain government censorship or monitoring of the Internet; ▪ The market-specific laws or regulations applicable to Internet censorship or monitoring that may be imposed on the company; and ▪ The level of controversy or litigation related to the company's international human rights policies and procedures.	▪ The level of disclosure of policies and procedures relating to privacy, freedom of speech, Internet censorship, and government monitoring of the Internet; ▪ Engagement in dialogue with governments and/or relevant groups with respect to the Internet and the free flow of information; ▪ The scope of business involvement and of investment in markets that maintain government censorship or monitoring of the Internet; ▪ The market-specific laws or regulations applicable to Internet censorship or monitoring that may be imposed on the company; and ▪ The level of controversy or litigation related to the company's international human rights policies and procedures.

Rationale for Change:

Updating language for clarity and for outdated terms, in addition to updated information. This policy update is meant to serve only as language clarification that maintains the policy's relevance, as many of these policies were enacted years ago when different terminology was in use or now outdated current events catalyzed the policy's formation. In addition, the language updates help ensure the text is more perennial and include updated information. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Climate Change

Kyoto Protocol Compliance

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Kyoto Protocol Compliance With the Kyoto Protocol operational as of February 2005, ratifying countries have agreed to reduce their emissions of carbon dioxide and five other greenhouse gases. While some signatories have yet to release specific details of corporate regulations, the impact on multinationals operating in Kyoto-compliant countries is anticipated to be significant. **Social Advisory Services Recommendation:** Vote for shareholder proposals asking companies to review and report on how companies will meet GHG reduction targets of the Kyoto-compliant countries in which they operate.	**Compliance to relevant Climate Accords** With the Paris Agreement operational as of November 2016, ratifying countries have agreed to reduce their emissions of greenhouse gases and pursue efforts to limit global temperature increase to well below 2°C. The Agreement provides a framework for increasingly ambitious climate action to be carried out by all parties over time. **Social Advisory Services Recommendation:** Vote for shareholder proposals asking companies to review and report on how they will meet GHG reduction targets of the countries in which they operate, or their compliance to relevant science-based climate accords, such as the Paris Agreement.

Rationale for Change:
This policy update is meant to serve only as language clarification that maintains the policy's relevance, as many of these policies were enacted years ago when different terminology was in use or now outdated current events catalyzed the policy's formation. In addition, the language updates help ensure the text is more perennial. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Health and Safety

Report on Firearm Safety Initiatives

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Report on Handgun Safety Initiatives Shareholders may ask for a company to report on policies and procedures that are aimed at curtailing the incidence of gun violence. Such a report may include: implementation of the company's contract instruction to distributors not to sell the company's weapons at gun shows or through pawn shops; recalls or retro-fits of products with safety-related defects causing death or serious injury to consumers, as well as development of systems to identify and remedy these defects; names and descriptions of products that are developed or are being developed for a combination of higher caliber/maximum capacity and greater conceal-ability; and the company's involvement in promotion campaigns that could be construed as aimed at children. The Sandy Hook Principles were established to commemorate the victims of gun violence and to encourage positive corporate behavior in response to the proliferation of gun violence in America. **Social Advisory Services Recommendation:** ▪ Vote for shareholder proposals asking the company to report on its efforts to promote handgun safety. ▪ Vote for shareholder proposals asking the company to stop the sale of handguns and accessories.	**Report on Firearm Safety Initiatives** Shareholders may ask for a company to report on policies and procedures that are aimed at curtailing the incidence of gun violence. Such a report may include: implementation of the company's contract instruction to distributors not to sell the company's weapons at gun shows or through pawn shops; recalls or retro-fits of products with safety-related defects causing death or serious injury to consumers, as well as development of systems to identify and remedy these defects; names and descriptions of products that are developed or are being developed for a combination of higher caliber/maximum capacity and greater conceal-ability; and the company's involvement in promotion campaigns that could be construed as aimed at children. The Sandy Hook Principles were established to commemorate the victims of gun violence and to encourage positive corporate behavior in response to the proliferation of gun violence in America. **Social Advisory Services Recommendation:** ▪ Vote for shareholder proposals requesting the company report on risks associated with firearms, firearm sales, marketing, and societal impacts. ▪ Vote for shareholder proposals asking the company to report on its efforts to promote firearm safety. ▪ Vote for shareholder proposals asking the company to stop the sale of firearms and accessories.

Rationale for Change:

The landscape regarding firearms, particularly in the United States, is constantly changing and a prevalent topic. The changes to the firearm shareholder proposal policy better reflect encompassing language and more relevant shareholder proposal asks from the past few years. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Tobacco-related Proposals

<table>
<tr><th>Current Social Advisory Services Policy:</th><th>New Social Advisory Services Policy:</th></tr>
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Tobacco-related Proposals

Under the pressure of ongoing litigation and negative media attention, tobacco companies and even non-tobacco companies with ties to the industry have received an assortment of shareholder proposals seeking increased responsibility and social consciousness from tobacco companies and as well as firms affiliated with the tobacco industry.

While the specific resolutions for shareholder proponents vary from year to year, activist shareholders consistently make the tobacco industry a prominent target. Examples of shareholder proposals focused on tobacco include: warnings on the risks of tobacco smoke and smoking-related diseases, attempting to link executive compensation with reductions in teen smoking rates, the placement of company tobacco products in retail outlets, a review of advertising campaigns and their impact on children and minority groups, prohibiting non-tobacco companies from entering into contracts with tobacco companies, and requesting restaurant operators maintain smoke-free restaurants.

In June 2009, the Family Smoking Prevention and Tobacco Control Act was signed into law, giving the FDA authority to regulate the tobacco industry for the first time, including the power to block or approve new products as well as the nicotine and other content in existing tobacco products. This legislation empowers the imposition of a ban on tobacco advertising within 1,000 feet of schools and playgrounds, require FDA-approved graphic warning labels that occupy 50 percent of the space on each package of cigarettes.

In September 2009, the FDA issued a ban on the sale of flavored cigarettes, exercising its regulatory power in a major way over tobacco for the first time under the new law. The ban affected tobacco products with chocolate, vanilla, clove, and other similar flavors.

Social Advisory Services Recommendation:

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Tobacco-related Proposals

Under the pressure of ongoing litigation and negative media attention due to higher youth smoking rates and e-cigarettes, tobacco companies and even non-tobacco companies with ties to the industry have received an assortment of shareholder proposals seeking increased responsibility and social consciousness from tobacco companies and firms affiliated with the tobacco industry.

In June 2009, the Family Smoking Prevention and Tobacco Control Act was signed into law, giving the FDA authority to regulate the tobacco industry for the first time, including the power to block or approve new products as well as the nicotine and other content in existing tobacco products. This legislation restricts tobacco marketing and sales to youth, requires warning labels, bans cigarettes and e-cigarettes with characterizing flavor, and generally implement standards for tobacco products to protect public health.

Social Advisory Services Recommendation:

- Vote for shareholder proposals seeking a report on underage tobacco prevention policies and standards.
- Vote for shareholder proposals requesting a report on the public health risk of tobacco sales.
- Vote for shareholder proposals asking producers of tobacco product components (such as filters, adhesives, flavorings, and paper products) to halt sales to tobacco companies or produce a report outlining the risks and potential liabilities of the production of these components.
- Vote for shareholder proposals seeking a report on a tobacco company's advertising approach.
- Vote for shareholder proposals to cease investment in tobacco companies.
- Vote for proposals calling for tobacco companies to cease the production of tobacco products.

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- Vote for shareholder proposals seeking to limit the sale of tobacco products to children. - Vote for shareholder proposals asking producers of tobacco product components (such as filters, adhesives, flavorings, and paper products) to halt sales to tobacco companies. - Vote for shareholder proposals that ask restaurants to adopt smoke-free policies and that ask tobacco companies to support smoke-free legislation. - Vote for shareholder proposals seeking a report on a tobacco company's advertising approach. - Vote for shareholder proposals at insurance companies to cease investment in tobacco companies. - Vote for proposals at producers of cigarette components calling for a report outlining the risks and potential liabilities of the production of these components. - Vote for proposals calling for tobacco companies to cease the production of tobacco products. - Vote for shareholder proposals asking companies to stop all advertising, marketing and sale of cigarettes using the terms "light," "ultra-light," "mild," and other similar words and/or colors. - Vote for shareholder proposals asking companies to increase health warnings on cigarette smoking. (i.e.: information for pregnant women, "Canadian Style" warnings, filter safety).	

Rationale for Change:

Tobacco-related shareholder proposals have shifted in the past few years as the focus moves toward vaping and e-cigarettes. This language update reflects the shift in language and proposal type. This policy update is meant to serve only as language clarification that maintains the policy's relevance, and to help ensure the text is more perennial. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Consumer Lending and Economic Development

Disclosure on Credit in Developing Countries (LDCs) or Forgive LDC Debt

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Disclosure on Credit in Developing Countries (LDCs) or Forgive LDC Debt Shareholders have asked banks and other financial services firms to develop and disclose lending policies for less developed countries. Proponents are concerned that, without such policies, lending to developing countries may contribute to the outflow of capital, the inefficient use of capital, and corruption, all of which increase the risk of loan loss. In the interest of promoting improved LDC lending practices and responsible loan disclosure, Social Advisory Services generally supports voting for such proposals. In cases where it can be determined that companies have been proactive and responsible in developing policies, Social Advisory Services may recommend a vote against the proposal's adoption. Social Advisory Services usually opposes proposals that call for outright loan forgiveness; such action represents an unacceptable loss to lending institutions and their shareholders. Social Advisory Services may support such proposals at banks that have failed to make reasonable provisions for nonperforming loans as a means to encourage a change in policy. **Social Advisory Services Recommendation:** ▪ Vote for shareholder proposals asking for disclosure on lending practices in developing countries, unless the company has demonstrated a clear proactive record on the issue. ▪ Vote against shareholder proposals asking banks to forgive loans outright. ▪ Vote case-by-case on shareholder proposals asking for loan forgiveness at banks that have failed to make reasonable provisions for non-performing loans. ▪ Vote for proposals to restructure and extend the terms of non-performing loans.	**Disclosure on Credit in Low- and Lower-middle-income countries (LMIC) or Forgive LMIC Debt** Shareholders have asked banks and other financial services firms to develop and disclose lending policies for low and lower middle income countries (LMIC). Proponents are concerned that, without such policies, lending to LMIC may contribute to the outflow of capital, the inefficient use of capital, and corruption, all of which increase the risk of loan loss. In the interest of promoting improved LMIC lending practices and responsible loan disclosure, Social Advisory Services generally supports voting for such proposals. In cases where it can be determined that companies have been proactive and responsible in developing such policies, Social Advisory Services may recommend a vote against the proposal's adoption. Social Advisory Services usually opposes proposals that call for outright loan forgiveness; such action represents an unacceptable loss to lending institutions and their shareholders. Social Advisory Services may support such proposals at banks that have failed to make reasonable provisions for nonperforming loans as a means to encourage a change in policy. **Social Advisory Services Recommendation:** ▪ Vote for shareholder proposals asking for disclosure on lending practices in lower and lower-middle income countries, unless the company has demonstrated a clear proactive record on the issue. ▪ Vote against shareholder proposals asking banks to forgive loans outright. ▪ Vote case-by-case on shareholder proposals asking for loan forgiveness at banks that have failed to make reasonable provisions for non-performing loans. ▪ Vote for proposals to restructure and extend the terms of non-performing loans.

Rationale for Change:

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Miscellaneous

Abortion/Right to Life Issues

Current Social Advisory Services Policy:	New Social Advisory Services Policy:
Abortion/Right to Life Issues Shareholder proposals pertaining to abortion and right to life issues are rare. However, in the past shareholders have asked companies to stop manufacturing abortifacient drugs; to separate abortifacient drug operations from other operations; or to discontinue acute-care or physician management practices that involve support for abortion services. As long as abortion is legal, Social Advisory Services' position is that issues related to abortion should be a personal decision, not a corporate one. Therefore Social Advisory Services recommends abstaining on anti-abortion and right-to-life proposals. **Social Advisory Services Recommendation:** Abstain on shareholder proposals that address right to life issues.	**Abortion/Right to Life Issues** Shareholder proposals pertaining to abortion and right to life issues have appeared more frequently recently, especially in the aftermath of the U.S. Supreme Court decision overturning Roe v. Wade in 2022. Social Advisory Services considers each shareholder proposal on its individual merit, rather than relying on a wide-reaching policy application, and considers numerous contributing factors such as legislative updates, health privacy rights, and language of the proposal. **Social Advisory Services Recommendation:** Decided on a case-by-case basis.

Rationale for Change:

The abortion and right-to-life debate in the US has changed dramatically since 2022. As these issues are being decided in state-level and federal-level courts, there is a grey area of legal compliance that investors and ISS are navigating. In addition, recent shareholder proposals have explored new areas of nuance, as investors and companies alike do not want to open themselves to potential liability. These language updates help ensure the text is more perennial. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

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