

# United States

## Catholic Faith-Based Proxy Voting Guidelines Updates

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2019 Policy Recommendations

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## TABLE OF CONTENTS

<b>Board of Directors- Voting on Director Nominees in Uncontested Elections .....</b>	<b>3</b>
Board Accountability - Environmental, Social and Governance (ESG) Failures .....	3
Board Accountability – Management Proposals to Ratify Existing Charter or Bylaw Provisions .....	4
Board Accountability – Director Performance Evaluation.....	5
Board Responsiveness – Ratification Proposals .....	6
Board Diversity/Competence .....	7
<b>Shareholder Rights and Defenses.....</b>	<b>8</b>
Management Proposals to Ratify Existing Charter or Bylaw Provisions.....	8
<b>Capital/Restructuring.....</b>	<b>9</b>
Reverse Stock Splits.....	9
<b>Social and Environmental Issues .....</b>	<b>10</b>
Global Approach .....	10

## Board of Directors- Voting on Director Nominees in Uncontested Elections

### Board Accountability - Environmental, Social and Governance (ESG) Failures

Current Catholic Advisory Services Policy, incorporating changes:	New Catholic Advisory Services Policy:
<p><b>Catholic Advisory Services Recommendation:</b></p> <p>Vote against or withhold from directors individually, on a committee, or potentially the entire board due to:</p> <ul style="list-style-type: none"> <li>› Material failures of governance, stewardship, risk oversight<sup>1</sup>, or fiduciary responsibilities at the company; including failure to adequately manage or mitigate environmental, social and governance (ESG) risks;</li> <li>› <b>A lack of sustainability reporting in the company's public documents and/or website in conjunction with a failure to adequately manage or mitigate environmental, social and governance (ESG) risks;</b></li> <li>› Failure to replace management as appropriate;</li> <li>› Egregious actions related to the director(s)' service on the boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.</li> </ul>	<p><b>Catholic Advisory Services Recommendation:</b></p> <p>Vote against or withhold from directors individually, on a committee, or potentially the entire board due to:</p> <ul style="list-style-type: none"> <li>› Material failures of governance, stewardship, risk oversight<sup>1</sup>, or fiduciary responsibilities at the company, including failure to adequately manage or mitigate environmental, social and governance (ESG) risks;</li> <li>› A lack of sustainability reporting in the company's public documents and/or website in conjunction with a failure to adequately manage or mitigate environmental, social and governance (ESG) risks;</li> <li>› Failure to replace management as appropriate;</li> <li>› Egregious actions related to the director(s)' service on the boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.</li> </ul>

#### Rationale for Change:

Three ISS Specialty Policies (the Sustainability Policy, the SRI Policy and the Catholic Policy) were developed to help investors incorporate ESG considerations into their proxy-voting guidelines. The Sustainability Policy helps signatories of the United Nations-sponsored Principles for Responsible Investment (PRI) incorporate ESG considerations into their proxy voting. The SRI Policy and the Catholic Policy assist socially-responsible investors and faith-based investors, including PRI signatories and other investors to integrate ESG criteria into their investment and proxy voting decisions.

Principle 3 of the PRI encourages investors to ask for: (1) standardized reporting on Environmental, Social and Governance (ESG) issues (such as proposed by the Global Reporting Initiative); (2) integration of ESG issues into annual financial reporting; and (3) disclosure of adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives. The wide adoption of the PRI (as well as other sustainable and responsible investment standards) demonstrates the increased integration of ESG factors into the analyses and decision-making of investors and makes the case for comprehensive disclosure of sustainability metrics.

<sup>1</sup> Examples of failure of risk oversight include but are not limited to: bribery; large or serial fines or sanctions from regulatory bodies; significant environmental incidents including spills and pollution; large scale or repeat workplace fatalities or injuries; significant adverse legal judgments or settlements; or hedging of company stock.

In instances where companies have been found to be implicated in severe controversies (violation of an international standard or norms regarding the environmental, human rights, labor rights, consumer protection, corruption, ethics & governance) or where the allegations and risks identified are credible and the companies have no sustainability reporting, the SRI Policy, the Sustainability Policy, and the Catholic Policy will determine that there is a failure to adequately manage or mitigate environmental, social and governance (ESG) risks and will recommend voting against responsible director/s.

### Board Accountability – Management Proposals to Ratify Existing Charter or Bylaw Provisions

Current Catholic Advisory Services Policy, incorporating changes:	New Catholic Advisory Services Policy:
<p><b>Catholic Advisory Services Recommendation:</b> [no current policy] Vote against/withhold from individual directors, members of the governance committee, or the full board, where boards ask shareholders to ratify existing charter or bylaw provisions considering the following factors:</p> <ul style="list-style-type: none"> <li>› The presence of a shareholder proposal addressing the same issue on the same ballot;</li> <li>› The board's rationale for seeking ratification;</li> <li>› Disclosure of actions to be taken by the board should the ratification proposal fail;</li> <li>› Disclosure of shareholder engagement regarding the board's ratification request;</li> <li>› The level of impairment to shareholders' rights caused by the existing provision;</li> <li>› The history of management and shareholder proposals on the provision at the company's past meetings;</li> <li>› Whether the current provision was adopted in response to the shareholder proposal;</li> <li>› The company's ownership structure; and</li> <li>› Previous use of ratification proposals to exclude shareholder proposals.</li> </ul>	<p><b>Catholic Advisory Services Recommendation:</b> Vote against/withhold from individual directors, members of the governance committee, or the full board, where boards ask shareholders to ratify existing charter or bylaw provisions considering the following factors:</p> <ul style="list-style-type: none"> <li>› The presence of a shareholder proposal addressing the same issue on the same ballot;</li> <li>› The board's rationale for seeking ratification;</li> <li>› Disclosure of actions to be taken by the board should the ratification proposal fail;</li> <li>› Disclosure of shareholder engagement regarding the board's ratification request;</li> <li>› The level of impairment to shareholders' rights caused by the existing provision;</li> <li>› The history of management and shareholder proposals on the provision at the company's past meetings;</li> <li>› Whether the current provision was adopted in response to the shareholder proposal;</li> <li>› The company's ownership structure; and</li> <li>› Previous use of ratification proposals to exclude shareholder proposals.</li> </ul>

#### Rationale for Change:

The use of board sponsored proposals to ratify existing charter or bylaw provisions increased significantly during the 2018 proxy season in response to guidance from the SEC staff that granted some companies' requests to grant no-action relief if companies sought to exclude shareholder proposals from their ballots by including a "conflicting" management-sponsored proposal to ratify one or more of their existing governance provision citing 14a-8(i)(9). Seven companies in 2018, for example, obtained no-action relief to exclude shareholder proposals to adopt or amend the right of shareholders to call a special meeting by seeking ratification of their current provision. Notably, none of these ratification proposals made material changes to the provisions that enhanced shareholders' rights to call special meetings.

These "ratification" proposals appear to have been offered by boards to block shareholder proposals that requested more shareholder-friendly governance provisions from appearing on ballots. Notably, shareholders on numerous occasions on a wide range of issues have demonstrated their ability to thoughtfully vote when both management and shareholder proposals on the same issue appear on the ballot.

Please see the related policy updates regarding Board Responsiveness – Ratification Proposals and Shareholder Rights: Management Proposals to Ratify Existing Charter or Bylaw Provisions.

### Board Accountability – Director Performance Evaluation

Current Catholic Advisory Services Policy, incorporating changes:	New Catholic Advisory Services Policy:
<p><b>Catholic Advisory Services Recommendation:</b></p> <p><b>Director Performance Evaluation:</b> The board lacks mechanisms to promote accountability and oversight, coupled with sustained poor performance relative to peers. Sustained poor performance is measured by one-, <del>three-, and five-year</del> <b>and three-year</b> total shareholder returns in the bottom half of a company's four-digit GICS industry group (Russell 3000 companies only). Take into consideration the company's <del>five-year total shareholder return and</del> <b>operational metrics and other factors as warranted</b>. Problematic provisions include but are not limited to:</p> <ul style="list-style-type: none"> <li>› A classified board structure;</li> <li>› A supermajority vote requirement;</li> <li>› Either a plurality vote standard in uncontested director elections or a majority vote standard with no plurality carve-out for contested elections;</li> <li>› The inability of shareholders to call special meetings;</li> <li>› The inability of shareholders to act by written consent;</li> <li>› A multi-class capital structure; and/or</li> <li>› A non-shareholder-approved poison pill.</li> </ul>	<p><b>Catholic Advisory Services Recommendation:</b></p> <p><b>Director Performance Evaluation:</b> The board lacks mechanisms to promote accountability and oversight, coupled with sustained poor performance relative to peers. Sustained poor performance is measured by one-, three-, and five-year total shareholder returns in the bottom half of a company's four-digit GICS industry group (Russell 3000 companies only). Take into consideration the company's operational metrics and other factors as warranted. Problematic provisions include but are not limited:</p> <ul style="list-style-type: none"> <li>› A classified board structure;</li> <li>› A supermajority vote requirement;</li> <li>› Either a plurality vote standard in uncontested director elections or a majority vote standard with no plurality carve-out for contested elections;</li> <li>› The inability of shareholders to call special meetings;</li> <li>› The inability of shareholders to act by written consent;</li> <li>› A multi-class capital structure; and/or</li> <li>› A non-shareholder-approved poison pill.</li> </ul>

#### Rationale for Change:

The Director Performance Evaluation policy is intended to identify companies that have a long-term underperformance and a significant number of board entrenchment features. Moving the five-year underperformance test to the initial screen, as opposed to as part of a secondary step in the evaluation, will reduce the number of companies that undergo scrutiny under this policy.

## Board Responsiveness – Ratification Proposals

Current Catholic Advisory Services Policy, incorporating changes:	New Catholic Advisory Services Policy:
<p><b>Catholic Advisory Services Recommendation:</b> Vote case-by-case on individual directors, committee members, or the entire board of directors as appropriate if:</p> <ul style="list-style-type: none"> <li>› The board failed to act on a shareholder proposal that received the support of a majority of the shares cast in the previous year <b>or failed to act on a management proposal seeking to ratify an existing charter/bylaw provision that received opposition of a majority of the shares cast in the previous year.</b> Factors that will be considered are:                             <ul style="list-style-type: none"> <li>› Disclosed outreach efforts by the board to shareholders in the wake of the vote;</li> <li>› Rationale provided in the proxy statement for the level of implementation;</li> <li>› The subject matter of the proposal;</li> <li>› The level of support for and opposition to the resolution in past meetings;</li> <li>› Actions taken by the board in response to the majority vote and its engagement with shareholders;</li> <li>› The continuation of the underlying issue as a voting item on the ballot (as either shareholder or management proposals); and</li> <li>› Other factors as appropriate.</li> </ul> </li> <li>› The board failed to act on takeover offers where the majority of shares are tendered;</li> <li>› At the previous board election, any director received more than 50 percent withhold/against votes of the shares cast and the company has failed to address the issue(s) that caused the high withhold/against vote.</li> </ul>	<p><b>Catholic Advisory Services Recommendation:</b> Vote case-by-case on individual directors, committee members, or the entire board of directors as appropriate if:</p> <ul style="list-style-type: none"> <li>› The board failed to act on a shareholder proposal that received the support of a majority of the shares cast in the previous year or failed to act on a management proposal seeking to ratify an existing charter/bylaw provision that received opposition of a majority of the shares cast in the previous year. Factors that will be considered are:                             <ul style="list-style-type: none"> <li>› Disclosed outreach efforts by the board to shareholders in the wake of the vote;</li> <li>› Rationale provided in the proxy statement for the level of implementation;</li> <li>› The subject matter of the proposal;</li> <li>› The level of support for and opposition to the resolution in past meetings;</li> <li>› Actions taken by the board in response to the majority vote and its engagement with shareholders;</li> <li>› The continuation of the underlying issue as a voting item on the ballot (as either shareholder or management proposals); and</li> <li>› Other factors as appropriate.</li> </ul> </li> <li>› The board failed to act on takeover offers where the majority of shares are tendered;</li> <li>› At the previous board election, any director received more than 50 percent withhold/against votes of the shares cast and the company has failed to address the issue(s) that caused the high withhold/against vote.</li> </ul>

### Rationale for Change:

This policy update is being made in conjunction with the new policy (see above) that codifies Catholic Advisory Services' approach for analyzing management-submitted ratification proposals of existing charter/bylaw provisions. The existing responsiveness policy is updated to reflect that the failure of a management proposal to ratify existing charter/bylaw provisions to receive majority support will trigger a board responsiveness analysis at the following annual meeting.

## Board Diversity/Competence

Current Catholic Advisory Services Policy, incorporating policy changes:	New Catholic Advisory Services Policy:
<p><b>Catholic Advisory Services Recommendation:</b></p> <p><b>Attendance at Board and Committee Meetings:</b> Generally, vote against or withhold from directors (except new nominees, who should be considered case-by-case<sup>2</sup>) who attend less than 75 percent of the aggregate of their board and committee meetings for the period for which they served, unless an acceptable reason for absences is disclosed in the proxy or another SEC filing. Acceptable reasons for director absences are generally limited to the following:</p> <ul style="list-style-type: none"> <li>› Medical issues/illness;</li> <li>› Family emergencies; and</li> <li>› Missing only one meeting (when the total of all meetings is three or fewer).</li> </ul> <p>In cases of chronic poor attendance without reasonable justification, in addition to voting against the director(s) with poor attendance, generally vote against or withhold from appropriate members of the nominating/governance committees or the full board.</p> <p>If the proxy disclosure is unclear and insufficient to determine whether a director attended at least 75 percent of the aggregate of his/her board and committee meetings during his/her period of service, vote against or withhold from the director(s) in question.</p>	<p><b>Catholic Advisory Services Recommendation:</b></p> <p><b>Attendance at Board and Committee Meetings:</b> Generally, vote against or withhold from directors (except new nominees, who should be considered case-by-case<sup>2</sup>) who attend less than 75 percent of the aggregate of their board and committee meetings for the period for which they served, unless an acceptable reason for absences is disclosed in the proxy or another SEC filing. Acceptable reasons for director absences are generally limited to the following:</p> <ul style="list-style-type: none"> <li>› Medical issues/illness;</li> <li>› Family emergencies; and</li> <li>› Missing only one meeting (when the total of all meetings is three or fewer).</li> </ul> <p>In cases of chronic poor attendance without reasonable justification, in addition to voting against the director(s) with poor attendance, generally vote against or withhold from appropriate members of the nominating/governance committees or the full board.</p> <p>If the proxy disclosure is unclear and insufficient to determine whether a director attended at least 75 percent of the aggregate of his/her board and committee meetings during his/her period of service, vote against or withhold from the director(s) in question.</p>

### Rationale for Change:

Catholic Advisory Services is codifying the case-by-case approach taken when faced with situations of possible chronic poor attendance by directors. Catholic Advisory Services defines “chronic poor attendance” as three or more consecutive years of poor attendance without reasonable explanation. The policy approach may also be applied in cases where there is a long-term pattern of absenteeism, such as poor attendance the previous year and three out of the four prior years.

Currently, the policy is generally applied as follows:

- › After three years of poor attendance by a director, recommend withhold from the chair of the nominating or governance committee;
- › After four years, recommend withhold from the full nominating or governance committee; and
- › After five years, recommend withhold from all nominees.

<sup>2</sup> New nominees who served for only part of the fiscal year are generally exempted from the attendance policy.

When the director with chronic poor attendance is on the ballot, the recommendations at the chair or committee level will be directed towards the nominating committee for the continued nomination of the director, in spite of the poor attendance. When the director is not on the ballot, as in the case of a classified board, the recommendations will be directed towards the governance committee for maintaining a governance structure where the director is not directly accountable to shareholders on an annual basis.

## Shareholder Rights and Defenses

### Management Proposals to Ratify Existing Charter or Bylaw Provisions

Current Catholic Advisory Services Policy, incorporating changes:	New Catholic Advisory Services Policy:
<p><b>Catholic Advisory Services Recommendation:</b> [no current policy] Generally vote against management proposals to ratify provisions of the company’s existing charter or bylaws, unless these governance provisions align with best practice.</p> <p>In addition, voting against/withhold from individual directors, members of the governance committee, or the full board may be warranted, considering:</p> <ul style="list-style-type: none"> <li>› The presence of a shareholder proposal addressing the same issue on the same ballot;</li> <li>› The board's rationale for seeking ratification;</li> <li>› Disclosure of actions to be taken by the board should the ratification proposal fail;</li> <li>› Disclosure of shareholder engagement regarding the board’s ratification request;</li> <li>› The level of impairment to shareholders' rights caused by the existing provision;</li> <li>› The history of management and shareholder proposals on the provision at the company’s past meetings;</li> <li>› Whether the current provision was adopted in response to the shareholder proposal;</li> <li>› The company's ownership structure; and</li> <li>› Previous use of ratification proposals to exclude shareholder proposals.</li> </ul>	<p><b>Catholic Advisory Services Recommendation:</b> Generally vote against management proposals to ratify provisions of the company’s existing charter or bylaws, unless these governance provisions align with best practice.</p> <p>In addition, voting against/withhold from individual directors, members of the governance committee, or the full board may be warranted, considering:</p> <ul style="list-style-type: none"> <li>› The presence of a shareholder proposal addressing the same issue on the same ballot;</li> <li>› The board's rationale for seeking ratification;</li> <li>› Disclosure of actions to be taken by the board should the ratification proposal fail;</li> <li>› Disclosure of shareholder engagement regarding the board’s ratification request;</li> <li>› The level of impairment to shareholders' rights caused by the existing provision;</li> <li>› The history of management and shareholder proposals on the provision at the company’s past meetings;</li> <li>› Whether the current provision was adopted in response to the shareholder proposal;</li> <li>› The company's ownership structure; and</li> <li>› Previous use of ratification proposals to exclude shareholder proposals.</li> </ul>

#### Rationale for Change:

See Board Accountability – Management Proposals to Ratify Existing Charter or Bylaw Provisions



## Capital/Restructuring

### Reverse Stock Splits

Current Catholic Advisory Services Policy, incorporating changes:	New Catholic Advisory Services Policy:
<p><b>Catholic Advisory Services Recommendation:</b> Vote for management proposals to implement a reverse stock split if:</p> <ul style="list-style-type: none"> <li>› <del>when</del>The number of authorized shares will be proportionately reduced; or</li> <li>› The effective increase in authorized shares is equal to or less than the allowable increase calculated in accordance with Catholic Advisory Services' Common Stock Authorization policy.</li> </ul> <p>Vote <del>against</del> case-by-case on proposals <del>when there is not a proportionate reduction of authorized shares, unless</del> that do not meet either of the above conditions, taking into consideration the following factors:</p> <ul style="list-style-type: none"> <li>› A stock exchange <del>has provided notice</del> notification to the company of a potential delisting; or</li> <li>› <del>The effective increase in authorized shares is equal to or less than the allowable increase calculated in accordance with Catholic Advisory Services' Common Stock Authorization policy.</del></li> <li>› Disclosure of substantial doubt about the company's ability to continue as a going concern without additional financing;</li> <li>› The company's rationale; or</li> <li>› Other factors as applicable.</li> </ul>	<p><b>Catholic Advisory Services Recommendation:</b> Vote for management proposals to implement a reverse stock split if:</p> <ul style="list-style-type: none"> <li>› The number of authorized shares will be proportionately reduced; or</li> <li>› The effective increase in authorized shares is equal to or less than the allowable increase calculated in accordance with Catholic Advisory Services' Common Stock Authorization policy.</li> </ul> <p>Vote case-by-case on proposals that do not meet either of the above conditions, taking into consideration the following factors:</p> <ul style="list-style-type: none"> <li>› Stock exchange notification to the company of a potential delisting;</li> <li>› Disclosure of substantial doubt about the company's ability to continue as a going concern without additional financing;</li> <li>› The company's rationale; or</li> <li>› Other factors as applicable.</li> </ul>

#### Rationale for Change:

The policy on reverse stock splits is being updated to codify the approach currently taken for companies that are not listed on major stock markets/exchanges and are not proportionately reducing their authorized shares. Delisting notices are not applicable to companies that do not trade on a major market/exchange. The policy is being broadened to include consideration of other critical factors for all companies, exchange-listed and non-exchange listed, where substantial risks exist - in particular, whether they will continue as going concerns.

## Social and Environmental Issues

### Global Approach

Current Catholic Advisory Services Policy, incorporating changes:	New Catholic Advisory Services Policy:
<p><b>Catholic Advisory Services Recommendation:</b> Generally vote for social and environmental shareholder proposals that promote good corporate citizens while enhancing long-term shareholder and stakeholder value. Vote for disclosure reports that seek additional information particularly when it appears companies have not adequately addressed shareholders' social, workforce, and environmental concerns. In determining vote recommendations on shareholder social, workforce, and environmental proposals, Catholic Advisory Services will analyze the following factors:</p> <ul style="list-style-type: none"> <li>› Whether the proposal itself is well framed and reasonable;</li> <li>› Whether adoption of the proposal would have either a positive or negative impact on the company's short-term or long-term share value;</li> <li>› Whether the company's analysis and voting recommendation to shareholders is persuasive;</li> <li>› The degree to which the company's stated position on the issues could affect its reputation or sales, or leave it vulnerable to boycott or selective purchasing;</li> <li>› Whether the subject of the proposal is best left to the discretion of the board;</li> <li>› Whether the issues presented in the proposal are best dealt with through legislation, government regulation, or company-specific action;</li> <li>› The company's approach compared with its peers or any industry standard practices for addressing the issue(s) raised by the proposal;</li> <li>› Whether the company has already responded in an appropriate or sufficient manner to the issue(s) raised in the proposal;</li> <li>› <b>Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental or social practices;</b></li> <li>› If the proposal requests increased disclosure or greater transparency, whether <del>or not</del> sufficient information is publicly available to shareholders and whether it would be unduly burdensome for the company to compile and avail the requested information to shareholders in a more comprehensive or amalgamated fashion;</li> </ul>	<p><b>Catholic Advisory Services Recommendation:</b> Generally vote for social and environmental shareholder proposals that promote good corporate citizens while enhancing long-term shareholder and stakeholder value. Vote for disclosure reports that seek additional information particularly when it appears companies have not adequately addressed shareholders' social, workforce, and environmental concerns. In determining vote recommendations on shareholder social, workforce, and environmental proposals, Catholic Advisory Services will analyze the following factors:</p> <ul style="list-style-type: none"> <li>› Whether the proposal itself is well framed and reasonable;</li> <li>› Whether adoption of the proposal would have either a positive or negative impact on the company's short-term or long-term share value;</li> <li>› Whether the company's analysis and voting recommendation to shareholders is persuasive;</li> <li>› The degree to which the company's stated position on the issues could affect its reputation or sales, or leave it vulnerable to boycott or selective purchasing;</li> <li>› Whether the subject of the proposal is best left to the discretion of the board;</li> <li>› Whether the issues presented in the proposal are best dealt with through legislation, government regulation, or company-specific action;</li> <li>› The company's approach compared with its peers or any industry standard practices for addressing the issue(s) raised by the proposal;</li> <li>› Whether the company has already responded in an appropriate or sufficient manner to the issue(s) raised in the proposal;</li> <li>› Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental or social practices;</li> <li>› If the proposal requests increased disclosure or greater transparency, whether sufficient information is publicly available to shareholders and whether it would be unduly burdensome for the company to compile and avail the requested information to shareholders in a more comprehensive or amalgamated fashion;</li> </ul>

<p>› Whether implementation of the proposal would achieve the objectives sought in the proposal.</p> <p>In general, Catholic Advisory Services supports proposals that request the company to furnish information helpful to shareholders in evaluating the company’s operations. In order to be able to intelligently monitor their investments shareholders often need information best provided by the company in which they have invested. Requests to report such information will merit support. Requests to establish special committees of the board to address broad corporate policy and provide forums for ongoing dialogue on issues including, but not limited to shareholder relations, the environment, human rights, occupational health and safety, and executive compensation, will generally be supported, particularly when they appear to offer a potentially effective method for enhancing shareholder value. We will closely evaluate proposals that ask the company to cease certain actions that the proponent believes are harmful to society or some segment of society with special attention to the company’s legal and ethical obligations, its ability to remain profitable, and potential negative publicity if the company fails to honor the request. Catholic Advisory Services supports shareholder proposals that improve the company’s public image and reduce exposure to liabilities.</p>	<p>› Whether implementation of the proposal would achieve the objectives sought in the proposal.</p> <p>In general, Catholic Advisory Services supports proposals that request the company to furnish information helpful to shareholders in evaluating the company’s operations. In order to be able to intelligently monitor their investments shareholders often need information best provided by the company in which they have invested. Requests to report such information will merit support. Requests to establish special committees of the board to address broad corporate policy and provide forums for ongoing dialogue on issues including, but not limited to shareholder relations, the environment, human rights, occupational health and safety, and executive compensation, will generally be supported, particularly when they appear to offer a potentially effective method for enhancing shareholder value. We will closely evaluate proposals that ask the company to cease certain actions that the proponent believes are harmful to society or some segment of society with special attention to the company’s legal and ethical obligations, its ability to remain profitable, and potential negative publicity if the company fails to honor the request. Catholic Advisory Services supports shareholder proposals that improve the company’s public image and reduce exposure to liabilities.</p>
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**Rationale for Change:**

The update is being made to codify the factors that are already taken into consideration in Catholic Advisory Services' case-by-case analyses of environmental and social (E&S) shareholder proposals. The update makes it more explicit that significant controversies, fines, penalties, or litigation are considered when evaluating E&S shareholder proposals.

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