



United States

Public Fund Proxy Voting Guidelines Updates

2019 Policy Recommendations

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Director Elections - Voting on Director Nominees in Uncontested Elections

Board Competence – Diversity

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Advisory Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <p><i>Diversity</i></p> <p>Highlight boards with no gender diversity. However, For 2019 meetings, no adverse vote recommendations will be made due to any lack of gender diversity.</p> <p>For companies in the Russell 3000 or S&P 1500 indices, effective for meetings on or after Feb. 1, 2020, generally vote against or withhold from the chair of the nominating committee (or other directors on a case-by-case basis) at companies when there are no women on the company's board. Mitigating factors include:</p> <ul style="list-style-type: none"> > A firm commitment, as stated in the proxy statement, to appoint at least one female to the board in the near term; > The presence of a female on the board at the preceding annual meeting; or > Other relevant factors as applicable. 	<p>Public Fund Advisory Services Recommendation:</p> <p><i>Diversity</i></p> <p>Highlight boards with no gender diversity. For 2019 meetings, no adverse vote recommendations will be made due to a lack of gender diversity.</p> <p>For companies in the Russell 3000 or S&P 1500 indices, effective for meetings on or after Feb. 1, 2020, generally vote against or withhold from the chair of the nominating committee (or other directors on a case-by-case basis) at companies when there are no women on the company's board. Mitigating factors include:</p> <ul style="list-style-type: none"> > A firm commitment, as stated in the proxy statement, to appoint at least one female to the board in the near term; > The presence of a female on the board at the preceding annual meeting; or > Other relevant factors as applicable.

Rationale for Change:

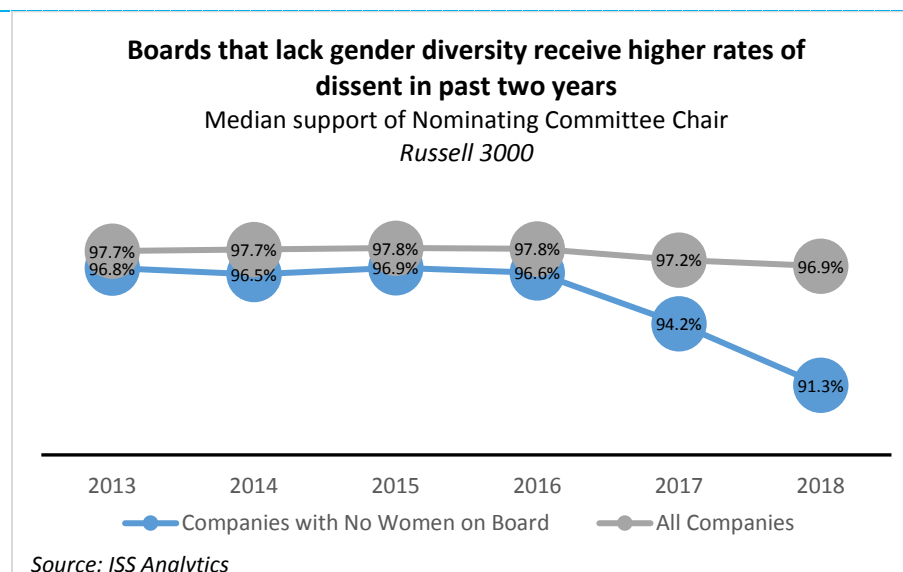
1) Investors favor gender diverse boards.

During the 2017 and 2018 proxy seasons, investors increasingly targeted companies with little or no female representation on their boards, citing reasons of equality, good corporate governance, and enhanced long-term company performance.¹ Increased investor engagement on the topic appears to have prompted many boards to add one or more women directors to their ranks over the past two years. When boards fail to respond to such engagement, a number of large investors have cast votes against directors.

As noted in ISS' 2018 U.S. Proxy Season Review and as shown in the following figure, companies that lacked a gender diverse board were correlated with lower support levels for nominating committee chairs.²

¹ See Kosmas Papadopoulos, Robert Kalb, Angelica Valderrama and Thomas Balog, *U.S. Board Study: Board Diversity Review*, p. 11-12, Apr. 11, 2018.

² United States: Uncontested Director Elections & Governance Proposals: 2018 Proxy Season Review.

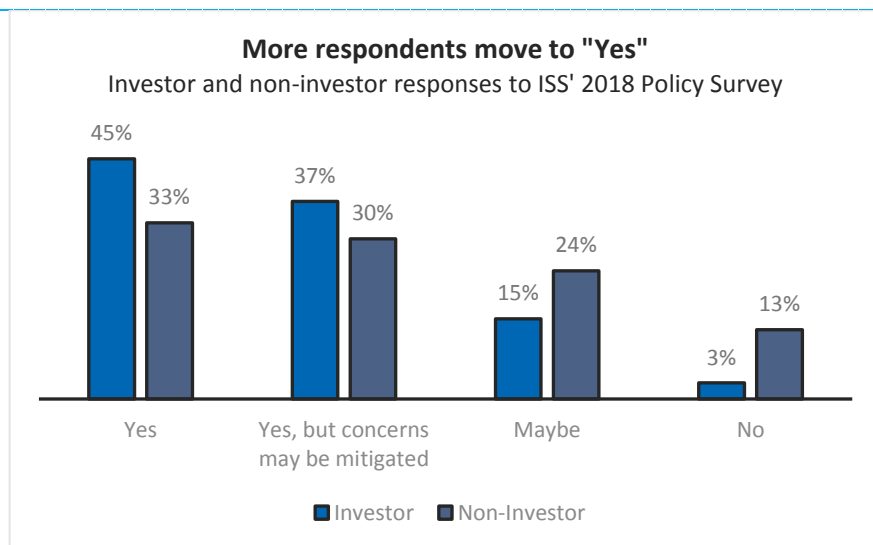


ISS' 2018 policy survey results show a growing investor preference for boosting levels of boardroom gender diversity. According to the survey results, only three percent of investor respondents stated that they did not consider a lack of board gender diversity to be problematic, and over 80 percent of the investor respondents indicated an absence of gender diversity at the board level to be problematic.³ Forty-five percent of investor respondents stated that the absence of at least one female director may indicate problems in the board recruitment process. Another 37 percent responded that the recruitment process may be problematic, but such concerns may be mitigated if there is a disclosed policy or approach that describes the steps taken by the board or the nominating committee to boost gender diversity on the board. Fifteen percent of investor respondents answered that lack of diversity could be problematic on a case-by-case basis.

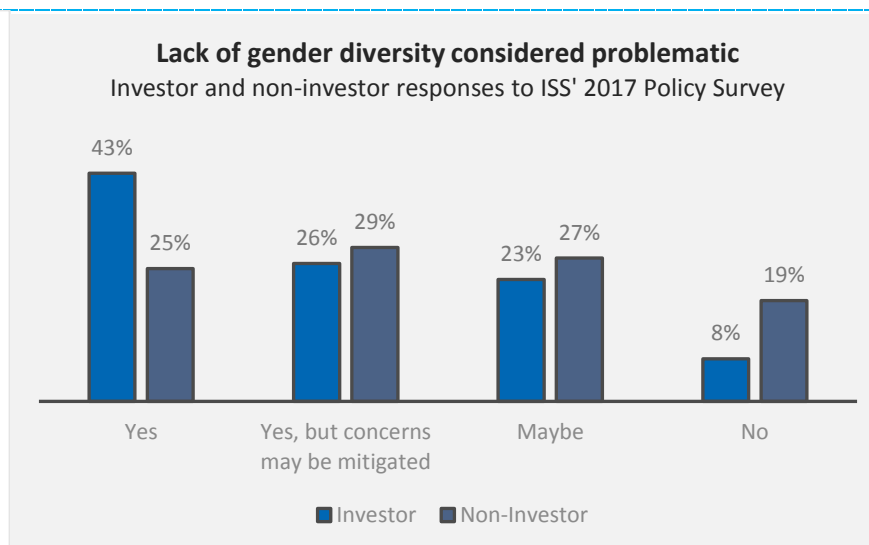
Non-investor respondents generally echoed investors' responses. A low number (13 percent) stated that a lack of gender diversity on the board is not problematic.

Based on these survey results, most investors and other corporate constituencies consider that the absence of gender diversity may be problematic and should (at a minimum) trigger a deeper examination of a board's nomination practices and policies. Although both investors and non-investors continue to list engaging with the board or management as their most favored response to a board's lack of female representation, a growing number of shareholders think that adverse recommendations could be warranted for one or more directors. Non-investors overwhelmingly prefer engagement, but also appear to be growingly recognizing escalation at the ballot box may be an appropriate action by shareholders in some circumstances.

³ ISS, [2018 Governance Principles Survey: Summary of Results](#), p. 7, 12-14, Sept. 18, 2018



ISS 2018 Governance Principles Survey: Summary of Results



ISS 2018 Governance Principles Survey: Summary of Results

2) Board gender diversity has been positively correlated to better company performance in some studies.

Many investors view the existence of board gender diversity as good corporate governance in light of a series of studies that have found that board gender diversity is positively correlated to better company performance.⁴

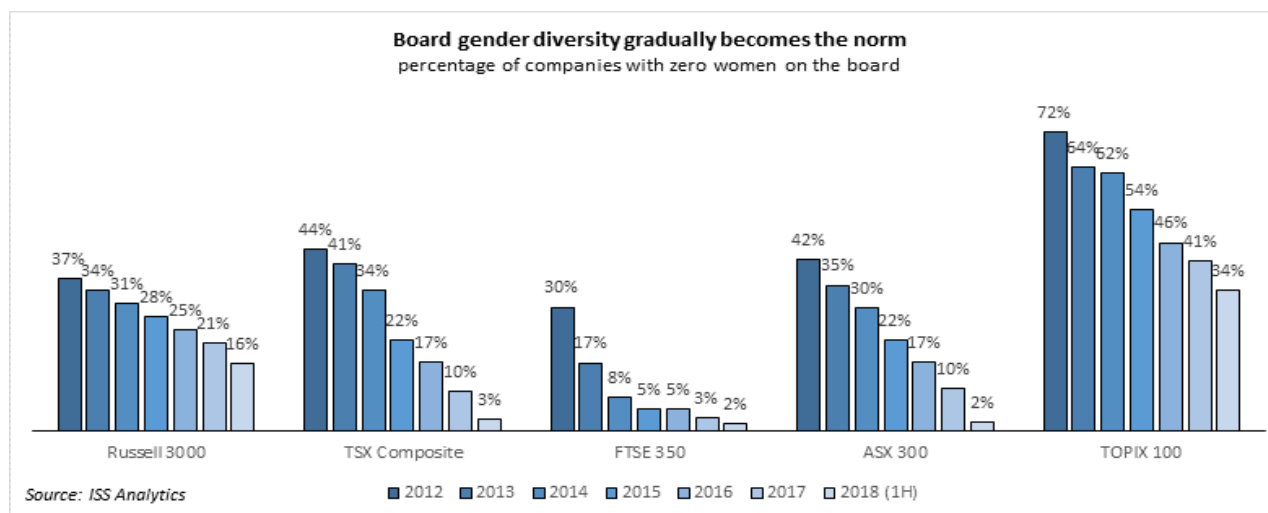
Looking beyond returns, recent ISS and other studies have identified additional benefits to companies and their shareholders from boosting gender diversity in the boardroom. A recent ISS report⁵ found that women directors are more likely to possess skillsets that are most sought after by boards. That study found that female nominees surpassed their male peers in the prevalence of skills related to audit, strategic planning, technology, sales, risk management, legal, government, CSR, and human resources.

⁴ Conyon, Martin J. and He, Lerong, *Firm Performance and Boardroom Gender Diversity: A Quantile Regression Approach*, March 16, 2017; Deloitte, Global Center for Corporate Governance, *Women in the boardroom: A global perspective*, P. 3-4, Fifth Ed. (2017); PwC, Governance Insights Center, *PwC's 2017 Annual Corporate Directors Survey*, p. 11-12; Vivian Hunt, Dennis Layton and Sara Prince, McKinsey & Co., *Diversity Matters*, Feb. 2, 2015; Marcus Noland, Tyler Moran and Barbara Kotschwar, Peterson Institute for International Economics, *Is Gender Diversity Profitable?*, February 2016.

⁵ Anthony Garcia, ISS Custom Research, *Director Skills: Diversity of Thought and Experience in the Boardroom*, Governance Insights, Sept. 14, 2018.

3) Gender diverse boards are the market norm.

According to the 2017 U.S. Board Study: Board Diversity Review, in 2017 and at the time of their annual meetings, 99 percent of the firms in the S&P 500, 90 percent of the S&P 400, and 77 percent of the S&P 600, and 87 percent of the companies in the S&P 1500 had at least one woman on the board. As of Sept. 25, 2018, and according to DataDesk data, only three companies in the S&P 500 had no female directors. Boards with female representation far outnumber all-male boards in the Russell 3000 Index too where, according to Data Desk data, 84 percent of the companies have at least one female on the board. Female representation at the board level has thus become the norm at companies traditionally associated with having better governance practices in the U.S., as well as in other markets, as shown in the figure below.



Board Competence – Attendance

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Advisory Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <ul style="list-style-type: none"> › Attendance of director nominees at board and committee meetings of less than 75 percent in one year without valid reason or explanation; or › Directors serving on an excessive number of other boards which could compromise their primary duties of care and loyalty; or › Attendance of director nominees at board and committee meetings of less than 75 percent in one year without valid reason or explanation. <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>Public Fund Advisory Services Recommendation:</p> <ul style="list-style-type: none"> › Directors serving on an excessive number of other boards which could compromise their primary duties of care and loyalty; or › Attendance of director nominees at board and committee meetings of less than 75 percent in one year without valid reason or explanation. <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>

Rationale for Change:

Public Fund Advisory Services is codifying the case-by-case approach taken when faced with situations of possible chronic poor attendance by directors. Public Fund 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.

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.

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

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

Rationale for Changes:

Management Proposals to Ratify Existing Charter or Bylaw Provisions

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.

Board Accountability – Director Performance Evaluation

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Advisory Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <p><i>Director Performance Evaluation</i></p> <p>Many institutional investors believe long-term financial performance and the appropriateness of governance practices should be taken into consideration when determining vote recommendations with regard to directors in uncontested elections. When evaluating whether to vote against or withhold votes from director nominees, Public Fund Advisory Services will evaluate underperforming companies that exhibit sustained poor performance as measured by total returns to shareholders over a one-, three-, and five-year and three-year period.</p> <p>Public Fund Advisory Services views deficient oversight mechanisms and the lack of board accountability to shareholders especially in the context of sustained poor performance, as problematic. As part of our the framework for assessing director performance, Public Fund Advisory Services will also evaluate board accountability and oversight at companies that demonstrate sustained underperformance. A governance structure that discourages director accountability may lead to board and management entrenchment. For example, the existence of several anti-takeover provisions* has the cumulative effect of deterring legitimate tender offers, mergers, and corporate transactions that may have ultimately proved beneficial to shareholders. When a company maintains entrenchment devices, shareholders of poorly performing companies are left with few effective routes to beneficial change.</p> <p>Public Fund Advisory Services will assess the company’s response to the ongoing performance issues, and consider recent board and management changes, board independence, overall governance practices, and other factors that may have an impact on shareholders. If a company exhibits sustained poor performance coupled with a lack of board accountability and oversight, Public Fund Advisory Services’ evaluation may also consider the company’s five-year</p>	<p>Public Fund Advisory Services Recommendation:</p> <p><i>Director Performance Evaluation</i></p> <p>Many institutional investors believe long-term financial performance and the appropriateness of governance practices should be taken into consideration when determining vote recommendations with regard to directors in uncontested elections. When evaluating whether to vote against or withhold votes from director nominees, Public Fund Advisory Services will evaluate underperforming companies that exhibit sustained poor performance as measured by total returns to shareholders over a one-, three-, and five-year period.</p> <p>Public Fund Advisory Services views deficient oversight mechanisms and the lack of board accountability to shareholders especially in the context of sustained poor performance, as problematic. As part of the framework for assessing director performance, Public Fund Advisory Services will also evaluate board accountability and oversight at companies that demonstrate sustained underperformance. A governance structure that discourages director accountability may lead to board and management entrenchment. For example, the existence of several anti-takeover provisions* has the cumulative effect of deterring legitimate tender offers, mergers, and corporate transactions that may have ultimately proved beneficial to shareholders. When a company maintains entrenchment devices, shareholders of poorly performing companies are left with few effective routes to beneficial change.</p> <p>Public Fund Advisory Services will assess the company’s response to the ongoing performance issues, and consider recent board and management changes, board independence, overall governance practices, and other factors that may have an impact on shareholders. If a company exhibits sustained poor performance coupled with a lack of board accountability and oversight, Public Fund Advisory</p>

<p>total shareholder return and five-year operational metrics and other factors as warranted in our evaluation.</p> <p>*Problematic provisions include but are not limited to:</p> <ul style="list-style-type: none"> › A classified board structure; › A supermajority vote requirement; › Either a plurality vote standard in uncontested director elections or a majority vote standard with no plurality carve-out for contested elections; › The inability for shareholders to call special meetings; › The inability for shareholders to act by written consent; › A multi-class structure; and/or › A non-shareholder approved poison pill. <p>Public Fund Advisory Services Recommendation: Vote against or withhold votes from all director nominees if the board lacks accountability and oversight, coupled with sustained poor performance relative to peers. Sustained poor performance is measured by one- and three-year, three-, and five-year total shareholder returns in the bottom half of a company's four-digit GICS industry group (Russell 3000 companies only). Sustained poor performance for companies outside the Russell 3000 universe is defined as underperforming peers or index on the basis of both one-year and three-year, three-, and five-year total shareholder returns.</p>	<p>Services' evaluation may also consider the company's operational metrics and other factors as warranted.</p> <p>*Problematic provisions include but are not limited to:</p> <ul style="list-style-type: none"> › A classified board structure; › A supermajority vote requirement; › Either a plurality vote standard in uncontested director elections or a majority vote standard with no plurality carve-out for contested elections; › The inability for shareholders to call special meetings; › The inability for shareholders to act by written consent; › A multi-class structure; and/or › A non-shareholder approved poison pill. <p>Public Fund Advisory Services Recommendation: Vote against or withhold votes from all director nominees if the board lacks 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). Sustained poor performance for companies outside the Russell 3000 universe is defined as underperforming peers or index on the basis of one-, three, and five-year total shareholder returns.</p>
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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

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Advisory Services Policy:
<p>Public Fund Advisory Services Recommendation: Vote against or withhold from individual directors, committee members, or the entire board of directors as appropriate if:</p> <ul style="list-style-type: none"> › 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 underlying issue(s) that caused the high withhold/against votes; › The board failed to act on takeover offers where the majority of the shareholders tendered their shares; or › The board failed to act on a shareholder proposal that received approval by a majority of the shares cast 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. 	<p>Public Fund Advisory Services Recommendation: Vote against or withhold from individual directors, committee members, or the entire board of directors as appropriate if:</p> <ul style="list-style-type: none"> › 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 underlying issue(s) that caused the high withhold/against votes; › The board failed to act on takeover offers where the majority of the shareholders tendered their shares; or › The board failed to act on a shareholder proposal that received approval by a majority of the shares cast 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.

Rationale for Change:

This policy update is being made in conjunction with the new policy (see above) that codifies Public Fund 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.

Shareholder Rights

Management Proposals to Ratify Existing Charter or Bylaw Provisions

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Advisory Services Policy:
<p>Public Fund Advisory Services Recommendation: [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"> › The presence of a shareholder proposal addressing the same issue on the same ballot; › The board’s rationale for seeking ratification; › Disclosure of actions to be taken by the board should the ratification proposal fail; › Disclosure of shareholder engagement regarding the board’s ratification request; › The level of impairment to shareholders’ rights caused by the existing provision; › The history of management and shareholder proposals on the provision at the company’s past meetings; › Whether the current provision was adopted in response to the shareholder proposal; › The company’s ownership structure; and › Previous use of ratification proposals to exclude shareholder proposals. 	<p>Public Fund Advisory Services Recommendation: 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"> › The presence of a shareholder proposal addressing the same issue on the same ballot; › The board’s rationale for seeking ratification; › Disclosure of actions to be taken by the board should the ratification proposal fail; › Disclosure of shareholder engagement regarding the board’s ratification request; › The level of impairment to shareholders’ rights caused by the existing provision; › The history of management and shareholder proposals on the provision at the company’s past meetings; › Whether the current provision was adopted in response to the shareholder proposal; › The company’s ownership structure; and › Previous use of ratification proposals to exclude shareholder proposals.

Rationale for Change:

See [Board Accountability - Management Proposals to Ratify Existing Charter or Bylaw Provisions](#)

Capital Structure

Reverse Stock Splits

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Advisory Services Policy:
<p>Public Fund Advisory Services Recommendation: Generally support a reverse stock split if the number of authorized shares will be reduced proportionately. When there is not a proportionate reduction of authorized shares, Public Fund trustees should oppose such proposals unless a stock exchange has provided notice to the company of a potential delisting.</p> <p>Vote for management proposals to implement a reverse stock split if:</p> <ul style="list-style-type: none"> > The number of authorized shares will be proportionately reduced; or > The effective increase in authorized shares is equal to or less than half of the company's existing authorization. <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"> > Stock exchange notification to the company of a potential delisting; or > Disclosure of substantial doubt about the company's ability to continue as a going concern without additional financing; > The company's rationale; or > Other factors as applicable. <p>Shareholders should only vote for non-proportionate reverse stock splits in the most dire of situations. Companies should provide disclosure of external evidence that a potential delisting is imminent to separate the true emergencies from vague potential risks to shareholders.</p>	<p>Public Fund Advisory Services Recommendation: Vote for management proposals to implement a reverse stock split if:</p> <ul style="list-style-type: none"> > The number of authorized shares will be proportionately reduced; or > The effective increase in authorized shares is equal to or less than half of the company's existing authorization. <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"> > Stock exchange notification to the company of a potential delisting; or > Disclosure of substantial doubt about the company's ability to continue as a going concern without additional financing; > The company's rationale; or > Other factors as applicable. <p>Shareholders should only vote for non-proportionate reverse stock splits in the most dire of situations. Companies should provide disclosure of external evidence that a potential delisting is imminent to separate the true emergencies from vague potential risks to shareholders.</p>

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.

Corporate Responsibility & Accountability

Social, Environmental and Sustainability Issues

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Advisory Services Policy:
<p>Public Fund Advisory Services Recommendation: In analyzing social, workplace, environmental, and other related proposals, Public Fund Advisory Services considers the following factors:</p> <ul style="list-style-type: none"> › Whether the proposal itself is well framed and reasonable; › Whether adoption of the proposal would have either a positive or negative impact on the company's short-term or long-term share value; › Whether the company's analysis and voting recommendation to shareholders is persuasive; › 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; › Whether the subject of the proposal is best left to the discretion of the board; › Whether the issues presented in the proposal are best dealt with through legislation, government regulation, or company-specific action; › The company's approach compared with its peers or any industry standard practices for addressing the issue(s) raised by the proposal; › Whether the company has already responded in an appropriate or sufficient manner to the issue(s) raised in the proposal; › Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental or social practices; › If the proposal requests increased disclosure or greater transparency, whether or not 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; and › Whether implementation of the proposal would achieve the objectives sought in the proposal. 	<p>Public Fund Advisory Services Recommendation: In analyzing social, workplace, environmental, and other related proposals, Public Fund Advisory Services considers the following factors:</p> <ul style="list-style-type: none"> › Whether the proposal itself is well framed and reasonable; › Whether adoption of the proposal would have either a positive or negative impact on the company's short-term or long-term share value; › Whether the company's analysis and voting recommendation to shareholders is persuasive; › 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; › Whether the subject of the proposal is best left to the discretion of the board; › Whether the issues presented in the proposal are best dealt with through legislation, government regulation, or company-specific action; › The company's approach compared with its peers or any industry standard practices for addressing the issue(s) raised by the proposal; › Whether the company has already responded in an appropriate or sufficient manner to the issue(s) raised in the proposal; › Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental or social practices; › 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; and › Whether implementation of the proposal would achieve the objectives sought in the proposal.

Rationale for Change:

The update is being made to codify the factors that are already taken into consideration in Public Fund 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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