



UNITED STATES

SRI PROXY VOTING GUIDELINES UPDATES

2021 SRI Policy Recommendations

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Board of Directors - Uncontested Election of Directors

Board Composition

Board Diversity

Current Social Advisory Services Policy, incorporating changes:	New Social Advisory Services Policy:
<p>Vote against/withhold from individual directors (except new nominees) who:</p> <ul style="list-style-type: none"> ▪ Serve as members of the nominating committee and the board lacks at least one woman and one racially diverse director, and the board is not at least 30 percent diverse. If the company does not have a formal nominating committee, vote against/withhold votes from the entire board of directors. <p>Vote against/withhold from other directors on a case-by-case basis.</p>	<p>Vote against/withhold from individual directors (except new nominees) who:</p> <ul style="list-style-type: none"> ▪ Serve as members of the nominating committee and the board lacks at least one woman and one racially diverse director, and the board is not at least 30 percent diverse. If the company does not have a formal nominating committee, vote against/withhold votes from the entire board of directors. <p>Vote against/withhold from other directors on a case-by-case basis.</p>

Rationale for Change:

This policy update provides greater transparency on the use of potentially different vote recommendations based on the different election scenarios that can arise in U.S. elections. It does not represent a change of the underlying policy on board diversity, which looks for at least one woman, one racially diverse director, and at least 30 percent diversity on the board.

Board Accountability

Problematic Takeover Defenses - Poison Pills

Current Social Advisory Services Policy, incorporating changes:	New Social Advisory Services Policy:
<p>Poison Pills: Vote against or withhold from all nominees (except new nominees, who should be considered case-by-case) if:</p> <ul style="list-style-type: none"> ▪ The company has a poison pill that was not approved by shareholders¹. However, vote case-by-case on nominees if the board adopts an initial pill with a term of one year or less, depending on the disclosed rationale for the adoption, and other factors as relevant (such as a commitment to put any renewal to a shareholder vote); ▪ The board makes a material adverse modification to an existing pill, including, but not limited to, extension, renewal, or lowering the trigger, without shareholder approval; or ▪ The pill, whether short-term² or long-term, has a deadhand or slowhand feature. 	<p>Poison Pills: Vote against or withhold from all nominees (except new nominees, who should be considered case-by-case) if:</p> <ul style="list-style-type: none"> ▪ The company has a poison pill that was not approved by shareholders¹. However, vote case-by-case on nominees if the board adopts an initial pill with a term of one year or less, depending on the disclosed rationale for the adoption, and other factors as relevant (such as a commitment to put any renewal to a shareholder vote); ▪ The board makes a material adverse modification to an existing pill, including, but not limited to, extension, renewal, or lowering the trigger, without shareholder approval; or ▪ The pill, whether short-term² or long-term, has a deadhand or slowhand feature.

Rationale for Change:

When Social Advisory Services last updated its policy on poison pill adoption without a shareholder vote in 2017, there remained only a handful of companies with a deadhand or slowhand feature in their poison pills. All of them were long-term, non-shareholder approved pills, so Social Advisory Services was already recommending against all nominees to their board, and therefore a separate bullet point on deadhand features was no longer deemed necessary. Unfortunately, the almost defunct deadhand feature has come back to life.

With the market volatility experienced during the COVID-19 pandemic, many companies rushed to implement short-term (one year or shorter) pills. Some companies included deadhand or slowhand features in these new short-term pills: American Finance Trust, Inc., Global Net Lease, Inc., New York City REIT, Inc., and Whitestone REIT.

¹ Public shareholders only, approval prior to a company's becoming public is insufficient.

² If the short-term pill with a deadhand or slowhand feature is enacted but expires before the next shareholder vote, Social Advisory Services will generally still recommend withhold/against nominees at the next shareholder meeting following its adoption.

A deadhand provision is generally phrased as a “continuing director (or trustee)” or “disinterested director” clause and restricts the board's ability to redeem or terminate the pill. Continuing directors are directors not associated with the acquiring person, and who were directors on the board prior to the adoption of the pill or were nominated by a majority of such directors. The pill can only be redeemed if the board consists of a majority of continuing directors, so even if the board is replaced by shareholders in a proxy fight, the pill cannot be redeemed: the defunct board prevents that. A slowhand is where this redemption restriction applies only for a period of time (generally 180 days).

The adoption of a device like a deadhand poison pill or its variants (such as slowhand pills) is unjustifiable from a governance standpoint, as it is explicitly intended to thwart the will of shareholders in situations where they vote to replace the board in order to enable an offer to proceed. The policy for unilateral (without a shareholder vote) adoptions of pills is thus being updated to bring back the explicit referral to deadhand/slowhand features.

Because the unilateral adoption of a deadhand or slowhand pill is considered a material governance failure, the inclusion of such a feature in a poison pill may be grounds for adverse director recommendations at the next annual meeting, even if the pill itself has expired by the time of that meeting.

Material Environmental, Social and Governance (ESG) Risk Oversight Failures

Current Social Advisory Services Policy, incorporating changes:	New Social Advisory Services Policy:
<p>Social Advisory Services Recommendation: Vote against/withhold from directors individually, committee members, or potentially the entire board, due to:</p> <ul style="list-style-type: none"> ▪ Material failures of governance, stewardship, risk oversight*, or fiduciary responsibilities at the company, including failure to adequately guard against or manage ESG risks; ▪ 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; ▪ Failure to replace management as appropriate; or ▪ Egregious actions related to a director's service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company. <p>* Examples of failure of risk oversight include but are not limited to: bribery; large or serial fines or sanctions from regulatory bodies; demonstrably poor risk oversight of environmental and social issues, including climate change; 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.</p>	<p>Social Advisory Services Recommendation: Vote against/withhold from directors individually, committee members, or potentially the entire board, due to:</p> <ul style="list-style-type: none"> ▪ Material failures of governance, stewardship, risk oversight*, or fiduciary responsibilities at the company, including failure to adequately guard against or manage ESG risks; ▪ 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; ▪ Failure to replace management as appropriate; or ▪ Egregious actions related to a director's service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company. <p>* Examples of failure of risk oversight include but are not limited to: bribery; large or serial fines or sanctions from regulatory bodies; demonstrably poor risk oversight of environmental and social issues, including climate change; 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.</p>

Rationale for Change:

The Social Advisory Services policy guideline is being updated to include explicit references to poor risk oversight of environmental and social issues as examples of material failure that may result in adverse vote recommendations.

Board Independence

Classification of Directors

Current Social Advisory Services Classification:	New Social Advisory Services Classification:
<p>1. Executive Director</p> <p>1.1. Current employee or current officerⁱ of the company or one of its affiliatesⁱⁱ.</p> <p>2. Non-Independent Non-Executive Director</p> <p><u>Board Identification</u></p> <p>2.1. Director identified as not independent by the board.</p> <p><u>Controlling/Significant Shareholder</u></p> <p>2.2. Beneficial owner of more than 50 percent of the company's voting power (this may be aggregated if voting power is distributed among more than one member of a group).</p> <p><u>Current Employment at Company or Related Company</u></p> <p>2.3. Non-officer employee of the firm (including employee representatives).</p> <p>2.4. Officerⁱ, former officer, or general or limited partner of a joint venture or partnership with the company.</p> <p><u>Former Employment-Former CEO/Interim Officer</u></p> <p>2.5. Former CEO of the company^{iii, iv}.</p> <p>2.6. Former non-CEO officerⁱ of the company, or an affiliateⁱⁱ, or an acquired firm within the past five years.</p> <p>2.7. Former officerⁱ CEO of an acquired company within the past five years^{iv}.</p> <p>2.8. Officerⁱ of a former parent or predecessor firm at the time the company was sold or split off from the parent/predecessor within the past five years.</p> <p>2.9. Former interim officer if the service was longer than 18 months. If the service was between 12 and 18 months an assessment of the interim officer's employment agreement will be made^v.</p> <p><u>Non-CEO Executives</u></p> <p>2.10. Former officerⁱ of the company, an affiliateⁱⁱ, or an acquired firm within the past five years.</p>	<p>1. Executive Director</p> <p>1.1. Current officerⁱ of the company or one of its affiliatesⁱⁱ.</p> <p>2. Non-Independent Non-Executive Director</p> <p><u>Board Identification</u></p> <p>2.1. Director identified as not independent by the board.</p> <p><u>Controlling/Significant Shareholder</u></p> <p>2.2. Beneficial owner of more than 50 percent of the company's voting power (this may be aggregated if voting power is distributed among more than one member of a group).</p> <p><u>Current Employment at Company or Related Company</u></p> <p>2.3. Non-officer employee of the firm (including employee representatives).</p> <p>2.4. Officerⁱ, former officer, or general or limited partner of a joint venture or partnership with the company.</p> <p><u>Former Employment</u></p> <p>2.5. Former CEO of the company^{iii, iv}.</p> <p>2.6. Former non-CEO officerⁱ of the company or an affiliateⁱⁱ within the past five years.</p> <p>2.7. Former officerⁱ of an acquired company within the past five years^{iv}.</p> <p>2.8. Officerⁱ of a former parent or predecessor firm at the time the company was sold or split off within the past five years.</p> <p>2.9. Former interim officer if the service was longer than 18 months. If the service was between 12 and 18 months an assessment of the interim officer's employment agreement will be made^v.</p> <p><u>Family Members</u></p> <p>2.10. Immediate family member^{vi} of a current or former officerⁱ of the company or its affiliatesⁱⁱ within the last five years.</p> <p>2.11. Immediate family member^{vi} of a current employee of company or its affiliatesⁱⁱ where additional factors raise concern (which may include, but are not limited to, the following: a director related to numerous</p>

<p>2.11. Officer^f of a former parent or predecessor firm at the time the company was sold or split off from the parent/predecessor within the past five years.</p> <p><u>Family Members</u></p> <p>2.10. Immediate family member^{vi} of a current or former officer^f of the company or its affiliatesⁱⁱ within the last five years.</p> <p>2.11. Immediate family member^{vi} of a current employee of company or its affiliatesⁱⁱ where additional factors raise concern (which may include, but are not limited to, the following: a director related to numerous employees; the company or its affiliates employ relatives of numerous board members; or a non-Section 16 officer in a key strategic role).</p> <p><u>Professional, Transactional, Professional, Financial, and Charitable Relationships</u></p> <p>2.12. Director who Currently provides (or whose an immediate family member^{vi} provides) currently provides professional services^{vii} in excess of \$10,000 per year to: the company, to an affiliateⁱⁱ of the company, or an individual officer of the company or an one of its affiliates in excess of \$10,000 per year; or who is (or whose immediate family member^{vi} is) a partner, employee, or controlling shareholder of an organization which provides the services.</p> <p>2.13. Is (or an immediate family member^{vi} is) a partner in, or a controlling shareholder or an employee of, an organization which provides professional services^{vii} to the company, to an affiliateⁱⁱ of the company, or an individual officer of the company or one of its affiliates in excess of \$10,000 per year.</p> <p>2.13. Director who Has (or whose an immediate family member^{vi} currently has) any material transactional relationship^{viii} with the company or its affiliatesⁱⁱ; or who is (or whose immediate family member^{vi} is) a partner in, or a controlling shareholder or an executive officer of, an organization which has the material transactional relationship^{viii} (excluding investments in the company through a private placement).</p> <p>2.14. Is (or an immediate family member^{vi} is) a partner in, or a controlling shareholder or an executive officer of, an organization which has any material transactional relationship^{viii} with the company or its affiliatesⁱⁱ (excluding investments in the company through a private placement).</p> <p>2.14. Director who is (or whose an immediate family member^{vi} is) a trustee, director, or employee of a charitable or non-profit organization that</p>	<p>employees; the company or its affiliates employ relatives of numerous board members; or a non-Section 16 officer in a key strategic role).</p> <p><u>Professional, Transactional, and Charitable Relationships</u></p> <p>2.12. Director who (or whose immediate family member^{vi}) currently provides professional services^{vii} in excess of \$10,000 per year to: the company, an affiliateⁱⁱ, or an individual officer of the company or an affiliate; or who is (or whose immediate family member^{vi} is) a partner, employee, or controlling shareholder of an organization which provides the services.</p> <p>2.13. Director who (or whose immediate family member^{vi}) currently has any material transactional relationship^{viii} with the company or its affiliatesⁱⁱ; or who is (or whose immediate family member^{vi} is) a partner in, or a controlling shareholder or an executive officer of, an organization which has the material transactional relationship^{viii} (excluding investments in the company through a private placement).</p> <p>2.14. Director who (or whose immediate family member^{vi}) is a trustee, director, or employee of a charitable or non-profit organization that receives material grants or endowments^{viii} from the company or its affiliatesⁱⁱ.</p> <p><u>Other Relationships</u></p> <p>2.15. Party to a voting agreement^{ix} to vote in line with management on proposals being brought to shareholder vote.</p> <p>2.16. Has (or an immediate family member^{vi} has) an interlocking relationship as defined by the SEC involving members of the board of directors or its compensation committee^x.</p> <p>2.17. Founder^{xi} of the company but not currently an employee.</p> <p>2.18. Director with pay comparable to Named Executive Officers.</p> <p>2.19. Any material^{xii} relationship with the company.</p> <p>3. Independent Director</p> <p>3.1. No material^{xii} connection to the company other than a board seat.</p> <p>Footnotes:</p> <p>ⁱ The definition of officer will generally follow that of a “Section 16 officer” (officers subject to Section 16 of the Securities and Exchange Act of 1934) and includes: the chief executive, operating, financial, legal, technology, and accounting officers of a company (including the president, treasurer, secretary, controller, or any vice president in charge of a principal business unit, division, or policy function). Current interim officers are included</p>
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<p>receives material grants or endowments^{viii} from the company or its affiliatesⁱⁱ.</p> <p><u>Other Relationships</u></p> <p>2.15. Party to a voting agreement^{ix} to vote in line with management on proposals being brought to shareholder vote.</p> <p>2.16. Has (or an immediate family member^{vi} has) an interlocking relationship as defined by the SEC involving members of the board of directors or its compensation committee^x.</p> <p>2.17. Founder^{xi} of the company but not currently an employee.</p> <p>2.18. Director with pay comparable to Named Executive Officers.</p> <p>2.19. Any material^{xii} relationship with the company.</p> <p>3. Independent Director</p> <p>3.1. No material^{xiii} connection to the company other than a board seat.</p> <p>Footnotes:</p> <p>ⁱ The definition of officer will generally follow that of a “Section 16 officer” (officers subject to Section 16 of the Securities and Exchange Act of 1934) and includes: the chief executive, operating, financial, legal, technology, and accounting officers of a company (including the president, treasurer, secretary, controller, or any vice president in charge of a principal business unit, division, or policy function). Current interim officers are included in this category. For private companies, the equivalent positions are applicable. A non-employee director serving as an officer due to statutory requirements (e.g. corporate secretary) will generally be classified as a Non-Independent Non-Executive Director under 2.19: “Any material relationship with the company.” However, if the company provides explicit disclosure that the director is not receiving additional compensation exceeding \$10,000 per year for serving in that capacity, then the director will be classified as an Independent Director.</p> <p>ⁱⁱ “Affiliate” includes a subsidiary, sibling company, or parent company. Social Advisory Services uses 50 percent control ownership by the parent company as the standard for applying its affiliate designation. The manager/advisor of an externally managed issuer (EMI) is considered an affiliate.</p> <p>ⁱⁱⁱ Includes any former CEO of the company prior to the company’s initial public offering (IPO).</p> <p>^{iv} When there is a former CEO of a special purpose acquisition company (SPAC) serving on the board of an acquired company, Social Advisory Services will generally classify such directors as independent unless determined otherwise taking into account the following factors: the applicable listing standards determination of such director’s independence;</p>	<p>in this category. For private companies, the equivalent positions are applicable. A non-employee director serving as an officer due to statutory requirements (e.g. corporate secretary) will generally be classified as a Non-Independent Non-Executive Director under “Any material relationship with the company.” However, if the company provides explicit disclosure that the director is not receiving additional compensation exceeding \$10,000 per year for serving in that capacity, then the director will be classified as an Independent Director.</p> <p>ⁱⁱ “Affiliate” includes a subsidiary, sibling company, or parent company. Social Advisory Services uses 50 percent control ownership by the parent company as the standard for applying its affiliate designation. The manager/advisor of an externally managed issuer (EMI) is considered an affiliate.</p> <p>ⁱⁱⁱ Includes any former CEO of the company prior to the company’s initial public offering (IPO).</p> <p>^{iv} When there is a former CEO of a special purpose acquisition company (SPAC) serving on the board of an acquired company, Social Advisory Services will generally classify such directors as independent unless determined otherwise taking into account the following factors: the applicable listing standards determination of such director’s independence; any operating ties to the firm; and the existence of any other conflicting relationships or related party transactions.</p> <p>^v Social Advisory Services will look at the terms of the interim officer’s employment contract to determine if it contains severance pay, long-term health and pension benefits, or other such standard provisions typically contained in contracts of permanent, non-temporary CEOs. Social Advisory Services will also consider if a formal search process was under way for a full-time officer at the time.</p> <p>^{vi} “Immediate family member” follows the SEC’s definition of such and covers spouses, parents, children, step-parents, step-children, siblings, in-laws, and any person (other than a tenant or employee) sharing the household of any director, nominee for director, executive officer, or significant shareholder of the company.</p> <p>^{vii} Professional services can be characterized as advisory in nature, generally involve access to sensitive company information or to strategic decision-making, and typically have a commission- or fee-based payment structure. Professional services generally include but are not limited to the following: investment banking/financial advisory services, commercial banking (beyond deposit services), investment services, insurance services, accounting/audit services, consulting services, marketing services, legal services, property management services, realtor services, lobbying services, executive search services, and IT consulting services. The following would generally be considered transactional relationships and not professional services: deposit services, IT tech support</p>
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<p>any operating ties to the firm; and the existence of any other conflicting relationships or related party transactions.</p> <p>^v Social Advisory Services will look at the terms of the interim officer’s employment contract to determine if it contains severance pay, long-term health and pension benefits, or other such standard provisions typically contained in contracts of permanent, non-temporary CEOs. Social Advisory Services will also consider if a formal search process was under way for a full-time officer at the time.</p> <p>^{vi} “Immediate family member” follows the SEC’s definition of such and covers spouses, parents, children, step-parents, step-children, siblings, in-laws, and any person (other than a tenant or employee) sharing the household of any director, nominee for director, executive officer, or significant shareholder of the company.</p> <p>^{vii} Professional services can be characterized as advisory in nature, generally involve access to sensitive company information or to strategic decision-making, and typically have a commission- or fee-based payment structure. Professional services generally include but are not limited to the following: investment banking/financial advisory services, commercial banking (beyond deposit services), investment services, insurance services, accounting/audit services, consulting services, marketing services, legal services, property management services, realtor services, lobbying services, executive search services, and IT consulting services. The following would generally be considered transactional relationships and not professional services: deposit services, IT tech support services, educational services, and construction services. The case of participation in a banking syndicate by a non-lead bank should be considered a transactional (and hence subject to the associated materiality test) rather than a professional relationship. “Of Counsel” relationships are only considered immaterial if the individual does not receive any form of compensation (in excess of \$10,000 per year) from, or is a retired partner of, the firm providing the professional service. The case of a company providing a professional service to one of its directors or to an entity with which one of its directors is affiliated, will be considered a transactional rather than a professional relationship. Insurance services and marketing services are assumed to be professional services unless the company explains why such services are not advisory.</p> <p>^{viii} A material transactional relationship, including grants to non-profit organizations, exists if the company makes annual payments to, or receives annual payments from, another entity, exceeding the greater of: \$200,000 or 5 percent of the recipient’s gross revenues, for a company that follows NASDAQ listing standards; or the greater of \$1,000,000 or 2 percent of the recipient’s gross revenues, for a company that follows NYSE listing standards. For a company that follows neither of the preceding standards, Social Advisory Services will apply the NASDAQ-based materiality test. (The recipient is the party receiving the financial proceeds from the transaction).</p>	<p>services, educational services, and construction services. The case of participation in a banking syndicate by a non-lead bank should be considered a transactional (and hence subject to the associated materiality test) rather than a professional relationship. “Of Counsel” relationships are only considered immaterial if the individual does not receive any form of compensation (in excess of \$10,000 per year) from, or is a retired partner of, the firm providing the professional service. The case of a company providing a professional service to one of its directors or to an entity with which one of its directors is affiliated, will be considered a transactional rather than a professional relationship. Insurance services and marketing services are assumed to be professional services unless the company explains why such services are not advisory.</p> <p>^{viii} A material transactional relationship, including grants to non-profit organizations, exists if the company makes annual payments to, or receives annual payments from, another entity, exceeding the greater of: \$200,000 or 5 percent of the recipient’s gross revenues, for a company that follows NASDAQ listing standards; or the greater of \$1,000,000 or 2 percent of the recipient’s gross revenues, for a company that follows NYSE listing standards. For a company that follows neither of the preceding standards, Social Advisory Services will apply the NASDAQ-based materiality test. (The recipient is the party receiving the financial proceeds from the transaction).</p> <p>^{ix} Dissident directors who are parties to a voting agreement pursuant to a settlement or similar arrangement may be classified as Independent Directors if an analysis of the following factors indicates that the voting agreement does not compromise their alignment with all shareholders’ interests: the terms of the agreement; the duration of the standstill provision in the agreement; the limitations and requirements of actions that are agreed upon; if the dissident director nominee(s) is subject to the standstill; and if there are any conflicting relationships or related party transactions.</p> <p>^x Interlocks include: executive officers serving as directors on each other’s compensation or similar committees (or, in the absence of such a committee, on the board); or executive officers sitting on each other’s boards and at least one serves on the other’s compensation or similar committees (or, in the absence of such a committee, on the board).</p> <p>^{xi} The operating involvement of the founder with the company will be considered; if the founder was never employed by the company, Social Advisory Services may deem him or her an Independent Director.</p> <p>^{xii} For purposes of Social Advisory Services’ director independence classification, “material” will be defined as a standard of relationship (financial, personal or otherwise) that a reasonable person might conclude could potentially influence one’s objectivity in the boardroom in a manner that would have a meaningful impact on an individual’s ability to satisfy requisite fiduciary standards on behalf of shareholders.</p>
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<p><i>ix</i> Dissident directors who are parties to a voting agreement pursuant to a settlement or similar arrangement may be classified as Independent Directors if an analysis of the following factors indicates that the voting agreement does not compromise their alignment with all shareholders’ interests: the terms of the agreement; the duration of the standstill provision in the agreement; the limitations and requirements of actions that are agreed upon; if the dissident director nominee(s) is subject to the standstill; and if there are any conflicting relationships or related party transactions.</p> <p><i>x</i> Interlocks include: executive officers serving as directors on each other’s compensation or similar committees (or, in the absence of such a committee, on the board); or executive officers sitting on each other’s boards and at least one serves on the other’s compensation or similar committees (or, in the absence of such a committee, on the board).</p> <p><i>xi</i> The operating involvement of the founder with the company will be considered; if the founder was never employed by the company, Social Advisory Services may deem him or her an Independent Director.</p> <p><i>xii</i> For purposes of Social Advisory Services’ director independence classification, “material” will be defined as a standard of relationship (financial, personal or otherwise) that a reasonable person might conclude could potentially influence one’s objectivity in the boardroom in a manner that would have a meaningful impact on an individual’s ability to satisfy requisite fiduciary standards on behalf of shareholders.</p>	
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Rationale for Change:

The primary change being made to the Social Advisory Services classification of directors is to limit the “Executive Director” classification to only officers, not other employees, such as those on the board as employee representatives.

This change will not result in any vote recommendation changes under the Social Advisory Services Policy. However, for institutional investors whose overboarding policies consider each Executive Director position as a mandate, this change will result in a more accurate assessment of their executive positions.

Pay comparable to Named Executive Officers: currently Social Advisory Services looks at the pay of directors, and in some cases, where the pay is considerable and on par with NEO pay for multiple years, the director has been classified as non-independent under “Other material relationships with the company”. To better ensure data capture and categorization of material relationships, this factor is being made explicit.

The other changes are generally to arrange and consolidate the classifications and to simplify the language where possible.

Board-Related Management Proposals

Board Refreshment (Age/Term Limits)

Current Social Advisory Services Policy, incorporating changes:	New Social Advisory Services Policy:
<p>Board Refreshment</p> <p>Board refreshment is best implemented through an ongoing program of individual director evaluations, conducted annually, to ensure the evolving needs of the board are met and to bring in fresh perspectives, skills, and diversity as needed.</p> <p>Term/Tenure Limits</p> <p>Social Advisory Services Recommendation: Vote case-by-case on management proposals regarding director term/tenure limits, considering:</p> <ul style="list-style-type: none"> ▪ The rationale provided for adoption of the term/tenure limit; ▪ The robustness of the company’s board evaluation process; ▪ Whether the limit is of sufficient length to allow for a broad range of director tenures; ▪ Whether the limit would disadvantage independent directors compared to non-independent directors; and ▪ Whether the board will impose the limit evenly, and not have the ability to waive it in a discriminatory manner. <p>Vote against management proposals to limit the tenure of outside directors through term limits. However, scrutinize boards where the average tenure of all directors exceeds 15 years for independence from management and for sufficient turnover to ensure that new perspectives are being added to the board.</p> <p>Age Limits</p>	<p>Board Refreshment</p> <p>Board refreshment is best implemented through an ongoing program of individual director evaluations, conducted annually, to ensure the evolving needs of the board are met and to bring in fresh perspectives, skills, and diversity as needed.</p> <p>Term/Tenure Limits</p> <p>Social Advisory Services Recommendation: Vote case-by-case on management proposals regarding director term/tenure limits, considering:</p> <ul style="list-style-type: none"> ▪ The rationale provided for adoption of the term/tenure limit; ▪ The robustness of the company’s board evaluation process; ▪ Whether the limit is of sufficient length to allow for a broad range of director tenures; ▪ Whether the limit would disadvantage independent directors compared to non-independent directors; and ▪ Whether the board will impose the limit evenly, and not have the ability to waive it in a discriminatory manner. <p>Age Limits</p> <p>Social Advisory Services Recommendation: Generally vote against management proposals to limit the tenure of independent directors through mandatory retirement ages. Vote for proposals to remove mandatory age limits.</p>

<p>Social Advisory Services Recommendation: Generally vVote against management proposals to limit the tenure of independent outside directors through mandatory retirement ages. Vote for proposals to remove mandatory age limits.</p>	
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Board-Related Shareholder Proposals/Initiatives

Board Refreshment (Age/Term Limits)

Current Social Advisory Services Policy, incorporating changes:	New Social Advisory Services Policy:
<p>Term/Tenure Limits</p> <p>Social Advisory Services Recommendation: Vote case-by-case on shareholder proposals asking for the company to adopt director term/tenure limits, considering:</p> <ul style="list-style-type: none"> ▪ The scope of the shareholder proposal; and ▪ Evidence of problematic issues at the company combined with, or exacerbated by, a lack of board refreshment. <p>Vote against shareholder proposals to limit the tenure of outside directors through term limits. However, scrutinize boards where the average tenure of all directors exceeds 15 years for independence from management and for sufficient turnover to ensure that new perspectives are being added to the board.</p> <p>Age Limits</p> <p>Social Advisory Services Recommendation: Generally vVote against shareholder proposals to limit the tenure of independent outside directors through mandatory retirement ages. Vote for proposals to remove mandatory age limits.</p>	<p>Term/Tenure Limits</p> <p>Social Advisory Services Recommendation: Vote case-by-case on shareholder proposals asking for the company to adopt director term/tenure limits, considering:</p> <ul style="list-style-type: none"> ▪ The scope of the shareholder proposal; and ▪ Evidence of problematic issues at the company combined with, or exacerbated by, a lack of board refreshment. <p>Age Limits</p> <p>Social Advisory Services Recommendation: Generally vote against shareholder proposals to limit the tenure of independent directors through mandatory retirement ages. Vote for proposals to remove mandatory age limits.</p>

Rationale for Change:

With the growing emphasis on achieving board diversity, the issue of board refreshment mechanisms has been garnering more attention. Generally, board refreshment is best achieved through an ongoing program of individual director evaluations. However, many companies employ other methods to achieve board turnover, such as age limits or tenure limits. These can be problematic: age limits are arbitrary, imply an impairment to ability solely due to age, and have been used in the past to remove dissenting voices from the board. Term/tenure limits can be problematic if poorly designed, e.g., enforcing too short a limit and thus not allowing a range of director tenures to provide a balance of experience with new perspectives. Or, at companies with multiple company executives on the board, a quick turnover forced on only the independent directors further limits their power vis-à-vis that of the insiders.

Worse still is when the age or tenure limit is waived for one director but not another, lessening its credibility and creating unequal treatment of supposedly equal boardroom participants. Yet, they are quite common: ISS' data on companies in the current Governance QualityScore (GQS) universe of ~ 3,050 U.S. companies found 673 companies had director age limits: of these only 40 had a limit that was mandatory while 633 had limits that could be waived. Fewer companies had a director term/tenure limit: only 66, and for all of them, it could be waived.

Social Advisory Services' policy has been to recommend against all director term or age limits, and the policy to generally recommend against age limits will continue. However, Social Advisory Services policy will now take a case-by-case approach on term limits. For those, Social Advisory Services will take a case-by-case approach looking for well-designed management proposals that provide appropriate balance. For shareholder proposals, in cases where there are problematic board issues/governance failures at the company where lack of board turnover appears to be contributing factor, Social Advisory Services may support a shareholder proposal for director term limits.

Takeover Defenses / Shareholder Rights

Advance Notice Requirements for Shareholder Proposals/Nominations

Current Social Advisory Services Policy, incorporating changes:	New Social Advisory Services Policy:
<p>Social Advisory Services Recommendation: Vote case-by-case on advance notice proposals, giving support to those proposals which allow shareholders to submit proposals/nominations as close to the meeting date as reasonably possible and within the broadest window possible, recognizing the need to allow sufficient notice for company, regulatory, and shareholder review.</p> <p>To be reasonable, the company’s deadline for shareholder notice of a proposal/nominations must not be more than 60 days prior to the meeting, with a submittal window of at least 30 days prior to the deadline. be no earlier than 120 days prior to the anniversary of the previous year’s meeting and have a submittal window of no shorter than 30 days from the beginning of the notice period (also known as a 90-120 day window).The submittal window is the period under which a shareholders must file his their proposals/nominations prior to the deadline.</p> <p>In general, support additional efforts by companies to ensure full disclosure in regard to a proponent’s economic and voting position in the company so long as the informational requirements are reasonable and aimed at providing shareholders with the necessary information to review such proposals.</p>	<p>Social Advisory Services Recommendation: Vote case-by-case on advance notice proposals, giving support to those proposals which allow shareholders to submit proposals/nominations as close to the meeting date as reasonably possible and within the broadest window possible, recognizing the need to allow sufficient notice for company, regulatory, and shareholder review.</p> <p>To be reasonable, the company’s deadline for shareholder notice of a proposal/nominations must be no earlier than 120 days prior to the anniversary of the previous year’s meeting and have a submittal window of no shorter than 30 days from the beginning of the notice period (also known as a 90-120 day window).The submittal window is the period under which shareholders must file their proposals/nominations prior to the deadline.</p> <p>In general, support additional efforts by companies to ensure full disclosure in regard to a proponent’s economic and voting position in the company so long as the informational requirements are reasonable and aimed at providing shareholders with the necessary information to review such proposals.</p>

Rationale for Change:

In recent years, it has become more common in the U.S. market for companies to set advance notice provisions that provide for shareholder notice of action (via director nomination or other business) 120 days prior to the meeting, allowing for at least a 30-day submittal period. This policy change recognizes the balance needed between allowing shareholder submissions sufficiently close to the meeting to account for developing issues, and still allowing sufficient time for shareholders to evaluate and vote the items on all the agenda items in the proxy.

Advance notice provisions do not apply to shareholder proposals submitted under SEC Rule 14a-8(e)(2), nor to director nominations submitted under proxy access provisions.

Shareholder Litigation Rights

Current Social Advisory Services Policy, incorporating changes:	New Social Advisory Services Policy:
<p>Shareholder Litigation Rights (including Exclusive Venue and Fee-Shifting Bylaw Provisions) Federal Forum Selection Provisions</p> <p>Federal forum selection provisions require that U.S. federal courts be the sole forum for shareholders to litigate claims arising under federal securities law.</p> <p>Social Advisory Services Recommendation: Generally vote for federal forum selection provisions in the charter or bylaws that specify "the district courts of the United States" as the exclusive forum for federal securities law matters, in the absence of serious concerns about corporate governance or board responsiveness to shareholders.</p> <p>Vote against provisions that restrict the forum to a particular federal district court; unilateral adoption (without a shareholder vote) of such a provision will generally be considered a one-time failure under the <u>Unilateral Bylaw/Charter Amendments</u> policy.</p> <p>Exclusive Forum Provisions for State Law Matters</p> <p>Exclusive forum provisions in the charter or bylaws restrict shareholders' ability to bring derivative lawsuits against the company, for claims arising out of state corporate law, to the courts of a particular state (generally the state of incorporation).</p> <p>Beginning in 2011, companies began to adopt bylaw provisions intended to limit the venue for shareholder lawsuits to the jurisdiction of incorporation. More recently, companies and their advisers have proposed other types of bylaws intended to limit shareholders' litigation rights. Most notably, a May 2014 Delaware Supreme Court decision opened the door to the adoption by companies of bylaws that would require a shareholder plaintiff who sues the company unsuccessfully to pay the defendant company's litigation expenses.</p>	<p>Shareholder Litigation Rights</p> <p>Federal Forum Selection Provisions</p> <p>Federal forum selection provisions require that U.S. federal courts be the sole forum for shareholders to litigate claims arising under federal securities law.</p> <p>Social Advisory Services Recommendation: Generally vote for federal forum selection provisions in the charter or bylaws that specify "the district courts of the United States" as the exclusive forum for federal securities law matters, in the absence of serious concerns about corporate governance or board responsiveness to shareholders.</p> <p>Vote against provisions that restrict the forum to a particular federal district court; unilateral adoption (without a shareholder vote) of such a provision will generally be considered a one-time failure under the <u>Unilateral Bylaw/Charter Amendments</u> policy.</p> <p>Exclusive Forum Provisions for State Law Matters</p> <p>Exclusive forum provisions in the charter or bylaws restrict shareholders' ability to bring derivative lawsuits against the company, for claims arising out of state corporate law, to the courts of a particular state (generally the state of incorporation).</p> <p>Social Advisory Services Recommendation: Generally vote for charter or bylaw provisions that specify courts located within the state of Delaware as the exclusive forum for corporate law matters for Delaware corporations, in the absence of serious concerns about corporate governance or board responsiveness to shareholders.</p>

<p>Although the Delaware legislature was widely expected to enact legislation limiting the applicability of the Supreme Court's decision to non-stock corporations, the legislature has not yet done so, and several publicly traded Delaware corporations have already adopted fee-shifting bylaws by way of a board resolution.</p> <p>Bylaw provisions impacting shareholders' ability to bring suit against the company may include exclusive venue provisions, which provide that the state of incorporation shall be the sole venue for certain types of litigation, and fee-shifting provisions that require a shareholder who sues a company unsuccessfully to pay all litigation expenses of the defendant corporation.</p> <p>Social Advisory Services Recommendation: Generally vote for charter or bylaw provisions that specify courts located within the state of Delaware as the exclusive forum for corporate law matters for Delaware corporations, in the absence of serious concerns about corporate governance or board responsiveness to shareholders.</p> <p>For states other than Delaware, vote case-by-case on bylaws exclusive forum provisions which impact shareholders' litigation rights, taking into consideration account factors such as:</p> <ul style="list-style-type: none"> ▪ The company's stated rationale for adopting such a provision; ▪ Disclosure of past harm from shareholder lawsuits in which plaintiffs were unsuccessful or duplicative shareholder lawsuits in more than one forum outside the jurisdiction of incorporation; ▪ The breadth of application of the charter or bylaw provision, including the types of lawsuits to which it would apply and the definition of key terms; and ▪ Governance features such as shareholders' ability to repeal the provision at a later date (including the vote standard applied when shareholders attempt to amend the charter or bylaws) and their ability to hold directors accountable through annual director elections and a majority vote standard in uncontested elections. <p>Generally vote against provisions that specify a state other than the state of incorporation as the exclusive forum for corporate law matters, or that specify a</p>	<p>For states other than Delaware, vote case-by-case on exclusive forum provisions, taking into consideration:</p> <ul style="list-style-type: none"> ▪ The company's stated rationale for adopting such a provision; ▪ Disclosure of past harm from duplicative shareholder lawsuits in more than one forum; ▪ The breadth of application of the charter or bylaw provision, including the types of lawsuits to which it would apply and the definition of key terms; and ▪ Governance features such as shareholders' ability to repeal the provision at a later date (including the vote standard applied when shareholders attempt to amend the charter or bylaws) and their ability to hold directors accountable through annual director elections and a majority vote standard in uncontested elections. <p>Generally vote against provisions that specify a state other than the state of incorporation as the exclusive forum for corporate law matters, or that specify a particular local court within the state; unilateral adoption of such a provision will generally be considered a one-time failure under the <u>Unilateral Bylaw/Charter Amendments</u> policy.</p> <p>Fee shifting</p> <p>Fee-shifting provisions in the charter or bylaws require that a shareholder who sues a company unsuccessfully pay all litigation expenses of the defendant corporation and its directors and officers.</p> <p>Social Advisory Services Recommendation: Generally vote against provisions that mandate fee-shifting whenever plaintiffs are not completely successful on the merits (i.e., including cases where the plaintiffs are partially successful).</p> <p>Unilateral adoption of a fee-shifting provision will generally be considered an ongoing failure under the <u>Unilateral Bylaw/Charter Amendments</u> policy.</p>
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<p>particular local court within the state; unilateral adoption of such a provision will generally be considered a one-time failure under the <u>Unilateral Bylaw/Charter Amendments</u> policy.</p> <p>Fee shifting</p> <p>Fee-shifting provisions in the charter or bylaws require that a shareholder who sues a company unsuccessfully pay all litigation expenses of the defendant corporation and its directors and officers.</p> <p>Social Advisory Services Recommendation: Generally vote against bylaws provisions that mandate fee-shifting whenever plaintiffs are not completely successful on the merits (i.e., including cases where the plaintiffs are partially successful).</p> <p>Unilateral adoption of a fee-shifting by the board of bylaw provisions which affect shareholders' litigation rights will generally be considered an ongoing failure under the will be evaluated under SRI's policy on <u>Unilateral Bylaw/Charter Amendments</u> policy.</p>	
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Rationale for Change:

When evaluating proposals to establish the state of incorporation as the exclusive forum for cases arising under state corporate law, shareholders must balance the advantages (potential cost savings from eliminating duplicative litigation in more than one forum; eliminating risks of unpredictable or incorrect outcomes from courts that are unfamiliar with the law of the state of incorporation, or even unfamiliar with corporate law generally) against the disadvantages (inconvenience to plaintiffs who must bring suit in another state and hire local counsel there). However, exclusive federal forum provisions seen to date generally require only that federal securities litigation be brought in the district courts of the United States, and generally do not specify a particular federal district. Plaintiffs are therefore free to file such suits in the district courts in their home states. Without the argument that an exclusive forum provision for federal law cases would seriously inconvenience plaintiffs, the benefits of eliminating duplicative litigation and ensuring that cases are heard by courts that are well-versed in the applicable law carry greater weight. However, it is acknowledged that separate exclusive forum provisions for state corporate law claims and federal securities law claims will likely prevent plaintiffs from bringing cases alleging both types of claims in the same court.

Because Delaware has a separate court system specializing in corporate law cases, with a large body of precedent stemming from Delaware's status as the most common state of incorporation in the US, the likelihood of a speedy and efficient resolution of Delaware corporate law cases, in particular, is considered to be greater if they are heard in Delaware courts. Therefore, in the absence of concerns about abuse of the provision or about poor governance more generally, Social Advisory Services will generally recommend in favor of charter or bylaw provisions designating courts in Delaware as the exclusive forum for state corporate law matters at companies incorporated in that state.

Charter and bylaw provisions designating US federal courts as the exclusive forum for cases arising under federal securities law (the Securities Act of 1933, as amended), which had previously been held to be impermissible by the Delaware Court of Chancery, were deemed to be facially valid under Delaware law in a March 2020 ruling by the Delaware Supreme Court. Some companies began incorporating such provisions into their governing documents almost immediately, either in the form of a bylaw amendment (which can be accomplished unilaterally by the board) or a charter amendment (which requires shareholder approval). This necessitates a new policy on these new voting items and provides an opportunity to re-examine the existing policy on exclusive forum provisions for state law matters and to reorganize the entire litigation rights section for clarity. The policy on fee-shifting remains unchanged.

Virtual Shareholder Meetings

Current Social Advisory Services Policy, incorporating changes:	New Social Advisory Services Policy:
<p>Social Advisory Services Recommendation: Generally vote for management proposals allowing for the convening of shareholder meetings by electronic means, so long as they do not preclude in-person meetings. Companies are encouraged to disclose the circumstances under which virtual-only³ meetings would be held, and to allow for comparable rights and opportunities for shareholders to participate electronically as they would have during an in-person meeting.</p> <p>Vote case-by-case on shareholder proposals concerning virtual-only meetings, considering:</p> <ul style="list-style-type: none"> ▪ Scope and rationale of the proposal; and ▪ Concerns identified with the company’s prior meeting practices. 	<p>Social Advisory Services Recommendation: Generally vote for management proposals allowing for the convening of shareholder meetings by electronic means, so long as they do not preclude in-person meetings. Companies are encouraged to disclose the circumstances under which virtual-only³ meetings would be held, and to allow for comparable rights and opportunities for shareholders to participate electronically as they would have during an in-person meeting.</p> <p>Vote case-by-case on shareholder proposals concerning virtual-only meetings, considering:</p> <ul style="list-style-type: none"> ▪ Scope and rationale of the proposal; and ▪ Concerns identified with the company’s prior meeting practices.

Rationale for Change:

The COVID-19 global pandemic has significantly changed how shareholders’ meetings are held due to the widespread use of virtual-only meeting formats in response to lockdowns and other social distancing requirements adopted in most markets. In the U.S., regulations regarding company meeting formats (virtual, in-person or hybrid) are determined at the state level. While some states already included virtual meetings as part of the pre-COVID-19 regulatory framework, others had to set rules for the adoption of virtual meeting formats expeditiously as the pandemic continued to expand. As a result, virtual-only and/or hybrid (combined on-line and physical) shareholders meetings are being considered by more companies for future meetings.

³ Virtual-only shareholder meeting” refers to a meeting of shareholders that is held exclusively using technology without a corresponding in-person meeting.

While there is a compelling rationale for restricting physical meetings during an unprecedented global pandemic, the potential long-term impacts of moving to virtual-only formats on the rights of shareholders is the subject of debate. While some express concerns over company abuses during shareholder meetings, others propose the format as beneficial to shareholders. In their paper, “Back to the Future? Reclaiming Shareholder Democracy Through Virtual Annual Meetings,” authors Yaron Nili and Megan Wischmeier Shaner assert: “Virtual meetings allow shareholders to attend meetings at a low cost, holding the promise of re-engaging retail shareholders in corporate governance. If structured properly, virtual meetings can reinvigorate the annual meeting, reviving shareholder democracy while maintaining the efficiency benefits of proxy voting.” However, in the same paper, it is noted that many large institutional shareholders and activist groups including CII, CalPERS, CalSTRS and the New York City Pension Funds have voiced opposition to virtual-only shareholders meetings, stating a preference for technology to supplement rather than supplant in-person meetings. These types of investors have stated that they may oppose directors in elections held at virtual-only meetings. These opinions could shift depending on the evolving technological capability to provide a virtual meeting experience that sufficiently approximates the in-person meeting.

The Social Advisory Services US policy currently does not have a stated policy for management proposals allowing for the convening of meetings by electronic means. This change is establishing a policy to generally recommend a vote for management proposals allowing for the convening of shareholder meetings by electronic means, so long as they do not preclude in-person meetings. Companies are encouraged to disclose the circumstances under which virtual-only meetings would be held, and to allow for comparable rights and opportunities for shareholders to participate electronically as they would have during an in-person meeting. In addition, the policy establishes a case-by-case approach on potential shareholder proposals on shareholder meeting formats.

Social and Environmental Proposals

Mandatory Arbitration

Current Social Advisory Services Policy, incorporating changes:	New Social Advisory Services Policy:
<p>Social Advisory Services Recommendation: Generally vote for requests for a report on a company’s use of mandatory arbitration on employment-related claims.</p>	<p>Social Advisory Services Recommendation: Generally vote for requests for a report on a company’s use of mandatory arbitration on employment-related claims.</p>

Rationale for Change:

A number of shareholder proposals on mandatory arbitration were filed in 2019 and 2020, and several of them have gone to a vote. The proposals have received increased support from shareholders, with one receiving majority support in 2020. Clients have expressed interest in a specific policy on this topic. As a result, Social Advisory Services is creating a new policy based off the existing global approach on E&S shareholder proposals.

In recent years, with the rise in employment litigation, many employers have turned to mandatory arbitration agreements as a way to avoid lengthy and costly litigation processes, including class action lawsuits. They argue that arbitration is a quicker and more cost-efficient way of resolving employment disputes. In addition, since arbitrations are private, the proceedings and outcomes are confidential, which can conceal embarrassing matters from becoming public. They note that arbitration also helps relieve an overburdened court system.

On the other hand, those against the use of this practice argue that mandatory arbitration agreements preclude employees from suing in court for violations like wage theft, discrimination and sexual harassment, and which require them to submit to private arbitration. They point out that private arbitration has been found to favor companies and discourage claims. They also point to numerous legal developments, such as the bill to end mandatory arbitration of sexual harassment claims that passed in the U.S. House of Representatives in September 2019, California’s ban on the practice of requiring arbitration agreements as a condition of employment and Washington State’s law enacted in 2018 that invalidates contracts requiring arbitration of sexual harassment or assault claims. They argue that due to their private and contractual nature, arbitrating employment-related claims can allow a toxic culture to flourish, increasing the severity of eventual consequences and harming employee morale.

Sexual Harassment

Current Social Advisory Services Policy, incorporating changes:	New Social Advisory Services Policy:
Social Advisory Services Recommendation: Generally vote for requests for a report on company actions taken to strengthen policies and oversight to prevent workplace sexual harassment, or a report on risks posed by a company's failure to prevent workplace sexual harassment.	Social Advisory Services Recommendation: Generally vote for requests for a report on company actions taken to strengthen policies and oversight to prevent workplace sexual harassment, or a report on risks posed by a company's failure to prevent workplace sexual harassment.

Rationale for Change:

Sexual harassment in the workplace is a serious form of employment discrimination with the potential for significant legal, human capital, and reputational costs to a company. Sexual harassment claims can damage a company's reputation, alienate its employees and customers, and can be a marker for poor corporate governance.

A number of shareholder proposals filed on this issue in 2019 and 2020, and several have gone to a vote. The topic is high profile in nature and has garnered media attention. The proposals on this issue have received increased support from shareholders. Clients have expressed interest in a specific policy on this topic. As a result, Social Advisory Services is creating a new policy on this particular issue based off the existing global approach on E&S shareholder proposals.

Mutual Funds

Closed End Funds- Unilateral Opt-In to Control Share Acquisition Statutes

Current Social Advisory Services Policy, incorporating changes:	New Social Advisory Services Policy:
<p>Social Advisory Services Recommendation: For closed-end management investment companies (CEFs), vote against or withhold from nominating/governance committee members (or other directors on a case-by-case basis) at CEFs that have not provided a compelling rationale for opting-in to a Control Share Acquisition statute, nor submitted a by-law amendment to a shareholder vote.</p>	<p>Social Advisory Services Recommendation: For closed-end management investment companies (CEFs), vote against or withhold from nominating/governance committee members (or other directors on a case-by-case basis) at CEFs that have not provided a compelling rationale for opting-in to a Control Share Acquisition statute, nor submitted a by-law amendment to a shareholder vote.</p>

Rationale for Change:

In May 2020, the SEC published guidance and withdrew a prior SEC staff letter known as the Boulder Letter in improving protections for boards of CEFs by allowing CEFs to defend themselves against investors using measures permitted under state corporate law. In recent years, some activist investors have targeted CEFs to extract profits by pushing for actions such as fund liquidations or conversions of CEFs into open-end funds.

As such, CEF boards will have a protective measure known as the Control Share Acquisition statute (for example, the Maryland Control Share Acquisition Act), which requires that an investor who has acquired a large percentage of a fund's outstanding shares (as defined by state law) must receive approval from the other shareholders in the fund in order to be able to vote all their shares.

As the staff of the Division of Investment Management may no longer recommend enforcement action to the SEC against a CEF under section 18(i) of the 1940 Act for opting in to the CSAA, CEF shareholders are denied important voting rights and are subject to management entrenchment.

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