UNITED STATES

CATHOLIC FAITH-BASED PROXY VOTING GUIDELINES UPDATES

2025 Policy Recommendations

Effective for Meetings on or after February 1, 2025

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Board of Directors

Uncontested Election of Directors

Board Accountability

Problematic Takeover Defenses, Capital Structure, and Governance Structure - Poison Pills

Current Catholic Advisory Services Policy:	New Catholic Advisory Services Policy:
Poison Pills: Generally vote against or withhold from all nominees (except new nominees[1], who should be considered case-by-case) if: ▪ The company has a poison pill with a deadhand or slowhand feature[2]; ▪ 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 company has a long-term poison pill (with a term of over one year) that was not approved by the public shareholders[3]. Vote case-by-case on nominees if the board adopts an initial short-term pill[2] (with a term of one year or less) without shareholder approval, taking into consideration: ▪ The disclosed rationale for the adoption; ▪ The trigger; ▪ The company's market capitalization (including absolute level and sudden changes); ▪ A commitment to put any renewal to a shareholder vote; and ▪ Other factors as relevant.	**Poison Pills:** Generally vote against or withhold from all nominees (except new nominees[1], who should be considered case-by-case) if: ▪ The company has a poison pill with a deadhand or slowhand feature[2]; ▪ 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 company has a long-term poison pill (with a term of over one year) that was not approved by the public shareholders[3]. Vote case-by-case on nominees if the board adopts an initial short-term pill[2] (with a term of one year or less) without shareholder approval, taking into consideration: ▪ The trigger threshold and other terms of the pill ▪ The disclosed rationale for the adoption; ▪ The context in which the pill was adopted, (e.g., factors such as the company's size and stage of development, sudden changes in its market capitalization, and extraordinary industry-wide or macroeconomic events); ▪ A commitment to put any renewal to a shareholder vote; ~~and~~ ▪ The company's overall track record on corporate governance and responsiveness to shareholders; and ▪ Other factors as relevant.

Footnotes:	Footnotes:
[1] A "new nominee" is a director who is being presented for election by shareholders for the first time. Recommendations on new nominees who have served for less than one year are made on a case-by-case basis depending on the timing of their appointment and the problematic governance issue in question. [2] If a short-term pill with a deadhand or slowhand feature is enacted but expires before the next shareholder vote, Catholic Advisory Services will generally still recommend withhold/against nominees at the next shareholder meeting following its adoption. [3] Approval prior to, or in connection with, a company's becoming publicly traded, or in connection with a de-SPAC transaction, is insufficient.	[1] A "new nominee" is a director who is being presented for election by shareholders for the first time. Recommendations on new nominees who have served for less than one year are made on a case-by-case basis depending on the timing of their appointment and the problematic governance issue in question. [2] If a short-term pill with a deadhand or slowhand feature is enacted but expires before the next shareholder vote, Catholic Advisory Services will generally still recommend withhold/against nominees at the next shareholder meeting following its adoption. [3] Approval prior to, or in connection with, a company's becoming publicly traded, or in connection with a de-SPAC transaction, is insufficient.

Rationale for Change:

Most poison pills in the US are now short-term pills, with a duration of one year or less, and are rarely submitted to shareholders for approval. This policy update clarifies the factors that will be considered in the case-by-case evaluation of whether the board's actions in adopting a short-term poison pill were reasonable, or whether the adoption of the pill should be deemed a governance failure warranting a recommendation to vote against directors. The additional factors for consideration are already considered by analysts under the category of "other factors as relevant," but the aim is to increase transparency by spelling out some of these factors. This policy clarification will not lead to a material increase or decrease in the number of recommendations against directors due to the adoption of a pill. There is no change at this time to the policy applied when a board adopts a long-term pill without a shareholder vote, or when a pill is submitted to shareholders for approval or ratification.

Climate Risk Mitigation and Net Zero

Current Catholic Advisory Services Policy:	New Catholic Advisory Services Policy:

For companies that are significant GHG emitters[8], through its operations or value chain, generally vote against or withhold from the incumbent chair of the responsible committee (or other directors on a case-by-case basis) in cases where Catholic Advisory Services determines that the company is not taking the minimum steps needed to be aligned with a Net Zero by 2050 trajectory.
 	
For 2024, minimum steps needed to be considered to be aligned with a Net Zero by 2050 trajectory are (all minimum criteria will be required to be in alignment with policy):
 	
▪ The company has detailed disclosure of climate-related risks, such as according to the framework established by the Task Force on Climate-related Financial Disclosures (TCFD), including:
    ▪ Board governance measures;
    ▪ Corporate strategy;
    ▪ Risk management analyses; and
    ▪ Metrics and targets.
▪ The company has declared a Net Zero target by 2050 or sooner and the target includes scope 1, 2, and relevant scope 3 emissions.
▪ The company has set a medium-term target for reducing its GHG emissions.
 	
Expectations about what constitutes "minimum steps needed to be aligned with a Net Zero by 2050 trajectory" will increase over time.
	For companies that are significant GHG emitters[8], through its operations or value chain, generally vote against or withhold from the incumbent chair of the responsible committee (or other directors on a case-by-case basis) in cases where Catholic Advisory Services determines that the company is not taking the minimum steps needed to be aligned with a Net Zero by 2050 trajectory.
	
	Minimum steps needed to be considered to be aligned with a Net Zero by 2050 trajectory are (all minimum criteria will be required to be in alignment with policy):
	
	▪ The company has detailed disclosure of climate-related risks, such as according to the framework established by the Task Force on Climate-related Financial Disclosures (TCFD), including:
	    ▪ Board governance measures;
	    ▪ Corporate strategy;
	    ▪ Risk management analyses; and
	    ▪ Metrics and targets.
	▪ The company has declared a Net Zero target by 2050 or sooner and the target includes scope 1, 2, and relevant scope 3 emissions.
	▪ The company has set a medium-term target for reducing its GHG emissions and the targets include scope 1, 2, and relevant scope 3 emissions.
	▪ The company has a decarbonization strategy in place, with a defined set of quantitative and qualitative actions to reach Net Zero targets.
	
	Expectations about what constitutes "minimum steps needed to be aligned with a Net Zero by 2050 trajectory" will increase over time.

Footnotes: [8] For 2024, companies defined as “significant GHG emitters” will be those on the current Climate Action 100+ Focus Group list.	**Footnotes:** [8] Companies defined as “significant GHG emitters” will be those on the current Climate Action 100+ Focus Group list.

Rationale for Change: This policy update serves to clarify and update language for clients, as well as help advance disclosure standards in accordance with achieving Net Zero goals.

Executive and Director Compensation

Criteria for Evaluating Executive Pay

Problematic Pay Practices

<table>
<tr><th>Current Catholic Advisory Services Policy:</th><th>New Catholic Advisory Services Policy:</th></tr>
<tr><td>
Problematic pay elements are generally evaluated case-by-case considering the context of a company's overall pay program and demonstrated pay-for-performance philosophy. The focus is on executive compensation practices that contravene the global pay principles, including:

Problematic practices related to non-performance-based compensation elements;
Incentives that may motivate excessive risk-taking or present a windfall risk; and
Pay decisions that circumvent pay-for-performance, such as options backdating or waving performance requirements.

The list of examples below highlights certain problematic practices that carry significant weight in this overall consideration and may result in adverse vote recommendations:

Repricing or replacing of underwater stock options/SARs without prior shareholder approval (including cash buyouts and voluntary surrender of underwater options);
Extraordinary perquisites or tax gross-ups);
New or materially amended agreements that provide for:

Excessive termination or CIC severance payments (generally exceeding 3 times base salary and average/target/most recent bonus);
CIC severance payments without involuntary job loss or substantial diminution of duties ("single" or "modified single" triggers) or in connection with a problematic Good Reason definition;

CIC excise tax gross-up entitlements (including "modified" gross-ups);

</td><td>
Problematic pay elements are generally evaluated case-by-case considering the context of a company's overall pay program and demonstrated pay-for-performance philosophy. The focus is on executive compensation practices that contravene the global pay principles, including:

Problematic practices related to non-performance-based compensation elements;
Incentives that may motivate excessive risk-taking or present a windfall risk; and
Pay decisions that circumvent pay-for-performance, such as options backdating or waving performance requirements.

The list of examples below highlights certain problematic practices that carry significant weight in this overall consideration and may result in adverse vote recommendations:

Repricing or replacing of underwater stock options/SARs without prior shareholder approval (including cash buyouts and voluntary surrender of underwater options);
Extraordinary perquisites or tax gross-ups;
New or materially amended agreements that provide for :

Excessive termination or CIC severance payments (generally exceeding 3 times base salary and average/target/most recent bonus);
CIC severance payments without involuntary job loss or substantial diminution of duties ("single" or "modified single" triggers) or in connection with a problematic Good Reason definition;

CIC excise tax gross-up entitlements (including "modified" gross-ups);

</td></tr>
</table>

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

Rationale for Change:

This policy update aims to align the Catholic Faith-Based policy to treat a lack of disclosure as a problematic pay practice in the same way other problematic pay practices would signify that the Say-On-Pay proposal should not warrant support. A lack of disclosure or full board discretion regarding certain change-in-control agreements (particularly with respect to equity treatment provisions) is considered to be a disadvantage to shareholders.

Mergers and Corporate Restructurings

Special Purpose Acquisition Corporations (SPACs) - Proposals for Extensions

Current Catholic Advisory Services Policy:	New Catholic Advisory Services Policy:
Catholic Advisory Services Recommendation: Vote case-by-case on SPAC extension proposals taking into account the length of the requested extension, the status of any pending transaction(s) or progression of the acquisition process, any added incentive for non-redeeming shareholders, and any prior extension requests. • *Length of request:* Typically, extension requests range from two to six months, depending on the progression of the SPAC's acquisition process. • *Pending transaction(s) or progression of the acquisition process:* Sometimes an initial business combination was already put to a shareholder vote, but, for varying reasons, the transaction could not be consummated by the termination date and the SPAC is requesting an extension. Other times, the SPAC has entered into a definitive transaction agreement, but needs additional time to consummate or hold the shareholder meeting. • *Added incentive for non-redeeming shareholders:* Sometimes the SPAC sponsor (or other insiders) will contribute, typically as a loan to the company, additional funds that will be added to the redemption value of each public share as long as such shares are not redeemed in connection with the extension request. The purpose of the "equity kicker" is to incentivize shareholders to hold their shares through the end of the requested extension or until the time the transaction is put to a shareholder vote, rather than electing redemption at the extension proposal meeting. • *Prior extension requests:* Some SPACs request additional time beyond the extension period sought in prior extension requests.	**Catholic Advisory Services Recommendation:** Generally support requests to extend the termination date by up to one year from the SPAC's original termination date (inclusive of any built-in extension options, and accounting for prior extension requests). Other factors that may be considered include: any added incentives, business combination status, other amendment terms, and, if applicable, use of money in the trust fund to pay excise taxes on redeemed shares.

Rationale for Change:

This update is to convey and codify Catholic Advisory Services Policy's present approach to SPAC extension recommendations. Since the SPAC boom during the pandemic, there has been a proliferation of so-called "zombie SPACs," which can be described as those that have experienced heavy shareholder redemptions that leave minimal funds in the trust account. These SPACs have failed to consummate a business combination and have sought extensions to their termination dates, sometimes on multiple occasions and for multiple years. In light of these industry and other factors, the Catholic Advisory Services Policy approach is to recommend support for extension requests of up to one year from the original termination date. Multiple extension requests may be looked at favorably so long as they do not collectively exceed one year in total. The "original termination date" start point is inclusive of any built-in extension options that were included in the original governing documents.

Social and Environmental Proposals

Labor and Human Rights

Operations in High-Risk Markets

Internet Privacy/Censorship and Data Security

Current Catholic Advisory Services Policy:	New Catholic Advisory Services Policy:
Internet Privacy/Censorship and Data Security Information technology sector companies have been at the center of shareholder advocacy campaigns regarding concerns over Internet service companies and technology providers' alleged cooperation with potentially repressive regimes, notably the Chinese government. Shareholder proposals submitted at various companies, advocated for companies to take steps to stop abetting repression and censorship of the Internet and/or review their human rights policies taking this issue into consideration. Resolution sponsors generally argue that the Chinese government is using IT company technologies to track, monitor, identify, and, ultimately, suppress political dissent. In the view of proponents, this process of surveillance and associated suppression violates internationally accepted norms outlined in the U.N. Universal Declaration of Human Rights. While early shareholder resolutions on Internet issues focused on censorship by repressive regimes and net neutrality, proponents have recently raised concerns regarding privacy and data security in the wake of increased breaches that result in the misuse of personal information. On Oct. 13, 2011, the Securities and Exchange Commission (SEC) issued a guidance document about the disclosure obligations relating to cybersecurity risks and cyber incidents. In the document, the SEC references the negative consequences that are associated with cyber-attacks, such as: remediation costs, including those required to repair relationships with customers and clients; increased cyber-security protection costs; lost revenues from unauthorized use of the information or missed opportunities to attract clients; litigation; and reputational damage. The document says that while the federal securities laws do not explicitly require disclosure of cybersecurity risks and incidents, some disclosure requirements may impose an obligation on the company to disclose such information and	**Internet Privacy/Censorship and Data Security** Information technology sector companies have been at the center of shareholder advocacy campaigns regarding concerns over Internet service companies and technology providers' alleged cooperation with potentially repressive regimes, notably the Chinese government. Shareholder proposals submitted at various companies, advocated for companies to take steps to stop abetting repression and censorship of the Internet and/or review their human rights policies taking this issue into consideration. Resolution sponsors generally argue that the Chinese government is using IT company technologies to track, monitor, identify, and, ultimately, suppress political dissent. In the view of proponents, this process of surveillance and associated suppression violates internationally accepted norms outlined in the U.N. Universal Declaration of Human Rights. While early shareholder resolutions on Internet issues focused on censorship by repressive regimes and net neutrality, proponents have recently raised concerns regarding privacy and data security in the wake of increased breaches that result in the misuse of personal information. On Oct. 13, 2011, the Securities and Exchange Commission (SEC) issued a guidance document about the disclosure obligations relating to cybersecurity risks and cyber incidents. In the document, the SEC references the negative consequences that are associated with cyber-attacks, such as: remediation costs, including those required to repair relationships with customers and clients; increased cyber-security protection costs; lost revenues from unauthorized use of the information or missed opportunities to attract clients; litigation; and reputational damage. The document says that while the federal securities laws do not explicitly require disclosure of cybersecurity risks and incidents, some disclosure requirements may impose an obligation on the company to disclose such information and

provides scenarios where disclosure may be required. According to the FBI's 2021 Internet Crime report, potential losses from cybercrimes hit $6.9 billion, up 64% from 2018. **Catholic Advisory Services Recommendation:** Vote for resolutions requesting the disclosure and implementation of Internet privacy and censorship policies and procedures considering: ▪ The level of disclosure of policies and procedures relating to privacy, freedom of speech, Internet censorship, and government monitoring of the Internet; ▪ Engagement in dialogue with governments and/or relevant groups with respect to the Internet and the free flow of information; ▪ The scope of business involvement and of investment in markets that maintain government censorship or monitoring of the Internet; ▪ The market-specific laws or regulations applicable to Internet censorship or monitoring that may be imposed on the company; and ▪ The level of controversy or litigation related to the company's international human rights policies and procedures.	provides scenarios where disclosure may be required. According to the FBI's 2023 Internet Crime Report, potential losses from cybercrimes hit $12.5 billion, up 21% from 2022.[1,2] **Catholic Advisory Services Recommendation:** Vote for resolutions requesting the disclosure and implementation of Internet privacy and censorship policies and procedures considering: ▪ The level of disclosure of policies and procedures relating to privacy, freedom of speech, Internet censorship, and government monitoring of the Internet; ▪ Engagement in dialogue with governments and/or relevant groups with respect to the Internet and the free flow of information; ▪ The scope of business involvement and of investment in markets that maintain government censorship or monitoring of the Internet; ▪ The market-specific laws or regulations applicable to Internet censorship or monitoring that may be imposed on the company; and ▪ The level of controversy or litigation related to the company's international human rights policies and procedures.
Footnotes:	**Footnotes:** 1: 2023 report: https://www.aha.org/system/files/media/file/2024/03/fbi-internet-crime-report-2023.pdf 2: 2022 report: https://www.iafci.org/app_themes/docs/Federal%20Agency/2022_IC3Report.pdf

Rationale for Change:

This policy update is meant to serve only as a language update to help ensure the text is more perennial and includes updated information. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Climate Change

Say on Climate (SoC) Management Proposals

Current Catholic Advisory Services Policy:	New Catholic Advisory Services Policy:
Catholic Advisory Services Recommendation: Vote case-by-case on management proposals that request shareholders to approve the company's climate transition action plan[22], taking into account the completeness and rigor of the plan. Information that will be considered where available includes the following: ▪ The extent to which the company's climate related disclosures are in line with TCFD recommendations and meet other market standards; ▪ Disclosure of its operational and supply chain GHG emissions (Scopes 1, 2, and 3); ▪ The completeness and rigor of company's short-, medium-, and long-term targets for reducing operational and supply chain GHG emissions (Scopes 1, 2, and 3 if relevant); ▪ Whether the company has sought and received third-party approval that its targets are science-based; ▪ Whether the company has made a commitment to be "net zero" for operational and supply chain emissions (Scopes 1, 2, and 3) by 2050; ▪ Whether the company discloses a commitment to report on the implementation of its plan in subsequent years; ▪ Whether the company's climate data has received third-party assurance; ▪ Disclosure of how the company's lobbying activities and its capital expenditures align with company strategy; ▪ Whether there are specific industry decarbonization challenges; and ▪ The company's related commitment, disclosure, and performance compared to its industry peers.	**Catholic Advisory Services Recommendation:** Vote case-by-case on management proposals that request shareholders to approve the company's climate transition action plan[22], taking into account the completeness and rigor of the plan. Information that will be considered where available includes the following: ▪ The extent to which the company's climate related disclosures are in line with TCFD recommendations and meet other market standards; ▪ Disclosure of its operational and supply chain GHG emissions (Scopes 1, 2, and 3); ▪ The completeness, feasibility, and rigor of company's short-, medium-, and long-term targets for reducing operational and supply chain GHG emissions in line with Paris Agreement goals (Scopes 1, 2, and 3 if relevant); ▪ Whether the company has sought and received third-party approval that its targets are science-based; ▪ Whether the company has made a commitment to be "net zero" for operational and supply chain emissions (Scopes 1, 2, and 3) by 2050; ▪ Whether the company discloses a commitment to report on the implementation of its plan in subsequent years; ▪ Whether the company's climate data has received third-party assurance; ▪ Disclosure of how the company's lobbying activities and its capital expenditures align with company strategy; ▪ Whether there are specific industry decarbonization challenges; and ▪ The company's related commitment, disclosure, and performance compared to its industry peers.

Footnotes: [22]Variations of this request also include climate transition related ambitions, or commitment to reporting on the implementation of a climate plan.	**Footnotes:** [22]Variations of this request also include climate transition related ambitions, or commitment to reporting on the implementation of a climate plan.

Rationale for Change:

This change updates the policy to allow the analyst approach to more comprehensively evaluate management-filed climate transition plans. Proposals will be evaluated with additional attention paid to the feasibility of disclosed targets. This change comes in response to recent client roundtable feedback affirming the desire to take into account target feasibility.

Say on Climate (SoC) Shareholder Proposals

Current Catholic Advisory Services Policy:	New Catholic Advisory Services Policy:
Catholic Advisory Services Recommendation: Vote case-by-case on shareholder proposals that request the company to disclose a report providing its GHG emissions levels and reduction targets and/or its upcoming/approved climate transition action plan and provide shareholders the opportunity to express approval or disapproval of its GHG emissions reduction plan, taking into account information such as the following: ▪ The completeness and rigor of the company's climate-related disclosure; ▪ The company's actual GHG emissions performance; ▪ Whether the company has been the subject of recent, significant violations, fines, litigation, or controversy related to its GHG emissions; and ▪ Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive	**Catholic Advisory Services Recommendation:** Generally vote for shareholder proposals that request the company to disclose a report providing its GHG emissions levels and reduction targets and/or its upcoming/approved climate transition action plan and provide shareholders the opportunity to express approval or disapproval of its GHG emissions reduction plan, taking into account information such as the following: ▪ The completeness, feasibility and rigor of the company's climate-related disclosure; ▪ The company's actual GHG emissions performance; ▪ The company's alignment with relevant internationally recognized frameworks such as the Paris Agreement and IEA's Net Zero Emissions by 2050 Scenario; ▪ Whether the company has been the subject of recent, significant violations, fines, litigation, or controversy related to its GHG emissions; and ▪ Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive.

Rationale for Change:

Over the years, the Catholic Faith-based policy has generally supported shareholder proposals requesting the company disclose a report providing its GHG emissions levels and reduction targets and/or its upcoming/approved climate transition action plan and provide shareholders the opportunity to express approval or disapproval of its GHG emissions reduction plan. This policy update aligns with the current process for analyzing such proposals and clarifies the frameworks used in the analysis.

Climate Change/Greenhouse Gas Emissions

<table>
<tr><th>Current Catholic Advisory Services Policy:</th><th>New Catholic Advisory Services Policy:</th></tr>
<tr><td>Climate change has emerged as the most significant environmental threat to the planet to date. Scientists generally agree that gases released by chemical reactions including the burning of fossil fuels contribute to a “greenhouse effect” that traps the planet’s heat. Environmentalists claim that the Greenhouse Gases (GHG) produced by the industrial age have caused recent weather crises such as heat waves, rainstorms, melting glaciers, rising sea levels and receding coastlines. Climate change skeptics have described the rise and fall of global temperatures as naturally occurring phenomena and depicted human impact on climate change as minimal. Shareholder proposals requesting companies to issue a report to shareholders, “at reasonable cost and omitting proprietary information,” on greenhouse gas emissions ask that the report include descriptions of corporate efforts to reduce emissions, companies’ financial exposure and potential liability from operations that contribute to global warming, their direct or indirect efforts to promote the view that global warming is not a threat, and their goals in reducing these emissions from their operations. Shareholder proponents argue that there is scientific proof that the burning of fossil fuels causes global warming, that future legislation may make companies financially liable for their contributions to global warming, and that a report on the company’s role in global warming can be assembled at reasonable cost.

Catholic Advisory Services Recommendation:

▪ Vote for shareholder proposals seeking information on the financial, physical, or regulatory risks it faces related to climate change- on its operations and investments, or on how the company identifies, measures, and manage such risks.
▪ Vote for shareholder proposals calling for the reduction of GHG or adoption of GHG goals in products and operations.
▪ Vote for shareholder proposals seeking reports on responses to regulatory and public pressures surrounding climate change, and for disclosure of research that aided in setting company policies around climate change.
▪ Vote for shareholder proposals requesting reports on greenhouse gas emissions from companies’ operations and/or products.</td><td>Climate change has emerged as the most significant environmental threat to the planet to date. Scientists generally agree that gases released by chemical reactions including the burning of fossil fuels contribute to a “greenhouse effect” that traps the planet’s heat. Environmentalists claim that the Greenhouse Gases (GHG) produced by the industrial age have caused recent weather crises such as heat waves, rainstorms, melting glaciers, rising sea levels and receding coastlines. Climate change skeptics have described the rise and fall of global temperatures as naturally occurring phenomena and depicted human impact on climate change as minimal. Shareholder proposals requesting companies to issue a report to shareholders, “at reasonable cost and omitting proprietary information,” on greenhouse gas emissions ask that the report include descriptions of corporate efforts to reduce emissions, companies’ financial exposure and potential liability from operations that contribute to global warming, their direct or indirect efforts to promote the view that global warming is not a threat, and their goals in reducing these emissions from their operations. Shareholder proponents argue that there is scientific proof that the burning of fossil fuels causes global warming, that future legislation may make companies financially liable for their contributions to global warming, and that a report on the company’s role in global warming can be assembled at reasonable cost.

Catholic Advisory Services Recommendation:

▪ Vote for shareholder proposals seeking information on the financial, physical, or regulatory risks it faces related to climate change- on its operations and investments, or on how the company identifies, measures, and manage such risks.
▪ Vote for shareholder proposals calling for the reduction of GHG or adoption of GHG goals in products and operations.
▪ Vote for shareholder proposals seeking reports on responses to regulatory and public pressures surrounding climate change, and for disclosure of research that aided in setting company policies around climate change.
▪ Vote for shareholder proposals requesting reports on greenhouse gas emissions from companies’ operations and/or products.</td></tr>
</table>

	▪ Vote for shareholder proposals that request the company to disclose a report on reducing methane emissions and to assess the reliability of the company's methane emission disclosures.

Rationale for Change:

This policy update codifies existing policy application.

Environmental Justice

Current Catholic Advisory Services Policy:	New Catholic Advisory Services Policy:
None	Companies have faced proposals addressing environmental justice concerns, focused on vulnerable stakeholders – particularly communities of color and low-income communities – who are disproportionately impacted by environmental pollution. These heightened risks can be exacerbated by climate change. **Catholic Advisory Services Recommendation:** Generally vote for shareholder proposals requesting disclosure of an environmental justice report, as well as a third-party environmental justice assessment.

Rationale for Change:

This policy update codifies existing policy application. The newly codified policy will provide more transparency to the market about how assessments of these shareholder proposals are made.

Financed Emissions

Current Catholic Advisory Services Policy:	New Catholic Advisory Services Policy:
None	**Catholic Advisory Services Recommendation:** For financial institutions and companies that provide financial services, generally vote for shareholder proposals that request the company to disclose its financed emissions. Financed emissions (scope 3, category 15) are emissions associated with a company's investments, not already covered under scopes 1 and 2 – including but not limited to equity investments, debt investments, and project finance. Information that will be considered where available includes the following: ▪ The completeness, feasibility, and rigor of the company's financed emissions disclosure; ▪ Whether the company's targets and climate transition plan are in alignment with the Paris Agreement, the International Energy Agency's (IEA) Net Zero Emissions by 2050 Scenario, and other internationally recognized frameworks; ▪ Whether the company's methodology is in alignment with the Greenhouse Gas Protocol (GHG Protocol), the Partnership for Carbon Accounting Financials (PCAF), and other generally accepted calculation and reporting methodologies and entities; and ▪ Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive.

Rationale for Change:

This policy update codifies existing policy application. The newly codified policy will provide more transparency to the market about how assessments of these shareholder proposals are made.

Just Transition

Current Catholic Advisory Services Policy:	New Catholic Advisory Services Policy:
None	Companies have faced proposals requesting disclosure on the just transition – addressing stakeholder concerns within a company's value chain with regards to the effects of climate change and the energy transition. Relevant stakeholder groups can include employees, suppliers (and workers in supply chains), communities impacted by operations, and other vulnerable groups potentially affected by a company's climate change strategy. Just transition disclosure should adequately assess, consult on, and address impacts on affected stakeholders regarding climate change risks. **Catholic Advisory Services Recommendation:** Generally vote for shareholder proposals requesting just transition and labor protection disclosure, in alignment with the International Labour Organization, the World Benchmarking Alliance, and other generally accepted guidelines and indicators.

Rationale for Change:

This policy update codifies existing policy application. The newly codified policy will provide more transparency to the market about how assessments of these shareholder proposals are made.

Natural Capital

<table>
<tr><th>Current Catholic Advisory Services Policy:</th><th>New Catholic Advisory Services Policy:</th></tr>
<tr><td>None</td><td>Natural capital disclosure has moved into the mainstream of climate change reporting. The Taskforce on Nature-related Financial Disclosures (TNFD) and the Kunming-Montreal Global Biodiversity Framework have mobilized widespread recognition of the fact that Paris Agreement-aligned targets can only be achieved by integrating natural capital-related concerns. As such, there has been increased market uptake around natural capital disclosures and commitments, particularly around TNFD-aligned reporting, as well as alignment with other internationally accepted reporting frameworks.

Catholic Advisory Services Recommendation: Generally vote for shareholder proposals requesting disclosure of TNFD-aligned reporting, including but not limited to a biodiversity impact and dependency assessment. Information that will be considered where available includes the following:

▪ The completeness, feasibility, and rigor of the company’s natural capital-related disclosure;
▪ Whether the company’s natural capital disclosure adequately incorporate governance, strategy, risk and impact management, and metrics and targets;
▪ Whether the company’s targets and climate transition plan are in alignment with TNFD, the Global Biodiversity Framework, the Paris Agreement, and other internationally recognized frameworks; and
▪ Whether the proposal’s request is unduly burdensome (scope or timeframe) or overly prescriptive.

Natural capital-related shareholder proposals also encompass a broad range of industries. Various market-led initiatives have identified key sectors for investor-issuer engagement, including but not limited to: chemicals, consumer goods, food and agriculture, forestry, mining, oil and gas, packaging, and pharmaceuticals. Some proposals also address indigenous peoples’ rights, which is also a key consideration for natural capital frameworks.

Catholic Advisory Services Recommendation: Generally vote for shareholder proposals requesting companies to prepare reports or adopt sustainable sourcing policies with regards to natural capital-related risks, dependencies, and impacts.</td></tr>
</table>

Rationale for Change:

This policy update codifies existing policy application. The newly codified policy will provide more transparency to the market about how assessments of these shareholder proposals are made. Additionally, this change comes in response to recent client roundtable feedback prioritizing natural capital disclosure.

In recent years, there has been an increased number of shareholder proposals focused on biodiversity and other connected environmental topics such as deforestation and water pollution. Biodiversity and related environmental topics are now commonly grouped under the theme of natural capital which has become a frequent topic for many investors to consider, as biodiversity and ecosystem loss may create societal risks and negative economic and business risks. This update keeps the policy abreast of the evolving focus seen in shareholder proposals on topics such as natural capital and/or community impact risks. With developments in frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD) and Kunming-Montreal Global Biodiversity Framework (GBF) which challenge companies and industry sectors to address drivers of biodiversity loss and push for increased company disclosure in managing nature-related risks, this policy update will better reflect the variety of natural capital-related proposals companies may receive in the coming years.

Health and Safety

Adopt Policy/Report on Drug Pricing

Current Catholic Advisory Services Policy:	New Catholic Advisory Services Policy:
Pharmaceutical drug pricing, both within the United States and internationally, has raised many questions of the companies that are responsible for creating and marketing these treatments. Shareholder proponents, activists and even some legislators have called upon drug companies to restrain pricing of prescription drugs. The high cost of prescription drugs is a vital issue for senior citizens across the country. Seniors have the greatest need for prescription drugs, accounting for a significant portion of all prescription drug sales, but they often live on fixed incomes and are underinsured. Proponents note that efforts to reign-in pharmaceutical costs will not negatively impact research and development (R&D) costs and that retail drug prices are consistently higher in the U.S. than in other industrialized nations. Pharmaceutical companies often respond that adopting a formal drug pricing policy could put the company at a competitive disadvantage. Against the backdrop of the AIDS crisis in Africa, many shareholders have called on companies to address the issue of affordable drugs for the treatment of AIDS, as well as tuberculosis and malaria throughout the developing world. When analyzing such resolutions, consideration should be made of the strategic implications of pricing policies in the market. **Catholic Advisory Services Recommendation:** ▪ Vote for shareholder proposals to prepare a report on drug pricing. ▪ Vote for shareholder proposals to adopt a formal policy on drug pricing. ▪ Vote for shareholder proposals that call on companies to develop a policy to provide affordable HIV, AIDS, tuberculosis, and malaria drugs in third-world nations.	Pharmaceutical drug pricing, both within the United States and internationally, has raised many questions of the companies that are responsible for creating and marketing these treatments. Shareholder proponents, activists and even some legislators have called upon drug companies to restrain pricing of prescription drugs. The high cost of prescription drugs is a vital issue for senior citizens across the country. Seniors have the greatest need for prescription drugs, accounting for a significant portion of all prescription drug sales, but they often live on fixed incomes and are underinsured. Proponents note that efforts to reign-in pharmaceutical costs will not negatively impact research and development (R&D) costs and that retail drug prices are consistently higher in the U.S. than in other industrialized nations. Pharmaceutical companies often respond that adopting a formal drug pricing policy could put the company at a competitive disadvantage. Against the backdrop of the AIDS crisis in Africa, many shareholders have called on companies to address the issue of affordable drugs for the treatment of AIDS, as well as tuberculosis and malaria throughout low- and middle-income countries (LMIC). When analyzing such resolutions, consideration should be made of the strategic implications of pricing policies in the market. **Catholic Advisory Services Recommendation:** ▪ Vote for shareholder proposals to prepare a report on drug pricing. ▪ Vote for shareholder proposals to adopt a formal policy on drug pricing. ▪ Vote for shareholder proposals that call on companies to develop a policy to provide affordable HIV, AIDS, tuberculosis, and malaria drugs in low- and middle-income countries (LMIC).

▪ Vote for proposals asking for reports on the economic effects and legal risks of limiting pharmaceutical products to Canada or certain wholesalers. ▪ Vote case-by-case proposals requesting that companies adopt policies not to constrain prescription drug re-importation by limited supplies to foreign markets.	▪ Vote for proposals asking for reports on the economic effects and legal risks of limiting pharmaceutical products to Canada or certain wholesalers. ▪ Vote case-by-case proposals requesting that companies adopt policies not to constrain prescription drug re-importation by limited supplies to foreign markets.

Rationale for Change:

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

Miscellaneous

Tax Transparency

Current Catholic Advisory Services Policy:	New Catholic Advisory Services Policy:
None	**Catholic Advisory Services Recommendation:** Generally vote for shareholder proposals that request the company to disclose on tax transparency and country-by-country reporting (CbCR), in alignment with internationally-accepted frameworks, such as the Global Reporting Initiative Tax Standard (GRI 207: Tax 2019) and the Organisation for Economic Co-operation and Development's (OECD) BEPS Action 13 (Base Erosion and Profit Shifting).

Rationale for Change:

This policy update codifies existing policy application. The newly codified policy will provide more transparency to the market about how assessments of these shareholder proposals are made.

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