UNITED STATES

SUSTAINABILITY PROXY VOTING GUIDELINES UPDATES
2025 Policy Recommendations

Effective for Meetings on or after February 1, 2025

Published January 9, 2025

TABLE OF CONTENTS

Board of Directors

Voting on Director Nominees in Uncontested Elections

Accountability

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

Current Sustainability Advisory Services Policy:	New Sustainability 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; ▪ 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, Sustainability 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, Sustainability 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 Sustainability Advisory Services Policy:	New Sustainability Advisory Services Policy:

For companies that are significant GHG emitters, through its operations or value chain[8], 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 Sustainability 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, through its operations or value chain[8], 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 Sustainability 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.

Capital/Restructuring

Restructuring

Special Purpose Acquisition Corporations (SPACs) - Proposals for Extensions

Current Sustainability Advisory Services Policy:	New Sustainability Advisory Services Policy:
Sustainability Policy 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.	**Sustainability Policy 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 Sustainability Advisory Services' 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 Sustainability 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 Issues

Consumer Issues

Health Pandemics

<table>
<tr><th>Current Sustainability Advisory Services Policy:</th><th>New Sustainability Advisory Services Policy:</th></tr>
<tr><td>Sustainability Policy Recommendation: Vote case-by-case on requests for reports outlining the impact of health pandemics (such as COVID-19, HIV/AIDS, malaria, tuberculosis, and avian flu) on the company’s operations and how the company is responding to the situation, taking into account:

▪ The scope of the company’s operations in the affected/relevant area(s);
▪ The company’s existing healthcare policies, including benefits and healthcare access; and
▪ Company donations to relevant healthcare providers.

Vote against proposals asking companies to establish, implement, and report on a standard of response to health pandemics (such as HIV/AIDS, malaria, tuberculosis, and avian flu), unless the company has significant operations in the affected markets and has failed to adopt policies and/or procedures to address these issues comparable to those of industry peers.</td><td>Sustainability Policy Recommendation: Vote case-by-case on requests for reports outlining the impact of health pandemics (such as COVID-19, HIV/AIDS, malaria, tuberculosis, and avian flu) on the company’s operations and how the company is responding to the situation, taking into account:

▪ The scope of the company’s operations in the affected/relevant area(s);
▪ The company’s existing healthcare policies, including benefits and healthcare access; and
▪ Company donations to relevant healthcare providers.

Vote against proposals asking companies to establish, implement, and report on a standard of response to health pandemics (such as COVID-19, HIV/AIDS, malaria, tuberculosis, and avian flu), unless the company has significant operations in the affected markets and has failed to adopt policies and/or procedures to address these issues comparable to those of industry peers.</td></tr>
</table>

Rationale for Change:

This change will ensure our Sustainability policy reflects the most recent global health crisis of COVID-19. 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

Climate Change/Greenhouse Gas (GHG) Emissions

Current Sustainability Advisory Services Policy:	New Sustainability Advisory Services Policy:
Climate change has emerged as the most significant environmental threat to the planet to date. Scientists 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 produced by the industrial age have caused recent weather crises such as heat waves, rainstorms, melting glaciers, rising sea levels and receding coastlines. With notable exceptions, business leaders have described the rise and fall of global temperatures as naturally occurring phenomena and depicted corporate impact on climate change as minimal. Shareholder proposals asking a company to issue a report to shareholders, “at reasonable cost and omitting proprietary information,” on greenhouse gas emissions ask that the report include descriptions of efforts within companies to reduce emissions, their 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. 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. **Sustainability Policy 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 emissions. ▪ 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.	Climate change has emerged as the most significant environmental threat to the planet to date. Scientists 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 produced by the industrial age have caused recent weather crises such as heat waves, rainstorms, melting glaciers, rising sea levels and receding coastlines. With notable exceptions, business leaders have described the rise and fall of global temperatures as naturally occurring phenomena and depicted corporate impact on climate change as minimal. Shareholder proposals asking a company to issue a report to shareholders, “at reasonable cost and omitting proprietary information,” on greenhouse gas emissions ask that the report include descriptions of efforts within companies to reduce emissions, their 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. 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. **Sustainability Policy 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 manages such risks. ▪ Vote for shareholder proposals calling for the reduction of GHG emissions. ▪ 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 a report/disclosure of goals on GHG emissions from company operations and/or products.

▪ Vote for shareholder proposals requesting a report/disclosure of goals on GHG emissions from company operations and/or products.	▪ 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 Sustainability Advisory Services Policy:	New Sustainability 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. **Sustainability Policy 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 Sustainability Advisory Services Policy:	New Sustainability Advisory Services Policy:
None	**Sustainability Policy Recommendation:** For financial institutions and companies that provide financial services, generally vote for shareholder proposals that request the company to increase disclosure of its financed emissions. Generally vote case-by-case on shareholder proposals that request a company to adopt a policy to reduce 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 decarbonization 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 ▪ 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 Sustainability Advisory Services Policy:	New Sustainability 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. **Sustainability Policy 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

Current Sustainability Advisory Services Policy:	New Sustainability Advisory Services Policy:
None	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. **Sustainability Policy 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. **Sustainability Policy Recommendation:** Generally vote for shareholder proposals requesting companies to increase disclosure and/or to adopt sustainable sourcing policies with regards to natural capital-related risks, dependencies, and impacts.

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.

Say on Climate (SoC) Management Proposals

Current Sustainability Advisory Services Policy:	New Sustainability Advisory Services Policy:
Sustainability Policy Recommendation: Vote case-by-case on management proposals that request shareholders to approve the company's climate transition action plan[23], 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.	**Sustainability Policy Recommendation:** Vote case-by-case on management proposals that request shareholders to approve the company's climate transition action plan[23], 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 the 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:	Footnotes:
[23] Variations of this request also include climate transition related ambitions, or commitment to reporting on the implementation of a climate plan.	[23] 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 Sustainability Advisory Services Policy:	New Sustainability Advisory Services Policy:
Sustainability Policy 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.	**Sustainability Policy 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 Sustainability 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 approach for analyzing such proposals and clarifies the frameworks used in the analysis.

Environment and Sustainability

Equator Principles

Current Sustainability Advisory Services Policy:	New Sustainability Advisory Services Policy:
The Equator Principles are the financial industry's benchmark for determining, assessing and managing social and environmental risk in project financing. First launched in June 2003, the Principles were ultimately adopted by over forty financial institutions over a three-year implementation period. Since its adoption, the Principles have undergone a number of revisions, expanding the use of performance standards and signatory banks' commitments to social responsibility, including human rights, climate change, and transparency. The fourth iteration of the Principles was launched in November 2019, incorporating amendments and new commitment to human rights, climate change, Indigenous Peoples and biodiversity related topics. Financial institutions adopt these principles to ensure that the projects they finance are developed in a socially responsible manner and reflect sound environmental management practices. As of 2019, 101 financial institutions have officially adopted the Equator Principles. **Sustainability Policy Recommendation:** Vote for shareholder proposals to study or implement the Equator Principles.	The Equator Principles are the financial industry's benchmark for determining, assessing and managing social and environmental risk in project financing. First launched in June 2003, the Principles were ultimately adopted by over forty financial institutions over a three-year implementation period. Since its adoption, the Principles have undergone a number of revisions, expanding the use of performance standards and signatory banks' commitments to social responsibility, including human rights, climate change, and transparency. The fourth iteration of the Principles was launched in November 2019, incorporating amendments and new commitment to human rights, climate change, Indigenous Peoples and biodiversity related topics. Financial institutions adopt these principles to ensure that the projects they finance are developed in a socially responsible manner and reflect sound environmental management practices. As of 2024, 131 financial institutions globally are Signatories to the Equator Principles. [24] **Sustainability Policy Recommendation:** Vote for shareholder proposals to study or implement the Equator Principles.
Footnotes:	**Footnotes:** [24] https://equator-principles.com/signatories-epfis-reporting/

Rationale for Change:

This change will update the number of signatories, as well as provide a proper citation for clients to view the information source. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

General Corporate Issues

Tax Transparency

Current Sustainability Advisory Services Policy:	New Sustainability Advisory Services Policy:
None	**Sustainability Policy 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.

Human Rights, Labor Issues, and International Operations

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

Rationale for Change:

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

Human Rights Proposals

Current Sustainability Advisory Services Policy:	New Sustainability Advisory Services Policy:
Sustainability Policy Recommendation: ▪ Generally vote for proposals requesting a report on company or company supplier labor and/or human rights standards and policies. ▪ Vote for shareholder proposals to implement human rights standards and workplace codes of conduct. ▪ Vote for shareholder proposals calling for the implementation and reporting on ILO codes of conduct, SA 8000 Standards, or the Global Sullivan Principles. ▪ Vote for shareholder proposals that call for the adoption and/or enforcement of principles or codes relating to countries in which there are systematic violations of human rights. ▪ Vote for shareholder proposals that call for independent monitoring programs in conjunction with local and respected religious and human rights groups to monitor supplier and licensee compliance with codes. ▪ Vote for shareholder proposals that seek publication of a "Code of Conduct" to the company's foreign suppliers and licensees, requiring they satisfy all applicable standards and laws protecting employees' wages, benefits, working conditions, freedom of association, and other rights. ▪ Vote for shareholder proposals seeking reports on, or the adoption of, vendor standards including: reporting on incentives to encourage suppliers to raise standards rather than terminate contracts and providing public disclosure of contract supplier reviews on a regular basis. ▪ Vote for shareholder proposals to adopt labor standards for foreign and domestic suppliers to ensure that the company will not do business with foreign suppliers that manufacture products for sale using forced labor, child labor, or that fail to comply with applicable laws protecting employee's wages and working conditions.	**Sustainability Policy Recommendation:** ▪ Generally vote for proposals requesting a report on company or company supplier labor and/or human rights standards and policies. ▪ Vote for shareholder proposals to implement human rights standards and workplace codes of conduct. ▪ Vote for shareholder proposals calling for the implementation and reporting on ILO codes of conduct, SA 8000 Standards, or human rights due diligence standards. ▪ Vote for shareholder proposals that call for the adoption and/or enforcement of principles or codes relating to countries in which there are systematic violations of human rights. ▪ Vote for shareholder proposals that call for independent monitoring programs in conjunction with local and respected religious and human rights groups to monitor supplier and licensee compliance with codes. ▪ Vote for shareholder proposals that seek publication of a "Code of Conduct" to the company's domestic and international suppliers and licensees, requiring they satisfy all applicable standards and laws protecting employees' wages, benefits, working conditions, freedom of association, and other rights. ▪ Vote for shareholder proposals seeking reports on, or the adoption of, vendor standards including: reporting on incentives to encourage suppliers to raise standards rather than terminate contracts and providing public disclosure of contract supplier reviews on a regular basis. ▪ Vote for shareholder proposals to adopt labor standards for foreign and domestic suppliers to ensure that the company will not do business with any suppliers that manufacture products for sale using forced labor, child labor, or that fail to comply with applicable laws protecting employee's wages and working conditions.

▪ Vote for proposals requesting that a company conduct an assessment of the human rights risks in its operations or in its supply chain, or report on its human rights risk assessment process.	▪ Vote for proposals requesting that a company conduct an assessment of the human rights risks in its operations or in its supply chain, or report on its human rights risk assessment process.

Rationale for Change:

This policy update is meant to serve only as language clarification that maintains the policy's relevance. For example, more companies have adopted the UNGP's as part of their sustainability efforts and commitments, as well as shareholder citing the UNGP's in more shareholder proposals. No material changes have been made to the policy, and there are no expected changes to vote recommendations as a result of this amendment.

Community Social and Environmental Impact Assessments

Current Sustainability Advisory Services Policy:	New Sustainability Advisory Services Policy:
Sustainability Policy Recommendation: Generally vote for requests for reports outlining policies and/or the potential (community) social and/or environmental impact of company operations considering: ▪ Current disclosure of applicable policies and risk assessment report(s) and risk management procedures; ▪ The impact of regulatory non-compliance, litigation, remediation, or reputational loss that may be associated with failure to manage the company's operations in question, including the management of relevant community and stakeholder relations; ▪ The nature, purpose, and scope of the company's operations in the specific region(s); ▪ The degree to which company policies and procedures are consistent with industry norms; and ▪ Scope of the resolution.	**Sustainability Policy Recommendation:** Generally vote for requests for reports outlining policies and/or the potential (community) social and/or environmental impact of company operations considering: ▪ Alignment of current disclosure of applicable company policies, metrics, risk assessment report(s) and risk management procedures with any relevant, broadly accepted reporting frameworks; ▪ The impact of regulatory non-compliance, litigation, remediation, or reputational loss that may be associated with failure to manage the company's operations in question, including the management of relevant community and stakeholder relations; ▪ The nature, purpose, and scope of the company's operations in the specific region(s); ▪ The degree to which company policies and procedures are consistent with industry norms; and ▪ The scope of the resolution.

Rationale for Change:

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 policy update is to help to keep the Sustainability policy abreast of the evolving focus seen in shareholder proposals on topics such as natural capital and/or community impact risks. With development 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 update will better reflect the variety of nature-related and community impact assessment proposals companies may receive in the coming years.

We empower investors and companies to build for long-term and sustainable growth by providing high-quality data, analytics, and insight.

GET STARTED WITH ISS SOLUTIONS

Email sales@issgovernance.com or visit www.issgovernance.com for more information.

Founded in 1985, Institutional Shareholder Services group of companies (ISS) empowers investors and companies to build for long-term and sustainable growth by providing high-quality data, analytics and insight. ISS, which is majority owned by Deutsche Bourse Group, along with Genstar Capital and ISS management, is a leading provider of corporate governance and responsible investment solutions, market intelligence, fund services, and events and editorial content for institutional investors and corporations, globally. ISS' 2,600 employees operate worldwide across 29 global locations in 15 countries. Its approximately 3,400 clients include many of the world's leading institutional investors who rely on ISS' objective and impartial offerings, as well as public companies focused on ESG and governance risk mitigation as a shareholder value enhancing measure. Clients rely on ISS' expertise to help them make informed investment decisions. This document and all of the information contained in it, including without limitation all text, data, graphs, and charts (collectively, the "Information") is the property of Institutional Shareholder Services Inc. (ISS), its subsidiaries, or, in some cases third party suppliers.