

**ISS Policies Affecting Director Elections***As of December 2022*

Circumstance	ISS Policy	Targeted Directors
<b>Board Governance</b>		
Problematic Structures*	<p data-bbox="342 432 716 459"><i>Problematic Capital Structure</i></p> <ul style="list-style-type: none"> <li data-bbox="342 485 1166 646">● Company has a common stock structure with unequal voting rights, which generally includes classes that have additional votes per share than other shares, classes that are not entitled to vote on all the same ballot items or nominees, or classes with time-phased voting rights</li> <li data-bbox="342 674 1166 905">● An exception will be made if a newly public company has a sunset on the unequal voting rights not later than the 7th anniversary of the IPO, if the super-voting shares represent less than 5% of total voting power and are therefore considered <i>de minimis</i>, if the company provides sufficient protections of minority shareholders (such as a right to vote on the capital structure), and for certain REIT structures <ul style="list-style-type: none"> <li data-bbox="391 932 1166 1058">● Newly public companies generally include companies that emerge from bankruptcy, SPAC transactions, spin-offs, direct listings, and those who complete a traditional initial public offering</li> </ul> </li> </ul> <p data-bbox="342 1079 773 1106"><i>Problematic Governance Structure</i></p> <ul style="list-style-type: none"> <li data-bbox="342 1131 1166 1499">● The board or the company, which has held or will hold its first annual meeting after February 1, 2015, implemented the following charter or bylaw provisions that are considered to be materially adverse to shareholder rights prior to or in connection with company's going public: <ul style="list-style-type: none"> <li data-bbox="391 1316 1016 1344">● Supermajority vote to amend bylaws or charter</li> <li data-bbox="391 1371 753 1398">● Classified board structure</li> <li data-bbox="391 1425 711 1453">● Fee-shifting provision</li> <li data-bbox="391 1480 878 1507">● Other relevant egregious provisions</li> </ul> </li> <li data-bbox="342 1526 1166 1619">● A provision which specifies that the problematic governance structure will be sunset within 7 years of the IPO will be considered a mitigating factor</li> <li data-bbox="342 1646 1166 1772">● Problematic features will result in negative recommendations at the first annual meeting after going public and in a case by case recommendation on director elections until they are reversed, removed or subject to a 7-year time-based sunset provision</li> </ul>	Entire Board (except New Nominees, who would be considered case by case)

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Responsiveness to Shareholder Proposals	<ul style="list-style-type: none"> <li>The board failed to act on a shareholder proposal that received approval by a majority of votes cast in the previous year or failed to act on a management proposal seeking to ratify an existing charter/bylaw provision that received opposition of a majority of the shares cast in the previous year. Factors that will be considered are:               <ul style="list-style-type: none"> <li>Disclosed outreach efforts by the board to shareholders in the wake of the vote</li> <li>The board’s rationale, as provided in the proxy statement, for the level of implementation of the proposal</li> <li>Subject matter of the proposal</li> <li>Level of support for and opposition to the proposal at past meetings</li> <li>Board actions in response to the majority vote and its shareholder engagement</li> <li>Continuation of the underlying issue as a voting item on the ballot (as either shareholder or management proposals)</li> <li>Other factors as appropriate</li> </ul> </li> </ul>	Entire Board, Committee Members, or Individual Director
>50% Negative Votes Against Director	<ul style="list-style-type: none"> <li>At the previous board election, any director received more than 50 percent withhold/against votes of the shares cast and the company failed to address the underlying issue(s) that caused the high withhold/against votes</li> </ul>	Entire Board, Committee Members, or Individual Director
Takeover Offers	<ul style="list-style-type: none"> <li>The board failed to act on takeover offers where a majority of shareholders tendered their shares</li> </ul>	Entire Board, Committee Members, or Individual Director
Say-on-Pay Frequency	<ul style="list-style-type: none"> <li>The board implemented an advisory vote on executive compensation on a less frequent basis than the frequency that received the majority of votes cast at the most recent shareholder meeting at which shareholders voted on the say-on-pay frequency</li> </ul>	Compensation Committee or Entire Board (in egregious cases)
Attendance	<ul style="list-style-type: none"> <li>Attends less than 75 percent of board and committee meetings for the period of service (e.g., missed more than one meeting, if the director’s total service was three or fewer meetings), unless the absence was due to medical issues/illness, family emergencies, and the reason for such absence is disclosed in the proxy statement or other SEC filing</li> <li>Chronic poor attendance without reasonable justification would also result in recommendations against</li> <li>If the proxy disclosure is unclear and insufficient to determine whether the director attended at least 75 percent of board and committee meetings during the period of service</li> </ul>	Individual Director (except nominees who served only part of the fiscal year), or Committee Members or Entire Board in cases of chronic poor attendance without reasonable justification

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Overboarding	<ul style="list-style-type: none"> <li>Serves on more than five public company boards in total, with boards of subsidiaries with publicly-traded stock counting as separate boards</li> <li>CEO of a public company and sits on boards of more than three public companies in total, with boards of subsidiaries with publicly-traded stock counting as separate boards               <ul style="list-style-type: none"> <li>Although all of a CEO's subsidiary boards will be counted as separate boards, ISS will not recommend a withhold vote from the CEO of a parent company board or any of the controlled (&gt; 50% ownership) subsidiaries of that parent, but may do so at subsidiaries that are less than 50% controlled and boards outside of the parent/subsidiary relationship</li> </ul> </li> </ul>	Individual Director
Board Gender Diversity*	<ul style="list-style-type: none"> <li>Companies with no women on the board</li> <li>An exception will be made if there was a woman on the board at the preceding annual meeting and the board makes a firm commitment (i.e., public disclosure) to return to a gender-diverse status within a year</li> </ul>	Nominating/Governance Committee chair (and other directors on a case-by-case basis)
Board Racial/Ethnic Diversity	<ul style="list-style-type: none"> <li>Companies in the Russell 3000 or S&amp;P 1500 indices where there is no apparent racial and/or ethnic diversity on the company's board</li> <li>An exception will be made if there was racial and/or ethnic diversity on the board at the preceding annual meeting and the board makes a firm commitment (i.e., public disclosure) to appoint at least one racially and/or ethnically diverse director within a year</li> </ul>	Nominating/Governance Committee chair (and other directors on a case-by-case basis)
Independent Key Committees	<ul style="list-style-type: none"> <li>An "inside director" or "affiliated outside director" (as separately defined by ISS) serves on the audit, compensation or nominating committee</li> </ul>	Individual Director
Lacking Key Board Committees	<ul style="list-style-type: none"> <li>The company lacks an audit, compensation, or nominating committee so that the full board functions as that committee</li> </ul>	All Inside Directors and Affiliated Outside Directors
Majority Independent Board	<ul style="list-style-type: none"> <li>The full board is less than majority independent</li> </ul>	All Inside Directors and Affiliated Outside Directors

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Circumstance	ISS Policy	Targeted Directors
<b>Shareholder Rights</b>		
Unilateral Bylaw/ Charter Amendments Diminishing Shareholder Rights	<ul style="list-style-type: none"> <li>● Board amendment of the company’s bylaws or charter without shareholder approval/ratification in a manner that materially diminishes shareholders’ rights or that could adversely impact shareholders, considering the following factors, as applicable:               <ul style="list-style-type: none"> <li>● The board’s rationale for adopting the bylaw/charter amendment without shareholder approval or ratification</li> <li>● Disclosure by the company of any significant engagement with shareholders regarding the amendment</li> <li>● Level of impairment of shareholders’ rights caused by the board’s unilateral amendment to the bylaws/charter</li> <li>● The board’s track record with regard to unilateral board action on bylaw/charter amendments or other entrenchment provisions</li> <li>● The company’s ownership structure and existing governance provisions</li> <li>● The timing of the board’s amendment to the bylaws/charter in connection with a significant business development</li> <li>● Other factors, as deemed appropriate, that may be relevant to determine the impact of the amendment on shareholders</li> </ul> </li> <li>● Unilateral adoption of a fee-shifting provision will generally be considered an ongoing failure under the Unilateral Bylaw/Charter Amendment policy</li> </ul>	Entire Board, Committee Members, or Individual Director (in each case, other than New Nominees, who would be considered case-by-case)
Establishing Classified Board / Ongoing Classified Board	<ul style="list-style-type: none"> <li>● Board amendment of the company’s bylaws or charter without shareholder approval/ratification to establish a classified board</li> <li>● The board is classified and a continuing director responsible for a problematic governance issue at the board/committee level that would warrant a negative vote recommendation is not up for election (ISS may hold any or all appropriate nominees, except new nominees, accountable)</li> </ul>	Entire Board, Committee Members, or Individual Director
Establishing Supermajority Voting	<ul style="list-style-type: none"> <li>● Board amendment of the company’s bylaws or charter without shareholder approval/ratification to adopt a supermajority vote requirement to amend the charter or bylaws</li> </ul>	Entire Board, Committee Members, or Individual Director
Eliminating Shareholder Right to Amend Bylaws	<ul style="list-style-type: none"> <li>● Board amendment of the company’s bylaws or charter without shareholder approval/ratification to eliminate shareholders’ ability to amend bylaws</li> </ul>	Entire Board, Committee Members, or Individual Director

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Circumstance	ISS Policy	Targeted Directors
Director Performance Evaluation	<ul style="list-style-type: none"> <li>The board lacks mechanisms to promote accountability and oversight, coupled with sustained poor performance relative to peers with sustained poor performance is measured by one-, three-, and five-year total shareholder returns in the bottom half of a company's four-digit GICS industry group (Russell 3000 companies only) taking into consideration the company's operational metrics and other factors as warranted. Problematic provisions include but are not limited to: <ul style="list-style-type: none"> <li>A classified board structure</li> <li>A supermajority vote requirement</li> <li>Either a plurality vote standard in uncontested director elections, or a majority vote standard in contested elections</li> <li>The inability of shareholders to call special meetings</li> <li>The inability of shareholders to act by written consent</li> <li>A multi-class capital structure</li> <li>A non-shareholder-approved poison pill</li> </ul> </li> </ul>	Individual Directors or Entire Board (other than New Nominees, who would be considered case-by-case)
Poison Pills*	<ul style="list-style-type: none"> <li>The company has a poison pill with a deadhand or slowhand feature <ul style="list-style-type: none"> <li>If a short-term pill with a deadhand or slowhand feature is enacted but expires before the next shareholder vote, ISS will generally still recommend withhold/against nominees at the next shareholder meeting following its adoption</li> </ul> </li> <li>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</li> <li>The company has a long-term poison pill (with a term of over one year) that was not approved by shareholders <ul style="list-style-type: none"> <li>Approval prior to, or in connection, with a company's becoming publicly-traded, or in connection with a de-SPAC transaction, is insufficient</li> </ul> </li> </ul>	Entire Board (except new nominees considered case-by-case)
Poison Pills – Short-term*	<ul style="list-style-type: none"> <li>The board adopts an initial short-term pill (with a term of one year or less) without shareholder approval, considering the following factors: <ul style="list-style-type: none"> <li>The disclosed rationale for the adoption;</li> <li>The trigger;</li> <li>The company's market capitalization (including absolute level and sudden changes);</li> <li>A commitment to put any renewal to a shareholder vote; and</li> <li>Other factors as relevant.</li> </ul> </li> </ul>	Nominees, on a case-by-case basis

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<b>Board Governance</b>		
Restricting Binding Shareholder Proposals	<ul style="list-style-type: none"> <li>The charter imposes undue restrictions on shareholders' ability to amend the bylaws. Restrictions include, but are not limited to: <ul style="list-style-type: none"> <li>Outright prohibition on the submission of binding shareholder proposals</li> <li>Share ownership requirements or time holding requirements in excess of SEC Rule 14a-8</li> </ul> </li> </ul> <p>Management proposals to approve or ratify requirements in excess of SEC Rule 14a-8 for the submission of binding bylaw amendments will generally be insufficient to restore shareholders' rights</p> <p>ISS will generally recommend a vote against or withhold on an ongoing basis until shareholders are provided with an unfettered ability to amend the bylaws or a proposal providing for such unfettered right is submitted for shareholder approval</p>	Governance Committee Members
<b>Compensation</b>		
Excessive Non-Employee Director Pay	<ul style="list-style-type: none"> <li>Pattern (i.e. two or more years) of awarding excessive nonemployee director compensation without disclosing a compelling rationale or other mitigating factors</li> </ul>	Committee responsible for setting nonemployee director pay
< 70% Shareholder Support of Say-on-Pay	<ul style="list-style-type: none"> <li>On a case-by-case basis: the company's previous say-on-pay proposal received the support of less than 70 percent of votes cast, taking into account: <ul style="list-style-type: none"> <li>The company's response, including: <ul style="list-style-type: none"> <li>Disclosure of engagement efforts with major institutional investors regarding the issues that contributed to the low level of support</li> <li>Specific actions taken to address the issues that contributed to the low level of support</li> <li>Other recent compensation actions taken by the company</li> </ul> </li> <li>Whether the issues raised are recurring or isolated</li> <li>The company's ownership structure</li> <li>Whether the support level was less than 50 percent, which would warrant the highest degree of responsiveness</li> </ul> </li> </ul>	Compensation Committee Members and Potentially Entire Board
Say-on-Pay Frequency	<ul style="list-style-type: none"> <li>On a case-by-case basis: board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received the plurality of votes cast</li> </ul>	Compensation Committee Members and Potentially Entire Board

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Absence of Say-on-Pay Vote or Egregious Situations	<ul style="list-style-type: none"> <li>● In the absence of a Say-on-Pay vote, if:               <ul style="list-style-type: none"> <li>● There is an unmitigated misalignment between CEO pay and company performance (pay for performance)</li> <li>● The company maintains significant problematic pay practices</li> <li>● The board exhibits a significant level of poor communication and responsiveness to shareholders</li> </ul> </li> <li>● There is no SOP on the ballot, and an against vote on an SOP would otherwise be warranted due to pay-for-performance misalignment, problematic pay practices, or the lack of adequate responsiveness on compensation issues raised previously, or a combination thereof</li> <li>● The board fails to respond adequately to a previous SOP proposal that received less than 70 percent support of votes cast</li> <li>● The company has recently practiced or approved problematic pay practices, such as option repricing or option backdating</li> <li>● The situation is egregious</li> <li>● Failure to seek shareholder approval of option repricings, even if permitted by equity plan, or one-time option transfers</li> </ul>	Compensation Committee Members and Potentially Entire Board
<b>Audit &amp; Risk Oversight</b>		
Problematic Audit-Related Practices	<ul style="list-style-type: none"> <li>● On a case-by-case basis: poor accounting practices rising to a level of serious concern such as fraud, misapplication of GAAP, and material weaknesses identified in Section 404 disclosures are identified, taking into consideration the practices' severity, breadth, chronological sequence and, duration, and the company's efforts at remediation or corrective actions</li> </ul>	Audit Committee Members and Potentially Entire Board
Excessive Audit Fees	<ul style="list-style-type: none"> <li>● Non-audit fees paid to the auditor are excessive (e.g., non-audit fees are greater than audit fees plus audit-related fees plus tax compliance/preparation fees)</li> </ul>	Audit Committee Members
Adverse Opinion	<ul style="list-style-type: none"> <li>● The company receives an adverse opinion on its financial statements from its auditor</li> </ul>	Audit Committee Members
Inappropriate Indemnifications	<ul style="list-style-type: none"> <li>● There is persuasive evidence that the audit committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company or its shareholders to pursue legitimate legal recourse against the audit firm</li> </ul>	Audit Committee Members

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Governance Failures	<ul style="list-style-type: none"> <li>● Material failure of governance, stewardship, risk oversight**, or fiduciary responsibilities at the company</li> <li>● Failure to replace management as appropriate</li> <li>● Egregious actions related to a director’s service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company</li> </ul> <p>** Examples of failure of risk oversight include but are not limited to: bribery; large or serial fines or sanctions from regulatory bodies; demonstrably poor risk oversight of environmental and social issues, including climate change; significant adverse legal judgments or settlement; or hedging of company stock</p>	(Under extraordinary circumstances) Entire Board, Committee Members, or Individual Director
<b>Climate</b>		
Say-on-Climate*	<ul style="list-style-type: none"> <li>● The company** does not take “minimum steps” needed to understand, assess, and mitigate risk related to climate changes to the company and the larger economy</li> <li>● “Minimum steps” include (1) detailed disclosure of climate-related risk, such as according to the Task Force on Climate-related Financial Disclosure framework, including board governance measures, corporate strategy, risk management analyses and metrics and targets and (2) appropriate greenhouse gas emission reduction targets, which ISS considers to be medium-term GHG reduction targets or Net Zero-by-2050 GHG reduction targets for a company’s Scope 1 and Scope 2 emissions. Targets should cover the vast majority of the company’s direct emissions</li> </ul> <p>** For heavy greenhouse gas emitters according to the Climate Action 100+ Focus Group List (available <a href="#">here</a>)</p>	Chair of responsible committee (or other directors on a case-by-case basis)

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