

## Investor Stewardship Group (ISG)

### Guardrail Principles

Effective January 23, 2020

*Acceptance of these Guardrail Principles, as they may be amended from time to time, (the “Guardrails”) is a condition to membership, and adherence to them is a requirement of continued membership. Failure to adhere to these Guardrails, will result in termination of membership.*

The purpose of ISG is to establish a framework of basic standards of investment stewardship for the U.S. market with respect to institutional investors, as well as a voluntary illustrative framework of basic standards of corporate governance that could be generally applicable to U.S. public companies, including those in which ISG members are or may become invested.

ISG is not, however, a forum to enable or facilitate decision-making, coordination, campaigns or individual or collective engagement among its members with respect to particular public companies, industries or investment strategies, or with respect to its members’ business (or other) activities beyond participation in ISG. While ISG may occasionally express its views as an organization on governance and stewardship principles generally relevant to the U.S. market, ISG will not purport to speak on behalf of individual members with respect to governance or stewardship issues or with respect to individual companies.

#### **Part I. General Guardrails**

Consistent with ISG’s scope and purpose, and in order to comply with U.S. securities and other laws, ISG members, as a condition of membership, must accept and adhere to the following principles governing their actions (i) on behalf of ISG as ISG members or with respect to any particular titles, roles or organizational positions they may have in ISG, (ii) at or in connection with ISG board or committee activities, meetings, conferences or other ISG-related events, and (iii) otherwise in connection with or relating to ISG or ISG initiatives, publications or activities.

However, except for the principles set forth below, these Guardrails are not intended to apply to the regular stewardship activities or investment decisions of ISG members in their professional individual capacities as institutional investors insofar as such activities are outside the context of (i), (ii) and (iii) above.

ISG and each ISG member expect individual ISG members to comply with applicable laws or regulations (and their internal firm policies, procedures, guidelines and practices as applicable) and to rely upon their in-house legal and compliance departments (supplemented with their own external counsel as appropriate) to enable such compliance.

- **No representation of ISG or other members of ISG.** Except as authorized in advance by ISG (for example, as part of approved ISG press releases and announcements), individual ISG members will not purport to speak on behalf of, or hold themselves out as a representative of, ISG or any other members of ISG, including by:

- Conveying or suggesting to any company, investor, the media or any other party that they represent or seek to represent other members of ISG as to particular companies or matters.
- Invoking or highlighting their membership in ISG in their communications with any company, investor, media or other party in a manner intended or that would reasonably be interpreted to suggest that they represent ISG or that their individual views have been endorsed by ISG.
- **No misuse of ISG.** Members will not, directly or indirectly, use ISG, ISG meetings or ISG-sponsored forums or events as a vehicle to:
  - Disclose or seek to obtain non-public information about any issuer of securities, whether or not such disclosure would be restricted by confidentiality, fiduciary or other obligations or restrictions.
  - Discuss or engage in coordinated action with any other ISG member as to particular companies, industries, investment strategies or decisions, exchange information with respect to particular companies, industries, investment strategies or decisions, or become a conduit for information flow or exchange among companies, lobby or petition ISG members to take specific actions or refrain from taking specific actions with respect to particular companies or industries or participate in the formulation, determination or direction of business decisions of companies.
  - Discuss or share or seek to obtain commercial or competitively sensitive information, or otherwise engage in coordinated action with any other ISG member with respect to their business activities, including, but not limited to, investment strategies or decisions, pricing policies or other terms or conditions of service, or dealings with investors or companies in which ISG members are or may become invested.
  - Enter into any agreements, arrangements or understandings, whether written, verbal, tacit or implied, or form, join or in any way participate in any group, with any person for the purpose of acquiring, holding, voting, abstaining from acquiring, holding or voting, or disposing of securities<sup>1</sup> of any company, or otherwise act in concert or coordinate with respect to any securities<sup>2</sup> of the company, a company's strategies, policies or affairs, or the composition of its management or Board of Directors.
  - Enter into any agreements, arrangements or understandings, whether written, verbal, tacit or implied, or form, join or in any way participate in any group, with any other ISG member for the purpose of coordinating their business activities.

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<sup>1</sup> "Securities" for purposes of these Principles include rights to acquire securities and economic interests in securities (e.g., derivative positions).

<sup>2</sup> Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") provides that "when two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer, such syndicate or group shall be deemed a 'person' for the purposes of this subsection."

- Initiate, propose, solicit, knowingly encourage, or engage or participate in discussions or negotiations with respect to any such agreements, arrangements or understandings described in the preceding two paragraphs.
  - Make, discuss, or in any way participate in, directly or indirectly, any “solicitation”<sup>3</sup> to vote or refrain from voting any securities, including any solicitation of proxies, withholding of proxies or shareholder written consents, or otherwise seek to advise or influence any person or entity with respect to the voting of, any securities, or with respect to engagement with any company, its management or Board of Directors.
  - Make or solicit any agreement or offer to acquire or sell any securities of a company, directly or indirectly, by purchase or otherwise, make any recommendation with respect to any securities of a company, or solicit business opportunities or otherwise engage in marketing or solicitation efforts.
  - Propose or seek to propose, negotiate or effect, with respect to a particular company, any transactions, including any merger, business combination, restructuring or tender offer.
  - Propose or seek to propose, recruit, remove or replace any directors, executives or other employees of a company.
  - Propose or seek to propose, with respect to a particular company, amendments to organizational documents or other governance, operational, strategy or policy changes.
  - Advise, assist, encourage or provide financing to any person or group undertaking or seeking to undertake any of the actions prohibited hereunder.
  - Disclose any intention, plan or arrangement to do any of the foregoing, or disclose how or whether they plan to vote on any matter or otherwise engage with a company, its management or Board of Directors.
  - Disclose any non-public conversations, interactions or engagement that any ISG member may have had in the past, or may plan to have in the future, with any issuer of securities, its management or Board of Directors.
- **Waiver of conflicts.**
    - Members acknowledge that ISG members, representatives or advisors, including ISG’s legal counsel, may represent or be affiliated with companies in situations where individual ISG members are invested or otherwise involved, whether in litigation matters or other contexts, or where individual ISG members are engaging with the company or have issues they are presenting to the company, including in situations where such companies may have views or interests that are different from ISG members or be adverse to ISG or ISG members, or where individual ISG members may have views or interests that are different or adverse to other ISG members. In addition,

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<sup>3</sup> “Solicitation” has the meaning given to it in Rule 14a-1 under the Exchange Act, including for purposes of these Principles any otherwise exempt solicitation pursuant to Rule 14a-2(b) under the Exchange Act.

members acknowledge that ISG members may from time to time have professional client-manager or other business or professional arrangements or relationships with other ISG members outside of the context of ISG.

- Members irrevocably agree and acknowledge that any such affiliation, representation or other relationship will not present a conflict, that any potential conflict is waived in advance by ISG and each of its members and that ISG members, representatives and advisors, including ISG's legal counsel, are not representing individual ISG members as a consequence of their membership in or representation of ISG.

## **Part II. Use of ISG Name and Logo**

It is ISG's present intention to continue to grow its membership base and to continue to develop, and encourage implementation of, its frameworks for stewardship and corporate governance. To this end, without limiting the foregoing principles in Part I, including those described under "No misuse of ISG," ISG members in good standing may use ISG's name and logo in their respective marketing materials (including websites) solely for purposes of indicating their membership in ISG and support for ISG's existing framework(s) and are expected to notify ISG of such usage and provide such marketing materials to ISG. In this regard, members may publicly indicate that the member entity is an ISG member and that such entity supports ISG's existing framework(s) in its capacity as an individual investor or asset manager, as applicable.

ISG's name and logo may only be used in accordance with the foregoing guidelines and may not be used in any other manner. ISG is the sole and exclusive owner of its name and logo, and may at any time modify its policy with respect to use of its name and logo and may at any time request that a member cease any such usage. Members will also provide ISG with copies of any materials using ISG's name or logo upon request from ISG.

Members agree and acknowledge that ISG may use members' names and logos in ISG marketing materials (including its website) for purposes of indicating such entity is a member of ISG (including, as a member, such entity's support for ISG's existing framework(s)).

## **Part III. Amendment of these Guardrails**

These Guardrails may be amended from time to time by the Board of Directors at any meeting of the Board of Directors or by written consent. When any amendment to the Guardrails is approved by the Board of Directors, notice of the amendment will be provided to all ISG members. Each member is expected to continue to abide by the Guardrails (taking into effect any amendments) as a continuing condition of membership, unless any member determines to withdraw its membership by notifying ISG's secretary or the Nominating Committee of the Board of Directors in writing.