# 2024 ISS Global Benchmark Policy Survey

## Summary of Results

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## Overview of Process and Response

This document summarizes the results of the ISS 2024 Global Benchmark Policy Survey, which opened on Aug. 1st and closed on Sept. 5th, 2024.

The survey is part of ISS' annual global policy development process and was, as is the case every year, open to all interested parties to solicit broad feedback on areas of potential ISS policy change for 2025 and beyond.

We received 325 responses to the survey, 199 from investors and investor-affiliated organizations (compared to 239 investors' responses received last year), and 126 non-investor respondents (compared to 216 non-investor responses received last year). Responses that lacked a valid email address were not accepted. Duplicate responses from the same person were also not accepted; only the response completed last was counted.

### Number and category of respondents to online benchmark policy survey

| Category of Respondent | Number of Respondents |
|---|---:|
| **"Investor" Total** | **199** |
| Asset Manager | 125 |
| Asset Owner | 57 |
| Advisor to Institutional Investors | 6 |
| Other Investor-related organizations | 11 |
| **"Non-Investor" Total** | **126** |
| Public corporation | 95 |
| Board Member of a Public Corporation | 3 |
| Advisor to public corporation | 19 |
| Other Non-Investors | 9 |
| **Grand Total** | **325** |

Of the 199 investor respondents, approximately 63 percent represented asset managers and 29 percent represented asset owners.

Of the 126 non-investor participants, responses from representatives of public corporations were the most prevalent, representing approximately 78 percent, including those from board members of public corporations.

Responses from non-profit organizations were categorized as “investor” responses in cases where the organization was considered to be investor-related and representing investor interests or views.

A few institutional investors and other stakeholders provided additional feedback to ISS through avenues other than the online survey. These responses were not aggregated in the survey results but will be considered qualitatively during the policy development process.

Consistent with prior years, over half of the 199 investor respondents to the survey represented organizations that cover most or all global markets. Of the non-investor respondents, just over half, declared the U.S. as their primary market of focus.

| Primary Market of Focus (as declared by respondent) | % of Investor Respondents to Online Survey | % of Non-Investor Respondents to Online Survey |
|---|---|---|
| Global (most or all of the below) | 57.79% | 19.05% |
| U.S. | 27.14% | 50.79% |
| Continental Europe | 6.03% | 19.84% |
| U.K. and/or Ireland | 1.51% | 1.59% |
| Canada | 3.02% | 5.56% |
| Asia-Pacific | 2.01% | 2.38% |
| Developing/Emerging markets generally | 2.51% | 0.79% |

The breakdown of investors by the size of assets owned or assets under management is as follows:

| Asset Size (as declared by respondent) | % of Investors Respondents to Online Survey |
|---|---|
| Under $100 million | 5.03% |
| $100 million - $500 million | 6.03% |
| $500 million - $1 billion | 4.02% |
| $1 billion - $100 billion | 42.71% |
| Over $100 billion | 32.66% |
| Not Applicable | 9.55% |

Some respondents answered every survey question; others skipped one or more questions. Throughout this report, response rates are calculated as a percentage of the valid responses received on each question by category, excluding blank and/or questions not answered. Survey participants who filled out the "Respondent Information" but did not answer any of the survey questions, and those who did not provide valid identifying information, have been excluded from the analysis and are not part of the count or the statistical summaries above.

For questions that asked respondents to "choose all that apply" or "choose up to three", rankings are based on the percentage of responses for each answer choice (percentages indicate what percentage of that category of respondent selected that answer – they will not total 100 percent). Percentages for other questions may potentially not equal 100 percent due to rounding.

The comments received in the survey, under "Other" or "It depends" answer options and including the comments/letters received by email related to the survey, are assessed qualitatively by the ISS Benchmark research team and are not included in the statistical results provided in this survey summary report.

## Key findings

### *U.S. Poison Pills*

Poison pills (also known as "shareholder rights plans") were first developed in the 1980s as a defense against unsolicited takeovers and have historically been justified as a way to place the board in a stronger negotiating position *vis-à-vis* a would-be acquirer. When asked if the adoption by a board of a short-term poison pill to defend against an activist campaign was acceptable, most investors who responded to this question, representing approximately 52 percent of the investors' answers, replied "generally, no", while almost two-thirds of the non-investors who responded to this question, representing approximately 65 percent, replied "generally, yes".

A number of follow up questions were included in the survey to gather more granular feedback on different features of short-term poison pills. Specifically, when asked whether pre-revenue or other early-stage companies should be entitled to greater leeway than mature companies when adopting short-term poison pills, the majority of investors (with the support of approximately 56 percent of the responses) and a substantial minority of non-investors (with support of 43 percent of the responses) were generally aligned on answering that such companies should be entitled to greater leeway on the adoption of a short-term poison pill, as long as "their governance structures and practices ensure accountability to shareholders."

When asked about whether a short-term poison pill trigger set by a board below 15 percent would be acceptable, investors and non-investors diverged in their responses. The most common response among investor respondents was "No", representing 39 percent, while the largest number of non-investor respondents, representing 38 percent, considered that "yes, the trigger level should be at board's discretion." The survey also asked whether a "two-tier trigger threshold, with a higher trigger for passive investors (13G filers) would be considered a mitigating factor in light of a low trigger. Non-investor respondents overwhelmingly (close to 78 percent of the responses received) answered that "yes, it should prevent the pill from being triggered by a passive asset manager who has no intention of exercising control." On the investor side, the largest number (48 percent) considered that "no, all investors can be harmed when a company erects defenses against activist investors whose campaigns can create value, so the lowest trigger is the relevant datapoint." However, it is worth noticing that a significant number of investor respondents, representing close to 41 percent, supported the answer option "yes", considering that a two-tier trigger threshold would prevent the pill from being triggered by a passive asset manager with no intention of exercising control, more aligned with the non-investors' preferred response.

Lastly on this topic, the survey asked for views about the relevance of the inclusion of a "qualifying offer clause" in a poison pill, giving shareholders the ability to bypass the pill in the event of an offer deemed beneficial. Close to 60 percent of the investor respondents considered this feature important and that poison pills should always have a qualifying offer clause, while 52 percent of the non-investor respondents considered this feature "sometimes important", depending on the trigger threshold and other terms of the pill.

### *U.S. Executive Compensation*

The survey questions asked for respondents' views regarding the ratio of performance-based to time-based equity awards in the event of a quantitative pay-for-performance misalignment. ISS' qualitative review in the U.S. pay-for-performance (P4P) analysis generally views a predominance of performance-conditioned equity awards as a positive mitigating factor, while the predominance of time-vesting equity awards is generally considered a negative exacerbating factor in the event of such a P4P misalignment. When asked whether ISS policy should continue with the current approach, "which considers a predominance of time-based equity awards to be a negative factor, irrespective of if such awards have extended vesting periods (i.e. longer than four years)", 43 percent of investors' responses chose the option to "continue with the current approach". Non-investors, however, displayed a strong preference (70 percent) for a revised policy approach, whereby time-based equity awards with extended vesting periods should be considered a positive mitigating factor, similar to performance awards.

For those who selected the option to "revise the current approach" in light of an extended vesting period, the survey asked what length of extended vesting period for time-based equity awards would be sufficient to consider such a feature as a positive mitigating factor in the context of a P4P misalignment. In this case, strong support was displayed by both investors (66 percent) and non-investors (58 percent) for a vesting period of "at least five years". When asked whether a meaningful post-vesting holding period should be present to consider such awards a positive mitigating factor, more than two-thirds (68 percent) of investor respondents said "yes" to such post-vesting holding provisions, with non-investors responding in the opposite direction with 73 percent choosing the answer option that "no, a post-vesting holding period requirement is not necessary."

More than half of the investors respondents (approximately 52 percent) said "yes" to the question on whether largely discretionary annual incentive programs, such as the ones adopted by some large financial sector companies, would be problematic, even if the underlying program structure were to be consistent with industry and/or peer practice. Meanwhile, non-investor respondents were split between “no, discretionary programs are not problematic…”, which received support from close to 38 percent of the responses submitted to this question and “sometimes, discretionary programs are only problematic if pay is not aligned with company performance”, which was chosen by 31 percent of the non-investors who responded to the question. Lastly on this topic, the U.S. compensation question sought to ascertain views on whether ISS policy should consider a different approach towards award structure or quantum of distributions representing profits from managed funds, particularly in niche industries, including alternative asset managers. Investors overwhelmingly (69 percent) said "no, ISS should analyze the magnitude and structure of such awards as it would for regular incentive pay". Non-investor respondents, on the other hand, were split between the same "no" answer option with 46 percent support and the 44 percent of non-investor respondents who selected the answer "yes,…" ,indicating a preference for a different approach regarding such managed funds' distributions.

### *Continental Europe (France) – General Share Issuances*

In light of recent changes in French law (June 2024), which removed the maximum discount limit (10 percent) for the main issuance of shares without preemptive rights, the survey asked stakeholders whether ISS policy should maintain such maximum discount limit for French companies in the event of an issuance without preemptive rights. The investor respondents were generally in favor of maintaining the existing policy framework of a maximum of 10 percent discount in the event of such issuances, which received support from 58 percent of investors' responses. Non-investors, representing 47 percent of the responses, stated a preference to allow companies to choose the discount levels.

### *Continental Europe (All countries) - Virtual Meetings*

The policy survey sought to assess the views and the general experience related to virtual-only meetings in Continental Europe, where there are a range of practices and regulations. Investor responses generally stated that the experience has been "mixed, depending on company practice…", which was selected by 29 percent of the investors responding to this question, and "somewhat negative", which was selected by another 25 percent of investor respondents. Meanwhile, non-investors stated that virtual-only meetings have been "positive" and "should always be allowed", which was supported by 47 percent of the non-investor respondents, followed by the answer option that such meetings are "somewhat positive, the decision is best left to the board", which was supported by another 26 percent of non-investor respondents.

### *Continental Europe (All countries) - Auditor Rotation*

The policy survey sought views on whether ISS should consider the introduction of an auditor rotation policy for companies that are not subject to mandatory auditor rotation rules under the European Union (EU) legislation, specifically companies that are not considered Public Interest Entities within the EU member states. More than 70 percent of investor respondents strongly supported "yes", that mandatory EU rules regarding auditor rotation represent good practice that could benefit shareholders in all European countries. Meanwhile, the majority of non-investor respondents favored the opposite view, with 60 percent of the responses provided to this question selecting the option "no, if a company is not subject to the mandatory EU rules, this is not necessary".

### *Middle East and North Africa – Cumulative Voting Elections*

Publicly-traded companies in Middle Eastern and North African countries, such as Saudi Arabia, United Arab Emirates, Egypt, and Qatar generally hold director elections under the cumulative voting system, as determined by local laws and regulations. Such director election systems potentially allow for a greater number of nominees than board seats. Timely disclosure of director nominee information, such as the company’s independence classification and biographical information, specifically related to new nominees (as opposed to incumbent directors), remains inconsistent in such markets and shareholders are generally asked to elect director candidates in the absence of full and detailed information on all proposed nominees. Under the current ISS Middle East and North Africa voting guidelines, in the event there is insufficient disclosure of any director candidate, the policy recommendation would be to generally abstain from supporting any and all candidates under the cumulative election. The question included in this year's survey sought to ascertain whether this policy should be reviewed to at least allow for the potential support of director candidates presented under cumulative voting about whom sufficient information has been disclosed regarding their independence classification and were assessed as independent by ISS. According to the survey results, both investors and non-investor respondents were aligned against a potential change in policy. Specifically, 47 percent of investor respondents and approximately 41 percent of non-investor respondents stated that ISS should maintain its current policy, which signals the expectation that sufficient information should be disclosed for the assessment of all director candidates presented under cumulative election, including both new nominees and incumbent candidates. This was the most prevalent response from each category of respondents.

## *Global Environmental & Social Questions*

### *Scope 3*

As environmental and social practices and regulations evolve around the globe, the policy survey sought to ascertain the general market appetite and expectations regarding the disclosure of Scope 3 greenhouse gas (GHG) emissions reduction targets. The responses reflected the different views on such evolving topics with investors primarily favoring the disclosure of targets for companies' scope 3 emissions reductions, with support of approximately 48 percent of the respondents, while 61 percent of the non-investor respondents answered that companies should not be required to set scope 3 emission reduction targets.

For those who supported the setting of scope 3 emission reduction targets, a follow up question sought additional information on what targets were expected to be disclosed. On the investor side, responses overwhelmingly favored the disclosure of both mid-term and net zero scope 3 targets, which was supported by 88 percent of the investors who responded to this question. On the non-investor side, although the majority of responses, representing close to 68 percent, favored the same answer option for the disclosure of both mid-term and net zero scope 3 targets, it should be noted that only 32 non-investor respondents, from a total of 126 non-investor participants in the survey (more information on the number of respondents can be found under the Detailed Survey Questions and Responses section, included below), responded to this follow up Scope 3 question.

### *Climate-related Shareholder Proposal*

The survey also sought to explore what market participants would consider the most relevant factors for the analysis and evaluation of shareholder proposals requesting the publication of a report or the taking of action regarding climate-related matters. A number of answer options were provided, and survey participants could select multiple answers, to best reflect their organizations' views. The most commonly selected option by investor respondents, selected by approximately 33 percent, stated that they would "generally, do not view such requests as overly burdensome and,..., tend to support them if shortcomings are identified in the company's current approach" ); another 15 percent of the investor responses to this question stated that they would be "less likely to support" shareholder proposals when "the technology necessary to achieve full value chain net-zero goals is not yet cost competitive."

Non-investors who responded to this question pointed to concerns regarding shareholder proposals and the lack of technology availability, which was selected by 20 percent of the non-investor respondents, followed by concerns related to shareholder resolutions including target requirements related to supply chain emissions (Scope 3), which also received 20 percent of the non-investors' responses.

### *Workforce Diversity*

Lastly in this section, the policy survey explored views on metrics and existing disclosure practices on workforce diversity (assuming such metrics and disclosures are legal and reflective of societal norms in the relevant markets), and which are considered the most relevant ones for the analysis of shareholder proposals related to human capital management. A total of nine answer options were provided (including "Other") and respondents were asked to select their preferred top three answers.

The following top three answers were selected by the majority of the investor respondents when asked about the most relevant metrics/disclosure for the analysis of human capital management shareholder proposals: (i) Racial/Ethnic Diversity and Gender Representation Data (such as EEO-1 data in the U.S.), which received 22 percent support; (ii) Board oversight of the human capital management issue raised in the respective shareholder proposal, with 19 percent support; and (iii) Adjusted (accounting for factors such as job role, education, and experience) Gender Pay Gap Disclosure, with 14 percent support.

For non-investors, the top three answers selected in the context of most relevant metrics/disclosure for the analysis of human capital management shareholder proposals were: (i) Management oversight of the human capital management issue raised in the respective shareholder proposal – approximately 25 percent support; and, with the same level of support – 20 percent each, the (ii) Racial/Ethnic Diversity in Gender Representation Data and the (iii) Board oversight of the human capital management issue raised in the respective shareholder proposal, with the latter two illustrating significant overlap between investors and non-investor respondents.

# Detailed survey questions and summary of statistical responses

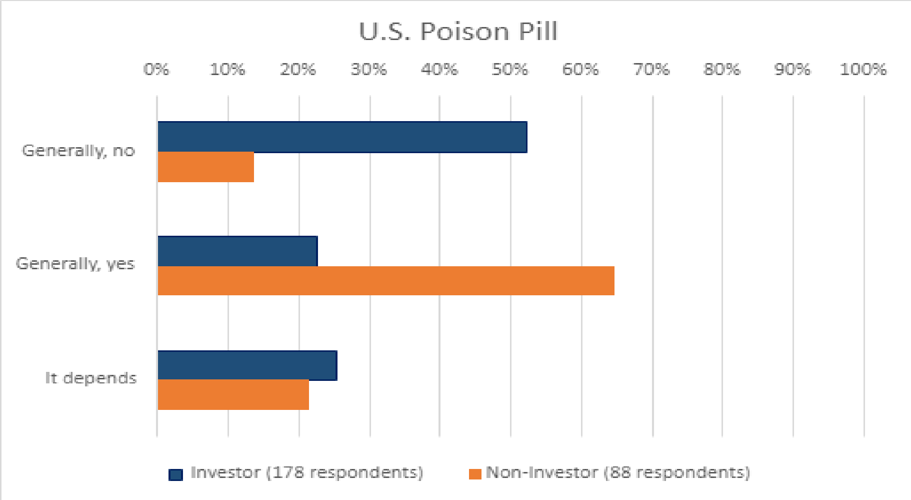
## Market-Specific Questions

### U.S. - Poison Pill

**Q8.** Poison pills (also known as "shareholder rights plans") were first developed in the 1980s as a defense against unsolicited takeovers and have historically been justified as a way to place the board in a stronger negotiating position vis-à-vis a would-be acquirer. Over time, as the number of hostile takeover attempts declined dramatically in the United States, pills have morphed into a defense against shareholder activism, and are frequently adopted in response to accumulation of shares by a known activist, even when the activist has stated they have no intention of acquiring a controlling stake. When it comes to trigger thresholds, some companies and their advisors have attempted to normalize triggers of 12.5 percent, 10 percent, or even lower levels; compared to the 15-20 percent that used to be considered standard. Most newly-adopted pills in the US have an initial duration of one year or less (though boards often renew them), and are rarely put to a shareholder vote. Concerned investors must therefore evaluate the board's decision to unilaterally adopt a poison pill and determine whether it was reasonable or whether the board's actions may constitute a material governance failure. Under ISS Benchmark policy, unilateral adoption of a pill is evaluated with reference to, among other things, the terms of the pill (duration, trigger threshold etc.), the board's stated rationale for adopting it, and the context in which it was adopted. This context includes market and industry conditions, company-specific performance, sudden or opportunistic accumulations of shares, and the company's overall track record of corporate governance and responsiveness to shareholders.

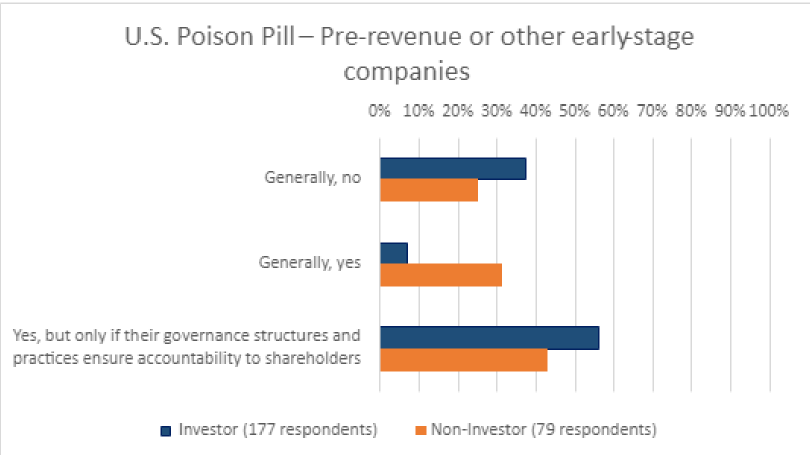
In the view of your organization, is the adoption by a board of a short-term poison pill to defend against an activist campaign acceptable?

| Responses* | Investor (178 respondents) | Non-Investor (88 respondents) |
|---|---|---|
| Generally, no | **52.25%** | 13.64% |
| Generally, yes | 22.47% | **64.77%** |
| It depends | 25.28% | 21.59% |
| *Excludes "Did not answer" | | |




**Q10.** Should pre-revenue or other early-stage companies be entitled to greater leeway than mature companies when it comes to the adoption of a short-term poison pill?

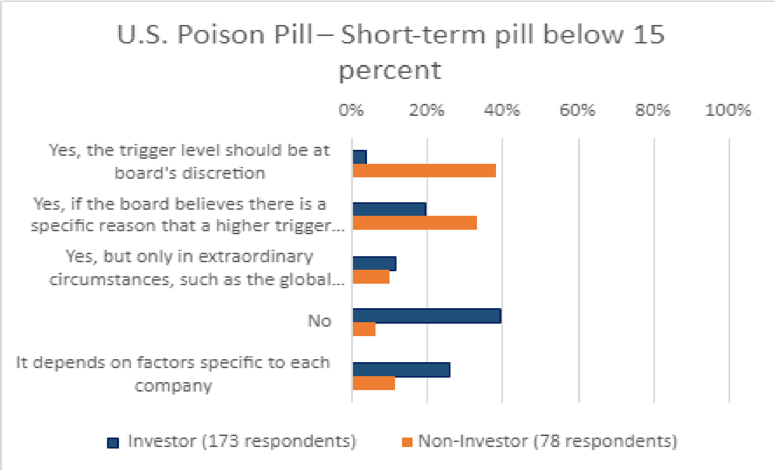
| Responses* | Investor (177 respondents) | Non-Investor (79 respondents) |
|---|---|---|
| Generally, no | 37.29% | 25.32% |
| Generally, yes | 6.78% | 31.65% |
| Yes, but only if their governance structures and practices ensure accountability to shareholders | **55.93%** | **43.04%** |
| ***Excludes "Did not answer"** | | |




**Q11.** Is it ever acceptable for a board to set the trigger of a short-term poison pill below 15 percent?

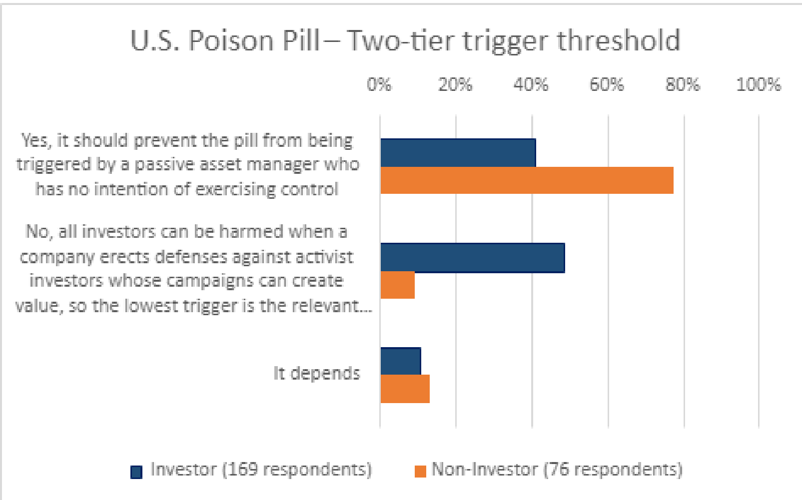
| Responses* | Investor (173 respondents) | Non-Investor (78 respondents) |
|---|---|---|
| Yes, the trigger level should be at board's discretion | 3.47% | **38.46%** |
| Yes, if the board believes there is a specific reason that a higher trigger would leave shareholders exposed to the threat of a loss of value | 19.65% | 33.33% |
| Yes, but only in extraordinary circumstances, such as the global pandemic, that cause companies to temporarily trade below their long-term fair value | 11.56% | 10.26% |
| No | **39.31%** | 6.41% |

| | | |
|---|---|---|
| It depends on factors specific to each company | 26.01% | 11.54% |
| ***Excludes "Did not answer"** | | |



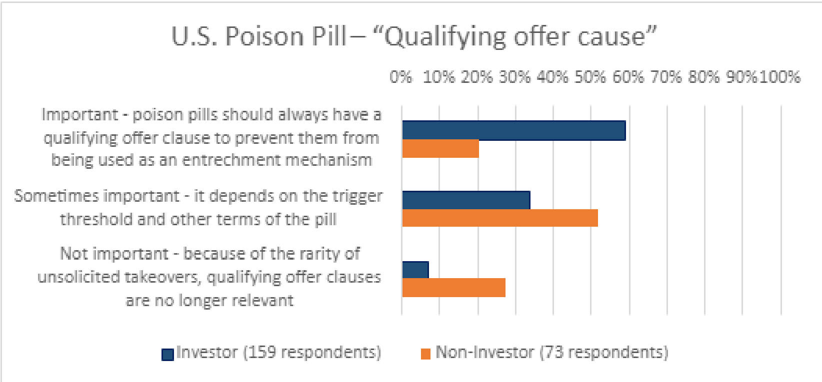

**Q13.** Some companies have adopted a two-tier trigger threshold, with a higher trigger for passive investors (13G filers). Do you consider this to be a mitigating factor for a low trigger?

| Responses* | Investor (169 respondents) | Non-Investor (76 respondents) |
|---|---|---|
| Yes, it should prevent the pill from being triggered by a passive asset manager who has no intention of exercising control | 40.83% | **77.63%** |
| No, all investors can be harmed when a company erects defenses against activist investors whose campaigns can create value, so the lowest trigger is the relevant datapoint | **48.52%** | 9.21% |
| It depends | 10.65% | 13.16% |
| ***Excludes "Did not answer"** | | |



**Q14.** How important is it that a poison pill include a "qualifying offer clause", giving shareholders the ability to bypass the pill in the event of an offer that is deemed beneficial?

| Responses* | Investor (159 respondents) | Non-Investor (73 respondents) |
|---|---|---|
| Important - poison pills should always have a qualifying offer clause to prevent them from being used as an entrenchment mechanism | **59.12%** | 20.55% |
| Sometimes important - it depends on the trigger threshold and other terms of the pill | 33.96% | **52.05%** |
| Not important - because of the rarity of unsolicited takeovers, qualifying offer clauses are no longer relevant | 6.92% | 27.40% |
| ***Excludes "Did not answer"** | | |

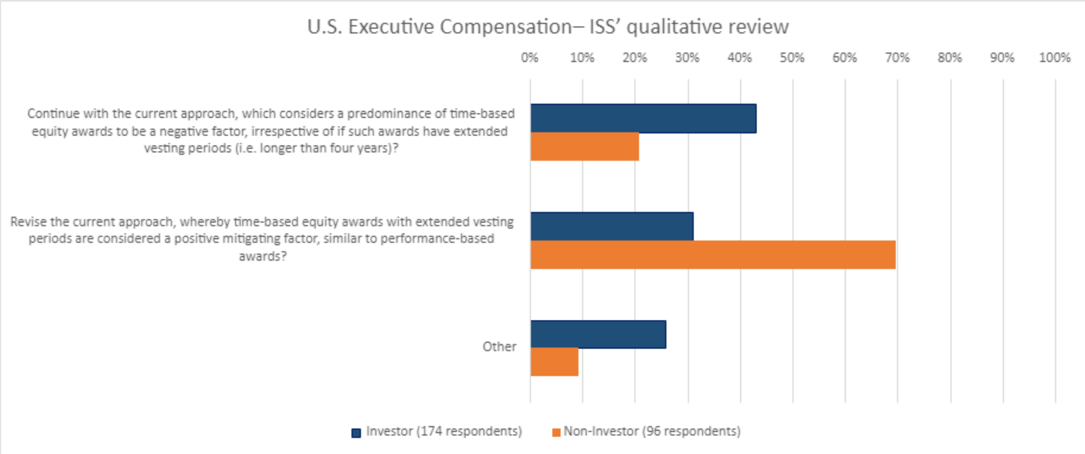



## U.S. - Executive Compensation

**Q15.** The ratio of performance-based to time-based equity awards has long been a focal point of ISS' qualitative review in the pay-for-performance analysis. When a company exhibits a quantitative pay-for-performance misalignment, ISS' qualitative review usually views a predominance of performance-conditioned equity awards as a positive mitigating factor, while a predominance of time-vesting equity awards is generally considered a negative exacerbating factor. This longstanding approach was first adopted based on investor views that the use of performance vesting criteria for a majority of equity pay, when well-designed and disclosed, strengthens the alignment of interests between executives and shareholders. However, in recent years a growing number of investors have become skeptical, or even critical, of performance equity practices in US executive pay. These investors have raised various concerns, including that such programs are often complex and that non-rigorous performance goals often result in vesting of significantly more than the target value. Such investors believe that replacing performance-conditioned equity awards with time-based equity awards that have extended vesting periods could eliminate some of the problems they see with performance equity and still provide long-term alignment between executives and shareholders.

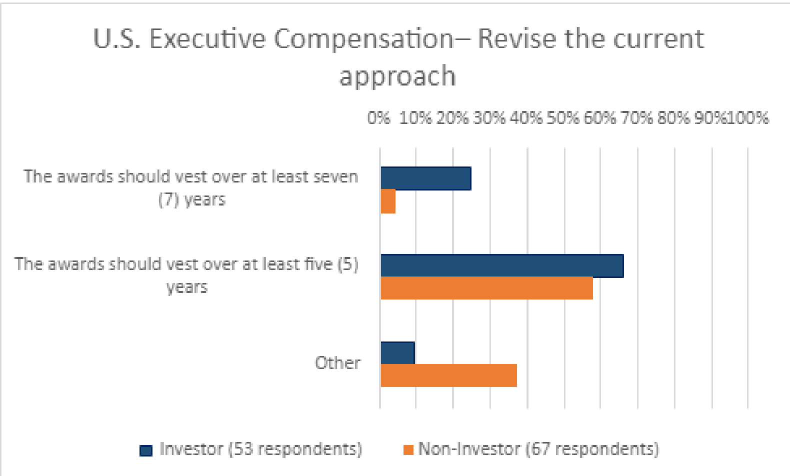
Do you consider that ISS' qualitative review in the context of a pay-for-performance misalignment should:

| Responses* | Investor (174 respondents) | Non-Investor (96 respondents) |
|---|---|---|
| Continue with the current approach, which considers a predominance of time-based equity awards to be a negative factor, irrespective of if such awards have extended vesting periods (i.e. longer than four years)? | **43.10%** | 20.83% |
| Revise the current approach, whereby time-based equity awards with extended vesting periods are considered a positive mitigating factor, similar to performance-based awards? | 31.03% | **69.79%** |
| Other | 25.86% | 9.38% |
| ***Excludes "Did not answer"** | | |



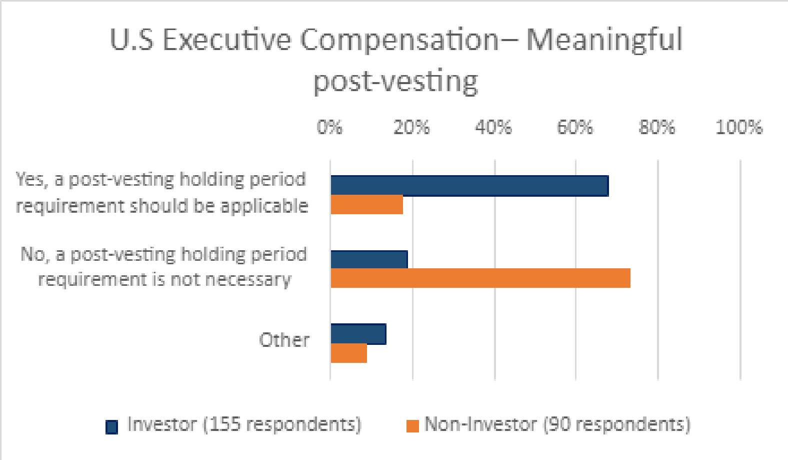

**Q17.** If you answered, "Revise the current approach...", what length of extended vesting period for time-based equity awards would you consider sufficient for ISS to view such awards as a positive mitigating factor in the context of a pay-for-performance misalignment?

| Responses* | Investor (53 respondents) | Non-Investor (67 respondents) |
|---|---|---|
| The awards should vest over at least seven (7) years | 24.53% | 4.48% |
| The awards should vest over at least five (5) years | **66.04%** | **58.21%** |
| Other | 9.43% | 37.31% |
| ***Excludes "Did not answer"** | | |




**Q19.** Should a meaningful post-vesting holding period be required for ISS to view such awards as a positive mitigating factor in the context of a pay-for-performance misalignment?

| Responses* | Investor (155 respondents) | Non-Investor (90 respondents) |
|---|---|---|
| Yes, a post-vesting holding period requirement should be applicable | **67.74%** | 17.78% |
| No, a post-vesting holding period requirement is not necessary | 18.71% | **73.33%** |
| Other | 13.55% | 8.89% |
| ***Excludes "Did not answer"** | | |

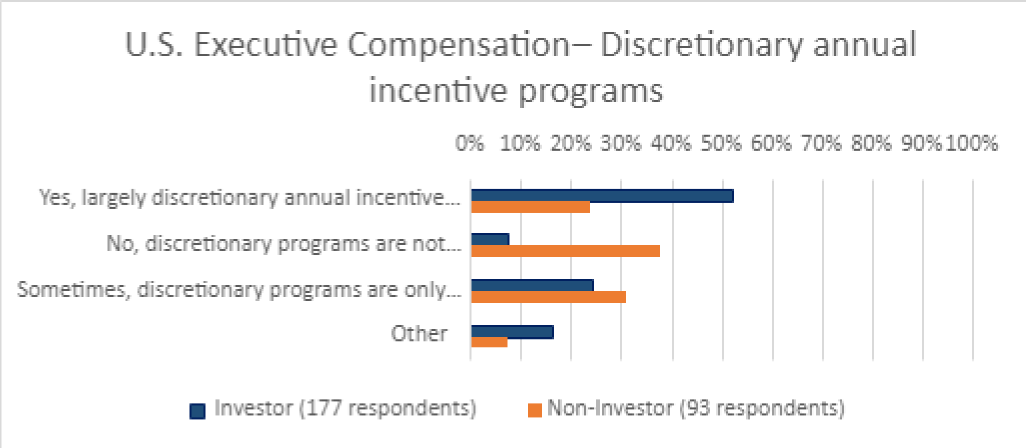



**Q21.** ISS policy maintains a positive view of annual incentive programs that are primarily based on the achievement of quantified, pre-set goals with disclosed targets and weightings. Conversely, annual incentive programs that are heavily reliant on discretionary determinations, or which lack key disclosures such as target goals and weightings, are viewed negatively. Programs that incorporate a limited discretionary element are generally not viewed negatively based on this factor alone. The vast majority of S&P500 companies have adopted annual incentive programs that are primarily based on the achievement of specific metrics with weightings and quantified, pre-set goals, with any discretionary components being clearly defined and limited.

However, some companies, including many large financial firms, deviate from broader market standards by maintaining an annual incentive program that is based entirely on year-end discretionary performance assessments. Such companies sometimes disclose various factors the board considered when arriving at the discretionary award determination, but the key disclosures noted above are often absent. These companies usually contend that a discretionary structure is necessitated by company- and/or industry-specific considerations, such as peer practices, macroeconomic factors, and risk management.

Does your organization believe that largely discretionary annual incentive programs, such as those adopted by some large financial sector companies, are problematic, even if the program structure is consistent with industry and/or peer practice?

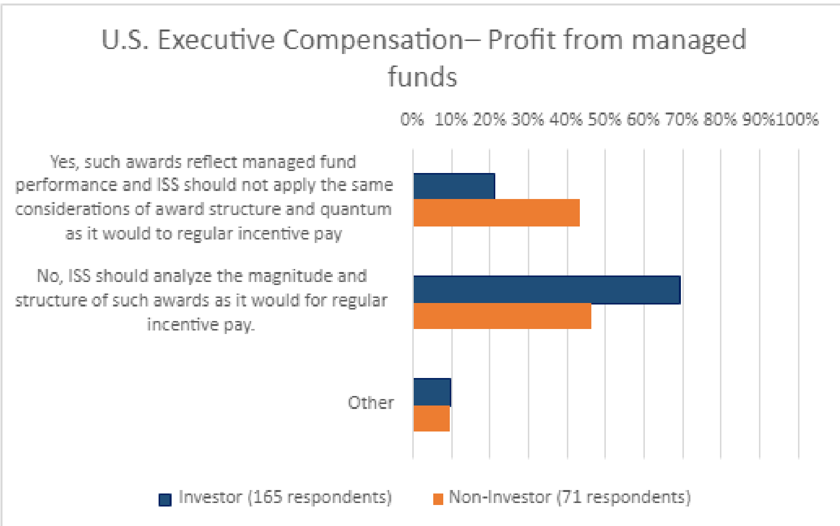
| Responses* | Investor (177 respondents) | Non-Investor (93 respondents) |
|---|---|---|
| Yes, largely discretionary annual incentive programs are problematic, and companies should primarily utilize preset goals and limit the impact of discretion | **51.98%** | 23.66% |
| No, discretionary programs are not problematic when the structure is consistent with industry and/or peer practice, and the company discloses the main factors considered | 7.34% | **37.63%** |
| Sometimes, discretionary programs are only problematic if pay is not aligned with company performance | 24.29% | 31.18% |
| Other | 16.38% | 7.53% |
| *** Excludes "Did not answer"** | | |




**Q23.** Companies in certain niche industries, including alternative asset managers, will sometimes make awards or distributions that represent a share of the profits from managed funds. In many cases these distributions are not capped, the calculation formula is complex, and the values drive exceedingly high reported compensation. For these reasons, fund distributions are often viewed negatively under ISS' qualitative pay-for-performance analysis. Companies that maintain this compensation element often cite industry practice and competition concerns with privately held competitors.

Does your organization believe that ISS policy should consider a different approach towards award structure or quantum of distributions that represent profits from managed funds?

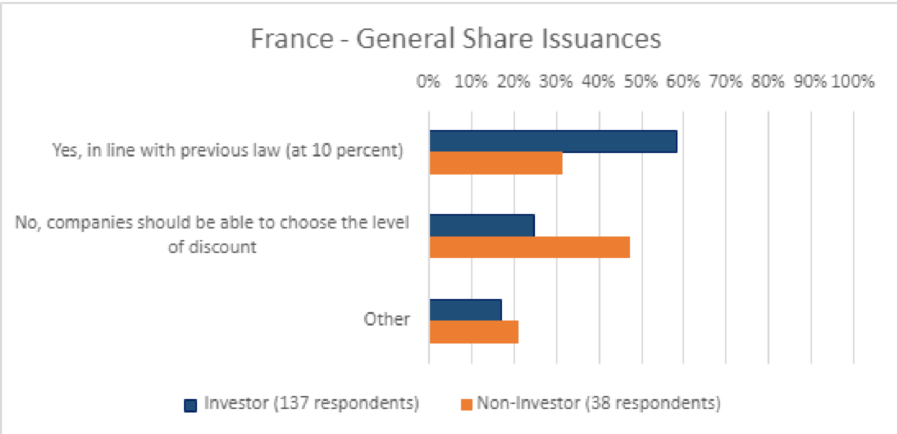
| Responses* | Investor (165 respondents) | Non-Investor (71 respondents) |
|---|---|---|
| Yes, such awards reflect managed fund performance and ISS should not apply the same considerations of award structure and quantum as it would to regular incentive pay | 21.21% | 43.66% |
| No, ISS should analyze the magnitude and structure of such awards as it would for regular incentive pay. | **69.09%** | **46.48%** |
| Other | 9.70% | 9.86% |
| ***Excludes "Did not answer"** | | |



## Continental Europe (France) – General Share Issuances

**Q25.** Until June 2024, French law contained a limit on the maximum discount for the main issuances of shares without preemptive rights set at 10 percent of the market price over the previous three days. Following the removal of this requirement under French law, do you believe it is appropriate for ISS policy to maintain a maximum limit for French companies on the possible discount for issuances without preemptive rights?

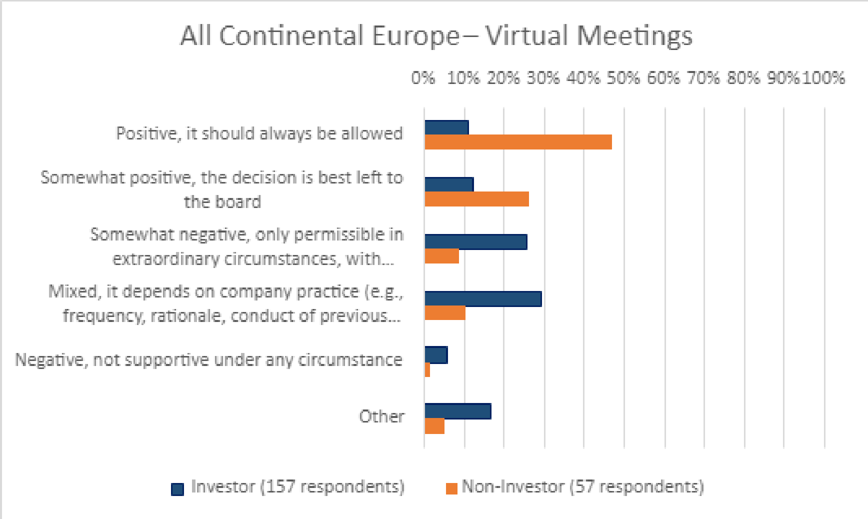
| Responses* | Investor (137 respondents) | Non-Investor (38 respondents) |
|---|---|---|
| Yes, in line with previous law (at 10 percent) | **58.39%** | 31.58% |
| No, companies should be able to choose the level of discount | 24.82% | **47.37%** |
| Other | 16.79% | 21.05% |
| ***Excludes "Did not answer"** | | |




## Continental Europe (All) - Virtual Meetings

**Q27.** Based on your experience with virtual-only meetings since they have been allowed and implemented in Continental Europe, what is your organization's current view of virtual-only meetings?

| Responses* | Investor (157 respondents) | Non-Investor (57 respondents) |
|---|---|---|
| Positive, it should always be allowed | 10.83% | **47.37%** |
| Somewhat positive, the decision is best left to the board | 12.10% | 26.32% |
| Somewhat negative, only permissible in extraordinary circumstances, with authorization limited in time | 25.48% | 8.77% |
| Mixed, it depends on company practice (e.g., frequency, rationale, conduct of previous meetings, etc.) | **29.30%** | 10.53% |
| Negative, not supportive under any circumstance | 5.73% | 1.75% |
| Other | 16.56% | 5.26% |
| ***Excludes "Did not answer"** | | |

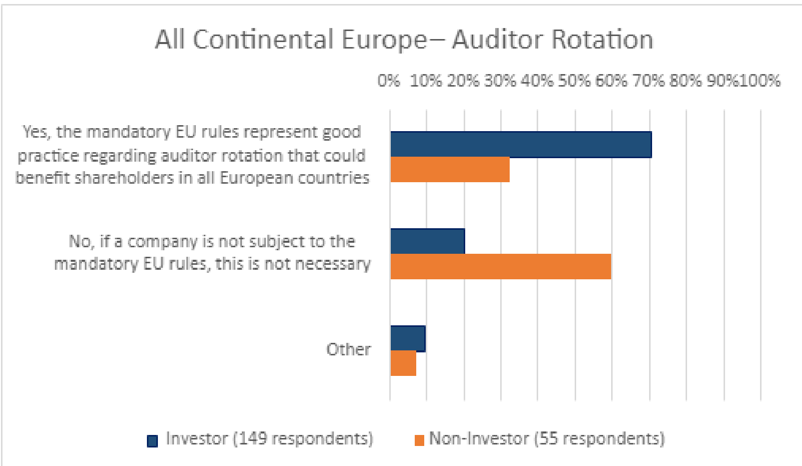



## Continental Europe (All) – Auditor Rotation

**Q29.** All Public Interest Entities* within EU member states are bound by mandatory auditor rotation rules, which allow for maximum audit firm tenures of 20 years if a tender is conducted after an initial 10-year period or 24 years if joint audits are performed after an initial 10-year period. Should ISS consider the introduction of an auditor rotation policy for companies that are not subject to these EU rules?

* Definition of a Public Interest Entity under EU legislation: All entities that are both governed by the law of a member state and listed on an EU regulated market.

| Responses* | Investor (149 respondents) | Non-Investor (55 respondents) |
|---|---|---|
| Yes, the mandatory EU rules represent good practice regarding auditor rotation that could benefit shareholders in all European countries | **70.47%** | 32.73% |
| No, if a company is not subject to the mandatory EU rules, this is not necessary | 20.13% | **60.00%** |
| Other | 9.40% | 7.27% |
| ***Excludes "Did not answer"** | | |



## Middle East and North Africa – Cumulative Voting

**Q31.** In a number of Middle East and North African markets such as Saudi Arabia, United Arab Emirates, Egypt, and Qatar, publicly listed companies use the cumulative voting system to elect the board of directors as stipulated by their local laws and regulations. Under a cumulative voting system, each share gives a number of votes equal to the size of the board that will be elected. These votes may be apportioned equally among the candidates or concentrated only on specific candidates.

When directors are elected through a cumulative voting system, when the number of nominees exceeds the number of board vacancies, if the company's disclosure about the nominees is sufficient to allow an assessment of the independence of all proposed candidates (both incumbent and new ones), all relevant disclosed factors are considered in the ISS analysis to identify the nominees best suited to add value for shareholders- such as their independence classification, professional background, executive positions/directorships at other listed companies and any other relevant factors.

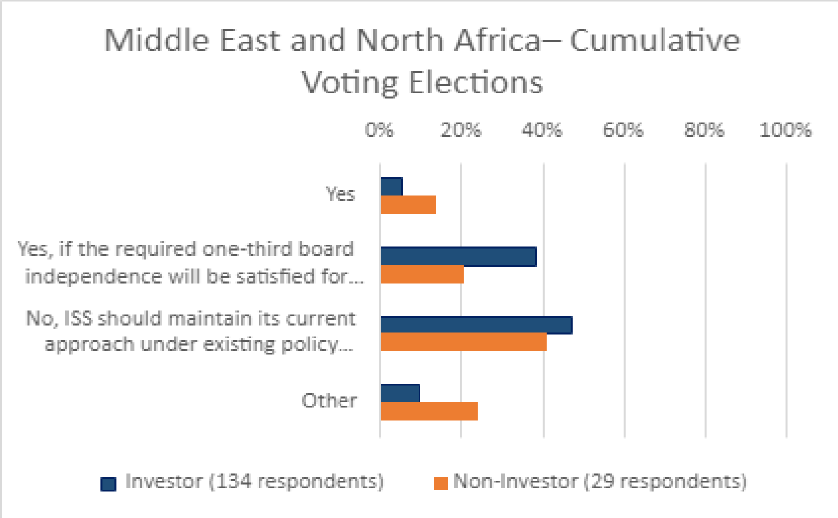
However, in the above-mentioned markets, and specifically in Saudi Arabia where cumulative voting elections are most common, companies often do not disclose information on their assessments of the independence of all the director candidates prior to the annual general meeting (AGM). Generally, disclosures are provided only for the incumbent nominees. Under the ISS Middle East and North Africa policy, in the event of insufficient disclosure on any candidate(s), ISS currently recommends to ABSTAIN from voting on all candidates submitted under cumulative voting.

However, in some of these cases, the number of incumbent independent candidates for whom sufficient information is provided to assess may be adequate to meet the required one-third board independence threshold for the upcoming term. In addition, the incumbent independent candidates know the specificities of the company and may bring valuable experience to the board.

Given this context, ISS is considering amending its current policy for Middle East and North African companies in cases where only the incumbent directors' disclosures and independence classifications are available at the time of analysis.

As such, in your organization's view, should ISS consider recommending support for incumbent directors presented for board elections under cumulative voting, if assessed as independent, even if not all candidates are covered by sufficient disclosures to be assessed?

| Responses* | Investor (134 respondents) | Non-Investor (29 respondents) |
|---|---|---|
| Yes | 5.22% | 13.79% |
| Yes, if the required one-third board independence will be satisfied for the upcoming term | 38.06% | 20.69% |
| No, ISS should maintain its current approach under existing policy where the disclosure of the company is not sufficient to allow the assessment of all candidates on equal terms | **47.01%** | **41.38%** |
| Other | 9.70% | 24.14% |
| ***Excludes "Did not answer"** | | |

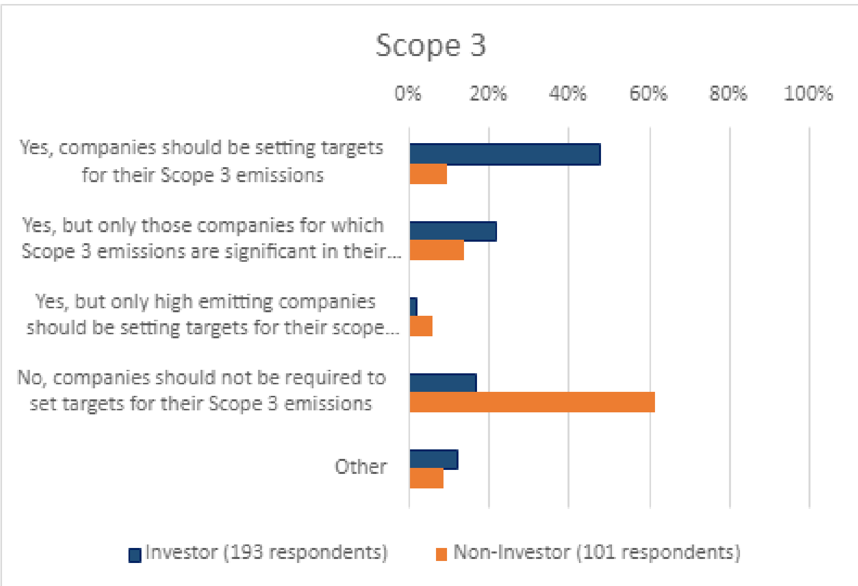



## Global Environmental & Social Questions

### Scope 3

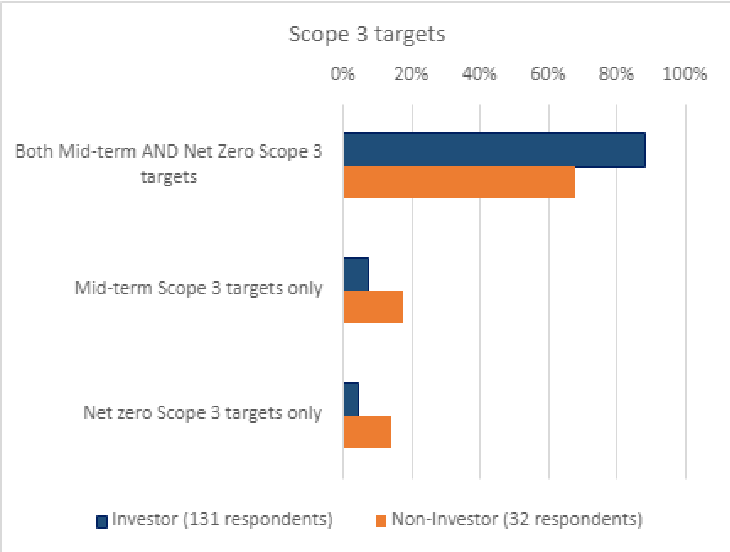
**Q33.** As a stakeholder, does your organization believe that Scope 3 GHG emission reduction targets should be disclosed?

| Responses* | Investor (193 respondents) | Non-Investor (101 respondents) |
|---|---|---|
| Yes, companies should be setting targets for their Scope 3 emissions | **47.67%** | 9.90% |
| Yes, but only those companies for which Scope 3 emissions are significant in their carbon footprint | 21.76% | 13.86% |
| Yes, but only high emitting companies should be setting targets for their scope 3 emissions | 2.07% | 5.94% |
| No, companies should not be required to set targets for their Scope 3 emissions | 16.58% | **61.39%** |
| Other | 11.92% | 8.91% |
| ***Excludes "Did not answer"** | | |



**Q35.** If your answer to the previous question is one of the options that starts with "Yes", does your organization believe that those targets should be:

| Responses* | Investor (131 respondents) | Non-Investor (32 respondents) |
|---|---|---|
| Both Mid-term AND Net Zero Scope 3 targets | 88.15% | 67.86% |
| Mid-term Scope 3 targets only | 7.41% | 17.86% |
| Net zero Scope 3 targets only | 4.44% | 14.29% |
| ***Excludes "Did not answer"** | | |

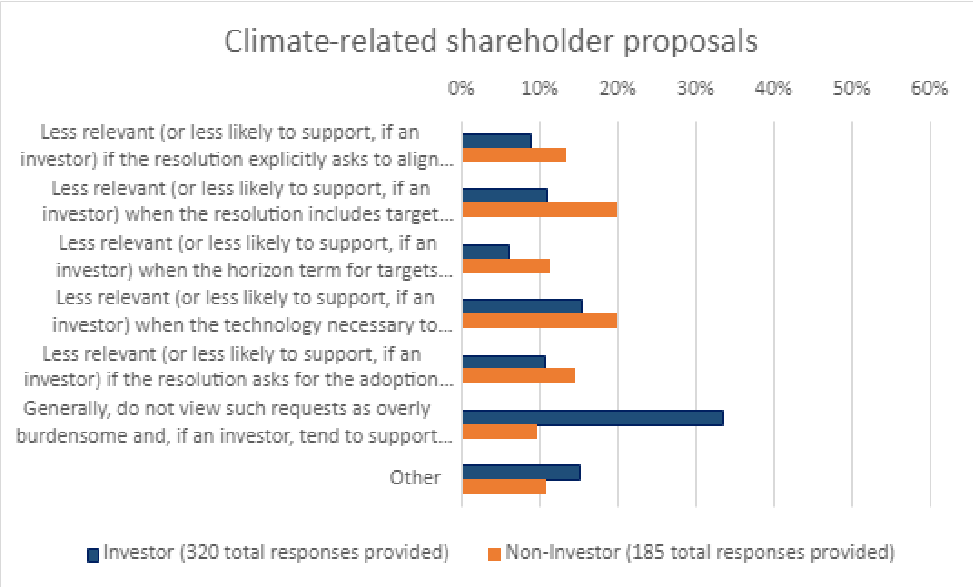



## Climate-related Shareholder Proposal

**Q36.** In evaluating climate-related shareholder resolutions asking companies to report on or establish targets or plans to reduce emissions, ISS analysis takes into consideration many factors, including adequacy of climate-related disclosure, existing and potential legal and regulatory risks, comparison between the company and its peers, and board and management oversight disclosure. There seemingly is a more diverse set of opinions on what criteria make a proposal more or less burdensome. ISS Benchmark Policy's current approach generally does not view such requests as overly burdensome and tends to recommend support if shortcomings are identified in the company's current approach to signal that actions lowering GHG-related risk are likely in shareholders' interest, even if they don't achieve full value chain net zero emissions. As a market participant, which - if any - of these factors would your organization consider most relevant when addressing proposals asking for a report on or to take climate-related actions. Please select the one(s) that most reflect your organization views.

| Responses* | Investor (187 respondents) | Non-Investor (79 respondents) |
|---|---|---|
| Less relevant (or less likely to support, if an investor) if the resolution explicitly asks to align with the Paris Agreement's 1.5 degree Celsius goal | 8.75% | 13.51% |
| Less relevant (or less likely to support, if an investor) when the resolution includes target requirements for supply chain emissions (Scope 3) | 10.94% | **20.00%** |
| Less relevant (or less likely to support, if an investor) when the horizon term for targets includes short- or medium-term | 5.94% | 11.35% |

| | | |
|---|---|---|
| Less relevant (or less likely to support, if an investor) when the technology necessary to achieve full value chain net-zero goals is not yet cost-competitive | 15.31% | **20.00%** |
| Less relevant (or less likely to support, if an investor) if the resolution asks for the adoption of a target rather than reporting on the adoption of targets | 10.63% | 14.59% |
| Generally, do not view such requests as overly burdensome and, if an investor, tend to support them if shortcomings are identified in the company's current approach | **33.44%** | 9.73% |
| Other | 15.00% | 10.81% |
| **Total responses provided (including multiple answer options)** | **320** | **185** |
| ***Excludes "Did not answer"** | | |



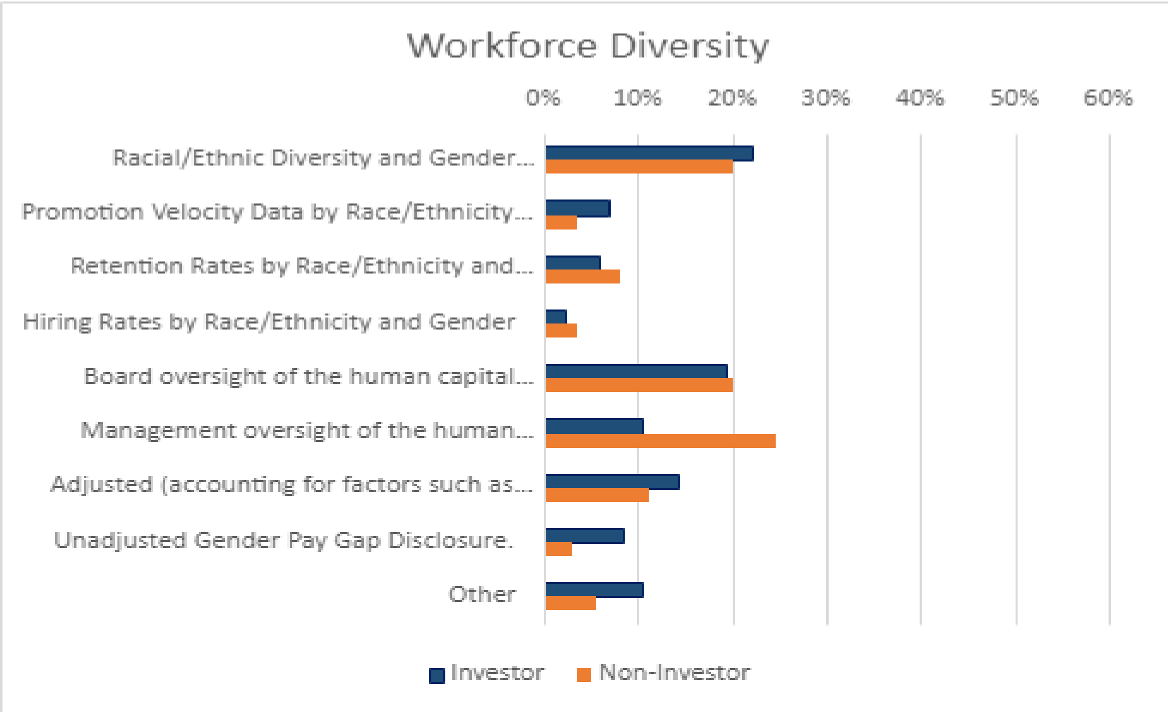

## Workforce Diversity

**Q38.** Which - if any- of the following human capital management metrics or disclosure topics do you consider that investors should support, if requested in a shareholder proposal; assuming they are related to markets where such metrics are legal and reflective of societal norms? If more than three, please select your organization's top three (3) options.

Please select 3 options

| Responses* | Investor (184 respondents) | Non-Investor (65 respondents) |
|---|---|---|
| Racial/Ethnic Diversity and Gender Representation Data for different categories of positions across an organization (such as EEO-1 data in the U.S.) | **22.14%** | **20.00%** |
| Promotion Velocity Data by Race/Ethnicity and Gender (examining whether sex and race/ethnicity differences exist in promotions) | 6.90% | 3.59% |
| Retention Rates by Race/Ethnicity and Gender | 5.81% | 8.21% |
| Hiring Rates by Race/Ethnicity and Gender | 2.36% | 3.59% |
| Board oversight of the human capital management issue raised in the proposal | **19.24%** | **20.00%** |

| | | |
|---|---|---|
| Management oversight of the human capital management issued raised in the proposal | 10.34% | **24.62%** |
| Adjusted (accounting for factors such as job role, education, and experience) Gender Pay Gap Disclosure | **14.34%** | 11.28% |
| Unadjusted Gender Pay Gap Disclosure. | 8.35% | 3.08% |
| Other | 10.53% | 5.64% |
| **Total responses provided (including three answer options)** | **551** | **195** |
| ***Excludes "Did not answer"** | | |



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