

Dear Sir or Madam,

Many thanks for the opportunity to comment on the “Proposed ISS Benchmark Policy Changes for 2025”.

The German Chemical Industry Association (VCI) and its sector associations represent the interests of around 2,300 companies from the chemical-pharmaceutical industry and related sectors vis-à-vis politicians, public authorities, other industries, science and media. In 2023, the VCI member companies realised sales of ca. 245 billion euros and employed more than 560,000 staff.

We would like to focus on the proposed policy changes with regard to “Virtual/Hybrid Meetings” in Continental Europe (page 33 et seq. of the draft).

The ISS draft recommendation for 2025 is as follows:

- General Recommendation: Generally vote for proposals allowing for the convening of hybrid shareholder meetings.
- Vote case-by-case on proposals concerning **virtual-only meetings**, considering:
 - [...] **Assurance that virtual-only meetings will only be convened in the case of extraordinary circumstances that necessitate restrictions on physical attendance;** [...]

From our point of view, it is very important to keep the following aspects in mind:

1. Different interests of investors

The policy changes do not take into account that at least 70 percent of investors do not support the consideration of an assurance that virtual-only meetings will only be convened in the case of extraordinary circumstances. This is shown in the ISS survey (“2024 ISS Global Benchmark Policy Survey – Summary of Results“, Q27, page 35).

2. German legislation with strict requirements, shareholder rights fully granted

German law ensures that shareholders have the same rights irrespective of whether the Annual General Meeting (AGM) is held as a virtual-only meeting or as an in-person meeting. Due to the equivalence of the formats, the German legislator deliberately decided not to tie the virtual-only AGM to any specific occasions. Voting recommendations should correctly focus on safeguarding shareholder rights. Furthermore, the possibility of interaction between shareholders and management is given in virtual-only AGMs: shareholders can address the AGM participant with speeches, they can ask questions as well as follow-up questions and can submit motions.

3. Sustainability

The virtual-only meeting favours the reduction of CO2 emissions through reduced logistics, technical equipment and travel activities.

4. Simpler and more cost-effective participation

Virtual-only meetings reduce barriers for participation, including and in particular for international investors, thus can be a way of attracting especially young investors.

We would be very grateful if ISS could take our considerations into account.

Please contact us if you have any questions.

The German Chemical Industry Association (VCI)