

Respondent Information

We appreciate your taking the time to provide your input on these emerging governance issues. This survey covers multiple markets as well as global governance issues. Please feel free to pass on a link to the survey — <http://www.surveymonkey.com/s/12PolicySurvey> — to your colleagues operating around the world.

Your individual survey responses will not be shared with anyone outside of ISS and will be used only by the ISS Policy Board for policy formulation purposes.

For your convenience, you can [download a copy of the survey](#) for your reference.

If you have any questions, please contact [Bimal Patel](#).

1. Please provide contact information so we can send you a copy of the survey results.

Name	<input type="text"/>
Title	<input type="text"/>
Organization	<input type="text"/>
E-mail address	<input type="text"/>
Country of domicile	<input type="text"/>

*2. Which category best describes the organization on whose behalf you are responding?

- | | |
|---|--|
| <input type="radio"/> Mutual fund or mutual fund company | <input type="radio"/> Custodian bank |
| <input type="radio"/> Investment manager or asset manager | <input type="radio"/> Private bank/wealth management/brokerage |
| <input type="radio"/> Alternative asset management | <input type="radio"/> Foundation/endowment |
| <input type="radio"/> Labor union-sponsored pension fund | <input type="radio"/> Investor industry group |
| <input type="radio"/> Government- or state-sponsored pension fund | <input type="radio"/> Corporate issuer |
| <input type="radio"/> Insurance company | <input type="radio"/> Consultant/advisor to corporate issuers |
| <input type="radio"/> Commercial or investment bank | |
| <input type="radio"/> Other (please specify) | |

If you are a mutual fund, bank, or insurance company responding as a corporate issuer, please select the "corporate issuer" category in the question above.

***3. What is the size of your organization's equity assets under management or assets owned (in U.S. dollars) if you are an institutional investor or what is the size of your organization's market capitalization (in U.S. dollars) if you are an issuer?**

- Under \$100 million
- \$100 million - \$500 million
- \$500 million - \$1 billion
- \$1 billion - \$10 billion
- \$10 billion - \$100 billion
- Over \$100 billion
- Not applicable

***4. Is your organization a mission-based or socially-responsible investor?**

- Yes
- No

***5. Is your organization a UN Principles for Responsible Investing (PRI) investor signatory?**

- Yes
- No
- My organization is currently considering the possibility of becoming a signatory

ISS Research

ISS' global policy formulation process monitors emerging and evolving issues and best practices and collects feedback from a diverse range of market participants through multiple channels: an annual policy survey of institutional investors and corporate issuers, roundtables with industry groups, and ongoing feedback with a variety of clients during and after proxy season.

Before finalizing the updated policy, we publish draft updates of key changes for a review and comment period, open to all market participants. Final policy updates are published in November and apply to meetings held after February 1st of the following year.

6. How useful are the following ISS outreach activities to your organization when developing your organization's voting policies (if you are an institutional investor) or in your assessment of your company's governance practices (if you are an issuer)?

	Very Useful	Somewhat Useful	Not Very Useful
Annual ISS Policy Survey	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Participation in policy roundtable discussions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comment Period on draft ISS policies (comments are publicly available on ISS' website)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please provide comments if any

7. Would your organization generally be interested in participating in a policy roundtable discussion depending on a policy topic of your interest?

- No
- Yes (please specify your market and policy topic of interest)

ISS' proxy research team often interacts with company representatives and other parties in order to gain deeper insight into key issues. We encourage constructive dialogue on critical issues to ensure a fuller understanding of the facts and circumstances, which will in turn enrich and inform our proxy analysis and recommendations

8. Considering the benefits of ISS' engagement with issuers - enhancing dialogue and providing additional information on ISS' research reports, how useful are the following elements of ISS' engagement process to your organization?

	Very Useful	Somewhat Useful	Not Very Useful
Engagement Summary on ISS' Report (Summarizes engagement activity specifying topics discussed)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Telephonic Calls and Meetings with Issuers (To clarify ISS policy, as well as obtain information about company's voting-related items)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Draft Review (For S&P 500 companies to review factual accuracy of data in ISS' report)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please provide comments if any

ISS 2012-2013 Policy Survey

9. Would it be helpful to have an ISS research offering (including an analysis and vote recommendations) to assist your organization's voting on the following items?

	Yes	No	Not applicable (My organization does not vote)
Fixed-income (i.e. bondholder meetings)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preferred shareholder meetings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Private companies (not publicly traded)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

10. How useful would it be for your organization to receive a "preview" of ISS' company-related data (without vote recommendations) one or two weeks in advance of the full research report?

	Very Useful	Somewhat Useful	Not Very Useful
Financial Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Company Profile	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Key Governance Factors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pay Data	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vote Results For the Previous Annual Meeting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Board Profile	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Equity Ownership Profile	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

Critical Governance Principles

**11. Which governance topics are most important to your organization this year?
(Please check only your top 3 in each column)**

	North America	Europe	Asia-Pacific	Developing Markets
Board diversity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Board independence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Board competence/director qualifications	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Executive compensation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Audit-related practices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk oversight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shareholder rights/takeover defenses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
M&A and proxy fights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sustainability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other (please specify)

Nominating Process and Overboarding

The questions on this page are applicable to voting decisions at companies in all markets.

12. In assessing a new or prospective board nominee, how important does your organization consider the following factors in evaluating the candidate's experience, qualifications, and skills?

	Very Important	Somewhat Important	Not Important
Recent (past five years) direct experience in industry sector	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Nominee's track record on other boards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Nominee's attendance record on other boards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Nominee diversity (with respect to skill sets) relative to other directors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Nominee diversity (with respect to gender/race) relative to other directors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

13. If you are concerned about a new board nominee's experience, qualification or skills, would your organization vote against the following?

	Yes	No	Not applicable (My organization does not vote)
New nominee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Chair of nominating committee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
All members of nominating committee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

14. Currently, ISS has a policy on overboarded directors (directors serving on an excessive number of boards) which counts only public company boards. Should ISS include other significant directorships in its policy (e.g., private companies, national non-profit organizations, subsidiary company boards)?

- Yes
- No
- It depends (please specify)

Dual-Class Capital Structures

The questions on this page are applicable to voting decisions at companies in all markets.

15. In proposals to collapse multiple classes of common shares with uneven voting rights, the exchange ratio is a key factor in the evaluation process. When the exchange ratio has not been established in the company's articles of incorporation or bylaws, what is your organization's view on what should be the appropriate exchange ratio?

- The exchange ratio should result in a premium to market price for the class suffering voting dilution.
- The exchange ratio should be the ratio implied by market trading prices, thus not providing a market premium to the class suffering voting dilution.
- The exchange ratio should be one-for-one, regardless of whether this implies a premium to market price for either class.
- Other (please specify)

United States- Compensation - Pay for Performance/Say-on-Pay

The questions on this page refer to companies incorporated in the United States. If you are an institutional investor who has holdings in this market or an issuer incorporated in this market, please answer the questions on this page. Otherwise, please [skip this page](#).

ISS' pay-for-performance evaluation includes an initial quantitative test, which triggers an in-depth qualitative evaluation of the company's pay programs and practices where a potential misalignment is identified.

Peer Groups

As part of its quantitative pay-for-performance screen, ISS compares a company's TSR and CEO pay relative to a comparison group, which for 2012 is based on identifying peers within the company's Global Industry Classification System (GICS) groupings and within a specified size range relative to the subject company.

16. What is your organization's view regarding ISS' selection of peer groups for analysis of executive compensation?

- ISS should use the company's peer group without exception
- ISS should use the company's peer group subject to ISS standards for peer company size
- ISS should continue to create its own peer group
- ISS should continue to create its own peer group and provide the company's peer group as an alternative view

Other (please specify)

17. Under a consistent methodology, ISS might need to construct pay-for-performance comparison groups. Please rate the importance and relevance of each of the following factors in selecting peers, where 1 is "very relevant" and 5 is "not at all relevant":

	1	2	3	4	5
The ISS peer is within a specified size range of the target company (e.g., between 0.5 and 2 times the company's revenue)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The ISS peer is in the same Global Industry Standard (GICS) group as the target company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The ISS peer is within the same GICS group as one or more of the target company's published peers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The ISS peer has chosen the target company as a peer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The target company's size is near the median of the selected peers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The ISS peer is included in the target company's published peer group(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

Measuring Pay

ISS 2012-2013 Policy Survey

18. Regarding ISS' pay-for-performance methodology when evaluating say-on-pay proposals ("MSOP"), how likely would your organization consider performance metrics other than total shareholder return as a factor in your voting decision on MSOP?

- Very Likely (Please specify below the additional measures that you believe are broadly applicable for assessing a company's relative performance)
- Somewhat Likely (Please specify below the additional measures that you believe are broadly applicable for assessing a company's relative performance)
- Not very likely
- Not Applicable (My organization does not vote)

Please provide comments if any

As part of its pay-for-performance analysis, ISS measures CEO pay based on the proxy statement's Summary Compensation and Grants of Plan-Based Awards tables, reflecting salary and cash awards, together with the grant-date fair values of equity awards approved by the Compensation Committee, and the value of perquisites and benefits. Some market participants have proposed using alternative measures of pay, particularly to account for changes in the value of equity awards after their grant.

19. What does your organization believe is the appropriate way to measure and analyze pay?

- Focus on "granted pay" (primarily cash and the grant-date value of equity awards)
- Focus on "realized" and/or "realizable" pay, based on a consistent definition of those elements
- Consider both granted and realized/realizable pay in the quantitative evaluation
- Use granted pay in a quantitative evaluation but consider realized/realizable pay in a qualitative evaluation to determine overall pay-for-performance.

Please provide comments if any

20. Which of the following, if any, would be appropriate ways to consider realized/realizable pay in a pay-for-performance evaluation?

- A standardized calculation of realized/realizable pay
- Measures of realized or realizable pay as provided by company
- Both measures are appropriate
- Neither measure is appropriate

Please provide comments if any

MSOP Frequency

ISS 2012-2013 Policy Survey

21. In 2013, small-cap companies (companies with public float of less than \$75 million) will be required to submit a management say-on-pay proposal (MSOP) and an MSOP frequency proposal for shareholder vote. For those companies, which of the following MSOP frequencies would your organization support?

- Annual
- Biannual
- Triennial
- Other (please specify)

United States - Compensation-Other

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Pay for Failure

22. During the past decade, shareholders have witnessed a series of CEOs who have received sizable termination packages at a time of significantly lagging shareholder returns. Does your organization consider the following actions to be problematic in such a scenario?

	Yes	No
A severance settlement when the executive is stated to be retiring or resigning	<input type="radio"/>	<input type="radio"/>
Immediate acceleration of all unvested equity upon termination without cause	<input type="radio"/>	<input type="radio"/>
Cash severance exceeding 3x base salary and target bonus	<input type="radio"/>	<input type="radio"/>
Cash severance exceeding 1x base salary and target bonus	<input type="radio"/>	<input type="radio"/>
New severance agreement entered immediately prior to departure	<input type="radio"/>	<input type="radio"/>
Large pension/SERP payouts	<input type="radio"/>	<input type="radio"/>

Please provide comments, if any

Parachute Proposals

2011 was the first year in which shareholders were asked to provide an advisory vote on the golden parachute packages arising from the deal transaction. The average support level was 86% of votes cast in 2011 but fell to 84% for year-to-date 2012 meetings.

23. Which of the following change-in-control provisions does your organization consider problematic with respect to voting on the indicated proposals?

	Say-on-Pay resolution	Say-on-Golden Parachute resolution	Both resolutions	Not problematic for either resolution	Not Applicable (My organization does not vote)
Excise tax gross-up provisions in existing agreements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Single-triggered equity (i.e., outstanding equity awards vest automatically upon a change in control regardless of whether employment terminates)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Modified single triggered cash severance (i.e., cash severance paid upon voluntary resignation by the executive after a change in control)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Excessive golden parachute payments as a percent of transaction equity value (e.g., exceeding 6%)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please provide comments if any

Pledging of Shares

24. Some shareholders have raised concerns about the practice of executives or directors pledging company stock (e.g., shares used as collateral for margin accounts or other loans). What is your organization's view of such practice?

- Not a concern
- Concerning if it involves a significant amount of shares (e.g., > 500,000 or a value exceeding 10% of the company's market value)
- Any pledging of shares by executives or directors is significantly problematic

Please provide comments if any

Executive Compensation and Sustainability Performance Measures

25. A number of issuers have adopted compensation metrics that are tied to non-financial performance such as environmental goals or regulatory compliance. Similarly, some shareholder proponents submit proposals requesting adoption of environmental or other sustainability-related metrics for executive compensation. Which of the following statements best represents your organization's view on this topic?

- The decision to use environmental or other sustainability-related metrics is best left to the members of a compensation committee. Calls for use of such metrics constitute undue micromanagement of the executive pay process.
- Calls for a board to adopt environmental or other sustainability-related metrics may be appropriate at companies where there have been significant problems in the past. A case-by-case approach is best suited to determining if the use of such metrics would benefit shareholders.
- Environmental or other sustainability-related compensation metrics are appropriate tools for boards to use to focus executives on managing significant risks. Use of such relevant non-financial metrics in pay programs would benefit shareholders.
- Other (please specify)

26. At a company where risks stemming from severe ES&G controversies have been identified and the company does not incorporate ESG performance metrics (such as environmental goals or regulatory compliance) in executive pay packages, would your organization vote against the following ballot items?

	Yes	No	Not applicable (my organization does not vote)
The management say-on-pay proposal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Compensation Committee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The full board	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The equity plan (if it is on the ballot)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

United States - Board

The questions on this page refer to companies incorporated in the United States. If you are an institutional investor who has holdings in this market or an issuer incorporated in this market, please answer the questions on this page. Otherwise, please [skip this page](#).

27. How relevant are the following attributes when determining whether or not to support shareholder proposals seeking an independent board chair?

	Very Relevant	Somewhat Relevant	Not Very Relevant	Not applicable (My organization does not vote)
The presence or absence of an independent lead or presiding director	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The company's governance structure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The company's performance (total shareholder return relative to peers)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The company's reasons for maintaining a combined chair and CEO board leadership structure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please provide comments, if any

28. What is your organization's view regarding ISS' categories of a director's independence classification?

- Maintain the three current ISS categories: insider, affiliated outsider, and independent outsider
- Combine affiliated outsider and insider into one "non-independent" category
- Not applicable (My organization is an issuer and conforms with exchange standards)

Please provide comments, if any

29. Does your organization expect that a board of directors should implement a shareholder proposal that receives support from a majority of shares cast in the previous year?

- Yes
- No

Please provide comments if any

United States - Corporate Lobbying Proposals

The questions on this page refer to companies incorporated in the United States. If you are an institutional investor who has holdings in this market or an issuer incorporated in this market, please answer the questions on this page. Otherwise, please [skip this page](#).

30. The 2012 proxy season saw an increase in the number of shareholder proposals requesting greater disclosure of corporate lobbying policies, procedures, oversight mechanisms, and expenditures. Which of the following statements best represents your organization's view on this topic?

- Greater disclosure would not be beneficial to shareholders, and lobbying is an issue best left to management's discretion.
- Greater disclosure may be beneficial to shareholders, depending on the company's current level of transparency and if there have been significant related issues.
- Greater disclosure would always benefit shareholders' ability to assess an area that could pose potential risks.

Other (please specify)

United States - Proxy Access Proposals

The questions on this page refer to companies incorporated in the United States. If you are an institutional investor who has holdings in this market or an issuer incorporated in this market, please answer the questions on this page. Otherwise, please [skip this page](#).

31. How relevant are the following factors to your organization's voting decision with respect to shareholder proxy access proposals (if you are an institutional investor) or your organization's consideration to adopt proxy access (if you are an issuer)?

	Very Relevant	Somewhat Relevant	Not Relevant
Minimum ownership threshold in relation to the company's market cap	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Minimum ownership duration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether the proposal is binding or non-binding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The proportion of directors that each party may nominate in an election	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The company's governance practices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The ownership profile of the company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The proponent's rationale	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

United States - Mutual Funds

The questions on this page refer to mutual funds incorporated in the United States. If you are an institutional investor who has holdings in this market or an issuer incorporated in this market, please answer the questions on this page. Otherwise, please [skip this page](#).

With respect to management proposals authorizing the board to hire/terminate sub-advisers without shareholder approval, shareholders currently have a legal right to vote on which sub-adviser manages their fund. However, the SEC allows certain fund complexes an exemption from seeking shareholder approval of sub-advisory agreements as long as shareholders also approve this exemption.

ISS generally recommends against proposals authorizing the board to hire/terminate sub-advisers without shareholder approval unless the individual fund requesting the exemption currently has more than one sub-adviser engaged in managing its portfolio. This view reflects a true multi-manager strategy where the solicitation costs associated with the process of obtaining shareholder approval of multiple sub-advisory agreements outweigh the benefits of preserving shareholders' rights in choosing which sub-adviser manages their fund.

32. What is your organization's viewpoint regarding these management proposals authorizing the board to hire/terminate sub-advisers without shareholder approval?

- My organization would support these proposals irrespective of whether the fund follows a multi-manager strategy (e.g. fund requesting the exemption currently has more than one sub-adviser engaged in managing its portfolio).
- My organization would not support these proposals irrespective of whether the fund follows a multi-manager strategy.
- My organization would support these proposals only if the fund follows a multi-manager strategy.
- Not Applicable (My organization does not vote on these proposals)
- Other (please specify)

Canada

The questions on this page refer to companies incorporated in Canada. If you are an institutional investor who has holdings in this market or an issuer incorporated in this market, please answer the questions on this page. Otherwise, please [skip this page](#).

Majority Voting

Canadian reporting issuers continue to voluntarily adopt a majority voting standard with a director resignation policy in the form recommended by the Canadian Coalition for Good Governance. In 2012 to date, ISS data shows that 293 companies now have a majority voting and director resignation policy. It is anticipated that the Canadian regulators will mandate majority voting for Ontario reporting issuers at a minimum and possibly for all Canadian reporting issuers.

33. If majority voting in the form recommended by the Canadian Coalition for Good Governance is mandated by the Canadian Securities Administrators for 2013 and beyond, how will this impact your votes on director nominees?

- We would only vote against a director for the most egregious failure of oversight or governance.
- We would vote against director nominees in a limited number of circumstances where we believe the concerns demand attention and one or more directors should step off the board.
- We would be more inclined to make exceptions and/or apply our policies more pragmatically taking other factors into consideration before voting against directors.
- No impact whatsoever, we would apply our policies as always.
- Not Applicable (My organization does not vote)
- Other (please specify)

Say on Pay

34. Which of the following should trigger a vote AGAINST a voluntarily adopted Advisory Vote on Executive Compensation?

	Yes	No	Not Applicable (My organization does not vote)
Lack of any performance based long term incentive compensation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Any form of guaranteed pay set out in employment agreements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interest free or forgivable loans to executives to exercise options or purchase shares	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Single trigger change in control provision in employment agreements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unreasonable payout range for incentive compensation (i.e. range does not start at zero for no achievement to an upper payout potential of 400-500% generally of base salary)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

Europe - Board

The questions on this page refer to companies incorporated in Europe. If you are an institutional investor who has holdings in this market or an issuer incorporated in this market, please answer the questions on this page. Otherwise, please [skip this page](#).

The International Corporate Governance Network (ICGN), in its response to the 2011 European Commission Green Paper on Corporate Governance, stated that the role of chairman "will be most effectively carried out where the Chairman of the board is neither the CEO nor a former CEO. Furthermore, the Chairman should be independent on the date of appointment as Chairman and should only be paid a fee, i.e. not participate in executive remuneration plans."

35. Under what circumstances would opposition to the reelection of a non-independent chair be warranted?

	Yes, in all markets	Yes, in markets where the roles of chairman and CEO are generally separated	No	Other (specify below)
The roles of CEO and chairman are combined	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The chairman is a former CEO of the company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The chairman participates in performance-related incentive plans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The chairman is nonindependent for any other reason	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please provide comments, if any

Europe - Capital Proposals

The questions on this page refer to companies incorporated in Europe. If you are an institutional investor who has holdings in this market or an issuer incorporated in this market, please answer the questions on this page. Otherwise, please [skip this page](#).

In several markets, issuers are required to seek shareholder approval for issuances of equity or equity-linked securities with preemptive rights. Preemptive rights permit shareholders to share proportionately in any new issuances of stock. These rights guarantee existing shareholders the first opportunity to purchase shares of new issuances of stock in the class they own in an amount equal to the percentage of the class they already own. Currently, ISS policy for Continental Europe is to support general-purpose issuance requests with preemptive rights to a maximum of 100 percent of currently issued capital (50 percent for France).

36. What is an acceptable limit for an issuance of equity with preemptive rights (for general corporate purposes) in continental Europe?

- <25 percent
- 25 percent
- 50 percent
- 75 percent
- 100 percent
- >100 percent
- Equity issuances are not acceptable at all
- Other (please specify)

In Continental Europe, ISS will generally support proposals to increase share capital up to an amount of not more than 20 percent of share capital for general purposes if such resolutions allow preemptive subscription rights to be waived.

Sometimes, companies propose multiple capital resolutions that exceed the 20 percent threshold in aggregate. In such cases, some shareholders prefer to oppose both of the capital resolutions due to excessive potential dilution. Others may believe that it is better to support one of the resolutions (e.g. the first proposed on the agenda) if approval would yield a potential dilution of less than 20 percent.

37. When there are multiple capital resolutions on the agenda that allow for exclusion of preemptive rights, which approach does your organization prefer?

- Oppose all capital resolutions if the aggregate potential volume exceeds 20 percent.
- Support one or more of the resolutions, up to an amount equal to 20 percent of share capital, and oppose additional capital resolutions.
- Not applicable (My organization does not vote)

Other (please specify)

Europe - Remuneration

The questions on this page refer to companies incorporated in Europe. If you are an institutional investor who has holdings in this market or an issuer incorporated in this market, please answer the questions on this page. Otherwise, please [skip this page](#).

Many European banks have been required to adjust their compensation practices in light of a new EU-level directive on remuneration at financial institutions. The most significant resulting trend has been a movement away from the traditional short-term/long-term variable pay mix and toward a deferred bonus model, in which all variable pay is measured based on performance in a single year and then deferred for a multi-year period. Oftentimes, the deferred pay is converted into share units and settled in shares, as banks are required to settle a significant amount of variable remuneration in equity.

In Europe, ISS generally supports equity plans if, among other things, shares awarded at full value vest in no less than three years and are subject to fully-disclosed, quantified, and long-term oriented performance targets. Deferred bonus shares often do not conform to these guidelines because performance targets are generally not disclosed and are based on single-year performance. However, many issuers argue that deferred bonus shares should not be judged like shares awarded under a pure long-term plan, since initial share allocations are not discretionary, but are based on the recipient's performance.

38. What is your institution's view on deferred bonus shares?

- My institution generally supports time-vesting deferred bonus shares.
- My institution generally supports time-vesting deferred bonus shares as long as clawback features are present.
- My institution generally does not support time-vesting deferred bonus shares.
- Other (please specify)

Asia (excluding Japan)

The questions on this page refer to companies incorporated in the Asian markets excluding Japan. If you are an institutional investor who has holdings in these markets or an issuer incorporated in these markets, please answer the questions on this page. Otherwise, please [skip this page](#).

Board

Hong Kong listing rules have recently been amended to require that, when an independent director has served more than nine years (three terms) on the board, the issuer include in the meeting circular the reasons why it considers that director to still be independent. In Korea, some institutional investors are classifying independent directors who have served on the board for more than 10 years as non-independent.

39. What is your organization's perspective on director tenure and its impact on director independence?

- Classify otherwise-independent directors as non-independent after nine years of board service.
- Continue to treat such directors as independent, as long as all other elements of the independence test are met.
- Take a case-by-case approach, depending on the company's stated reasons for considering the director independent.
- Other (please specify)

In Hong Kong, ISS recommends a vote against executive directors serving on the nomination and remuneration committees where such committees are not majority-independent. However, company founders and current CEOs are exempted from this policy, as they are considered integral to the company.

40. What is your organization's voting perspective on the presence of executives on key committees in the Hong Kong market?

- Vote against executive directors serving on the nomination and remuneration committees where such committees are not majority-independent, with the exception of founders and current CEOs, in line with ISS policy.
- Vote against all executive members of nomination and remuneration committees (including founders and current CEOs) even when the committees are majority independent.
- Vote against the committee chairs to express concerns about the presence of executives on the committees, without risking disruption from the removal of a founder or CEO from the board.
- Not applicable (My organization does not vote)
- Other (please specify)

Capital/Debt Proposals

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Share issuance mandates are a common agenda item in markets whose company law is based on that of the UK. ISS policy on such mandates differs from market to market, reflecting differences in listing rules, company practices and investor expectations. For example, ISS policy for Singapore and India recommends support for a general issuance mandate allowing up to 20 percent of issued capital to be issued without preemptive rights, whereas our Hong Kong policy calls for non-preemptive offerings to be limited to 10 percent, and for such shares to be issued at a discount of no more than 10 percent, even though Hong Kong listing rules are more lenient. ISS' UK policy also calls for dilution of no more than 10 percent, while some UK investors prefer to see dilution limited to 5 percent.

41. What is your organization's voting perspective on these proposals regarding share issuance mandates?

- Apply different dilution standards in different markets.
- Apply strict dilution standards [i.e. 10% or less] in all markets.
- Apply more lenient dilution standards [e.g. 20%] in all markets.
- Generally support share issuance mandates that conform to local listing rules, regardless of dilution.
- Not applicable (My organization does not vote)
- Other (please specify)

Companies in Asia (China, Hong Kong, India, and Thailand) frequently seek shareholder approval for authority to increase debt, through bank borrowings or the issuance of bonds or other debt instruments. Key terms (including interest rates), the impact of the borrowing on the company's gearing ratio, and the intended use of the borrowed funds are often not disclosed. ISS frequently recommends votes against such proposals for lack of disclosure.

42. How relevant are each of the following factors when evaluating these debt-related proposals?

	Very relevant	Somewhat relevant	Not very relevant	Not applicable (my organization does not vote)
Potential voting and economic dilution from conversion of the debt instruments into shares (where applicable)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Size of the issuance relative to the company's size and its leverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of disclosure of the financial impact of the issuance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of disclosure of the use of proceeds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other concerns regarding the board or management, or the company's previous debt issuances	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

Emerging Markets

The questions on this page refer to companies incorporated in Latin America, Eastern Europe, and Middle East and North Africa. If you are an institutional investor who has holdings in these markets or an issuer incorporated in these markets, please answer the questions on this page. Otherwise, please [skip this page](#).

43. In which cases/markets would your organization vote AGAINST the election of directors at all companies that fail to disclose nominee names and/or independence status? Please check all that apply.

	Latin American Markets	Eastern European Markets	Middle East and North African Markets	My organization would not vote against in any of these markets
No disclosure of nominee name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No disclosure of independence status	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Not Applicable (My organization does not vote)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please provide comments, if any

44. Would your organization vote AGAINST the election of directors based on the following board composition in the Middle East and North Africa markets?

	Yes	No	Not applicable (My organization does not vote)
Board independence lower than that recommended by the local governance code	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Combined Chairman/CEO	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Presence of executives on board committees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Excessive proportion of executives on the board	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

45. Considering the limited market disclosure in the Middle East and North Africa markets, what type of Related-Party Transactions in these markets would your organization consider uncommon or problematic when involving a group of enterprises owned by a wealthy family?

	Problematic	Neutral	Not Problematic
Transactions involving the sale or purchase of goods	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transactions involving the sale or purchase of property and/or assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transactions involving the lease of property and/or assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transactions that include the subscription for debt/equity issuances; or guarantee of financial services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

Conclusion

Thank you for participating in ISS' annual Policy Survey. Your feedback is an important part of our process for updating and formulating proxy voting policy guidelines that reflect evolving market practice and our institutional investor clients' views.

46. Do you have any other comments about any market, region, or ISS policy?

Please click "Done" below to submit your responses.