

International

SRI Proxy Voting Guidelines Updates

2018 Policy Recommendations

Published January 23, 2018

TABLE OF CONTENTS

INTERNATIONAL	3
BOARD OF DIRECTORS	3
Classification of Directors	3
Diversity Policy	6
CANADA	7
Board Structure and Independence (TSX)	7
Non-Independent Directors on Key Committees (TSX)	8
Non-Independent Directors on Key Committees (TSX-V).....	8
Overboarding (TSX only).....	9
UK/IRELAND AND EUROPE	10
Virtual Meetings	10
EUROPE	11
Board of Directors- Non-Contested Director Elections	11
Bundling of Proposal to Elect Directors.....	11
Board Independence	12
Combined Chairman/CEO.....	16
Overboarded Directors.....	17
Composition of Committees.....	19
Composition Nomination Committee- (Sweden, Norway, and Finland)	20
Capital Structure	21
Share Issuance Requests – General Issuances.....	21
Share Repurchase Plans / Market-Specific Exceptions (Italy and Germany)	23
SINGAPORE	24
Share Issuance Requests	24
Share Repurchase Plans	24

INTERNATIONAL

BOARD OF DIRECTORS

Classification of Directors

Current Social Advisory Services Classification, incorporating policy changes:	New Social Advisory Services Classification:
<p>Executive Director</p> <ul style="list-style-type: none"> › Employee or executive of the company or a wholly-owned subsidiary of the company; › Any director who is classified as a non-executive, but receives salary, fees, bonus, and/or other benefits that are in line with the highest-paid executives of the company. <p>Non-Independent Non-Executive Director (NED)</p> <ul style="list-style-type: none"> › Any director who is attested by the board to be a non-independent NED; › Any director specifically designated as a representative of a significant shareholder of the company; › Any director who is also an employee or executive of a significant^[1] shareholder of the company; › Any director who is also an employee or executive of a subsidiary, associate, joint venture, or company that is affiliated with a significant^[1] shareholder of the company; › Any director who is nominated by a dissenting significant shareholder, unless there is a clear lack of material^[2] connection with the dissident, either currently or historically; › Beneficial owner (direct or indirect) of at least 10 percent of the company's stock, either in economic terms or in voting rights (this may be aggregated if voting power is distributed among more than one member of a defined group, e.g., family members who beneficially own less than 10 percent individually, but collectively own more than 10 percent), unless market best practice dictates a lower ownership and/or disclosure threshold (and in other special market-specific circumstances); › Government representative; 	<p>Executive Director</p> <ul style="list-style-type: none"> › Employee or executive of the company or a wholly-owned subsidiary of the company; › Any director who is classified as a non-executive, but receives salary, fees, bonus, and/or other benefits that are in line with the highest-paid executives of the company. <p>Non-Independent Non-Executive Director (NED)</p> <ul style="list-style-type: none"> › Any director who is attested by the board to be a non-independent NED; › Any director specifically designated as a representative of a shareholder of the company; › Any director who is also an employee or executive of a significant^[1] shareholder of the company; › Any director who is also an employee or executive of a subsidiary, associate, joint venture, or company that is affiliated with a significant^[1] shareholder of the company; › Any director who is nominated by a dissenting significant shareholder, unless there is a clear lack of material^[2] connection with the dissident, either currently or historically; › Beneficial owner (direct or indirect) of at least 10 percent of the company's stock, either in economic terms or in voting rights (this may be aggregated if voting power is distributed among more than one member of a defined group, e.g., family members who beneficially own less than 10 percent individually, but collectively own more than 10 percent), unless market best practice dictates a lower ownership and/or disclosure threshold (and in other special market-specific circumstances); › Government representative;

<ul style="list-style-type: none"> › Currently provides or has provided (or a relative^[3] provides) professional services^[4] to the company, to an affiliate of the company, or to an individual officer of the company or of one of its affiliates in the latest fiscal year in excess of USD\$ 10,000 per year; › Represents customer, supplier, creditor, banker, or other entity with which the company maintains transactional/commercial relationship (unless company discloses information to apply a materiality test^[5]); › Any director who has a conflicting relationship with the company, including but not limited toor cross-directorships with executive directors or the chairman of the company; › Relative^[3] of a current or former executive of the company or its affiliates; › A new appointee elected other than by a formal process through the General Meeting (such as a contractual appointment by a substantial shareholder); › Founder/co-founder/member of founding family but not currently an employee or executive; › Former executive or employee (five-year cooling off period)^[7] › Years of service is generally not a determining factor unless it is recommended best practice in a market and/or in extreme circumstances, in which case it may be considered.^[6] › Any additional relationship or principle considered to compromise independence under local corporate governance best practice guidance.^[8] <p>Independent NED</p> <ul style="list-style-type: none"> › No material^[2] connection, either directly or indirectly, to the company (other than a board seat) or the dissenting significant shareholder. <p>Employee Representative</p> <ul style="list-style-type: none"> › Represents employees or employee shareholders of the company (classified as “employee representative” but considered a non-independent NED). <p>Footnotes: [1] At least 10 percent of the company's stock, unless market best practice dictates a lower ownership and/or disclosure threshold.</p>	<ul style="list-style-type: none"> › Currently provides or has provided (or a relative^[3] provides) professional services^[4] to the company, to an affiliate of the company, or to an individual officer of the company or of one of its affiliates in the latest fiscal year in excess of USD 10,000 per year; › Represents customer, supplier, creditor, banker, or other entity with which the company maintains transactional/commercial relationship (unless company discloses information to apply a materiality test^[5]); › Any director who has a conflicting relationship with the company, including but not limited to cross-directorships with executive directors or the chairman of the company; › Relative^[3] of a current or former executive of the company or its affiliates; › A new appointee elected other than by a formal process through the General Meeting (such as a contractual appointment by a substantial shareholder); › Founder/co-founder/member of founding family but not currently an employee or executive; › Former executive or employee (five-year cooling off period);^[7] › Years of service is generally not a determining factor unless it is recommended best practice in a market and/or in extreme circumstances, in which case it may be considered.^[6] › Any additional relationship or principle considered to compromise independence under local corporate governance best practice guidance.^[8] <p>Independent NED</p> <ul style="list-style-type: none"> › No material^[2] connection, either directly or indirectly, to the company (other than a board seat) or the dissenting significant shareholder. <p>Employee Representative</p> <ul style="list-style-type: none"> › Represents employees or employee shareholders of the company (classified as “employee representative” but considered a non-independent NED). <p>Footnotes: [1] At least 10 percent of the company's stock, unless market best practice dictates a lower ownership and/or disclosure threshold.</p>
---	--

[2] For purposes of Social Advisory Services' director independence classification, "material" will be defined as a standard of relationship financial, personal, or otherwise that a reasonable person might conclude could potentially influence one's objectivity in the boardroom in a manner that would have a meaningful impact on an individual's ability to satisfy requisite fiduciary standards on behalf of shareholders.

[3] "Relative" follows the definition of "immediate family members" which covers spouses, parents, children, stepparents, step-children, siblings, in-laws, and any person (other than a tenant or employee) sharing the household of any director, nominee for director, executive officer, or significant shareholder of the company.

[4] Professional services can be characterized as advisory in nature and generally include the following: investment banking/financial advisory services; commercial banking (beyond deposit services); investment services; insurance services; accounting/audit services; consulting services; marketing services; and legal services. The case of participation in a banking syndicate by a non-lead bank should be considered a transaction (and hence subject to the associated materiality test) rather than a professional relationship.

[5] A business relationship may be material if the transaction value (of all outstanding transactions) entered into between the company and the company or organization with which the director is associated is equivalent to either 1 percent of the company's turnover or 1 percent of the turnover of the company or organization with which the director is associated. OR, a business relationship may be material if the transaction value (of all outstanding financing operations) entered into between the company and the company or organization with which the director is associated is more than 10 percent of the company's shareholder equity or the transaction value, (of all outstanding financing operations), compared to the company's total assets, is more than 5 percent.

[6] For example, in continental Europe, directors with a tenure exceeding 12 years will be considered non-independent. In ~~the United Kingdom, Ireland,~~ Hong Kong, Singapore and Taiwan, directors with a tenure exceeding nine years will be considered non-independent, unless the company provides sufficient and clear justification that the director is independent despite his long tenure.

[7] For purposes of independence classification of directors incorporated in the Middle East and Africa region, this criterion will be taken into account in accordance with market best practice and disclosure standards and availability.

[8] For MEA markets, directors' past services as statutory auditor/partner of the statutory audit firm will be taken into account, with cooling-off periods in accordance with local market best practice.

[2] For purposes of Social Advisory Services' director independence classification, "material" will be defined as a standard of relationship financial, personal, or otherwise that a reasonable person might conclude could potentially influence one's objectivity in the boardroom in a manner that would have a meaningful impact on an individual's ability to satisfy requisite fiduciary standards on behalf of shareholders.

[3] "Relative" follows the definition of "immediate family members" which covers spouses, parents, children, stepparents, step-children, siblings, in-laws, and any person (other than a tenant or employee) sharing the household of any director, nominee for director, executive officer, or significant shareholder of the company.

[4] Professional services can be characterized as advisory in nature and generally include the following: investment banking/financial advisory services; commercial banking (beyond deposit services); investment services; insurance services; accounting/audit services; consulting services; marketing services; and legal services. The case of participation in a banking syndicate by a non-lead bank should be considered a transaction (and hence subject to the associated materiality test) rather than a professional relationship.

[5] A business relationship may be material if the transaction value (of all outstanding transactions) entered into between the company and the company or organization with which the director is associated is equivalent to either 1 percent of the company's turnover or 1 percent of the turnover of the company or organization with which the director is associated. OR, a business relationship may be material if the transaction value (of all outstanding financing operations) entered into between the company and the company or organization with which the director is associated is more than 10 percent of the company's shareholder equity or the transaction value, (of all outstanding financing operations), compared to the company's total assets, is more than 5 percent.

[6] For example, in continental Europe, directors with a tenure exceeding 12 years will be considered non-independent. In Hong Kong, Singapore and Taiwan, directors with a tenure exceeding nine years will be considered non-independent, unless the company provides sufficient and clear justification that the director is independent despite his long tenure.

[7] For purposes of independence classification of directors incorporated in the Middle East and Africa region, this criterion will be taken into account in accordance with market best practice and disclosure standards and availability.

[8] For MEA markets, directors' past services as statutory auditor/partner of the statutory audit firm will be taken into account, with cooling-off periods in accordance with local market best practice.

Rationale for Change:

The changes to the director classification document are intended to eliminate potential ambiguities in the existing document which could result in different interpretations by analysts covering different markets, which could lead to misalignments in approach. The updated document, which would further synchronize the approach of research teams across Asia ex-Japan in terms of director classification, will be incorporated into the voting guidelines for China, Hong Kong, India, Singapore and Taiwan.

Diversity Policy

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>Social Advisory Services Recommendation: Social Advisory Services will evaluate gender diversity on boards in international markets when reviewing director elections, to the extent that disclosures and market practices permit.</p> <p>For Canada, UK, and Australia, vote against /withhold from individual directors (except new nominees) who:</p> <p>Serve as members of the nominating committee and the board lacks at least one woman and one minority, and the board is not at least 30% diverse. If the company does not have a formal nominating committee, vote against/withhold votes from the entire board of directors.</p> <p>Social Advisory Services will evaluate gender diversity on boards in international markets when reviewing director elections, to the extent that disclosures and market practices permit.</p>	<p>Social Advisory Services Recommendation:</p> <p>For Canada, UK, and Australia, vote against /withhold from individual directors (except new nominees) who:</p> <ul style="list-style-type: none"> › Serve as members of the nominating committee and the board lacks at least one woman and one minority, and the board is not at least 30% diverse. If the company does not have a formal nominating committee, vote against/withhold votes from the entire board of directors. <p>Social Advisory Services will evaluate gender diversity on boards in international markets when reviewing director elections, to the extent that disclosures and market practices permit.</p>

Rationale for Change:

Responses to Social Advisory Services' 2017-2018 policy survey issued to subscribers to ISS' SRI and Catholic Faith-based policies indicated strong support for increased board diversity. A number of Social Advisory Services clients are either members of or have endorsed the objectives of The Thirty Percent Coalition in the US, and The 30% Club in the UK, initiatives advocating for increased female representation on boards of directors. Client engagement regarding gender diversity on boards in the US, Canada, and Australia has also indicated that clients in those markets have increasingly adopted custom policies concerning board diversity.

The new policy aligns with Social Advisory Services clients' perspectives on advocating for an increase in board diversity.

CANADA

Board Structure and Independence (TSX)

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>Social Advisory Services Recommendation: [Not formally included in the guidelines]</p> <p>Vote withhold for any Executive Director or Non-Independent, Non-Executive Director where:</p> <ul style="list-style-type: none"> › The board is less than majority independent; or › The board lacks a separate compensation or nominating committee. <p>Rationale: The balance of board influence should reside with independent directors free of any pressures or conflicts which might prevent them from objectively overseeing strategic direction, evaluating management effectiveness, setting appropriate executive compensation, maintaining internal control processes, and ultimately driving long-term shareholder value creation. Best practice corporate governance standards do not advocate that no inside directors sit on boards. Company executives have extensive company knowledge and experience that provides a significant contribution to business decisions at the board level. In order to maintain, however, the independent balance of power necessary for independent directors to fulfill their oversight mandate and make difficult decisions that may run counter to management’s self-interests, executives, former executives and other related directors should not dominate the board or continue to be involved on key board committees charged with the audit, compensation, and nomination responsibilities.</p>	<p>Social Advisory Services Recommendation: Vote withhold for any Executive Director or Non-Independent, Non-Executive Director where:</p> <ul style="list-style-type: none"> › The board is less than majority independent; or › The board lacks a separate compensation or nominating committee. <p>Rationale: The balance of board influence should reside with independent directors free of any pressures or conflicts which might prevent them from objectively overseeing strategic direction, evaluating management effectiveness, setting appropriate executive compensation, maintaining internal control processes, and ultimately driving long-term shareholder value creation. Best practice corporate governance standards do not advocate that no inside directors sit on boards. Company executives have extensive company knowledge and experience that provides a significant contribution to business decisions at the board level. In order to maintain, however, the independent balance of power necessary for independent directors to fulfill their oversight mandate and make difficult decisions that may run counter to management’s self-interests, executives, former executives and other related directors should not dominate the board or continue to be involved on key board committees charged with the audit, compensation, and nomination responsibilities.</p>

Rationale for Change:

This update is a codification of existing approach for Canadian board elections and more specifically describes the factors that are considered in assessing board and committee composition in Canada.

Non-Independent Directors on Key Committees (TSX)

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>Social Advisory Services Recommendation: [Not formally included in the guidelines]</p> <p>Vote withhold for members of the audit, compensation, or nominating committee who:</p> <ul style="list-style-type: none"> › Are Executive Directors; › Are Controlling Shareholders; or → Is a Non-employee officer of the company or its affiliates if he/she is among the five most highly compensated. 	<p>Social Advisory Services Recommendation: Vote withhold for members of the audit, compensation, or nominating committee who:</p> <ul style="list-style-type: none"> › Are Executive Directors; › Are Controlling Shareholders; or › Is Non-employee officer of the company or its affiliates if he/she is among the five most highly compensated.

Rationale for Change:

This update is a codification of existing approach for Canadian board elections and more specifically describes the factors that are considered in assessing board and committee composition in Canada.

Non-Independent Directors on Key Committees (TSX-V)

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>Social Advisory Services Recommendation: [Not formally included in the guidelines]</p> <p>Vote withhold for Executive Directors, Controlling Shareholders or a Non-employee officer of the company or its affiliates if he/she is among the five most highly compensated who:</p> <ul style="list-style-type: none"> › Are members of the audit committee; → Are members of the compensation committee or the nominating committee and the committee is not majority independent; or → Are board members and the entire board fulfills the role of a compensation committee or a nominating committee and the board is not majority independent. 	<p>Social Advisory Services Recommendation: Vote withhold for Executive Directors, Controlling Shareholders or a Non-employee officer of the company or its affiliates if he/she is among the five most highly compensated who:</p> <ul style="list-style-type: none"> › Are members of the audit committee; › Are members of the compensation committee or the nominating committee and the committee is not majority independent; or › Are board members and the entire board fulfills the role of a compensation committee or a nominating committee and the board is not majority independent.

Rationale for Change:

This update is a codification of existing approach for Canadian board elections and more specifically describes the factors that are considered in assessing board and committee composition in Canada.

Overboarding (TSX only)

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>Social Advisory Services Recommendation: (in effect until January 31, 2019): Generally vote withhold for individual director nominees if:</p> <ul style="list-style-type: none"> › Irrespective of whether the company has adopted a majority voting director resignation policy, the director is overboarded¹ AND the individual director has attended less than 75 percent of his/her respective board and committee meetings held within the past year without a valid reason for these absences. <p>Cautionary language will be included in Social Advisory Services reports where directors are overboarded regardless of attendance.</p> <p>For meetings on or after February 1, 2019, generally vote withhold for individual director nominees who:</p> <ul style="list-style-type: none"> › Are non-CEO directors and serve on more than five public company boards; or › Are CEOs of public companies who serve on the board of more than two public company besides their own – withhold only at their outside boards². 	<p>Social Advisory Services Recommendation: (in effect until January 31, 2019): Generally vote withhold for individual director nominees if:</p> <ul style="list-style-type: none"> › Irrespective of whether the company has adopted a majority voting director resignation policy, the director is overboarded¹⁰ AND the individual director has attended less than 75 percent of his/her respective board and committee meetings held within the past year without a valid reason for these absences. <p>Cautionary language will be included in Social Advisory Services reports where directors are overboarded regardless of attendance.</p> <p>For meetings on or after February 1, 2019, generally vote withhold for individual director nominees who:</p> <ul style="list-style-type: none"> › Are non-CEO directors and serve on more than five public company boards; or › Are CEOs of public companies who serve on the board of more than two public company besides their own – withhold only at their outside boards¹¹.

Rationale for Change:

The removal of the attendance factor from the overboarding policy combined with revised overboarding thresholds will further align the SRI policy with feedback received from Canadian institutional investors during roundtable discussions and one-on-one policy outreach meetings. Additionally, the approach is intended to align with the policy approach of global institutional investors. Given the large number of Canadian issuers that are dual-listed in both Canada and the US, institutional investors have also indicated in ISS' 2017 comment period that it would be appropriate to harmonize Social Advisory Services' Canadian and US overboarding

¹ "Overboarded" is defined by Social Advisory Services as: a CEO of a public company who sits on more than 1 outside public company board in addition to the company of which he/she is CEO, OR the director is not a CEO of a public company and sits on more than 4 public company boards in total.

² Although a CEO's subsidiary boards will be counted as separate boards, Social Advisory Services will not recommend a withhold vote for the CEO of a parent company board or any of the controlled (>50 percent ownership) subsidiaries of that parent, but may do so at subsidiaries that are less than 50 percent controlled and boards outside the parent/subsidiary relationship.

thresholds. The updated thresholds are also aligned with those [recommended](#) by the Canadian Coalition for Good Governance (CCGG). Commenters also requested that subsidiary boards (>50 percent owned) upon which the parent company CEO serves, be exempted when determining the vote recommendation for the CEO under this policy, which further aligns the Canadian overboarding policy with the approach under the current U.S. policy.

A one-year transition period on the implementation of the updated policy has been provided to allow directors adequate time to address overboarding instances, if they so choose. As such, the updated policy will be in effect commencing February 2019.

UK/IRELAND AND EUROPE

Virtual Meetings

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>Social Advisory Services Recommendation: [No current formal policy]</p> <p>Generally vote for proposals allowing for the convening of hybrid* shareholder meetings if it is clear that it is not the intention to hold virtual-only AGMs.</p> <p>Generally vote against proposals allowing for the convening of virtual-only* shareholder meetings.</p> <p>* The phrase “virtual-only shareholder meeting” refers to a meeting of shareholders that is held exclusively through the use of online technology without a corresponding in-person meeting. The term “hybrid shareholder meeting” refers to an in-person, or physical, meeting in which shareholders are permitted to participate online.</p>	<p>Social Advisory Services Recommendation:</p> <p>Generally vote for proposals allowing for the convening of hybrid* shareholder meetings if it is clear that it is not the intention to hold virtual-only AGMs.</p> <p>Generally vote against proposals allowing for the convening of virtual-only* shareholder meetings.</p> <p>* The phrase “virtual-only shareholder meeting” refers to a meeting of shareholders that is held exclusively through the use of online technology without a corresponding in-person meeting. The term “hybrid shareholder meeting” refers to an in-person, or physical, meeting in which shareholders are permitted to participate online.</p>

Rationale for Change:

Several UK companies have requested shareholder approval for article amendments allowing for the convening of virtual (i.e. non-physical) shareholder meetings. Though the practice itself remains rare in the UK and Europe, it is becoming more common in the U.S.

Investor opinion on this development is divided. While there is recognition of the potential benefits of enabling participation at shareholder meetings via electronic means, many have raised concerns about moves to completely eliminate physical shareholder meetings, arguing that virtual-only meetings may hinder meaningful exchanges between management and shareholders and enable management to avoid uncomfortable questions. In ISS’ 2017-2018 Governance Principles Survey, investor respondents were largely supportive of so-called “hybrid meetings”, where companies employ technology to allow for virtual participation as a supplement to the physical shareholder meeting. In fact, with improving technology, hybrid meetings could become standard good practice.

Investor respondents were less supportive of virtual-only meetings however. Whilst a relatively large number indicated that virtual-only meetings could merit support if they were to provide the same shareholder rights as a physical meeting, at present it is difficult to draw any definite conclusions as to whether companies in the UK, Ireland, and Continental Europe will be able to meet this standard, given that thus far only one UK company, and no companies covered by the International SRI proxy voting guidelines, have held virtual-only AGMs. In addition, even with improved technology, it is unclear how virtual-only meetings will be able provide shareholders with the same opportunity for meaningful face-to-face dialogue with the board, particularly if the directors are not all in the same room.

The new policy, which establishes an approach to evaluating virtual meeting authorizations, is reflective of investor views. Under the policy, Social Advisory Services will generally recommend in favor of proposals allowing a company to hold "hybrid" shareholder meetings. Regarding proposals allowing a company to hold virtual-only meetings, Social Advisory Services will generally recommend a vote against.

EUROPE

Board of Directors- Non-Contested Director Elections

Bundling of Proposal to Elect Directors

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>Bundling together proposals that could be presented as separate voting items is not considered good market practice, because bundled resolutions leave shareholders with an all-or-nothing choice, skewing power disproportionately towards the board and away from shareholders. As director elections are one of the most important voting decisions that shareholders make, directors should be elected individually.</p> <p>For the markets of Bulgaria, Croatia, Czech Republic, Estonia, France, Germany, Hungary, Latvia, Lithuania, Poland*, Romania, Slovakia, and Slovenia, and Spain vote against the election or reelection of any directors if individual director elections are an established market practice and the company proposes a single slate of directors.</p> <p>*Bundled director elections in Poland may be supported for companies that go beyond market practice by disclosing the names of nominees on a timely basis.</p>	<p>Bundling together proposals that could be presented as separate voting items is not considered good market practice, because bundled resolutions leave shareholders with an all-or-nothing choice, skewing power disproportionately towards the board and away from shareholders. As director elections are one of the most important voting decisions that shareholders make, directors should be elected individually.</p> <p>For the markets of Bulgaria, Croatia, Czech Republic, Estonia, France, Germany, Hungary, Latvia, Lithuania, Poland*, Romania, Slovakia, and Slovenia, vote against the election or reelection of any directors if individual director elections are an established market practice and the company proposes a single slate of directors.</p> <p>*Bundled director elections in Poland may be supported for companies that go beyond market practice by disclosing the names of nominees on a timely basis.</p>

Rationale for Change:

Poland is one of the markets included in the voting policy on bundled director elections because the practice of bundling director elections into a single voting item is rare, but nevertheless legally possible in the market. However, Polish companies oftentimes fail to disclose director nominee names to shareholders on a timely basis.

While bundling director elections and failing to disclose nominee names are both considered to be negative practices, the latter is considered to be more severe from a shareholder perspective because it deprives shareholders of any possibility of making an informed voting decision. It is therefore considered appropriate to allow for the possibility of supporting bundled director elections for Polish companies that exceed market practice by disclosing nominee names to shareholders on a timely basis.

Individual elections have been mandated in Spain since 2015, so the policy is being updated accordingly.

Board Independence

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>Independence will be determined according to the International SRI Policy's Classification of Directors. If a nominee cannot be categorized, Social Advisory Services will consider that person non-independent and include that nominee in the calculation.</p> <p>The following policies would be applied to all widely held companies¹, unless there is a majority shareholder:</p> <p><i>Voting policies</i></p> <p><u>Widely-held companies</u></p> <p>A. Non-controlled companies</p> <p>For all markets (except Greece or Portugal), Generally vote against the election or reelection of any non-independent directors (excluding the CEO) if:</p> <ol style="list-style-type: none"> Fewer than 50 percent of the board members elected by shareholders, – excluding, where relevant, employee shareholder representatives, – would be independent; or Fewer than one-third of all board members, including those who, in accordance with local law(s) requiring their mandatory board membership, are not elected by shareholders, would be independent. 	<p>Independence will be determined according to the International SRI Policy's Classification of Directors. If a nominee cannot be categorized, Social Advisory Services will consider that person non-independent and include that nominee in the calculation.</p> <p><i>Voting policies</i></p> <p><u>Widely-held companies</u></p> <p>A. Non-controlled companies</p> <p>Generally vote against the election or reelection of any non-independent directors (excluding the CEO) if:</p> <ol style="list-style-type: none"> Fewer than 50 percent of the board members elected by shareholders – excluding, where relevant, employee shareholder representatives – would be independent; or Fewer than one-third of all board members would be independent.

<p>Greece and Portugal are excluded from Provision (1.) in the above-mentioned voting policy.</p> <p>B. Controlled companies</p> <p>Generally vote against the election or reelection of any non-independent directors (excluding the CEO) if less than one-third of the board members are independent.</p> <p><u>Non-widely held companies</u></p> <p>Generally vote against the election or reelection of any non-independent directors (excluding the CEO) if less than one-third of the board members are independent.</p> <p>Voting sanctions will be applied under this policy from February 2019.</p> <p><i>Definition of terms</i></p> <p>'Widely-held companies' are determined based on their membership in a major index and/or the number of Social Advisory Services clients holding the securities. For Sweden, Norway, Denmark, and Luxembourg, this is based on membership on a local blue chip market index and/or MSCI EAFE companies. For Portugal, it is based on membership in the PSI-20 and/or MSCI EAFE index.</p> <p>A company is considered to be controlled for the purposes of the above-mentioned voting policies if a shareholder, or multiple shareholders acting in concert, control a majority of the company's equity capital (i.e. 50 percent + one share). If a company is majority-controlled by virtue of a shareholder structure in which shareholders' voting rights do not accrue in accordance with their equity capital commitment (e.g. unequal or multi-class share structures), the company will not be classified as controlled unless the majority shareholder/majority shareholding group also holds a majority of the company's equity capital.</p>	<p>Greece and Portugal are excluded from Provision (1.) in the above-mentioned voting policy.</p> <p>B. Controlled companies</p> <p>Generally vote against the election or reelection of any non-independent directors (excluding the CEO) if less than one-third of the board members are independent.</p> <p><u>Non-widely held companies</u></p> <p>Generally vote against the election or reelection of any non-independent directors (excluding the CEO) if less than one-third of the board members are independent.</p> <p>Voting sanctions will be applied under this policy from February 2019.</p> <p><i>Definition of terms</i></p> <p>'Widely-held companies' are determined based on their membership in a major index and/or the number of Social Advisory Services clients holding the securities. For Sweden, Norway, Denmark, and Luxembourg, this is based on membership on a local blue chip market index and/or MSCI EAFE companies. For Portugal, it is based on membership in the PSI-20 and/or MSCI EAFE index.</p> <p>A company is considered to be controlled for the purposes of the above-mentioned voting policies if a shareholder, or multiple shareholders acting in concert, control a majority of the company's equity capital (i.e. 50 percent + one share). If a company is majority-controlled by virtue of a shareholder structure in which shareholders' voting rights do not accrue in accordance with their equity capital commitment (e.g. unequal or multi-class share structures), the company will not be classified as controlled unless the majority shareholder/majority shareholding group also holds a majority of the company's equity capital.</p>
---	---

- ~~In Italy, at least half of the board should be independent (50 percent). Issuers with a controlling shareholder will be required to have a board consisting of at least one third independent members (33 percent). This applies to individual director appointments (co-options). In the case of complete board renewals that are regulated by the Italian slate system ("voto di lista"), board independence will be one of the factors for determining which list of nominees Social Advisory Services considers best suited to add value for shareholders based, as applicable, on ISS European policies.~~
 - ~~For companies incorporated in Portugal or Greece, at least one third of the board will be required to be independent. Social Advisory Services will recommend a vote against the entire slate of candidates (in the case of bundled elections), or a vote against the election of any non-independent directors (in the case of unbundled elections) if board independence level does not meet the minimum recommended one-third threshold.~~
- ~~For companies with a majority shareholder (excluding Italy and Portugal):~~
- ~~Generally vote against the election or reelection of any non-independent directors (excluding the CEO) if the level of independence on the board will be lower than minority shareholders' percentage of equity ownership, or, in any case, if the board will be less than one third independent (whichever is higher).~~
 - ~~Minority shareholders' ownership percentage is calculated by subtracting the majority shareholder's equity ownership percentage from 100 percent. Majority control is defined in terms of economic interest and not voting rights, and is considered to be any shareholder or group of shareholders acting collectively that control at least 50 percent + 1 share of the company's equity capital. This independence threshold is applied to controlled widely held companies or main index listed/MSCI EAFE member companies which would otherwise fall under a 50-percent independence guideline as described in the Board Independence Policy.~~
 - ~~However, in markets where the local corporate governance code addresses board independence at controlled companies, Social Advisory Services will~~

~~generally recommend against the election or reelection of any non-independent directors (excluding the CEO) if the level of independence on the board is lower than the local code recommendation, but in any case, if the level of board independence will be less than one third.~~

Rationale for Change:

Majority controlled companies: The current International SRI voting policy on board independence contains a special carve-out for controlled companies that are widely-held, according to which a majority non-independent board may be deemed acceptable as long as the overall independence level does not fall below a specified minimum threshold. The intention of this carve-out is to recognize that the inclusion of majority shareholder representatives on boards is a widely-accepted practice in Europe, while at the same time emphasizing that boards should include a sufficient number of independent directors in order to protect minority interests and act as a potential counterweight to the controlling shareholder in situations where this may be required.

The purpose of this amendment is to simplify the policy, making it easier to understand for investors and companies alike, while preserving the policy's basic purpose. This would mainly be achieved by removing the 'proportional independence' rule in the policy, which sets the minimum board independence threshold as the inverse of the majority shareholder's percentage of equity ownership. Additionally, carve-outs in the policy for Italy and Portugal, and for markets where there is a local best practice recommendation on board independence at controlled companies, would be removed.

Non-widely held companies: Under the International SRI Proxy Voting Guidelines, smaller companies (i.e. "non-widely held companies") are currently excluded from the voting policy on board independence. However, several local codes of best practice recommend that small companies maintain a minimum level of board independence. Most codes do not operate any distinction in terms of size, implying that all companies are subject to the same regime.

According to ISS' 2017-2018 Policy Application Survey, significant majorities of both corporate and investor respondents consider that board independence should be taken into account in non-widely held companies when evaluating director elections.

The policy on board independence at non-widely held companies will come into effect in **February 2019** following a one-year transition period. In 2018, warning language will appear in the analysis of director elections at non-widely held companies where the board does not meet the minimum independence threshold foreseen in the voting policy.

Combined Chairman/CEO

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>Social Advisory Services Recommendation:</p> <p>Generally, vote against the (re)election of combined chair/CEOs at widely held European companies.</p> <p>However, when the company provides assurance that the chair/CEO would only serve in the combined role on an interim basis (no more than two years), with the intent of separating the roles within a given time frame, considerations should be given to these exceptional circumstances. In this respect, the vote recommendation would be made on a case-by-case basis. In order for Social Advisory Services to consider a favorable vote recommendation for a combined chair/CEO to serve on an interim basis, In the above-mentioned situation, Social Advisory Services will consider the rationale provided by the company and whether it has set up the company would need to provide adequate control mechanisms on the board (such as a lead independent director, a high overall level of board independence, and a high level of independence on the board's key committees).</p>	<p>Social Advisory Services Recommendation:</p> <p>Generally, vote against the (re)election of combined chair/CEOs at widely held European companies.</p> <p>When the company provides assurance that the chair/CEO would only serve in the combined role on an interim basis (no more than two years), the vote recommendation would be made on a case-by-case basis.</p> <p>In the above-mentioned situation, Social Advisory Services will consider the rationale provided by the company and whether it has set up adequate control mechanisms on the board (such as a lead independent director, a high overall board independence, and a high level of independence on the board's key committees).</p>

Rationale for Change:

Social Advisory Services generally recommends against the election or reelection of directors who serve in the roles of CEO and board chairman on a combined basis. In cases where the combined chair/CEO would serve on an interim basis of no more than two years, Social Advisory Services recommends on a case-by-case basis.

The editorial amendments simplify the wording of the policy.

Overboarded Directors

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>In Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden, and Switzerland, at widely-held companies, Social Advisory Services will generally recommend a vote against a candidate when s/he holds an excessive number of board appointments, as referenced by the more stringent of the provisions prescribed in local law or best practice governance codes, or as defined by the following guidelines:</p> <ul style="list-style-type: none"> › Any person who holds more than five mandates at listed companies will be classified as overboarded. For the purposes of calculating this limit, a non-executive directorship counts as one mandate, a non-executive chairmanship counts as two mandates, and a position as executive director (or a comparable role) is counted as three mandates. › Also, any person who holds the position of executive director (or a comparable role) at one company and a non-executive chairman at a different company will be classified as overboarded. <p>› Directors who hold more than five non-chair non-executive director positions.</p> <p>› A non-executive chairman who, in addition to this role, holds (i) more than three non-chair non-executive director positions, (ii) more than one other non-executive chair position and one non-chair non-executive director position, or (iii) any executive position.</p> <p>› Executive directors or those in comparable roles holding (i) more than two non-chair non-executive director positions, (ii) any other executive positions, or (iii) any non-executive chair position.</p> <p><u>CEOs and Chairmen</u></p> <p>An adverse vote recommendation will not be applied to a director within a company where he/she serves as CEO; instead, any adverse vote recommendations will be applied to his/her additional seats on other company boards. The same is also valid for chairmen, except (i) where they exclusively hold other chair and/or executive positions, or (ii) where they are elected as</p>	<p>In Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden, and Switzerland, at widely-held companies, Social Advisory Services will generally recommend a vote against a candidate when s/he holds an excessive number of board appointments, as defined by the following guidelines:</p> <ul style="list-style-type: none"> › Any person who holds more than five mandates at listed companies will be classified as overboarded. For the purposes of calculating this limit, a non-executive directorship counts as one mandate, a non-executive chairmanship counts as two mandates, and a position as executive director (or a comparable role) is counted as three mandates. › Also, any person who holds the position of executive director (or a comparable role) at one company and a non-executive chairman at a different company will be classified as overboarded. <p><u>CEOs and Chairmen</u></p> <p>An adverse vote recommendation will not be applied to a director within a company where he/she serves as CEO; instead, any adverse vote recommendations will be applied to his/her additional seats on other company boards. For chairmen, negative recommendations would first be applied towards non-executive positions held, but the chairmanship position itself would be</p>

<p>chairman for the first time. For chairmen, negative recommendations would first be applied towards non-executive positions held, but the chairmanship position itself would be targeted where they are being elected as chairman for the first time or, when in aggregate their chair positions are three or more in number, or if the chairman holds an outside executive position.</p>	<p>targeted where they are being elected as chairman for the first time or, when in aggregate their chair positions are three or more in number, or if the chairman holds an outside executive position.</p> <p>...</p>
--	---

Rationale for Change:

This policy change harmonizes the overboarding policy across continental Europe by including Denmark, Finland, Norway and Sweden. The changes are prompted by (i) Danish, Norwegian, and Swedish market practice of unbundling elections in main index companies, (ii) recommendations in Norwegian, Danish, and Finnish corporate governance codes on over-boarding and (iii) investor support for applying the policy for bundled elections.

The Nordic markets have previously been excluded from the overboarding policy as director elections in these markets were, for the most part, bundled. However, all Danish companies currently have individual elections. Furthermore, a majority of Swedish and Norwegian companies on the local main indices apply individual elections. All Finnish companies still apply bundled elections. However, investor opinion has shown to be favorable towards applying the overboarding policy at bundled elections and for this reason, Finland is included in this policy update.

On July 7, 2017, the Danish committee on Corporate Governance released a new set of draft recommendations for corporate governance that includes an amendment focusing on the risk of executives and directors taking on too many obligations. Similar to the Danish code, the Norwegian and Finnish codes contain general statements on the fact that overboarding should be considered when assessing the sufficiency of an individual director.

In addition, the updated policy simplifies the definition of overboarded directors, and includes changes in respect of the appointment/reappointment of the board chairman.

Composition of Committees

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>In Belgium, Denmark, Finland, France, Luxembourg, the Netherlands, Norway, Spain, Sweden, and Switzerland, vote against the (re)election of executives who serve on the company’s audit or remuneration committee. Social Advisory Services may recommend against if the disclosure is too poor to determine whether an executive serves or will serve on a committee. If a company does not have an audit or a remuneration committee, Social Advisory Services may consider that the entire board fulfills the role of a committee. In such case, Social Advisory Services may recommend against the executives, including the CEO, up for election to the board.</p> <p>For Belgium, the Netherlands, and Switzerland, vote against the (re)election of non-independent members of the audit committee and/or the remuneration committee if their (re)election would lead to a non-independent majority on the respective committee.</p> <p>These policies apply only to companies for which Social Advisory Services includes overall board independence as a factor in its analysis of board elections.</p> <p>Markets where local corporate governance codes prescribe specific composition requirements are assessed in accordance with compliance with their local codes. More stringent requirements are applied to those markets where local corporate governance codes prescribe more robust composition requirements.</p>	<p>In Belgium, Denmark, Finland, France, Luxembourg, the Netherlands, Norway, Spain, Sweden, and Switzerland, vote against the (re)election of executives who serve on the company’s audit or remuneration committee. Social Advisory Services may recommend against if the disclosure is too poor to determine whether an executive serves or will serve on a committee. If a company does not have an audit or a remuneration committee, Social Advisory Services may consider that the entire board fulfills the role of a committee. In such case, Social Advisory Services may recommend against the executives, including the CEO, up for election to the board.</p> <p>For Belgium, the Netherlands, and Switzerland, vote against the (re)election of non-independent members of the audit committee and/or the remuneration committee if their (re)election would lead to a non-independent majority on the respective committee.</p> <p>These policies apply only to companies for which Social Advisory Services includes overall board independence as a factor in its analysis of board elections.</p>

Rationale for Change:

This update is to clarify Social Advisory Services' approach to analyzing board committee independence in continental Europe.

Composition Nomination Committee- (Sweden, Norway, and Finland)

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>Vote for proposals in Sweden, Norway, and Finland to elect or appoint a nominating committee consisting mainly of non-board members.</p> <p>Vote for shareholder proposals calling for disclosure of the names of the proposed candidates at the meeting, as well as the inclusion of a representative of minority shareholders in the committee.</p> <p>Vote against proposals where the names of the candidates (in the case of an election) or the principles for the establishment of the committee have not been disclosed in a timely manner.</p> <p>The above policy notwithstanding, ^vVote against proposals in Sweden to elect or appoint such a committee if the company is on the MSCI-EAFE or local main index and the following conditions exist:</p> <ol style="list-style-type: none"> 1. A member of the executive management would be a member of the committee; 2. More than one board member who is dependent on a major shareholder would be on the committee; or 3. The chair of the board would also be the chair of the committee. <p>In cases where the principles for the establishment of the nominating committee, rather than the election of the committee itself, are being voted on, vote against the adoption of the principles if any of the above conditions are met for the current committee, and there is no publicly available information indicating that this would no longer be the case for the new nominating committee.</p>	<p>Vote for proposals in Sweden, Norway, and Finland to elect or appoint a nominating committee consisting mainly of non-board members.</p> <p>Vote for shareholder proposals calling for disclosure of the names of the proposed candidates at the meeting, as well as the inclusion of a representative of minority shareholders in the committee.</p> <p>Vote against proposals where the names of the candidates (in the case of an election) or the principles for the establishment of the committee have not been disclosed in a timely manner.</p> <p>Vote against proposals in Sweden to elect or appoint such a committee if the company is on the MSCI-EAFE or local main index and the following conditions exist:</p> <ol style="list-style-type: none"> 1. A member of the executive management would be a member of the committee; 2. More than one board member who is dependent on a major shareholder would be on the committee; or 3. The chair of the board would also be the chair of the committee. <p>In cases where the principles for the establishment of the nominating committee, rather than the election of the committee itself, are being voted on, vote against the adoption of the principles if any of the above conditions are met for the current committee, and there is no publicly available information indicating that this would no longer be the case for the new nominating committee.</p>

Rationale for Change:

International SRI Policy currently does not take into account proposals where the names of the nominating committee members (in the case of an election) or the principles for the establishment of the committee have not been disclosed. Nominating committee members in Nordic companies are mainly composed of non-board members and, as such, the election and appointment of the committee members does not fall under the policy that concerns the failure to disclose the proposed director names. By including the amendment, Social Advisory Services would recommend against proposals regarding the election of committee members or the approval of the principles for the establishment of the committee when no information on the names or principles have been disclosed.

Capital Structure

Share Issuance Requests – General Issuances

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>Social Advisory Services Recommendation: Vote for issuance authorities with pre-emptive rights to a maximum of 100 percent over currently issued capital and as long as the share issuance authorities’ periods are clearly disclosed (or implied by the application of a legal maximum duration) and in line with market-specific practices and/or recommended guidelines (e.g. issuance periods limited to 18 months for the Netherlands). Starting in Feb 2019, the maximum will be 50 percent.</p> <p>Vote for issuance authorities without pre-emptive rights to a maximum of 20 percent (or a lower limit if local market best practice recommendations provide) of currently issued capital as long as the share issuance authorities’ periods are clearly disclosed (or implied by the application of a legal maximum duration) and in line with market-specific practices and/or recommended guidelines (e.g. issuance periods limited to 18 months for the Netherlands). Starting in Feb 2019, the maximum will be 10 percent.</p> <p>For French companies:</p> <ul style="list-style-type: none"> › Vote for general issuance requests with preemptive rights, or without preemptive rights but with a binding “priority right,” for a maximum of 50 percent over currently issued capital. › Generally vote for general authorities to issue shares without preemptive rights up to a maximum of 10 percent of share capital. When companies are listed on a regulated market, the maximum discount on share issuance price proposed in the resolution must, in addition, comply with the legal discount (i.e., a maximum of 5 percent discount to the share listing price) for a vote for to be warranted. 	<p>Social Advisory Services Recommendation: Vote for issuance authorities with pre-emptive rights to a maximum of 100 percent over currently issued capital and as long as the share issuance authorities’ periods are clearly disclosed (or implied by the application of a legal maximum duration) and in line with market-specific practices and/or recommended guidelines (e.g. issuance periods limited to 18 months for the Netherlands). Starting in Feb 2019, the maximum will be 50 percent.</p> <p>Vote for issuance authorities without pre-emptive rights to a maximum of 20 percent (or a lower limit if local market best practice recommendations provide) of currently issued capital as long as the share issuance authorities’ periods are clearly disclosed (or implied by the application of a legal maximum duration) and in line with market-specific practices and/or recommended guidelines (e.g. issuance periods limited to 18 months for the Netherlands). Starting in Feb 2019, the maximum will be 10 percent.</p> <p>For French companies:</p> <ul style="list-style-type: none"> › Vote for general issuance requests with preemptive rights, or without preemptive rights but with a binding “priority right,” for a maximum of 50 percent over currently issued capital. › Generally vote for general authorities to issue shares without preemptive rights up to a maximum of 10 percent of share capital. When companies are listed on a regulated market, the maximum discount on share issuance price proposed in the resolution must, in addition, comply with the legal discount (i.e., a maximum of 5 percent discount to the share listing price) for a vote for to be warranted.

Rationale for Change:

General share issuance requests under both authorized and conditional capital systems allow companies to issue shares to raise funds for general financing purposes. Approval of such authorization requests gives companies sufficient flexibility to carry out ordinary business activities without having to bear the expense of calling shareholder meetings for every issuance.

Issuances can be carried out with or without 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. Social Advisory Services' current approach is that issuance authorities of more than 100 percent (50 percent in France) can lead to excessive cash calls on shareholders, requiring them to provide the funds necessary to maintain their relative positions in the company or to accept substantial dilution. Corporate law in many countries recognizes preemptive rights and requires shareholder approval to waive such rights.

When companies make issuance requests without preemptive rights, shareholders suffer dilution because of such issuances. Therefore, authorizations should be limited to a fixed number of shares or a percentage of capital at the time of issuance. While conventions regarding this type of authority vary widely among countries, currently Social Advisory Services routinely approves issuance requests without pre-emptive rights for up to 20 percent of a company's outstanding capital in Continental Europe (10 percent in France).

However, trends among institutional investors are changing globally. More and more investors have tightened their internal voting guidelines and a majority of them only support general share issuances if the maximal dilution is 10 percent (without preemptive rights) or 50 percent (with preemptive rights), respectively. Especially in Europe where this policy is applicable, many investors in larger markets like the UK, France, or Germany already follow a stricter approach.

Social Advisory Services has not changed its policy on general share issuance requests for more than a decade. However, investors' guidelines and voting behaviors are evolving, and Social Advisory Services aims to adapt its policy considering these trends. Since Social Advisory Services is aware of the significance of this policy change for many European issuers, the policy changes will not take effect until Feb. 1, 2019, following a one-year transition period.

Share Repurchase Plans / Market-Specific Exceptions (Italy and Germany)

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
<p>Social Advisory Services Recommendation: For Italy and Germany, vote for share-repurchase plans and share reissuance plans that would use call and put options if the following criteria are met:</p> <ul style="list-style-type: none"> › The duration of the authorization options is limited in time to no more than 18 months; › The total number of shares covered by the authorization is disclosed; › The number of shares that would be purchased with call options and/or sold with put options is limited to a maximum of 5 percent of currently outstanding capital (or half of the total amounts allowed by law in Italy and Germany); › A financial institution, with experience conducting sophisticated transactions, is indicated as the party responsible for the trading; and › The company has a clean track record regarding repurchases. 	<p>Social Advisory Services Recommendation: For Italy and Germany, vote for share-repurchase plans and share reissuance plans that would use call and put options if the following criteria are met:</p> <ul style="list-style-type: none"> › The duration of the options is limited in time to no more than 18 months; › The total number of shares covered by the authorization is disclosed; › The number of shares that would be purchased with call options and/or sold with put options is limited to a maximum of 5 percent of currently outstanding capital (or half of the total amounts allowed by law in Italy and Germany); › A financial institution, with experience conducting sophisticated transactions, is indicated as the party responsible for the trading; and › The company has a clean track record regarding repurchases.

Rationale for Change:

This change is for clarification purposes only, since the term "authorization" could be misunderstood as referring to the share repurchase authorization.

SINGAPORE

Share Issuance Requests

Share Repurchase Plans

Current Social Advisory Services Recommendation, incorporating policy changes:	New Social Advisory Services Recommendation:
Social Advisory Services Recommendation: Generally vote for resolutions authorizing the company to repurchase its own shares, unless the premium over the average trading price of the shares as implied by the maximum price paid exceeds 5 percent for on-market and/or off-market repurchases.	Social Advisory Services Recommendation: Generally vote for resolutions authorizing the company to repurchase its own shares, unless the premium over the average trading price of the shares as implied by the maximum price paid exceeds 5 percent for on-market and/or off-market repurchases.

Rationale for Change:

Under Singapore Exchange rules, the premium at which market share repurchases can be made is limited to a price not more than 5 percent above the average closing market price over the five trading days before the repurchase. However, there are no rules regarding the premium allowed for off-market share repurchases.

Share repurchases at excessive premiums could prove costly to the company and lead to the deterioration of shareholder value. The introduction of price ceilings for share repurchases would limit potential abuses of the mandate, such as the buyback of shares from a related-party shareholder at an above-market price.

The adoption of share price limits would generally align the SRI policy with the viewpoints expressed by institutional investors during the ISS policy development process.

The updated policy will only apply to on-market and/or off-market share repurchase mandates. Repurchases under exceptional circumstances, such as one-off company specific events, would be assessed case-by-case based on the merits.

This document and all of the information contained in it, including without limitation all text, data, graphs, and charts (collectively, the "Information") is the property of Institutional Shareholder Services Inc. (ISS), its subsidiaries, or, in some cases third party suppliers.

The Information has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), or a promotion or recommendation of, any security, financial product or other investment vehicle or any trading strategy, and ISS does not endorse, approve, or otherwise express any opinion regarding any issuer, securities, financial products or instruments or trading strategies.

The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information.

ISS MAKES NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION AND EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.

Without limiting any of the foregoing and to the maximum extent permitted by law, in no event shall ISS have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits), or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited.



The Global Leader In Corporate Governance

www.issgovernance.com