1. Respondent Information

We appreciate you taking the time to provide input to this survey. Your answers will help inform ISS policy development on a variety of different governance topics across global markets. This survey is designed to allow you to skip questions that may not apply to you and to save time.

In a change from recent years, this year's questions will be posed within a single survey, with a more limited number of questions, to help streamline the process for respondents. Topics this year cover a broad range of issues, including: board gender diversity, director over-boarding, and director accountability relating to climate change risk, globally; combined chairman and CEO posts and the sun-setting of multi-class capital structures in the U.S.; the discharge of directors and board responsiveness to low support for remuneration proposals in Europe; and the use of Economic Value Added (EVA) in ISS' quantitative pay-for-performance, financial-performance-analysis secondary screen for companies in the U.S. and Canada.

The survey will close on August 9, 2019, at 5pm ET.

In addition to its annual survey, ISS conducts a variety of regionally-based, topic-specific roundtables and conference calls to gather broad input from investors, company executives, directors and others that will also factor into the update and development of ISS' benchmark policy guidelines for 2020 and beyond. After analysis and consideration of the survey responses and the many other inputs, ISS will, as in prior years, open a public comment period for all interested market participants on the final proposed changes to our policies for next year. The open comment period is designed to elicit objective, specific feedback from investors, companies and other market constituents on the practical implementation of proposed policy updates, before the final policy changes are published later in the year.

Please feel free to pass on a link to this survey —ISS 2019 Benchmark Policy Survey — to others to whom it could be relevant, such as your colleagues operating around the globe.

For your convenience, you can download a copy of the survey for reference.

Respondents must provide verifiable information pertaining to name, title, email, and organization. However, your individual survey responses will not be shared with anyone outside of ISS and will be used only by ISS for policy formulation purposes.

If you have questions or would like to submit any further responses to any of the survey questions, please send these to policy@issgovernance.com.

* Please provide your contact information.

Name

Title

Organization

Valid e-mail address

Country where you are based

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

- ◯ Institutional investor (asset manager)
- ◯ Institutional investor (asset owner)
- ◯ Advisor to institutional investors
- ◯ Public corporation
- ◯ Board member of a public corporation
- ◯ Advisor to public corporation
- ◯ Other (please specify)

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

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

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

* What is your primary geographic area of focus in answering the survey questions?

- ◯ Global (most or all of the below)
- ◯ U.S.
- ◯ Canada
- ◯ Latin America
- ◯ Continental Europe
- ◯ U.K.
- ◯ Asia-Pacific
- ◯ Developing/emerging markets generally
- ◯ Other (please specify)

2. Board Composition/Accountability

Board Gender Diversity - Global: In general, which of the following statements best reflects your organization's view on the importance of gender diversity on the boards of companies?

- ◯ Board gender diversity is an essential attribute of effective board governance regardless of the company, or of the market where a company is incorporated or lists its shares.
- ◯ Board gender diversity is an issue that should be examined on a market-by-market basis to determine if the company's boardroom recruitment practices appear to be significantly out of step with the laws, listing standards, or code of best practice of the market where it is incorporated or lists its shares with respect to gender diversity.
- ◯ Gender diversity in the boardroom is best addressed at the company-level rather than on a global or market basis and the analysis should include factors such as firm's market cap, industry sector and the laws, listing standards or code of best practice of the market where it is incorporated or lists its shares.
- ◯ Board gender diversity is not a significant factor that should be considered.
- ◯ Other (please specify)

Board Gender Diversity - Mitigating Factors for Lack of Women Directors - U.S.: With effect from 2020, under U.S. policy guidelines ISS will recommend voting against the nominating committee chair (or other members as appropriate) at Russell 3000 and/or S&P1500 companies that do not have at least one woman on the board. Mitigating factors that will be considered before a negative recommendation is made will include:

- A firm commitment, as stated in the company's proxy statement, to appoint at least one woman to the board in the near term, such as within the next year
- The presence of at least one woman on the board at the time of the preceding annual meeting
- Other relevant mitigating factors on a case-by-case basis if applicable

Would your organization consider other mitigating factors to be sufficient to avoid a negative ISS recommendation on directors?

- ◯ Yes
- ◯ No
- ◯ It depends (please specify)

If you answered “Yes” or "It depends" to the above question, what other mitigating factors would you consider to be sufficient? (Check all that apply)

- [ ] The company's commitment to include one or more women in its pool of candidates whenever it looks to add a new director to the board (sometimes referred to as the "Rooney rule")
- [ ] The company's commitment to conduct an active search to add women to the board, regardless of whether there is a current vacancy on the board
- [ ] Other (please specify)

Board Gender Diversity – India: Indian regulations now include a requirement, which will be phased in over several years, for boards of Indian public companies to have at least one female independent director. The top 500 listed Indian companies were required to have at least one independent woman director by April 2019. The top 1,000 companies must have at least one independent woman director by April 2020. Some companies have argued that compliance with this regulation may be out of their control, for example, if they do not receive timely government approval for a director appointment.

For Indian companies that are subject to these regulations, should shareholders hold members of nominating committees accountable for non-compliance with the board gender diversity regulations?

- ( ) Yes, without exception
- ( ) Yes, unless the company provides a compelling justification for its non-compliance
- ( ) No, nominating committee members should not be held accountable for a lack of gender diversity on the board, as it may be outside of their control
- ( ) No, but directors other than nominating committee members should be held accountable (please specify in comment field below):

Director Accountability and Track Records - Korea: In Korea, there have been numerous cases where senior executives of a company – often an individual serving as the executive chairman, CEO or managing director – have been indicted or convicted of bribery, embezzlement or other felony-level offenses that are directly related to their corporate service, but they continue to serve on boards. In such cases, ISS often recommends votes against the election or re-election of the accused or convicted felon and against the other directors for failing to remove the director in question from the board.

Some institutional investors have indicated their interest in tracking these directors (both the offending directors and the board members who failed to remove them from the board) to other companies where they serve on boards and have urged ISS to consider recommendations Against these nominees where warranted.

In your organization's view, should ISS consider recommending AGAINST a director nominee who has been indicted or convicted of felony-level offenses for wrongdoing at another company at which they serve as an officer or board member?

- ◯ Yes, my organization considers either an indictment or a conviction as material and relevant to the suitability of the director nominee to serve on the board of any company.
- ◯ Yes, but only when the director has been convicted should such a negative recommendation be made (i.e. indictment is insufficient).
- ◯ No, but my organization would consider it helpful for ISS to note such information in the proxy research report of companies where the director nominee serves on the board.
- ◯ No, my organization generally considers that a director's service on each board should be assessed by the board itself.
- ◯ It depends (please specify)

Director Accountability and Track Records - Korea: What does your organization consider an appropriate look-back period for a director who has been indicted or convicted of felony-level offenses?

- ◯ One year
- ◯ Three years
- ◯ Five years
- ◯ No time limit should apply
- ◯ Other (please specify)

Director Accountability and Track Records - Korea: In your organization's view, should ISS consider recommending AGAINST a director nominee who has failed to act to remove an executive director who has been indicted or convicted of felony-level offenses at other boards on which the director nominee serves?

- ◯ Yes, my organization considers any such failure as material and relevant to the suitability of the director nominee to serve on the board of any company.
- ◯ Yes, my organization would consider such a failure as material in the case of a conviction, but not an indictment.
- ◯ Yes, my organization considers any such failure as material and relevant to the suitability of the director nominee to serve on the board of any company, but with an appropriate look-back period that would exclude such failures in the distant past.
- ◯ No, but my organization would consider it helpful for ISS to note such information in the proxy research report of companies where the director nominee serves on the board.
- ◯ No, my organization generally considers a director's service on each board on a standalone basis.
- ◯ It depends (please specify)

Director Overboarding - Global: Some large institutional investors have recently tightened their limits on director overboarding, presumably believing the time commitment required to be an effective board member at a public company has increased in recent years.

Global standards on overboarding vary. The updated UK Corporate Governance Code, for example, indicates that full-time executive directors should not take on more than one non-executive directorship in a FTSE 100 company or other significant appointment. In Korea, an outside director who serves on more than two public company boards would be in violation of the Commercial Act and accompanying presidential decree.

Given the evolving views of some large institutional investors, ISS is revisiting the questions raised in the 2015 policy survey with respect to director overboarding to track changes, if any, in investors' and non-investors' attitudes on this topic.

Where local best practice codes and recommendations provide upper limits for board mandates beyond which directors would be considered overboarded, ISS policies generally apply these limits already. Where no such local limits exist, which of the following best represents your organization's view of potential "overboarding" with respect to non-executive directors?

- ◯ Six total board seats is an appropriate maximum limit.
- ◯ Five total board seats is an appropriate maximum limit.
- ◯ Four total board seats is an appropriate maximum limit.
- ◯ A general limit should not be applied, each board should consider what is appropriate and act accordingly.
- ◯ It depends/other (please specify)

Director Overboarding - Global: CEOs: Where no local limits exist, which of the following best represents your organization's view of potential "overboarding" with respect to directors who serve as CEOs?

- ◯ Three total board seats (including the "home" board where the director is CEO) is an appropriate maximum limit.
- ◯ Two total board seats (including the "home" board) is an appropriate maximum limit.
- ◯ A general limit should not be applied, each board should consider what is appropriate and act accordingly.
- ◯ It depends/other (please specify)

Misallocation of Capital Tied Up in Cross-Shareholdings - Japan As previously announced, ISS will introduce a new independence criterion in 2020 for its Japanese voting guidelines based on the existence of cross-holdings. Cross-shareholdings refer not only to mutual shareholdings but also unilateral holdings intended for purposes of strengthening a business relationship. Under the new criterion, ISS will not regard individual directors as independent if they work or previously worked at companies whose shares are held by the company in question as cross-shareholdings.

Capital misallocation and reduced market discipline resulting from cross-shareholdings have long been viewed as one of the most serious corporate governance problems in Japan. Cross-shareholding partner companies can be expected to typically support management and oppose shareholders' proposals. Accordingly, to the extent shareholder equity is allocated to engage in such practices, general shareholders will be worse off, as management challenge will be less likely to occur, and better strategic alternatives or capital policy, often proposed by shareholders, will be less likely to be implemented.

Does your organization consider it appropriate for shareholders to oppose the re-election of executive directors if the company allocates a significant portion of its assets to invest in cross-shareholdings?

- ◯ Yes
- ◯ No
- ◯ It depends (please specify)

If your organization answered "Yes" to the question above, what threshold is appropriate to define a “significant” portion of assets tied to cross-shareholdings?

- ◯ 5 percent of shareholder equity
- ◯ 10 percent of shareholder equity
- ◯ 20 percent of shareholder equity
- ◯ It depends/other (Please specify if other thresholds or formulas should be used, or if there is any other approach to define an inappropriate level of shareholder equity tied up in cross-shareholding practices.)

Approval of Discharge of Directors - Europe: Proposals to discharge directors of liability for their activities are seen in some European markets. In the past year, discharge votes were high-profile topics at several European companies. In the context of proxy voting, granting discharge to a company's directors may be compared to a tacit vote of confidence in the company's corporate management and policies. Under the European policy guidelines, ISS will generally recommend support for these discharge resolutions unless there are significant and compelling concerns that the board is not fulfilling its fiduciary duties, such as a clear lack of oversight, significant legal problems, or egregious governance failures.

What is your organization's view regarding ISS' current approach of recommending against the discharge of directors (or, where there is not a discharge vote on the agenda, other appropriate items, such as approval of the annual accounts, or election of directors) only in exceptional cases?

- ISS should maintain its current approach and recommend against discharge resolutions (or other appropriate items) only in exceptional cases of significant and compelling concerns.
- ISS should consider expanding its approach and recommending against discharge resolutions (or other appropriate items) in a wider range of circumstances.
- It depends on the circumstances and concerns (please specify any additional criteria that you consider would justify recommendations to vote against discharge of directors proposals, beyond the currently used criteria noted above).

Director Indemnification Proposals – Latin America: The corruption investigations initiated by Operation Car Wash in 2014, with Brazilian state-controlled oil company Petrobras at its core, have unfolded into multi-faceted cross-border investigations across many Latin American countries. 2014 also marked the first year of implementation of the Brazilian Anti-Corruption Law, known as Brazil's Clean Company Act, which created, for the first time in the country, the legal framework to hold a company accountable for corrupt actions carried out by its employees. Under this law, Brazilian authorities can enter into leniency agreements with companies that have effectively cooperated with these investigations.

As these corruption investigations have spread, companies have faced increased costs for Directors & Officers Insurance policies, also known as D&O Insurance.

As Brazil sees a growing number of leniency agreements and material increases in the cost of D&O Insurance, a growing number of companies have asked shareholders to approve indemnification provisions, either through bylaw amendments or specific indemnification contracts. Nonetheless, the country lacks specific hard laws regulating the disclosure and the terms of indemnity contracts and, as such, the Brazilian Securities Regulator (CVM) has issued two Guidance Opinions, one in 2016 and most recently in September 2018, providing recommended practices for the adoption of such instruments by publicly-traded companies.

ISS seeks specific shareholder feedback on the criteria currently used on the analysis and vote recommendation of such proposals, based on a case-by-case approach.

When seeking shareholder approval of indemnification-related proposals, which of the following factors should be provided by the company to effectively address and mitigate potential concerns about the adoption of such provisions? (Check all that apply):

- [ ] The existence of a publicly-available, board approved Indemnification Policy
- [ ] Disclosure of information regarding the financial impact of such provision
- [ ] Disclosure of the decision-making process for approval of such coverage in light of the potential conflict of interest among the company's administrators
- [ ] Disclosure of the potential group of beneficiaries
- [ ] The exclusion of coverage for current and/or former administrators who have signed leniency agreements with the country's authorities in the context of corruption investigations
- [ ] Disclosure of the template of the indemnification contract prior to its signature
- [ ] Other (please specify)

Combined CEO/Chair – U.S.: The debate over the proper board leadership structure continues, especially in the U.S. where many market participants agree in principle on the need for independent board leadership but disagree as to whether a lead independent director is an acceptable alternative to an independent board chair. Some investors in the U.S. market have limited tolerance for a combined Chair/CEO role whereas others view a combined role as acceptable provided that the company has a strong lead independent director. ISS U.S. policy recommends generally supporting shareholder proposals requesting that the position of board chair be filled by an independent director, after taking into consideration a wide variety of factors.

In your organization's view regarding shareholder proposals seeking an independent chair, which factors or circumstances would most strongly suggest the need for an independent board chair? (Check all that apply)

- [ ] A weak or poorly-defined lead director role
- [ ] Governance practices that weaken or reduce board accountability to shareholders (e.g. a classified board, plurality vote standard, inability of shareholders to call a special meeting, lack of a proxy access right)
- [ ] Lack of board refreshment or board diversity
- [ ] Poor responsiveness to shareholder concerns
- [ ] Long-term underperformance of the company relative to peer companies
- [ ] Scale/complexity of the business (that is, a larger or more complex business indicating a greater need for stronger separation of the leadership roles)
- [ ] Excessive or poorly-structured executive compensation
- [ ] A corporate crisis (e.g. a serious regulatory scandal, security breach, accounting scandal, or product/operational failure)
- [ ] Other (please specify)

3. Board/Capital Structure

Board Chair and Independence - Europe: In Europe, separation of the board chair and CEO roles is widely accepted as good governance practice (even though it is still not the norm in every country). However, the question of the independence of the chair and the interplay with overall board independence remains a more open topic. ISS European policy holds that a board of directors or supervisory board and its major committees should contain a sufficient number of independent directors to allow for the exercise of independent judgment. Therefore, for European companies, ISS may recommend against the election or reelection of any non-independent director, including the board chair, if their non-independence would lead to the board being considered insufficiently independent overall.

Given the importance of board independence and the key role of the board chair, ISS is considering whether a change of policy in this area may be appropriate. For European companies, what is your organization's view on whether ISS should recommend against the election or reelection of a non-independent chair, solely on the grounds that the chair should be independent, even if the overall independence level of the board would otherwise be acceptable?

- ◯ Yes, with no exceptions
- ◯ Yes, particularly if the non-independent chair is also the CEO
- ◯ Yes, except if the board has a lead independent director who can act as an acceptable counter-balance to the non-independence of the chair
- ◯ No, the current approach should be maintained
- ◯ It depends (please specify in the comment field below: e.g., a non-independent chairman may be temporarily acceptable following the splitting of combined chair/CEO role, etc.)

Board Chair and Independence - Europe: Would you apply the same approach in those European markets where a majority of companies currently combine the roles of CEO and Chair, such as France and Spain?

- ◯ Yes
- ◯ No
- ◯ It depends (please specify)

Director Election Frequency (Board Terms) – Europe: In Europe, directors are generally elected for terms of one to four years, with annual elections considered best practice. However, some European markets still typically allow for longer terms. In Germany, for example, where local market practice allows for five-year board terms, the Corporate Governance Code Commission proposed a standard board term of three years in the draft version of a revised German Code at the end of last year. Although many investors welcomed this new recommendation in the public consultation process, it was omitted in the final version of the new 2019 German Code due to issuer concerns, and the five-year maximum term remains.

What is the maximum acceptable length of time that members of a European board of directors or supervisory board should be able to serve without shareholders being able to vote on their election or reelection?

- ◯ A term greater than 4 years is acceptable as long as it is in line with local market standards and any legal requirements
- ◯ No more than 4 years is acceptable (current maximum as indicated in ISS' European proxy voting guidelines)
- ◯ No more than 3 years is acceptable
- ◯ Annual re-election is best practice and should be the norm
- ◯ It depends (please specify)

ROE and Three-Committee System Companies - Japan: Currently, ISS Japan policy recommends opposing top executive(s)[1] at a Japanese company that has underperformed in terms of capital efficiency (i.e., when the company has posted average return on equity (ROE) of less than five percent over the last five fiscal years)[2], unless improvement[3] is observed. The policy is applied to all Japanese companies, regardless of their board structure (i.e., statutory auditor system, audit committee system, or three committee system). The premise is that a Japanese board is a management group, rather than a supervisory body. Since top executives often exert strong influence over the selection of board members, shareholders may not be able to rely on such board members to challenge or remove poorly performing top executives.

ISS is considering a change to its Japan policy, exempting companies with a three-committee system from the ROE policy application. Unlike companies employing the other two board structures, companies with a three-committee system are legally required to establish nomination and compensation committees, and a majority of each committee are required to be outside directors. As a result, shareholders can have clear expectations that the outside directors will play a key role in director appointments and executive succession decisions.

The three-committee governance structure was first introduced in 2002. However, nearly two decades after the introduction, only 2 percent of companies have opted for that board system, while companies with a statutory auditor system account for 71 percent, and companies with an audit committee system account for 27 percent. This demonstrates the difficulty of Japanese companies to delegate authority concerning nomination and compensation matters to respective committees composed of a majority of outsiders.

From January to June 2019, ISS recommended votes against top executives based on the ROE policy at 12 percent of companies with a three-committee system, compared to 21 percent of companies with the other two governance structures.

Which of the following best reflects your organization's view on whether companies with a three-committee system should be exempted from the ROE policy application?

[1] In most cases, the top executive will be the “shacho” (president). However, there are companies where the decision-making authority also rests with the “kaicho” (executive chairman) or “daihyo torishimariyaku” (representative director).

[2] Exceptions may be considered for cases such as where the top executive has newly joined the company in connection with a bailout or restructuring. This policy will not be applied to companies which have been public for less than five years.

[3] Improvement is defined as ROE of five percent or greater for the most recent fiscal year.

- ◯ Companies with a three-committee system should always be exempted from the ROE policy application without considering any additional requirements.
- ◯ Additional requirements should be considered in determining whether companies with a three-committee system should be exempted from the ROE policy application.
- ◯ Companies with a three-committee system should never be exempted from the ROE policy application.

If your organization answered the second choice in the question above, which of the following additional requirements are considered needed to exempt a company from this policy (Check all that apply)?

- [ ] A majority independent board
- [ ] A fully independent nomination committee
- [ ] An independent nomination committee chair
- [ ] Other (please specify)

Sunsets on Multi-Class Capital Structures – U.S.: Triggers to end (sunset) multi-class capital structures in U.S. companies are usually either based on:

- the passage of a set amount of time (time-based sunset provisions), or
- aggregate ownership level of insiders and/or the super-voting class falling below a certain threshold (ownership-based sunset provisions).

Alternatively, some sunset provisions utilize a combination of time and ownership triggers, usually based on whichever occurs earliest.

In regard to time-based sunset provisions, does your organization consider a maximum seven-year sunset provision for a multi-class capital structure appropriate?

- ( ) Yes
- ( ) No

If you indicated "No" in the question above, what you consider to be the appropriate maximum term of a sunset provision?

- ( ) Ten years or more
- ( ) 7 to 9 years
- ( ) 4 to 6 years
- ( ) Less than 4 years
- ( ) No multi-class structure is appropriate, with any sunset provision
- ( ) Other (please specify)

4. Compensation

Board Responsiveness to Low Support for Remuneration Proposal – Europe: The revised EU shareholder rights directive (a.k.a. "SRD II") requires companies to describe and explain how the votes and views of shareholders on the remuneration policy and reports are taken into account. When a company receives significant vote opposition to a remuneration-related proposal (even though the proposal passes), does your organization consider that the company should take responsive steps to understand and address investors' concerns?

- ◯ Yes, the board should take steps to understand and consider investors' concerns as expressed by low support for the remuneration proposal, and report this feedback to shareholders, generally prior to the following AGM
- ◯ No, the proposal has been passed by a majority of votes, and that is generally sufficient
- ◯ It depends (please specify)

If you answered "Yes" to the question above, what level of vote opposition do you consider significant?

- ◯ 30 percent or more of votes cast against the board's recommendation
- ◯ 20 percent or more of votes cast against the board's recommendation
- ◯ The level of opposition should take into account the capital structure of the company and consider a threshold representing the "free float" opposition
- ◯ Other (please specify)

If you answered Yes to the question above, what accountability measures would be appropriate for a board that fail to demonstrate sufficient responsiveness to address investors' concerns following a low vote result? (Check all that apply)

- ☐ Vote against the subsequent remuneration proposal
- ☐ Vote against the compensation committee chair
- ☐ Vote against the compensation committee members
- ☐ Other (please specify)

Quantitative Pay-for-Performance - EVA in FPA Secondary Screen – U.S. and Canada: Beginning in 2019, ISS' research reports for the U.S. and Canadian markets started to include additional information on company performance using Economic Value Added (EVA) metrics. Inclusion of EVA data came in response to broad client feedback over several years that asked ISS to consider the use of additional financial metrics beyond TSR. EVA is a framework that applies a series of uniform, rules-based adjustments to financial statement accounting data, and aims to measure a company's true underlying economic profit and capital productivity.

ISS believes that EVA metrics often provide an improved framework for comparing performance across companies with varying business models and capital structures, as compared to using purely GAAP-based financial metrics. Accordingly, ISS plans to incorporate EVA metrics into the Financial Performance Assessment (FPA) screens for the U.S. and Canadian pay-for-performance models. The FPA is a secondary pay-for-performance screen that is used to assess a narrow subset of companies where the primary pay-for-performance screens indicate a borderline result between Low and Medium concern levels. Four EVA metrics will be used in the FPA's comparison of relative long-term financial performance. Aside from the change to using the four EVA metrics where the FPA screen is applied, the basic operation of the FPA as a secondary screen affecting a relatively small number of companies would be unchanged.

Initial feedback from some investor clients in 2018 indicated that, in the event of the use of EVA metrics in this manner, they would find it useful for ISS to continue to display the prior-used GAAP metrics separately as a point of comparison. Which of the following best describes your organization's viewpoint?

- ◯ The prior-used GAAP-based metrics should be displayed below the FPA screen in the report as a point of comparison
- ◯ Display of the prior-used GAAP-based metrics is unnecessary
- ◯ Other (please specify)

5. Risk Oversight on Climate Change

Director Accountability for Failure to Assess and Mitigate Climate Change Risk - Global: Measuring and assessing the impact of risks related to climate change in portfolio companies is increasingly important to many investors. The Paris Agreement's long-term goal to keep the increase in global average temperature to well below 2°C is receiving continued attention, including by many institutional investors. The emergence of widely accepted voluntary disclosure frameworks, such as the Taskforce on Climate-related Financial Disclosures (TCFD), encourages companies to adopt standardized approaches to reporting that allow investors to better evaluate companies' climate awareness and risk management. In addition to the direct environmental impacts of climate change, government-mandated frameworks and legislation to regulate climate change related disclosure and carbon emissions performance are spreading. Most if not all Paris agreement signatories (approximately 200 countries) had at least one law or policy related to climate change as of May 2018. This rising regulatory tide illustrates the need for companies to assess and mitigate regulatory risks related to climate change, as well as potentially direct environmental risks to their businesses.

Does your organization consider that climate change should be a high priority component of companies' risk assessments?

- ○ Yes, all companies should be assessing and disclosing their climate-related risks and taking actions to mitigate them where possible
- ○ Maybe - each company's appropriate level of disclosure and action will depend on a variety of factors including its own business model, its industry sector, where and how it operates, and other company-specific factors and board members.
- ○ No, the possible impacts of climate change and regulations to limit it are often too uncertain to incorporate into a company-specific risk assessment model.

Director Accountability for Failure to Assess and Mitigate Climate Change Risk - Global: What actions, if any, does your organization consider may be appropriate for shareholders to take at a company that is assessed to be not effectively reporting on or addressing its climate change risk? (Check all that apply)

- [ ] Consider engaging with the board and/or management
- [ ] Consider supporting a shareholder proposal seeking increased disclosure related to greenhouse gas (GHG) emissions or other climate-related measures
- [ ] Consider supporting a shareholder proposal seeking establishment of specific targets for reduction of GHG emissions or other climate-related measures
- [ ] Consider voting against the chair of the audit, risk, or other relevant committee responsible for risk management
- [ ] Consider voting against the board chair or the lead independent director
- [ ] Consider voting against the full board
- [ ] Consider voting against the company's financial statements, statutory reports, or Corporate Social Responsibility report (in markets where this is an option)
- [ ] Consider divesting or excluding from investment (with announcement to the company or public announcement)
- [ ] Other (please specify)

6. Other

Article Amendments - Cash dividends - Taiwan: On July 6, 2018, Taiwan's Legislative Yuan approved the revised Company Act to allow public companies to declare dividends semiannually or quarterly and to delegate greater authority to the board regarding the company's cash dividend distribution plan. The new provision under Article 240 of the Company Act specifies that companies may authorize in their Articles the right of the board to decide on the company's cash dividend distribution plan upon approval by a majority vote at a meeting of the board attended by two-thirds of all directors. Such a distribution shall be subsequently reported to shareholder meetings. However, stock dividend distribution plans still require shareholder approval.

Currently, shareholder approval is needed for the company's dividend distribution plan, either in cash or stock. Upon voluntary adoption of the new provision under Article 240 of the Company Act, the board may be authorized to decide on the company's cash dividend distribution plan, rendering such proposal merely a reporting item at shareholder meetings. Under such circumstance, shareholders' right to approve the company's cash dividend payment is deemed to have been taken away.

The current ISS policy for Taiwan does not include voting guidelines pertaining to this amendment.

In your organization's view, should ISS recommend AGAINST a proposal to amend the company's article of incorporation that would give the board full authority to decide on the company's cash dividend distribution plan?

- ◯ Yes, as such a provision would essentially undermine shareholders' right in deciding on cash dividend payments.
- ◯ No, the proposal should be treated as a technical change given that it is encouraged by the regulations and shareholders often do not have the complete set of information required to make informed decisions on dividend distributions.
- ◯ It depends (please specify)

Please provide any final survey comments below. Thank you!