

## Kathy Belyeu

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**From:** Satu Inkiläinen, UPM <satu.inkilainen@upm.com>  
**Sent:** Friday, October 18, 2019 8:31 AM  
**To:** Policy  
**Subject:** Feedback on proposed benchmark policy changes for 2020 by ISS - Continental Europe [UPM-2013384]

Dear Sir/Madam,

Please find below our feedback on your proposed policy changes from an issuer's perspective:

### **Board Gender Diversity**

- (1) Do you support the proposed policy change? **YES**
- (2) Do you have any concerns with the proposed policy change? **NO**
- (3) If the change contemplates ISS making adverse vote recommendations, are they targeted appropriately? How do you apply this to bundled director elections in countries where this is a market practice?
- (4) If the change contemplates ISS making adverse vote recommendations, what mitigating factors should be considered? **Number of directors, explanation for departure**
- (5) Are there any other factors that ISS should consider when contemplating the proposed policy change?

### **Remuneration Committee Responsiveness**

- (1) Do you support the proposed policy change? **PARTLY**
- (2) Do you have any concerns with the proposed policy change? **What is considered egregious and how do you measure dissenting views and what is considered significant?**
- (3) If the change contemplates ISS making adverse vote recommendations, are they targeted appropriately? **We think it excessive to apply an adverse vote to the discharge of directors or the annual report and accounts due to executive remuneration related matters.**
- (4) If the change contemplates ISS making adverse vote recommendations, what mitigating factors should be considered?
- (5) Are there any other factors that ISS should consider when contemplating the proposed policy change? **In Finland, the shareholder vote on the remuneration policy and remuneration report is advisory and the policy and report apply to members of the board of directors or supervisory board and the chief executive officer and his/her deputy.**

### **Use of Discretion by Remuneration Committees**

- (1) Do you support the proposed policy change? **PARTLY**
- (2) Do you have any concerns with the proposed policy change? **When it comes to use of discretion, it is most often the entire Board that makes the decision to use discretion, not the remuneration/compensation committee.**
- (3) If the change contemplates ISS making adverse vote recommendations, are they targeted appropriately?
- (4) If the change contemplates ISS making adverse vote recommendations, what mitigating factors should be considered?
- (5) Are there any other factors that ISS should consider when contemplating the proposed policy change? **Use discretion when referring to ESG matters. According to the directive, "directors' performance should be assessed using both financial and non-financial performance criteria, including, where appropriate, environmental, social and governance factors."**

Kind regards,  
Satu Inkiläinen

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