



INTERNATIONAL PUBLIC FUND PROXY VOTING GUIDELINES UPDATES

2021 Policy Recommendations

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Board of Directors

Director and Supervisory Board Member Elections

Overboarding

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Advisory Services Policy:
<p>Public Fund Advisory Services Recommendation: In markets where detailed information is generally provided, votes against or withhold votes on individual nominees, key committee members or the entire board can be triggered by one or more of the following concerns:</p> <ul style="list-style-type: none"> ▪ Lack of a majority independent board; ▪ Attendance of director nominees at board and key committee meetings of less than 75 percent without valid reason or explanation; ▪ Lack of full independence on key board committees (i.e. audit, compensation, and nominating committees); ▪ Failure to establish any key board committees (i.e. audit, compensation, or nominating) including where the board serves in the capacity of a key committee, and where there is insufficient information to determine whether key committees exist, who the committee members are, or whether the committee members are independent; ▪ Presence of a non-independent board chairman; ▪ Directors serving on an excessive number of other boards which could compromise their primary duties. In markets where the number of board appointments is routinely available, an excessive number of boards is defined as: <ul style="list-style-type: none"> ▪ Any person who holds more than four 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 position counts as two mandates, and a position as executive director (or a comparable role) is counted as three mandates. ▪ Also, any CEO who holds more than 2 total mandates at listed companies will be classified as overboarded at all boards where the director is not currently CEO. 	<p>Public Fund Advisory Services Recommendation: In markets where detailed information is generally provided, votes against or withhold votes on individual nominees, key committee members or the entire board can be triggered by one or more of the following concerns:</p> <ul style="list-style-type: none"> ▪ Lack of a majority independent board; ▪ Attendance of director nominees at board and key committee meetings of less than 75 percent without valid reason or explanation; ▪ Lack of full independence on key board committees (i.e. audit, compensation, and nominating committees); ▪ Failure to establish any key board committees (i.e. audit, compensation, or nominating) including where the board serves in the capacity of a key committee, and where there is insufficient information to determine whether key committees exist, who the committee members are, or whether the committee members are independent; ▪ Presence of a non-independent board chairman; ▪ Directors serving on an excessive number of other boards which could compromise their primary duties. In markets where the number of board appointments is routinely available, an excessive number of boards is defined as: <ul style="list-style-type: none"> ▪ Any person who holds more than four 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 chair position counts as two mandates, and a position as executive director (or a comparable role) is counted as three mandates. ▪ Also, any CEO who holds more than 2 total mandates at listed companies will be classified as overboarded at all boards where the director is not currently CEO.

~~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.~~

Rationale for Change:

Investor Sentiment

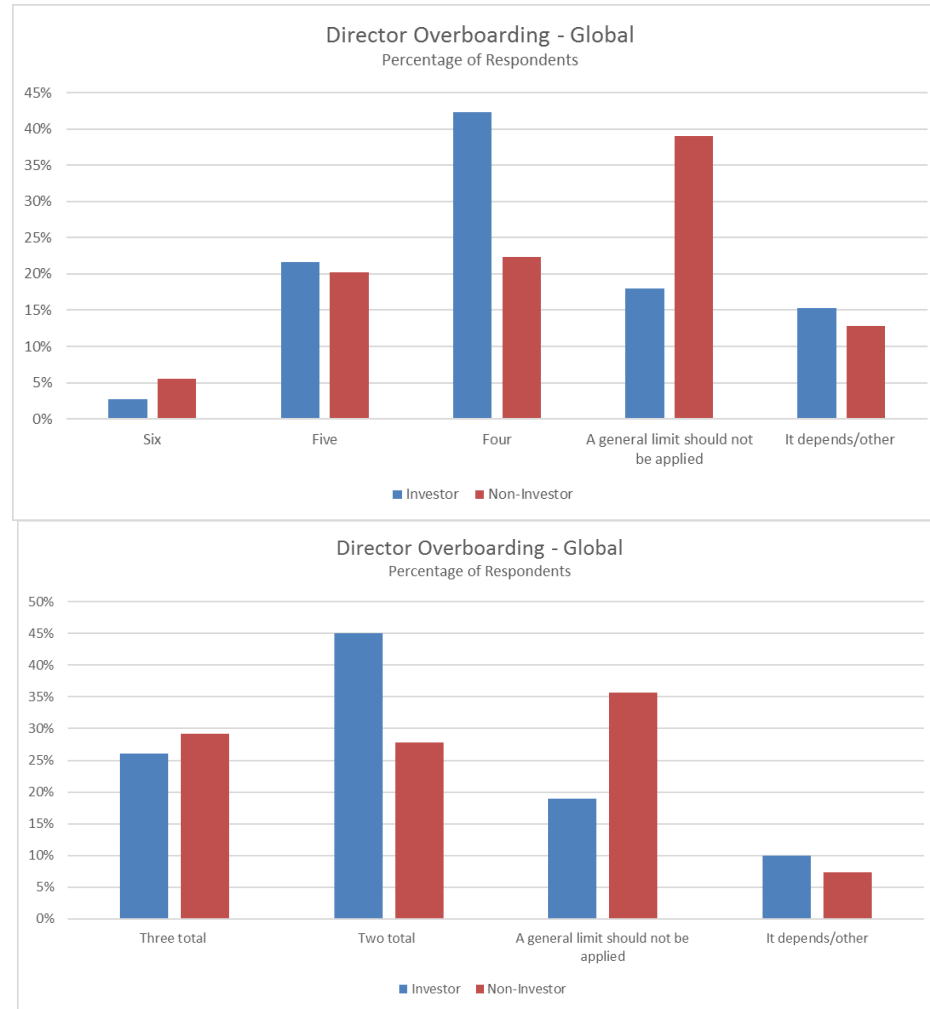
Global standards on overboarding vary. The updated UK Corporate Governance Code, for example, indicates that full-time executive directors should not take on more than one non-executive directorship in a FTSE 100 company or other significant appointment. In Korea, an outside director who serves on more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

This proposed change will align the Public Fund Advisory Services policy with the views of our clients as well as wider investor sentiment trends towards more strict overboarding standards^{1,2}. Results of Public Fund Advisory Services' 2020 Policy Survey as well as ISS' 2019 Global Proxy Survey indicate that a plurality of clients view a maximum of four total director appointments as an appropriate limit for non-CEO directors and two total director appointments for directors that are CEOs at outside companies. As a result, the Canadian overboarding section has been removed from the guidelines as well in line with the changes to the general overboarding limits.

¹ <https://www.sidley.com/-/media/update-pdfs/2020/04/20200421-corporate-governance-update.pdf?la=en>

² <https://www.isscorporatesolutions.com/library/director-overboarding-global-trends-definitions-and-impact/>

2019 ISS Global Policy Survey Results³



³ <https://www.issgovernance.com/file/policy/2019-2020-iss-policy-survey-results-report.pdf>

Governance Failures

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <p>In markets where detailed information is generally provided, votes against or withhold votes on individual nominees, key committee members or the entire board can be triggered by one or more of the following concerns:</p> <p>...</p> <ul style="list-style-type: none"> ▪ Egregious actions including: <ul style="list-style-type: none"> ▪ Material failures of governance, stewardship, risk oversight*, or fiduciary responsibilities at any company on whose board a director serves (objectively coming to light in legal proceedings, regulatory investigation or enforcement, or other manner which takes place in relation to the company, directors or management); ▪ Failure to replace management or directors as appropriate; or ▪ Egregious actions related to the director(s)' service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company. <p>*Examples of failure of risk oversight include but are not limited to: bribery; large or serial fines or sanctions from regulatory bodies; demonstrably poor risk oversight of environmental and social issues, including climate change; significant adverse legal judgments or settlement; or hedging of company stock.</p>	<p>Public Fund Advisory Services Recommendation:</p> <p>In markets where detailed information is generally provided, votes against or withhold votes on individual nominees, key committee members or the entire board can be triggered by one or more of the following concerns:</p> <p>...</p> <ul style="list-style-type: none"> ▪ Egregious actions including: <ul style="list-style-type: none"> ▪ Material failures of governance, stewardship, risk oversight*, or fiduciary responsibilities at any company on whose board a director serves (objectively coming to light in legal proceedings, regulatory investigation or enforcement, or other manner which takes place in relation to the company, directors or management); ▪ Failure to replace management or directors as appropriate; or ▪ Egregious actions related to the director(s)' service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company. <p>*Examples of failure of risk oversight include but are not limited to: bribery; large or serial fines or sanctions from regulatory bodies; demonstrably poor risk oversight of environmental and social issues, including climate change; significant adverse legal judgments or settlement; or hedging of company stock.</p>

Rationale for Change:

While the specific language regarding the “Governance Failures” policy varies from market to market, the Public Fund Advisory Services International Policy guideline document is being updated to include explicit references to poor risk oversight of environmental and social issues as examples of material failure that may result in adverse vote recommendations.

Board Gender Diversity

Canada

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <p>For S&P/TSX Composite Index Canadian companies, effective February 2022, generally vote withhold for the Chair of the Nominating Committee or Chair of the committee designated with the responsibility of a nominating committee, or Chair of the board of directors if no nominating committee has been identified or no chair of such committee has been identified, where women comprise less than 30% of the board of directors, and:</p> <ul style="list-style-type: none"> ▪ The company has not disclosed a formal written gender diversity policy⁴; and ▪ There are no female directors on the board of directors. <p>The gender diversity policy from the specified companies should include an explicit percentage or numerical target for women's representation that is at least 30% of the board. Where such target has not been attained, a reasonable timeframe should be provided under which the company commits to achieving a representation of at least 30%.</p> <p>For widely-held⁵ Canadian companies which are <u>not</u> also S&P/TSX Composite Index constituents, generally vote withhold for the chair of the nominating committee or chair of the committee designated with the responsibility of a nominating committee, or chair of the board of directors if no nominating</p>	<p>Public Fund Advisory Services Recommendation:</p> <p>For S&P/TSX Composite Index Canadian companies, effective February 2022, generally vote withhold for the Chair of the Nominating Committee or Chair of the committee designated with the responsibility of a nominating committee, or Chair of the board of directors if no nominating committee has been identified or no chair of such committee has been identified, where women comprise less than 30% of the board of directors, and:</p> <ul style="list-style-type: none"> ▪ The company has not disclosed a formal written gender diversity policy⁴; and ▪ There are no female directors on the board of directors. <p>The gender diversity policy from the specified companies should include an explicit percentage or numerical target for women's representation that is at least 30% of the board. Where such target has not been attained, a reasonable timeframe should be provided under which the company commits to achieving a representation of at least 30%.</p> <p>For widely-held⁵ Canadian companies which are <u>not</u> also S&P/TSX Composite Index constituents, generally vote withhold for the chair of the nominating committee or chair of the committee designated with the responsibility of a nominating committee, or chair of the board of directors if no nominating</p>

⁴ Per NI 58-101 and Form 58-101F1, the issuer should disclose whether it has adopted a written policy relating to the identification and nomination of women directors. The policy, if adopted, should provide a short summary of its objectives and key provisions; describe the measures taken to ensure that the policy has been effectively implemented; disclose annual and cumulative progress by the issuer in achieving the objectives of the policy, and whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

⁵ "Widely-held" refers to S&P/TSX Composite Index companies as well as other companies that Public Fund Advisory Services designates as such based on the number of clients holding securities of the company.

<p>committee has been identified or no chair of such committee has been identified, where:</p> <ul style="list-style-type: none"> ▪ The company has not disclosed a formal written gender diversity policy⁵; and ▪ There are no female directors on the board of directors. 	<p>committee has been identified or no chair of such committee has been identified, where:</p> <ul style="list-style-type: none"> ▪ The company has not disclosed a formal written gender diversity policy⁵; and ▪ There are no female directors on the board of directors.
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Rationale for Change:

Gender diversity has remained a high-profile corporate governance issue in the Canadian market. Effective Dec. 31, 2014, as per National Instrument 58-101 Disclosure of Corporate Governance Practices, TSX-listed issuers are required to provide proxy disclosures regarding whether, and if so how, the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. Also required is disclosure of policies or targets, if any, regarding the representation of women on the board. The disclosure requirement has been a catalyst for the addition of women on the boards of many widely-held TSX-listed reporting issuers. Widely-held TSX-listed company boards lacking a policy commitment and having zero female directors have been deemed to be outliers lagging market expectations in this regard.

Further to this objective, in September 2017, the Canadian 30% Club Investor Group committed to exercising ownership rights to encourage increased representation of women on S&P/TSX Composite Index company boards to a minimum 30% threshold. In 2020, the Capital Markets Modernization Task Force recommended an overhaul to the "comply or explain" regime and would instead require TSX-listed companies to set diversity targets and provide data on the progress being made. As the sentiment supporting representation of women at boards has steadily grown in Canada, it has become clear that a higher standard of representation by women is expected, with S&P/TSX Composite Index constituents playing a vital role in this process as market leaders.

Brazil

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <p>For Latin American meetings on or after Feb. 1, 2022, generally vote against director elections at companies where the post-election board contains no female directors.</p> <ul style="list-style-type: none"> ▪ For bundled elections, vote against the entire slate. ▪ For unbundled elections, vote against the chair of the Nominating Committee or chair of the committee designated with the responsibility of a nominating committee, or all such committee members if no committee chair has been identified. In case no nominating committee has been disclosed, vote against the chair of the board, or the entire board if no board chair has been identified. <p>A one-year transitional period will apply in 2021 to allow Brazilian companies to incorporate gender diversity into their board compositions. During this transitional period, vote recommendations will not be impacted by the gender diversity policy. The gender diversity policy will come into effect on Feb. 1, 2022.</p>	<p>Public Fund Advisory Services Recommendation:</p> <p>For Latin American meetings on or after Feb. 1, 2022, generally vote against director elections at companies where the post-election board contains no female directors.</p> <ul style="list-style-type: none"> ▪ For bundled elections, vote against the entire slate. ▪ For unbundled elections, vote against the chair of the Nominating Committee or chair of the committee designated with the responsibility of a nominating committee, or all such committee members if no committee chair has been identified. In case no nominating committee has been disclosed, vote against the chair of the board, or the entire board if no board chair has been identified. <p>A one-year transitional period will apply in 2021 to allow Brazilian companies to incorporate gender diversity into their board compositions. During this transitional period, vote recommendations will not be impacted by the gender diversity policy. The gender diversity policy will come into effect on Feb. 1, 2022.</p>

Rationale for Change:

Boards of Latin American companies generally suffer from a lack of or low gender diversity. Regional markets have few hard or soft laws on the subject, and many issuers have failed to adopt best practices regarding board diversity. For the largest Latin American markets covered by Public Fund Advisory Services (Argentina, Brazil, Chile, Colombia, Mexico, and Peru), the number of companies lacking diversity on boards remain high; 38.2 percent of all Latin American companies covered by Public Fund Advisory Services with board elections in 2020 did not have a female director.

Global investors as well as civil organizations in the region and throughout the world have made strides to advance board diversity in general, often with a focus on increased female participation. Moreover, large institutional investors such as Goldman Sachs and State Street Global Advisors have recently committed publicly to board diversity principles, reflecting the importance of diversity, including gender diversity, to improve companies' corporate governance and long-term results.

In this context, Public Fund Advisory Services its policy to require the presence of at least one woman on boards of directors. The implementation of the new board gender diversity policy brings the Latin American market in line with other international ISS policies, which have already established guidelines on the subject. Moreover, the adoption of such policy provides an additional incentive for companies in the region to consider gender when assessing and evaluating their board compositions.

South Korea

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <p>For South Korean companies, generally vote against the chair of the nomination committee (or other senior members of the nomination committee on a case-by-case basis) up for election if the company is non-compliant with the board gender diversity regulation.</p>	<p>Public Fund Advisory Services Recommendation:</p> <p>For South Korean companies, generally vote against the chair of the nomination committee (or other senior members of the nomination committee on a case-by-case basis) up for election if the company is non-compliant with the board gender diversity regulation.</p>

Rationale for Change:

South Korea's Ministry of Justice announced an amendment to the Financial Investment Services and Capital Markets Act, which requires all companies with asset sizes greater than KRW 2 trillion (“Large Companies”) to have at least one female director on the board (Article 165-20). The implementation will be effective as of August 5, 2020. As the implementation takes place, board gender diversity is expected to improve starting from the 2021 proxy season. Given the regulation is imposed on KOSPI listed large companies, this policy will cover those qualified Large Companies.

Australia

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <p>In Australian companies, generally vote against the chair of the nomination committee or chairman of the board (or other relevant directors on a case-by-case basis) if there are no women on the board. Mitigating factors include:</p> <ul style="list-style-type: none"> ▪ A commitment to appoint at least one female director as disclosed in the company's meeting documents or in an announcement to the ASX; ▪ The presence of a female director on the board during the preceding year; or ▪ Other relevant factors. 	<p>Public Fund Advisory Services Recommendation:</p> <p>In Australian companies, generally vote against the chair of the nomination committee or chairman of the board (or other relevant directors on a case-by-case basis) if there are no women on the board. Mitigating factors include:</p> <ul style="list-style-type: none"> ▪ A commitment to appoint at least one female director as disclosed in the company's meeting documents or in an announcement to the ASX; ▪ The presence of a female director on the board during the preceding year; or ▪ Other relevant factors.

Rationale for Change:

The policy on gender diversity for this market is being added to align it with the gender policies for other relevant market, such as the U.K. and the U.S. For the first time, vote recommendations will be made for Australian boards lacking gender diversity.

UK & Ireland

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <p>In UK & Ireland, generally recommend against the chair of the nomination committee (or other directors on a case-by-case basis) in the following cases:</p> <ul style="list-style-type: none"> ▪ The company is a constituent of the FTSE 350 (excluding investment trusts) and the board does not comprise at least 33 percent representation of women, in line with the recommendation of the Hampton-Alexander Review. ▪ The company (excluding investment trusts) is a constituent of any of the following, and there is not at least one woman on the board: <ul style="list-style-type: none"> ▪ FTSE SmallCap; ▪ ISEQ 20; ▪ Listed on the AIM with a market capitalisation of over GBP 500 million. <p>Mitigating factors include:</p> <ul style="list-style-type: none"> ▪ Compliance with the relevant board diversity standard at the preceding AGM and a firm commitment, publicly available, to comply with the relevant standard within a year. In 2021 only, for FTSE 350 constituents, a public commitment to bring the composition of the board in line with the recommendations of the Hampton-Alexander Review by the following AGM will not result in a negative recommendation, regardless of the previous composition of the board. ▪ Other relevant factors as applicable. 	<p>Public Fund Advisory Services Recommendation:</p> <p>In UK & Ireland, generally recommend against the chair of the nomination committee (or other directors on a case-by-case basis) in the following cases:</p> <ul style="list-style-type: none"> ▪ The company is a constituent of the FTSE 350 (excluding investment trusts) and the board does not comprise at least 33 percent representation of women, in line with the recommendation of the Hampton-Alexander Review. ▪ The company (excluding investment trusts) is a constituent of any of the following, and there is not at least one woman on the board: <ul style="list-style-type: none"> ▪ FTSE SmallCap; ▪ ISEQ 20; ▪ Listed on the AIM with a market capitalisation of over GBP 500 million. <p>Mitigating factors include:</p> <ul style="list-style-type: none"> ▪ Compliance with the relevant board diversity standard at the preceding AGM and a firm commitment, publicly available, to comply with the relevant standard within a year. In 2021 only, for FTSE 350 constituents, a public commitment to bring the composition of the board in line with the recommendations of the Hampton-Alexander Review by the following AGM will not result in a negative recommendation, regardless of the previous composition of the board. ▪ Other relevant factors as applicable.

Rationale for Change:

The changes are consistent with the increasing focus on board diversity at the global level and bring Public Fund Advisory Services' policy for these markets in line with the recommendations of the Hampton-Alexander Review, the relevant standard for constituents of the FTSE 350 index.

Continental Europe

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <p>In Continental Europe, United Kingdom, and Ireland, generally vote against the chair of the nomination committee (or other directors on a case-by-case basis) if when there are no female directors on the board of a widely-held company.</p> <p>Mitigating factors may be:</p> <ul style="list-style-type: none"> ▪ The underrepresented gender accounts for less than 30 percent (or any higher domestic threshold) of board directors of a widely-held company⁶. ▪ Both genders are not represented on the board of a non-widely-held company. <p>Mitigating factors may include:</p> <ul style="list-style-type: none"> ▪ The presence of a female director on the board Compliance with the relevant standard at the preceding annual meeting and a firm commitment, publicly available, to appoint at least one female director to comply with the relevant standard within a year; or ▪ Other relevant factors as applicable. 	<p>Public Fund Advisory Services Recommendation:</p> <p>In Continental Europe, generally vote against the chair of the nomination committee (or other directors on a case-by-case basis) if:</p> <ul style="list-style-type: none"> ▪ The underrepresented gender accounts for less than 30 percent (or any higher domestic threshold) of board directors of a widely-held company⁶. ▪ Both genders are not represented on the board of a non-widely-held company. <p>Mitigating factors may include:</p> <ul style="list-style-type: none"> ▪ Compliance with the relevant standard at the preceding annual meeting and a firm commitment, publicly available, to comply with the relevant standard within a year; or ▪ Other relevant factors as applicable.

Rationale for Change:

The policy change has two parts. First, it extends the requirement to have both genders represented on listed companies' boards across all Continental European markets, regardless of the company's size, as gender diversity quotas typically (although not always) apply to all companies. Second, the updated policy sets a higher minimum gender representation threshold (30 percent) for widely-held companies, recognizing the thresholds applicable in many EU jurisdictions.

⁶A one-year transitional period will apply in 2021. During this transitional period, vote recommendations will not be impacted by the policy applicable to widely-held companies. The latter will come into effect on Feb. 1, 2022.

Capital Structure

General Issuances

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Services Policy:
<p>Following the Florange Act of 2016, for French companies listed on a regulated market, Public Fund Advisory Services will generally vote against any general authorities impacting the share capital (i.e. authorities for share repurchase plans and any general share issuances with or without preemptive rights, including by capitalization of reserves) if they can be used for antitakeover purposes without shareholders' prior explicit approval.</p>	<p>Following the Florange Act of 2016, for French companies listed on a regulated market, Public Fund Advisory Services will generally vote against any general authorities impacting the share capital (i.e. authorities for share repurchase plans and any general share issuances with or without preemptive rights) if they can be used for antitakeover purposes without shareholders' prior explicit approval.</p>

Rationale for Change:

The capitalization of reserves cannot be considered and used as a full antitakeover mechanism. Its possible use as a tactic to complicate an offer (point that was leading to negative recommendation) is not considered as a risk (no examples of actual use and limited impact if used) that would result in requiring a negative recommendation.

Capital Structures

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <ul style="list-style-type: none"> ▪ Vote for resolutions that seek to maintain or convert to a one share, one vote capital structure. ▪ Vote against requests for the creation or continuation of dual class capital structures or the creation of new or additional super-voting shares. ... <p>In France, the adoption of the Florange Act on March 29, 2014, paved the way for the automatic granting of double voting rights to any shares held in a registered form by the same shareholder for at least two years, provided that the company does not prohibit double voting rights in its bylaws. The Act further enables the board, facing a potential takeover, to adopt any provisions to thwart a takeover, without shareholder approval. The Act allows companies to amend their bylaws (with shareholders' approval) to opt out of the automatic granting of double voting rights and the ability to adopt antitakeover measures without shareholders' prior approval. As such, for French companies, Public Fund Advisory Services may recommend against directors or their discharge, or the approval of the annual report and accounts if the company failed to submit for shareholder approval a bylaw amendment to prohibit double voting or have not made a public commitment to submit such a bylaw amendment to shareholder vote before April 3, 2016.</p> <p>...</p>	<p>Public Fund Advisory Services Recommendation:</p> <ul style="list-style-type: none"> ▪ Vote for resolutions that seek to maintain or convert to a one share, one vote capital structure. ▪ Vote against requests for the creation or continuation of dual class capital structures or the creation of new or additional super-voting shares. ...

Rationale for Change:

This section regarding the Florange Act is being removed, as it is no longer relevant.

Share Repurchase Plans

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <ul style="list-style-type: none"> ▪ Vote for share repurchase programs/market repurchase authorities, unless the terms do not meet the criteria below: <ul style="list-style-type: none"> ▪ A repurchase limit of up to 10 percent of outstanding issued share capital (15 percent in UK/Ireland) ▪ A holding limit of up to 10 percent of a company’s issued share capital in treasury (“on the shelf”); and ▪ A duration of no more than 5 years, or such lower threshold as may be set by applicable law, regulation or code of governance best practice. <p>...</p> <p>▪ 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 five 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>...</p>	<p>Public Fund Advisory Services Recommendation:</p> <ul style="list-style-type: none"> ▪ Vote for share repurchase programs/market repurchase authorities, unless the terms do not meet the criteria below: <ul style="list-style-type: none"> ▪ A repurchase limit of up to 10 percent of outstanding issued share capital (15 percent in UK/Ireland) ▪ A holding limit of up to 10 percent of a company’s issued share capital in treasury (“on the shelf”); and ▪ A duration of no more than 5 years, or such lower threshold as may be set by applicable law, regulation or code of governance best practice. <p>...</p>

Rationale for Change:

The amendment repeals the market specific exceptions on the use of derivatives in the context of share repurchase plans concerning Germany and Italy.

Mergers and Corporate Restructurings

Related Party Transactions

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <ul style="list-style-type: none"> In the case of Nigerian companies, vote for proposals relating to renewal of the general mandate for the company to enter into recurrent transactions with related parties necessary for its day-to-day operations in the absence of any concerns with the related party transactions concluded pursuant to this general mandate. 	<p>Public Fund Advisory Services Recommendation:</p> <ul style="list-style-type: none"> In the case of Nigerian companies, vote for proposals relating to renewal of the general mandate for the company to enter into recurrent transactions with related parties necessary for its day-to-day operations in the absence of any concerns with the related party transactions concluded pursuant to this general mandate.

Rationale for Change:

This change codifies Public Fund Advisory Services' current policy application for this specific case of the Nigerian markets. In line with the rules of the Nigerian Stock Exchange governing transactions with related or interested persons, Nigerian companies may submit a proposal for shareholders' approval on the AGM to request/renew the general mandate to enter into recurrent transactions conducted usually with subsidiaries/sister companies but may also involve certain related parties for the coming year. The mandate would only relate to transactions of revenue, trading nature and/or others deemed necessary for the company's day-to day operations and should be renewed annually. This proposal is usually routine, and most companies respect the disclosure requirements provided by the NSE Rulebook which warrants support in most of the cases.

Compensation

Non-Executive Director Compensation

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <ul style="list-style-type: none"> ▪ Vote for proposals to award cash fees to non-executive directors unless the amounts are excessive relative to other companies in the country or industry: <ul style="list-style-type: none"> ▪ The board fees paid for the fiscal year under review are not disclosed in a timely manner; ▪ The proposed amounts are excessive relative to similarly sized companies in the same market/sector, with no justification provided by the company; ▪ There is significant concern on the company's past practices regarding directors' remuneration. ▪ Vote on the proposal to award cash fees to non-executive directors on a case-by-case basis in cases where there is a significant increase in fees with limited or no justification. ▪ Vote on non-executive director compensation proposals that include both cash and share-based components on a case-by-case basis. ▪ Vote on proposals that bundle compensation for both non-executive and executive directors into a single resolution on a case-by-case basis. ▪ Vote against proposals to introduce retirement benefits for non-executive directors. ▪ Vote against non-executive director remuneration if documents (general meeting documents, annual report) provided prior to the general meeting do not mention fees paid to non-executive directors. ▪ Vote against non-executive director remuneration if the company intends to excessively increase the fees in comparison with market/sector practices, without stating compelling reasons that justify the increase. ▪ Vote against proposals that provide for the granting of stock options, performance-based equity compensation (including stock appreciation rights and performance-vesting restricted stock), and performance-based cash to non-executive directors. 	<p>Public Fund Advisory Services Recommendation:</p> <ul style="list-style-type: none"> ▪ Vote for proposals to award cash fees to non-executive directors unless: <ul style="list-style-type: none"> ▪ The board fees paid for the fiscal year under review are not disclosed in a timely manner; ▪ The proposed amounts are excessive relative to similarly sized companies in the same market/sector, with no justification provided by the company; ▪ There is significant concern on the company's past practices regarding directors' remuneration. ▪ Vote on the proposal to award cash fees to non-executive directors on a case-by-case basis in cases where there is a significant increase in fees with limited or no justification. ▪ Vote on non-executive director compensation proposals that include both cash and share-based components on a case-by-case basis. ▪ Vote on proposals that bundle compensation for both non-executive and executive directors into a single resolution on a case-by-case basis. ▪ Vote against proposals to introduce retirement benefits for non-executive directors. ▪ Vote against non-executive director remuneration if documents (general meeting documents, annual report) provided prior to the general meeting do not mention fees paid to non-executive directors. ▪ Vote against non-executive director remuneration if the company intends to excessively increase the fees in comparison with market/sector practices, without stating compelling reasons that justify the increase. ▪ Vote against proposals that provide for the granting of stock options, performance-based equity compensation (including stock appreciation rights and performance-vesting restricted stock), and performance-based cash to non-executive directors.

Rationale for Change:

In some markets, companies may propose to approve board remuneration for the current and ensuing fiscal year under one item of the AGM agenda. Remuneration to be paid for the upcoming fiscal year, in several cases, is not routinely disclosed before the meeting. Therefore, in such cases, the analysis depends only on the company's historical remuneration practice and amounts paid during the fiscal year in review.

Thus, several factors are currently being taken into consideration when analyzing board fees-related proposals such as the disclosure of the amount of board fees for the fiscal year in review, whether an excessive increase in the proposed amounts, if any, is justified and the lack of concerns on the company's past practices regarding directors' remuneration. Our focus, if possible, is on fees paid to non-executive directors or on fees paid to all directors, separate from the salaries of the executive directors. Excessive fees, that may result in a negative recommendation, are determined by comparing the company's board fees and those paid by other peer companies in the same country and/or industry. The level of complexity of each sector is also taken into consideration when creating a vote recommendation.

Shareholder Rights and Defenses

Exclusive Forum Proposals (Canada)

Current Public Fund Advisory Services Policy, incorporating changes:	New Public Fund Services Policy:
<p>Public Fund Advisory Services Recommendation:</p> <p>Vote case-by-case on proposals to adopt an exclusive forum by-law or to amend by-laws to add an exclusive forum provision, taking the following into consideration:</p> <ul style="list-style-type: none"> ▪ Jurisdiction of incorporation; ▪ Board rationale for adopting exclusive forum; ▪ Legal actions subject to the exclusive forum provision; ▪ Evidence of past harm as a result of shareholder legal action against the company originating outside of the jurisdiction of incorporation; ▪ Company corporate governance provisions and shareholder rights; <p>Any other problematic provisions that raise concerns regarding shareholder rights.</p>	<p>Public Fund Advisory Services Recommendation:</p> <p>Vote case-by-case on proposals to adopt an exclusive forum by-law or to amend by-laws to add an exclusive forum provision, taking the following into consideration:</p> <ul style="list-style-type: none"> ▪ Jurisdiction of incorporation; ▪ Board rationale for adopting exclusive forum; ▪ Legal actions subject to the exclusive forum provision; ▪ Evidence of past harm as a result of shareholder legal action against the company originating outside of the jurisdiction of incorporation; ▪ Company corporate governance provisions and shareholder rights; <p>Any other problematic provisions that raise concerns regarding shareholder rights.</p>

Rationale for Change:

Exclusive forum by-laws, which have been adopted widely in the US market, are still relatively new to the Canadian market, although an increasing number of companies continue to adopt these provisions as by-laws which require shareholder approval. There is merit to the notion that judges based in a corporation's jurisdiction of incorporation are best suited to apply that jurisdiction's law to those companies. As well, given a corporation's typically strong presence in that province or jurisdiction, an exclusive forum provision may help to reduce the likelihood of high legal costs accrued through litigation outside of the jurisdiction of incorporation.

It can be argued, however, that there is often more than one proper forum available to shareholder plaintiffs, and this proposal would curtail the right of shareholders to select any proper forum of their choosing. The proposed exclusive forum jurisdiction and the details of the extent and types of legal actions that would be subject to the exclusive forum by-law provide critical information to shareholders whose rights may be impacted. This information together with the board of directors' rationale in adopting an exclusive forum by-law will be key considerations in evaluating the acceptability of such a proposal. As well, the absence of a compelling company-specific history with regard to out-of-province/jurisdiction shareholder litigation is important in light of the limitation on shareholder litigation rights that this

provision represents. More generally, a company's track record vis-à-vis corporate governance and shareholder rights should be examined to identify any other concerns when considering the acceptability of an exclusive forum by-law.

This policy codifies the policy approach currently applied as it is expected that more companies will adopt exclusive forum by-laws, providing more transparency and a rationale.

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