



# AMERICAS

## Proxy Voting Guidelines Benchmark Policy Changes for 2025: U.S., Canada, and Americas Regional

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## Americas Regional (applies to Latin America ex-Brazil)

### Board of Directors – Director Elections

#### Unbundled Elections – Board Structure

Current ISS Policy:	New ISS Policy:
<p><b>General Recommendation:</b> Vote for proposals to fix board size.</p> <p>Vote against the introduction of classified boards and mandatory retirement ages for directors.</p> <p>Vote against proposals to alter board structure or size in the context of a fight for control of the company or the board.</p>	<p><b>General Recommendation:</b> Vote for proposals to fix board size.</p> <p>Vote against the introduction of classified boards and mandatory retirement ages for directors.</p> <p>Vote against proposals to alter board structure or size in the context of a fight for control of the company or the board.</p> <p>Vote against proposals to increase board terms.</p>

#### Rationale for Change:

The update codifies the policy application already applied in the Spanish-speaking markets in the Latin America region in the rare cases when companies propose an increase to board term. In addition, the policy update also harmonizes the Americas Regional policy with the Brazil Voting Guidelines, therefore providing greater transparency and consistency on the current policy application. There will be no changes in policy application as a result of this update.

## Compensation

### Compensation Plans

Current ISS Policy:	New ISS Policy:
<p><b>General Recommendation:</b> Vote compensation plans on a case-by-case basis.</p> <p>Vote against a stock option plan, or an amendment to the plan, if:</p> <ul style="list-style-type: none"> <li>▪ The maximum number of shares to be issued under the proposed plan is not disclosed; and/or</li> <li>▪ The company has not disclosed any information regarding the key terms of the proposed stock option plan.</li> </ul>	<p><b>General Recommendation:</b> Vote compensation plans on a case-by-case basis.</p> <p>Vote against an equity-based compensation plan, or an amendment to the plan, if:</p> <ul style="list-style-type: none"> <li>▪ The company has not disclosed the key terms of the proposed plan;</li> <li>▪ The plan lacks a minimum vesting cycle of three years;</li> <li>▪ The plan permits the issuance of stock options with an exercise price at a discount to current market price, or permits restricted shares to be awarded, in the absence of explicitly stated, challenging performance hurdles related to the company's historical financial performance or the industry benchmarks;</li> <li>▪ The maximum dilution exceeds 5 percent of issued capital; and/or</li> <li>▪ Plan beneficiaries are involved in the administration of the plan.</li> </ul>

#### Rationale for Change:

Proposals to approve equity-based compensation plans in the Spanish-speaking markets of Latin America (Argentina, Chile, Colombia, Mexico, and Peru) are rarely seen on ballot. However, in the few instances that such proposals are presented for shareholder approval, particularly in Mexico, disclosure of key terms is usually lacking. As such, the policy update is to codify the current policy application and provide greater transparency on the expectation of institutional shareholders regarding the disclosure of key terms of such plans and the currently applied parameters for analyzing equity-based compensation plans in such markets. The additional language also further harmonizes the Americas Regional voting guidelines with those of the Brazil voting guidelines. There will be no change in policy application as a result of this update.

## United States

### Board of Directors- Accountability

#### Problematic Takeover Defenses, Capital Structure, and Governance Structure- Poison Pills

Current ISS Policy:	New ISS Policy:
<p><b>Poison Pills:</b> Generally vote against or withhold from all nominees (except new nominees<sup>1</sup>, who should be considered case-by-case) if:</p> <ul style="list-style-type: none"> <li>▪ The company has a poison pill with a deadhand or slowhand feature<sup>6</sup>;</li> <li>▪ The board makes a material adverse modification to an existing pill, including, but not limited to, extension, renewal, or lowering the trigger, without shareholder approval; or</li> <li>▪ The company has a long-term poison pill (with a term of over one year) that was not approved by the public shareholders<sup>7</sup>.</li> </ul> <p>Vote case-by-case on nominees if the board adopts an initial short-term pill<sup>6</sup> (with a term of one year or less) without shareholder approval, taking into consideration:</p> <ul style="list-style-type: none"> <li>▪ The disclosed rationale for the adoption;</li> <li>▪ The trigger;</li> <li>▪ The company's market capitalization (including absolute level and sudden changes);</li> <li>▪ A commitment to put any renewal to a shareholder vote; and</li> <li>▪ Other factors as relevant.</li> </ul>	<p><b>Poison Pills:</b> Generally vote against or withhold from all nominees (except new nominees<sup>1</sup>, who should be considered case-by-case) if:</p> <ul style="list-style-type: none"> <li>▪ The company has a poison pill with a deadhand or slowhand feature<sup>6</sup>;</li> <li>▪ The board makes a material adverse modification to an existing pill, including, but not limited to, extension, renewal, or lowering the trigger, without shareholder approval; or</li> <li>▪ The company has a long-term poison pill (with a term of over one year) that was not approved by the public shareholders<sup>7</sup>.</li> </ul> <p>Vote case-by-case on nominees if the board adopts an initial short-term pill<sup>6</sup> (with a term of one year or less) without shareholder approval, taking into consideration:</p> <ul style="list-style-type: none"> <li>▪ The trigger threshold and other terms of the pill;</li> <li>▪ The disclosed rationale for the adoption;</li> <li>▪ The context in which the pill was adopted, (e.g., factors such as the company's size and stage of development, sudden changes in its market capitalization, and extraordinary industry-wide or macroeconomic events);</li> <li>▪ A commitment to put any renewal to a shareholder vote;</li> <li>▪ The company's overall track record on corporate governance and responsiveness to shareholders; and</li> <li>▪ Other factors as relevant.</li> </ul>

**Footnotes:**

<sup>1</sup> A "new nominee" is a director who is being presented for election by shareholders for the first time. Recommendations on new nominees who have served for less than one year are made on a case-by-case basis depending on the timing of their appointment and the problematic governance issue in question.

<sup>6</sup> If a short-term pill with a deadhand or slowhand feature is enacted but expires before the next shareholder vote, ISS will generally still recommend withhold/against nominees at the next shareholder meeting following its adoption.

<sup>7</sup> Approval prior to, or in connection with, a company's becoming publicly traded, or in connection with a de-SPAC transaction, is insufficient.

**Footnotes:**

<sup>1</sup> A "new nominee" is a director who is being presented for election by shareholders for the first time. Recommendations on new nominees who have served for less than one year are made on a case-by-case basis depending on the timing of their appointment and the problematic governance issue in question.

<sup>6</sup> If a short-term pill with a deadhand or slowhand feature is enacted but expires before the next shareholder vote, ISS will generally still recommend withhold/against nominees at the next shareholder meeting following its adoption.

<sup>7</sup> Approval prior to, or in connection with, a company's becoming publicly traded, or in connection with a de-SPAC transaction, is insufficient.

**Rationale for Change:**

Most poison pills in the US are now short-term pills, with a duration of one year or less, and are rarely submitted to shareholders for approval. This policy update clarifies the factors that will be considered in the case-by-case evaluation of whether the board's actions in adopting a short-term poison pill were reasonable, or whether the adoption of the pill should be deemed a governance failure warranting a recommendation to vote against directors. The additional factors for consideration are already considered by analysts under the category of "other factors as relevant," but the update is to increase transparency by spelling out some of these factors. There is no change at this time to the policy applied when a board adopts a long-term pill without a shareholder vote, or when a pill is submitted to shareholders for approval or ratification.

## Capital/Restructuring

### Special Purpose Acquisition Corporations (SPACs) - Proposals for Extensions

Current ISS Policy:	New ISS Policy:
<p><b>General Recommendation:</b> Vote case-by-case on SPAC extension proposals taking into account the length of the requested extension, the status of any pending transaction(s) or progression of the acquisition process, any added incentive for non-redeeming shareholders, and any prior extension requests.</p> <ul style="list-style-type: none"> <li>▪ Length of request: Typically, extension requests range from two to six months, depending on the progression of the SPAC's acquisition process.</li> <li>▪ Pending transaction(s) or progression of the acquisition process: Sometimes an initial business combination was already put to a shareholder vote, but, for varying reasons, the transaction could not be consummated by the termination date and the SPAC is requesting an extension. Other times, the SPAC has entered into a definitive transaction agreement, but needs additional time to consummate or hold the shareholder meeting.</li> <li>▪ Added incentive for non-redeeming shareholders: Sometimes the SPAC sponsor (or other insiders) will contribute, typically as a loan to the company, additional funds that will be added to the redemption value of each public share as long as such shares are not redeemed in connection with the extension request. The purpose of the "equity kicker" is to incentivize shareholders to hold their shares through the end of the requested extension or until the time the transaction is put to a shareholder vote, rather than electing redemption at the extension proposal meeting.</li> <li>▪ Prior extension requests: Some SPACs request additional time beyond the extension period sought in prior extension requests.</li> </ul>	<p><b>General Recommendation:</b> Generally support requests to extend the termination date by up to one year from the SPAC's original termination date (inclusive of any built-in extension options, and accounting for prior extension requests).</p> <p>Other factors that may be considered include: any added incentives, business combination status, other amendment terms, and, if applicable, use of money in the trust fund to pay excise taxes on redeemed shares.</p>

**Rationale for Change:**

This update is to codify ISS' present approach to SPAC extension recommendations. The main purpose of SPACs is to identify and acquire a viable target within a specified timeframe, and failure to achieve this objective within the allotted time calls into question management's ability to execute its primary objective. The end of that timeframe is generally referred to as the termination date. Since the SPAC boom during the pandemic, there has been a proliferation of so called "zombie SPAC," which can be described as those that have experienced heavy shareholder redemptions that leave minimal funds in the trust account. These SPACs have failed to consummate a business combination and have sought extensions to their termination dates, sometimes on multiple occasions and for multiple years. In light of these industry and other factors, the ISS policy approach is to recommend support for extension requests of up to one year from the original termination date. Multiple extension requests may be looked at favorably so long as they do not collectively exceed one year in total. The "original termination date" start point is inclusive of any built-in extension options that were included in the original governing documents.



## Social and Environmental Issues - Environment and Sustainability

### General Environmental Proposals and Community Impact Assessment

Current ISS Policy:	New ISS Policy:
<p data-bbox="134 391 1037 427"><b>General Environmental Proposals and Community Impact Assessments</b></p> <p data-bbox="134 462 1037 560"><b>General Recommendation:</b> Vote case-by-case on requests for reports on policies and/or the potential (community) social and/or environmental impact of company operations, considering:</p> <ul data-bbox="134 592 1037 998" style="list-style-type: none"> <li data-bbox="134 592 1037 665">▪ Current disclosure of applicable policies and risk assessment report(s) and risk management procedures;</li> <li data-bbox="134 665 1037 820">▪ The impact of regulatory non-compliance, litigation, remediation, or reputational loss that may be associated with failure to manage the company’s operations in question, including the management of relevant community and stakeholder relations;</li> <li data-bbox="134 820 1037 893">▪ The nature, purpose, and scope of the company’s operations in the specific region(s);</li> <li data-bbox="134 893 1037 966">▪ The degree to which company policies and procedures are consistent with industry norms; and</li> <li data-bbox="134 966 1037 998">▪ The scope of the resolution.</li> </ul>	<p data-bbox="1037 391 1942 462"><b>Natural Capital- Related and/or Community Impact Assessment Proposals</b></p> <p data-bbox="1037 495 1942 609"><b>General Recommendation:</b> Vote case-by-case on requests for reports on policies and/or the potential (community) social and/or environmental impact of company operations, considering where relevant:</p> <ul data-bbox="1037 641 1942 1079" style="list-style-type: none"> <li data-bbox="1037 641 1942 755">▪ Alignment of current disclosure of applicable policies, metrics, risk assessment report(s) and risk management procedures with relevant, broadly accepted reporting frameworks;</li> <li data-bbox="1037 755 1942 901">▪ The impact of regulatory non-compliance, litigation, remediation, or reputational loss that may be associated with failure to manage the company’s operations in question, including the management of relevant community and stakeholder relations;</li> <li data-bbox="1037 901 1942 974">▪ The nature, purpose, and scope of the company’s operations in the specific region(s);</li> <li data-bbox="1037 974 1942 1047">▪ The degree to which company policies and procedures are consistent with industry norms; and</li> <li data-bbox="1037 1047 1942 1079">▪ The scope of the resolution.</li> </ul>

#### Rationale for Change:

In recent years, there has been an increased number of shareholder proposals focused on biodiversity and other connected environmental topics such as deforestation and water pollution. Biodiversity and related environmental topics are now commonly grouped under the theme of natural capital which has become a more frequent topic for some investors to consider, as biodiversity and ecosystem loss may create societal risks and negative economic and business risks. This policy update is to keep the ISS U.S. policy abreast of the recent focus seen in shareholder proposals on topics related to natural capital and/or community impact risks. With development in frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD) and Kunming-Montreal Global Biodiversity Framework (GBF) which challenge companies and industry sectors to address drivers of biodiversity loss and push for increased company disclosure in managing nature-related risks, this change will better reflect the variety of nature-related and community impact assessment proposals companies may receive in the coming years.

## Canada

### Board of Directors (TSX-Listed Companies)

#### ISS Canadian Definition of Independence

Current ISS Policy:	New ISS Policy:
<p><b>2. Non-Independent Non-Executive Director</b>  <u>Former/Interim CEO</u><sup>ii</sup></p> <p>2.1. Former CEO of the company or its affiliates<sup>i</sup> within the past five years<sup>iii</sup> or of an acquired company within the past five years.</p> <p>2.2. Former interim CEO of the company or its affiliates<sup>i</sup> within the past five years<sup>iii</sup> if the service was longer than 18 months or if the service was between 12 and 18 months and the compensation was high relative to that of the other directors or in line with a CEO’s compensation<sup>iv</sup> at that time.</p> <p>2.3. CEO of a former parent or predecessor firm at the time the company was sold or split off from the parent/predecessor within the past five years<sup>iii</sup>.</p>	<p><b>2. Non-Independent Non-Executive Director</b>  <u>Former/Interim CEO</u><sup>ii</sup></p> <p>2.1. Former CEO of the company or its affiliates<sup>iii</sup> or of an acquired company.</p> <p>2.2. Former interim CEO of the company or its affiliates<sup>i</sup> if the service was longer than 18 months or if the service was between 12 and 18 months and the compensation was high relative to that of the other directors or in line with a CEO’s compensation<sup>iv</sup> at that time<sup>iii</sup>.</p> <p>2.3. CEO of a former parent or predecessor firm at the time the company was sold or split off from the parent/predecessor<sup>iii</sup>.</p>

<p><b>Footnotes:</b></p> <p>i "Affiliate" includes a subsidiary, sibling company, or parent company. ISS uses 50 percent control ownership by the parent company as the standard for applying its affiliate designation.</p> <p>ii When there is a former CEO or other officer of a capital pool company (CPC) or special purpose acquisition company (SPAC) serving on the board of an acquired company, ISS will generally classify such directors as independent unless determined otherwise taking into account the following factors: any operating ties to the firm; and the existence of any other conflicting relationships or related party transactions.</p> <p>iii The determination of a former CEO's classification following the five year cooling-off period will be considered on a case-by-case basis. Factors taken into consideration may include but are not limited to: management/board turnover, current or recent involvement in the company, whether the former CEO is or has been Executive Chair of the board or a company founder, length of service with the company, any related party transactions, consulting arrangements, and any other factors that may reasonably be deemed to affect the independence of the former CEO.</p>	<p><b>Footnotes:</b></p> <p>i "Affiliate" includes a subsidiary, sibling company, or parent company. ISS uses 50 percent control ownership by the parent company as the standard for applying its affiliate designation.</p> <p>ii When there is a former CEO or other officer of a capital pool company (CPC) or special purpose acquisition company (SPAC) serving on the board of an acquired company, ISS will generally classify such directors as independent unless determined otherwise taking into account the following factors: any operating ties to the firm; and the existence of any other conflicting relationships or related party transactions.</p> <p>iii After a minimum cooling off period of five years, ISS may in exceptional circumstances reassess a former CEO's independence classification after considering the following factors: management/board turnover, current or recent involvement in the company, whether the former CEO is or has been Executive Chair of the board or a company founder, length of service with the company, any related party transactions, consulting arrangements, and any other factors that may reasonably be deemed to affect the independence of the former CEO.</p>
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**Rationale for Change:**

This policy update is to clarify that a former CEO will be deemed as non-independent unless circumstances exist which make a minimum five-year cooling off period sufficient.

## Board Gender Diversity (TSX Guidelines)

Current ISS Policy:	New ISS Policy:
<p><b>General Recommendation:</b> For S&amp;P/TSX Composite Index companies, 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.</p> <p><b><u>S&amp;P/TSX Composite Exemptions:</u></b></p> <p>Assuming a publicly disclosed written commitment to achieve 30% representation of women on the board at or prior to the subsequent AGM, an exception will be made for companies which:</p> <ul style="list-style-type: none"> <li>▪ Joined the S&amp;P/TSX Composite Index and have not previously been subject to a 30% representation of women on the board requirement as an S&amp;P/TSX Composite Index constituent in the past; and</li> <li>▪ Have fallen below 30% representation of women on the board due to an extraordinary circumstance after achieving such level of representation at the preceding AGM.</li> </ul> <p>For TSX companies which are not also S&amp;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 committee has been identified or no chair of such committee has been identified, where there are zero women on the board of directors.</p> <p><b><u>Non-S&amp;P/TSX Composite Exemptions:</u></b></p> <p>This policy will not apply to:</p> <ul style="list-style-type: none"> <li>▪ Newly publicly-listed companies within the current or prior fiscal year;</li> </ul>	<p><b>General Recommendation:</b> For S&amp;P/TSX Composite Index companies, 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.</p> <p><b><u>S&amp;P/TSX Composite Exemptions:</u></b></p> <p>Assuming a publicly disclosed written commitment to achieve 30% representation of women on the board at or prior to the subsequent AGM, an exception will be made for companies which:</p> <ul style="list-style-type: none"> <li>▪ Joined the S&amp;P/TSX Composite Index and have not previously been subject to a 30% representation of women on the board requirement as an S&amp;P/TSX Composite Index constituent in the past; and</li> <li>▪ Have fallen below 30% representation of women on the board after achieving such level of representation at the preceding AGM.</li> </ul> <p>For TSX companies which are not also S&amp;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 committee has been identified or no chair of such committee has been identified, where there are zero women on the board of directors.</p> <p><b><u>Non-S&amp;P/TSX Composite Exemptions:</u></b></p> <p>This policy will not apply to:</p> <ul style="list-style-type: none"> <li>▪ Newly publicly-listed companies within the current or prior fiscal year;</li> <li>▪ Companies that have transitioned from the TSXV within the current or prior fiscal year; or</li> </ul>

<ul style="list-style-type: none"> <li>▪ Companies that have transitioned from the TSXV within the current or prior fiscal year; or</li> <li>▪ Companies with four or fewer directors.</li> </ul> <p>Assuming a publicly disclosed written commitment to add at least one woman to the board at or prior to the subsequent AGM, an exception will be made for companies which temporarily have no women on the board due to an extraordinary circumstance after having at least one woman on the board at the preceding AGM.</p> <p>Evaluate on a case-by-case basis whether withhold recommendations are warranted for additional directors at companies that fail to meet the above policy that would apply to their respective constituent group over two years or more.</p>	<ul style="list-style-type: none"> <li>▪ Companies with four or fewer directors.</li> </ul> <p>Assuming a publicly disclosed written commitment to add at least one woman to the board at or prior to the subsequent AGM, an exception will be made for companies which temporarily have no women on the board after having at least one woman on the board at the preceding AGM.</p> <p>Evaluate on a case-by-case basis whether withhold recommendations are warranted for additional directors at companies that fail to meet the above policy that would apply to their respective constituent group over two years or more.</p>
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**Rationale for Change:**

The current policy requires the disclosure and interpretation of the circumstances behind an issuer falling below the policy’s board gender diversity thresholds before a policy exemption may be applied. The change to remove this requirement, provides greater transparency and predictability as to how the policy will be applied and harmonizes the Canadian approach with the US market.

## Board Racial/Ethnic Diversity (TSX Guidelines)

Current ISS Policy:	New ISS Policy:
<p><b>General Recommendation:</b> For companies in the S&amp;P/TSX Composite Index, generally vote against or withhold from the Chair of the Nominating Committee or Chair of the committee designated with the responsibility of a nominating committee, or the Chair of the board of directors if no nominating committee has been identified or no chair of such committee has been identified, where:</p> <ul style="list-style-type: none"> <li>▪ The board has no apparent racially or ethnically diverse members<sup>7</sup>; and</li> <li>▪ The company has not provided a formal, publicly-disclosed written commitment to add at least one racially or ethnically diverse director at or prior to the next AGM.</li> </ul> <p>Evaluate on a case-by-case basis whether against/withhold recommendations are warranted for additional directors at companies that fail to meet the policy over two years or more.</p>	<p><b>General Recommendation:</b> For companies in the S&amp;P/TSX Composite Index, generally vote against or withhold from the Chair of the Nominating Committee or Chair of the committee designated with the responsibility of a nominating committee, or the Chair of the board of directors if no nominating committee has been identified or no chair of such committee has been identified, where the board has no apparent racially or ethnically diverse members<sup>7</sup>.</p> <p><b>S&amp;P/TSX Composite Exemptions:</b></p> <p>With a publicly disclosed written commitment to add at least one racially or ethnically diverse director on the board at or prior to the subsequent AGM, an exception will be made for companies which:</p> <ul style="list-style-type: none"> <li>▪ Joined the S&amp;P/TSX Composite Index and have not previously been subject to the racial/ethnic board requirement as an S&amp;P/TSX Composite Index constituent in the past<sup>8</sup>; or</li> <li>▪ Have fallen below the minimum racial or ethnic representation on the board after achieving such level of representation at the preceding AGM.</li> </ul> <p>Evaluate on a case-by-case basis whether against/withhold recommendations are warranted for additional directors at companies that fail to meet the policy over two years or more.</p>

<p><b>Footnotes:</b></p> <p><sup>7</sup>Aggregate diversity statistics provided by the board will only be considered if specific to racial and/or ethnic diversity.</p> <p>Racial and/or Ethnic Diversity is defined as: Aboriginal peoples (means persons who are Indigenous, Inuit or Métis) and members of visible minorities (means persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour).</p> <p>Employment Equity Act (S.C. 1995, c. 44) <a href="https://laws-lois.justice.gc.ca/eng/acts/E-5.401/section-3.html">https://laws-lois.justice.gc.ca/eng/acts/E-5.401/section-3.html</a></p>	<p><b>Footnotes:</b></p> <p><sup>7</sup>Aggregate diversity statistics provided by the board will only be considered if specific to racial and/or ethnic diversity.</p> <p>Racial and/or Ethnic Diversity is defined as: Aboriginal peoples (means persons who are Indigenous, Inuit or Métis) and members of visible minorities (means persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour).</p> <p>Employment Equity Act (S.C. 1995, c. 44) <a href="https://laws-lois.justice.gc.ca/eng/acts/E-5.401/section-3.html">https://laws-lois.justice.gc.ca/eng/acts/E-5.401/section-3.html</a></p> <p><sup>8</sup>Since the previous AGM.</p>
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**Rationale for Change:**

The Canadian market was notified of the inclusion of a racial/ethnic diversity standard for all TSX Composite Index boards during the 2023 consultation period, implemented for TSX composite companies with meetings after February 1, 2024, and the 2025 changes to this policy are being made to remove the transitory language associated with the initial implementation year and addition of conditional exemptions to the final policy language.

## Former CEO/CFO on Audit/Compensation Committee (TSX Guidelines)

Current ISS Policy:	New ISS Policy:
<p><b>General Recommendation:</b> Vote withhold for any director who has served as the CEO of the company or its affiliates within the past five years, or of a company acquired within the past five years and is a member of the audit or compensation committee. Evaluate on a case-by-case basis whether support is warranted for any former CEO on the audit or compensation committee following a five-year period<sup>8</sup> after leaving this executive position.</p> <p>Generally vote withhold for any director who has served as the CFO of the company or its affiliates within the past three years, or of a company acquired within the past three years, and is a member of the audit or compensation committee.</p> <p>Background: Although ISS policy designates former CEOs and CFOs as non-independent non-executive directors, a withhold vote will be recommended as if they were executives where they sit on either the audit or compensation committee prior to the conclusion of a cooling-off period. This policy reflects the concern that the influence of a recent former executive on these committees could compromise the committee's efficacy. In the case of an audit committee the concern relates to the independent oversight of financials for which the executive was previously responsible, while in the case of a compensation committee the concern relates to oversight of compensation arrangements which the executive may have orchestrated and over which he or she may still wield considerable influence.</p> <p>The three-year cooling-off period afforded to a former CFO reflects the cooling-off period provided in National Instrument 52-110 – Audit Committees.</p> <p>A five-year cooling-off period is applied for former CEOs in order to allow for the potential occurrence of significant changes within the company's management team. As well, this period allows for the exercise or expiry of the former CEOs outstanding equity awards, thereby eliminating lingering compensation ties to the company's operational performance which would have aligned the former CEO's interests with management. Following the conclusion of the five-year period, the former CEO's independence status will be re-evaluated with</p>	<p><b>General Recommendation:</b> Vote withhold for any director who has served as a former CEO<sup>8</sup> of the company or its affiliates, or of an acquired company and is a member of the audit or compensation committee. The policy does not apply if a former CEO has been classified as independent by ISS.</p> <p>Generally vote withhold for any director who has served as the CFO of the company or its affiliates within the past three years, or of a company acquired within the past three years, and is a member of the audit or compensation committee.</p> <p>Background: Although ISS policy designates former CEOs and CFOs as non-independent non-executive directors, a withhold vote will be recommended as if they were executives where they sit on either the audit or compensation committee prior to the conclusion of a cooling-off period. This policy reflects the concern that the influence of a recent former executive on these committees could compromise the committee's efficacy. In the case of an audit committee the concern relates to the independent oversight of financials for which the executive was previously responsible, while in the case of a compensation committee the concern relates to oversight of compensation arrangements which the executive may have orchestrated and over which he or she may still wield considerable influence.</p> <p>The three-year cooling-off period afforded to a former CFO reflects the cooling-off period provided in National Instrument 52-110 – Audit Committees.</p>



<p>consideration to any other relationships which could preclude reclassification as an independent outsider.</p>	
<p><b>Footnotes:</b> 8 The determination of a former CEO's classification following the five-year cooling-off period will be considered on a case-by-case basis. Factors taken into consideration may include but are not limited to: management/board turnover, current or recent involvement in the company, whether the former CEO is or has been Executive Chair of the board or a company founder, length of service, any related party transactions, consulting arrangements, and any other factors that may reasonably be deemed to affect the independence of the former CEO.</p>	<p><b>Footnotes:</b> 8 After a minimum cooling off period of five years, ISS may in exceptional circumstances reassess a former CEOs independence classification after considering the following factors: management/board turnover, current or recent involvement in the company, whether the former CEO is or has been Executive Chair of the board or a company founder, length of service with the company, any related party transactions, consulting arrangements, and any other factors that may reasonably be deemed to affect the independence of the former CEO.</p>

**Rationale for Change:**

In conjunction with the separate policy update regarding the definition of independence, this policy update is to clarify that a former CEO will be deemed as non-independent unless circumstances exist which make a minimum five-year cooling off period sufficient. ISS will continue to recommend against non-independent former CEOs as members of the audit and/or compensation committees. There is no change in policy application.

## Compensation (TSX Listed Companies)

### Pay for Performance Evaluation

Current ISS Policy:	New ISS Policy:
<p>This policy will be applied at all S&amp;P/TSX Composite Index Companies and for all MSOP resolutions.</p> <p>On a case-by-case basis, ISS will evaluate the alignment of the CEO's total compensation with company performance over time, focusing particularly on companies that have underperformed their peers over a sustained period. From a shareholder's perspective, performance is predominantly gauged by the company's share price performance over time. Even when financial or operational measures are used as the basis for incentive awards, the achievement related to these measures should ultimately translate into superior shareholder returns in the long term.</p> <p><b>General Recommendation:</b> Vote against MSOP proposals and/or vote withhold for compensation committee members (or, in rare cases where the full board is deemed responsible, all directors including the CEO) and/or against an equity-based incentive plan proposal if:</p> <ul style="list-style-type: none"> <li>▪ There is significant long-term misalignment between CEO pay and company performance.</li> </ul>	<p>This policy will be applied at all S&amp;P/TSX Composite Index Companies and for all MSOP resolutions.</p> <p>On a case-by-case basis, ISS will evaluate the alignment of the CEO's total compensation with company performance over time<sup>15</sup>, focusing particularly on companies that have underperformed their peers over a sustained period. From a shareholder's perspective, performance is predominantly gauged by the company's share price performance over time. Even when financial or operational measures are used as the basis for incentive awards, the achievement related to these measures should ultimately translate into superior shareholder returns in the long term.</p> <p><b>General Recommendation:</b> Vote against MSOP proposals and/or vote withhold for compensation committee members (or, in rare cases where the full board is deemed responsible, all directors including the CEO) and/or against an equity-based incentive plan proposal if:</p> <ul style="list-style-type: none"> <li>▪ There is significant long-term misalignment between CEO pay and company performance.</li> </ul>
<p><b>Footnotes:</b></p>	<p><b>Footnotes:</b></p> <p><sup>15</sup> In exceptional circumstances, ISS may elect to use in its pay-for-performance evaluation a non-CEO named executive officer (e.g., an executive chair or a former CEO) if doing so would provide a more appropriate assessment of pay-for-performance alignment.</p>

#### Rationale for Change:

The policy update is to enable ISS to use the compensation of a named executive officer other than the CEO in its pay-for-performance model in exceptional circumstances where the compensation of such NEO is regularly significantly higher than that of the CEO.

## Shareholder Rights and Defenses (TSX and Venture Companies)

### Article/By-law Amendments (TSX and Venture Guidelines)

Current ISS Policy:	New ISS Policy:
<p><b>General Recommendation:</b> Vote for proposals to adopt or amend articles/by-laws unless the resulting document contains any of the following:</p> <ul style="list-style-type: none"> <li>▪ The quorum for a meeting of shareholders is set below two persons holding 25 percent of the eligible vote (this may be reduced to no less than 10 percent in the case of a small company that can demonstrate, based on publicly disclosed voting results, that it is unable to achieve a higher quorum and where there is no controlling shareholder);</li> <li>▪ The quorum for a meeting of directors is less than 50 percent of the number of directors;</li> <li>▪ The chair of the board has a casting vote in the event of a deadlock at a meeting of directors;</li> <li>▪ An alternate director provision that permits a director to appoint another person to serve as an alternate director to attend board or committee meetings in place of the duly elected director;</li> <li>▪ An advance notice requirement that includes one or more provisions which could have a negative impact on shareholders' interests and which are deemed outside the purview of the stated purpose of the requirement;</li> <li>▪ An exclusive forum provision without compelling rationale and without evidence of past harm due to shareholder legal proceedings outside of the jurisdiction of incorporation;</li> <li>▪ Authority is granted to the board with regard to altering future capital authorizations or alteration of the capital structure without further shareholder approval; or</li> <li>▪ Any other provisions that may adversely impact shareholders' rights or diminish independent effective board oversight.</li> </ul> <p>In any event, proposals to adopt or amend articles or bylaws will generally be opposed if the complete article or by-law document is not included in the</p>	<p><b>General Recommendation:</b> Vote for proposals to adopt or amend articles/by-laws unless the resulting document contains any of the following:</p> <ul style="list-style-type: none"> <li>▪ The quorum for a meeting of shareholders is set below two persons holding 25 percent of the eligible vote (this may be reduced to no less than 10 percent in the case of a small company that can demonstrate, based on publicly disclosed voting results, that it is unable to achieve a higher quorum and where there is no controlling shareholder);</li> <li>▪ The quorum for a meeting of directors is less than 50 percent of the number of directors;</li> <li>▪ The chair of the board has a casting vote in the event of a deadlock at a meeting of directors;</li> <li>▪ An alternate director provision that permits a director to appoint another person to serve as an alternate director to attend board or committee meetings in place of the duly elected director;</li> <li>▪ An advance notice requirement that includes one or more provisions which could have a negative impact on shareholders' interests and which are deemed outside the purview of the stated purpose of the requirement;</li> <li>▪ An exclusive forum provision without compelling rationale and without evidence of past harm due to shareholder legal proceedings outside of the jurisdiction of incorporation;</li> <li>▪ A provision that gives the board discretion to hold shareholders' meetings in virtual-only format without compelling rationale;</li> <li>▪ Authority is granted to the board with regard to altering future capital authorizations or alteration of the capital structure without further shareholder approval; or</li> <li>▪ Any other provisions that may adversely impact shareholders' rights or diminish independent effective board oversight.</li> </ul>

<p>meeting materials for thorough review or referenced for ease of location on SEDAR.</p> <p><b>General Recommendation:</b> Vote for proposals to adopt or amend articles/by-laws if the proposed amendment is limited to only that which is required by regulation or will simplify share registration.</p>	<p>In any event, proposals to adopt or amend articles or bylaws will generally be opposed if the complete article or by-law document is not included in the meeting materials for thorough review or referenced for ease of location on SEDAR.</p> <p><b>General Recommendation:</b> Vote for proposals to adopt or amend articles/by-laws if the proposed amendment is limited to only that which is required by regulation or will simplify share registration.</p>
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**Rationale for Change:**

Under Canadian Policy, ISS has not recommended support for amendments to articles or bylaws that give the board discretion to hold shareholders' meetings in virtual-only format without compelling rationale. The proposed change to the policy language clarifies the application of the policy.

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