



# ISS BENCHMARK POLICY UPDATES

## Executive Summary

## Global Proxy Voting Guidelines Updates for 2025 and Process of ISS Benchmark Policy Development

---

Effective for Meetings on or after February 1, 2025  
Published December 17, 2024

## TABLE OF CONTENTS

<b>Summary of ISS Benchmark Policy Development Process .....</b>	<b>3</b>
Key Attributes of the ISS Policy Development Process .....	3
2024 Outreach .....	4
Policy Survey .....	4
Policy Roundtables and Other Policy-related Engagements .....	4
Public Comment Period on Proposed Policy Changes .....	5
Upcoming Policy Milestones.....	6
<b>Summary of Final Policy Updates .....</b>	<b>6</b>
Americas .....	7
Canada .....	7
U.S.....	7
Latin America .....	7
EMEA .....	7
U.K. and Ireland .....	7
Continental Europe.....	7
Israel .....	8
Asia-Pacific.....	8
Japan.....	8
India .....	8
Indonesia .....	8
Malaysia and Thailand.....	8
China .....	8
Hong Kong .....	8
Taiwan .....	8
<b>Off-Cycle Policy Updates already published in 2024 .....</b>	<b>9</b>
Australia.....	9
<b>Appendices .....</b>	<b>10</b>
Appendix A – Full List of Policy Updates.....	10
Appendix B – Summary of Comments Received.....	14

## Summary of ISS Benchmark Policy Development Process

ISS annually conducts a robust, inclusive, and transparent global policy review process to consider updates, globally, to its Benchmark Proxy Voting Guidelines (“benchmark guidelines” or “policies”) for the upcoming year and beyond.

The annual policy update process begins with an internal review of emerging issues, relevant regulatory changes, and notable trends seen across the globe, regionally, and/or at the market level. Based on information gathered throughout the preceding year (particularly feedback from investors and companies during and after proxy seasons), ISS policy working groups examine various governance and other voting topics across global markets. As part of this process, the working groups also consider relevant academic research, other empirical studies, and commentary by many market participants. To gain further insights from a broad range of market participants on specific topics, we then conduct a public survey on emerging and other topics of interest, convene multiple roundtable discussions with institutional investors and other industry stakeholders, and also undertake in-depth discussions with individual clients in some markets. Having considered the insights and feedback received, we publish the main draft policy update proposals publicly for an open review and comment period. After considering the comment period responses and completing this extensive review process, the final policy updates are determined, approved by the ISS Global Policy Board, and announced for the following year. For most markets, policy changes are announced in Q4 of each year and the updated policies generally apply to meetings held on and after February 1 of the following year. Different timetables apply to a small number of markets that have off-cycle main proxy seasons.

This annual review and update process also helps inform updates to ISS’ various specialty (or thematic) policies. ISS solutions include specialty policy options catering to a range of different investor needs and views, such as socially responsible investors, faith-based investors, Taft-Hartley (labor) funds and their external asset managers, public employee pension funds, investors with a particular focus on climate change, and investors who wish to reflect foundational corporate governance principles as a means of protecting and maximizing their investments while generally aligning with the recommendation of company boards on proposals with an environmental or social focus. The content of the research and the vote recommendations issued under ISS specialty policies may differ from those under the ISS benchmark voting policies.

ISS also supports clients in developing and implementing their own custom voting policies based on their organizations’ specific mandates and requirements. As part of the client custom policy annual review process, ISS custom research specialists work with the many institutional investor clients that use ISS research to help implement their own customized approaches to proxy voting. ISS helps clients apply approximately 500 specific custom policies that reflect clients’ unique corporate governance philosophies and investment strategies.

### Key Attributes of the ISS Policy Development Process

*Industry-Leading Transparency:* ISS promotes openness and transparency in the development of its proxy voting policies. A description of the policy development and application process, and copies of all final ISS policies and FAQ (Frequently Asked Questions) documents, are posted on the [issgovernance.com](https://www.issgovernance.com) website under the Policy Gateway section.

*Robust Engagement with Market Constituents:* Listening to diverse viewpoints is critical to effective policy review, development, and application processes. ISS’ analysts regularly interact with institutional investors, company directors and other issuer representatives, shareholder proposal proponents, and other parties to gain deeper

insights into diverse views on many critical issues. This ongoing dialogue enriches ISS' policy development and analysis and helps inform the research and recommendations provided to clients. The policy review process includes a global policy survey and a public comment period on proposed policy changes that are both open to all interested parties.

*Global Expertise:* ISS' policy development process is rooted in our global coverage and expertise. ISS' global network of experts and locations provides access to regional, local market and topic expertise across the Americas, Europe/Middle East/Africa (EMEA), and Asia-Pacific regions.

## 2024 Outreach

### Policy Survey

ISS launched its 2024 Global Benchmark Policy Survey on Aug. 1, 2024, and the survey was open for responses until Sept. 5, 2024.

The survey asked many market-specific questions and a number of global questions relating to a variety of topics. Specifically, it asked about poison pills and executive compensation in the U.S., particularly related to use of performance- vs. time-based equity awards; auditor rotation and virtual meetings in Continental Europe; general share issuances in France; cumulative voting elections in the Middle East and North Africa; and climate-related shareholder proposals and workforce diversity among other environmental and social topics.

We received 325 responses to the survey: 199 responses from investors and investor-affiliated organizations ("investor respondents") and 126 from non-investor respondents, the majority being companies and corporate-affiliated organizations.

Over half of the investor respondents to the survey said they had a global focus. Approximately 42 percent of the investor respondents declared assets owned or under management between \$ 1 billion - \$ 100 billion and approximately 32 percent declared asset sizes over \$ 100 billion.

The 2024 Global Benchmark Policy Survey results report is available [here](#).

### Policy Roundtables and Other Policy-related Engagements

In the U.S., three virtual roundtable discussions and numerous other policy-related engagements were held by the ISS US research team with various market constituents as follows:

- **Board and Shareholder Rights:** A roundtable discussion was held on Sept.24, 2024, with five participants including four institutional investors and one retired corporate director, covering topics such as poison pills, cybersecurity, board succession and skill sets, as well as recent changes to the Delaware law.
- **Executive Compensation:** Two roundtable discussions included 15 institutional investors in aggregate, both held in the month of September 2024 (Sept. 19 and 24, 2024). The discussions focused on investors' views on the ratio of performance-based to time-based equity awards and ISS' current policy perspective regarding such ratio in the pay-for-performance qualitative review.
- **Other engagements related to Executive Compensation:** the team also held engagements throughout the year, with at least 13 institutional investors, carrying out ongoing conversations regarding executive

compensation practices, ISS current policies, potential future policy changes, as well as broader market practices.

- Other engagements related to environmental and social topics: the team also held engagements through the year, with at least 15 institutional investors, discussing topics including climate-related risks, proposals on diversity, equity and inclusion, biodiversity, and artificial intelligence. The team also expects to hold further conversations through the coming months on policy application for 2025 related to a number of environmental and social topics.

In Canada, a virtual roundtable was held on Oct. 2<sup>nd</sup>, 2024, with 23 participants representing 15 institutional investors. The topics discussed included: share ownership guidelines for company's executives; the use of Non-CEO Executive pay in the pay-for-performance (P4P) evaluation; ESG reporting and third-party assurance; climate-related shareholder proposals; and virtual shareholder meetings.

In Europe, two in-person roundtables were held, one in London, on Sept. 23, 2024, and one in Paris, on Oct. 1<sup>st</sup>, 2024. Approximately 25 institutional investors from UK and continental Europe attended the roundtable held in London. The topics discussed included executive compensation both in the U.K. and continental Europe, virtual only meetings, European sustainability reports and other environmental and social topics such as climate change risk and investors' expectations regarding voluntary standards, as well as management say-on-climate proposals, and shareholders' views on situations where companies may roll-back on previous stated commitments. In Paris, 20 attendees, representing 15 institutional investors, participated in discussions related to unequal voting rights, capital issuances, sustainability reports and auditors, cumulative voting elections, board diversity, executive remuneration, virtual shareholder meetings, and say-on-climate proposals.

In Japan, 12 individual meetings were held with institutional investors from July through September 2024 to discuss topics such as cross-shareholding policies, board diversity, and the proposed introduction of tenure as a criterion for the classification of director independence in Japan. A roundtable discussion with five Japanese corporate issuers was also held to further discuss the upcoming introduction of tenure as a component in the determination of director independence.

In other Asian markets, feedback was received on ISS policy and policy application for various Asian markets through individual meetings held with five institutional investors between March and October 2024. Topics discussed included: director classification, overboarding, director tenure, gender diversity, M&A analysis, and share issuances, among other topics.

In addition, ISS research teams participated in numerous individual engagements and other discussions throughout the year with institutional investors, issuers and other stakeholders, including in the U.S., Canada, Latin America, UK, continental Europe, Asia including in Japan, and Australia.

## Public Comment Period on Proposed Policy Changes

On Nov. 18, 2024, ISS opened its public comment period and invited institutional investors, corporate issuers, and any other interested parties to provide views and feedback on 23 proposed policy changes for 2025. The comment period, which ran through Dec. 2, 2024, sought feedback on each proposed policy change and also invited additional feedback on ongoing considerations regarding U.S. executive compensation practices and the use of performance- vs. time-based equity awards as part of long-term pay plans. The Comment Period document is available [here](#).

ISS received, reviewed and considered 63 responses to the comment period proposals. The majority were from companies and issuer-related trade organizations, with comments also received from institutional investors, institutional investor groups, non-profit organizations, advocacy organizations, government officials and others. A

summary of the comments received is provided in Appendix B, and, except where respondents requested confidentiality, the responses will be made publicly available online on the Policy Gateway section of the ISS website.

## Upcoming Policy Milestones

- *By early January 2025:* Publication of all updated ISS benchmark policies (proxy voting guidelines) for 2025 on ISS website.
- *By end of January 2025:* Publication of updated Frequently Asked Questions (FAQ) documents on ISS website.
- *February 1, 2025:* The updated 2025 ISS benchmark policies (proxy voting guidelines) will take effect for meetings occurring on or after this date.
- *Various dates in 2025:* Policy guidelines updates for off-cycle markets (i.e., markets where the main proxy seasons do not happen in the first half of the year, for example Australia, New Zealand, Israel, and South Africa,) may be updated.

## Summary of Final Policy Updates

ISS' Benchmark proxy voting guidelines are guided by the four tenets of ISS' Global Voting Principles on accountability, stewardship, independence and transparency. They also consider market-specific regulations and governance best practices (such as those found in listing rules, local codes of best practice, etc.), investors' need for transparency in corporate reporting, and are informed by input from institutional investor clients and other market constituents across many of the different topics that shareholders are asked to vote on and that are of relevance to investors - including topics such as corporate governance standards and practices, director accountability, board structure and diversity, executive compensation, shareholder rights, corporate transactions, and environmental and social-related factors.

The updates contained in this Executive Summary reflect the changes to ISS Benchmark 2025 proxy voting policies and are grouped by ISS' three global research regions – the Americas, Europe, Middle East and Africa (EMEA), and Asia-Pacific. Separate regional update documents addressing each of the Americas, EMEA, and Asia-Pacific policy changes in detail will be released at the same time as the publication of this Executive Summary, and the documents will be available after on our website at the [ISS Policy Gateway](#).

There are 41 policy updates in total, and these will be effective for meetings on or after Feb. 1, 2025, except where noted otherwise for a later implementation. ISS invited comments on 23 significant policy updates in the public comment period opened on Nov. 18, 2024, as noted above and further discussed below. The other 18 policy updates are less significant in nature, generally being minor updates for regulatory changes, and clarifications or codifications of existing policy applications.

All 41 policy updates are listed below, organized by region and market. More detailed information on each of the policy updates is provided in [Appendix A](#). The full text of and rationales for all updates are provided in the three regional update documents noted above which will be released at the same time as the publication of this Executive Summary.

## Americas

### Canada

1. Virtual Only Meetings
2. Definition of Independence
3. Former CEO on the Audit or Compensation Committees
4. Pay for Performance Evaluation
5. TSX Comp. Index Racial Ethnic Diversity
6. Gender Diversity

### U.S.

7. Poison Pills
8. SPAC Extensions
9. Natural Capital

### Latin America

10. Compensation Plans (Americas Regional Policy)
11. Board Term (Americas Regional Policy)

## EMEA

### U.K. and Ireland

12. Remuneration
13. Dilution Limits
14. QCA Corporate Governance Code – Remuneration Resolutions for Smaller Companies
15. Board Diversity
16. Capital Requirements Directive (CRD) V
17. Listing Categories
18. Remuneration Resolutions – voting considerations for Smaller Companies

### Continental Europe

19. General Meeting Format - Virtual/Hybrid Meetings
20. Auditor Rotation
21. France – Capital Issuances
22. Nordics – Definition of widely-held companies.
23. Portugal – Director Overboarding
24. Spain – Bundled Director Elections

## **Israel**

- 25. Appointment of Auditor and Auditor Fees
- 26. Director Overboarding

## **Asia-Pacific**

### **Japan**

- 27. Director Independence - Tenure

### **India**

- 28. Audit Committee – Problematic Audit-Related Practices
- 29. Director Classification – Independence
- 30. Equity Compensation Plans
- 31. Equity Compensation Plans - Codification

### **Indonesia**

- 32. Poor Disclosure of Auditor Remuneration

### **Malaysia and Thailand**

- 33. Director Overboarding

### **China**

- 34. Technical Changes
- 35. Amendments of Articles of Association (AOI) – Communist Party Committee
- 36. Articles of Association – Other
- 37. Share Issuances

### **Hong Kong**

- 38. Director Elections
- 39. Share Issuance Request

### **Taiwan**

- 40. Articles of Association
- 41. Director Elections



## Off-Cycle Policy Updates already published in 2024

### Australia

A number of policy [updates](#) for the ISS Australia Proxy Voting Guidelines were published on July 1, 2024. Among the updates were clarifications such as (i) the universe of coverage of the Australia benchmark policy, which also includes foreign-incorporated companies with a sole or primary listing on the ASX; (ii) added language regarding the accountability of directors and members of the remuneration committee in light of persistent and egregious problematic practices and the absence of board responsiveness; (iii) clarification regarding the accountability of the board chair in event of material failures of risk oversight; as well as (iv) additional updates on the remuneration, remuneration report, and the long-term incentive plan and share-based grant considerations policies to provide greater transparency on what would be considered specific "problematic remuneration practices" that may lead to an ISS against vote recommendation. The policy updates were both to clarify and to strengthen the policy in selected areas and provide greater transparency. In addition, the Australia policy updates introduced policy frameworks incorporating (i) climate board accountability policy, aligning Australia with other ISS benchmark voting guidelines globally, (i) criteria used to analyze delisting proposals, and (ii) criteria used to assess board accountability in the event of the late lodge of meeting notices and materials.

## Appendices

### Appendix A – Full List of Policy Updates

The following table summarizes the 41 final policy updates for 2025, consisting of the updates on the 23 policy topics considered significant and presented as proposed changes in the comment period document (identified in the table with an asterisk \*), and the remaining 18 less significant updates which were not included in the comment period document, being relatively minor in nature, including clarifications or codifications of existing policy applications or simple updates of a regulatory nature. The full text of and rationales for all updates are provided in the three regional update documents noted above which will be released at the same time as the publication of this Executive Summary.

Also noted at the end of this appendix is additional information regarding US Executive Compensation and the use of performance- vs. time-based equity awards.

Region/Market Policy	Topic (* indicates included in the comment period document)	Policy Change/Update
<b>AMERICAS</b>		
Canada	Virtual only Meetings*	Clarifies the current policy application to recommend against proposed bylaw (or articles of association) amendments that would grant the board the discretion to hold shareholders' meetings in virtual-only format without compelling rationale
Canada	Definition of Independence (Former/Interim CEO)*	Policy clarification regarding the definition of independence in the case of former CEOs in respect of minimum five year cooling off periods.
Canada	Former CEO on the Audit or Compensation Committee*	Consistent with the policy update above clarification that ISS will continue to recommend withhold votes on the election of former CEOs who have been deemed non-independent and serve as members of the Audit and/or Compensation committees.
Canada	Pay-for-performance Evaluation*	Allows the consideration of the compensation of a named executive office (NEO) in the ISS pay-for-performance evaluation, as opposed to the CEO's compensation, in cases of exceptional circumstances where an NEO's compensation is regularly significantly higher than that of the CEO if doing so would provide a more appropriate assessment of pay-for-performance alignment.
Canada	TSX Composite Index - Racial Ethnic Diversity	Removes the prior policy language associated with the initial implementation of the racial/ethnic diversity standards in the market, as they became mandatory for all TSX Composite Index boards from Feb. 1, 2024.
Canada	Gender Diversity	Removes a prior reference to "extraordinary circumstances", providing greater transparency and simplifying the framework for the analysis of gender diversity at the board level.
U.S.	Poison Pills*	Updates the policy to increase transparency of the factors considered in in the case-by-case evaluation of poison pills,
U.S.	SPAC Extensions*	Updates the policy to codify current policy application to recommend support for extension requests of up to one year from the original termination date.
U.S.	Natural Capital*	Terminology update to replace the reference to "General Environmental Proposals" by the updated reference of "Natural Capital-Related and/or Community Impact Assessment Proposals".

Americas Regional (Latin America)	Compensation Plans*	Aligns the Americas Regional Voting guidelines with the ISS Brazil Voting guidelines and provides greater transparency on the criteria used for the analysis of the rarely seen proposals to approve equity-based compensation plans in the Spanish speaking markets covered in the Latin America region (Argentina, Chile, Colombia, Mexico, and Peru)
Americas Regional (Latin America)	Board Term*	Codifies the current policy application applied in the Spanish-speaking markets of the Latin America region in the rare cases when companies propose an increase to board term.
EMEA		
U.K. and Ireland	Remuneration*	Generally reflecting the October 2024 updated Investment Association's (IA) Principles of Remuneration and updates to the U.K. Corporate Governance Code.
U.K. and Ireland	Dilution Limits*	Updates the references to dilution in light of the updated IA Principles of Remuneration, while providing transparency that a 5 percent dilution limit remains considered best practice by many investors.
U.K. and Ireland	QCA Corporate Governance Code – Remuneration Resolutions for Smaller Companies*	Updates to reflect recent changes to the QCA Corporate Governance Code, including the Code's recommendation to put remuneration reports to advisory shareholder votes.
U.K. and Ireland	Board Diversity*	Reflects FCA requirements and clarifies that such requirements are for companies to report against diversity targets, as opposed to necessarily meeting them (although progress against the targets is expected by many investors).
U.K. and Ireland	Remuneration at Financial Institutions - Capital Requirements Directive (CRD) V*	Removes the previous policy language as no longer applicable to UK banks and investment firms due to regulation changes.
U.K. and Ireland	Listing Categories	Removes and replaces the references to "premium" and "standard" listings with the new categories of the U.K. Listing rules.
U.K. and Ireland	Remuneration Resolutions – voting considerations for Smaller Companies	Updates to policy for smaller companies to provide clarity on voting considerations for remuneration resolutions following recent changes to the QCA Corporate Governance Code recommending that remuneration reports and remuneration policies to be put to advisory shareholder votes, and reflecting current and recommended market standards.
Continental Europe	General Meeting Format – Virtual/Hybrid Meetings*	Updates the policy to reflect developing investor views with regard to hybrid and virtual-only meeting authorizations across Europe. The final policy update retains the existing consideration factor <i>“Whether an authorization is restricted in time or allows for the possibility of virtual-only meetings indefinitely”</i> which had been proposed for deletion under the open comment period.
Continental Europe	Auditor Rotation*	Updates the policy to include the expectation of auditor rotation for companies not subject to the European Union (EU) rules. A one-year grace period will be applied with the policy update becoming effective for meetings on or after Feb. 1, 2026.
Continental Europe – France	Capital Issuances*	Updates the policy to clarify the reference regarding "preemptive rights" and explicitly adds reference to a maximum discount of 10 percent for issuances without preemptive rights, based on investors' expectations.
Continental Europe – Nordic	Change of Definition of Widely-held Companies	Replaces the prior reference to the MSCI EAFE index to better reflect the standards applied by large companies in the Nordic region, with the standards stipulated by local corporate governance codes.

Continental Europe – Portugal	Director Overboarding	Includes Portugal among the Continental European countries in which overboarding criteria will be applied when analyzing director election proposals.
Continental Europe – Spain	Bundled Director Elections	Includes Spain among the Continental European countries in which bundled director elections may trigger a recommendation to vote against.
<b>ISRAEL</b>		
Israel	Appointment of Auditor and Auditor Fees	Removes the prior reference to the MSCI AEFEE index, while continuing to focus on local index when analyzing audit fees in the market.
Israel	Director Overboarding	Includes the reference to overboarding as a criterion in the analysis of director election proposals, consistent with the "Goshen Committee Recommendations" (considered the soft law on corporate governance in Israel).
<b>ASIA-PACIFIC</b>		
Japan	Director Independence – Tenure*	Includes tenure as part of the criteria for the determination of director independence (with a 12-year threshold). A one-year grace period will be applied with the policy becoming effective as of Feb. 1, 2026.
India	Audit Committee – ed Problematic Audit-Related Practices*	Updates to include the provision that, when the auditor provides an adverse or qualified opinion on the company's financial statement, members of the audit committee will be held accountable in light of their responsibility for overseeing the integrity of the company's financial reporting process.
India	Director Classification – Independence *	Codifies current policy approach regarding directors who have served on the board for more than 10 years, and re-classification as non-independent directors due to their long(er) tenure.
India	Equity Compensation Plans*	Codifies the current policy application regarding proposals for the extension of Employee Stock Option Purchase (ESOP) scheme, Stock Appreciation Rights Scheme, or any other employee benefit scheme to employees of subsidiaries, holding, and associated companies.
India	Equity Compensation Plans – Codification	Codifies the current policy application and provides greater clarity that "dilution", for the purpose of policy application regarding equity compensation plans, considers both the newly proposed equity scheme and existing plans.
Indonesia	Poor Disclosure of Auditor Remuneration*	Introduces new policy to hold accountable a small number of companies that continue to provide poor disclosure of audit fees, in light of the improved disclosure practices in the market.
Malaysia and Thailand	Director Overboarding*	Includes Malaysia and Thailand as part of the overboarding policy, in light of existing best corporate governance recommendations in the markets.
China	Technical Changes	Updates reflecting latest rules, regulations, and laws in China, which are technical in nature and neutral to ISS policy application.
China	Articles of Association – Communist Party Committee	Updates including additional information and the reference to "Party Organization", an overarching term incorporating "Party Committee".
China	Articles of Association - Other	Update reflecting investor expectations and existing good market practice for the disclosure of bylaw and/or articles of association amendments and separated into independent resolutions for each proposed amendment, as opposed to a bundled resolution.
China	Share Issuances	Reflecting changes to recent regulations in China and adding language regarding share issuance authorizations, which has gradually become common practice in China in light of the regulatory changes.

Hong Kong	Director Elections	Aligns the policy language with provisions of the Hong Kong Listing Rules regarding companies with a single-gender board.
Hong Kong	Share Issuances	Clarifies that the limit under the relevant share issuance mandate includes treasury shares, aligned with recent regulatory changes.
Taiwan	Clarification of Articles of Association	Reflects investor expectations and existing good market practice for the disclosure of bylaw and/or articles of association amendments separate into independent resolutions for each proposed amendment, as opposed to a bundled resolution.
Taiwan	Director Elections	Removes the prior reference regarding the election of directors and supervisors using the non-nomination system as it is no longer applicable to the Taiwanese market due to regulatory changes.

### **Additional Information: US Executive Compensation – the use of performance- vs. time-based equity awards**

The following is not a policy change for 2025, but is nonetheless noted for additional information and transparency, as related to the ongoing considerations referred to earlier in this document on the use of performance- vs. time-based equity awards in US executive compensation, including feedback received on the questions raised through the comment period.

Effective for 2025 (for meetings on or after Feb. 1, 2025), ISS will introduce adaptations to the qualitative review of performance-vesting equity awards carried out under the current U.S. benchmark policy. The disclosure and design of incentive programs have historically been part of ISS qualitative analysis reviews, but a number of investors have expressed increasing concerns about potential pitfalls surrounding metric-based performance equity programs. As such, existing qualitative considerations around performance equity programs going forward will be subject to greater scrutiny in the context of a quantitative pay-for-performance misalignment. Specifically, any design or disclosure concerns regarding performance equity will carry greater weight in the qualitative analysis, and significant concerns in these areas will be more likely to drive an adverse say-on-pay recommendation where a company exhibits a quantitative pay-for-performance misalignment. Further details on the changes will be provided in an update to ISS' U.S. Executive Compensation Policies FAQ, published in mid-December 2024.

Some investors have advocated for companies replacing performance-conditioned equity awards with time-based equity awards that have extended vesting periods. A potential ISS benchmark policy update remains under consideration for 2026 (or later) regarding the evaluation of the equity pay mix for regular-cycle equity awards whereby a preponderance of time-vesting equity awards generally would not in itself raise significant concerns in the qualitative review of pay programs. ISS will continue to welcome additional feedback on this topic through 2025.

## Appendix B – Summary of Comments Received

ISS received a total of 63 communications on the proposed policy changes presented for the open comment period. All comments and other responses received have been reviewed and considered. Except where the respondents requested that ISS keep their responses confidential, the responses received will be posted for transparency on the Policy Gateway section of our website after the publication of this Executive Summary.

The majority of comments received were from companies and issuer-related trade organizations, with the rest being from institutional investors, institutional investor groups, non-profit organizations, advocacy organizations, government officials and others.

More than half of the responses received, 32 in total, were related to the Continental European policy framework regarding the use of virtual-only shareholder meetings (as opposed to hybrid or physical meetings). Comments raising concerns on the proposed changes in this area came largely, but not exclusively, from German companies and issuer-related trade organizations, including the German Investor Relations Association, and the Confederation of Swedish Enterprise. The final policy update was adapted to reflect some of the points raised in the feedback.

Comments were also received on the proposed policy changes on dilution limits in the U.K. and Ireland policy, the Canadian policies to, under unusual circumstances, consider use of the compensation of a high-paid non-CEO for the assessment of pay-for-performance, on the introduction of tenure as part of the criteria to establish director independence in Japan, and on the use under U.S. policy of the TNFD framework (and other international frameworks) in the assessment of shareholder proposals focused on “natural capital” topics, including biodiversity, deforestation and water pollution.

In addition, a number of comment letters and other responses received included comments on areas outside the specific proposed policy changes included in the comment period. These comments came from a variety of respondents including from non-profit and advocacy organizations, investors and investor-related groups, government officials and some others. A variety of views were expressed: for example, multiple comments urged ISS to change policies or adopt new policies to support the concept of System Stewardship, on racial equity and on other climate-related topics, including to extend board accountability related to climate change risks across a broader universe of companies than currently; some views went in opposite directions, for example, urging or encouraging ISS to reevaluate policies and/or vote recommendations regarding board diversity, board accountability related to climate change risks, and on a range of environmental and social-related shareholder proposals.

In addition, we received a number of responses to the specific questions included in the comment period document regarding U.S. Executive compensation and the use of performance- vs. time-based equity awards. Although not a proposed policy change for 2025, such comments and feedback will continue to inform ongoing considerations related to future potential updates to U.S. executive compensation policy.

We empower investors and companies to build for long-term and sustainable growth by providing high-quality data, analytics, and insight.

#### GET STARTED WITH ISS SOLUTIONS

Email [sales@iss-stoxx.com](mailto:sales@iss-stoxx.com) or visit [www.issgovernance.com](http://www.issgovernance.com) for more information.

This report and all of the information contained in it, including without limitation all text, data, graphs and charts, is the property of ISS STOXX and/or its licensors and is provided for informational purposes only. The information may not be modified, reverse-engineered, reproduced or disseminated, in whole or in part, without prior written permission from ISS STOXX.

The user of this report assumes all risks of any use that it may make or permit to be made of the information. While ISS STOXX exercised due care in compiling this report, ISS STOXX makes no express or implied warranties or representations with respect to the information in, or any results to be obtained by the use of, the report. ISS STOXX shall not be liable for any losses or damages arising from or in connection with the information contained herein or the use of, reliance on, or inability to use any such information.

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

© 2024 | Institutional Shareholder Services Inc. and/or its subsidiaries ("ISS STOXX")