

1. Respondent Information

We appreciate you taking the time to provide input to our 2022 ISS annual global benchmark policy survey. Your answers will help inform ISS voting policy development on a variety of different topics across global markets.

This year's survey first covers the global topic of climate change risk management with a focus on specific questions concerning climate-related board accountability, climate transition plans and management "say on climate" resolutions, climate risk as a critical audit matter, and financed emissions for companies in the financial sector.

Then, drilling down by individual markets and regions, the survey seeks your views on several emerging trends and issues expected to shape the governance and stewardship landscape ahead. For the U.S., questions cover potential benchmark policy exemptions for multi-class capital structures, handling of problematic governance structures, and views on calls for third-party racial equity and civil rights audits. These are followed by questions on share issuance mandates at cross-market companies under ISS' U.S. policy coverage. With regard to the U.K. and Ireland, survey questions cover audit-related matters and assessment of executive pay increases, while questions applicable to Continental Europe cover multi-class share structures and unequal voting rights, as well as virtual-only shareholder meeting provisions. For emerging markets, the survey focuses on share repurchases in Sub-Saharan African markets.

The survey will close on August 31, at 5pm ET. (Answers received after the survey's close will be considered but may not be compiled statistically in the results report.) In addition to our annual policy surveys, ISS conducts a variety of regional and topic-specific roundtables and conference calls each year as part of our annual policy development process to gather broad input from investors, company executives, directors and others. These will also factor into the update and development of ISS' voting policy guidelines for 2023 and beyond. After analysis and consideration of this year's survey responses and the many other inputs we receive, we will, as in prior years, open a public comment period for all interested market participants on the major final proposed changes to our policies for 2023. The open comment period is designed to elicit objective and specific feedback from investors, companies, and other market constituents on the practical implementation of the proposed policy updates, before the final policy changes are published later in the year.

Please feel free to pass on a link to this survey, which is available [here](#), to others in your organization to whom it could be relevant.

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

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

* Please provide your contact information.

Name

Title

Organization

Valid e-mail address

Country where you are based

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

☐ Institutional investor (asset manager)

☐ Public corporation

☐ Institutional investor (asset owner)

☐ Board member of a public corporation

☐ Advisor to institutional investors

☐ Advisor to public corporation

☐ Other (please specify)

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

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

☐ Under \$100 million

☐ \$100 million - \$500 million

☐ \$500 million - \$1 billion

☐ \$1 billion - \$10 billion

☐ \$10 billion - \$100 billion

☐ Over \$100 billion

☐ Not Applicable

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

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

Climate Change Risk Management

Climate change has emerged over the last several years as one of the highest-priority stewardship issues for many investors and companies alike. Many institutional investors now identify it as a top area of focus for their stewardship activities as a significant risk area, and, amongst those investors, there is a widely held view that directors should be held accountable for overseeing disclosure and actions to put companies on a footing to manage their various risks related to climate change. There is also a growing movement in some markets for shareholders to be able to regularly scrutinize and vote on companies' climate transition plans (the so-called say-on-climate votes). Through 2021 and 2022 to date, a number of companies worldwide have either put forward their climate transition plans as management say-on-climate proposals for shareholder approval or have committed to do so in the future.

Regulators in various markets have begun to enact or have proposed regulations on climate risk disclosure. In terms of emission reduction targets, there are many ways companies can express these - targets on direct emissions and/or on emissions associated with supply chain and products, absolute reductions and/or those expressed as a function of revenue or sales ("intensity" targets).

Three-quarters of investors who responded to ISS' annual policy survey in 2020 said that they would consider a vote against directors who are deemed to be responsible for poor climate change risk management oversight. The ISS U.S. benchmark voting policy was updated for 2021 to specify that "demonstrably poor risk oversight of environmental and social issues, including climate change" could be assessed to be material failures of governance, stewardship, or risk oversight that could lead to votes against directors.

In 2021, respondents to ISS' separate policy survey on climate-related matters provided detailed feedback on their views on board accountability relating to various factors and minimum expectations of those companies considered to strongly contribute to climate change. Following the 2021 policy development process of which the Climate Survey was a part, the ISS benchmark voting policies for several markets worldwide (namely the United States, Continental Europe, United Kingdom, Ireland and Russia) were updated for 2022 to implement a policy for companies considered to be high greenhouse gas (GHG) emitters, to consider negative voting recommendations against directors and/or other appropriate agenda items if they did not have adequate climate risk disclosure and targets to reduce GHG emissions. The list of Climate Action 100+ Focus Group companies was adopted as the appropriate target universe.

Climate Board Accountability

For companies considered to be significant greenhouse gas (GHG) emitters*, what actions or lack of actions may be considered to demonstrate such poor climate change risk management that rise to the level of "material governance failure," which would call for an ISS recommendation against a director or directors?

*currently defined as those in the Climate 100+ Focus Group

**The targets do not overly rely on technologies that are not yet commercially available and are not overly reliant on offsets

(Choose all that apply):

- ☐ Lack of climate change risk management disclosure and performance should not result in a vote against directors
- ☐ Absence of adequate disclosure with regards to climate-related oversight, strategy, risks and targets according to a framework such as the one developed by the Task Force for Climate-related Financial Disclosure
- ☐ Has not declared a "net-zero by 2050" ambition
- ☐ Has not set realistic** medium-term targets (through 2035) for Scope 1 & 2 only (including direct emissions and those associated with purchased power)
- ☐ Has not set realistic** medium-term targets (through 2035) for Scope 1, 2 & 3 if Scope 3 is relevant (generally over 60% of company's footprint) (including the scopes above and emissions associated with goods bought, sold, and financed)
- ☐ Is not showing or on track to show an absolute decline in GHG emissions for Scope 1 & 2 only (including direct emissions and those associated with purchased power)
- ☐ Is not showing or on track to show an absolute decline in GHG emissions for Scope 1, 2 & 3 if Scope 3 is relevant (generally over 60% of company's footprint) (including the scopes above and emissions associated with goods bought, sold, and financed)

Climate Board Accountability Application

In 2022 ISS began applying the new climate board accountability policy to the Climate 100+ focus group companies based in the U.S., Europe, UK/Ireland, and Russia. Would you support uniform application of this policy in every market or continued differentiation by market?

- ☐ Uniform policy application, where data and disclosures allow
- ☐ Continued differentiation by market
- ☐ Other (please specify)

Company Climate Transition Plans

With regards to the ISS global policy guidelines on Management Say on Climate proposals, what do you consider to be the top three priorities when determining if a company's transition plan is adequate?

*Meaning that the targets do not rely on technologies that are not yet commercially available and are not overly reliant on offsets.

(Choose up to three):

- ☐ The extent to which the company's climate-related disclosures are in line with TCFD recommendations and meet other market standards
- ☐ Whether the company has stated an ambition to be "net zero" for operational and supply chain emissions (Scope 1, 2 and 3) by 2050
- ☐ Whether the company has comprehensive and realistic* medium-term targets for reducing operational emissions (Scopes 1 & 2) to net zero by 2050
- ☐ Whether the company has set adequately comprehensive and realistic* medium-term targets for reducing operational and supply chain emissions (Scopes 1, 2 & 3) to net zero by 2050 for example, quantified actions accounting for reduction of at least 75 percent of its medium-term operational and supply chain GHG emissions (Scopes 1, 2, and 3 if relevant)
- ☐ Whether the company has set adequately comprehensive long-term targets for reducing operational emissions (Scopes 1 & 2) to net zero by 2050
- ☐ Whether the company has set adequately comprehensive long-term targets for reducing operational and supply chain emissions (Scopes 1, 2 & 3) to net zero by 2050 for example, quantified actions accounting for reduction of at least 50 percent of its long-term operational and supply chain GHG emissions (Scopes 1, 2, and 3 if relevant)
- ☐ Whether the company has sought and received third-party approval that its targets are science-based, such as from the Science Based Targets initiative
- ☐ Whether the company discloses a commitment to report on the implementation of its plan in subsequent years
- ☐ Whether the company's climate data and/or financial assumptions have received third-party assurance
- ☐ Whether the company's short- and medium-term capital expenditures align with long-term company strategy and the company has disclosed the technical and financial assumptions underpinning its strategic plans
- ☐ Whether the company's direct GHG emissions have increased in the past year
- ☐ Whether the company's direct and indirect GHG emissions have increased in the past year
- ☐ No preferences
- ☐ Other (please specify)

Climate Risk As Critical Audit Matter

Some institutional investors have called on companies, especially high emitters, to ensure that their financial reports include material climate change risks and are prepared using assumptions consistent with the Paris Agreement on climate change. Although most global auditing standards require adequate considerations of climate risk, the "Flying Blind" report from Carbon Tracker concludes that most of the world's largest GHG emitting companies are not meeting these standards.

Do you favor seeing commentary from the auditors, in the auditor report, on climate-related issues (in the case of significant emitters)?

- ☐ Yes
- ☐ No
- ☐ Other (please specify)

In your view, should climate risk considerations be included among the Critical Audit Matters / Key Audit Matters?

- ☐ Yes
- ☐ No
- ☐ Other (please specify)

Which of the following actions would you consider appropriate for shareholders to take if climate risk considerations are not included among a company's Critical Audit Matters/Key Audit Matters?

- ☐ Vote against re-election of audit committee members
- ☐ Vote against re-appointment of the auditors
- ☐ Support a related shareholder proposal
- ☐ No voting action
- ☐ Other (please specify)

Financed Emissions

There were a number of shareholder proposals in 2022 that requested companies in the finance sector to adopt a policy to restrict their financing or underwriting for new fossil fuel projects. Thinking about 2023, what do you consider to be appropriate investor expectations for large companies in the banking and insurance sectors regarding the GHG emissions associated with their lending, investment, and underwriting portfolios (choose all that apply):

- ☐ Such companies should not be expected to comply with shareholder requests regarding financed emissions
- ☐ Disclosure – such companies should only be expected to disclose their direct emissions (Scope 1 & 2), not their financed emissions (Scope 3, Category 15)
- ☐ Disclosure – such companies should publicly commit to disclose financed emissions at some point in the future by joining a collaborative group such as the Partnership for Carbon Accounting Financials (PCAF) and/or the Glasgow Financial Alliance for Net Zero (GFANZ), although they may not yet have disclosed the data or may not have disclosed it completely
- ☐ Disclosure – Such companies should fully disclose financed emissions
- ☐ Targets – Such companies should only be expected to have targets to reduce emissions from their own operations
- ☐ Targets – Such companies should have a net-zero by 2050 ambition including financed portfolio emissions
- ☐ Targets – Such companies should have clear long-term and intermediary financed emissions reduction targets for high emitting sectors
- ☐ Companies should commit to cease financing or underwriting new fossil fuel projects
- ☐ Other (please specify)

Do you expect that investors' minimum expectations on thresholds for climate-related disclosure and performance will change over time?

- ☐ No – expectations will remain similar
- ☐ Yes – expectations around climate are growing and will increase
- ☐ Yes – expectations around climate are already too high and will decrease

If you answered yes, and you are an investor, how do you expect your thresholds to change?

If you answered yes, and you are representing a company or other non-investor organization, how do you expect investors' thresholds to change?

3. Topics Specific to United States Market

Potential Exceptions to Adverse Recommendations Under ISS Policy on Multi-Class Capital Structures

Already announced in 2021, and beginning in 2023, ISS plans to start recommending votes against certain directors at U.S. companies that maintain a multi-class capital structure with unequal voting rights, including companies that were previously "grandfathered" (exempted from adverse vote recommendations) based on the date they went public. ISS plans to apply a "*de minimis*" exception in cases where the capital structure is not deemed to meaningfully disenfranchise public shareholders: for example, where most of the super-voting shares have already been converted into regular common shares.

What percentage of total voting power, held by the owners of the super-voting shares, would you consider to be "*de minimis*"?

- ☐ No more than 5 percent
- ☐ No more than 10 percent
- ☐ No more than 20 percent
- ☐ There should be no "*de minimis*" exception
- ☐ Other (please specify)

What other factors do you consider relevant to the question of whether a company should be exempt from adverse ISS vote recommendations under this policy?

- ☐ Degree to which ownership of super-voting shares is dispersed
- ☐ Whether the company is controlled (or de facto controlled) by current officers/directors
- ☐ Limitations on super-voting rights (e.g., shares held by insiders have super-voting rights with respect to a merger, but not with respect to ordinary director elections, say-on-pay, etc.)
- ☐ None of these factors is relevant: any capital structure that disenfranchises public shareholders is problematic
- ☐ Other (please specify)

Which directors do you consider appropriate targets for adverse vote recommendations due to a capital structure with unequal voting rights? (Please choose all that apply)

- ☐ Any director who holds super-voting shares
- ☐ The chair of the governance committee
- ☐ All members of the governance committee
- ☐ The board chair and/or lead independent director
- ☐ All non-independent directors
- ☐ All directors
- ☐ None of the above

At some multi-class companies, public shareholders do not have the ability to vote on certain directors, such as the CEO, board chair, or members of the founding family. Where shareholders may only vote on a limited number of independent directors, do you consider they should vote against such directors if they wish to protest against the multi-class structure?

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

Problematic Governance Structures

In 2020, ISS U.S. benchmark policy regarding newly-public companies with a problematic capital structure was codified to indicate that no sunset provision of greater than seven years from the date of the IPO would be considered reasonable. The inclusion of a reasonable sunset provision is considered a mitigating factor for ISS' policy regarding other problematic governance structures (i.e., if a classified board structure and/or supermajority vote requirements to amend the governing documents) at newly-public companies. However, to date this policy has not defined a time period which would be considered reasonable.

While recognizing that the sunset of a classified board may take multiple years, what is the most appropriate time period from the date of their IPO for companies to begin sunseting problematic governance structures?

- ☐ 3 years
- ☐ Between 3 and 7 years
- ☐ 7 years
- ☐ Other (please specify)

The results of the 2021 ISS policy survey indicated that a large majority of investor respondents were opposed to classified boards and supermajority vote requirements even at companies that have maintained these practices for many years. However, ISS recognizes that these practices may be seen by investors as more acceptable for smaller companies.

In your opinion, should smaller companies be exempted from negative ISS recommendations for maintaining a classified board or supermajority vote requirements?

- ☐ (a) Smaller companies should be exempted from negative recommendations for classified boards
- ☐ (b) Smaller companies should be exempted from negative recommendations for supermajority vote requirements.
- ☐ (c) Smaller companies should be exempted from negative recommendations for both classified boards and supermajority vote requirements
- ☐ (d) No, smaller companies should not be exempt from negative recommendations for either of these concerns

If you answered (a), (b), or (c) to the question above, which companies would you consider to be sufficiently small to be exempt from adverse recommendations?

- ☐ Companies outside the Russell 3000
- ☐ Companies outside the S&P 1500
- ☐ Companies outside the S&P 500

Currently, any vote requirement to amend the governing documents of greater than a majority of outstanding shares is considered a problematic governance practice. However, ISS recognizes that not all supermajority vote requirements are alike and that certain supermajority vote requirements, notably those requiring two-thirds of shares outstanding, are easier to achieve or eliminate as shareholder bases evolve than those requiring 75, 80, or 85 percent of shares outstanding.

In your opinion, should a supermajority vote requirement of two-thirds of shares outstanding to amend governing documents generally be considered acceptable?

- ☐ Yes
- ☐ No

Diversity, Equity & Inclusion (DEI)

Since the racial justice protests sparked by the Black Lives Matter movement after the deaths of George Floyd and others in 2020, many shareholders have increased their engagement with companies on diversity and racial equity issues, seeking better disclosure on fair representation in the workforce and more information about corporate programs for employees of color.

In 2021, ISS undertook a careful review of its policy regarding racial equity audits and announced a new U.S. benchmark policy for 2022 on assessing proposals calling for racial equity and/or civil rights audits. The policy states that ISS will undertake a case-by-case analysis, looking at a number of relevant factors relating to the company's disclosure and performance in the area of racial equity and/or civil rights.

In 2022, the number of and support for this type of proposal grew as compared to 2021.

ISS recognizes that questions of racial and ethnic identification and diversity vary considerably globally, with different legal and cultural sensitivities. However, for companies operating in jurisdictions where racial equity or civil rights audits are permissible and may be relevant, and in cases where shareholder resolutions may be put forward to request such audits or similar information, we seek feedback on the following questions:

What is your opinion about third-party racial equity or civil rights audits?

- ☐ Where permissible, most companies would benefit from an independent racial equity or civil rights audit.
- ☐ Whether a company would benefit from an independent racial equity or civil rights audit depends on company-specific factors including outcomes and programs.
- ☐ Most companies would not benefit from an independent racial equity or civil rights audit.

If you selected the second or third options above, which of the following company-specific factors do you consider relevant in indicating whether a company would benefit from an independent racial equity or civil rights audit (where permitted to do so)? (Please select all that apply)

- ☐ The company is involved in significant diversity-related controversies.
- ☐ The company does not provide detailed workforce diversity statistics, such as EEO-1 type data.
- ☐ The company does not disclose an adequate internal framework/process for addressing implicit or systemic bias throughout the organization.
- ☐ The company has not undertaken initiatives/efforts aimed at enhancing workforce diversity and inclusion, including training, projects, pay disclosure.
- ☐ The company has not undertaken initiatives/efforts aimed at offering products/services and/or making charitable donations with a specific focus on helping create opportunity for people and communities of color.
- ☐ The company's workforce diversity statistics disclosure shows a lack of minority representation or increases in minority representation.
- ☐ Other (please specify)

4. Topics Specific to Cross-Market Companies

Share Issuance Mandates at Cross-Market Companies Under ISS U.S. Coverage

Companies domiciled in the U.S. generally do not need to seek shareholder approval for share issuances up to the level of authorized capital specified in the charter, unless required to do so by stock exchange listing rules. Both NYSE and Nasdaq require shareholder approval for issuances in excess of 20 percent of shares outstanding, but this limit applies to acquisitions and private placements and not to public offerings for cash. However, companies incorporated in certain other markets, even those considered U.S. domestic issuers by the SEC, may be required by the laws of the country of incorporation to seek approval for all share issuances. These cross-market companies typically seek approval for a mandate to cover issuances during the coming year (or a multi-year period).

There is currently no specific U.S. benchmark or Foreign Private Issuer (FPI) policy on share issuance mandates, and when they arise as a proposal to be voted on, they are covered under the policy of the market of incorporation. Those policies are generally based on local codes of best practice, which are not otherwise applicable to companies without a local stock market listing. ISS policies for markets such as the UK, Ireland and the Netherlands seek to limit dilution to existing shareholders from issuances without preemptive rights. However, preemptive rights have not been a feature of U.S. capital markets in the modern era. Cross-market companies often argue that they should not be subject to restrictions that are not applied to their U.S.-domiciled peers, when most of their shareholders are based in the U.S.; and argue specifically that having to offer pre-emptive rights, to a shareholder base unfamiliar with such rights, could delay or prevent an acquisition or financing transaction. At the same time, shareholders may reasonably expect to see safeguards against repeated dilutive share issuances.

At cross-market companies classified as U.S. domestic issuers and solely listed in the U.S., should ISS:

- ☐ (a) Continue to apply the policy of the market of incorporation, and therefore generally recommend votes against share issuances without preemptive rights in excess of 10 percent of issued capital
- ☐ (b) Generally recommend votes in favor of share issuance mandates, regardless of the policy applying to the market of incorporation
- ☐ (c) Develop a U.S.-specific policy for share issuance mandates

If you answered (c), what level of dilution do you consider acceptable for a mandate for issuances without preemptive rights (i.e., not tied to a specific transaction)?

- ☐ 20 percent, in effect applying the U.S. stock exchange limit to public offerings for cash as well as to private placements
- ☐ 33 percent
- ☐ It should depend on the company's financial condition and stage of development (i.e., a higher limit should apply to pre-revenue companies heavily dependent on equity financing)
- ☐ Other (please explain)

How frequently should such companies seek shareholder approval for share issuance mandates?

- ☐ On an annual basis
- ☐ At least every five years
- ☐ No preference for frequency

Should the same policy apply to dual-listed companies (those listed both on a U.S. exchange and an exchange in the market of incorporation) as to those solely listed in the U.S.?

- ☐ Yes
- ☐ No

Should the same policy apply to Foreign Private Issuers as to U.S. domestic issuers?

- ☐ Yes
- ☐ No

5. Topics Specific to UK & Ireland Markets

Audit Related Matters

Many markets typically promote a minimum number of meetings that audit committees are recommended to hold each year to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control. In the UK, the FRC's Guidance on Audit Committees recommends that audit committees hold at least three audit committee meetings during each year but notes that "best practice requires that every board should consider in detail what audit committee arrangements are best suited for its particular circumstances" and that "audit committee arrangements need to be proportionate to the task, and will vary according to the size, complexity and risk profile of the company." In light of a series of high-profile audit and internal control failings in companies in recent years, there are growing calls for increased scrutiny of companies' internal controls and audit oversight.

Given the importance of the audit committee's role, should ISS note the frequency of audit committee meetings held each year and consider vote recommendations sanctioning instances where the number of meetings appears to be insufficient?

- ☐ Yes
- ☐ No
- ☐ Other (please explain)

Executive Pay Increases

Executive pay (both practice and disclosure) is structured differently to that of a company's average worker and typically comprises a large fixed component (salary, pension and benefits) along with a significant variable element (bonus and long-term incentives) which is normally expressed as a multiple of salary. For the average employee, the fixed element typically represents the largest single element. UK corporate governance principles expect companies to explain executive pay increases larger in percentage terms than those of the median employee. However, any salary increase made to executives - even those in line with increases awarded to the wider workforce - will likely result in a much larger increase in total pay opportunity because of the greater size of salary and because most remuneration elements for executive directors are expressed as a multiple of salary. For example, a 3 percent increase to an executive's basic salary is likely to have a more profound impact on their total pay opportunity in monetary terms when compared to the same percentage salary increase awarded to the average worker. This will also lead to a 'widening of the gap' between average worker pay and total pay opportunity available to executives.

In the context of rising inflation and cost of living challenges, is the explanation of regular salary increases to executives being in line with the general workforce still considered appropriate or do you consider that they should generally be lower? Please select the option below that most closely reflects your view.

- ☐ Each board should determine executive pay in the context of the company's needs
- ☐ "In line" is fine
- ☐ Executive salaries should generally be rising more slowly in percentage terms
- ☐ Undecided

Comment

6. Topics Specific to Continental European Markets

Unequal voting rights/ multi-class share structures

Since 2015, ISS policy for the U.S. has been to recommend votes against directors of newly-public companies that have certain poor governance provisions, such as multiple classes of stock with unequal voting rights. Starting in 2023, ISS will recommend against directors at U.S. companies with unequal voting rights, irrespective of when they first became public companies.

From the ISS Global Voting Principles, under the core tenet of Board Accountability, is the principle that "...shareholders' voting rights should be proportional to their economic interest in the company; each share should have one vote." This also aligns with the ICGN's Global Governance Principles (Principle 9).

Given a number of recent developments in Europe, the question arises whether ISS should revisit its approach to board accountability in the context of unequal voting rights in Continental Europe and introduce a specific policy in this area.

We recognize that on the European continent, which consists of many different markets, many companies take different governance approaches and a variety of governance structures have historically been applied. Whether through golden share structures, multiple share classes, or the increasing numbers of "loyalty" preferential voting structures, Europe has a large variety of structures that may be considered to treat shareholders unequally. However, some of these structures have been designed with positive governance intentions and may not be universally considered to treat shareholders unequally (e.g., loyalty voting structures are in theory open to all shareholders but due to practical reservations minority shareholders rarely apply to register). In addition, there are questions of whether the board is accountable for the continued existence of such structures in all instances, for example given that holders of special share classes must often approve the abolition of an existing structure.

In your opinion, for Continental European companies with governance structures considered poor, such as having unequal voting rights, should ISS revisit these problematic provisions and consider issuing adverse voting recommendations (e.g., against discharge or reelection of directors depending on AGM agenda composition) in the future where they still exist? (i.e., at companies that still maintain these poor governance provisions and irrespective of the board being able to change the structure?)

☐ Yes

☐ No

☐ It depends (please provide comments)

If you answered Yes above, which of the following features do you think ISS should revisit when considering director/discharge vote recommendations (check all that apply)

- ☐ A multiple class capital structure with unequal voting rights
- ☐ Loyalty share structure giving additional voting rights to 'long-term shareholders'
- ☐ Anti-takeover protective measures in place (e.g., preference share arrangement)
- ☐ Call-option agreements with foundations (specifically in the Netherlands)
- ☐ Supermajority vote requirements to amend governing documents
- ☐ Other (please specify)

Virtual Meetings

Various markets across Continental Europe are examining or implementing legislation that will provide for virtual-only Annual General Meetings on a permanent basis. For example, Germany has just passed a law making the option to hold virtual-only meetings a permanent one (up until now it was just an “emergency authorization” limited in time). The new law in Germany requires each company that wants to hold virtual-only meetings to amend its articles in this regard every five years, which will require shareholder approval.

Would you consider it a problematic diminution in shareholder rights for a company to hold virtual-only Annual General meetings going forward?

- ☐ Yes
- ☐ No
- ☐ No, as long as the company put in shareholder rights safeguards such as time limits and participation rights
- ☐ It depends (please specify)

7. Topic Specific to Sub-Saharan African Markets

Share Repurchases

In Sub-Saharan African (SSA) markets such as Botswana, Ghana, Kenya, Nigeria, Namibia and Zimbabwe, companies often submit general authorizations for market share repurchase plans for shareholders' approval at annual general meetings. Currently, ISS Sub-Saharan African (SSA) policy guidelines support the approval of market repurchase authorities if they comply with a repurchase limit of up to 10 percent of the outstanding issued share capital, a holding limit of up to 10 percent of a company's issued share capital in treasury and a duration of no more than five years, or a lower threshold as may be set by the applicable law, regulation, or governance code. Support is also warranted for repurchase programs in excess of the 10 percent repurchase limit on a case-by-case basis provided that on balance, the proposal is in shareholders' interests.

However, depending on Sub-Saharan African markets' laws and regulations, while the repurchase limit may fall in line with the current 10 percent threshold of the outstanding issued share capital as per ISS policy, it may exceed such limit, therefore being not aligned with the current ISS SSA policy guidelines.

Given that SSA companies regularly seek approval on general market share repurchase authorities that exceed the ISS limit of up to 10 percent, and in order to be in line with the respective applicable local laws and regulations as well as the South African policy guidelines, what would your organization favor among the following options?

- ☐ Keeping the 10 percent threshold as the main guidance whatever the local regulations
- ☐ A limit of up to 20 percent to be applied to all Sub-Saharan African markets provided that this is the highest limit set by the laws and regulations in these markets. Note that a limit of up to 20 percent would be aligned with the South African ISS policy guidelines.
- ☐ Keeping the 10 percent threshold as the main guidance while accepting higher thresholds if corresponding to local regulations but not beyond a 20 percent limit.
- ☐ A limit that falls in line with the laws and regulations of the stock market in which the company is listed as stipulated by the relevant competent authority
- ☐ Other (please specify)