2026 ISS STOXX Governance Annual Global Benchmark Policy Survey

Dear respondent,

We appreciate you taking the time to provide input to our **2026 ISS STOXX Governance Annual Global Benchmark Policy Survey.** Your answers will help inform the development of ISS voting policies on a variety of topics across global markets.

ISS Benchmark policies and voting guidelines are designed to deliver analyses and recommendations aligned with our Global Voting Principles — accountability, stewardship, independence, and transparency. These guidelines support institutional investors in fulfilling their fiduciary responsibilities with respect to voting by promoting long-term shareholder value creation and risk mitigation through responsible global corporate governance practices.

This year, we are seeking feedback on a range of topics presented under the headings of board elections, shareholder rights, compensation, audit & auditors, and environmental & social topics.

Please complete this survey to reflect your or your organization's overall (or "house") views to the greatest extent possible. If you are responding on behalf of an organization, references to "you" or "your" throughout the survey should be understood as references to your organization.

To ensure your responses can be considered, please provide verifiable information, including your name, title, organization, and a valid email address. Individual survey responses and respondent information will remain confidential and will be used solely for ISS policy development purposes. In addition, all survey responses are treated as confidential and will not be disclosed to any third party except as required by law or in connection with a judicial, administrative, or regulatory proceeding.

The survey is scheduled to close on August 14, 2026, 5PM EST. Responses received after this date may still be reviewed but may not be included in the statistical results report. If you wish to see the full text of the survey before responding, you can access a PDF version here: 2026 ISS STOXX Governance Annual Global Benchmark Policy Survey.

In addition to the annual surveys, ISS hosts regional and topic-specific roundtables each year as part of our annual policy development process. Insights from these engagements will also inform updates to our voting policy guidelines for 2027 and beyond. As in past years, ISS will later open a public comment period on the major final policy changes proposed for 2027. This step is intended to gather specific feedback from investors, companies, and other market participants on the practical application of the proposed updates before the final policy changes are published later in the year.

If you have any questions or would like to provide additional comments on any of the survey questions, please contact us at policy@issgovernance.com.

RESPONDENT INFORMATION

1. Please provide your name *

2. Please provide your job title *

3. Please provide the name of your organization *

4. Please provide your e-mail address *

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

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

- Institutional investor (asset manager)
- Institutional investor (asset owner)
- Advisor to institutional investors
- Public corporation
- Board member of a public corporation
- Advisor to public corporation
- Other

6. If you are an institutional investor, what is the size or 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 - $100 billion
- ◯ Over $100 billion
- ◯ Not Applicable

7. What is your primary geographic area of focus in answering the survey questions? (Please select all that apply.) *

Please select at most 9 options.

- ☐ 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

BOARD ELECTIONS

8. **Slate Board Elections**
Market/Region: All - Global Topic *

The method by which directors are elected can have important implications for shareholder rights and board accountability. Under an individual election structure, shareholders can vote separately on each director nominee, allowing them to express support or opposition to each specific candidate. By contrast, under a slate election structure, multiple director nominees are presented for election as a single voting item, so shareholders can only vote to either approve or reject the entire slate.

Individual director elections are widely considered a governance best practice; however, slate elections remain common in some markets due to local legal frameworks or longstanding market practices. Examples of markets in which slate elections remain common practice include certain Nordic, Southern European, and Eastern European markets, as well as many Latin American countries.

As a result of the varying practices, there are differing views on whether and to what extent the use of slate elections should be viewed as a governance concern warranting opposition to directors' elections.

When board elections are presented as slates rather than through individual director elections, should this be considered a sufficiently significant governance concern to potentially justify opposition to the election of directors solely due to the slate format?

- ◯ Yes, the use of slate elections is a governance concern that should justify opposition to the election of directors, regardless of whether it reflects common practice in that market or not
- ◯ Yes, but only in markets where slate elections are not the prevalent practice
- ◯ No, the use of slate elections alone should not justify opposition to the election of directors, irrespective of local market practice
- ◯ It depends (please explain)

9. Please provide additional information *

10. **Tenure Impact on Director Independence**
Market: U.S. *

The relationship between director tenure and independence involves multiple considerations. On one hand, long-tenured directors can provide valuable institutional knowledge, historical perspective, and continuity, enabling them to offer informed oversight and guide management effectively. On the other hand, extended tenure can be considered to gradually lessen a director's independence on a board, and to hinder refreshment of the board's composition.

These diverse perspectives, plus widely differing market rules and practices across the world, have led to different views among investors, companies, regulators, and governance practitioners regarding to what extent director tenure should be considered when assessing director independence at U.S. companies, given that there are currently no standard market rules for U.S. companies on tenure for independent directors, and tenure is currently not a consideration in ISS independence assessments under ISS U.S. Benchmark policy.

When evaluating the independence of directors in the U.S. market, do you consider long director tenure to be a material factor that could adversely impact a director's independence?

- Yes, a director’s tenure on the board should be considered a factor in assessing a director’s independence
- No, a director’s tenure, however long, should not be a factor in assessing independence – if a board assesses a long-tenured director as independent, that is generally sufficient
- It depends (please explain)
- No opinion

11. Please provide additional information *

12. **If you consider director tenure a relevant factor in assessing independence for U.S. company directors, after how many years of board service do you generally consider a director no longer independent on grounds of tenure (absent a specific and sufficiently compelling rationale provided by the company after its own considerations)?** *

- 10 years and over
- 12 years and over
- 15 years and over
- 20 years and over
- A different length of tenure (please specify)

13. Please provide additional information *

14. **When assessing whether a director's tenure on a U.S. board raises independence concerns, in your view, which factors should the assessment take into account?** *

- Assessments should focus solely on the tenure of the individual director
- Assessments should consider both the tenure of the individual director and broader board-level tenure factors, such as the board's average tenure or the proportion of long-tenured directors on the board
- Assessments should focus on the length of the director's tenure that overlaps with key individuals such as the current CEO/Chair, rather than on the director's total tenure alone
- Assessments should consider multiple factors including tenure, board refreshment, and length of overlap with the CEO/Chair
- It depends (please explain)

15. Please provide additional information *

16. **Board Elections – Chair and CEO roles**
Market/Region: Continental Europe *

Across Europe, the separation of the CEO and board chair roles is standard good practice in large companies across most markets. Even in jurisdictions where this separation of roles has not historically been the norm, governance practices in this area have most commonly evolved toward more division of responsibilities (such as having a separate non-executive lead independent director, especially where Chair and CEO roles are not separated).

However, even where the CEO and chair roles are formally separated, approaches to board chair roles vary across jurisdictions and between companies. Spain, for example, differs from many other European markets in that executive chairs remain relatively common. Among IBEX 35 companies, more than 40 percent have an executive chair. Based on a recent assessment by ISS Research, executive chairs in Spain are in most cases responsible for defining corporate strategy, while most Spanish company CEO roles are described as primarily focused on execution. However, there is apparent significant overlap in these responsibilities in many instances.

For large or widely held European companies, where the CEO and chair roles are formally separated, which of the following statements best reflects your view?

- The chair should be an independent non-executive director
- The chair should be a non-executive director, whether independent or non-independent
- The executive status of the chair is not a significant factor, provided that the CEO and chair roles are formally separated
- The executive status of the chair is not a significant factor, provided that the CEO and chair roles are formally separated AND there is a separate non-executive lead independent director
- The executive status of the chair is not a significant factor even without separation of the CEO and chair roles or a separate non-executive lead independent director
- Other (please explain)
- No opinion

17. Please provide additional information *

SHAREHOLDER RIGHTS

18. **Virtual-Only AGMs**
Market/Region: Continental Europe *

In the years since the restrictions of the Covid-19 pandemic, many European companies have reverted to AGM formats that provide shareholders with an opportunity to attend in person, whether through fully physical meetings or hybrid meetings that offer the opportunity for both physical and virtual participation. However, some companies have continued to hold virtual-only AGMs. Supporters of virtual meetings point to broader shareholder accessibility, cost efficiency, convenience, and sustainability considerations. However, many investors and others raise concerns that virtual-only meetings can reduce board accountability and limit shareholder-company questions and dialogue, the concerns being especially important where controversial or highly significant agenda items are on the ballot.

In June 2026, the International Corporate Governance Network (ICGN) reiterated its view that hybrid AGMs represent the preferred model, as they combine wider digital access with the continued right to attend in person. ICGN stated that “virtual-only AGMs should only be used in emergency circumstances” and that technology should “enhance accountability, not replace it.” ICGN further recommended that companies seeking authority to hold virtual-only AGMs should be required to obtain supermajority shareholder support and that any such authorization should be time-bound.

Against this backdrop, the following questions seek views on the circumstances under which virtual-only AGMs may be appropriate, the potential consequences where companies repeatedly use virtual-only AGM formats despite expressed shareholder concerns, and under which scenarios an AGM or other shareholder meeting should not be held virtually.

For European companies, which of the following best reflects your general view on virtual-only AGMs?

- ◯ Virtual-only AGMs should be limited to exceptional circumstances only, such as emergencies, public health concerns, serious security risks, or other situations that make an in-person meeting inadvisable
- ◯ Virtual-only AGMs under exceptional circumstances are only acceptable provided shareholders are able to exercise their rights including participation, raising questions and voting, in a manner substantially equivalent to in-person attendance
- ◯ Virtual-only AGMs are generally acceptable in all circumstances, provided shareholders are able to exercise their rights including participation, raising questions and voting, in a manner substantially equivalent to in-person attendance
- ◯ Virtual-only AGMs are generally acceptable for routine AGMs, but where significant or controversial agenda items are on the ballot, companies should also provide shareholders with an option for in-person attendance
- ◯ Hybrid AGMs are the preferred format, as they preserve the right to attend in person while also enabling remote participation
- ◯ Virtual-only AGMs are not an appropriate format for publicly listed companies
- ◯ Other (please explain)
- ◯ No opinion

19. Please provide additional information *

20. **In your view, which of the following agenda items and company circumstances would generally make a virtual-only AGM inappropriate for a European company? Please select up to five options (or one option if it is "Any of the above", or a "None..." choice).** *

Please select at most 5 options.

- [ ] M&A, major disposals, spin-offs, or other transformative transactions
- [ ] Major amendments to the articles of association
- [ ] Authorization to hold future virtual-only AGMs
- [ ] Unusual capital authorizations or share issuance authorities
- [ ] Changes to share class structure or fundamental shareholder rights
- [ ] Changes in corporate form
- [ ] Significant changes to the management or supervisory board structure
- [ ] Significant changes to the company's strategic direction
- [ ] Election of a new board chair or other high-profile board leadership change
- [ ] Contested board elections or new board nominees
- [ ] Significant changes to executive or non-executive remuneration structures or contentious pay proposals
- [ ] Highly controversial discharge or liability-related items
- [ ] Major litigation, regulatory actions or significant settlement, as well as other compliance or governance controversies during the year under review
- [ ] Shareholder proposals or other items expected to generate substantial investor debate
- [ ] Other agenda item or circumstances (please specify)
- [ ] Any of the above would make a virtual-only AGM unacceptable
- [ ] None of the above - shareholders should always be given the option to attend in person
- [ ] None of the above - Provided shareholder rights are protected virtual-only meetings are always acceptable

21. If you selected "Other agenda item or circumstances" above, please provide additional information

22. **To what extent do you agree that each of the following circumstances may justify the use of a virtual-only AGM instead of an in-person or hybrid AGM?** *

	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
Emergency or extraordinary circumstances (e.g., public health, serious security concerns, or natural disaster events)	◯	◯	◯	◯	◯
A routine AGM with no significant or potentially controversial agenda items	◯	◯	◯	◯	◯
If the company has unusually widely geographically dispersed shareholders	◯	◯	◯	◯	◯
To reduce environmental impacts, including travel-related emissions	◯	◯	◯	◯	◯
To reduce AGM costs	◯	◯	◯	◯	◯
Logistical constraints or lack of suitable physical venues	◯	◯	◯	◯	◯
Low levels of expected in-person shareholder attendance	◯	◯	◯	◯	◯

23. **Reincorporations, Changes to Corporate Laws of Location, and Recurring Problematic Governance Provisions**
Markets: U.S. and Canada *

In general, a company's relocation of its place of incorporation encompasses a mix of different changes and potential impacts that may need to be considered and weighed up in total by shareholders. Companies seeking to change their incorporation location commonly highlight factors such as the location of company headquarters and operations, lower costs of operation (including regulatory and tax), or improvements to shareholder rights as rationales. Shareholders may also need to consider any risks borne from differences in law between the current and proposed jurisdictions of incorporation that, from their perspectives, may result in changes that can favor company management over shareholders or other changes in shareholder rights. For example, a change of incorporation location may alter the balance of rights between shareholders and management in the ability to bring lawsuits against the company, to participate in derivative suits, or in the submission of shareholder proposals. Similar considerations can also arise when companies amend their governing documents in ways that limit or change the exercise of certain shareholder rights following changes to the corporate laws of their existing jurisdiction of incorporation. We are seeking feedback on the considerations associated with changes in location of incorporation or to governing documents following changes to corporate laws in an existing incorporation location from the view of the ISS U.S. and Canada Benchmark policies.

Which of the following statements best reflects your view when companies change or seek to change either their location of incorporation, or their governing documents following changes to corporate laws in their existing location of incorporation?

- ○ All significant changes should be taken into account in any assessment, including the benefits a company identifies, and any changes to shareholder rights (positive and negative)
- ○ All significant changes should be taken into account in any assessment, but significant benefits a company identifies should generally be given relatively greater weight than any changes to shareholder rights (negative or positive)
- ○ All significant changes should be taken into account in any assessment, but changes to shareholder rights (negative or positive) should generally be given relatively greater weight than other factors
- ○ Any changes to shareholder rights that weaken shareholders' abilities to hold company insiders accountable are potentially significant for shareholders and should generally be given greater weight than benefits in other areas
- ○ Other (please explain)
- ○ No opinion

24. Pleased provide additional information *

25. Certain governance practices such as multi-class share structures with unequal voting rights, supermajority voting requirements for charter or bylaw amendments, and provisions that impose additional conditions on the submission of shareholder proposals or initiation of derivative suits are often viewed by investors as material governance concerns.

    Some such practices are expressly permitted under the corporate laws of certain jurisdictions of incorporation. Advocates of governance practices that investors can consider restrict shareholder rights argue that they can provide benefits for newly public companies, particularly during the period immediately following an initial public offering (IPO). In such cases, however, investors have often expected governance provisions viewed as adverse to shareholder rights to be subject to sunset provisions within a reasonable timeframe or, when adopted unilaterally after a company is already public, to be submitted for shareholder ratification.

    Some companies have maintained such provisions long after an IPO, a reincorporation, or changes in the corporate laws of the jurisdiction in which the company is incorporated, without seeking shareholder approval or adopting measures to phase out the provisions. Under the current ISS U.S. benchmark policy, any such provisions that have been identified as problematic and result in negative vote recommendations generally continue to be considered as such for as long as they remain in place. We are seeking feedback this year on such "perpetual withhold" vote recommendations under ISS U.S. Benchmark policy.

    If such governance provisions identified as problematic remain in place at a company, how long do you consider directors should continue to be subject to adverse vote recommendations under ISS U.S. Benchmark policy? *

    ◯ Adverse vote recommendations should continue to be issued for as long as the governance provisions remain in place

    ◯ Adverse vote recommendations should be issued only for the first director elections following the adoption of the governance provisions

    ◯ It depends on the specific circumstances (please explain)

    ◯ None of the above – I consider that such governance provisions are not problematic

26. Please provide additional information *

27. **Turning to the application of negative vote recommendations issued under ISS U.S. Benchmark policy in relation to any such continuing governance provisions identified as problematic (as described above), what do you consider the most appropriate approach for ISS U.S. Benchmark policy to take?** *

    ◯ Apply any adverse vote recommendation solely to the election of the chair of the committee responsible for governance oversight

    ◯ Apply any adverse vote recommendations to all members of the committee responsible for governance oversight

    ◯ Apply any adverse vote recommendations first to the committee chair of the committee responsible for governance and, when warranted, escalate to all committee members, with escalation based on such factors as nature, duration, severity, and/or number of governance concerns (please explain in more detail if necessary)

    ◯ None of the above – I consider that ISS U.S. Benchmark policy should take a different approach to applying such adverse vote recommendations (please specify)

    ◯ None of the above – I consider that such governance practices are not problematic

28. If you consider an escalation path should apply (3rd option above), please provide additional information

29. If you consider that ISS U.S. Benchmark policy should take a different approach to applying adverse vote recommendations (4th option above), please provide additional information

30. **Potential Semiannual Financial Reports**
Markets: U.S. and Canada *

U.S. and Canadian regulators have both recently proposed allowing public companies to report their financial results on a semiannual rather than a quarterly basis. Although companies would be free under the proposals to continue to report on a quarterly basis, those that choose to move to semiannual reporting would most likely not need shareholder approval to make the change.

If U.S. or Canadian public companies are allowed in the future to report their results on a semiannual basis, which of the following best describes your view?

- This would not be a concern: boards should be trusted to balance the various considerations and make the right decision for the company
- This would be a positive change: Less frequent reporting may reduce "short-termism" or provide other benefits
- This would be a negative change: Less frequent reporting may heighten volatility and tilt the playing field away from public investors and toward, for example, those who have access to non-public information or sophisticated data analysis capabilities
- Semiannual reporting makes sense for many smaller or pre-revenue or money-losing start-up companies, but not for larger, more mature companies
- Other (please specify)
- No opinion

31. Please provide additional information *

COMPENSATION

32. **Pay for Performance Evaluation – Bonus Programs for Financial Services Companies Market: U.S.** *

Annual executive bonus programs at large U.S. financial services companies are commonly determined through committee discretion, based on a broad assessment of performance factors, rather than through formulaic outcomes tied to quantified goals. Under current ISS U.S. Benchmark policy, fully discretionary bonus programs are generally identified as a concern in the qualitative pay-for-performance evaluation, though mitigating weight may be given to disclosures that increase transparency around the use of discretion, such as pre-set pay opportunities, performance category or factor weightings, and detailed explanations around how performance factors influenced payout decisions.

A number of financial services companies have provided feedback that formulaic bonus structures are incompatible with the regulatory and risk management requirements applicable to their industry, which emphasize the need to minimize excessive risk-taking and support outcomes-based adjustments. Some companies have also provided feedback that their shareholders are supportive of their current bonus structure given the unique regulatory and risk considerations within this sector. We are seeking views on whether this sector-specific context may warrant a different treatment of discretionary bonus programs in the qualitative pay-for performance evaluation for U.S. financial services companies under ISS U.S. Benchmark policy.

Do you consider that a discretionary bonus program based on board assessments of performance factors should continue to be viewed as a structural concern in pay-for-performance qualitative evaluations for U.S. financial services companies under ISS U.S. Benchmark policy?

- ◯ Yes – such a bonus program structure should continue to be identified as a concern
- ◯ No – given prevailing practice and regulatory considerations within the financial services industry, such a bonus program structure should not be viewed, in isolation, as a concern
- ◯ No opinion

33. **Would your view change if companies provided disclosures to increase transparency around the use of discretion, such as pre-set pay opportunities, performance category or factor weightings, and detailed explanations around the impact on payout decisions?** *

- ◯ Yes – such disclosure may mitigate concerns around the discretionary structure
- ◯ No – even with such disclosures, the discretionary structure should continue to be identified as a concern

34. **Say-on-Pay and Board Responsiveness**
Market: U.S. *

In May 2026, the SEC proposed a rule to simplify U.S. public-company filer classifications. Among other changes, the proposed rule would greatly expand the number of companies exempt from existing say-on-pay voting requirements.

The vast majority of U.S. companies currently hold annual say-on-pay votes, and this proposal has become the primary mechanism for shareholders to express support or concerns regarding executive pay practices. A small minority of companies currently do not provide an annual say-on-pay vote, and under current ISS U.S. Benchmark policy, when there is no say-on-pay vote, adverse vote recommendations that would typically apply to the say-on-pay proposal are instead directed at the election of incumbent compensation committee members on the ballot.

With the possibility that many more companies will be exempt from say-on-pay votes if the SEC's proposed rule becomes finalized as is, what do you consider the appropriate approach for ISS U.S. Benchmark policy to take to signal any significant concerns regarding executive pay when no say-on-pay vote is on the ballot?

- ◯ Consistent with the current approach, in the absence of a say-on-pay proposal, any adverse vote recommendations should be applied to the elections of the full compensation committee (those on the ballot)
- ◯ A more targeted approach would be appropriate with the rule change, and in the first year of concern any adverse vote recommendation should be applied only to the election of the compensation committee chair, potentially escalating to other committee members only if there are multiple years of concerns
- ◯ Adverse vote recommendations on compensation committee members in the case of concerns with pay would not be appropriate if the company is not required to provide a say-on-pay vote
- ◯ Other (please specify)
- ◯ No opinion

35. Please provide additional information *

36. **Say-on-Pay and Board Responsiveness**
Markets: U.S. and Canada

This question addresses a related but broader issue that arises whenever a say-on-pay proposal is not on the ballot, whether in the SEC-exemption scenario above or in existing situations at U.S. or Canadian companies. *

When evaluating executive pay under ISS U.S. and Canadian Benchmark policies, in situations where shareholder support at the last annual meeting fell below the current ISS Benchmark policy Say-on-Pay Responsiveness Threshold (less than 70 percent of votes cast in the U.S. or less than 80 percent of votes cast in Canada), particular scrutiny is given to the company's disclosed response to its prior say-on-pay vote result. In such cases, consideration is given to, among other things: disclosure of the company's engagement efforts with shareholders regarding the issues that contributed to the low support, any specific actions taken to address those issues, and any additional rationale provided for the company's pay practices.
Under the existing ISS U.S. and Canadian Benchmark policies, if there is no say-on-pay vote on the agenda, the primary mechanism for a signal of concerns with the company's say-on-pay responsiveness is, potentially, adverse vote recommendations on the elections of compensation committee members. In the case of low prior year support for director elections, the ISS Benchmark policy board responsiveness threshold is set at 50 percent of votes cast for continuing directors (the "Director Election Threshold").

In the absence of a say-on-pay proposal on a company's agenda, the primary mechanism for expressing concerns with compensation practices under current ISS U.S. and Canadian Benchmark policies is adverse vote recommendations on the elections of members of the compensation committee. In such cases, which board responsiveness threshold do you consider to be appropriate when evaluating the board's response to any compensation committee members who received low shareholder support at the prior annual meeting?

- ◯ The existing ISS Director Election Threshold should apply (50 percent)
- ◯ The existing ISS Say-on-Pay Responsiveness Threshold should apply (70% in U.S. and 80% in Canada)
- ◯ Different responsiveness thresholds should be applied (please specify)
- ◯ No responsiveness thresholds or evaluations are appropriate
- ◯ No opinion

37. Please provide additional information *

38. **Long Term Incentive Performance Goal Disclosure**
Market: U.S. *

For U.S. companies, long-term incentive (LTI) awards are often the largest component of named executive officer pay. Under current ISS U.S. Benchmark policy, the non-disclosure of forward-looking LTI performance targets is a negative factor in the pay-for-performance qualitative evaluation. Many companies choose not to disclose forward-looking LTI performance targets on the assertion that such disclosure could cause competitive harm. We are seeking views on whether, and under what conditions, the risk of competitive harm may constitute a compelling rationale for non-disclosure of forward-looking LTI performance targets.

Do you consider that the risk of competitive harm may be a compelling rationale for the non-disclosure of forward-looking LTI performance targets?

- Yes, it is a reasonable rationale for non-disclosure by any company
- Yes, provided the company commits to retrospective disclosure of the performance targets and results after the award cycle closes
- This could be a reasonable rationale but should be assessed case-by-case depending on the company's explanation and circumstances
- Not a reasonable rationale in most or all cases
- Other (please explain)
- No opinion

39. Please provide additional information *

40. Under existing ISS U.S. Benchmark policy, the risk of competitive harm is generally considered to be a less compelling rationale for the non-disclosure of *relative* performance metric goals (e.g., performance measured against a peer group or an index) than for absolute performance metric goals.

Do you agree with drawing this distinction between relative and absolute performance metric goals?
*

- Yes, the rationale of potential competitive harm is less compelling for relative metric goals than for absolute metric goals
- No, there should not be such a distinction between non-disclosure of relative vs. absolute performance metric goals

41. **Hybrid Long-term Incentive Plans**
Markets/Region: Continental Europe and UK *

In recent years, a number of UK companies and a lesser number of Continental European-based companies have proposed or adopted so-called hybrid long-term incentive structures. These arrangements combine performance-based and time-vesting award elements within the executive remuneration framework. Historically, many investors have shown various degrees of skepticism towards such LTIP structures, with concerns around the dilution of pay and performance alignment. More recent UK proposals to introduce hybrid LTIPs have, however, largely received shareholder approval, although often accompanied by meaningful shareholder dissent, indicating that investor views continue to vary.

At present, market practices remain in a formative stage, and investor support and dissent levels continue to be highly case-specific.

Which statement best reflects your overall view of hybrid LTIP plans?

- Generally support, with no caveats
- Generally support, provided the LTIP structure remains predominantly performance-based and is supported by a clear rationale
- Support only in limited and adequately justified circumstances
- Assess on a fully case-by-case basis
- Generally oppose, except in exceptional circumstances
- Do not support hybrid LTIP structures
- Other (please specify)
- No opinion

42. Please provide additional information *

43. **UK and Continental European companies have put forward a range of rationales for adopting hybrid LTIP structures. In which of the following circumstances do you consider hybrid LTIPs to be appropriate?** (*Please select your top three choices, or "all" or "none".)* *

Please select at most 3 options.

- [ ] The company has significant U.S. exposure and/or competes in international talent markets
- [ ] There is a strong strategic transformation or turnaround program
- [ ] Company operates in sectors with highly competitive or specialized executive talent markets, including cyclical industries
- [ ] There is evidence of meaningful shareholder consultation before implementation
- [ ] There is clear disclosure explaining why the hybrid LTIP structure is preferable to alternative approaches considered
- [ ] For the retention of key executives over a longer period
- [ ] Recruitment of a new senior executive
- [ ] For succession planning or leadership transition
- [ ] For newly listed companies
- [ ] For Founder-led companies
- [ ] Other specific circumstances (please specify)
- [ ] All – consider hybrid LTIPs appropriate in all or most circumstances
- [ ] None – consider hybrid LTIPs inappropriate in all or most circumstances

44. If you answered "Other specific circumstances" above, please provide additional information

45. **Hybrid LTIPs can significantly vary in their design, including award quantum, duration of vesting and holding periods, performance conditions, and governance safeguards. Which features do you consider most important to warrant shareholder support for the introduction of a hybrid LTIP?** (*Please select your top three choices, or "none...".)* *

Please select at most 3 options.

- ☐ A meaningful reduction in maximum award opportunity relative to the existing performance-based LTIP, to compensate for the increased certainty of time-based awards
- ☐ A substantial proportion of the award remaining performance-based
- ☐ Clear evidence that the hybrid structure preserves meaningful pay-for-performance alignment
- ☐ Substantial overall vesting and holding periods
- ☐ Post-employment shareholding retention requirements
- ☐ Robust malus and clawback provisions
- ☐ Meaningful LTIP gateway or underpin conditions (e.g., minimum financial or strategic performance requirements) before time-based awards may vest
- ☐ Other (please specify)
- ☐ None – shareholders should not generally support hybrid LTIP structures regardless of their design or rationale

46. If you answered "Other" above, please specify

47. Some companies with evident international competition for management talent have sought to significantly increase incentive quantum within their traditional LTIP structures, rather than redesign their pay frameworks to use, for example, hybrid LTIPS.

To what extent do you agree with the statement below? *

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
"Hybrid LTIPs may be an appropriate alternative to significantly increasing incentive opportunity under a traditional performance-based LTIP."	○	○	○	○	○

48. **Non-Executive Director Equity-Based Pay**
Region: Continental Europe *

Across Europe, market practice and governance expectations vary significantly on whether non-executive directors should receive any form of equity-based pay. In some markets, fixed cash fees remain the preferred or expected approach, reflecting the view that non-executive directors should remain independent of management and not be influenced by share price performance or similar performance targets shared by management. In others, companies often use equity-based pay for non-executive directors and argue that time-based share awards or restricted stock units can help align directors' interests with those of shareholders, promote long-term ownership, and support the recruitment and retention of experienced board members in increasingly international markets.

For the avoidance of doubt, this question concerns only time-based restricted shares or restricted stock units with no performance conditions for non-executive directors. It does **not** refer to stock options, performance shares, or any other form of performance-based reward for non-executive directors.

Which of the following best reflects your view on the use of time-based share awards or restricted stock units as part of non-executive director pay at listed companies in Continental Europe?

- ◯ Equity-based pay is not appropriate for non-executive directors; reward should consist of fixed cash fees only
- ◯ Fixed cash fees are generally preferable for non-executive directors, but time-based share awards may be acceptable if they are granted in lieu of a portion of fixed cash fees and are subject to robust safeguards
- ◯ Fixed cash fees are generally preferable for non-executive directors, but time-based share awards may be acceptable in cases where the company provides a compelling rationale
- ◯ Time-based share awards are generally an appropriate way to align non-executive directors with shareholder interests, provided they do not have performance conditions attached
- ◯ Time-based share awards are generally an appropriate way to align non-executive directors with shareholder interests, provided they do not have performance conditions attached and are formulaic in nature to help prevent abuses
- ◯ Other (Please specify)
- ◯ No opinion

49. Please provide additional information *

50. **Which of the following safeguards do you consider important for time-based share awards or restricted stock units granted to non-executive directors?** *(Please select all that apply.)* *

Please select at most 6 options.

- ☐ With the inclusion of equity-based fees, the overall remuneration opportunity should remain reasonable and should not materially increase total non-executive director pay
- ☐ Awards should be purely time-based, without performance conditions, share price targets, or option features
- ☐ Shares should be subject to a meaningful holding period extending beyond vesting
- ☐ The company should provide a clear rationale for why equity-based remuneration is appropriate in its market and circumstances
- ☐ None of the above – time-based awards do not require further safeguards
- ☐ Other (please specify)

51. If you answered "Other" above, please provide additional information

AUDIT & AUDITORS

52. **Board Responsiveness to Assurance Concerns on Non-Financial Reports**
Region: Continental Europe *

The EU Corporate Sustainability Reporting Directive (CSRD), as part of the EU Commission's Action Plan on Financing Sustainable Growth, aims to achieve the objectives of the European Green Deal and requires covered companies to provide certain non-financial information reporting, audited by an assurance service provider.

When independent assurance service providers raise material concerns about the mandatory non-financial information presented by companies, which of the following statements best reflect your views on how the company should publicly respond? (Select more than one if applicable.)

- ◯ Companies should not be expected to publicly respond to such concerns in the first year they are raised
- ◯ Companies should be expected to publicly respond within a reasonable time and in any case within a year
- ◯ Companies should be expected to publicly respond only if such concerns persist and are raised for a second consecutive year
- ◯ Companies should be expected to publicly respond only if such concerns persist and are raised for a third or more consecutive year
- ◯ Companies should not be expected to publicly respond at all – the reports of the independent assurance provider each year are sufficient
- ◯ Other (please specify)
- ◯ No opinion

53. Please provide additional information *

54. **In situations where you consider that a company should publicly respond to material concerns raised by their assurance service provider, which of the following best describes your view:** *

- ◯ The board should be held accountable by shareholders for a lack of response
- ◯ The chairs of relevant committees, such as the sustainability committee, if any, or audit committee, should be held accountable by shareholders for a lack of response
- ◯ Members of relevant committees, such as the sustainability committee, if any, or audit committee, should be held accountable by shareholders for a lack of response
- ◯ It depends/other (Please specify)

55. Please provide additional information *

56. **Director Accountability for Concerns about Audit Firms**
Region: Asia-Pacific

External audits play a critical role in supporting investor confidence, market integrity, and financial reporting reliability. Audit-related concerns across the Asia-Pacific (APAC) region have historically been (and are still most commonly) associated with issuer-level events such as accounting restatements or financial distress, however recent years have also seen increased scrutiny of audit firms themselves through regulatory requirements and sanctions, enforcement actions, and findings of systemic process deficiencies.

Corporate accountability frameworks differ widely across APAC markets. In some jurisdictions, shareholders can express views directly through voting on auditor appointments and reappointments, while others are limited to auditor fee ratifications or audit committee and board oversight mechanisms such as voting on director elections. Where there are concerns, investors may also need to balance the severity of the concern against practical considerations associated with companies changing audit firms, including cost, operational complexity, loss of institutional knowledge, and transition risk, particularly for large or complex multinational companies.

The following questions explore views on accountability when there are significant audit quality concerns arising from questions about a company's external audit firm itself, and on the factors that may be considered when evaluating the company's response in such a situation.

Note: For the purposes of the two questions below, "significant concerns" can be considered to include such things as public findings of material audit quality deficiencies by the audit firm, significant negative regulatory findings, major enforcement actions, or other persistent concerns raised regarding the audit firm's work or conduct. *

Where there are significant concerns that relate primarily to a company's external auditor itself (rather than specifically to the company's own reporting or circumstances), in your view, where should accountability generally be directed by shareholders voting at the company's AGM? *(Select the option or options that best reflects your view for each scenario.)*

Scenario 1: In markets where shareholders can vote on auditor appointments.

Please select at most 10 options.

- [ ] Primarily toward the external auditor through agenda items on auditor appointment, reappointment or ratification of audit fees
- [ ] Primarily toward audit committee members or other directors responsible for oversight of the external audit through director election agenda items
- [ ] Toward both the external auditor and the directors responsible for external audit oversight
- [ ] An escalating approach over time if external audit concerns persist, beginning with the external auditor and extending to relevant responsible directors if concerns persist
- [ ] An escalating approach over time if external audit concerns persist, beginning with relevant responsible directors and extending to the external auditor if concerns persist
- [ ] Primarily toward the broader board
- [ ] Primarily through the vote on the annual financial statements, where available
- [ ] Depends on the specific facts and circumstances (please explain)
- [ ] None of the above - Existing auditor accountability and/or regulatory mechanisms are generally sufficient and no additional shareholder voting action is generally warranted
- [ ] Other (please explain)
- [ ] No opinion

57. If you answered "Depends on the specific facts and circumstances" above, please provide additional information

58. If you answered "Other" above, please provide additional information

59. **Scenario 2: In markets where shareholders cannot vote on auditor appointments.** *

Please select at most 6 options.

- [ ] Primarily toward audit committee members or other directors responsible for oversight of the external audit through director election agenda items
- [ ] Primarily toward the broader board
- [ ] Toward both the audit committee members and the broader board
- [ ] Primarily through a vote on the annual financial statements, where available
- [ ] Depending on the specific facts and circumstances (please explain)
- [ ] None of the above - Existing auditor accountability and/or regulatory mechanisms are generally sufficient and no additional shareholder voting action is generally warranted
- [ ] No opinion

60. If you replied "Depending on the specific facts and circumstance" above, please provide additional information

61. **When considering a company that continues to engage an audit firm subject to significant regulatory findings or sanctions, which of the following factors do you consider most important?** *(Please select your top 5 choices.)* *

Please select at most 5 options.

- [ ] Severity and nature of findings or sanctions
- [ ] Whether there are continuing sanctions or restrictions
- [ ] Whether any sanctions or restrictions have since been lifted
- [ ] Any regulatory recognition of remediation actions taken
- [ ] Evidence of robust audit committee or board review disclosed to shareholders
- [ ] Audit committee or board compelling rationale for retention of auditor disclosed to shareholders
- [ ] Audit committee plan and timeline for change of auditors or for a robust audit tender process disclosed to shareholders
- [ ] Changes to lead audit partner or engagement team on the company's account disclosed to shareholders
- [ ] Quality and transparency of auditor's disclosures concerning the concerns, findings or sanctions
- [ ] Auditor corrective actions implemented and evidenced
- [ ] Time elapsed and demonstrated effectiveness of corrective actions (including no repeated concerns)
- [ ] Availability of alternative audit providers
- [ ] Duration of auditor relationship (please specify)

62. If you answered "Duration of auditor relationship" above, please provide additional information

ENVIRONMENTAL & SOCIAL TOPICS

63. **Climate Board Accountability – Reduced Climate Related Disclosures**
Market/Region: All – Global Topic

Regulatory changes in various jurisdictions may lead companies to reduce or suspend their environmental and climate-related disclosures.

If a company indicates that it has either permanently or temporarily withdrawn or reduced its environmental and climate-related disclosures due to regulatory developments, how would you consider it appropriate for shareholders to assess this reduced disclosure in the two scenarios below? *

Scenario 1: The reduced disclosure is driven by regulatory developments that make disclosure requirements less stringent

- ◯ Directors should not be considered accountable for reduced transparency as long as the disclosures still meet the reduced regulatory requirements
- ◯ Directors should not be considered accountable for reduced transparency as long as the company explicitly states reasonable steps it is taking with the intention of resuming at least previous disclosure levels in the future (for example, if regulatory changes are still in flux)
- ◯ Directors should be considered accountable for reduced transparency even though they may be in regulatory compliance
- ◯ Other (please explain)
- ◯ No opinion

64. Please provide additional information *

65. **Scenario 2: The company indicates reduced disclosure is driven by regulatory or other developments that the company considers introduces legal and/or financial risks** *

- ◯ Directors should not be considered accountable for reduced transparency. Shareholders' needs for information do not outweigh significant risks to the company. Companies are best positioned to assess the disclosure risk
- ◯ Directors should not be considered accountable for reduced transparency as long as the company explicitly states reasonable steps it is taking to continue to assess the risks, and its expectations of resuming at least previous disclosure levels in the future
- ◯ Directors should be considered accountable for reduced transparency. In such cases additional risks perceived by the company are unlikely to outweigh the information benefits for shareholders
- ◯ Other (please explain)

66. Please provide additional information *

67. **Nature-Related Risks**
Market/Region: All – Global Topic *

Nature-related considerations are becoming an increasingly important component of corporate strategy for many companies, as awareness grows of companies' dependencies on ecosystems and impacts on the natural environment. Such dependencies and impacts can translate into financial risks, including supply chain disruption, regulatory changes (e.g., deforestation rules) and shifting market expectations, as well as opportunities.

Frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD) are emerging with respect to the assessment, management, and disclosure of these risks.

Given the evolving regulatory and best-practice landscape on nature-related issues, do you think it is appropriate at this time to expect companies with significant exposure to nature-related risks to disclose information according to a recognized framework (such as TNFD) to help assess and manage these risks?

- Yes
- No – as voluntary frameworks and/or regulation are still too fragmented
- No – such disclosures should be at the discretion of each company
- Other (please explain)
- No opinion

68. Please provide additional information *

69. **Have you considered nature-related risks and opportunities over the past few years, especially in light of the development of frameworks such as TNFD, Science Based Targets Network (SBTN), or other similar initiatives?** *

- Yes
- No
- Other (please explain)

70. Please provide additional information *

71. **Which framework(s) have you used or are seriously considering using?** *(Please select all that apply.)* *

Please select at most 4 options.

- [ ] TNFD
- [ ] SBTN
- [ ] Other frameworks (please specify)
- [ ] Considered, but did not or do not currently plan to use any such framework

72. If you answered "Other frameworks" above, please provide additional information