

# ISS GOVERNANCE



## Japan's Stewardship Code (third revision)

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## Institutional Shareholder Services (ISS)

*December 2025*



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## Introduction

Institutional Shareholder Services Inc. ("ISS") is pleased to submit the following Statement on the revised Principles for Responsible Institutional Investors, Japan's Stewardship Code (the "Stewardship Code").

Founded in 1985, ISS, part of the ISS STOXX group of companies, is today a premier provider of independent corporate governance, sustainability, and fund intelligence research, specialized data and analytics, and actionable insights for the world's leading capital market participants. As the leading provider of corporate governance research, voting recommendations and proxy voting services to the Japanese and international investor communities, ISS places primary importance on conducting its business in a transparent, responsible and constructive manner, as ISS assists institutional investor clients in meeting their stewardship responsibilities.

ISS is a global company with approximately 3,800 employees across 30 global locations in 20 countries. ISS governance research and proxy voting recommendations cover approximately 51,500 meetings in over 100 countries yearly, delivering proxy research and vote recommendations while working closely with clients to execute more than 13.4 million ballots representing 6.05 trillion shares.

Institutional investors turn to ISS for its timely and objective governance research and vote recommendations to help them make informed stewardship and voting decisions and implement their proxy voting policies, as well as for derived operational and cost efficiencies. Investors may also rely on ISS to help manage the proxy voting process and related recordkeeping and reporting. The services described in this statement are provided through ISS' Governance Research and Voting business unit.

As noted in the Stewardship Code, when institutional investors use the services of proxy advisors, they should not mechanically depend on the advisors' recommendation but should exercise their voting rights as part of their own stewardship responsibilities. ISS' services are designed to assist institutional investor clients in making informed voting decisions effectively. ISS notes that the ultimate voting decision does, and should, remain the responsibility, and is under the control of the client.

Principles 1 through 7 do not have direct application to ISS but ISS, through the services it provides, can assist ISS clients with their own compliance with the Stewardship Code. In that regard, this Statement focuses on the ISS services that can be used to support the stewardship activities of ISS institutional investor clients with respect to each Principle of the Stewardship Code that is relevant to ISS services. As such, contents, which are covered under Principles 1 through 7 and relevant to ISS, are discussed in Principle 8, as detailed below.

### Principle 8, Japan's Stewardship Code

**Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.**

## Proxy Research and Advisory Services

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ISS provides proxy research information, analysis and voting recommendations, not voting decisions. The ultimate voting decision for each resolution at a company meeting remains the responsibility of the client, as ISS believes it should. Many ISS clients who subscribe to ISS benchmark policy research and voting recommendations use ISS research as an input into their own deliberations, but they may ultimately decide to vote differently, in line with their own investment, governance, and E&S views and company engagement activities in any particular situation.

ISS' clients are primarily institutional investors, including investment managers as well as asset owners such as private-sector and public employee benefit plans; ISS does not serve retail investors directly. ISS serves a diverse range of institutional investors. Some are long-term buy-and-hold investors, while others pursue short-term investment strategies. Some are focused on long-term risk management and business sustainability, while others seek to achieve reasonable financial returns in a way that aligns with their (or their clients') stated objectives, or religious or philosophical beliefs. Some ISS clients themselves pursue divergent internal investment and proxy voting strategies, depending on the needs of their own clientele or underlying beneficiaries.

ISS' job is to provide clients with tools, information, and voting policy options to help them make their own informed proxy voting decisions and vote their shares in accordance with their respective investment and fiduciary views and responsibilities. To that end, many clients utilize their own custom voting policies, and ISS continues to regularly review its benchmark and specialty (thematic) policies, and expand the array of available voting policy choices, in response to the demands of the market. ISS' clients use ISS research and voting recommendations in a variety of ways. For example, many institutional investors have internal research teams that conduct proprietary research and use ISS research to supplement their own work. Some clients use ISS research as a screening tool to identify non-routine meetings or proposals.

In addition, ISS is continuing its work on Vote Preference (please see relevant dedicated section), a suite of solutions launched in 2022 that facilitates asset managers offering voting policy choices to their clients. Irrespective of the client's chosen proxy voting policy(ies), ISS research supports all vote recommendations with extensive data and analysis based on publicly available corporate reporting and information.

### **Policy-Based Approach Provides Consistency of Application**

At its core, ISS is a policy-based organization, and we believe the use of a series of published voting policies provides a very practical and transparent check on the integrity and independence of ISS' research and vote recommendations. Our policy-based approach also provides for a transparent and consistent methodology with which to evaluate shareholder proposals.

ISS does not provide any consultative or advisory service to our clients or other shareholders in the development of, or solicitation of support for, shareholder proposals.

### **Clients' Custom Policies and ISS' Specialty (Thematic) Policies**

ISS offers an extensive array of voting policy choices to meet the varied needs of institutional investors and their clients. Investors can choose from ISS' global benchmark policies and from seven ISS specialty policies that evaluate voting issues from a variety of different perspectives – for example, those of public funds, socially-responsible investors, labor unions (Taft-Hartley), boards, faith-based investors, climate-focused investors, and sustainability issues outlined by signatories to the Principles for Responsible Investments (“PRI”). ISS also administers on behalf of clients more than 400 bespoke client voting policies and provides customized voting recommendations for institutional investors who want to vote their shares according to their own specific guidelines and philosophies, or those of their underlying clients.

Many institutional investors apply their own unique set of corporate governance and responsible investment guidelines in implementing their proxy voting activities. For these clients, ISS prepares voting recommendations based on the client's custom policy(ies) and may also assist clients in developing such custom policies, if requested. ISS administers more than 400 custom voting policies on behalf of clients, and issues vote recommendations based on each individual custom voting policy. In fact, approximately 90% of the total voted shares processed by ISS globally on behalf of our clients are linked to clients' custom voting policies. In such cases, where our clients design their own proxy voting policies, the vote recommendations ISS makes are derived directly from investors' own proxy voting standards. These custom voting policies reflect clients' unique corporate governance and voting philosophies and may also reflect those of their underlying clients. As a result, the voting recommendations issued under custom policies may well differ from those issued under ISS benchmark or specialty policies.

ISS' custom research analysts are available to provide guidance to clients to assist them in creating and updating their own voting policies and ensure that they accurately reflect their values and priorities, while also often considering local market, standards, and codes of best practice in each market, to the extent clients wish. For example, clients may want to ensure their custom policies appropriately consider any new or emerging issues that have garnered increased interest in the investment community.

### **ISS' Benchmark Policies**

ISS also provides research and voting recommendations based on ISS' benchmark policies. The policies are market and region-specific, are based on generally accepted principles of good corporate governance and stewardship, and consider investor views, as well as national and international corporate governance codes and practices, and corporate and other stakeholder views where relevant. ISS benchmark policies are intended to serve as a tool to assist institutional investors in fulfilling their fiduciary duties, promoting long-term shareholder value, good governance, and risk mitigation. Full details of all ISS benchmark policies are disclosed publicly on our website, including details of the policy updates that are made annually. Additional information such as FAQs on a selection of proxy voting and policy-related topics is also provided.

ISS' benchmark policies in 2024 comprised 23 market and regional proxy voting guidelines that together cover markets around the globe where our investor clients have public company equity investments. The policy guidelines and the research undertaken is not “one-size-fits-all.” The policy guidelines are often market-specific on topics where that is relevant and where different regulations, standards, or governance

concerns apply; even within markets, the policies and the analyses are often case-by-case and take into account the specific facts of the companies covered, with an effort to ensure that relevant nuances of each company are understood and its corporate governance practices are viewed in the context of good practices, industry norms and its history.

In developing and applying its benchmark policies, ISS refers to the ISS Global Voting Principles. The principles provide four key tenets on accountability, stewardship, independence, and transparency, which underlie our approach to developing ISS voting policies and recommendations on management and shareholder proposals at publicly traded companies. These principles guide our work to assist institutional investors in meeting their fiduciary requirements with respect to voting and by promoting long-term shareholder value creation and risk mitigation at their portfolio firms through the support of responsible global corporate governance practices.

These are designed to respect shareholder rights and provide appropriate transparency, taking into consideration relevant laws, customs, and best practice codes of each market and region, as well as the rights and responsibilities of shareholders to make informed voting decisions.

### **Timeliness**

ISS aims for a minimum 2-week target delivery date for governance research and vote recommendation prior to the meeting date (for markets where company disclosure practices permit) and often significantly exceeds this. We delivered research for the Japanese market 21.6 days prior to the meeting dates on average (an increase from 20.6 days in 2023).

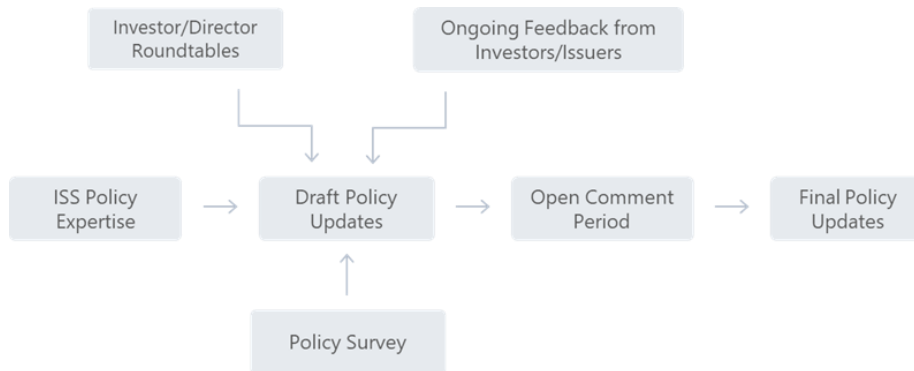
### **Benchmark Policy Development and Update Process**

The ISS benchmark policies are developed through a robust process that uses ISS' analytics- and experience-driven expertise, as well as input from the broader governance and investor community. The ISS research team engages with institutional investor clients, corporate issuers, the academic community, and industry experts worldwide in gathering input on ISS' policies and methodologies each year, including on new and emerging topics. We believe this allows us to evolve the benchmark policies to consistently provide expert and fact-based research and vote recommendations through a shareholder value and risk mitigation lens.

Led by the ISS Global Policy Board, which consists of senior members within the Governance Research team, the annual policy development process collects feedback through multiple channels, as illustrated in *Figure 1*, including:

- An annual policy survey open to all interested parties, and designed to obtain a variety of input from institutional investors, companies, and other stakeholder groups, to test policy development concepts and elicit feedback;
- Periodic roundtable sessions with clients and other relevant industry representatives;
- Ongoing dialogue with, and feedback from, investor clients, issuers, and other participants in the capital markets; and
- Public comment periods on proposed policy changes each year.

Figure 1 is a flow chart illustrating ISS' annual process for updating the benchmark voting policy.



The ISS Global Policy Board and policy subcommittees use such input to develop annual draft policy updates and address emerging governance and other voting-related issues. As noted, proposed changes to the benchmark policy(ies) are released for a public comment period. Comments received during the open comment period are posted to ISS' website to provide the highest level of transparency into the received feedback. Final policy guidelines are typically published in November or December of each year to apply to meetings held from February onwards of the following year. This provides transparency not only to our clients, but also to companies and any other interested parties. In the annual benchmark voting policy updates document (Figure 2), ISS provides a table summarizing changes to the final policy guidelines, organized by market and topic. Once finalized, we publish all ISS policy guidelines on our public website each year for full transparency and availability. For the Japanese market, draft policy updates and the final policy guidelines are published and public comments are received in both English and in Japanese.

Figure 2: A snapshot of the level of public transparency provided in the [2025 updates to the benchmark voting policies](#).

Region/Market	Topic (*) indicates included in the comment period document
AMERICAS	
Canada	Virtual only Meetings*
Canada	Definition of Independence (Growth/Instream CEO)*
Canada	Former CEO on the Audit or Compensation Committee*
Canada	Pay for performance Evaluation*
Canada	ESG Composite Index - Racial Ethnic Diversity

**Appendices**

**Appendix A – Full List of Policy Updates**

The following table summarizes the 43 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.

### Quality of Research

ISS has implemented quality controls across the firm's business units to ensure high levels of accuracy, quality and timeliness. With respect to proxy research and voting recommendations in particular, ISS has robust systems and controls designed to ensure that research reports and vote recommendations include high-quality relevant data and information, are accurate, correctly based on the relevant ISS policy and are reviewed by appropriate personnel prior to publication. These systems and controls include:

- Comprehensive information procurement processes for gathering issuer-published information and meeting documentation<sup>1</sup>;
- Verification that data used is consistent with relevant issuer-published information, or other publicly available sources;
- Preparation of research reports and vote recommendations by appropriately trained analysts; and
- Review of all research reports and vote recommendations by second analyst with relevant expertise.

### External Audit of Operations

ISS employs a third-party auditor to independently assess its controls under the SSAE 18 process and provide an opinion on the fairness of the presentation and on the suitability of the design and operating effectiveness of ISS' controls. The audit, conducted annually, includes a comprehensive accounting of control objectives and the activities that are executed to support each assertion. The processes of the ISS Research, Data, and Operations teams are subject to the SSAE 18 review. The SSAE-18 audit reports are made available to clients, often as part of their due diligence reviews of ISS' services. For 2024, ISS received an unqualified, or "clean," opinion from its external auditor.

## Human and Operational Resources

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Principle 8.2 notes that proxy advisors should secure sufficient human and operational resources, including establishing a business establishment in Japan. They should also specifically disclose the vote recommendation formation process.

Concerning human resources, as of December 31, 2024, ISS' Governance Research and Voting unit consisted of approximately 420 full-time professional research analysts located in ISS offices in Europe, North America, Asia including in Japan, and Australia. ISS established its Japan branch office in Tokyo in 2001. To cover Japanese companies during the 2025 annual meeting season, ISS had 14 full-time research analysts, including seven dedicated researchers based in Tokyo as well as seven additional analysts with specific knowledge and expertise (e.g., M&A, environmental issues, etc.) based in other ISS locations. The average tenure of the seven researchers in Tokyo is 15 years. In addition, we hired approximately 50 seasonal staff members to engage in data acquisition and data quality to support the full-time analysts responsible for producing Japanese company meeting research reports and voting recommendations.

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<sup>1</sup> Primary information sources are, but not limited to, proxy circulars, annual *Yuho* filings, and corporate press releases.

The global research leadership team (Figure 3 below) is organized on a geographic basis for ISS benchmark research, and on a thematic or functional basis in other areas, with Heads of Research for each major area of responsibility.



*Please note that this organizational structure was in place for the majority of 2025*

### Experience and Qualifications of Research Analysts

Our personnel resources include research and data experts fluent in approximately 40 languages. Many research analysts have advanced degrees in finance, business, law, or other relevant subjects. Permanent employees are supplemented by seasonal temporary resources in some places to help support workload peaks. Such seasonal temporary resources are trained and supervised by appropriately experienced permanent analysts. ISS provides extensive training for incoming analysts and new hires (including for temporary seasonal resources), as well as regular training updates for existing analysts, for example on new policies, regulatory changes, and new governance topics. Much like the structure in the financial institutions we serve, our research group includes market-based analysts (experts knowledgeable in a market or region, often with associated language skills where needed), and subject-matter experts that focus on, for example, financial analysis, executive remuneration, environmental and social topics, custom research, and custom policy development.

The research team includes members with experience in investor stewardship, investment banking, mergers and acquisitions, remuneration consulting, corporate actions, corporate responsibility, and regulatory compliance. Many market analysts are nationals and fluent in the language(s) of the country.

The minimum education standard for research staff is a bachelor’s degree from an accredited college or university, but many also possess graduate degrees (MBA, MA, JD) and/or professional certifications (such as CFA, CPA, CEP). The average tenure of ISS’ full-time research analysts is 5.6 years, and many senior personnel have ten years or more of experience at ISS as analysts and experts and/or experience in

relevant fields outside of ISS. Research team members participate as needed in structured training and development programs, which may include on- and off-site development courses and in-house and external professional training.

## Functionalities of ProxyExchange (PX)

The functionalities of our ProxyExchange (PX) voting platform, through which investor clients access, review, and vote their proxies, also help to support our clients in exercising their stewardship responsibilities. Clients using PX can flag meetings or votes for further review, including based on their own screening criteria; execute votes contrary to vote recommendations flowing from their selected voting policy(ies); and, notably, change any vote already cast, up to the ballot distributors vote cut-off deadline. In short, if a client determines it is warranted, they can cancel and change their proxy vote at any time before the voting cutoff date.

In addition, there are several functionalities of PX that facilitate clients in remaining informed of forthcoming general meetings and offer multiple options for workflow management and vote execution. PX allows clients to easily access key issuer details, including historical research documents and vote history on one platform. PX also offers functionalities that enable filtering of information most relevant to the client and use of visual indicators to facilitate the client’s own analysis of our research reports and issuer data. Additionally, PX proactively alerts clients of important forthcoming steps in the proxy voting process and flags topics of interest based on the client’s preferences. In addition, PX has a suite of customizable reporting templates that clients can use for internal or external reporting.

Figures 4,5, and 6 below provide screenshots of PX and the manner in which information and the voting process can be managed by clients (See Appendix for full page snapshots).

Figure 4 provides a screenshot of issuer profile pages available on PX that are designed to provide key issuer details, current and historic research reports and voting history in one place.

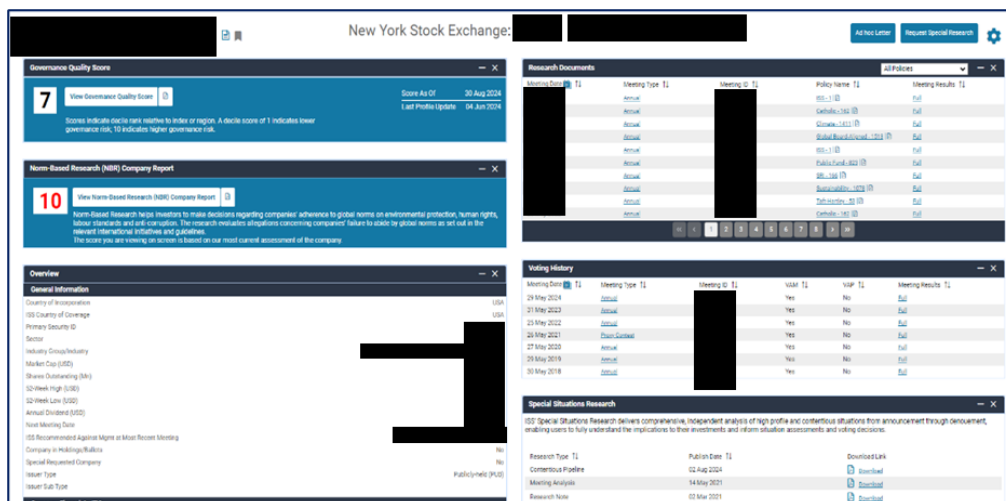


Figure 5 provides an example of one of the workflow management tools available on PX; indicating, through the use of visual aids, the number of votes which a client has submitted versus those that remain outstanding, are past due, have been missed or are pending.

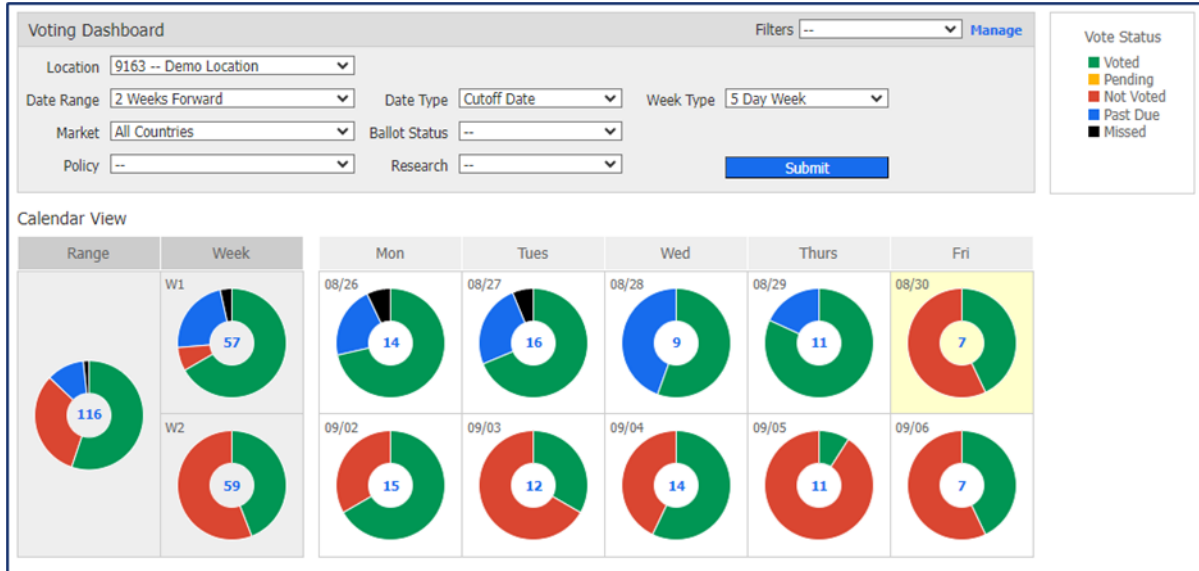


Figure 6 provides an example of the active PX notification function, which alerts clients of forthcoming votes and provides easy access to relevant proxy research.

Alert Message ↑↓	
Ballots	2 Ballots - Unvoted Ballots with Cut-Off in Next 2 Days
Ballots	7 Ballots - Unvoted Ballots with Cut-Off in Next 2 Days
Research Materials	1 Research - Research Republished
Meetings Research Materials	2 Recommendations - Policies' Recommendations are Against Management
Research Materials	2 Research - New Benchmark Policies' Research Published
Ballots	2 Ballots - Unvoted Ballots with Cut-Off in Next 2 Days
Ballots	16 Ballots - Unvoted Ballots with Cut-Off in Next 2 Days
Research Materials	3 Research - Research Republished
Meetings Research Materials	1 Recommendations - Policies' Recommendations are Against Management
Meetings Research Materials	2 Recommendations - Policies' Recommendations are Against Management

### **Flexible Delivery Options**

ISS is committed to providing our clients with easy access to a variety of information and opinions from different sources. To that end, in 2013, ISS took the inclusive step of opening PX to research produced by a number of other services providers, and ISS continue to maintain this availability. As a result, ISS clients who also subscribe to certain third-party research can benefit from more efficient workflows by utilizing the PX platform to access their varied research subscriptions in one place.

## **ISS Helps its Clients Disclose the Use Made of Proxy Voting Services**

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The Stewardship Code also provides that institutional investors should disclose the use made, if any, of proxy voting or other voting advisory services.

ISS works with its clients to assist them in this disclosure requirement as Signatories to the Stewardship Code. ISS' assistance would typically include providing a detailed explanation of the type and scope of the services provided and the voting policies applied on behalf of a particular client.

### **Voting Disclosure Service for institutional investors**

The Stewardship Code further states that institutional investors should publicly disclose their voting records. ISS provides a Voting Disclosure Service to help institutional investors disclose their voting policy and voting records to all appropriate stakeholders. Stakeholders can easily search and view the voting records disclosed for each security in each portfolio<sup>2</sup>.

### **Company Meeting Results Service**

In addition, ISS leverages its global operations infrastructure and local market research expertise to collect company meeting results where available for every company in its universe (approximately 51,500 shareholder meetings per year)<sup>3</sup>. This can assist clients in understanding the outcomes of shareholder votes at companies and the potential impacts of their voting activity on those outcomes.

### **Vote Preference**

With the launch of Vote Preference in November 2022, ISS is also proud to enable a technological environment that facilitates the ability of asset managers' underlying clients to more directly control their proxy voting decisions (i.e., in cases where their asset managers' portfolios are sub-advised or are in a pooled vehicle). ISS Vote Preference is a market driven product that leverages PX and API technology to allow asset managers to capture and execute the vote intentions of their underlying clients via their client' custom voting policies or use of one of ISS' numerous off-the-shelf policy choices. We believe this use of technology can improve interaction between asset managers and their clients and help ensure that proxy votes are cast in line with the wishes of the underlying beneficiaries.

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<sup>2</sup> See: [http://www.issgovernance.com/proxy/vote\\_disclosure](http://www.issgovernance.com/proxy/vote_disclosure)

<sup>3</sup> See <http://www.issgovernance.com/meetingresults>

## Conflicts of Interest

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Principle 8.1 notes that service providers including proxy advisors should identify situations potentially causing conflicts of interest, establish a system to effectively manage them, and disclose such measures.

As an adviser and service provider to institutional investors, ISS understands and takes seriously the potential for real or perceived conflicts of interest which might impact the integrity of the research and services ISS provide to ISS clients. Proxy advisors are, like other businesses, subject to potential conflicts of interest and such potential conflicts of interest need to be effectively managed and mitigated by appropriate measures.

We make a comprehensive [due diligence package](#), including a section addressing conflicts of interest, available on ISS' public [website](#), as well as making relevant information available to ISS clients.

In general ISS has identified the following types of potential conflicts:

- i. A client relationship between a corporate issuer and ISS Corporate Solutions, Inc. ("ISS-Corporate"), a wholly owned subsidiary of ISS. ISS-Corporate helps companies design and manage their corporate governance, executive compensation, sustainability, and financial programs to align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering data, tools, and advisory services;
- ii. A client relationship between ISS and a client that is (or is affiliated with) a corporate issuer or acts as the primary shareholder proposal proponent seeking to have a specific proposal acted on by shareholders; and
- iii. The relationship between ISS and our majority owner, Deutsche Börse AG ("DB"), a public company whose shares are traded on the Frankfurt Stock Exchange and minority owner, General Atlantic ("GA"), a private equity firm.

### **i. Corporate Issuers That are Clients of ISS-Corporate**

ISS-Corporate provides corporate issuers with analytical tools, data, and advisory services to enable them to improve shareholder value and reduce risk through the adoption of improved corporate governance and E&S practices. Some of the products and services offered by ISS-Corporate are closely related to some of the proxy voting matters which will ultimately be analyzed by ISS during its review of an issuer's proxy statement. For example, subscribers to certain ExecComp services offered by ISS-Corporate receive web-based tools and, in some cases, advisory services that rely upon the analytical framework developed by ISS to assess and make vote recommendations with respect to equity compensation plans that are put to a shareholder vote.

As described below under *ISS Policy Regarding Disclosure of Significant Relationships*, ISS takes the view that in light of the products and services provided by ISS-Corporate, any paying-client relationship between ISS-Corporate and a corporate issuer, where ISS provides vote recommendations and research regarding that issuer, is deemed to be significant. Disclosure of these types of relationships is proactively made available to ISS' clients.

### *ISS' Internal Firewall*

Beyond disclosure, a critical component of ISS' approach to managing this potential conflict of interest is the firewall we maintain between its business for institutional investors and the ISS-Corporate business focused on corporations. This firewall includes the physical, functional, and technological separation between ISS-Corporate and ISS, with a particular focus on the separation of ISS-Corporate from the ISS business units which provide investment advisory services (which includes the Governance Research and Voting team). A key goal of the firewall is to keep the research team from learning the identity of ISS-Corporate's clients, thereby helping to ensure the objectivity and independence of ISS' governance research and vote recommendations. The firewall manages this potential conflict via several layers of separation:

- ISS-Corporate is a separate legal entity from ISS.
- ISS-Corporate is physically separated from ISS and its day-to-day operations are separately managed.
- ISS' research team works independently from ISS-Corporate.
- ISS-Corporate and ISS staff members are prohibited from discussing a range of matters, including the identity of ISS-Corporate clients.
- ISS employees' salaries, bonuses and other forms of compensation are not linked to any specific ISS-Corporate activity or sale.

ISS-Corporate explicitly informs its corporate clients that ISS will not give preferential treatment to, and is under no obligation to, support any proxy proposal of a corporate issuer and/or any other favorable result to a corporate issuer, whether or not that corporate issuer has purchased products or services from ISS-Corporate.

Because of the policies and procedures that we have implemented, we believe the existence of, or potential for, a business relationship between ISS-Corporate and a corporate issuer, or the non-existence thereof, does not affect the impartiality of ISS' research and provides preferential treatment to none.

## ii. **Corporate Issuers That are Clients of ISS**

Within ISS' institutional client base, there is a subset of institutional investor clients who are themselves corporate issuers (or have a parent or affiliated company that is a corporate issuer) or who may act as the primary shareholder proposal proponent seeking to have a specific proposal acted on by shareholders. These clients, in their capacity as institutional investors, may buy any number of ISS' research offerings. The products and services offered to these clients are the same as the products and services available to all of ISS' clients, and the nature of ISS' relationships with these clients is not directly related to the topics covered in ISS' research offerings.

ISS has a broad base of institutional clients with a broad range of portfolio holdings on which ISS provides coverage through our research offerings. Thus, in the ordinary course of its business, ISS will inevitably provide research coverage on:

- This subset of clients who are themselves corporate issuers (or have a parent or affiliated company that is a corporate issuer); or
- Issuers at which an ISS client may have put forth a shareholder proposal.

In these circumstances, these clients could have a particular interest in the research and recommendations provided by ISS. In assessing this scenario, ISS views the potential significance of the relationships with these types of clients as a function of the dollar value of the client relationship and the potential that a client might use its client relationship with ISS as a lever to exert influence on ISS' offerings (whether in their capacity as a corporate issuer, shareholder proposal proponent or otherwise). After considering ISS' business operations and other benchmarks for significance/materiality, including measures used in different contexts under SEC laws and rules, ISS has determined it appropriate to adopt a 5% threshold, so that ISS will view a relationship with an institutional client as significant if the annual revenues received from that client across all of the businesses within the ISS STOXX group of companies are in excess of 5% of the total, consolidated revenues for the ISS STOXX group of companies for the most recently completed fiscal year. If any of these relationships meet this significance threshold, those relationships are proactively disclosed to ISS' client base.

### iii. Ownership Structure

ISS operates on an arm's length basis from Deutsche Börse AG (DB) and General Atlantic (GA), and these companies have adopted policies designed to protect the independence and integrity of ISS' research offerings. ISS has formally adopted [policies on non-interference](#) and potential conflicts of interest related to [DB](#), [GA](#), and the [ISS STOXX Shareholders' Committee](#). Among other things, these policies to establish appropriate standards and procedures to protect the integrity and independence of the offerings produced by ISS and to safeguard the reputations of ISS and its owners.

The policies also identify situations that exist or give rise to actual or potential conflicts of interest, or to the appearance of conflicts of interest, in connection with the offerings of ISS relating to certain publicly traded companies with which its owners might have a connection and the steps taken to mitigate any actual or potential conflicts.

### ISS' Policy Regarding Disclosure of Significant Relationships

ISS has also adopted a ["Policy Regarding Disclosure of Significant Relationships."](#) As outlined above –

- ISS takes the view that in light of the products and services provided by ISS-Corporate, any client relationship between ISS-Corporate and a corporate issuer, where ISS provides research offerings regarding that issuer, is significant for purposes of this policy.
- The policy also makes provision for disclosure of relationships with clients, subject to the 5% threshold, who are themselves corporate issuers (or have a parent or affiliated company that is a corporate issuer) or act as the primary shareholder proposal proponent seeking to have a specific proposal acted on by shareholders.
- This policy considers ISS' ownership structure and notes the relationship with DB as "significant" as a corporate issuer itself and due to its majority stake in the holding company that owns ISS.

### Codes & Related Policies

In addition to the conflict mitigation policies described above, ISS maintains policies and procedures within its [Code of Ethics](#) and [General Code of Conduct](#) related to potential conflicts of interest at the employee level (e.g., limitations on personal securities trading, outside business activities, and the giving and receipt of gifts and entertainment). These policies and procedures apply to all employees within the Governance Solutions business unit.

To help ensure the integrity of our product offerings and to ensure conflicts are appropriately managed, ISS maintains a dedicated Compliance team, which carries out regular reviews to help ensure compliance with applicable policies and procedures.

### **Code of Ethics**

Institutional Shareholder Services Inc. is a registered investment adviser (“RIA”) with the SEC and is subject to the extensive regulatory regime of the Investment Advisers Act of 1940 (“Advisers Act”). As an RIA, ISS has adopted a Code of Ethics to address requirements under the Advisers Act. The Code of Ethics affirms ISS’ relationship of trust with its clients and obligates ISS to carry out its duties solely in the best interest of clients and free from all compromising influences and loyalties.

The Code of Ethics devotes special attention to preventing and disclosing conflicts of interest. In this regard, the Code of Ethics addresses the potential conflicts between the company’s research teams and other services provided by subsidiaries or affiliates, conflicts within the institutional advisory business, conflicts arising from an analyst’s stock ownership, conflicts in connection with an issuer’s review of a draft ISS report, and conflicts generally. In each case, the goal of the Code of Ethics is to prevent conflicts wherever possible, and more generally to manage and disclose potential or actual conflicts.

The Code of Ethics also contains ISS’ personal trading policy which is designed to comply with regulatory requirements and to prevent personal trading practices that could violate applicable securities laws. This policy includes the prohibition of trading on material non-public information, outlines pre-clearance requirements for securities trading, as well as other reporting and disclosure requirements.

### **Code of Conduct**

In addition to its Code of Ethics, ISS has developed a General Code of Conduct. The General Code of Conduct is a broad-based “best practices” code that provides a framework to address general corporate policies and practices that apply to ISS as a global business. The areas covered in the General Code of Conduct include:

- Doing the Right Thing;
- Protecting the Company’s Interests;
- Safeguarding and Maintaining Information;
- Treating Others with Dignity and Respect;
- Promoting a Safe and Healthy Working Environment;
- Violations of the General Code of Conduct;
- Reporting Concerns; and
- Compliance Requirements.

### **Employee Training**

Employees within Governance Solutions are required to complete training related to these documents as well as certify their adherence upon hire and on an annual basis thereafter. Moreover, ISS employees are required to (i) read the above referenced codes and acknowledge and agree to comply within the requirements set within the documents via training platforms; (ii) disclose certain information (e.g., securities and holding accounts, outside business activities, material personal relationships, disciplinary history, etc.) to ISS’ Compliance Department. All employees are prohibited from acting on material non-public information.

**Disclosure**

ISS provides its clients with an extensive array of information to help ensure that they are fully informed of potential conflicts and steps ISS has taken to address them. Among other things, ISS makes publicly available our due diligence materials to assist clients and prospective clients in fulfilling their own obligations regarding the use of independent, third-party providers of research and voting services. These due diligence materials include a section dedicated to ISS’ conflicts mitigation policies.

ISS is transparent about our potential conflicts of interest. For example, ISS’ standard client contract contains disclosures regarding ISS-Corporate and its work with corporate issuers, and each research report issued by ISS contains a legend indicating that the subject of the analysis or report may be a client of ISS-Corporate and reminds ISS’ institutional clients of how they can inquire about any issuer’s use of ISS-Corporate products and services.

**ISS’ Disclosure of Conflicts of Interest Related to its Ownership Structure (See Appendix for full page snapshots)**

Figure 7 provides snapshots of the first pages of ISS’ proxy analysis and benchmark voting policy recommendations on the 2024 annual shareholder meetings at DB and its affiliate Knorr-Bremse AG, respectively.

The examples illustrate the proactive and prominent disclosure ISS provides (top of the first page) to our clients with respect to conflicts of interest generated by its ownership structure.

The text states explicitly ISS’ ownership structure and highlights ISS’ Policy on Non-Interference and Potential Conflicts of Interest related to DB and its affiliates

**ISS Proxy Analysis & Benchmark Policy Voting Recommendations**  
**Knorr-Bremse AG**

**Key Takeaways**

Theodor Weimer, an individual affiliated with Deutsche Börse AG ("DB"), serves on the board of directors of Knorr-Bremse AG ("Knorr-Bremse"), which results in Knorr-Bremse being considered a "DB Affiliated Company" as contemplated by ISS' Policy on Non-Interference and Potential Conflicts of Interest Related to Deutsche Börse. This policy establishes policies and procedures to restrict the involvement of DB and any of DB's employees in the content of ISS' research offerings, including this report. Please refer to our website at <https://www.issgovernance.com/investorrelations/disclosure-materials> for more information regarding ISS policies and procedures related to potential conflicts of interest.

The vote on the remuneration report (Item 7) is highlighted for shareholder attention because during the year under review, the STI and C1 targets for the CFO were increased without rationale, and it is unclear whether shareholders' concerns have been fully addressed. Support is nonetheless warranted because the company's remuneration practices are broadly in line with best practice standards in Germany and pay and performance appear reasonably aligned at this time.

Item	Code	Proposal	Board Rec.	ISS Rec.
1		Receive Financial Statements and Statutory Reports for Fiscal Year 2023 (Non-voting)		
2		Approve Allocation of Income and Dividends of EUR 1.64 per Share		
3		Approve Discharge of Management Board for Fiscal Year 2023		
4		Approve Discharge of Supervisory Board for Fiscal Year 2023		
5		Apply vRMG as Auditors for Fiscal Year 2024 and for the Review of Interim Financial Statements for the First Half of Fiscal Year 2024		
6		Approve Remuneration Policy		
7		Approve Remuneration Report		

**ISS Proxy Analysis & Benchmark Policy Voting Recommendations**  
**Deutsche Börse AG**

**Key Takeaways**

Deutsche Börse AG ("DB") maintains an approximate 30 percent ownership interest in the holding company which owns institutional Shareholder Services Inc. ("SSI"). ISS has implemented a Policy on Non-Interference and Potential Conflicts of Interest Related to Deutsche Börse, which establishes policies and procedures to protect the integrity and independence of its research, recommendations, ratings, and other analytical offerings, including this report. Please refer to our website at <https://www.issgovernance.com/investorrelations/disclosure-materials> for more information regarding ISS policies and procedures related to potential conflicts of interest.

Item	Code	Proposal	Board Rec.	ISS Rec.
1		Receive Financial Statements and Statutory Reports for Fiscal Year 2023 (Non-voting)		
2		Approve Allocation of Income and Dividends of EUR 3.80 per Share		
3		Approve Discharge of Management Board for Fiscal Year 2023		
4		Approve Discharge of Supervisory Board for Fiscal Year 2023		
5		Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights up to Aggregate Nominal Amount of EUR 3 Billion; Approve Creation of EUR 10 Million Pool of Cash to Guarantee Conversion Rights		
6		Authorize Share Repurchase Program and Rescission or Cancellation of Repurchases Shares		
7		Authorize Use of Financial Derivatives when Repurchasing Shares		
8.1		Elect Andreas Gutschaling to the Supervisory Board		
8.2		Elect Martin Jetter to the Supervisory Board		
8.3		Elect Shannon Johnston to the Supervisory Board		

In addition, ISS provides certain conflicts disclosures in a manner that is seamlessly integrated into clients’ workflow through PX. For example, PX includes:



- A column indicating in Yes/No fashion whether there is a significant relationship associated with that meeting/research report within both the “Meetings” and “Research” views in PX.
- Where such a relationship exists, users will be able to click-through on a link to get more information about that relationship.
- Onscreen and/or email alerts for notification of the publication of new research with a column on those notifications indicating whether there is a significant relationship associated with the report.
- An additional tab labeled “Disclosure of Significant Relationships” within which a user can use a look-up box to search for entities with which a significant relationship exists.

**ISS’ Disclosure to Clients on ISS’ PX Voting Platform of Significant Relationships (See Appendix for full page snapshots)**

Figures 8 and 9 are screenshots illustrating ISS’ disclosure to clients of significant relationships transparently integrated throughout PX.

Figure 8 is a snapshot of disclosure of ISS’ significant relationships available through PX. This table is accompanied by a statement referring our clients to the full policy available on the ISS due diligence website and ISS’ Code of Ethics, in addition to reminding clients they can direct their inquiries to ISS’ Compliance department via the disclosure@issgovernance.com email address. The statement also makes clear that, to maintain the integrity of ISS’ firewall, information regarding the identity of ISS-Corporate clients may not be shared with ISS employees.

Issuer	Disclosure of Significant ISS Relationships	Ticker	Country	Type	Meeting Date	Industry Sector	Market Cap (USD)
Company 1	No	C1	USA	Annual		Electric Utilities	
Company 2	No	C2	Denmark	Annual		Banks	
Company 3	Yes	C3	USA	Annual/Special		Technology Hardware, Storage & Peripherals	
Company 4	No	C4	Panama	Special		Hotels, Restaurants & Leisure	
Company 5	No	C5	USA	Annual		Communications Equipment	
Company 6	No	C6	USA	Annual		Oil, Gas & Consumable Fuels	
Company 7	No	C7	USA	Annual		Health Care Technology	
Company 8	No	C8	USA	Annual		Specialty Retail	
Company 9	No	C9	USA	Annual		Oil, Gas & Consumable Fuels	
Company 10	No	C10	France	Annual/Special		Oil, Gas & Consumable Fuels	
Company 11	No	C11	USA	Annual		Electric Utilities	
Company 12	No	C12	USA	Annual		Real Estate Investment Trusts (REITs)	
Company 13	Yes	C13	USA	Special		Technology Hardware, Storage & Peripherals	
Company 14	No	C14	United Kingdom	Annual		Banks	
Company 15	Yes	C15	USA	Annual		Internet Software & Services	
Company 16	No	C16	USA	Annual		Multi-Utilities	
Company 17	No	C17	USA	Annual		Metals & Mining	
Company 18	No	C18	USA	Annual		Multi-Utilities	
Company 19	Yes	C19	USA	Special		Media	

Figure 9 shows that investor clients can use PX to identify ISS-Corporate’s contractual relationships with corporate issuers, as well as to obtain

Company Name	Ticker	Subscribed Products*	Contract Value (USD)
Company 1	C1	ExecComp Analytics (US), ExecComp Analytics - Consultant Access	27,500.00

information on the products the issuers subscribe to and the amount of compensation that ISS-Corporate has received or will receive from the issuer. As described earlier under Internal Firewall, ISS does not disclose the name of ISS-Corporate clients on research reports or public facing documents. We believe that these processes ensure transparent and easily accessible conflicts disclosure to clients while also upholding the key confidentiality tenets of the firewall.

ISS has implemented permission restrictions that prevent ISS personnel from accessing the disclosure information which those employees are restricted from viewing under the firewall procedures discussed above.

## Communication with ISS

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Principle 8.3 notes that proxy advisors should rely upon corporate disclosure and actively exchange views with companies when necessary. In addition, the principle states that the accuracy of the underlying information, based on which recommendations are made, and transparency are considered to improve, if proxy advisors provide companies with an opportunity, if requested, to confirm whether such information is accurate, and provide the opinion submitted by the companies, to institutional shareholder clients together with recommendations.

### **Factual Errors & Complaints, Feedback Management**

ISS strives to be as accurate as possible in our research and publications. Our governance research and voting recommendations are based on public information, so any significant fact which an issuer, a shareholder proposal proponent, or any other stakeholder would like to see reflected in our report must be publicly disclosed to all shareholders in a timely fashion, including in markets where such disclosure may not ordinarily be required. In proxy contests, we expect both management and dissident shareholders to publicly file any materials presented to ISS. ISS makes clear that it does not invite or consider any material non-public information, but to the extent such information is provided to us, whether intentionally or not, it will not be considered or included in our research reports.

### **New, Significant Information and Factual Errors**

If a corporate issuer believes an ISS research report contains an error, we encourage them to immediately notify us via the ISS Help Center. If we determine that there is a material error that should be brought to our clients' attention, we will promptly issue a "Proxy Alert" which is the mechanism we use to update a previously issued report, if sufficient time is available before the voting deadlines in that market for our clients to review any changes (which could include a change to a previously issued vote recommendation) and to act upon this information, if they so choose.

Similarly, if new, significant information relating to a voting issue is publicly disclosed in a timely manner and ISS is informed of its availability, a Proxy Alert may be issued if sufficient time is available before the voting deadlines in that market for our clients to review any changes in the Proxy Alert (which could include a change to a previously issued vote recommendation) and to act upon this information if they so choose. The clients who received the original report will automatically receive any Proxy Alerts issued for that company.

### **Feedback Review Board**

In addition, ISS has instituted a Feedback Review Board ("FRB") to provide a mechanism to all stakeholders, including corporate issuers, to communicate with ISS. The FRB is an ISS body, comprising senior ISS leadership, that serves as a channel to communicate with ISS any unresolved concerns regarding accuracy of research, accuracy of data, policy application, and general fairness of ISS policies, research, and recommendations.

### **Dialogue with Issuers and Other Stakeholders**

ISS' market outreach is not confined to the policy-setting process. ISS' governance research team interacts regularly with company representatives, institutional shareholders, shareholder proposal proponents, and other parties to gain deeper insights and to verify material facts relevant to our research. Topics

discussed can range from general policy perspectives to specific issuer voting items. As a research organization, we welcome constructive dialogue on critical issues that helps to ensure a full understanding of the facts and circumstances, which will in turn inform our research and vote recommendations.

ISS' policies regarding communication and engagement with issuers and other stakeholders are designed to gain the greatest possible insight for clients while safeguarding the independence of ISS' research process and our analysts, as well as prioritizing the delivery of timely and high-quality research for the benefit of our institutional investor clients. Additional information including a set of Frequently Asked Questions on our engagement process is available on ISS' website.

### **Communication During the Voting Period and Proxy Seasons**

At its discretion, ISS engages with corporate executives, board members, institutional investors, shareholder proposal proponents, and other constituents via meetings, conference calls and participation in industry events. The purpose of such engagement is for ISS to obtain, or communicate, perspectives about governance and voting issues to ensure that its research and policy-driven recommendations are based on the most comprehensive and accurate information available. ISS does not aim to influence companies' corporate governance arrangements

ISS engages with issuers, where necessary, to better understand company disclosures including agenda items and their background. In cases of proxy contests, or shareholder proposals submitted, ISS engages with both issuers and shareholder proponent where possible. We consider the arguments of both parties, before issuing vote recommendations. ISS research is designed to assist institutional investors in making timely and fully informed voting decisions, and when helpful we actively seek opportunities to hear views with companies to assist in fulfilling this objective.

As a service provider to institutional investors, our stance is not to provide companies with the kind of advice that Japan's Stewardship Code expects from engagement by institutional investors. Our clients are institutional investors, and they require ISS to maintain accurate information as foundation in our proxy voting research and recommendations. Therefore, we conduct our engagement from that perspective. Specifically, our engagement is intended to clarify unclear points in publicly available information or to gain deeper insights. We engage whenever we believe it will help us produce high-quality reports and voting recommendations for our clients.

ISS considers its dialogue with issuers, shareholder proposal proponents, and other stakeholders to be part of the core service provided to clients and recognizes the value to our clients of transparency into such engagements. ISS' benchmark research includes a summary of any engagement or other dialogue that took place as part of the analysis. Key information released on ISS' dialogue with companies, shareholder proposal proponents, or other stakeholders include the date(s) of dialogue, the topic(s) covered, the initiator of the dialogue, some accompanying notes and the outcome of the dialogue. In some instances, ISS may consider including direct quotes from statements made by participants in the meeting.

Concerning the importance of securing the accuracy of information to be used in making vote recommendation, ISS mainly uses information produced by companies themselves, including, but not limited to, proxy circulars, annual *Yuhō* filings of the previous year, and corporate press releases.



The Stewardship Code principle also mentions the possibility of providing opportunities to companies to confirm whether information is accurate, and providing the opinion submitted by the companies, to institutional shareholder clients together with recommendations. ISS' highest priority is the timely delivery of independent, quality research to our investor clients. ISS has invested considerable resources over the years in our data collection processes, checks and quality controls, and we believe the result is data and research with a high degree of factual accuracy. As a client-focused company, we balance interactions with subject companies to confirm factual accuracy with the recognition that some clients object to ISS providing subject companies with access to draft reports on philosophical grounds.

Accordingly, an important practical consideration is that given the concentration of Japanese shareholder meeting dates, providing such opportunities to companies prior to publication of the reports would delay report delivery to clients. ISS makes available, however, a free-of-charge copy of the relevant ISS Benchmark report to each subject company immediately *after* the final report has been published to subscribing institutional investor clients.

If a company publishes its position relative to the ISS Benchmark recommendations on the Tokyo Stock Exchange's website, such publications are available for our clients on the ISS PX voting platform. The screenshot to the right provides an example of how ISS captures additional disclosure by a company.

In addition, as noted above, if ISS becomes aware of any material factual inaccuracy or error that warrants correction after a report has been published and before client voting cutoff deadlines, ISS promptly issues an Alert (i.e., an updated report) to clients.

各位



**当株主総会の議案に関する議決権行使助言会社ISS社レポートに対する当社見解**

当社は、2025年6月開催予定の第63回定時株主総会（以下、「本定時株主総会」といいます。）に付議する議案に関して、議決権行使助言会社の Institutional Shareholder Services Inc.（以下、「ISS社」といいます。）が、賛否推奨レポート（以下、「本レポート」といいます。）を発行している事実を把握いたしました。本レポートにおいて、ISS社は第2号議案及び第3号議案について反対の議決権行使を推奨しています（以下、「ISS推奨」といいます。）が、ISS推奨に関する当社の見解を下記のとおりお知らせいたします。  
株主の皆様におかれましては、当社見解をご理解いただき、議決権行使の判断を適切にさせていただきますよう、何卒よろしくお願ひ申し上げます。

記

- 第2号議案 「取締役（監査等委員である取締役を除く）14名選任の件」について  
ISS社は、その議決権行使助言基準において、支配株主が存在する会社の取締役会においては、ISS社が定める独立性基準を満たす社外取締役の割合が3分の1以上となることを求めているところ、当社においては、本定時株主総会後の取締役会に占めるISS社の独立性基準を満たす社外取締役の割合が3分の1未満となるとして、取締役会の構成に責任を有する、代表取締役社長である取締役候補者〇〇〇〇の選任議案に対して反対の議決権行使を推奨しています。  
しかしながら、本定時株主総会後の当社の取締役会の構成は、取締役総数18名のうち6名が、東京証券取引所が定める独立役員の基準を充足する社外取締役となることになり、すなわち3分の1が独立性を有する社外取締役となります。ISS社は、後述『2 第3号議案 「監査等委員である取締役1名選任の件」について』に記載のとおり、監査等委員である取締役候補者の〇〇〇〇氏が独立性が認められていないことを前提として、独立性を有する社外取締役の割合が3分の1未満となるという見解を示していますが、後述『2 第3号議案 「監査等委員である取締役1名選任の件」について』に記載のとおり、〇〇〇〇氏の独立性には何ら問題はありません。  
当社は、当社の持続的な成長と中長期的な企業価値の向上に必要な取締役会全体としての知識・経験・能力のバ

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ISS trusts that the above updated statement complies with the letter and spirit of the revised Stewardship Code for Japan. ISS remains at your disposal if the Financial Services Agency or other market participants would like to discuss anything in further detail.

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# Appendix

## Examples of Functionalities of PX

Figure 4 provides a screenshot of issuer profile pages available on PX that are designed to provide key issuer details, current and historic research reports and voting history in one place.

New York Stock Exchange:

[Ad hoc Letter](#)
[Request Special Research](#)

**Governance Quality Score**

7

[View Governance Quality Score](#)

Score As Of: 30 Aug 2024

Last Profile Update: 04 Jun 2024

Scores indicate decile rank relative to index or region. A decile score of 1 indicates lower governance risk; 10 indicates higher governance risk.

**Norm-Based Research (NBR) Company Report**

10

[View Norm-Based Research \(NBR\) Company Report](#)

Norm-Based Research helps investors to make decisions regarding companies' adherence to global norms on environmental protection, human rights, labour standards and anti-corruption. The research evaluates allegations concerning companies' failure to abide by global norms as set out in the relevant International Initiatives and guidelines. The score you are viewing on screen is based on our most current assessment of the company.

**Overview**

**General Information**

Country of Incorporation	USA
ISS Country of Coverage	USA
Primary Security ID	
Sector	
Industry Group/Industry	
Market Cap (USD)	
Shares Outstanding (Mn)	
52-Week High (USD)	
52-Week Low (USD)	
Annual Dividend (USD)	
Next Meeting Date	
ISS Recommended Against Mgmt at Most Recent Meeting	No
Company in Holdings/Ballots	No
Special Requested Company	No
Issuer Type	Publicly-held (PUO)
Issuer Sub Type	

**Research Documents**

Meeting Date	Meeting Type	Meeting ID	Policy Name	Meeting Results
Annual	Annual		ISS-1	Full
Annual	Annual		Cartels-162	Full
Annual	Annual		Climate-1411	Full
Annual	Annual		Global Board-Approved-1213	Full
Annual	Annual		ISS-1	Full
Annual	Annual		Public Fund-823	Full
Annual	Annual		SR-166	Full
Annual	Annual		Sustainability-1078	Full
Annual	Annual		Taft-Hartley-55	Full
Annual	Annual		Cartels-162	Full

**Voting History**

Meeting Date	Meeting Type	Meeting ID	VAM	VAP	Meeting Results
29 May 2024	Annual		Yes	No	Full
31 May 2023	Annual		Yes	No	Full
25 May 2022	Annual		Yes	No	Full
26 May 2021	Proxy/General		Yes	No	Full
27 May 2020	Annual		Yes	No	Full
29 May 2019	Annual		Yes	No	Full
30 May 2018	Annual		Yes	No	Full

**Special Situations Research**

ISS' Special Situations Research delivers comprehensive, independent analysis of high profile and contentious situations from announcement through denouement, enabling users to fully understand the implications to their investments and inform situation assessments and voting decisions.

Research Type	Publication Date	Download Link
Contentious Pipeline	02 Aug 2024	<a href="#">Download</a>
Meeting Analysis	14 May 2021	<a href="#">Download</a>
Research Note	02 Mar 2021	<a href="#">Download</a>



Figure 6 provides an example of the PX active notification function, which alerts clients of upcoming votes and provides easy access to relevant proxy research.

Alert Message ↑↓	
Ballots	2 Ballots - Unvoted Ballots with Cut-Off in Next 2 Days
Ballots	7 Ballots - Unvoted Ballots with Cut-Off in Next 2 Days
Research Materials	1 Research - Research Republished
Meetings Research Materials	2 Recommendations - Policies' Recommendations are Against Management
Research Materials	2 Research - New Benchmark Policies' Research Published
Ballots	2 Ballots - Unvoted Ballots with Cut-Off in Next 2 Days
Ballots	16 Ballots - Unvoted Ballots with Cut-Off in Next 2 Days
Research Materials	3 Research - Research Republished
Meetings Research Materials	1 Recommendations - Policies' Recommendations are Against Management
Meetings Research Materials	2 Recommendations - Policies' Recommendations are Against Management

**Example of ISS’ Disclosure to Clients Regarding Ownership-Based Conflicts of Interest**

Figure 7 provides two snapshots of the first pages of ISS’ proxy analysis and benchmark voting policy recommendations on the 2024 annual shareholder meetings at DB and its affiliate Knorr-Bremse AG, respectively. The examples illustrate the proactive and prominent disclosure ISS provides (top of the first pages of the reports) to its clients with respect to the potential conflicts of interest generated by its ownership structure. The text states explicitly ISS’ ownership structure and highlights ISS’ Policy on Non-Interference and Potential Conflicts of Interest policies related to DB and its subsidiaries.

# Deutsche Boerse AG

## Key Takeaways

Deutsche Börse AG ("DB") maintains an approximate 80 percent ownership interest in the holding company which owns Institutional Shareholder Services Inc. ("ISS"). ISS has implemented a *Policy on Non-Interference and Potential Conflicts of Interest Related to Deutsche Börse*, which establishes policies and procedures to protect the integrity and independence of its research, recommendations, ratings, and other analytical offerings, including this report. Please refer to our website at

<https://www.issgovernance.com/compliance/blue-diligence-materials> for more information regarding ISS' policies and procedures related to potential conflicts of interest.

Meeting Type: Annual (Virtual)  
 Meeting Date: 14 May 2024  
 Record Date: 7 May 2024  
 Meeting ID: 1820354

XETRA: DB1  
 Index: DAX 40  
 Sector: Financial Exchanges & Data  
 SIC: 49200040

Primary Contact(s)



## Agenda & Recommendations

Policy: Europe  
 Incorporated: Germany

Item	Code	Proposal	Board Rec.	ISS Rec.
<b>MANAGEMENT PROPOSALS</b>				
1		Receive Financial Statements and Statutory Reports for Fiscal Year 2023 (Non-Voting)		
2		Approve Allocation of Income and Dividends of EUR 3.80 per Share		
3		Approve Discharge of Management Board for Fiscal Year 2023		
4		Approve Discharge of Supervisory Board for Fiscal Year 2023		
5		Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights up to Aggregate Nominal Amount of EUR 5 Billion; Approve Creation of EUR 19 Million Pool of Capital to Guarantee Conversion Rights		
6		Authorize Share Repurchase Program and Reissuance or Cancellation of Repurchased Shares		
7		Authorize Use of Financial Derivatives when Repurchasing Shares		
8.1		Elect Andreas Gottschling to the Supervisory Board		
8.2		Elect Martin Jetter to the Supervisory Board		
8.3		Elect Shannon Johnston to the Supervisory Board		

# Knorr-Bremse AG

## Key Takeaways

Theodor Weimer, an individual affiliated with Deutsche Börse AG ("DB"), serves on the board of directors of Knorr-Bremse AG ("Knorr-Bremse"), which results in Knorr-Bremse being considered a "DB Affiliated Company" as contemplated by ISS' Policy on Non-Interference and Potential Conflicts of Interest Related to Deutsche Börse. This policy establishes policies and procedures to restrict the involvement of DB and any of DB's employees in the content of ISS' research offerings, including this report. Please refer to our website at <https://www.issgovernance.com/compliance/due-diligence-materials> for more information regarding ISS' policies and procedures related to potential conflicts of interest.

The vote on the remuneration report (item 7) is highlighted for shareholder attention because during the year under review, the STI and LTI targets for the CFO were increased without rationale, and it is unclear whether shareholders' concerns have been fully addressed. Support is nonetheless warranted because the company's remuneration practices are broadly in line with best practice standards in Germany and pay and performance appear reasonably aligned at this time.



Meeting Type: Annual (Virtual)  
 Meeting Date: 30 April 2024  
 Record Date: 8 April 2024  
 Meeting ID: 1821479

XETRA: KBX  
 Index: MDAX 30  
 Sector: Construction Machinery & Heavy Transportation Equipment  
 GICS: 20106010

Primary Contact(s)

## Agenda & Recommendations

Policy: Europe  
 Incorporated: Germany

Item	Code	Proposal	Board Rec.	ISS Rec.
<b>MANAGEMENT PROPOSALS</b>				
1		Receive Financial Statements and Statutory Reports for Fiscal Year 2023 (Non-Voting)		
2		Approve Allocation of Income and Dividends of EUR 1.64 per Share		
3		Approve Discharge of Management Board for Fiscal Year 2023		
4		Approve Discharge of Supervisory Board for Fiscal Year 2023		
5		Ratify KPMG AG as Auditors for Fiscal Year 2024 and for the Review of Interim Financial Statements for the First Half of Fiscal Year 2024		
6		Approve Remuneration Policy		
▶7		Approve Remuneration Report		

Shading indicates that ISS recommendation differs from Board recommendation

### Example of ISS' Disclosure to Clients on ISS' PX Voting Platform of "Significant Relationships"

Figures 8 and 9 are screenshots illustrating ISS' disclosure to clients of significant relationships, stemming from the ISS policy regarding significant relationships, transparently integrated throughout PX.

Figure 8 is a snapshot of disclosure of ISS' significant relationships available through PX. This table is accompanied by a statement referring our clients to the full policy available on the ISS due diligence website and ISS' Code of Ethics, in addition to reminding clients they can direct their inquiries to ISS' Compliance department via the [disclosure@issgovernance.com](mailto:disclosure@issgovernance.com) email address. The statement also makes clear that to maintain the integrity of ISS' firewall, information regarding the identity of ISS-Corporate clients may not be shared with ISS employees.

Issuer	Disclosure of Significant ISS Relationships	Ticker	Country	Type	Meeting Date ▲	Industry Sector	Market Cap (USD)
Company 1	No	C1	USA	Annual		Electric Utilities	
Company 2	No	C2	Denmark	Annual		Banks	
Company 3	Yes	C3	USA	Annual/Special		Technology Hardware, Storage & Peripherals	
Company 4	No	C4	Panama	Special		Hotels, Restaurants & Leisure	
Company 5	No	C5	USA	Annual		Communications Equipment	
Company 6	No	C6	USA	Annual		Oil, Gas & Consumable Fuels	
Company 7	No	C7	USA	Annual		Health Care Technology	
Company 8	No	C8	USA	Annual		Specialty Retail	
Company 9	No	C9	USA	Annual		Oil, Gas & Consumable Fuels	
Company 10	No	C10	France	Annual/Special		Oil, Gas & Consumable Fuels	
Company 11	No	C11	USA	Annual		Electric Utilities	
Company 12	No	C12	USA	Annual		Real Estate Investment Trusts (REITs)	
Company 13	Yes	C13	USA	Special		Technology Hardware, Storage & Peripherals	
Company 14	No	C14	United Kingdom	Annual		Banks	
Company 15	Yes	C15	USA	Annual		Internet Software & Services	
Company 16	No	C16	USA	Annual		Multi-Utilities	
Company 17	No	C17	USA	Annual		Metals & Mining	
Company 18	No	C18	USA	Annual		Multi-Utilities	
Company 19	Yes	C19	USA	Special		Media	

Figure 9 shows that investor clients can use PX to identify ISS-Corporate’s contractual relationships with corporate issuers, as well as to obtain information on the products the issuers subscribe to and the amount of compensation that ISS-Corporate has received or will receive from the issuer. As described earlier under *Internal Firewall*, ISS does not disclose the name of ISS-Corporate clients in research reports or public facing documents. We believe that these processes ensure transparent and easily accessible conflicts disclosure to clients while also upholding the key confidentiality tenets of the firewall.

Meetings > Disclosure of Significant ISS Relationships

### Disclosure of Significant ISS Relationships

This portion of ProxyExchange provides ISS’ institutional proxy research clients with information regarding any significant relationships that ISS has with corporate issuers (or their affiliates) that are the subject of ISS’ proxy research reports, or a security holder proponent on a matter that is the subject of an ISS proxy research report. We refer our clients to ISS’ *Policy Regarding Disclosure of Significant Relationships* for information about how ISS assesses and discloses those relationships. That policy can be found on the ISS website at [www.issgovernance.com/compliance/due-diligence-materials/](http://www.issgovernance.com/compliance/due-diligence-materials/). Also at that location of our website are materials regarding ISS’ compliance policies and procedures, including ISS’ Regulatory Code of Ethics and a Due Diligence Compliance Package. We encourage our clients to review these materials. For any inquiries, please contact [disclosure@issgovernance.com](mailto:disclosure@issgovernance.com). Without limitation, and in keeping with internal firewall procedures put in place by ISS, information regarding the identity of corporate issuers that are clients of ISS Corporate Solutions, Inc., a wholly-owned subsidiary of ISS, may not be shared with ISS employees.

Company 1

Company Name	Ticker	Subscribed Products*	Contract Value (USD)
Company 1	C1	ExecComp Analytics (US), ExecComp Analytics - Consultant Access	27,500.00

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