

ISS Stewardship Report 2024

UK Stewardship Code 2020

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**ISS
STOXX**

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Introduction

Institutional Shareholder Services (ISS), part of the ISS STOXX group of companies, is pleased to submit the following Stewardship Report under the UK Stewardship Code 2020, covering our activities, as relevant to the Code, in the 12 months ending 31st December 2024.

The UK Stewardship Code 2020 (“the Code”) was introduced to establish high standards of stewardship for asset owners and asset managers, and for the service providers that support them. The Code consists of two sets of principles: one for asset owners and asset managers and another for service providers. ISS submits this Stewardship Report in its capacity as a provider of governance research and advisory services to institutional investors worldwide – in the Code’s terms, as a proxy advisory firm. As acknowledged by the Code, asset owners and asset managers are ultimately responsible for their stewardship activities. Correspondingly, service providers such as ISS support investor clients in their stewardship responsibilities by providing a range of products and services that help them to better understand the companies in which they are invested and exercise their shareholder rights in an informed way.

In view of the [Interim Changes to Reporting for Stewardship Code Signatories](#), we have largely maintained the structure of our Stewardship Report, updating the content where necessary and, where appropriate, cross-referencing to our previous Stewardship Report. While the revised UK Stewardship Code’s (see [UK Stewardship Code 2026](#)) is due to apply from 2026 onwards, this year’s submission already reflects some of the changes applicable to proxy advisory services.

PRINCIPLE 1: Signatories' purpose, strategy and culture enable them to promote effective stewardship.

About ISS

ISS, part of the ISS STOXX group of companies, was founded in 1985 as a proxy advisory firm during an era of aggressive corporate practices such as raiding, greenmail, and poison pills, when investors were seeking to more effectively exercise their rights as shareholders and their voice in corporate governance in a meaningful and informed way. Today, ISS is a leading provider of corporate governance and sustainable investment research, data, and analytics to financial market participants around the globe. ISS' services are designed to help institutional investors and companies achieve long-term and sustainable growth.

Our Investment Stewardship Services

ISS' investment stewardship services are primarily produced by two ISS business lines: ISS Governance Research and Voting Services and ISS ESG, the sustainable investment arm of ISS. ISS Governance Research and Voting Services include proxy research, voting recommendations and voting-related services to help institutional investors understand corporate governance policies and practices and take these into account in their stewardship and proxy voting activities. ISS ESG provides a range of offerings, from screenings to ratings and rankings, that are designed to help clients understand, measure, and manage ESG-related risks and opportunities in connection with their investment objectives and stewardship responsibilities. ISS serves a diverse range of institutional investors, including investment managers and asset owners. As with any analytical tool, clients determine whether and how to incorporate research into their research and stewardship processes.

ISS Governance Research and Voting Solutions. As part of our core offerings, ISS provides institutional investors with objective, timely, and expert proxy research and vote recommendations based on the proxy voting policy(ies) selected, and in many cases, customised, by our institutional investor clients. We do not serve retail investors directly. ISS also helps many of our clients manage the complex operational process of voting their shares and reporting their votes to their stakeholders and regulators. In 2024, ISS Governance assisted approximately 1,600 clients make and execute informed proxy voting decisions for approximately 51,500 shareholder meetings in roughly 100 developed and emerging markets worldwide.

2024 ISS GOVERNANCE RESEARCH – KEY COVERAGE STATISTICS	
Institutional investor clients	1,600
Markets covered	100
Public companies covered	35,000

The role of ISS as a service provider is to ensure clients have the tools, information, and policy options for them to make their own informed proxy voting decisions and vote their shares in accordance with their investment priorities and fiduciary responsibilities. Our duty to our clients, combined with the diversity of clients’ policies, is why ISS can, and often does, make opposing recommendations to different clients on the same ballot issue. In some instances, ISS may even offer different recommendations about the same vote to the same client if that client has selected more than one set of voting criteria in response to the varying objectives of its own clients.

Proxy Voting Policy Choices: Custom, Specialty, and Benchmark Voting 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 customised 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.

Client Custom Voting Policies. 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 in the UK in 2024 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

~ 90%
 Proportion of ballot shares processed by ISS in the UK in 2024 on behalf of our institutional investor clients that are linked to clients’ custom voting policies.

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 Specialty & Benchmark Voting Policies

Specialty Policies. Some institutional investors choose to evaluate governance and other issues from a specialized or thematic perspective. ISS offers a variety of thematic policy options to support such perspectives. In 2024 (and today), ISS' seven specialty voting policies provided the following choices, with details [available](#) in full on the ISS website:

- Catholic Faith-Based;
- Climate;
- Global Board-Aligned;
- Public Fund;
- Socially Responsible Investment (“SRI”);
- Sustainability; and
- Taft-Hartley.

ISS updates its Specialty Policies regularly, based on feedback from and consultation with subscribing clients.

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 (for instance, UK-specific pre-emption rights policy; US-specific poison pill policy); 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. For example, issuer explanations on non-compliance with “comply-or-explain” corporate governance codes are taken into account and are often quoted directly in the research report.

Topics that shareholders vote on and that are covered under the policy guidelines are usually qualitative by their nature, and our research reports provide both quantitative and qualitative analysis for our clients, not only to explain and support the ISS voting recommendations, but also to provide information that is relevant for investors as they consider their voting decisions.

ISS’ benchmark policies are designed to cover all resolutions put forward by company management and by shareholder proposal proponents. This includes all resolutions pertaining to shareholder rights, board elections, executive remuneration and external auditors, as well as resolutions pertaining to corporate transactions and/or ESG matters.

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.

Voting Recommendations under ISS’ Benchmark and Specialty Voting Policies. ISS offers a wide range of proprietary voting policies – region and market-specific benchmark policies, and seven specialty voting policies – each reflecting distinct principles and priorities and consequently, at times leading, by design, to differing vote recommendations on the same resolutions. To demonstrate this variability in vote recommendations, and illustrate the choice offered to institutional investors by ISS’ proprietary voting policies, we conducted empirical analysis of vote recommendations under ISS benchmark policy and specialty policies commonly used by UK investors across several common voting items in the UK market.

We conducted analyses of two 2024 datasets: the FTSE All-Share Index, which includes a total of 547 UK-listed companies and represents approximately 98% of UK market capitalization and the S&P 500, which includes the most widely held companies in global investment portfolios, including by UK investors. The analysis sought to examine the extent to which vote recommendations issued under various ISS policies are aligned with, or in opposition to, management recommendations.

Through the use of colour gradients, Figure 1 reflects the degree of alignment between the respective ISS Benchmark and Specialty policy recommendations and management recommendations. To help the reader more readily understand the colour gradients used as a visualization tool in Figures 1 and 2: darker purple shades indicate recommendation rates more supportive of management's recommendations, and darker blue reflects recommendation rates less supportive of management's recommendations.

The exercise demonstrates that vote recommendations vary according to resolution topic and voting policy, reflecting the range of different perspectives that ISS caters to in the market as an independent and impartial service provider. For example, taking a closer look at director elections - or 'board opposition' - for the FTSE All-Share Index, the UK & Ireland Benchmark Policy recommended 'Against' approximately 1% of the time in 2024, meaning the UK & Ireland Benchmark Policy recommended 'For' directors approximately 99% of the time. By contrast, for the same voting issue, the SRI Specialty Policy recommended 'Against' approximately 44% of the time.

It is worth noting that the number of resolutions on which ISS provides recommendations can also vary from year to year and according to the topic and voting policy, as well as based on investor client demand. A basic factor in determining how many recommendations ISS provides per topic is the number of ballot items that relate to said topics in client portfolios. For example, during the 2024 UK proxy season the number of resolutions related to director elections far exceeded other items. Under the UK & Ireland Benchmark Policy, ISS provided roughly 3,880 recommendations in relation to director elections compared to 723 with regard to remuneration-related topics and 1,332 concerning share issuances. To put this in perspective, though the FTSE All-Share Index includes a total 547 companies, only 20 resolutions on long-term incentive plans arose during the 2024 UK proxy season. When expressed as a percentage, resolutions on long-term incentive plans concerned only 3.6% of companies in the FTSE All-Share Index in 2024.

The analysis for S&P500 companies illustrates that ISS vote recommendations under the US Benchmark and Specialty policies are also both policy- and proposal-specific and reflect the range of investor perspectives embedded in the voting policies. For example, the ISS Benchmark policy recommended "Against" in 3% of director elections, while the Taft-Hartley Specialty policy recommended "Against" in 33% of director elections. It is also worth noting that while the U.S. Benchmark voting policy recommended against roughly 12% of U.S. company say-on-pay resolutions in 2024, just one percent of U.S. say-on-say resolutions failed to pass.

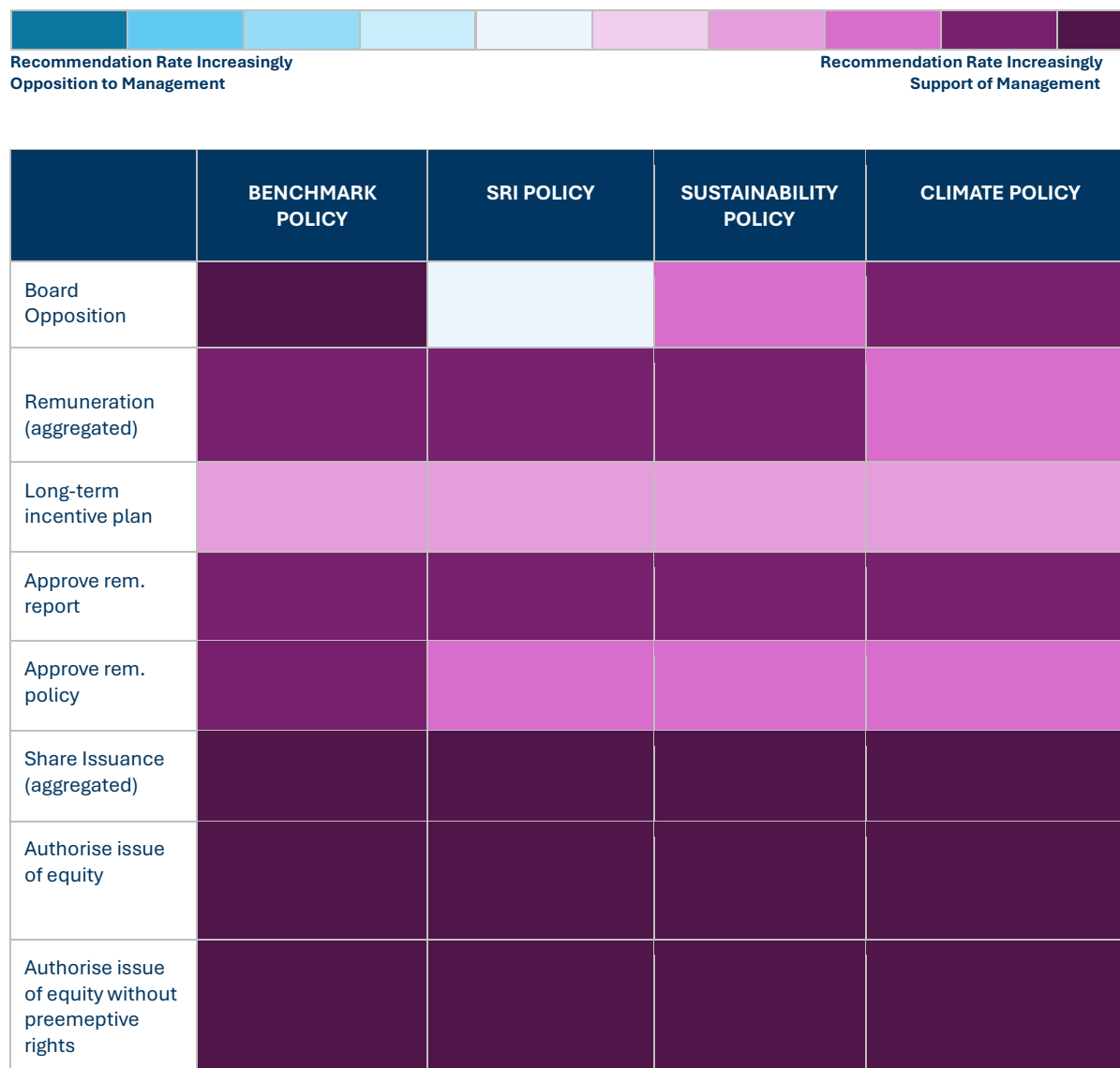


Figure 1: ISS Voting Policy Recommendation Rates on Common Ballot Items (under UK Benchmark & Specialty Policies)

FTSE All Share Index; 2024 U.K. proxy season¹

¹ The analysis accounts for 'For' and 'Against' recommendations and does not reflect for 'Abstain' or 'Null' recommendations.

	BENCHMARK POLICY	SUSTAINABILITY POLICY	SRI POLICY	CLIMATE POLICY	CATHOLIC POLICY	PUBLIC FUND POLICY	TAFT-HARTLEY POLICY	GLOBAL BOARD ALIGNED
Board Opposition	Dark Purple	Dark Purple	Light Pink	Dark Purple	Light Blue	Light Pink	Light Pink	Dark Purple
Auditor Ratification Opposition	Dark Purple	Dark Purple	Dark Purple	Dark Purple	Dark Purple	Dark Teal	Dark Teal	Dark Purple
Equity Pay Plans Opposition	Dark Purple	Dark Purple	Dark Purple	Dark Purple	Dark Purple	Light Blue	Light Blue	Dark Purple
Say on Pay Opposition	Dark Purple	Dark Purple	Light Pink	Dark Purple	Light Pink	Light Pink	Light Pink	Dark Purple
Gov. Shareholder Proposal Support	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue
E&S Shareholder Proposal Support	Light Pink	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Dark Purple

Figure 2: ISS Voting Policy Recommendation Rates on Common Ballot Items (under US Benchmark & Specialty policies)

S&P 500; 2024 U.S. proxy season

Local Conditions and Standards. ISS' research approach is based on structured voting policies and guidelines that incorporate established policy frameworks and internal expertise with investor and, where relevant, broader market feedback. ISS' research teams have relevant expertise, including in local market practices, standards, regulations and languages, to enable the provision of informed research and voting recommendations.

Our benchmark policies are informed by the following main factors:

- ISS' institutional investor clients' views and expectations;

- Relevant input from other market constituents;
- Local regulation and codes of best practices and stewardship codes;
- Global governance standards; and
- New and evolving topics and market trends.

ISS' U.K. and Ireland Benchmark Voting Policy. Consider the following illustrative example: where a UK company has received a significant level of dissent on a resolution at a general meeting and when assessing the company's explanation, the ISS UK & Ireland Benchmark voting policy follows guidance provided by the Financial Reporting Council (FRC) in the UK Corporate Governance Code. For example, the UK Corporate Governance Code states that when 20% or more of votes have been cast against the board recommendation for a resolution, the company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. In addition, as listed in the ISS 2025 benchmark voting policy for the U.K. & Ireland, ISS also considers other UK laws, regulation, and market practices, such as the Investor Group Directors' Remuneration Reporting Guidance; the Association of Investment Companies (AIC) Code of Corporate Governance; the Pensions and Lifetime Savings Association (PLSA) Stewardship and Voting Guidelines; and the Investment Association (IA) Principles of Remuneration and related IA guidance and publications. On remuneration specifically, the relevant UK guidance includes, among other references, the IA Principles for Remuneration, the Pensions and Lifetime Savings Association's voting guidelines, and the remuneration section of the UK Corporate Governance Code.

For example, when in 2024, the IA published [updated Principles for Remuneration](#) that framed the intention of the Principles as the provision of guidance, rather than the imposition of rules. ISS acknowledged these changes, as well as those made under the U.K. Corporate Governance Code, when updating the benchmark policy for 2025 and its approach to reviewing executive remuneration proposals for listed companies in the U.K. and Ireland. The 2025 updates announced in 2024 also reflected changes made by the Quoted Companies Alliance (QCA) Corporate Governance Code, including the QCA Code's recommendation to put remuneration reports to advisory shareholder votes.

Also in 2024, as explored in an ISS Insights post titled, "[2024 U.K. Proxy Season Review](#)", new remuneration policies emerged at U.K. companies featuring board-level U.S.-inspired 'hybrid' schemes,

a combination of both performance-based and time-based ‘restricted’ share awards. The response of shareholders to the hybrid plans was mixed, with resolutions seeking the approval of such plans experiencing some of the highest levels of dissent recorded during the U.K. annual general meeting (AGM) season. Despite such hybrid schemes, however, the overall dissent in relation to executive pay had generally declined compared with previous U.K. AGM seasons.

As detailed under Principle 5, following the 2024 U.K. AGM season, ISS formally surveyed its clients, other investors, corporate issuers, and other stakeholders through the annual benchmark review process and hosted roundtable discussions with U.K. investors to better understand our clients’ viewpoints on these issues and the latest market environment. ISS reflected this input, too, in updating its benchmark voting policy for 2025, as detailed in the 2025 [EMEA policy updates document](#).

Voting and Related Services. ISS helps many of our clients manage the complex operational process of voting their shares and reporting their votes to their stakeholders and regulators, as follows:

ProxyExchange (“PX”) is ISS’ proprietary platform through which investor clients access, review, and vote their proxies. Clients using PX can also 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. For more information, see Principle 4.

Add-on Workflow Solutions. ISS offers several solutions to help investors increase efficiency in the proxy voting process. For example, [ISS Communicator](#) helps investors disseminate information on proxy meetings to internal stakeholders and assists in internal collaboration by the client on its vote decisions. ISS also offers tools to assist investors in their engagement process, databasing engagement notes or preparing engagement materials.



Voting Disclosure Solutions. ISS recognises that institutional investors are increasingly subject to disclosure requirements under stewardship codes globally, including the UK Stewardship Code, regarding their use of shareholder voting research and analysis services, as well as mandates dictated internally by an underlying client.

To this end, ISS offers a [Voting Disclosure Service](#) (VDS) to help institutional investors disclose their voting policy and voting records to appropriate stakeholders. Stakeholders can easily search and view the voting records disclosed for each security in each portfolio. ISS works with its clients to assist them in these disclosure requirements.

VDS allows investors to highlight their stewardship programs through a range of customisable reporting and display features, such as votes cast by proposal category or displayed by portfolio, fund, or market.

Vote Preference. ISS [Vote Preference](#) provides a suite of flexible solutions enabling asset managers to offer voting choices directly to their underlying asset owner clients. Many asset owners, the underlying market stewards, have sought greater control over their voting decisions, which until recently has been challenging when their portfolio is sub-advised or in a pooled vehicle. ISS Vote Preference helps to solve for long-standing market limitations by enabling asset managers to capture and execute the vote intentions of their underlying clients.

ISS ESG Research and Data Analytics Solutions

ISS ESG is the sustainable investment arm of ISS, helping promote stewardship by offering a range of products and services that support investors in understanding the companies in which they are invested. The information pertinent to ISS ESG remains fundamentally unchanged compared to our prior submission under the UK Stewardship Code 2020. Accordingly, for more information on ISS ESG products and services, coverage and the methodologies underpinning ESG products, please refer to pages 8 and 9 of the ISS Stewardship Report 2023, accessible [here](#). Information on enhancements to existing ESG products, and how they were communicated to clients, are included under Principle 5.

Vote Disclosure Services

- ✔ Customizable, interactive dashboard of graphical voting statistics, including:
 - Votes Cast by Proposal Category
 - Votes Cast by Type
 - Alignment with Management
 - Meetings by Type, Sector, Market
- ✔ Flexibility to display information by portfolio, fund, issuer, market or meeting date, with the ability to drill into detailed meeting information for additional content.
- ✔ Select & highlight key votes, such as votes against management or sustainability shareholder proposals, and define "significant meetings" for disclosure, which can also assist with SRD II



In addition, over the course of 2023 and 2024, Codes of Conduct for ESG ratings and data products providers were introduced in the UK and several other jurisdictions to give effect to the [IOSCO Recommendations on Environmental, Social, and Governance \(ESG\) Ratings and Data Products Providers](#). ISS ESG is a signatory under several of these Codes, namely in the UK, Japan, Singapore and Hong Kong. The Codes are intended to cover the same activities, the provision of ESG ratings and data products, and share many of the same features. However, while they overlap in several places they do not align entirely. Accordingly, in December 2024 ISS ESG published a [Consolidated Response to Global Codes of Conduct for ESG Ratings and Data Products Providers](#) as part of the ISS' Due Diligence package, accessible [here](#).

ISS' Culture

ISS' corporate culture is grounded in providing clients with objective and varied analyses and insights through a comprehensive suite of data, research, and technology solutions that help our investor clients streamline workflows and inform decision-making. Above all, we prioritise serving our clients and putting their interests first at all times. In the dynamic stewardship ecosystem, ISS must be highly attentive to our clients to ensure that our products and services continue to meet their requirements.

Equally important are the values of Integrity and Collaboration to maintain trust in the quality of our service and to allow ISS, as an organisation, to benefit from the cross-sectoral and thematic expertise that our staff possess. We strive to enhance our culture and the employee experience by promoting employee recognition and appreciation through organizational initiatives, as well as

a continued focus on employee and manager development and training programs. Further, ISS is committed to fostering a work environment in which everyone is treated with dignity and respect.



Corporate goals. In terms of actions taken to ensure our strategy and culture have enabled the promotion of effective stewardship, our annual goal-setting process at corporate, departmental, team,

and individual employee levels and our annual performance assessment framework embed ISS values in the day-to-day work of all staff and provide clarity as to the corporate goals towards which their work contributes.

ISS STOXX corporate goals are communicated on an annual basis and provide strategic direction and focus for all staff. Based on the corporate goals, all departments and teams within ISS develop specific goals reflective of the department or team's function, in which they outline how they will contribute to achieving the objectives. Some of the corporate goals are more relevant to certain departments than others and they often focus on one or more of the corporate goals to which their contribution will be particularly important.

Finally, individual employees set personal and professional development goals that are guided by corporate and department or team goals. These employee goals form the basis of annual performance assessments and provide a framework to focus staff and guide their work. Employees formalise their individual goals through the use of the [WorkDay](#) digital platform to provide a reference point for their annual performance assessment. Individual goal-setting is guided by reference to ISS' Values (listed above) and employees are encouraged to set goals that clearly correspond to or advance ISS corporate values.

Our People. Our people are the driving force behind ISS STOXX. We invest in our employees and culture, fostering an environment of collaboration and inclusivity. As a global team we strive to:

- Integrate talent across all global locations and teams, ensuring alignment with organizational culture.
- Enhance operational efficiency and consistency in HR processes globally to meet evolving company needs.
- Continue to promote an environment that values the diversity each employee brings to our team.
- Strengthen performance management processes and training programs to support and develop managers and to foster employee growth, career development and retention.

In 2024, ISS advanced several initiatives to enhance the experience of our employees, facilitate workplace flexibility, provide opportunities for personal and professional growth through training and mentoring programs. These initiatives included establishing the first affinity group W.O.M.E.N of ISS STOXX community, introducing floating holidays in the United States for religious and cultural events (thus providing greater flexibility to employees from numerous religious and cultural backgrounds), supporting the roll out of a Volunteer Day, and hosting various "Brilliant Together" speaking events globally.

The success of these initiatives is assessed through employee satisfaction surveys that provide a reliable feedback mechanism. Each initiative is also subject to regular monitoring to ensure it remains responsive to the evolving needs of our workforce. Accordingly, in 2024, we conducted the third companywide people survey to which employees can voluntarily and anonymously provide feedback on a range of company-specific issues, from company strategy to their team environment, the relationship with their manager and the quality of collaboration with colleagues. The response rate to the people survey in 2024 was 62%, with the experience and sentiment with respect to the company's strategic

direction being largely positive. For example, 82% of respondents described their team’s effectiveness and collaboration as favourable.



Corporate Responsibility. In June 2025, we published our 2024 [Sustainability Factbook](#) to provide an overview of sustainability-related activities carried out in 2024 and highlighting ISS’ progress in achieving various sustainability goals. The report serves as an update to the ISS STOXX Sustainability Report 2023. Notably, the Factbook documents ISS’ success in reducing our carbon footprint and CO2 emissions since 2019 as well as contributions made by staff to various charities and volunteer initiatives. Specifically, since ISS’ charitable matching program was introduced, staff have donated approximately USD\$250,000 to over 200 charities in 17 countries. Staff have also volunteered approximately 1,400 hours as part of the ISS Cares program. The Factbook also highlights a number of other company metrics, such as the 54% increase in the number of staff that have engaged in ‘on-the-job’ career development and skills training between 2022 and 2024 and the 142% increase in the number of ISS University courses available (see Principle 2 for further information).

Client Retention and External Recognition

ISS takes pride in having grown our business by virtue of the quality of our work and the level of client service we provide. Leveraging its extensive global footprint, deep expertise, wide client coverage and unified support and technology infrastructure, ISS continuously evolves and extends its innovative suite of solutions and services to meet its clients’ evolving research and stewardship requirements.

We believe that we have been highly effective in serving the needs of our clients as illustrated by the high client retention of both ISS Governance and ISS ESG, as well as a recent ISS ESG accolade highlighted on the right. In addition, our strategy, business model and culture are informed by a keen interest to continually expand and improve upon the quality of the products and services that we offer.

PRINCIPLE 2: Signatories' governance, workforce, resources, and incentives enable them to promote effective stewardship.

Introduction

As an independent provider of proxy research and vote recommendations with nearly 40 years of experience, ISS' fundamental goal is to serve our clients with their full trust and confidence. We seek to earn and retain this trust by providing high quality services which are understood by our clients to rest upon high degrees of transparency, objectivity, and independence. To this end, ISS maintains a governance structure and processes that enable effective oversight and accountability in relation to the services we provide. The company is structured to provide a clear internal distribution of responsibilities, as well as through policies and procedures, to ensure staff act in accordance with the highest standards of ethics and integrity and in line with the company's mission.

In addition, ISS resources and incentivises staff in such a way as to help ensure service delivery that meets the high standards our clients have come to expect, while encouraging personal and professional growth. This section provides examples of these structures and should be read in conjunction with Principle 3.

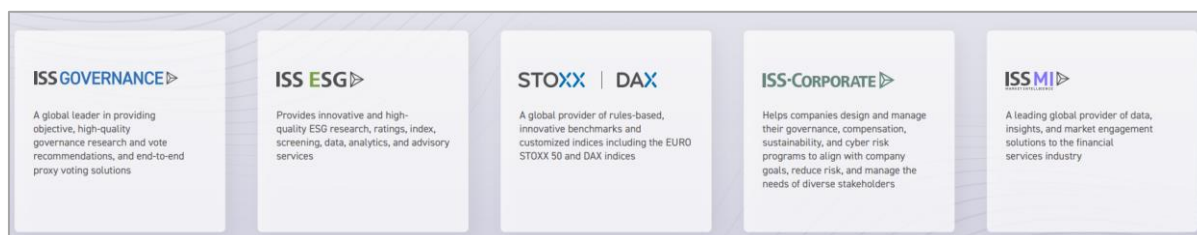
Organisational Structure

ISS STOXX, through its group companies, provides comprehensive and data-centric research and technology solutions that help capital market participants identify investment opportunities, detect qualitative and quantitative portfolio company risks, and meet evolving regulatory requirements. The group structure allows us to provide a comprehensive suite of products and services across five core business lines that give clients the scale and leverage they need, including in fulfilling their stewardship responsibilities.

The five business lines, as outlined below, include corporate governance research and voting solutions, and end-to-end proxy voting services, as well as ESG research, data analytics, and advisory services provided by ISS Governance and ISS ESG business units of ISS; fund intelligence research, data, and related offerings provided by ISS Market Intelligence (MI); benchmarks and customisable indices across asset classes and geographies provided by STOXX; and products and services to corporate issuers through ISS-Corporate, a wholly-owned ISS subsidiary.

ISS STOXX Global Overview





The ISS STOXX group of companies is under the umbrella of ISS STOXX GmbH, which is majority owned by Deutsche Börse Group, along with the private equity firm General Atlantic as a minority investor. As further explained in Principle 3, ISS has formally adopted [policies on non-interference](#) and potential conflicts of interest related to [DB](#), [GA](#), and the [ISS STOXX Shareholders' Committee](#). The policies were implemented in keeping with our commitment to conduct business with the highest degree of ethics, integrity, and transparency, and to provide full coverage of clients' portfolios.

In short, these policies explain that ISS operates at an arm's length basis from DB and GA, making clear that subject parties (as defined in each applicable policy) may not participate, seek to influence, or have any role in the formulation, development, and application of ISS' research offerings including, without limitation, the establishment of the methodologies and standards underlying the research offerings of ISS. In addition, these subject parties will not receive advance notice of any proposed or pending changes to the policy guidelines, methodologies, or standards underlying the research offerings of ISS.

Overview of Workforce Composition

ISS is also committed to a work environment in which all individuals are treated with dignity and respect.

Across our global locations, approximately 48% of the company-wide workforce is female, including approximately 32% of ISS' Leadership Team (increasing from 2023, when the rates were 44% and 29% respectively).

ISS STAFF COMPOSITION – YE 2024	
Percentage of female staff (overall)	48%
Percentage of women in management	32%
Languages spoken	62

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).

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. Research analysts also extend beyond their core research related duties to provide in depth, thematic insights covering the latest trends and developments for their market, region, sector, or topic of specialty. These publications are available on ISS Insights and are done under the tutelage of team leaders and may involve collaboration across regions, disciplines, and areas of focus.

Training for a new research analyst depends on the individual's experience and specialty but generally includes formal training in corporate governance concepts, ISS policies and processes, and mentoring with one or more senior members of the team. Analysts may also work to build knowledge across many relevant areas, such as company boards, executive compensation, or environmental and social issues. Moreover, research analysts may attend debriefings with senior staff following speaking presentations to clients and others in the industry at which issues are discussed and debated. Collectively, this helps to ensure analysts are abreast of those issues of importance to clients.

In addition, ISS is committed to developing the expertise and skills of its employees necessary to drive meaningful personal and professional change. Employees have multiple learning channels at their disposal to provide the tools and knowledge needed to perform successfully. The main learning hub is a centralised and digital Learning Management System (LMS) dubbed ISS University (or ISSU) introduced in 2020. The platform has a wide range of materials and educational courses addressing several aims from deep dives into product specification and general information about the company to trainings and onboarding new colleagues. Employees are free to browse the course library and consume on-demand.

The number of courses available in ISSU has increased by 142% between 2020 and 2024. In 2024, we also expanded our training offering by adding the Udemy eLearning platform, which provides employees with access to a vast range of skill enhancement courses further supporting their personal and career growth. Partly as a result, 54% of our workforce has now benefited from “on-the-job” career or skills training using the resources made available to employees.

Relatedly, we continue to offer the Brown Bag Lunch Series, with 12 voluntary educational sessions having been conducted in 2024 with an average attendance of 219 employees. These sessions covered a variety of topics including biodiversity, project management principles, and product offerings.



ISS Governance Research

Research Team Structure. The [Global Research Leadership team](#) is responsible for the oversight of the ISS Governance proxy research and voting business unit. The Global Research Leadership team is headed by Georgina Marshall, Global Head of Research, with 21 senior Heads of Research each responsible for proxy research for specific regional or country markets for ISS benchmark policy research or in the context of special situations, custom and specialty policies. The team also includes thought leadership and operational leaders. ISS does not outsource any part of its research process.

For example, under Georgina; Catherine Salmon is regional Head of Research for the U.K., France, the Middle East and Africa, responsible for ISS benchmark research, and works closely with and supervises the respective market heads, for example, Christopher Osborne, Head of U.K. Research and Cedric Laverie, Head of French Research. This model assures robust and appropriate supervision over research service provisions across markets.

The structure of our Global Research Leadership team is organised 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. This enables ISS to provide, develop, and retain the wide range of local

market and subject-matter expertise that is fundamental to the quality of our research and advice under multiple proxy voting policies. Our research is underpinned by a deep understanding of the relevant local contexts and markets or country-specific issues and developments, including applicable regulatory frameworks, corporate governance codes and market standards. Biographies of select [ISS Governance Global Research Leadership](#) team members are available on the Global Research Leadership page of the ISS website.

Figure 3 provides an overview of the ISS Governance Research Global Leadership in Q1 2025.



ISS’ Governance Research and Voting unit has a global research team of approximately 410 full-time professional research analysts, located in Europe, North America, Asia, and Australia, with an average tenure of five years and a wide range of expertise across the markets and topics they cover. In 2024, the research analyst team expanded by more than 10% compared with 2023. In addition, ISS Governance has a large team of approximately 380 professionals collecting data from company disclosures, shareholder meeting materials and other public sources, and ensuring data quality.

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 or region they cover, with relevant local expertise. In larger markets and regions, research teams also often include sector and topic experts to provide the best possible coverage of complex meeting items. ISS analysts and other research and data specialists also provide in-depth knowledge of country codes of best practice, relevant legal and regulatory structures, remuneration practices and the role of government and industry associations in setting global governance standards. Our personnel resources include research and data experts fluent in approximately 45 languages. A high proportion of research analysts have advanced degrees in finance, business, law, or other relevant subjects.

Over the course of 2024, approximately 250 temporary seasonal hires, of various professional backgrounds and experience levels, were engaged by ISS to assist our permanent research staff in managing the high workload volumes associated with various proxy seasons globally. Temporary seasonal hires undergo training in corporate governance concepts, ISS practices and applicable standards as part of their onboarding. They are subject to the same ISS compliance requirements and business principles as permanent staff. The work of temporary seasonal hires is appropriately tailored to their levels of training and ability and is closely supervised by experienced permanent analysts. For example, and most importantly, any analysis undertaken by seasonal hires is reviewed and validated by senior analysts before being finalised and made available to clients. ISS will often hire a certain proportion of temporary seasonal hires into permanent roles each year following the end of their initial contract, subject to the needs of the company.

Quality of Research. ISS' quality controls are designed to ensure high levels of accuracy, quality, and timeliness in the research and voting process. ISS has dedicated internal employees who provide periodic reviews and assessments on the process and procedures along the relevant research, data, and operations functions that contribute to research and associated voting-related services.

ISS' governance and voting research is based on publicly available information. We aim to consider all relevant information released by analysed companies, such as annual reports, meeting agendas and resolutions, articles of association, and other public filings. All original company materials used by ISS are referenced or made directly available to clients. In addition, company issued information is supplemented by other publicly available information such as information on board changes, regulatory matters, news events, industry trends, etc.

ISS has in place robust systems and controls designed to ensure the quality of our governance research and vote recommendations. These include:

- Comprehensive information procurement processes for company-published information and meeting documentation;
- Data consistency and quality checks;
- Research reports and recommendations are prepared by appropriately trained analysts;
- Research reports and recommendations are reviewed by at least one other person with relevant expertise;
- In instances where new material information becomes available after an ISS report has been published and before investor voting deadlines, or where any factual inaccuracies are brought to our attention, an updated report or alert may be issued to clients;
 - A free-of-charge copy of the relevant ISS benchmark report is made available to each subject company immediately after the final report has been published to subscribing institutional investor clients;
 - Data Verification (DV) portal for issuers that allows for verification of more than 400 governance and compensation datapoints that are principally used and reflected in ISS' research on companies; and

- In some markets, ISS may, at its discretion, also provide companies with an opportunity to review a draft analysis to further check factual accuracy.

Clients and Fees

ISS' services are provided pursuant to a written contract with each client. The contract provides the agreed basis as to the fees, terms and conditions under which services are delivered. Most services are offered on an annual or multi-year subscription basis, with full transparency of pricing and charging, enabling our clients to make informed choices on the cost-effectiveness of services for their business and their stewardship activities. We believe that clients find value in our products and services and that our fees are reasonable and appropriate, as evidenced by the fact that clients choose to buy (and renew) ISS services and our client retention rate is high.

PRINCIPLE 3: Signatories identify and manage conflicts of interest and put the best interests of clients first.

Introduction

ISS is committed to conducting business with the highest degree of ethics, integrity, and transparency. As a service provider to institutional investors, ISS understands and takes extremely seriously the potential for actual or perceived conflict of interest which might impact the integrity of research and services we provide to our clients. Such potential conflicts of interest need to be effectively managed and mitigated by appropriate measures. To that end, ISS has adopted and publicly discloses our conflict-of-interest policies, which detail our procedures for addressing potential or actual conflicts of interest that may arise in connection with the provision of our services.

ISS' Business Practices and Principles

ISS' goal is to serve our clients with their full trust and confidence. We earn and retain this by providing high quality services which rest upon high degrees of transparency, objectivity, and independence. Because of the breadth of our client base, we understand and address the potential for actual or perceived conflicts of interest which may result from our many business activities.

We act in accordance with the following fundamental tenets:

- We place our clients' interests first and above our own.
- We never use, leverage, or favour a relationship with one client to the deliberate disadvantage of another.
- All aspects of our research, methodologies and all voting policies and vote recommendations, are based on fair, thorough, independent, and objective analysis, without regard to any economic or other inappropriate influence.
- We disclose and explain information about our internal processes and methodologies used in the development of our services, voting policies, and our voting recommendations.
- We take strong measures to fully safeguard client information.
- We believe transparency is a keystone of trust, and so, subject to the higher need for client confidentiality, we appropriately disclose any actual or apparent potential conflict of interest relationships or situations as they arise.
- Ultimately, we are guided by this most basic tenet: Do the right thing.

These principles are embedded deeply in our culture and in the policies we develop, the procedures we follow, the decisions we make, and the actions we take every day.

Conflicts of Interest Policies

ISS has a dedicated Compliance Department, headed by a Chief Compliance Officer, that routinely reviews the business and updates policies and procedures as necessary to reflect business changes or other developments. Over the years, ISS has implemented specific compliance and disclosure practices described in more detail below.

In general, ISS has identified three primary potential conflicts of interest that are explained in this section, summarised as follows:

- 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. One potential conflict between ISS’ core business for the benefit of institutional investors and the work of ISS-Corporate arises when ISS-Corporate provides advice to an issuer on a matter covered by ISS ESG research offerings. In addition, some of the products and services offered by ISS-Corporate are closely related to some of the proxy voting matters which will ultimately be analysed 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.

Accordingly, we take a number of measures to prevent such potential conflict becoming an actual conflict through a combination of disclosure to clients, consistent and transparent application of methodologies, a robust compliance program, and implementation of a firewall designed to prevent information flows around the identity of ISS-Corporate clients.

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 the 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 research offerings. A key goal of the firewall is to keep our research teams

from learning the identity of ISS-Corporate's clients, thereby helping to ensure their objectivity and independence. 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 teams work 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.

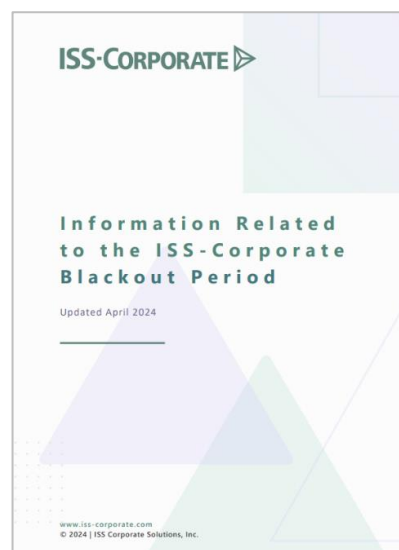
ISS-Corporate explicitly informs its corporate clients that ISS will not give preferential treatment to, and is under no obligation to, support any proxy proposal of a corporate issuer or provide a favourable rating, assessment, and/or any other favourable result to a corporate issuer, whether or not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

ISS is transparent about its ISS-Corporate business, and the entire business is described in detail on our public website. Additionally, ISS' standard institutional 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 issuers use of ISS-Corporate products and services.

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.) ISS Corporate Blackout Policy

In addition, ISS-Corporate maintains a "blackout" policy under which its interactions with corporate issuer clients and prospects are limited for a certain period under specific circumstances. This period typically spans from the point in time immediately after definitive proxy materials are published and/or filed with the appropriate regulatory body, and upon which ISS may be providing research, analysis and vote recommendations to shareholders of that corporate issuer, until the business day after the shareholders' meeting related to those published or filed proxy materials. During the blackout period, ISS-Corporate staff are prohibited from assisting corporate issuer clients, whether directly or indirectly, with advisory services that relate to any matters that are currently "live", meaning matters that are addressed in and/or are the subject of the definitive proxy materials that triggered the start of the blackout period.



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 securities 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 establish appropriate standards and procedures to protect the integrity and independence of the research offerings produced by ISS and 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.

Among other things, these policies provide that:

- Subject parties (as defined in each applicable policy) may not participate, seek to influence, or have any role in the formulation, development, and application of ISS' research offerings. In addition, these subject parties will not receive advance notice of any proposed or pending changes to the policy guidelines, methodologies, or standards underlying the research offerings of ISS.
- Subject parties may not participate in, seek to influence, or have any role in the formulation, development, and application of the policy guidelines, methodologies, and standards underlying ISS' research offerings, including, without limitation, the establishment of the methodologies and standards underlying the research offerings of ISS.
- Subject parties will not receive or be provided with access to companies of, or the analyses and conclusions contained in, any of the research offerings of ISS prior to the time that any such offerings are published or disseminated.
- Subject parties will not have access to any data relating to the portfolio, investment strategy, or securities holdings of ISS clients.

Policy Regarding Disclosure of Significant Relationships. ISS has also adopted a [*"Policy Regarding Disclosure of Significant Relationships"*](#) for Governance and ESG Research offerings.

As outlined in the policy:

- 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 covered employees within the ISS Governance and ISS ESG business units. To help ensure the integrity of our product offerings and to ensure conflicts are appropriately managed, ISS' dedicated Compliance team carries out regular reviews to help ensure compliance with applicable policies and procedures.

Code of Ethics. ISS 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 a 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 that may arise from the following activities:

- 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 encompasses 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, and as well as other reporting and disclosure requirements.

General 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.

Compliance Training. Employees within Governance Solutions and ESG units 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 with 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 nonpublic information.

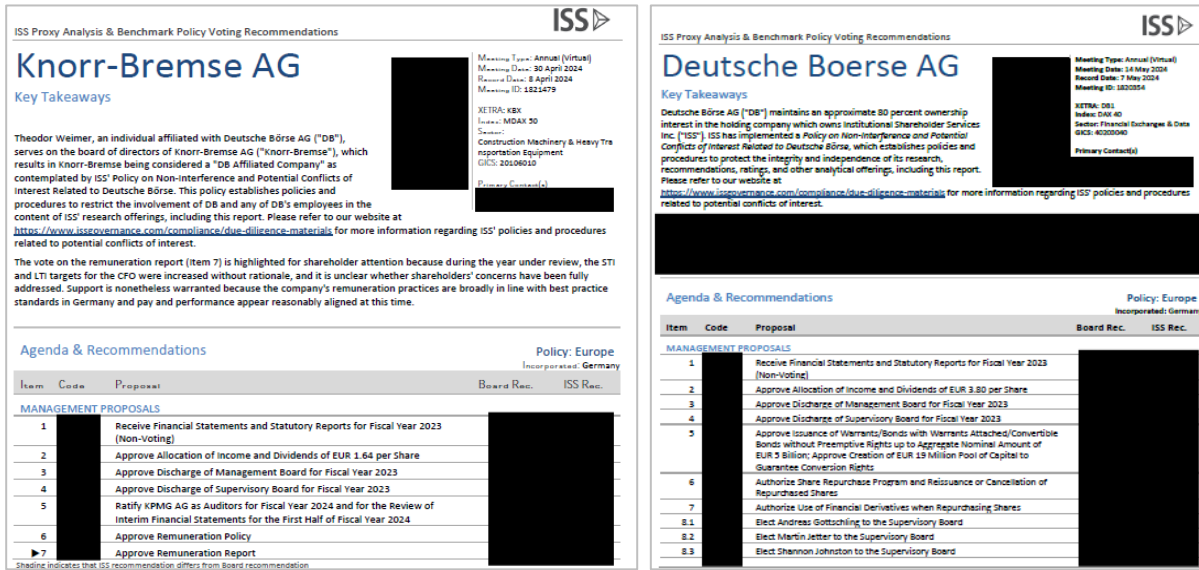
100% of staff trained on ISS Code of Conduct

All new employees are provided a new employee package that details core corporate policies. Each newly hired employee at ISS is required to complete a compliance training session. The materials covered include the ISS policies and procedures within ISS' Code of Ethics and General Code of Conduct. Employees are required to certify having read, understood, and agreed to comply with the ISS policies and procedures, and must also provide required disclosure information (e.g., brokerage accounts, outside business activities, political contributions) to the Compliance department. In addition to this, the Compliance department conducts annual training during each calendar year, including during 2024, covering Compliance policies. Completion of the annual training modules is mandatory for all employees and certification by each employee is also required.

Disclosure of Conflicts

ISS provides its clients with an extensive array of information to help ensure that they are fully informed of potential conflicts and the 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.

As per the policies outlined above, 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 screenshots.)

Figure 4 provides screenshots 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.

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.
- On screen 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.

Figures 5 and 6 below provide a snapshot of some of these PX features.

ISS’ Disclosure to Clients on ISS’ PX Voting Platform of Significant Relationships

Figures 5 and 6 are screenshots illustrating ISS’ disclosure to clients of significant relationships transparently integrated throughout PX. (See Appendix for full page screenshots.)

Figure 5 provides a screenshot 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.

Issuer	Disclosure of Significant ISS Relationships	Ticker	Country	Type	Meeting Date A	Industry Sector	Market Cap (USD)
Company 1	No	C1	USA	Annual		Electric Utilities	
Company 2	No	C2	Denmark	Annual		Bank	
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		Bank	
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	

The statement also makes clear that, to maintain the integrity of ISS’ firewall, information regarding the identify of ISS-Corporate clients may not be shared with ISS employees.

Figure 6 shows that investor

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

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 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.

As described earlier under *Internal Firewall*, ISS does not disclose the name of ISS-Corporate clients on research reports or public facing documents. 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. We believe that these processes ensure transparent and easily accessible conflicts disclosure to clients while also upholding the key confidentiality tenets of the firewall.

PRINCIPLE 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Introduction

As a service provider, ISS is continually monitoring the market's evolution as it relates to the products and services that we offer to clients. This includes corporate governance practices, emerging legal and regulatory developments, and standards, globally and regionally. Accordingly, we view market-wide or systemic risks primarily through a service provider lens. In this respect, we believe that our services amount to a meaningful contribution to well-functioning financial markets, as we provide scale, expertise, and a range of data-driven analytical tools that would be too labour- and capital-intensive for investors to develop in-house.

Our proxy research and voting services contribute to well-functioning capital markets by helping our investor clients make informed proxy voting decisions in an ecosystem that is subject to structural constraints, such as the compressed proxy season timing combined with the high volume of information and voting items. Proxy advisory firms such as ISS assist their clients in managing this workflow in an informed and thoughtful way – and as they see fit. In addition to the quality of our proxy research, the functionalities of our ProxyExchange (PX) voting platform and the timeliness of our research also help to facilitate our clients in exercising their stewardship responsibilities.

As documented under Principles 5 and 6, ISS interacts with our clients and a wider range of stakeholders to identify, understand, and respond to emerging trends in the market. In addition, our structured approach to gathering feedback during the Benchmark Voting Policy Review and Update Process (as outlined under Principles 5 and 6) allow us to reflect market trends and emerging issues in the development of our products and services.

Functionalities of ProxyExchange (PX)

Clients select their voting policy either by creating a custom policy or selecting from our proprietary benchmark and/or specialty voting policies. They will then receive research reports that detail the vote recommendations based on the selected voting policy(ies); and have access to ProxyExchange (“PX”), ISS’ proprietary platform through which investor clients access, review, and vote their proxies. 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 offering 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 customisable reporting templates that clients can use for internal or external reporting. Accordingly, PX is designed to grant clients discretion as to how they manage their workflow and enables them to filter information, manually execute proxy votes and even change their vote up until the day before company meetings, where applicable regulatory frameworks and market practice allows.

Figures 7, 8, and 9 below provide screenshots of the PX platform and the manner in which information and the voting process can be managed by clients. (See *Appendix* for full page screenshots.)

Figure 7 provides a screenshot of issuer profile pages available on the PX platform and designed to provide key issuers details, current and historic research reports and voting history in one place.

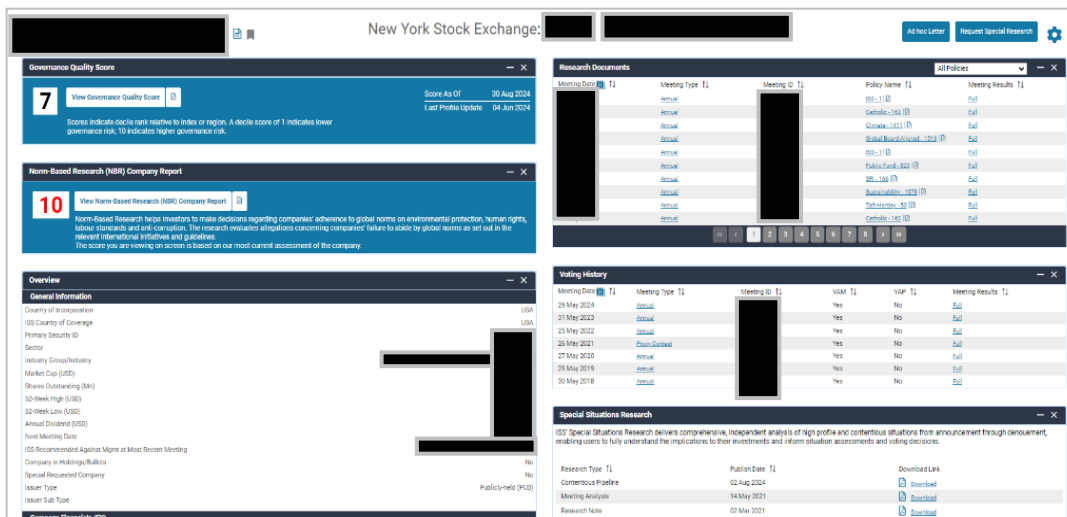


Figure 8 provides an example of one of the vote management functionalities on the PX platform.

More precisely, the screenshot displays a PX page in which ballot items are displayed and listed to the left-hand side in the centre of the screen. In the upper left-hand corner, a dropdown menu allows clients to apply vote recommendations under different policies to the displayed ballot items and conduct comparisons between them, as well as to vote with or against management on all issues, and similarly on shareholder proposals. To the right-hand side of each of the ballot items listed, there are 4 boxes which correspond to one of four possible voting choices 'For', 'Against', 'Abstain' and 'Do not vote'. The client makes their vote choice by selecting one of these boxes. Just underneath, alongside each other are

the recommendations of management and, in this example, the ISS Benchmark and SRI Specialty policies.



Figure 9 provides an example of the dynamic alert functionality available in the PX platform, whereby clients will receive email notifications concerning unvoted ballots, specifying the number of ballots and the related cutoff date for voting.

Please visit ProxyExchange to view this alert in further detail or update your alert settings.										
Alert details for: 8 Ballots - Unvoted Ballots with Cut-Off in Next 2 Days(358301776)										
Location Name	Issuer Name	Ticker	ISINs	ADR	Meeting Date	Record Date	Earliest Client Cutoff Date	Meeting ID	Ballot Count	Set Parameters
JP Morgan Chase & Company(1428)	Trifast Plc	TRI	GB0008883927		10-SEP-24	06-SEP-24	05-SEP-24	1884729	1	Unvoted Ballots
JP Morgan Chase & Company(1428)	APR Co., Ltd.	278470	KR7278470000		20-SEP-24	16-AUG-24	05-SEP-24	1886408	6	Unvoted Ballots
JP Morgan Chase & Company(1428)	Solid State Plc	SOLI	GB0008237132		12-SEP-24	10-SEP-24	05-SEP-24	1882024	1	Unvoted Ballots

Proxy research delivery times in the UK market – 2024

The time constraints of compressed proxy season(s) represent a systemic challenge for investors to fulfil their role as active and informed shareholders in accordance with their regulatory requirements and expectations in the market. ISS, as a provider of governance research and advisory services, strives to offer services in a manner, and within a timeframe, that allow investors to overcome the time constraints inherent to proxy season and to conduct their own analysis and due diligence. Accordingly, timely delivery of our research and recommendations, sufficiently in advance of shareholder meetings, is fundamental to ensuring clients derive the greatest possible benefit from our services. ISS strives to

provide clients with high quality, consistent and timely services, subject in the case of its research and voting services to the availability of sources of information from issuers and shareholder resolution proponents, as well as intermediary constraints (for example, custodian and corporate vote deadlines and intermediary cut-offs). 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. In 2024, we delivered research reports in relation to FTSE 100 companies on average 24.1 days ahead of the meeting date. In the case of the FTSE 250, the average delivery date was 21.1 days in advance of the meeting date and 17.6 days in advance for the FTSE All Share.

Engagement with Corporates, Shareholder Proponents and other Stakeholders

Information sources. ISS' governance and voting research and recommendations are based on publicly available information. ISS aims to consider all relevant information released by analysed companies, such as annual reports, meeting agendas and resolutions, articles of association, and other public filings. All original company materials used by ISS are referenced or made directly available to clients. In addition, company issued information is supplemented by other publicly available information, such as information on board changes, regulatory matters, news events, industry trends, etc.

ISS provides comprehensive data and information, including on board membership, executive remuneration, financial performance, and ownership, that offers context as our clients review agenda items.

Dialogue. As part of the research process, ISS may undertake dialogue with company representatives, institutional shareholders, shareholder proposal proponents, and other relevant parties to ensure a full understanding of, and deeper insights into, key issues. Such dialogue can help enrich the analyses for clients and ensure complex or unusual issues are well understood.

Where undertaken, the purpose of dialogue with companies is to help improve the quality of the research produced by ensuring ISS analysts, and therefore ISS clients, have full information and a good understanding of relevant facts and explanations provided by the company, especially where helpful to supplement public disclosures. This type of dialogue can also serve to provide additional transparency regarding company disclosures that ISS may use to provide context for its clients around the application of its policies.

In undertaking such dialogue, ISS specifically requires that companies do not share confidential or material non-public information. ISS' dialogue with issuers is transparent to clients. ISS' benchmark research reports include a section detailing any relevant dialogue with the company, shareholder proposal proponents or other stakeholders, including the date(s) of dialogue, the topic(s) covered, the initiator of the dialogue, and the outcome.

Examples of dialogue from the UK market

In the UK, ISS may engage in dialogue with companies prior to publishing research reports where further insight into the context and rationale of management may be additive. This engagement can be initiated by the company or by ISS and can occur in advance of, during or after the end of the UK proxy season, as appropriate. ISS research reports clearly indicate where dialogue or engagement with the company has taken place (See Figures 10 and 11) and may reflect additional explanations offered by the company in the final research reports distributed to clients (See Figures 12 and 13).

Furthermore, where feasible, ISS may share benchmark research reports with companies prior to their finalisation. Here, it is important to emphasize that the company’s response, if provided, may yield additional information or insight into contextual factors and may or may not result in a change to a vote recommendation. ISS has established safeguards around this process, making clear that any draft review which may occur is for purposes of data verification only. Consistent with our policies on the use of non-public information, where a company may provide additional information, ISS will only include information that is publicly disclosed by the company. In cases where material non-public information is disclosed by the company *after* the distribution of our research reports, ISS may update the report through the mechanism of a “Proxy Alert”, as detailed under Principle 5.

Figures 10 (right) and 11 (below) are screenshots of excerpts from the UK Benchmark research reports indicating that dialogue with the company concerned was undertaken, and including details thereof.

ISS-Company Dialogue

Dates	Topic(s)	Initiated By	Notes	Outcome
April 2025	Draft Review	ISS (with Company)	The Company was given the opportunity to review a draft of this analysis for fact-checking purposes.	Comments received.

Note: ISS engages in ongoing dialogue with issuers in order to ask for additional information or clarification, but not to engage on behalf of its clients. Any draft review which may occur as part of this process is done for purposes of data verification only. All ISS recommendations are based solely upon publicly disclosed information.

See also the “Note” below “ISS-Company Dialogue,” explaining some of the safeguards that ISS has established for these types of engagements. (See *Appendix* for full page screenshots.)

ISS-Company Dialogue

Dates	Topic(s)	Initiated By	Notes	Outcome
October 2024	Compensation – Other	Issuer	The Company reached out to discuss the remuneration outcomes of the 2023 AGM.	Meeting was held
April 2024	Draft Review	ISS (with Company)	The Company was given the opportunity to review a draft of this analysis for fact-checking purposes.	Comments received

Note: ISS engages in ongoing dialogue with issuers in order to ask for additional information or clarification, but not to engage on behalf of its clients. Any draft review which may occur as part of this process is done for purposes of data verification only. All ISS recommendations are based solely upon publicly disclosed information.

Examples of ISS dialogue with companies

Figure 12 provides an excerpt from an ISS Benchmark research report illustrating additional context provided by ISS that investors may find relevant. In this instance, the company is InterContinental Hotels Group (IHG) Plc with which dialogue was undertaken in relation to executive remuneration. In this example, IHG initiated dialogue with ISS in advance of the 2024 proxy season. Note that IHG also undertook engagement with its major shareholders in addition to dialogue with ISS. (See *Appendix* for full page screenshots.)

of IHG's 10 largest shareholders voted in support of the DRP; of IHG's 25 largest holders, there were only 3 who voted against.

The Board will engage further with ISS and shareholders who voted against these resolutions in the coming months in accordance with the UK Corporate Governance Code. As part of this process, the Board will seek to understand more about the reasons behind the ISS recommendation and shareholder votes against the DRP and DRR."

The [update statement](#), which was published in November 2023, notes that, since the 2023 AGM, the Company has had follow-up conversations with seven major shareholders, as well as ISS and the Investment Association. It highlighted the provision for increased LTIP awards and the use of positive discretion in relation to the cash flow measure for the 2020 LTIP award as topics for discussion in these conversations.

The Company's explanation is acknowledged.

Analysis

PAY-FOR-PERFORMANCE CONCERN LEVEL IS LOW

All remuneration-related vote recommendations are based on a holistic review considering any relevant qualitative and quantitative factors.

ISS' quantitative pay-for-performance model ("P4P") suggests that pay outcomes have been generally aligned to performance and/or peers (see Remuneration Profile earlier in this report).

Shareholder dissent at the 2023 AGM, the ED salary increases, the CEO's joining arrangements, the annual bonus outcomes, the 2023 LTIP targets, the 2024 LTIP grant and comparator group, the discretion applied in relation to the vesting LTIP, and leaving and joining arrangements are all discussed in more detail below.

1 Shareholder dissent at 2023 AGM

At the 2023 AGM, the Company received c.25% and c.23% of votes cast against its remuneration policy and remuneration report resolutions, respectively.

In 2023 AGM voting results, it stated the following in relation to the dissent:

"In late 2022 and early 2023, the Remuneration Committee consulted extensively with shareholders and the major proxy agencies on the key features of the DRP and the decisions in relation to 2022 pay outcomes. The consultation included engaging with around 60% of the ownership of the Company. All

Facilitating communication between shareholders and corporate issuers

It is important to note that ISS does not act in any representative capacity on behalf of our clients when engaging in dialogue with companies. The purpose of undertaking dialogue with companies is to seek further information or clarification and to verify data accuracy. It is also worth highlighting that a company can engage with its own shareholders in relation to items on the agenda of AGMs, and vice versa. Accordingly, the timely delivery of our research serves an additional function by facilitating interaction between our clients, in their capacity as shareholders, and the companies in which they are invested. It provides clients with the opportunity to familiarise themselves with the information, analysis and vote recommendations included in our reports. Crucially, it also enables clients to engage with their investee companies and establish a dialogue in relation to items on the agenda of the forthcoming

general meeting, if they so wish. The timely delivery of our research plays an important role in enabling and fostering communication, between ISS and our investor clients, and between shareholders and their investee companies.

Participation in Industry and Regulatory Discussions

In addition, as appropriate, ISS contributes to industry discussions and relevant initiatives and interacts with policymakers (e.g., responding to regulatory consultations). By sharing our expertise and insights as a service provider to institutional investors, ISS seeks to contribute to the effective functioning of capital markets and a regulatory framework that supports investor protection. Over the years, ISS has responded to numerous stewardship-, governance- and ESG-related consultations, and participated in investor roundtable discussions on such matters.

In addition, ISS is a member of several global and regionally focused industry associations and initiatives, as listed on our [website](#). These industry associations and initiatives provide fora in which the investor and service provider community can share their experiences, insights, and best practices and discuss emerging market trends, market-wide and systemic risks.

Related to stewardship specifically, it is worth highlighting that ISS is a member of the FCA [Vote Reporting Group](#), which was launched in 2022 with the aim of designing a comprehensive and standardised proxy vote reporting framework. As a member, ISS is offering its practitioner expertise on how to deliver the vote reporting information through a public register by leveraging existing reporting activities and being mindful of practical challenges and feasibility.



The work of regulators, financial supervisors and international organisations generally also allow ISS to identify emerging risks and areas of regulatory interest, such as cybersecurity and operational resilience, the decline in biodiversity, the extent and quality of corporate disclosure on environmental and social issues, and relatedly, greenwashing on the part of corporates and financial institutions.

PRINCIPLE 5: Signatories' support clients' integration of stewardship and investment, taking into account material environmental, social and governance issues, and communicating what activities they have undertaken.

Introduction

ISS' services support clients' integration of stewardship and investment, enabling them to take into account material environmental, social and governance issues, as they deem relevant. We seek and listen to our clients' feedback, views, and needs regularly, and client views are taken into account in developing policies, methodologies and new products/services. From portfolio screening for a wide range of ESG factors and issues, through independent policy-based research and voting recommendations to assist clients in making informed voting decisions, actioning those voting decisions in an effective manner, and reporting to underlying clients and other stakeholders on the activities undertaken, ISS' services support and help clients in effective stewardship. As environmental and social (E&S) shareholder proposals have become more numerous in recent years, so have the number of proposals on which ISS has provided recommendations. For example, in 2024, ISS provided research and vote recommendations, consistent with clients' selected policy(ies), in relation to 1,900 E&S shareholder proposals, an increase of approximately 300 such proposals compared to 2023.

We believe that the high rate of client retention (92%+ based on 2024 data) of ISS Governance is a testament to client satisfaction and our regular communication with clients is an important aspect of helping to ensure our services continue to meet their needs.

Client Overview

As a global service provider, ISS serves a diverse range of institutional investors who are subject to various regulatory obligations and underlying client mandates. We do not serve retail investors directly. Asset managers constitute the single largest category of client for both ISS Governance and ISS ESG, making up 56% and 46%, respectively. Table 1 provides a more detailed breakdown of clients by type (as of 2024 YE):

CLIENTS BY TYPE (OVERALL, BY NUMBER)	PERCENTAGE - ISS GOVERNANCE	PERCENTAGE - ISS ESG
Asset Management	56%	46%
Asset Owner	14%	16%
Banking & Trading	< 1%	<1%
Custodian	1%	2%
Government Agencies	< 1%	3%
Hedge Funds	20%	6%
Legal & Professional Services	1%	2%
Other (incl. academic)	8%	7%

The geographic distribution of clients also varies. The majority (59%) of ISS Governance clients are based in the Americas with EMEA and APAC contributing 32% and 9% to the client base respectively. Table 2 provides a detailed breakdown of clients by region (as of 2024 YE):

CLIENTS BY REGION	PERCENTAGE – ISS GOVERNANCE	PERCENTAGE – ISS ESG
AMERICAS	64%	40%
EMEA	27%	50%
APAC	9%	10%

Client Engagement and Feedback

ISS regularly consults with clients, including through policy and methodology consultations, roundtables, surveys and reviews. Further details on the ISS voting policy reviews, which are undertaken annually, including 2024 activity and outcomes with respect to the UK market, are presented under Principle 6.

Each client is assigned a dedicated Client Success manager. Our dedicated client service teams regularly communicate with clients to ensure they are fully supported and questions or concerns are addressed. This happens on a regular basis, sometimes weekly or even more frequently during busy periods. The Client Success Teams use a variety of systems to communicate with clients, including e-mail, MS Teams, telephone and Salesforce.com.

Moreover, clients subscribing to a custom research service are assigned dedicated custom research analysts that can assist them with many aspects of their custom policy, including application in particular circumstances or geographies and on individual custom recommendations.

ISS has put considerable focus on placing Client Success teams in key financial centres worldwide, enabling ISS to bring local market expertise and a deep understanding of the proxy voting processes, and current and emerging issues in corporate governance. Fast and efficient responsiveness is an important attribute of ISS’ Client Success model.

As at the end of 2024, ISS’ client service team included approximately 110 staff, providing another route for receiving clients’ views and feedback. Client Success teams gather product feedback from clients through e-mail, meetings and proactive outreach, feedback is aggregated and tracked centrally and delivered to ISS’s dedicated Product Development team. This feedback drives our product enhancement roadmap. ISS continuously expands its suite of solutions and introduces new features designed to meet its clients' ever evolving needs.

Once received, all client inquiries are addressed as soon as possible. Client requests will generally be acknowledged within 24 business hours of receipt, and clients are provided regular updates on any items that take longer than 24-48 hours for complete resolution. However, queries are often resolved well within these service timeframes, within a short time of receipt.

Client Success also keeps clients updated on pertinent trends and product innovations.

ISS aims to achieve the industry's highest standard of excellence, as a trusted partner and service provider to asset managers, asset owners and others. This philosophy allows ISS to retain clients, attract new ones, and continue to grow. ISS' high firm-wide retention rate reflects this commitment to high quality products and excellent client service.

Proxy Alerts and Feedback Management

As addressed under Principle 4, ISS also strives to deliver our research reports sufficiently in advance of shareholder meetings to enable clients to familiarise themselves with the information, analyses and recommendations contained therein.

In the event new material public information becomes available or if ISS finds that a report contains a material error, ISS promptly issues a Proxy Alert to inform clients of any corrections and, if necessary, any resulting changes in the vote recommendations. Proxy Alerts are the mechanism ISS uses to update a previously issued report. Accordingly, if a corporate issuer believes our 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. 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.

Example of a Proxy Alert being issued in relation to additional information related to domiciliation of Aegon NV from the Netherlands to Bermuda

Figure 13 is a screenshot of a Proxy Alert issued in relation to the relocation of Aegon NV's head office from the Netherlands to Bermuda in a research report issued under the Continental Europe Benchmark Policy during the 2023 proxy season. ISS detailed the board of directors' rationale for relocating to Bermuda and recommended under the [Continental Europe Benchmark Policy](#) that subscribing investors vote 'Against' the proposed move, reflecting concern over the future governance of the company. Aegon NV management disclosed additional material information in the company's proxy materials, offering assurances to existing shareholders, such as the introduction of preemptive rights as a protection for existing shareholders, shareholder approval right for share buybacks, and shareholder approval rights for the annual final dividends. Once published, this material information was promptly incorporated into

ISS' Benchmark research report and clients were notified of the changes, which included changing the vote recommendation from 'Against' to 'For' in light of the new information. (See *Appendix* for full page screenshot.)

ISS Proxy Analysis & Benchmark Policy Voting Recommendations


Aegon NV

Meeting Type: Extraordinary Shareholders
Meeting Date: 29 September 2023
Record Date: 1 September 2023
Meeting ID: 1783022

Euronext Amsterdam: AGN
Index: AEX25
Sector: Life & Health Insurance
GICS: 40301020

Proxy Alert
Alert Date: 15 September 2023
Original Publication Date: 12 September 2023

This alert updates the vote recommendation for the analysis dated Sep. 12, 2023, with respect to Item 2.1: Approve Cross-Border Conversion and Amend Articles of Association. On Sep. 15, 2023, the company issued an [update](#) on the proposed change of Aegon's domicile to Bermuda following further stakeholder engagement. The company proposes that following the redomiciliation to Bermuda a number of existing shareholders' rights are repaired in an attempt to enhance the governance and reflect shareholder feedback. At the next AGM, the company will propose (i) the introduction of preemptive rights as a protection of existing shareholders, (ii) shareholder approval right for share buybacks, and (iii) shareholder approval rights for the annual final dividends. The company furthermore publicly clarifies that the issuance authority above 10 percent without shareholder approval will only be used in 'exceptional circumstances of severe financial distress'. The changes to the proposal were reflected in an updated analysis of Item 2.1. Given the company's demonstrated responsiveness to shareholder concerns and important concessions made that would enhance the governance, the proposed update mitigates concerns we have raised on the proposed governance. Although a number of concerns remain with the proposed governance, given the detailed rationale and more balanced governance structure, the vote recommendation for Item 2.1 is changed from AGAINST to FOR. All other vote recommendations remain unchanged.

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.

ESG Research Offerings Updates and Statistics - 2024

Through its range of services, ISS helps institutional investors integrate and take into account environmental, social and governance issues globally and in multiple different markets worldwide. ISS' aim is to provide high quality, accurate and timely data, analytics, and insight to its institutional investor clients, seeking clients' views and feedback on our services, supporting clients' integration of stewardship and investment, and in helping investors communicate activities they have undertaken.

In terms of ISS ESG products and services, we have comprehensive arrangements in place to review and assure our processes and the quality of our products. ISS ESG regularly reviews our range of products and services with a view to making enhancements to the underlying methodologies and/or other related processes, such as data collection and analysis. Methodological enhancements are communicated in a

fair and understandable manner. ISS ESG clients are informed of any methodological enhancements, including through quarterly updates that outline the changes being implemented, whether it relates to how we conduct our research and analysis for the purposes of ESG products and services, or refinement of the metrics and indicators used to measure ESG performance. Key enhancements to methodologies and disclosures of methodologies are also communicated publicly on the ISS website.

2024 ISS ESG Product Enhancements and Transparency Measures. As ISS ESG works to continuously develop products to support our clients, numerous enhancements were made to ISS ESG products and services over the course of 2024; from enhancements to the Governance QualityScore (GQS) to the launch of a customizable Climate Impact Report and new regulatory solutions to assist investor clients in applying ESMA fund naming guidelines and requirements under the UK Sustainability Disclosure Regime (SDR) for funds.

Specifically, in the case of the GQS, the methodology for screening governance risk was enhanced by the introduction of 12 new factors covering topics such as information security, CEO non-compete clauses and virtual only shareholders' meetings. Moreover, existing factors were extended to cover new markets, increasing their global applicability. For example, coverage of GQS was extended to 150 companies in Taiwan.

NOVEMBER 21, 2024

ISS ESG Launches Customizable Climate Impact Report

Tags: Climate Change, Climate Impact Report, Climate Scenario Analysis, ISS ESG

OCTOBER 3, 2024

ISS ESG Augments Suite of Regulatory Solutions

Tags: ESMA Fund Name Guidelines, EU Taxonomy, ISS ESG, ISS ESG Regulatory Solutions, UK SDR

Enhancements to ISS ESG's Climate Impact Report were also introduced in 2024 in the form of introducing a customisable version to enable subscribing investors to tailor the Climate Impact Report to reflect their own climate-related target setting, risk management reporting and engagement activities. Notably, the customisable Climate Impact Report leverages ISS ESG's Scenario Alignment offering to allow for a range of projected climate scenarios to be taken into account.

ISS ESG also launched the ESMA Fund Name Guidelines Solution as a tool to assist investors in ensuring that funds with ESG or sustainability-related terms in their names comply with the requirements under ESMA's fund naming guidelines, which stipulate certain exclusions and mandate that a minimum proportion of investments be aligned with the fund's stated objective(s). Relatedly, the UK SDR Solution was introduced to help investors analyse the ESG characteristics of their investments and create custom criteria to label funds in accordance with the SDR's fund categories and comply with the FCA's anti-greenwashing rules.

Product development, enhancements and new launches are often conceived through a dynamic process involving clients during which gaps in our suite of ESG solutions are identified and addressed, or investor needs have evolved due to regulatory or market developments. New product launches and enhancements to existing products are communicated regularly to existing clients in the form of quarterly communications and to the broader market through press releases and marketing material.

PRINCIPLE 6: Signatories review their policies and assure their processes.

Introduction

ISS performs its work in a prudent, open, and honest manner, consistent with our regulatory obligations and the expectations and standards set by the various stewardship codes and codes of conduct to which we are subject globally. We regularly review the policies, methodologies, and activities we undertake to ensure our research offerings and services continue to support our clients' effective stewardship and other needs, including taking client feedback into account.

We are a policy-based organisation that maintains a high degree of transparency regarding our proprietary proxy voting policies and the methodologies underpinning our ESG products and services, as well as with respect to our company policies and procedures. We maintain a comprehensive [Due Diligence](#) section on our website that provides an overview of the company policies, procedures, and practices we follow, and any relevant updates. In addition, many of ISS' clients conduct their own due diligence of ISS through calls and visits to satisfy themselves that ISS' policies and procedures are robust and effectively adhered to.

We have strived to ensure that our stewardship reporting is fair, balanced, and understandable by presenting a comprehensive, but focused, overview of our company, research offerings, and quality assurance practices in a clear voice with hyperlinks, where necessary, to additional information.

For a more holistic understanding of our practices, this section should be read in conjunction with our responses under Principles 2, 3, and 5.

Relevant Regulation and Codes of Conduct

ISS is subject to a range of "hard" and "soft law" regulatory requirements that align with the principles set forth in the UK Stewardship Code. This section highlights some of these supervisory frameworks that support continuous improvement of company policies and processes.

Best Practice Principles Group. ISS is a founding member of the Best Practice Principles Group for shareholder voting research ("BPPG"), which was formed in 2013 at the direction of the European Securities and Markets Authority ("ESMA"). The group was established to promote greater understanding of the corporate governance and proxy research and support services provided by the shareholder voting research and voting advice industry. The Best Practice Principles (BPP) for Shareholder Voting Research Analysis focus on service quality, conflicts-of-interest management, and communications policies. The BPP were informed by the results of a public consultation and the review of the BPP Review Committee and were updated following Shareholder Rights Directive II (SRD II) requirements in 2019. They mirror closely the service provider principles under the U.K. Stewardship Code.

As a BPP signatory, ISS submits an annual compliance statement for review by the BPP Oversight Committee (BPP OC). The BPP OC published its latest [annual report](#) in November 2024, finding that ISS and the other signatories continue to be compliant with all three Best Practice Principles. ISS' latest compliance statement for 2024 is included in ISS' Due Diligence package and accessible directly [here](#). ISS, along with other signatories and members of the BPP OC, also participate in the BPP OC's annual open Stakeholder Forum.

U.S. SEC Investment Advisers Act. In addition, ISS is [registered](#) as an Investment Adviser (RIA) with the U.S. SEC under the U.S. Investment Advisers Act of 1940 (Advisers Act). This statute and related SEC rules provide a mature and comprehensive regulatory regime that covers our ISS Governance and ISS ESG businesses. As an RIA, ISS is subject to the Advisers Act's fiduciary duties of care and loyalty, which follow the contours of ISS' contractual relationship with our clients and oblige ISS to render advice that is in the clients' best interest.

External Audit of Operations. ISS employs a third-party auditor to independently assess its controls under the Statement on Standards for Attestation Engagements no. 18 ([SSAE 18](#)) process, as established by the American Institute of Certified Public Accountants (AICPA) Auditing Standards Board, and provide an opinion on the fairness of the presentation and 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.

ESG Ratings and Data Codes of Conduct. As stated under Principle 1, over the course of 2023 and 2024 Codes of Conduct for ESG ratings and data products providers were introduced in the UK and several other jurisdictions to give effect to the [IOSCO Recommendations on Environmental, Social, and Governance \(ESG\) Ratings and Data Products Providers](#). ISS ESG is a signatory under several of these Codes, namely in the UK, Japan, Singapore and Hong Kong. The Codes are intended to cover the same activities, the provision of ESG ratings and data products, and share many of the same features. However, while they overlap in several places they do not align entirely. Accordingly, in December 2024 ISS ESG published a [Consolidated Response to Global Codes of Conduct for ESG Ratings and Data Products Providers](#) as part of the ISS' Due Diligence package, accessible [here](#).

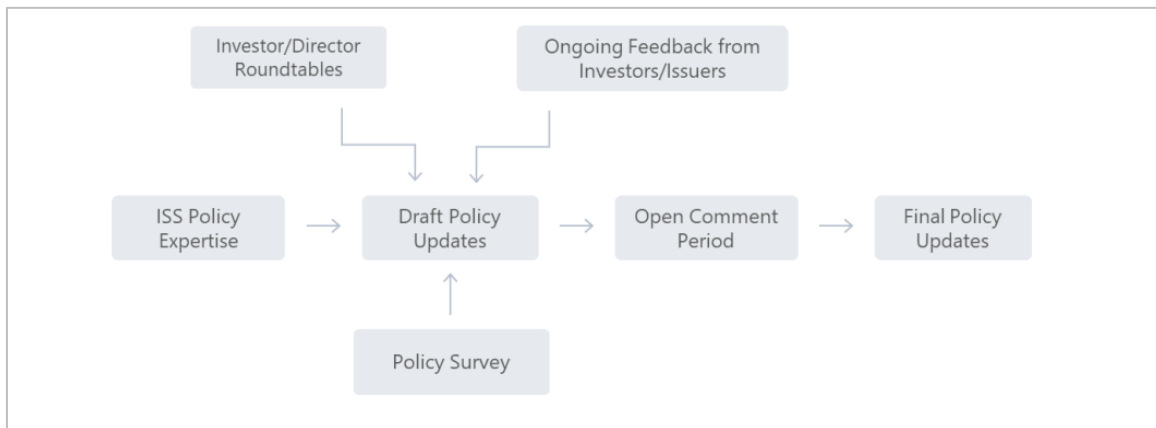
ISS Benchmark Policy Development and Update Process

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 15, 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 14 provides 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 feedback received. 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 16), ISS provides a table summarizing changes to the final policy guidelines, organised by market and topic. Once finalised, we publish all ISS policy guidelines on our public website each year for full transparency and availability.

Figure 15 provides screenshot of the level of public transparency provided in 2024 on the 2025 updates to the benchmark voting policies.



2024 Annual Policy Development Process

Consistent with the approach outlined in the preceding section, during and after the 2024 proxy season(s), ISS Governance research staff and Client Success gathered input from investor clients, companies and other market participants with respect to shifting attitudes and emerging issues on corporate governance, environmental or social topics.

2024 Global Benchmark Policy Survey. With this feedback in mind, together with relevant changing regulatory requirements and evolving practices in various markets globally, ISS conducted the 2024 Global Benchmark Policy Survey. In accordance with our established process, the survey was public and open to all market participants who wished to respond. In the 2024 survey, we asked both market-specific and global questions relating to a number of corporate governance and environmental and social topics. Specifically, the survey asked about poison pills and executive compensation in the US, particularly related to use of performance- vs. time-based equity awards; auditor rotation and virtual meetings in Continental Europe; general share issuances in France; cumulative voting elections in the Middle East and North Africa; and shareholder proposals on environmental and social topics.

The survey was conducted between 1st August and 5th September 2024 and forms an important part of the review of our benchmark voting policies. We received a total of 325 responses to the survey; 199 responses from investors and investor-affiliated organisations (investor respondents) and a further 126 from non-investor respondents, the majority being

Number and category of respondents to online benchmark policy survey

Category of Respondent	Number of Respondents
"Investor" Total	199
Asset Manager	125
Asset Owner	57
Advisor to Institutional Investors	6
Other Investor-related organizations	11
"Non-Investor" Total	126
Public corporation	95
Board Member of a Public Corporation	3
Advisor to public corporation	19
Other Non-Investors	9
Grand Total	325

companies and corporate affiliated organisations.

Consistent with prior years, over half of the 199 investor respondents to the survey represented organisations that cover most or all global markets. Of the non-investor respondents, just over half declared the US as their primary market of focus.

The 2024 Global Benchmark Policy Survey results report was made publicly available on our [website](#) on 10th October 2024 (again, as part of our normal practice and commitment to transparency).

Primary Market of Focus (as declared by respondent)	% of Investor Respondents to Online Survey	% of Non-Investor Respondents to Online Survey
Global (most or all of the below)	57.79%	19.05%
U.S.	27.14%	50.79%
Continental Europe	6.03%	19.84%
U.K. and/or Ireland	1.51%	1.59%
Canada	3.02%	5.56%
Asia-Pacific	2.01%	2.38%
Developing/Emerging markets generally	2.51%	0.79%

The breakdown of investors by the size of assets owned or assets under management is as follows:

Asset Size (as declared by respondent)	% of Investors Respondents to Online Survey
Under \$100 million	5.03%
\$100 million - \$500 million	6.03%
\$500 million - \$1 billion	4.02%
\$1 billion - \$100 billion	42.71%
Over \$100 billion	32.66%
Not Applicable	9.55%

Policy Roundtables and Other Feedback. The Global Benchmark Policy Survey was followed by a series of policy roundtables and other policy-related discussions held with investor clients and various other constituents across the regional markets that we serve.

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

Details were made available publicly in the Executive Summary of ISS 2024 Policy Update and Process, published on our [website](#).

Benchmark Policy Change Proposals and Public Comment Period. Following the benchmark policy survey and market engagement, including through policy roundtables, five policy updates were proposed for the UK and Ireland benchmark policy for the 2025 season. These policy updates reflected a number of recent changes to various regulations and guidelines concerning topics such as remuneration, dilution limits, and board diversity. The proposed policy changes for all covered markets were published and subject to a public consultation, which opened on 18th November 2024. A total of five policy updates were proposed for the UK and Ireland, which were as follows;

- Policy update regarding remuneration accounting for the recently updated Principles of Remuneration by the Investment Association (IA);

- Policy update to adjust references to dilution, acknowledging the updated IA Principles of Remuneration, and providing transparency on investors' expectations regarding best practices;
- Policy updates to the remuneration applicable to smaller companies, which reflects the increased focus on pay resolutions in the revised QCA Corporate Governance Code, particularly the recommendation that remuneration policies and remuneration reports be presented for advisory shareholder vote;
- Policy clarification regarding the FCA requirements for companies to report against targets related to board diversity, including gender and ethnic diversity; and
- Policy update to remove the reference regarding the Capital Requirements Directive limit ration between variable and fixed remuneration in light of the recent change in regulation and the fact that UK banks and investment firms are no longer subject to the variable-to-fixed remuneration cap.

A detailed description of the above policy updates was provided in the market consultation, available [here](#).

Investors, corporate issuers, and interested market participants were invited to provide feedback on the proposed policy changes. The comment period concluded on 2nd December 2024. We received a total of 63 responses. The majority of responses were submitted by companies and issuer-related trade organisations, with comments also received from institutional investors, investor associations, non-profit organisations, advocacy groups, government officials and others.

Publication of Final Benchmark Policy Updates. On 17th December 2024, ISS announced the final benchmark policy updates for 2025, providing the rationale for the changes, with a summary of the process and outreach, including comments received during the final public comment period. The announcement also clarified the date on which the changes would take effect, specifying that the new voting policies would apply for company meetings held on or after 1 February 2025.

More detailed information on updates by region is available in dedicated, region-specific documents. For EMEA, which includes the details of policy updates for the UK and Ireland Benchmark policy, click [here](#). For the Americas, click [here](#) and for Asia Pacific, click [here](#).

APPENDIX

Principle 1. Analyses of variability in ISS vote recommendations under different ISS voting policies as applied to FTSE All-Share Index and S&P 500 companies during 2024 proxy season.

	BENCHMARK POLICY	SRI POLICY	SUSTAINABILITY POLICY	CLIMATE POLICY
Board Opposition	Dark Purple	Light Blue	Light Purple	Dark Purple
Remuneration (aggregated)	Dark Purple	Dark Purple	Dark Purple	Light Purple
Long-term incentive plan	Light Purple	Light Purple	Light Purple	Light Purple
Approve rem. report	Dark Purple	Dark Purple	Dark Purple	Dark Purple
Approve rem. policy	Dark Purple	Light Purple	Light Purple	Light Purple
Share Issuance (aggregated)	Dark Purple	Dark Purple	Dark Purple	Dark Purple
Authorise issue of equity	Dark Purple	Dark Purple	Dark Purple	Dark Purple
Authorise issue of equity without preemptive rights	Dark Purple	Dark Purple	Dark Purple	Dark Purple

Figure 1: ISS Voting Policy Recommendation Rates on Common Ballot Items (under UK Benchmark & Specialty policies)

FTSE All Share Index; 2024 U.K. proxy season

Figure 2: ISS Voting Policy Recommendation Rates on Common Ballot Items (under US Benchmark & Specialty policies)


S&P 500; 2024 U.S. proxy season

	BENCHMARK POLICY	SUSTAINABILITY POLICY	SRI POLICY	CLIMATE POLICY	CATHOLIC POLICY	PUBLIC FUND POLICY	TAFT-HARTLEY POLICY	GLOBAL BOARD ALIGNED
Board Opposition	Dark Purple	Dark Purple	Light Pink	Dark Purple	Light Blue	Light Pink	Light Pink	Dark Purple
Auditor Ratification Opposition	Dark Purple	Dark Purple	Dark Purple	Dark Purple	Dark Purple	Teal	Teal	Dark Purple
Equity Pay Plans Opposition	Dark Purple	Dark Purple	Dark Purple	Dark Purple	Dark Purple	Light Blue	Light Blue	Dark Purple
Say on Pay Opposition	Dark Purple	Dark Purple	Light Pink	Dark Purple	Light Pink	Light Pink	Light Pink	Dark Purple
Gov. Shareholder Proposal Support	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue
E&S Shareholder Proposal Support	Light Pink	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Dark Purple

Principle 3. Example of ISS’ Disclosure to Clients on ISS’ PX Voting Platform of Significant Relationships

Figure 4 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 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 subsidiaries.



ISS Proxy Analysis & Benchmark Policy Voting Recommendations

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/due-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
 GICS: 40200040

Primary Contact(s)

Agenda & Recommendations Policy: Europe
Incorporated: Germany

Item	Code	Proposal	Board Rec.	ISS Rec.
MANAGEMENT PROPOSALS				
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		

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/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 50
 Sector: Construction Machinery & Heavy Transportation Equipment
 GICS: 20106010

Primary Contact(s)

Agenda & Recommendations

Policy: Europe
 Incorporated: Germany

Item	Code	Proposal	Board Rec.	ISS Rec.
MANAGEMENT PROPOSALS				
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

Figures 5 and 6, below, are screenshots illustrating ISS’ disclosure to clients of significant relationships transparently integrated throughout PX.

Figure 5 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 identify of ISS-Corporate clients may not be shared with ISS employees.

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

Figure 6 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.



Principle 4. Examples of ProxyExchange (PX) functionalities.

Figure 7 provides a screenshot of issuer profile pages available on the PX platform and designed to provide key issuer details, current and historic research reports and voting history in one place.

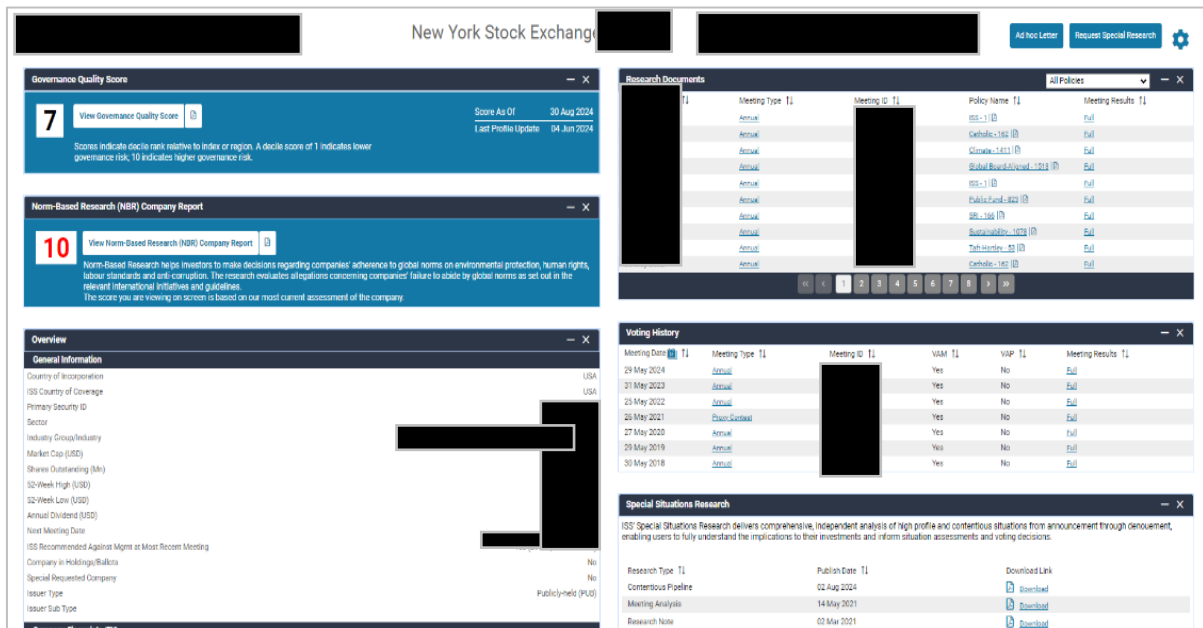


Figure 8 provides an example of one of the vote management functionalities on the PX platform with which clients can vote manually on ballot items at shareholder meetings and toggle between vote recommendations issued under policies to which they are subscribed. The screenshot below shows the ISS Benchmark and ISS SRI Specialty voting items as two choices.

ISS Stewardship Report 2024
UK Stewardship Code 2020

The screenshot displays the 'Vote Agenda Proposals' interface. It features a top navigation bar with tabs for 'Recommendations', 'Suggestions', 'Analyst/PM', and 'E-mail Replies'. A dropdown menu on the left lists various voting actions like 'Apply ISS', 'Apply SRI', 'Apply All Abstain', etc. The main area shows three proposals, each with a voting button set (For, Against, Abstain, Do Not Vote) and a 'Recs' section. The third proposal, 'M0198 Approve Restated Reports of Company's CEO...', has a yellow alert icon and the text 'SRI For' highlighted in yellow, indicating a dynamic alert.

Figure 9 provides an example of the dynamic alert functionality available in the PX platform, whereby clients will receive email notifications of unvoted ballots, specifying the number of ballots and the related cutoff date for voting.

Please visit [ProxyExchange](#) to view this alert in further detail or update your alert settings.

Alert details for: 8 Ballots – Unvoted Ballots with Cut-Off in Next 2 Days(358301776)

Location Name	Issuer Name	Ticker	ISINs	ADR	Meeting Date	Record Date	Earliest Client Cutoff Date	Meeting ID	Ballot Count	Set Parameters
JP Morgan Chase & Company(1428)	Trifast Plc	TRI	GB0008883927		10-SEP-24	06-SEP-24	05-SEP-24	1884729	1	Unvoted Ballots
JP Morgan Chase & Company(1428)	APR Co., Ltd.	278470	KR7278470000		20-SEP-24	16-AUG-24	05-SEP-24	1886408	6	Unvoted Ballots
JP Morgan Chase & Company(1428)	Solid State Plc	SOLI	GB0008237132		12-SEP-24	10-SEP-24	05-SEP-24	1882024	1	Unvoted Ballots

Examples of ISS dialogue with companies

Figures 10 and 11 are screenshots of excerpts from the UK Benchmark research reports indicating that dialogue with the company concerned was undertaken, and including details thereof. See also the “Note” below “ISS-Company Dialogue,” explaining some of the safeguards that ISS has established for these types of engagements

Man Group Plc (Jersey) (EMG) POLICY: UK & Ireland				Meeting Date: 9 May 2025 Meeting ID: 1932395
ISS-Company Dialogue				
Dates	Topic(s)	Initiated By	Notes	Outcome
April 2025	Draft Review	ISS (with Company)	The Company was given the opportunity to review a draft of this analysis for fact-checking purposes.	Comments received.
Note: ISS engages in ongoing dialogue with issuers in order to ask for additional information or clarification, but not to engage on behalf of its clients. Any draft review which may occur as part of this process is done for purposes of data verification only. All ISS recommendations are based solely upon publicly disclosed information.				

ISS-Company Dialogue				
Dates	Topic(s)	Initiated By	Notes	Outcome
October 2024	Compensation – Other	Issuer	The Company reached out to discuss the remuneration outcomes of the 2023 AGM.	Meeting was held
April 2024	Draft Review	ISS (with Company)	The Company was given the opportunity to review a draft of this analysis for fact-checking purposes.	Comments received
Note: ISS engages in ongoing dialogue with issuers in order to ask for additional information or clarification, but not to engage on behalf of its clients. Any draft review which may occur as part of this process is done for purposes of data verification only. All ISS recommendations are based solely upon publicly disclosed information.				

Figure 12 provides an excerpt from an ISS Benchmark research report illustrating additional context provided by ISS that investors may find relevant. In this instance, the company is InterContinental Hotels Group (IHG) Plc with which dialogue was undertaken in relation to executive remuneration. In this example, IHG initiated dialogue with ISS in advance of the 2024 proxy season. Note that IHG also undertook engagement with its major shareholders in addition to dialogue with ISS.

Analysis

PAY-FOR-PERFORMANCE CONCERN LEVEL IS LOW

All remuneration-related vote recommendations are based on a holistic review considering any relevant qualitative and quantitative factors.

ISS' quantitative pay-for-performance model ("P4P") suggests that pay outcomes have been generally aligned to performance and/or peers (see Remuneration Profile earlier in this report).

Shareholder dissent at the 2023 AGM, the ED salary increases, the CEO's joining arrangements, the annual bonus outcomes, the 2023 LTIP targets, the 2024 LTIP grant and comparator group, the discretion applied in relation to the vesting LTIP, and leaving and joining arrangements are all discussed in more detail below.

1 Shareholder dissent at 2023 AGM

At the 2023 AGM, the Company received c.25% and c.23% and of votes cast against its remuneration policy and remuneration report resolutions, respectively.

In 2023 AGM voting results, it stated the following in relation to the dissent:

"In late 2022 and early 2023, the Remuneration Committee consulted extensively with shareholders and the major proxy agencies on the key features of the DRP and the decisions in relation to 2022 pay outcomes. The consultation included engaging with around 60% of the ownership of the Company. All

of IHG's 10 largest shareholders voted in support of the DRP; of IHG's 25 largest holders, there were only 3 who voted against.

The Board will engage further with ISS and shareholders who voted against these resolutions in the coming months in accordance with the UK Corporate Governance Code. As part of this process, the Board will seek to understand more about the reasons behind the ISS recommendation and shareholder votes against the DRP and DRR."

The [update statement](#), which was published in November 2023, notes that, since the 2023 AGM, the Company has had follow-up conversations with seven major shareholders, as well as ISS and the Investment Association. It highlighted the provision for increased LTIP awards and the use of positive discretion in relation to the cash flow measure for the 2020 LTIP award as topics for discussion in these conversations.

The Company's explanation is acknowledged.

Principle 5. Example of a Proxy Alert being issued in relation to additional information related to domiciliation of Aegon NV from the Netherlands to Bermuda

Figure 13 is a screenshot of a Proxy Alert issued in relation to the relocation of Aegon NV's head office from the Netherlands to Bermuda in a research report issued under the Continental Europe Benchmark Policy during the 2023 proxy season. ISS detailed the board of directors' rationale for relocating to Bermuda and recommended under the [Continental Europe Benchmark Policy](#) that subscribing investors vote 'Against' the proposed move, reflecting concern over the future governance of the company. Aegon NV management disclosed additional material information in the company's proxy materials, offering assurances to existing shareholders, such as the introduction of preemptive rights as a protection for existing shareholders, shareholder approval right for share buybacks, and shareholder approval rights for the annual final dividends. Once published, this material information was promptly incorporated into ISS' Benchmark research report and clients were notified of the changes, which included changing the vote recommendation from 'Against' to 'For' in light of the new information.



ISS Proxy Analysis & Benchmark Policy Voting Recommendations

Aegon NV

Meeting Type: Extraordinary Shareholders
Meeting Date: 29 September 2023
Record Date: 1 September 2023
Meeting ID: 1783022

Euronext Amsterdam: AGN
Index: AEX25
Sector: Life & Health Insurance
GICS: 40301020

Proxy Alert

Alert Date: 15 September 2023

Original Publication Date: 12 September 2023

This alert updates the vote recommendation for the analysis dated Sep. 12, 2023, with respect to Item 2.1: Approve Cross-Border Conversion and Amend Articles of Association. On Sep. 15, 2023, the company issued an [update](#) on the proposed change of Aegon's domicile to Bermuda following further stakeholder engagement. The company proposes that following the redomiciliation to Bermuda a number of existing shareholders' rights are repaired in an attempt to enhance the governance and reflect shareholder feedback. At the next AGM, the company will propose (i) the introduction of preemptive rights as a protection of existing shareholders, (ii) shareholder approval right for share buybacks, and (iii) shareholder approval rights for the annual final dividends. The company furthermore publicly clarifies that the issuance authority above 10 percent without shareholder approval will only be used in 'exceptional circumstances of severe financial distress'. The changes to the proposal were reflected in an updated analysis of Item 2.1. Given the company's demonstrated responsiveness to shareholder concerns and important concessions made that would enhance the governance, the proposed update mitigates concerns we have raised on the proposed governance. Although a number of concerns remain with the proposed governance, given the detailed rationale and more balanced governance structure, the vote recommendation for Item 2.1 is changed from AGAINST to FOR. All other vote recommendations remain unchanged.

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