



UNITED KINGDOM AND IRELAND

Proxy Voting Guidelines
Benchmark Policy Recommendations

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Introduction

ISS has operated a standalone policy for the United Kingdom (UK) and Ireland since 2015. Previously, we used the voting guidelines of the Pensions and Lifetime Savings Association (then known as the National Association of Pension Funds, or NAPF) as our standard reference. The ISS policy remains broadly consistent with that of the Association and continues to reflect other good practice standards relevant to the UK market. A number of good practice guidelines are referenced in this document; a full list of these guidelines is available in the appendix.

The "comply or explain" approach is the foundation of corporate governance in the UK and Ireland. While ISS operates a policy-based approach, we recognise that in certain cases there may be a good reason why non-standard corporate governance arrangements fit a company's particular circumstances. When assessing the quality of a company's explanation, ISS follows the guidance provided by the Financial Reporting Council (FRC) in the UK Corporate Governance Code (the Code.) The most recent version of the Code was released in July 2018.

The principle underpinning the ISS approach is that shareholders are the owners of listed companies. To that end, ISS designs its proxy voting guidelines to enhance shareholders' long-term economic interests. ISS' benchmark proxy voting guidelines serve as a tool to assist institutional investors in meeting their responsibilities with respect to voting by promoting shareholder value creation and risk mitigation at their portfolio firms. ISS also manages fully custom voting policies and implements voting recommendations for clients who want to vote their proxies according to their own specific guidelines and philosophies.

Shareholders are entitled to assess every resolution that seeks their approval in terms of how it affects their long-term interests as the owners of the company. ISS' Global Voting Principles¹ include four key tenets – accountability, stewardship, independence, and transparency – which underlie our approach to developing recommendations on both management and shareholder proposals at publicly traded companies. How we interpret this is described below:

Accountability - Boards should be accountable to shareholders, the owners of the companies, by holding regular board elections, by providing sufficient information for shareholders to be able to assess directors and board composition, and by providing shareholders with the ability to remove directors. Directors should respond to investor input such as that expressed through vote results on management and shareholder proposals and other shareholder communications. Shareholders should have meaningful rights on structural provisions, such as approval of or amendments to the corporate governing documents and a vote on takeover defences. In addition, shareholders' voting rights should be proportional to their economic interest in the company; each share should have one vote. In general, a simple majority vote should be required to change a company's governance provisions or to approve transactions.

Stewardship - A company's governance, social, and environmental practices should meet or exceed the standards of its market regulations and general practices and should take into account relevant factors that may impact significantly the company's long-term value creation. Issuers and investors should recognise constructive engagement as both a right and responsibility.

Independence - Boards should be sufficiently independent so as to ensure that they are able and motivated to effectively supervise management's performance and remuneration, for the benefit of all shareholders. Boards should include an effective independent leadership position and sufficiently independent committees that focus on key governance concerns such as audit, compensation, and the selection and evaluation of directors.

¹ <https://www.issgovernance.com/policy-gateway/iss-global-voting-principles/>

Transparency - Companies should provide sufficient and timely information that enables shareholders to understand key issues, make informed vote decisions, and effectively engage with companies on substantive matters that impact shareholders' long-term interests in the company.

These principles guide our work assisting institutional investors in meeting their responsibilities to clients with respect to voting and engagement services. The UK and Ireland policy has been designed to be in alignment with these principles, and the section on remuneration is also in accordance with the ISS Global Principles on Executive and Director Compensation² as well as other UK good practice recommendations.

Application of this policy

This policy forms the basis of the ISS benchmark vote recommendations for companies listed in the United Kingdom and Ireland. It will also be applied to companies incorporated in other territories such as the Isle of Man, Jersey and Guernsey, and which are either listed in the UK and Ireland or on The International Stock Exchange.

This document is intended to provide investors with an insight into how ISS analyses companies in the UK and Irish markets. However, it is not possible to address every eventuality, and inevitably many issues will need to be considered on a case-by-case basis. ISS will apply this policy as a guideline, but analysts will take a holistic view of the company's situation, and consider any explanation for non-standard practice, when determining voting recommendations.

Investors recognise that appropriate corporate governance practices for companies can differ according to the company type, location and nature of operations, and index. The principles of good corporate governance are generally applicable to companies whatever their size, but we recognise that investors and other market participants have differing expectations for certain market segments.

Voting disclosure and responsiveness to significant shareholder dissent

Investors expect that information regarding the voting outcomes on the resolutions presented at the AGM will be made available as soon as reasonably practicable after the AGM. The information should include the number of votes for the resolution, the number of votes against the resolution and the number of shares in respect of which the vote was directed to be withheld, and the overall percentages for each group.

The UK Corporate Governance Code states that when 20 percent 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. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the board has taken.

Where a company has received a significant level of dissent on a resolution at a general meeting, ISS will consider if and how the company has sought to understand the reasons behind the vote result, and how the company has communicated its response to the dissent. In certain circumstances, ISS may recommend a vote against a relevant resolution(s) at a future general meeting if the company has not taken sufficient action to address the dissent.

² ISS' [Europe Proxy Voting Guidelines](#).

Coverage universe

For the UK, the core ISS policy applies to all companies in the FTSE All-Share index, excluding investment companies. For Ireland, the same is true of companies listed on Euronext Dublin and included in the ISEQ 20.

Certain provisions of the UK Corporate Governance Code do not apply to companies outside the FTSE 350, or there are different requirements for these companies. The core ISS policy recognises these exceptions, and they are indicated in the relevant sections.

Smaller companies

Our approach in the UK to companies outside of the FTSE All-Share has historically been based around the voting guidelines formerly issued by the NAPF (now the Pensions and Lifetime Savings Association) for smaller companies. The Quoted Companies Alliance Corporate Governance Code (QCA Code) may also be a helpful guide to good corporate governance practices for AIM-listed companies. As per the AIM Rules, all AIM companies are required to apply a recognised corporate governance code and explain how they do so.

The Pensions and Lifetime Savings Association's guidelines advise that, when assessing the practice of a smaller company, investors should be mindful of the individual circumstances of the business, including its size and complexity.

ISS applies its approach for smaller companies to companies which are members of the FTSE Fledgling index, those listed on AIM and other companies which are not widely held. Further details can be found in Chapter 6 of this document.

Investment companies

The voting guidelines formerly issued by the NAPF (now the Pensions and Lifetime Savings Association, or PLSA) for investment companies broadly form the basis of our benchmark recommendations for investment trusts and venture capital trusts. Also relevant are the key principles of the Association of Investment Companies (AIC) Code. Further details can be found in Chapter 7 of this document.

1. Operational Items

Accept Financial Statements and Statutory Reports

General Recommendation: Generally vote for approval of financial statements and statutory reports, unless:

- There are concerns about the accounts presented or audit procedures used; or
- There has been an accounting fraud or material misstatement during the year.

The overall quality of disclosure will be considered, and the weakest examples, such as where the meeting documents are not released in time for investors to review these ahead of the meeting, are likely to attract a negative vote recommendation.

The additional factors listed under this resolution as they apply to smaller companies (see [Accept Financial Statements and Statutory Reports](#) under the 'Smaller Companies' section of these voting guidelines) will also apply in the absence of an appropriate resolution on the ballot to target a specific concern.

Amendments to the Articles of Association

General Recommendation: Vote case-by-case on amendments to the articles of association.

Requests to amend a company's articles of association are usually motivated by changes in the company's legal and regulatory environment, although evolution of general business practice can also prompt amendments.

When reviewing proposals to revise the existing articles or to adopt a new set of articles, ISS analyses the changes proposed according to what is in the best interest of shareholders.

As noted in the guidelines of the Pensions and Lifetime Savings Association, changes to the company's articles should not be 'bundled' into a single resolution when they cover non-routine matters. When a company seeks to increase its borrowing powers, a limit should be stated in the revised articles.

Amendments to Articles to allow Virtual Meetings

General Recommendation: Generally vote for proposals allowing for the convening of hybrid³ shareholder meetings if it is clear that it is not the intention to hold virtual-only AGMs.

Generally vote against proposals allowing for the convening of virtual-only³ shareholder meetings.

While there is recognition of the potential benefits of enabling participation at shareholder meetings via electronic means, investors have raised concerns about moves to completely eliminate physical shareholder meetings,

³ The phrase "virtual-only shareholder meeting" refers to a meeting of shareholders that is held exclusively through the use of online technology without a corresponding in-person meeting. The term "hybrid shareholder meeting" refers to an in-person, or physical, meeting in which shareholders are permitted to participate online.

arguing that virtual meetings may hinder meaningful exchanges between management and shareholders and enable management to avoid uncomfortable questions.

Approve Final Dividend

General Recommendation: Generally vote for proposals to approve the final dividend, unless:

- The payout is excessive given the company's financial position.

The annual report includes a review of the company's performance during the year and should contain a justification for the dividend level. Unless there are major concerns about the payout ratio, ISS usually recommends approval of this item.

Appointment of External Auditors

General Recommendation: Generally vote for proposals to ratify the appointment of the external auditors, unless:

- There are serious concerns about the effectiveness of the auditors;
- The auditors are being changed without explanation; or
- The lead audit partner(s) has been linked with a significant auditing controversy.

It is best practice in the UK to present the resolutions to appoint the external auditors and to fix their remuneration as two separate items.

In line with the Pensions and Lifetime Savings Association position, where the tenure of the external auditor extends beyond ten years and there has not been a recent tender process and no plans to put the audit out to tender are reported, then the chair of the audit committee may receive a negative voting recommendation when he or she is next standing for re-election.

Where the auditor has resigned, the resignation letter should be posted on the company's website. If the company proposes a new auditor, or an auditor resigns and does not seek re-election, the company should offer an explanation to shareholders. If no explanation is provided, ISS may recommend a vote against the election of the new auditor.

Authorise Board to Fix Remuneration of Auditors

General Recommendation: Generally vote for proposals authorising the board to fix the fees payable to the external auditors, unless:

- Fees for non-audit services routinely exceed standard audit-related fees.

While the use of auditors for non-audit work can on occasion be justified on grounds of cost and relevant expertise, the Pensions and Lifetime Savings Association has proposed a cap on the level of non-audit fees as a proportion of audit fees, absent an explanation of any exceptional circumstances which may apply such as an

initial public offering. Historically, this cap has been set at 100 percent of audit fees, although the Pensions and Lifetime Savings Association guidelines now refer to 50 percent.

Companies are encouraged to make a full public disclosure of the amount and nature of any payments for non-audit services, to enable investors to appropriately assess these when considering the ratio of audit to non-audit services. Where payments to the auditor for non-audit services appear under the category of "other fees" in the annual report, ISS expects that the company will disclose the nature of these services.

Where the ratio of non-audit fees to audit fees has been over 100 percent for more than one year, and the company appears unwilling to address the issue, ISS may recommend a vote against the remuneration of the external auditors. In addition, the chair of the audit committee is likely to receive a negative voting recommendation when he or she is next standing for re-election.

Audit Committee/Frequency of Audit Committee Meetings

For FTSE 350 companies, ISS will note where four or fewer audit committee meetings have been held during the reporting period.

For FTSE All-Share companies, excluding investment companies, ISS will draw attention to cases where three meetings, or fewer, of the Audit Committee have been held.

This recognises the importance and complexity of the Committee's role, and the likely increased focus on audit committee oversight of the external auditor.

2. Board of Directors

Director Elections

General Recommendation: Generally vote for the election or re-election of directors, unless:

- Adequate disclosure has not been provided in a timely manner;
- The board fails to meet minimum corporate governance standards – please see the following sections on gender diversity, independence classification and board and committee composition for further details on how this is interpreted in practice; or
- There are specific concerns about the individual, such as his/her ability to commit sufficient time to the role.

Under extraordinary circumstances, ISS will consider recommending a vote against individual directors for:

- Material failures of governance, stewardship, or risk oversight (including, but not limited to, environmental and social issues); or
- Egregious actions related to the director's service on other boards that raise substantial doubt about that individual's ability to effectively oversee management and to serve the best interests of shareholders at any company.

Discussion

An appropriate level of biographical detail should include a statement of a director's other directorships and responsibilities (including any relevant previous positions held), the experience and skills that he/she brings and the contribution that the director can make to the board. If the board provides no biographical details for a director who is standing for election for the first time, this is likely to result in a negative vote recommendation. A negative vote recommendation may also be considered in the absence of a supporting statement from the board where a director is standing for re-election.

Overboarding

Where directors have multiple board appointments, ISS may recommend a vote against directors who appear to hold an excessive number of board roles at publicly listed companies, defined as follows:

- Any person who holds more than five mandates at listed companies will be classified as overboarded. For the purposes of calculating this limit, a non-executive directorship counts as one mandate, a non-executive chair counts as two mandates, and a position as executive director (or a comparable role) is counted as three mandates.
- Also, any person who holds the position of executive director (or a comparable role) at one company and a non-executive chair at a different company will be classified as overboarded.

When applying this policy, ISS will consider the nature and scope of the various appointments and the companies concerned, and if any exceptional circumstances exist. A stricter view may apply for directors who serve on the boards of complex companies, those in highly regulated sectors, or directors who chair a number of key committees. Likewise, a more lenient view may apply for directors who serve on the boards of less complex companies (for example, externally managed investment companies).

CEOs and Chairs

An adverse vote recommendation will not be applied to a director within a company where he/she serves as CEO; instead, any adverse vote recommendations will be applied to his/her additional seats on other company boards. For chairs, negative recommendations would first be applied towards non-executive positions held but the chair position itself would be targeted where they are being elected as chair for the first time or, when in aggregate their chair positions are three or more in number, or if the chair holds an outside executive position.

Attendance

ISS may recommend against the re-election of a director if there have been repeated absences (less than 75 percent attendance) at board and committee meetings that have not been suitably explained. This applies to all directors, not just those with multiple outside directorships.

Board Diversity

The 2018 UK Corporate Governance Code notes that both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

Gender Diversity

ISS will generally recommend against the chair of the nomination committee (or other directors on a case-by-case basis) in the following cases:

- The company is a constituent of the FTSE 350 (excluding investment companies) and the board does not comprise at least 33 percent representation of women, in line with the recommendation of the Hampton-Alexander Review.
- The company (excluding investment companies) is a constituent of any of the following, and there is not at least one woman on the board:
 - FTSE SmallCap;
 - ISEQ 20;
 - Listed on the AIM with a market capitalisation of over GBP 500 million.

Mitigating factors include:

- Compliance with the relevant board diversity standard at the preceding AGM and a firm commitment, publicly available, to comply with the relevant standard within a year.
- Other relevant factors as applicable.

For companies with financial years beginning on or after 1 April 2022, the following guidelines will apply:

For standard and premium listed companies, ISS may consider recommending against the chair of the nomination committee (or other directors on a case-by-case basis) if the company has not met the reporting requirements of the FCA Listing Rules, which require boards to meet the following targets:

- At least 40% of the board are women; and
- At least one of the senior board positions (Chair, CEO, Senior Independent Director or CFO) is a woman⁴.

⁴ See [Chapter 7](#) for an additional consideration on this target and how it applies to investment companies.

In respect of ISEQ 20 constituents and AIM-listed companies with a market capitalisation of over GBP 500 million, ISS will generally recommend against the chair of the nomination committee (or other directors on a case-by-case basis) if there is not at least one woman on the board.

Mitigating factors include:

- Compliance with the relevant board diversity standard at the preceding AGM and a firm commitment, publicly available, to comply with the relevant standard within a year.
- Other relevant factors as applicable.

Ethnic Diversity

ISS will generally recommend against the chair of the nomination committee (or other directors on a case-by-case basis) if the company is a constituent of the FTSE 100 index (excluding investment companies) and has not appointed at least one individual from an ethnic minority background to the board.

Furthermore, there is an expectation for constituents of the following indices (excluding investment companies) to appoint at least one individual from an ethnic minority background to the board by **2024**:

- FTSE 250 index;
- FTSE SmallCap;
- ISEQ 20;
- Listed on the AIM with a market capitalisation of over GBP 500 million.

The abovementioned companies are expected to publicly disclose a roadmap to compliance with best market practice standards of having at least one director from an ethnic minority background by **2024**.

For companies with financial years beginning on or after 1 April 2022, the following guideline will apply:

For standard and premium listed companies, ISS may consider recommending against the chair of the nomination committee (or other directors on a case-by-case basis) if the company has not met the relevant reporting requirement of the FCA Listing Rules, which require boards to confirm that at least one member of the board is from a minority ethnic background⁵.

Mitigating factors include:

- Compliance with the relevant board diversity standard at the preceding AGM and a firm commitment, publicly available, to comply with the relevant standard within a year.
- Other relevant factors as applicable.

In respect of ISEQ 20 constituents and AIM-listed companies with a market capitalisation of over GBP 500 million, ISS will generally recommend against the chair of the nomination committee (or other directors on a case-by-case basis) if such companies have not appointed at least one individual from an ethnic minority background to the board by **2024**.

⁵ Defined by reference to categories recommended by the [Office for National Statistics](#) (ONS) excluding those listed, by the ONS, as coming from a White ethnic background.

Climate Accountability

For companies that are significant greenhouse gas (GHG) emitters, through their operations or value chain⁶, generally vote against the board chair in cases where ISS determines that the company is not taking the minimum steps needed to understand, assess, and mitigate risks related to climate change to the company and the larger economy.

Minimum steps to understand and mitigate those risks are considered to be the following. Both minimum criteria will be required to be in alignment with the policy:

- Detailed disclosure of climate-related risks, such as according to the framework established by the Task Force on Climate-related Financial Disclosures (TCFD), including:
 - Board governance measures;
 - Corporate strategy;
 - Risk management analyses; and
 - Metrics and targets.
- Appropriate GHG emissions reduction targets.

At this time, “appropriate GHG emissions reductions targets” will be medium-term GHG reduction targets or Net Zero-by-2050 GHG reduction targets for a company’s operations (Scope 1) and electricity use (Scope 2). Targets should cover the vast majority of the company’s direct emissions.

Remuneration

In cases where a serious breach of good practice is identified, and typically where pay issues have been raised over a number of years, the chair of the remuneration committee (or, where relevant, another member of the remuneration committee) may receive a negative voting recommendation.

Other resolutions

Where there is evidence of long-standing poor practice and the company seems unwilling to address shareholder concerns, then the analyst may choose to escalate the issue. Typically, this is achieved through a negative vote recommendation applied to the election or re-election of the board chair or a committee chair. Resolutions which take this approach are listed below:

- Appointment of external auditors
- Authorise board to fix remuneration of auditors
- Board and committee composition
- Remuneration policy and remuneration report

Other relevant issues

In addition to the above factors, ISS may recommend against due to concerns related to at least one of the following specific factors, which are presented below as separate subsections:

- Representatives of a controlling shareholder where no relationship agreement is in place
- Board independence classification
- Tenure

⁶ Companies defined as “significant GHG emitters” will be those on the current Climate Action 100+ Focus Group list.

Controlling shareholders

Following changes to the UK Listing Rules in 2014 which apply to companies with a controlling shareholder, the election or re-election of an independent director must be approved by a normal ordinary resolution and separately approved by the minority shareholders.

In general, both new applicants and existing listed companies must also have a written and legally binding relationship agreement with any controlling shareholder(s); if such an agreement is not in place, the Listing Rules provide that certain enhanced oversight measures would apply. Details of the relationship with the controlling shareholder should be disclosed to investors.

Board independence classification

ISS classifies a director as either an executive director or a non-executive director. Non-executive directors may be considered either independent or non-independent; an executive director is always considered to be non-independent.

The chair may be either a non-executive or an executive, although the designation of an executive chair could be interpreted negatively by investors as evidence of one individual combining leading the board with bearing some executive responsibility for the company's operations.

The independence of the non-executive directors is assessed on an ongoing basis, while the independence of the chair is assessed on appointment.

General Recommendation: Directors are assessed on a case-by-case basis, although a non-executive director is likely to be considered as non-independent if one (or more) of the issues listed below apply.

In line with the UK Corporate Governance Code:

- Has been an employee of the company or group during the last FIVE years;
- Has, or a connected person has had, within the last THREE years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- Has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or performance-related pay schemes, or is a member of the company's pension scheme;
- Has close family ties with any of the company's advisers, directors or senior employees;
- Holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; or
- Represents a significant shareholder.

In addition:

- Is attested by the board to be a non-independent non-executive director;
- Is a former board chair;
- Has a substantial personal shareholding of ≥ 1 percent; or
- Tenure (see next section).

Tenure

On **tenure**, one of the conditions the Code includes to determine independence is whether a director has served on the board for more than nine years from the date of his or her first election. ISS follows the Pensions and

Lifetime Savings Association position that if a non-executive director has served concurrently with an executive director for over nine years, that director should no longer be deemed to be independent. If a non-executive director has served for fifteen years on the board, ISS considers their independence has been impaired.

The 2018 UK Corporate Governance Code states that the chair should not remain in post beyond nine years from the date of their first appointment to the board. The Code further states that this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment, to facilitate effective succession planning and the development of a diverse board.

ISS will consider the re-election of the chair on a case-by-case basis, taking into account such factors as succession planning, diversity, and board independence, in addition to tenure.

Board and Committee Composition

General Recommendation: Generally vote against any non-independent non-executive director whose presence on the board, audit or remuneration committee renders the board or committee insufficiently independent, unless:

- The company discloses details of how the issue of concern will be resolved by the next AGM.

Non-independent non-executive directors serving on the nomination committee are assessed on a case-by-case basis.

The re-election of a board chair who was not considered independent upon appointment (and who would not be considered independent on an ongoing basis) will be assessed on a case-by-case basis, taking into account the overall balance of the board and his/her committee responsibilities.

Discussion

ISS will typically support the election and re-election of non-independent directors to the board if the overall board and committee composition is in line with the Code's requirements and they do not sit on the audit and remuneration committees.

For all companies with a premium listing, in line with the Code, at least half the **board** excluding the chair should comprise non-executive directors determined by the board to be independent. The independence of the company chair is assessed on appointment. Following his/her appointment, the chair is considered separately to the other directors. The chair may sit on certain board committees as noted below, but ISS' policy is to expect a minimum level of representation of independent non-executives on the committees.

For companies in the FTSE 350, the **audit** committee should comprise at least three non-executive directors, and all members should be independent. The board chair should not be a member of the audit committee. The **remuneration** committee should also comprise at least three non-executive directors and again, all members should be independent. In addition, the board chair may also be a member of, but not chair the remuneration committee if he or she was considered independent on appointment as chair. A majority of the **nomination** committee should be independent non-executive directors.

For companies outside of the FTSE 350, the same guidelines apply, except that the audit and remuneration committees may consist of two or more members.

If there is evidence of long-running, systemic issues around board and committee composition which the company seems unable or unwilling to address, the **chair** may receive a negative vote recommendation on his or her reappointment, given he or she retains overall responsibility for the board's corporate governance arrangements.

Combined Chair and CEO

General Recommendation: Generally vote against a director who combines the CEO and chair roles, unless:

- The company can provide a strong justification as to why this non-standard governance arrangement is appropriate for their specific situation for a limited period of time.

Separation of these roles is a cornerstone of governance in the UK, and thus one person holding the roles of both chair and CEO is a serious breach of good practice. However, as recognised by the Pensions and Lifetime Savings Association, the temporary combination of the roles may be justified, for example when a chair “bridges the gap” between the departure of a CEO and the appointment of his or her successor. ISS would not usually recommend support for the election of a director to serve as a combined chair and CEO, but when the company provides an explanation which states that the company has adopted this arrangement in exceptional circumstances, this will be considered.

In some circumstances an executive chair may be considered to effectively combine the chair and CEO roles, notwithstanding the presence of another director on the board with the title CEO. In assessing this, ISS will pay close attention to the disclosures surrounding the split of responsibilities between the two individuals and their comparative pay levels.

Election of a Former CEO as Chair

General Recommendation: Generally vote against the election of a former CEO as chair, unless:

- The company can provide a strong justification as to why this non-standard governance arrangement is appropriate for their specific situation and for a limited period of time.

The succession of the CEO to chair is a significant issue, acceptable only on rare occasions. The Pensions and Lifetime Savings Association notes that investors would expect confirmation that external search consultants had been engaged and that external candidates of at least equivalent stature had been considered. The complexity of the business is an insufficiently persuasive argument to justify this type of succession. Given the issues posed by a former CEO assuming the role of chair of the board, it is important for shareholder approval to be sought at the AGM coinciding with or following the appointment.

Contested Director Elections

General Recommendation: Assess contested director elections on a case-by-case, considering the following factors in particular:

- Company performance relative to its peers;
- Strategy of the incumbents versus the dissidents;
- Independence of directors/nominees;
- Experience and skills of board candidates;
- Governance profile of the company;
- Evidence of management entrenchment;
- Responsiveness to shareholders; and
- Whether minority or majority representation is being sought.

When analysing a contested election of directors, which may include the election of shareholder nominees or the dismissal of incumbent directors, ISS will generally focus on two central questions: whether the dissidents have proved that board change is warranted, and if yes, whether the dissident board nominees seem likely to bring about positive change and maximize long-term shareholder value.

3. Remuneration

The ISS approach is aligned with the five remuneration principles for building and reinforcing long-term business success developed by the Pensions and Lifetime Savings Association in conjunction with a number of leading UK institutional investors, originally published in 2013. The principles state that:

- Remuneration committees should expect executive management to make a material long-term investment in shares of the businesses they manage;
- Pay should be aligned to the long-term strategy and the desired corporate culture throughout the organisation;
- Pay schemes should be clear, understandable for both investors and executives, and ensure that executive rewards reflect returns to long-term shareholders;
- Remuneration committees should use the discretion afforded them by shareholders to ensure that rewards properly reflect business performance; and
- Companies and shareholders should have appropriately regular discussions on strategy and long-term performance.

While ISS' approach to remuneration is informed by the Pensions and Lifetime Savings Association's voting guidelines which contain the above principles, the Investment Association Principles of Remuneration, and The Directors' Remuneration Reporting Guidance produced by the GC100 and Investor Group, also influence the recommendations ISS makes, as does the remuneration section of the UK Corporate Governance Code. ISS supplements these outside sources with its own remuneration guidelines.

Discussion

Remuneration should motivate executives to achieve the company's strategic objectives, while ensuring that executive rewards reflect returns to long-term shareholders. Pay should be aligned to the long-term strategy, and companies are encouraged to use the statement by the chair of the remuneration committee to outline how their chosen remuneration approach aligns with the company's strategic goals and key performance indicators (KPIs). The remuneration committee should also closely examine the behaviour that the design of a remuneration package will promote.

A good performance target is aligned with company strategy, future direction, performance and shareholder value creation, without promoting or rewarding disproportionate risk-taking. Targets should be challenging but realistic and should closely reflect a company's ongoing business expectations. Where non-financial objectives are used as part of the performance conditions, ISS expects the majority of the payout to be triggered by the financial performance conditions. Environment, Social and Governance (ESG) performance conditions may be used but targets should be material to the business and quantifiable. There should also be a clear link between the objectives chosen and the company's strategy.

Pay should not be excessive and remuneration committees should exercise due caution when considering pay increases. Any increases in total remuneration for executives should not be out of line with general increases at the company. Remuneration committees are discouraged from market benchmarking for pay reviews, unless it is applied infrequently (at no more than three-to-five-year intervals) and then only as one part of an assessment of the remuneration policy. One-off pay awards to address concerns over the retention of an executive director have frequently been shown to be ineffective and are therefore not typically supported by ISS.

Many investors are concerned that remuneration has become too complex and question its effectiveness in motivating management. Thus, remuneration committees are encouraged to adopt simpler remuneration structures. In particular, the introduction of new share award schemes on top of existing plans is likely to be viewed sceptically. Remuneration arrangements should be clearly disclosed, and sufficient detail provided about the performance conditions adopted in order to allow shareholders to make their own assessment of whether

they are appropriate. Bringing a remuneration policy into line with accepted good market practice should not be used as justification for an increase in the size of the overall package.

In 2016, the Executive Remuneration Working Group established by the Investment Association recommended that remuneration committees should have the flexibility to choose a pay structure which is appropriate for the company's strategy and business needs. This structure may be different to the salary/bonus/LTIP model typically followed by many UK companies. When forming a view on such arrangements, ISS will pay particular attention to the following points:

- (1) How far the proposals are consistent with the good practice principles set out in these voting guidelines;
- (2) The linkage between the proposals and the company's strategic objectives;
- (3) Whether or not the proposals have an appropriate long-term focus;
- (4) The extent to which the proposals help simplify executive pay; and
- (5) The impact on the overall level of potential pay. Any proposal which provides for a greater level of certainty regarding the ultimate rewards should be accompanied by a material reduction in the overall size of awards.

Investors expect that a company will work within its remuneration policy, and only seek approval to go outside the policy in genuinely exceptional circumstances. Seeking approval for awards outside the policy is likely to be viewed sceptically by investors. Boards must avoid rewarding failure or poor performance; for this reason ISS does not support the re-testing of performance conditions or the re-pricing of share options under any circumstances. Implementing a tax-efficient mechanism that favours the participants should not lead to increased costs for the company, including the company's own tax liabilities.

Engagement initiated by remuneration committees is expected to be in the form of a meaningful, timely and responsive consultation with shareholders prior to the finalisation of the remuneration package; it should not just be a statement of changes already agreed by the remuneration committee.

CRD V

The Capital Requirements Directive limits the ratio between variable and fixed remuneration for certain key staff to 1:1 unless shareholders approve a higher ratio (up to a maximum of 2:1). This has previously applied to banks, however changes in CRD V provide for a wider scope which will include some investment firms. ISS will consider these remuneration policies in the context of its overall approach to assessing executive pay on a case-by-case basis.

Remuneration Policy

General Recommendation: Vote the resolution to approve the remuneration policy on a case-by-case approach, paying particular attention as to whether:

- The overall remuneration policy or specific scheme structures are not over-complex, have an appropriate long-term focus and have been sufficiently justified in light of the company's specific circumstances and strategic objectives;
- The company's approach to fixed remuneration is appropriate, with a particular focus on the extent to which pension contributions are aligned with those available to the wider workforce, as recommended by the Code;
- The award levels for the different components of variable pay are capped, the quantum is reasonable when compared to peers, and any increase in the level of certainty of reward is accompanied by a material reduction in the size of awards;
- Increases to the maximum award levels for the LTIP and bonus have been adequately explained;
- Performance conditions for all elements of variable pay are clearly aligned with the company's strategic objectives, with vesting levels and holding periods that are in line with UK good practice;

- Change of control, good leaver and malus/clawback provisions are in line with standard practice in the UK market;
- The shareholding requirement for executive directors is a minimum of 200 percent of base salary, with an appropriate post-employment shareholding requirement in place;
- Service contracts contain notice periods of no more than twelve months' duration and potential termination payments are linked to fixed pay with no contractual entitlements to unearned bonus on termination;
- Non-executive directors do not receive any performance-related remuneration beyond their standard fees;
- The treatment of new joiners is appropriate, with particular attention paid to the use of buy-out awards, and that the potential for any additional awards is capped;
- The remuneration committee seeks to reserve a degree of discretion in line with standard UK practice; and
- There are no issues in the policy which would be of concern to shareholders.

Where a policy contains multiple areas of non-compliance with good practice, the vote recommendation will reflect the severity of the issues identified. A small number of minor breaches may still result in an overall recommendation of a “For”, whereas a single, serious deviation may be sufficient to justify an “Against” vote recommendation.

The binding vote on the remuneration policy is forward-looking, and in most cases will apply for three years. Therefore, many shareholders will want to ensure that the policy takes into account good market practice in a number of key areas.

Policy component	Good market practice
The start and end date of the policy	The GC100 and Investor Group guidance states that investors are generally in favour of the remuneration policy coming into effect immediately following approval at the general meeting. It also notes that investors generally expect to see companies put forward their policy for approval every three years. ISS will consider the start date of each policy and its duration based upon the explanation provided by the company.
Base salaries	The remuneration committee should explain its policy for setting and reviewing salary levels. The GC100 and Investor Group guidance states that there is a requirement to disclose the maximum that might be paid. This must be explained in monetary terms or any other way appropriate to the company.
Benefits and pensions	<p>Companies must describe the benefits provided to directors, which are expected to be in line with standard UK practice and which should not be excessive.</p> <p>The Code states that the pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce. The Investment Association Principles state that "IA members consider this to be the rate which is given to the majority of the company's workforce" and that "Investors expect this to apply to all executive directors".</p> <p>ISS' position is that the pension arrangements for new joiners should be aligned with those of the wider workforce, and companies should actively disclose whether or not this is the case. For incumbent directors, companies should seek to align the contribution rates with the workforce. However, it is acknowledged that there may be exceptional circumstances which could give rise to deviation from this approach. Such practices will be evaluated on a case-by-case basis.</p> <p>Companies must give a clear explanation of pension-related benefits, including the approach taken to making payments in lieu of retirement benefits or defined benefit arrangements. No element of variable pay should be pensionable.</p>
Annual bonus	As set out in the Investment Association Principles, annual bonuses exist to reward contribution to the business during the year above the level expected for being in

Policy component	Good market practice
	<p>receipt of a salary. They should be clearly linked to business targets, ideally through the key performance indicators (KPIs) reported in the Strategic Report. Companies should explain the performance measures chosen.</p> <p>The GC100 and Investor Group states that the maximum amount of the short-term incentive that might be earned must be disclosed as well as the amounts that could be paid for reaching certain thresholds or targets. ISS generally expects that the target bonus should typically be set at no more than 50 percent of the maximum bonus potential; any payout above this level at target should be supported by a sufficiently robust explanation.</p> <p>In cases where a remuneration committee increases the maximum bonus opportunity, the performance targets should be made sufficiently more challenging to justify the additional reward that can be earned. Any increase in this limit from one policy period to another should be fully explained. ISS does not typically support uncapped bonus schemes.</p> <p>Deferring a portion of the bonus into shares can create a greater alignment with shareholders, particularly where there is no long-term incentive, although the introduction of deferral should not of itself result in an increase to the overall quantum of the bonus. Dividends may be credited on deferred bonus shares held during the deferral period, but no further dividends should be paid on undelivered shares or options after the end of the designated deferral period.</p> <p>Provisions to pay a guaranteed annual bonus will attract a negative vote recommendation.</p>
<p>Long-term incentive plans (LTIPs)</p>	<p>In line with the Investment Association Principles, scheme and individual participation limits must be fully disclosed, and any change to the maximum award should be explained and justified. Any matching shares will be considered as part of the overall quantum. Firms should avoid operating multiple long-term schemes.</p> <p>Performance periods longer than three years are encouraged. Share awards should be subject to a total vesting and holding period of five years or more, in line with the recommendations of the Code.</p> <p>ISS does not typically support uncapped LTIPs. The fact that the remuneration committee will not be able to grant share awards higher than the limits set out in the remuneration policy is not a sufficient reason for removing individual limits from the rules of the relevant incentive scheme.</p> <p>Performance conditions, including non-financial metrics where appropriate, should be relevant, stretching and designed to promote the long-term success of the company. The Investment Association Principles state that comparator groups used for performance purposes should be both relevant and representative. Remuneration committees should satisfy themselves that the comparative performance will not result in arbitrary outcomes.</p> <p>Vesting levels should generally be set at no more than 25 percent for threshold performance, however a more challenging vesting profile may be appropriate where LTIP awards represent large multiples of salary. When considering the vesting structure, ISS will take into account the stretch of the targets that have been applied</p>

Policy component	Good market practice
	<p>and the positioning of salaries, as well as the overall quantum of the broader total remuneration package. Vesting should not occur for below median performance.</p> <p>Dividends relating to the duration of the performance period may be paid retrospectively on shares that the executive retains after the performance targets have been measured, but no dividends should be paid on any part of the award that lapsed. The practice of crediting dividend payments on undelivered shares or options after the end of the performance period or beyond a compulsory post-vesting holding period is opposed.</p>
Malus and/or clawback	<p>Malus means to forfeit some or all of a variable remuneration award before it has vested, while clawback allows the company to recover payments already made through the LTIP or annual bonus schemes. The Code states that schemes and policies should include provisions that would enable the company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so. The Pensions and Lifetime Savings Association advises that such provisions should not be restricted solely to material misstatements of the financial statements.</p>
Good leavers	<p>Where individuals choose to terminate their employment before the end of the service period, or in the event that employment is terminated for cause, the Investment Association Principles suggest that any unvested options or conditional share-based awards should normally lapse.</p> <p>In other circumstances of cessation of employment, some portion of the award may vest, but always subject to the achievement of the relevant performance criteria and with an appropriate reduction in award size to reflect the shortened period between grant and vesting. In general, the originally stipulated performance measurement period should continue to apply. However, where in the opinion of the remuneration committee, early vesting is appropriate, or where it is otherwise necessary, awards should vest by reference to performance criteria achieved over the period to date.</p>
Change of control	<p>The Investment Association suggests that scheme rules should state that there will be no automatic waiving of performance conditions in the event of a change of control. Any early vesting as a consequence of a change of control should take into account the vesting period that has elapsed at the time of the change of control, with a consequent reduction in the size of the awards which vest. ISS does not support special one-off payments to executives on a change of control event.</p>
Shareholding requirement (including post-cession)	<p>The Pensions and Lifetime Savings Association argues for minimum shareholding guidelines of 200 percent of basic salary. Unvested holdings in share incentive plans do not count towards fulfilment of the requirement.</p> <p>Since the publication of the 2018 UK Code, post-employment shareholding requirements have been widely adopted by UK companies. The Code states that the remuneration committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares. Guidance from the Investment Association suggests that the post-employment shareholding requirement should apply for at least two years at a level equal to the lower of a) the shareholding requirement immediately prior to departure and b) the actual shareholding on departure, and that the remuneration committee should state the structures or processes it has in place to ensure that the post-employment shareholding requirements are maintained.</p>
Executive directors' service contracts, including exit payments	<p>In line with the position in the Code, executive directors should have service contracts in place with notice periods set at one year or less. If it is necessary to offer longer notice or contract periods to new directors recruited from outside, such periods</p>

Policy component	Good market practice
	<p>should reduce to one year or less after the initial period. All termination payments should be subject to phased payment and mitigation.</p> <p>Exit payments should be linked to the fixed pay due for the notice period, with no guaranteed entitlement to any unearned variable pay. The vesting of outstanding long-term awards should be pro-rated for performance and time served as an executive. Guidance from the Investment Association states that severance payments arising from poor corporate performance should not extend beyond fixed pay and benefits.</p>
Arrangements for new joiners	<p>The GC100 and Investor Group suggests that companies may wish to consider a statement that new directors will participate in short-term and long-term incentive plans on the same basis as existing directors. If companies wish to have the ability to make sign-on payments or awards, they must ensure the remuneration policy covers such arrangements. When describing their sign-on policies, companies must disclose the type of awards that could be made, the potential use of performance criteria and holding periods, and any application of recovery or withholding policies. The potential to offer sign-on payments or awards should not be open-ended. Remuneration of this nature should be subject to specific caps.</p> <p>Where remuneration committees offer buy-out awards to compensate executives for awards foregone at their previous employer, the cost is expected to be kept to a minimum and not exceed the realistic value of rewards forfeited by changing employer. Remuneration policies will be opposed if the door is left open to potential "golden hellos" or other non-performance related awards which do not clearly align with shareholders' interests.</p>
Discretion	<p>Recognising that payments cannot be made outside of the framework voted on by shareholders, there is a balance to be found between a committee having scope to make appropriate changes within the policy, and a committee having broad flexibility to go outside the standard policy in certain circumstances. The GC100 and Investor Group guidance advises against including a general statement that the remuneration policy may be amended at the complete discretion of the remuneration committee. ISS will recommend a vote against any policy which gives the remuneration committee the ability to make open-ended changes to the policy, or where the policy does not operate within fixed overall limits.</p>
Non-executive director pay	<p>Additional remuneration, other than fees, including participation in a share option scheme, pension scheme and/or performance related pay is likely to impair a NED's independence, and for that reason it is usually looked upon unfavourably by ISS.</p>
All-employee schemes	<p>ISS generally supports all-employee schemes, such as Save As You Earn (SAYE) schemes and Share Incentive Plans (SIPs) as a way of promoting employee ownership. ISS follows the Investment Association position that if newly issued shares are utilised, the overall dilution limits for share schemes should be complied with.</p>

Remuneration Report

General Recommendation: Vote the resolution to approve the remuneration report on a case-by-case approach, where relevant taking into account the European Pay for Performance model⁷ outcomes with the qualitative review of a company's remuneration practices, paying particular attention as to whether:

- Any increases, either to fixed or variable remuneration, for the year under review or the upcoming year were well-explained and not excessive;
- The bonus received and/or the proportion of the LTIP which vested was a fair reflection of the performance achieved;
- Performance targets are measured over an appropriate period and are sufficiently stretching;
- Targets for the bonus or the LTIP are disclosed in an appropriate level of detail;
- Any exit payments to good leavers were reasonable, with appropriate pro-rating (if any) applied to outstanding long-term share awards;
- Any special arrangements for new joiners were in line with good market practice;
- The remuneration committee exercised discretion appropriately; and
- There are no issues in the report which would be of concern to shareholders.

Where the report contains multiple areas of non-compliance with good practice, the vote recommendation will reflect the severity of the issues identified. A small number of minor breaches may still result in an overall recommendation of a “For”, whereas a single, serious deviation may be sufficient to justify an ‘Against’ vote recommendation.

The remuneration report serves as a way for shareholders to make their views known on the company's pay practices during the year under review, and the extent to which these were compliant with the remuneration policy as approved by shareholders. The elements of the report which ISS considers are described in more detail in the following section.

Report component	Good market practice
Base salaries, benefits and pensions	<p>Remuneration committees are required to justify salary levels and increases in basic salary with reference to their remuneration policy.</p> <p>Annual increases in salary are expected to be low and ideally lower proportionally than general increases across the broader workforce. Post-freeze 'catch-up' salary increases or benchmarking-related increases are not generally supported. Exceptions may be made for promotions, increases in responsibilities and new recruits to the board. Changes in pay levels should take into account the pay and conditions across the company. The Investment Association Principles advise that where remuneration committees seek to increase base pay, salary increases should not be approved purely on the basis of benchmarking against peer companies.</p>

⁷ Definition of **Pay-for-Performance Evaluation:**

ISS annually conducts a pay-for-performance analysis to measure alignment between pay and performance over a sustained period. With respect to companies in the European Main Indices, this analysis considers the following:

- Peer Group Alignment:
 - The degree of alignment between the company's annualised TSR rank and the CEO's annualised total pay rank within a peer group, each measured over a three-year period.
 - The multiple of the CEO's total pay relative to the peer group median.
- Absolute Alignment: The absolute alignment between the trend in CEO pay and company TSR over the prior five fiscal years – i.e., the difference between the trend in annual pay changes and the trend in annualised TSR during the period.

Report component	Good market practice
	<p>Pension contribution payments for executives should be clearly disclosed. Any compensation to executives for changes in the tax treatment of pensions is not considered to be acceptable.</p> <p>The Investment Association Principles note that any benefits relating to the relocation of an executive should be disclosed at the time of appointment. Where these benefits are deemed necessary, they should be in place for a limited period, which is disclosed to shareholders. Each element of any relocation benefits should be detailed in the remuneration report.</p>
Annual bonus	<p>The annual bonus earned for the year under review should be explained in a fashion which allows shareholders to clearly link performance with pay. Any increases in the maximum from one year to the next should be explicitly justified. The lowering of targets should generally be accompanied by a reduction in the bonus potential.</p> <p>ISS will normally recommend a vote against a remuneration report where bonus targets are not disclosed. Targets for both financial and non-financial objectives should be presented in an appropriate level of detail, preferably with a full target range (e.g. threshold, target and maximum) set out.</p> <p>It is now standard market practice for such disclosure to be provided immediately following the reporting year. If a remuneration committee believes that bonus target disclosure – even on a retrospective basis – is difficult for reasons of commercial sensitivity, it should explain the rationale for its decision, when such considerations will fall away and provide a commitment to disclosure at that time. Any company choosing to disclose one or more years in arrears would be out of step with wider market practice and may attract a negative vote recommendation.</p> <p>The payment of a ‘one-off’ special bonus is likely to attract a negative vote recommendation. ISS will not typically support transaction-related bonuses.</p>
Long-term incentive plans (LTIPs)	<p>Under the resolution to approve the remuneration report, ISS considers both the LTIP awards granted and those vested or lapsed during the year under review.</p> <p>When assessing the awards which vested, the Investment Association Principles advise that remuneration committees should ensure that the result does not produce outcomes that are out of line with the overall performance of the company, its future prospects or the experience of its shareholders over the performance period. The definition of any performance measurement should be clearly disclosed.</p> <p>For awards granted in the year under review, the Investment Association Principles note that companies should disclose the potential value of awards due to individual scheme participants on full vesting, expressed by reference to the face value of shares or shares under option at point of grant, and expressed as a multiple of base salary.</p>

Report component	Good market practice
	<p>When there has been a material decline in a company's share price, remuneration committees should consider reducing the size of LTIP awards at the time of grant.</p> <p>The lowering of targets should generally be reflected in a reduction of the amount that can vest and, similarly, any increase in award size should be linked to more challenging targets.</p>
Dilution limits	<p>The operation of share incentive schemes should not lead to dilution in excess of the limits acceptable to shareholders. ISS supports the limits recommended as good practice by the Investment Association.</p> <p>The rules of a scheme must provide that commitments to issue new shares or to re-issue treasury shares, when aggregated with awards under all of the company's other schemes, must not exceed 10 percent of the issued ordinary share capital, adjusted for share issuance and cancellation, in any rolling 10- year period.</p> <p>Commitments to issue new shares or re-issue treasury shares under executive (discretionary) schemes should not exceed 5 percent of the issued ordinary share capital of the company, adjusted for share issuance and cancellation, in any rolling 10-year period.</p>
Any exit payments to departing directors	<p>Exit payments to departing directors should not go beyond those to which the director is entitled under the terms of his or her service contract or the rules of the relevant incentive schemes. Ex gratia or special payments on termination are not supported. "Good leaver" treatment should only apply to those who are genuinely good leavers. Appropriate pro-rating should be applied to outstanding long-term share awards.</p> <p>In general, formal notice should be served no later than the day on which the departing executive's leaving date is agreed. If a company chooses not to serve notice at this time, it should explain its reasoning for this in the subsequent remuneration report.</p>
Arrangements for new joiners	<p>For new joiners, where an executive is appointed at an 'entry-level' salary-point which the remuneration committee expects to increase to a higher level once the individual has proved him or herself in the role, the roadmap for increases should be disclosed at the time of appointment. In general, ISS does not support special awards for new joiners (e.g. sign-on bonuses or one-off share awards) except in exceptional situations and only if accompanied by an appropriate explanation.</p> <p>Pay for new joiners during a year should match the period of the year for which they served.</p>
The pay of the NEDs	<p>Any increases to NED pay during the year under review will be considered alongside pay increases to executive directors and the broader workforce. The fees payable to NEDs should not be excessive relative to similarly-sized companies in the same sector.</p>
The company's disclosure as to the use of remuneration consultants	<p>The annual remuneration report must name any person who provided material advice or services to a relevant committee in the reported year and set out additional details in respect of some of them. The GC100 and Investor Group suggest these persons may include principal internal providers of material advice and services, remuneration consultants or</p>

Report component	Good market practice
	external lawyers who provided any material advice other than advice on compliance with the relevant legislation.
Discretion	<p>In cases where a remuneration committee uses its discretion to determine payments, it should provide a clear explanation of its reasons, which are expected to be clearly justified by the financial results and the underlying performance of the company.</p> <p>The remuneration committee should disclose how it has taken into account any relevant environmental, social, and governance (ESG) matters when determining remuneration outcomes. Such factors may include (but are not limited to): workplace fatalities and injuries, significant environmental incidents, large or serial fines or sanctions from regulatory bodies and/or significant adverse legal judgments or settlements.</p> <p>It is relatively rare that a remuneration committee chooses to amend the targets used for either the annual bonus or the LTIP following the start of the performance period, but where this has occurred, it is good practice for the company to demonstrate how the revised targets are in practice no less challenging than the targets which were originally set.</p>

Approval of a new or amended LTIP

General Recommendation: Vote the resolution to approve a new or amended LTIP on a case-by-case approach, paying particular attention as to whether:

- The LTIP is aligned with the company's strategy, is not over-complex and fosters an appropriately long-term mindset;
- The proposed award levels are appropriate, and, in the case of an amended plan, any increases to the previous award levels are well-explained;
- Any increase in the level of certainty of reward is matched by a material reduction in the size of awards;
- The maximum payout is capped;
- The LTIP is in line with the current remuneration policy;
- Change of control, good leaver, and malus/clawback provisions are present and the terms are in line with standard practice in the UK market;
- The remuneration committee seeks to reserve a degree of discretion in line with standard UK practice;
- The scheme is operating within dilution limits that are aligned to the relevant UK market standards. Namely, no more than 10 percent of the issued share capital should be issued under all incentive schemes in any rolling 10-year period, and no more than 5 percent of the issued share capital should be issued under executive (discretionary) schemes in any rolling 10-year period, in line with the guidelines established by the Investment Association; and
- There are no issues with the plan which would be of concern to shareholders.

Where the plan contains multiple areas of non-compliance with good practice, the vote recommendation will reflect the severity of the issues identified. A small number of minor breaches may still result in an overall recommendation of a 'For', whereas a single, serious deviation may be sufficient to justify an "Against" vote recommendation.

The Investment Association Principles emphasise that all new incentives or any substantive changes to existing schemes should be subject to prior approval by shareholders by means of a separate and binding resolution. When a new or amended LTIP is presented to shareholders for approval, ISS considers the points listed above, plus others

which are relevant to the specific plan. Relevant issues are discussed in more detail in the earlier sections on the remuneration policy and report.

4. Capital Structure

Authorise Issue of Equity with and without Pre-emptive Rights

General Recommendation: Generally vote for a resolution to authorise the issuance of equity, unless:

- The general issuance authority exceeds one-third (33 percent) of the issued share capital. Assuming it is no more than one-third, a further one-third of the issued share capital may also be applied to a fully pre-emptive rights issue taking the acceptable aggregate authority to two-thirds (66 percent); or
- The routine authority to disapply pre-emption rights exceeds 20 percent of the issued share capital, provided that any amount above 10 percent is to be used for the purposes of an acquisition or a specified capital investment. For the general disapplication authority and specific disapplication authority, a further disapplication of up to 2 percent may be used for each authority for the purposes of a follow-on offer.

ISS will generally support resolutions seeking authorities in line with the Investment Association's Share Capital Management Guidelines and the Pre-Emption Group Statement of Principles⁸. ISS will support an authority to allot up to two-thirds of the existing issued share capital, providing that any amount in excess of one-third of existing issued shares would be applied to fully pre-emptive rights issues only.

Under the Pre-Emption Group Principles, companies can seek shareholder approval for a general authority of up to 10 percent of issued ordinary share capital (with a further authority of no more than 2 percent to be used only for the purposes of making a follow-on offer); and a further 10 percent authority to be used only for purposes of an acquisition or a specified capital investment (with a further authority for no more than 2 percent to be used only for the purposes of making a follow-on offer).

A company which receives approval for an authority of this nature but is then subsequently viewed as abusing the authority in a manner not in line with Pre-emption Group Principles – for example, by issuing shares up to 20 percent for purposes other than set out in the guidelines or by using a cash-box structure⁹ to issue more than the authority approved at the previous AGM – is likely to receive a negative recommendation on the share issuance authorities at the following AGM.

In line with the Pensions and Lifetime Savings Association guidelines, the authority to issue shares and the authority to disapply pre-emption rights should not be bundled together, or with any other voting issue.

It is good practice, in terms of duration, for the authorities to last no more than 15 months or until the next AGM, whichever is the shorter period.

Authorise Market Purchase of Ordinary Shares

General Recommendation: Generally vote for the resolution to authorise the market purchase of ordinary shares, unless:

- The authority requested exceeds the levels permitted under the Listing Rules; or

⁸ https://www.frc.org.uk/getattachment/cd763f78-d306-43bf-99f7-7fb282200c4d/PEG_Statement-of-Principles.pdf

⁹ A "cash box" structure refers to a method of raising cash from the issue of equity securities for non-cash consideration through the acquisition of a special purpose vehicle whose principal asset is cash.

- The company seeks an authority covering a period longer than 18 months.

AGM agendas routinely include a resolution allowing companies to make market purchases of their shares. ISS will usually support this resolution if it is in line with the Listing Rules LR 12.4.1 which allows companies to buy back up to 15 percent of their shares in any given year, provided that the maximum price paid is not more than 5 percent above the average trading price.

Under the Companies Act 2006, the share buyback authority cannot be for a period longer than five years. ISS recommends that the renewal of such authorities be requested annually, and that the duration be no longer than 18 months or until the next AGM, if sooner. However, ISS will support a five-year authority if, in practice, the company has a history of reverting to shareholders annually.

5. Other Items

Mergers and Acquisitions

General Recommendation: Vote mergers and acquisitions on a case-by-case basis, taking into account the factors of valuation, market reaction, strategic rationale, conflicts of interest and governance.

When evaluating the merits of a proposed acquisition, merger or takeover offer, ISS focuses on the impact of the proposal on shareholder value, both in the immediate and long term. For every M&A analysis, ISS reviews publicly available information as of the date of the report and evaluates the merits and drawbacks of the proposed transaction, balancing various and sometimes countervailing factors including:

Factor	Approach
Valuation	Is the value to be received by the target shareholders, or paid by the acquirer, reasonable? While the fairness opinion, where one is provided, may provide an initial starting point for assessing the appropriateness of the valuation, ISS places particular emphasis on the offer premium, market reaction and strategic rationale in the analysis.
Market reaction	How has the market responded to the proposed deal? A negative market reaction will be viewed with caution.
Strategic rationale	Does the deal make sense strategically? From where is the value derived? Cost and revenue synergies should not be overly aggressive or optimistic, but reasonably achievable. Management should also have a favourable track record of successful integration of historical acquisitions.
Conflicts of interest	Are insiders benefiting from the transaction disproportionately and inappropriately as compared to outside shareholders? ISS will consider whether any special interests may have influenced these directors to support or recommend the merger.
Governance	Will the combined company have a better or worse governance profile than the current governance profiles of the respective parties to the transaction? If the governance profile is to change for the worse, the burden is on the company to prove that other issues, such as valuation, outweigh any deterioration in governance.

Related-Party Transactions

General Recommendation: In evaluating resolutions that seek shareholder approval on related-party transactions (RPT), vote on a case-by-case basis, considering factors including, but not limited to, the following:

- The parties on either side of the transaction;
- The nature of the asset to be transferred/service to be provided;
- The pricing of the transaction (and any associated professional valuation);
- The views of independent directors, where provided;
- The views of an independent financial adviser, where appointed;
- Whether any entities party to the transaction, including advisers, are conflicted; and
- The stated rationale for the transaction, including discussions of timing.

In the UK, under the Listing Rules the listed company must obtain the approval of its shareholders for certain transactions either beforehand or, if the transaction is conditional on that approval, before it is completed. The company must ensure that the related party does not vote on the relevant resolution and should take all reasonable steps to ensure that the related party's associates do not vote on the relevant resolution.

The Pensions and Lifetime Savings Association notes that concerns may arise if the transaction does not seem to be subject to proper oversight, is not undertaken on fully commercial terms in the normal course of business, or the company has not clearly explained how the transaction is in the interests of the company and all shareholders.

Mandatory Takeover Bid Waivers

General Recommendation: Generally vote against mandatory takeover bid waivers.

The mandatory bid requirement, as contained in Rule 9 of the Takeover Code, seeks to prevent "creeping acquisitions" and to ensure that shareholders, other than the controlling shareholder, receive a control premium when control of the company shifts further to the large shareholder.

When the issue of new securities as consideration for an acquisition or a cash subscription would otherwise result in the controlling shareholder being obliged to make a general offer, the Takeover Panel will normally waive the obligation if there is an independent vote at a shareholders' meeting. Waivers are usually sought where a company proposes to institute a share buyback programme in which a large investor or concert party does not intend to participate.

In line with the Pensions and Lifetime Savings Association, ISS will usually recommend a vote against Rule 9 waivers.

Reincorporation Proposals

General Recommendation: Vote reincorporation proposals on a case-by-case basis.

When examining a reincorporation proposal, ISS first examines the reasons for the move. Sometimes a reincorporation proposal is part of a restructuring effort or merger agreement that contributes significantly to a company's growth, financial health and competitive position more than the anticipated negative consequences of incorporating in another country. However, reincorporation in a country with less stringent disclosure requirements or corporate governance provisions may be perceived as an attempt by management to lessen accountability to shareholders. In such cases, ISS may recommend voting against the proposal.

Authorise the Company to Call a General Meeting with Two Weeks' Notice

General Recommendation: Generally vote for the resolution to authorise the company to call a general meeting with 14 days' notice if the company has provided assurance that the authority will only be used when merited. An appropriate use of the authority is in circumstances where time is of the essence.

Before the implementation of the EU Shareholder Rights Directive, companies were able to hold general meetings on 14 days' notice in line with the Companies Act 2006; however, since the Directive increased the minimum notice period to 21 days, shareholder authority must first be granted to opt out of the requirement.

Companies are expected to give as much notice as is practicable when calling a general meeting, with the additional flexibility afforded by this authority only being used in limited and time-sensitive circumstances where it

would clearly be to the advantage of shareholders as a whole. ISS will generally support these resolutions, if the company has provided assurance that the shorter notice period would only be used when merited. Companies which have used this authority inappropriately by calling short-notice general meetings which are not obviously time-sensitive can expect future requests to be viewed sceptically when they attempt to renew this authority in future years. ISS may recommend against the authority at the next AGM in such cases.

Authorise Political Donations and Expenditure

General Recommendation: Generally vote for the resolution to authorise political donations and expenditure, unless:

- The company made explicit donations to political parties or election candidates during the year under review;
- The duration of the authority sought exceeds one year and the company has not clarified that separate authorisation will be sought at the following AGM should the authority be used; or
- No cap is set on the level of donations.

Companies which have no intention of making donations to political parties or incurring obvious political expenditure may consider it prudent to seek shareholder approval for certain types of donation or expenditure which might be considered to fall within the broader definition of ‘political’ under the Companies Act 2006.

Shareholder Proposals (ESG)

ISS applies a common approach globally to evaluating social and environmental proposals, which cover a wide range of topics including consumer and product safety, environment and energy, labour standards and human rights, workplace and board diversity, and corporate political issues. While a variety of factors goes into each analysis, the overall principle guiding all vote recommendations focuses on how the proposal may enhance or protect shareholder value in either the short or long term.

General Recommendation: Generally vote case-by-case, examining primarily whether implementation of the proposal is likely to enhance or protect shareholder value. The following factors will be considered:

- If the issues presented in the proposal are being appropriately or effectively dealt with through legislation or government regulation;
- If the company has already responded in an appropriate and sufficient manner to the issue(s) raised in the proposal;
- Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive;
- The company's approach compared with any industry standard practices for addressing the issue(s) raised by the proposal;
- Whether there are significant controversies, fines, penalties, or litigation associated with the company's practices related to the issue(s) raised in the proposal;
- If the proposal requests increased disclosure or greater transparency, whether reasonable and sufficient information is currently available to shareholders from the company or from other publicly available sources; and
- If the proposal requests increased disclosure or greater transparency, whether implementation would reveal proprietary or confidential information that could place the company at a competitive disadvantage.

Say on Climate (SoC) Management Proposals

General Recommendation: Vote case-by-case on management proposals that request shareholders to approve the company's climate transition action plan¹⁰, taking into account the completeness and rigor of the plan. Information that will be considered where available includes the following:

- The extent to which the company's climate related disclosures are in line with TCFD recommendations and meet other market standards;
- Disclosure of its operational and supply chain GHG emissions (Scopes 1, 2, and 3);
- The completeness and rigor of company's short-, medium-, and long-term targets for reducing operational and supply chain GHG emissions (Scopes 1, 2, and 3 if relevant);
- Whether the company has sought and approved third-party approval that its targets are science-based;
- Whether the company has made a commitment to be "net zero" for operational and supply chain emissions (Scopes 1, 2, and 3) by 2050;
- Whether the company discloses a commitment to report on the implementation of its plan in subsequent years;
- Whether the company's climate data has received third-party assurance;
- Disclosure of how the company's lobbying activities and its capital expenditures align with company strategy;
- Whether there are specific industry decarbonization challenges; and
- The company's related commitment, disclosure, and performance compared to its industry peers.

Say on Climate (SoC) Shareholder Proposals

General Recommendation: Vote case-by-case on shareholder proposals that request the company to disclose a report providing its GHG emissions levels and reduction targets and/or its upcoming/approved climate transition action plan and provide shareholders the opportunity to express approval or disapproval of its GHG emissions reduction plan, taking into account information such as the following:

- The completeness and rigor of the company's climate-related disclosure;
- The company's actual GHG emissions performance;
- Whether the company has been the subject of recent, significant violations, fines, litigation, or controversy related to its GHG emissions; and
- Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive.

¹⁰ Variations of this request also include climate transition related ambitions, or commitment to reporting on the implementation of a climate plan.

6. Smaller Companies

ISS applies its smaller companies approach to companies which are members of the FTSE Fledgling index, those listed on AIM and other companies which are not widely held. Further information can be found on Page 6 of this document. The approach is largely in line with the core policy, with the exceptions identified below.

Accept Financial Statements and Statutory Reports

General Recommendation: Generally vote for approval of financial statements and statutory reports, unless:

- There are concerns about the accounts presented or audit procedures used; or
- There has been an accounting fraud or material misstatement during the year.

As stated in the core policy for this resolution, the overall quality of disclosure will also be considered, and the weakest examples, such as where the meeting documents are not released in time for investors to review these ahead of the meeting, are likely to attract a negative vote recommendation. Other minimum disclosure requirements include:

- The identity of all the directors, their board roles, committee memberships and independence classification;
- List of major shareholders;
- Attendance at board and committee meetings; and
- Details of compliance against a "recognised corporate governance code" (as required by the AIM Rules).

In addition, where no appropriate resolution to target an investor's specific concern is on the ballot, ISS may recommend a vote against this resolution. Specific concerns include:

- Absence of sufficient independent representation on the board and the key committees (if the relevant director is not standing for election/re-election)
- Absence of regular re-election for all directors (once every three years at a minimum); and
- Remuneration not aligned with expected market practice (if there is no remuneration report or remuneration policy resolution on the agenda).

Concerns raised in the first year may not lead to a negative vote recommendation; this is more likely in the event of repeated concerns identified over a number of years.

Authorise Board to Fix Remuneration of Auditors

General Recommendation: Generally vote for proposals authorizing the board to fix the fees payable to the external auditors, unless:

- Fees for non-audit services routinely exceed standard audit-related fees.

Where the ratio of non-audit fees to audit fees has been over 100 percent for more than one year, and the company appears unwilling to address the issue, ISS may recommend a vote against the remuneration of the external auditors. In addition, the chair of the audit committee is likely to receive a negative voting recommendation when he or she is next standing for re-election.

Director Elections

General Recommendation: Generally vote for the election or re-election of directors, unless:

- Adequate disclosure has not been provided in a timely manner;
- The board fails to meet minimum corporate governance standards – please see the following sections on independence classification and board and committee composition for details of how this is interpreted in practice; or
- There are specific concerns about the individual, such as his/her ability to commit sufficient time to the role.

Board independence classification

In addition to the conditions stated in the main policy, a non-executive director of a smaller company is likely to be considered as non-independent if he or she has a substantial personal shareholding of **greater than 3 percent**.

Discussion

The requirements for FTSE Fledgling companies are the same as for FTSE SmallCap companies, as set out in the core policy. A non-executive director of an AIM or ISDX company, who formerly served as board chair, may still be considered independent.

See also the sections on [Overboarding](#) and [Gender Diversity](#), which apply to smaller companies.

The award of share options, the receipt of additional remuneration from the company apart from a director's fee, or participation in performance-related pay schemes, can result in the independence of NEDs being impaired. Options will not impact upon a NED's independence if the quantum is not considered to be material and if the company has a policy of no longer granting options to non-executives.

Board and Committee Composition

The requirements for FTSE Fledgling companies are the same as for FTSE SmallCap companies, as set out in the core policy. This means that at least half the **board**, excluding the chair, should comprise non-executive directors determined by the board to be independent. The **audit** and **remuneration** committees should be fully independent and should include a minimum of two independent non-executives. The majority of the members of the **nomination** committee should be independent.

The chair may sit on the remuneration committee (but not the audit committee) provided that he/she was considered independent on appointment as chair.

For companies listed on AIM, and for other UK companies which are not a member of the FTSE All-Share or FTSE Fledgling indices and in line with the QCA Code, the **audit** and **remuneration** committees should include independent non-executive directors only, and half the members of the **nomination** committee need to be independent.

For all companies, executive directors should not serve on the audit or remuneration committees.

If there is evidence of long-running, systemic issues around board and committee composition which the company seems unable or unwilling to address, the board chair may receive a negative vote recommendation on his or her reappointment, given he/ she retains overall responsibility for the board's corporate governance arrangements.

Election of a Former CEO as Chair

General Recommendation: Similar to the core policy, ISS may recommend a vote against the election of a former CEO as chair, unless the company can provide a strong justification as to why this non-standard governance arrangement is appropriate for their specific situation and for a limited period of time.

Authorise Issue of Equity without Pre-emptive Rights

General Recommendation: Generally vote for a resolution to authorise the issuance of equity, unless:

- The general issuance authority exceeds one-third (33 percent) of the issued share capital. Assuming it is no more than one-third, a further one-third of the issued share capital may also be applied to a fully pre-emptive rights issue taking the acceptable aggregate authority to two-thirds (66 percent); or
- The routine authority to disapply pre-emption rights exceeds 20 percent of the issued share capital in any one year.

Remuneration Policy Resolutions

General Recommendation: When assessing remuneration policy resolutions, a negative vote recommendation would be considered if any of the following applied:

- Executive directors are not employed under formal service contracts, or their service contracts, in the event of termination, provide for more than 12 months' notice;
- Vesting of incentive awards is not conditional on the achievement of performance hurdles;
- Re-testing is allowed throughout the performance period; or
- There are any other serious issues with the policy when measured against good market practice.

Remuneration Report Resolutions

General Recommendation: When assessing remuneration report resolutions, a negative vote recommendation would be considered if any of the following applied:

- Disclosure of pay practices is poor. This would include if the individual emoluments paid to each director are not disclosed, or if the performance metrics which applied to LTIP awards made during the year under review are not disclosed;
- NEDs have received performance-related pay during the year under review;
- Options have been re-priced during the period under review;
- Re-testing is allowed throughout the performance period;
- Share awards granted to executive directors during the year under review feature a performance period of less than three years; or
- There are any other serious issues with the report when measured against good market practice.

The award of options to NEDs is not in line with best practice as it can cause a potential conflict of interest that may affect a NED's independent judgment. Therefore, NEDs should be remunerated with basic fees only, in the form of cash and/or shares.

FTSE Fledgling companies are covered by the same remuneration reporting requirements which apply to companies in the FTSE All-Share index. They are required by law to seek shareholder approval for a binding

remuneration policy at least once every three years and must also present their remuneration report to shareholders every year on an advisory basis.

By contrast, companies listed on AIM are not required to provide shareholders with a vote on the remuneration report or the remuneration policy, although some do on a voluntary basis. An AIM-listed company which submits its remuneration report for shareholder approval (but not its remuneration policy) will be assessed on the basis of **all** the issues identified in both the remuneration policy and remuneration report sections above.

7. Investment Companies

Investment companies are pooled investment vehicles such as closed-ended investment trusts, venture capital trusts, and real estate investment trusts that operate as funds, among others. These companies differ significantly in terms of structure from the majority of companies covered by the UK and Ireland policy because they generally have: (i) a board comprising of non-executive directors (NEDs) who are responsible for safeguarding shareholder interests; and (ii) an investment manager (either a person or an organisation) who is responsible for the company's portfolio.

The majority of investment companies are externally managed, but some are internally managed or self-managed. This means that they do not have third party investment managers, and instead have a managing director (normally a board member) who is responsible for investment decisions.

The voting guidelines formerly issued by the NAPF (now the PLSA) for investment companies are the historic source of our voting guidelines for investment companies and broadly continue to act as the basis of our benchmark recommendations. These guidelines also refer to the key principles of the AIC Code.

Director Elections

General Recommendation: Generally vote for the election or re-election of directors, unless:

- Adequate disclosure has not been provided in a timely manner;
- The board fails to meet minimum corporate governance standards – please see the following sections on independence classification and board and committee composition for details of how this is interpreted in practice; or
- There are specific concerns about the individual, such as their ability to commit sufficient time to the role.

Board independence classification

In addition to the conditions stated in the main policy, the non-executive director of an investment company is likely to be considered as non-independent if he or she has a substantial shareholding of **greater than 1 percent**, providing the investment company is a constituent of the FTSE All-Share index.

Also, the non-executive director of a venture capital trust or an investment trust is likely to be considered as non-independent if he or she holds a directorship in one or more investment companies or venture capital trusts managed by the same manager, or they have a relationship with the investment manager.

At investment companies, tenure is not taken into account when assessing independence. However, ossified boards are an issue of concern. As a result, if more than half the board has served in excess of nine years, a negative vote recommendation would over time be applied to the chair's re-election.

Board and committee composition

Whether executive directors are present or not, at least half of the board should comprise independent NEDs.

The **audit** committee should include independent NEDs only. The **remuneration** committee should comprise a majority of independent NEDs when no executive directors are present and independent NEDs only when executive directors are present. At least half of the members of a **nomination** committee should be independent.

The chair may sit on all committees provided that he or she continues to be considered independent but should not chair the audit or remuneration committees.

The AIC Code recommends that management engagement committees should be established, consisting solely of directors independent of the manager or executives of self-managed companies, which should review the manager's performance and contractual arrangements annually and for any resulting decisions to be disclosed in the annual report.

Board Diversity

For investment companies with financial years beginning on or after 1 April 2022, the following guideline will apply:

Closed-ended investment companies with a premium or standard listing are expected to comply with the FCA Listing Rules on board diversity referenced in [Section 2](#) above. However, for those investment companies that do not have executive representation on the board, board roles other than those identified in the Listing Rules, may be considered to represent equivalent senior board positions, if accompanied by sufficient rationale and considered on a case-by-case basis.

Authorise Issue of Equity without Pre-emptive Rights

General Recommendation: Generally vote for a resolution to authorise the issuance of equity if there is a firm commitment from the board that shares would only be issued at a price at or above net asset value¹¹. Otherwise, generally vote for a resolution to authorise the issuance of equity, unless:

- The general issuance authority exceeds one-third (33 percent) of the issued share capital. Assuming it is no more than one-third, a further one-third of the issued share capital may also be applied to a fully pre-emptive rights issue taking the acceptable aggregate authority to two-thirds (66 percent); or
- The routine authority to disapply pre-emption rights exceeds 10 percent of the issued share capital in any one year.

Remuneration

Remuneration resolutions are typically not contentious at externally managed investment companies. For internally managed trusts which include executive directors on the board, ISS considers remuneration resolutions using the guidance set out under the smaller companies policy (see previous section).

¹¹ LR 15.4.11 prohibits closed-ended investment funds with a premium listing from issuing shares below NAV without shareholder approval. For the avoidance of doubt, ISS will require an explicit confirmation from the company that shares would only be issued at or above the prevailing NAV per share.

Continuation of Investment Company

General Recommendation: Generally vote the continuation resolution as described below:

- ISS will vote for when the board has tabled the resolution to comply with the requirement in the company's articles of association that this vote be put to shareholders at regular intervals, and there are no issues of concern;
- If the board has called a special meeting, due to the shares trading at a discount to net asset value over a prolonged period, ISS will consider the issues on a case-by-case basis.

8. Appendix

Good practice guidance referenced in this policy

The following documents are referred to in this document, and are listed here in alphabetical order with the year of publication included where relevant:

The AIC Code of Corporate Governance (2019)

<https://www.theaic.co.uk/aic-code-of-corporate-governance-0>

Executive Remuneration Working Group Final Report (2016)

<https://www.theia.org/sites/default/files/2019-05/ERWG%20Final%20Report%20July%202016.pdf>

The GC100 and Investor Group Directors' Remuneration Reporting Guidance (2019)

<http://uk.practicallaw.com/groups/uk-gc100-investor-group>

Hampton-Alexander Review (2019)

<https://ftswomenleaders.com/wp-content/uploads/2019/11/HA-Review-Report-2019.pdf>

The Investment Association Principles of Remuneration (2022)

<https://www.ivis.co.uk/media/13907/principles-of-remuneration-2023-nov-2022.pdf>

The Investment Association Share Capital Management Guidelines (2016)

<https://www.ivis.co.uk/media/12250/Share-Capital-Management-Guidelines-July-2016.pdf>

The ISS Global Principles on Executive and Director Compensation

<https://www.issgovernance.com/file/policy/active/emea/Europe-Voting-Guidelines.pdf>

The ISS Global Voting Principles

<http://www.issgovernance.com/policy-gateway/iss-global-voting-principles/>

Pensions and Lifetime Savings Association Corporate Governance Policy and Voting Guidelines (2022)

<https://www.plsa.co.uk/Portals/0/Documents/Policy-Documents/2022/PLSA-Stewardship-and-Voting-Guidelines-2022.pdf>

The Pre-Emption Group – Disapplying Pre-emption Rights – A Statement of Principles (2022)

https://www.frc.org.uk/getattachment/cd763f78-d306-43bf-99f7-7fb282200c4d/PEG_Statement-of-Principles.pdf

The Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies (2018)

<https://www.theqca.com/shop/guides/143861/corporate-governance-code-2018-downloadable-pdf.thtml>

Hermes EOS, NAPF & others - Remuneration Principles for Building and Reinforcing Long-Term Business Success (2013)

https://www.plsa.co.uk/portals/0/Documents/0351_3_remuneration_principles_for_building_and_reinforcing%20longterm_business_success_nov2013.pdf

The UK Corporate Governance Code (2018)

<https://www.frc.org.uk/document-library/corporate-governance/2018/uk-corporate-governance-code>

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