



# ISS 2024 POLICY CHANGES

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ISS has updated their voting guidelines for the 2024 proxy season. The key changes are summarized below:

## Diversity

As announced previously in 2022, for meetings held after February 2024, companies in the S&P/TSX Composite Index, ISS will generally recommend a vote against or withhold from the Chair of the Nominating Committee (or chair of the board where no nominating committee is identified, or no chair of such committee has been identified) where:

- a) The board has no apparent racially or ethnically diverse members; and
- b) The company has not provided a formal, publicly disclosed written commitment to add at least one racially or ethnically diverse director at or prior to the next AGM.

ISS will evaluate on a case-by-case basis whether against/withhold recommendations are warranted for additional directors at companies that fail to meet the policy over two years or more.

## Compensation: individual grants TSX listed issuer

ISS has updated these restrictions to remove the legacy percentage limit. Based on market practice, the maximum annual individual NED limit should not exceed \$150,000 across all equity compensation plans in aggregate, of which no more than \$100,000 of value may comprise stock options.

# Equity-Based Compensation Plans – Non-Employee Director (NED) Participation – TSX listed issuers

While ISS has not opposed the use of options for outside directors, they limit the participation of NED by ensuring reasonable limits.

ISS has removed the legacy percentage limit, and the current policy sets a limit that if the equity plan document does not specify an annual individual NED grant limit with a maximum value of (i) \$100,000 worth of stock options, or (ii) \$150,000 worth of shares. ISS will generally recommend a against vote for a plan proposal where the limit is exceeded.

## Equity-Based Compensation Plans (Venture Companies)

ISS has amended this policy to include if a public issuer has adopted a share-based compensation plan without seeking shareholder approval at the AGM following its adoption, ISS will withhold on the compensation committee members (or board chair if no committee members).

This will impact CSE listed companies as they are required to obtain shareholder approval every three years after the institution of a rolling equity plan and every three years thereafter. Therefore, some plans may not appear on the proxy for shareholder approval at the AGM following the adoption.

The new policy is to address the concern that a plan may not appear on the proxy for approval at the AGM following the adoption of the plan.