Global

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The Four Perspectives

A Side-by-Side Comparison of Differentiated Proxy Voting Guidelines

Request for Comment – Comparison Paper

September 2026

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The Four Perspectives – Comparison Paper

This document is circulated for consultation purposes only. It does not represent a final policy position and remains subject to revision. It is being shared alongside Glass Lewis' Request for Comment Comparison Paper to provide an understanding of the four voting Perspectives as a basis for providing feedback. Readers should also review the Important Notice and Disclaimer set out below.

1. Introduction

Glass Lewis is moving away from a single house "benchmark" analysis and recommendation in its research reports and toward an offering of four research perspectives and related policy outcomes to better reflect the varying viewpoints of institutional investors. To that end, this comparison document provides an overview of the draft proxy voting guidelines that are intended to inform each of the **Four Perspectives**.

The comparison document is a companion document to Glass Lewis's request-for-comment Consultation Paper,[1] which seeks feedback on the proposed Four Perspectives model. Feedback collected through this process may be used to inform further refinement of the Four Perspectives.

The purpose of the policy guidelines described in this comparison document is to indicate the general direction of our current thinking on the intended guidelines of the Four Perspectives. They are drafts prepared for discussion purposes, do not represent finalized guidelines for the Four Perspectives, are non-market-specific and accordingly are indicative only. Market-specific guidelines are under development and will incorporate feedback received in connection with the request-for-comment process. The market-specific guidelines will contain specific policy thresholds that are absent from these indicative guidelines, and, once published, will be the operative guidelines applied to generate policy outcomes. The table below summarizes the key defining characteristics of each Perspective. Read from top to bottom, the Perspectives form a continuum, from the greatest weight on demonstrated financial performance to the greatest weight on portfolio-wide sustainability outcomes:

[1] Glass Lewis, 2026a, The Four Perspectives: A Model for Differentiated Proxy Voting Guidelines, Request for Comment – Consultation Paper (Long Version), September 2026.

Table 1: Defining Characteristics of the Four Perspectives

Perspective	Defining Characteristics
Business Fundamentals	Takes a flexible view of governance standards when boards and management teams have demonstrated a strong record of generating shareholder returns.
Foundational Governance	Treats core governance standards as essential to safeguard long-term shareholder value.
Global Stewardship	Pairs core governance standards with rigorous oversight of financially material sustainability risks to protect long-term shareholder value.
Sustainability Focused	Pairs core governance standards with rigorous oversight of sustainability risks that are or could become financially material over extended time horizons and across portfolios. Recognizes that asset owners have a fiduciary interest in the stability and integrity of the markets in which they invest.

Each of the Four Perspectives' policy guidelines is organized by **Proposal Category**, reflecting groups of proposals that are put to a shareholder vote. Each Proposal Category contains policy **Topics** against which a proposal is assessed, and each **Topic** is considered against a **Principle** that contextualizes why a guideline expectation exists. This paper sets out policy guidelines against this structure.

Where a Topic applies identically across all Four Perspectives (or differs only due to the **High-Performing** modifier described below), it is described once in a single merged row. Where a Perspective departs substantively from that shared position, further commentary is provided for the departing Perspective(s) in a separate column.

2. How the Four Perspectives Were Developed

The Four Perspectives were derived from observed market practice through the sequence of steps set out in full in the accompanying Request for Comment Consultation Paper (Glass Lewis, 2026a, 2026b). Recurring stewardship orientations were first identified across a representative cross-section of institutional investors—passive and active managers, activists, public pension funds, sovereign wealth funds, and sustainability- and governance-focused investors—by examining their publicly disclosed voting policies, stewardship reports, and governance frameworks.

That review identified the dimensions along which stewardship philosophies meaningfully differ; recurring combinations of those dimensions were then expressed as four investor personas, the archetypal starting points from which the Perspectives were built. Each Perspective was subsequently tested against how institutional investors actually voted. The sample comprised 2,357 Fund Series and 4,379 shareholder meetings held between July 2023 and June 2024, covering 10,334 management-sponsored and 805 shareholder-sponsored proposals.[2] Our analysis showed that the Four Perspectives span a wide spectrum of observed voting behavior, from the most demonstrated performance-driven to the most stakeholder-oriented.

3. Analyst Discretion and Guideline Limitations

As with the existing Glass Lewis **Benchmark Policy**, the Four Perspectives will be supported by **Analyst Discretion**, which applies where the pro-forma application of a set of guidelines does not, on its own, achieve an appropriate policy outcome in the fact-specific context of a particular company. Analyst Discretion may be used to override specific **Tests**, or to modify policy outcomes where the circumstances fall outside what pre-determined Tests anticipate. This includes, but is not limited to:

- Supporting or opposing a proposal where Tests would indicate otherwise but those Tests do not adequately consider relevant context.
- Escalation of severe issues, e.g., opposing all directors on a board sub-committee rather than just the chair of that sub-committee.
- Targeting an against policy outcome towards one or more proposals that are not the preferred target indicated by the guidelines, but where that preferred target is not up for a vote and the concern warrants a response elsewhere on the ballot.

As each of the Four Perspectives reflects different views, application of Analyst Discretion can differ across the Four Perspectives to faithfully represent the viewpoint of each individual Perspective.

[2] The data was sourced from the SEC's N-PX files; U.S. Securities and Exchange Commission, 2022, Form N-PX (annual report of proxy voting record of registered management investment companies, as amended).

While these guidelines are intended to give users insight into what each Perspective considers relevant, they carry an inherent limitation: no guideline document can anticipate the full range of circumstances a company or its shareholders may face. Analyst Discretion is used to mitigate this limitation.

4. Recurring Concepts

Three concepts recur across many of the differences between the four Perspectives described below.

4.1. Concept 1: A “High-Performing” designation (Business Fundamentals only)

Business Fundamentals is the only Perspective that treats a company's relative financial performance as a formal input into its policy guidelines, and it does so across a broad range of proposals, including director elections and executive compensation.[3]

A **“High-Performing”** determination reflects the view that a strong, sustained track record is informative about the quality of a company’s leadership and governance. The determination is made using the **Performance Model**, which is based on **Total Shareholder Return (TSR)** measured against an appropriate peer group: a company must rank in the top quartile of that group to qualify. The primary measurement period runs from the start of the incumbent CEO’s tenure; additional periods are tested to confirm that outperformance is durable rather than an artifact of the specific window chosen. The effect of a “High-Performing” assessment is generally either an exemption from a specific governance best-practice expectation or greater tolerance for higher executive remuneration. In cases of a High-Performing assessment where behavior that is detrimental to minority shareholders has been egregious, exemptions will be overruled by Analyst Discretion.

4.2. Concept 2: “Materiality” for Environmental and Social Matters

The other recurring theme is how each Perspective considers environmental and social matters.

- **Business Fundamentals** and **Foundational Governance:** take an evidence-based approach: an environmental or social matter is financially material only where harm to the company is demonstrable through regulatory costs, penalties, or comparable sanctions, regardless of industry;

[3] Empirical work supports treating performance as a voting input. Ng, Wang and Zaiats (2009) examine mutual fund proxy voting records and find that voting on selected management and shareholder proposals is related to prior firm performance, framing performance as part of funds’ monitoring function. Cai, Garner and Walkling (2009) study a large sample of director elections and find that shareholder votes are significantly related to firm performance, governance, director performance and voting mechanisms, although even directors at poorly performing firms still receive very high support.

- **Global Stewardship:** applies the **Industry Materiality Standard**, an industry-by-industry differentiated materiality view informed by sustainability disclosure standards such as SASB,[4] setting higher expectations in sectors where an issue is more likely to be financially material, among them mining, oil and gas, utilities, apparel, agriculture, and food;
- **Sustainability Focused:** uses that same lens and adds a second: whether a matter has a material impact on the environment or society (**"Impact Materiality"**). This combination, known as the **Double Materiality** approach,[5] also aligns with the **Universal Ownership** concept,[6] which recognizes that, for a broadly diversified investor, returns depend more on the health of the market and the economy as a whole than on the performance of any single holding. Environmental and social costs externalized by one company can therefore erode returns elsewhere in the portfolio; such impacts are accordingly treated as relevant to total portfolio value even where they are not financially material to the individual company.

4.3. Concept 3: Rules-Based Tests, Model-Based Tests, and Judgment-Based Tests

Each Topic's guidelines are assessed through one or more Tests. A Test may be:

- **Rules-Based (RB):** an objective assessment against a defined, fact-based condition or threshold;
- **Model-Based (MB):** an assessment drawing on the output of a proprietary model, such as our pay-for-performance (P4P) model, which is used as an input to the Test; or
- **Judgment-Based (JB):** a qualitative assessment requiring analyst interpretation, such as whether a rationale is "justified" or a response was "appropriate." Each Test below is labeled (RB), (MB), or (JB) accordingly.

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[4] The Sustainability Accounting Standards Board (SASB) began in 2011 as a US-based nonprofit that developed industry-specific standards for what sustainability information companies should disclose. The SASB Standards are now maintained by the International Sustainability Standards Board (ISSB) of the IFRS Foundation, which assumed responsibility for them in August 2022; the standards themselves are available at https://www.ifrs.org/issued-standards/sasb-standards/.

[5] Double Materiality is defined in ESRS 1 General Requirements, section 3, adopted as Annex I to Commission Delegated Regulation (EU) 2023/2772; accompanying implementation guidance is provided in EFRAG (2024).

[6] The universal ownership concept is set out in UNEP FI and PRI (2011); its foundations in the fiduciary capitalism literature are developed in Hawley and Williams (2000).

5. The Research Methodology Framework

All four Perspectives and every custom policy derived from them are built on the same underlying analytical architecture, the **Research Methodology Framework (RMF)**.[7] It provides a universal **Structural Layer** that sets what is assessed, and a configurable **Assessment Layer** that sets how it is assessed. The Rules-Based, Model-Based, and Judgment-Based Tests introduced above sit within that second layer.

At its foundation is a shared catalog of 18 Principles: universal policy objectives, broadly accepted as desirable standards across investor types, on which every policy configuration in every market draws. Every item put to a shareholder vote is a **Proposal**, identified by a Proposal Category and a **Proposal Type**, and that classification determines which Topics apply, the specific subjects assessed within a Proposal Type, each of which considers one or more Principles. Topics and Principles together form the Structural Layer, which is universal across all policies and all markets.

How a policy assesses whether a Principle has been breached sits in the Assessment Layer, and that is where the Four Perspectives diverge. Each Topic is assessed through one or more Tests each producing a binary **Test Signal**. **Indicators** combine those signals into an **Indicator Outcome**: a **Breach Indicator** and a **Policy Outcome Indicator** apply to every Proposal Type, with an **Independence Indicator** and a **Targeting Indicator** applying to Election of Directors.

Because all Four Perspectives draw on the same Principles and the same Topic catalog, a breach finding under one Perspective addresses the same underlying concern as a breach finding under another. This keeps the Four Perspectives directly comparable, makes every policy outcome traceable to the conditions that produced it, and allows client customizations to be accommodated by adjusting Tests, thresholds, or Indicator logic rather than redesigning the framework.

[7] Glass Lewis, 2026d, Research Methodology Framework: Introducing a New Proxy Voting Research Architecture, Request for Comment – Companion Paper, September 2026.

6. The Four Perspectives' Guidelines by Proposal Category

6.1. Election of Directors

This Category covers the Election of Directors in uncontested situations and proposals regarding declassification of the board. Contested situations are considered separately.

Topic: Board Disclosures - *Principle: Shareholders require sufficient and timely disclosure.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
A company's disclosures, such as director names and their backgrounds, should be disclosed with sufficient time before the meeting in order to evaluate the independence, performance, and skills of the board. **Applies to:** Policy outcomes are directed against director nominees for whom appropriate disclosure is not provided. **Tests:** • **(RB)** Have required disclosures been provided? **AND** • **(RB)** Have financial statements or directors' reports been disclosed prior to the meeting?			

Topic: Board Composition - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
This policy is the same across all Perspectives, except that for Business Fundamentals, where the company is High-Performing, non-compliance with these Tests will not result in an AGAINST policy outcome. The board should be composed of sufficient independent directors to enable appropriate oversight of management performance and conduct. **Applies to:** Where board independence is insufficient, policy outcomes are directed against non-independent nominees and, if relevant, the chair and/or members of the nominating committee. **Tests:** • **(RB)** If the Company is not controlled, do independent directors comprise less than a majority of representatives on the board (higher or lower thresholds in some markets based on local best practice and prevailing market practice)? **AND** • **(RB)** If the Company is controlled, do major-shareholder representatives exceed their proportionate stake in the company's issued share capital or voting rights without proportionate independent representation for free-float shareholders and sufficiently independent board committees?			

Topic: Committee Composition - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
This policy is the same across all Perspectives, except that for Business Fundamentals, where the company is High-Performing, non-compliance with these Tests will not result in an AGAINST policy outcome. Key committees (audit, compensation, nominating/governance) should be sufficiently independent. **Applies to:** Where a committee composition concern is identified, the policy outcome is directed against the relevant committee members. **Tests:** • **(RB)** Does the audit/compensation/nominating/governance committee have a sufficient number of members who are independent from the company? **AND** • **(RB)** Do executives serve on audit, compensation, nominating or governance committees? **AND** • **(RB)** Does a member of the audit committee have a significant beneficial ownership in the company?			

Topic: Chair Independence - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
This policy is the same across all Perspectives, except that for Business Fundamentals, where the company is High-Performing, non-compliance with this Test will not result in an AGAINST policy outcome. The role of CEO and chair should be separated, and the chair should generally be an independent director. **Applies to:** Policy outcomes are directed against the chair of the board or the chair of the nominating committee, as applicable. **Tests:** • **(RB)** Are the chair/CEO roles combined, and no independent presiding or lead director is appointed?			

<table>
<tr><th colspan="4">Topic: Board Diversity - Principle: Appropriate board and governance structures.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr>
<td colspan="2">This policy is the same for Business Fundamentals and Foundational Governance, except that for Business Fundamentals, where the company is High-Performing, non-compliance with these Tests will not result in an AGAINST policy outcome.

Boards should comprise directors selected for the diversity of skills, experience, and perspectives they bring, irrespective of demographic attributes.

Applies to: Where board diversity concerns are identified, the policy outcome is directed against the nominating committee chair or equivalent.

Tests:
• (JB) Has the board failed to address material concerns regarding the diversity of skills and experience of non-executive directors?</td>
<td colspan="2">Boards should comprise sufficient representation of diverse director candidates. Minimum diversity expectations vary by market: at least one gender-diverse director for main-market companies globally; at least 30% gender-diverse directors for blue-chip or mid-cap companies in Europe and North America (or a higher standard where local best practice or listing regulations set a higher target); and clear disclosure of ethnicity/diversity performance for large companies in markets with relevant legal requirements or best practice.

Applies to: Where board diversity concerns are identified, the policy outcome is directed against the nominating committee chair or equivalent.

Tests:
• (JB) Has the board failed to address material concerns regarding the diversity of skills and experience of non-executive directors? AND
• (RB) Does the board meet applicable legal requirements or market best practice for gender or ethnic diversity?</td>
</tr>
</table>

<table>
<tr><th colspan="4">Topic: Board Sub-Committee Performance - Principle: Appropriate board and governance structures.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="4">
This policy is the same across all Perspectives, except that for Business Fundamentals, where the company is High-Performing, non-compliance with these Tests will not result in an AGAINST policy outcome.
The chair and members of board sub-committees should be held accountable where significant performance or governance concerns exist that pertain to the activities or responsibilities of the committee.
Applies to: Where committee performance concerns are identified, the policy outcome is directed against the relevant committee chair, long-tenured members, or all members of the relevant committee, as applicable.
Tests:

(RB) Audit committee: Has the company paid excessive non-audit fees to its statutory auditor or failed to disclose fees paid?
(RB) Audit committee: Has the company failed to file its financial statements in a timely manner?
(JB) Audit committee: Does the company have aggressive accounting policies and/or poor disclosure in its financial statements?
(RB) Audit committee: Has material accounting fraud occurred at the company and/or financial statements had to be restated due to a material issue?
(JB) Compensation committee: Are there ongoing material concerns with the company’s compensation policies, practices, and/or disclosure?
(JB) Nomination Committee: Has director refreshment stalled when significant performance or governance concerns exist?
(JB) Nomination Committee: Are board changes driven by factors other than skills/experience analysis and director evaluations, or are based solely on age or tenure limits?
(JB) Nomination Committee: Are age/term limits waived without compelling rationale?

</td></tr>
</table>

Topic: Attendance - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Directors should attend a sufficient proportion of board and committee meetings. **Applies to:** The policy outcome is directed against the specific director for whom the attendance concern arises. **Tests:** • **(RB)** Has a director attended less than 75% of the board and applicable committee meetings?			

Topic: Overboarding - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
This policy is the same across all Perspectives, except that for Business Fundamentals, where the company is High-Performing, this Test will not result in an AGAINST policy outcome. Directors should not serve on an excessive number of boards such that their commitment to any one board is compromised. **Applies to:** The policy outcome is directed against the specific director for whom the overboarding concern arises. **Tests:** • **(RB)** Does a director sit on an excessive number of boards?			

<table>
<tr><th colspan="4">Topic: Director Skills & Experience - Principle: Appropriate board and governance structures.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="3">This policy is the same for Business Fundamentals, Foundational Governance, and Global Stewardship, except that for Business Fundamentals, where the company is High-Performing, these Tests will not result in an AGAINST policy outcome.

The skills and experience of a director should be sufficient to drive positive performance.

Applies to: The policy outcome is directed against the specific director for whom the skills or experience concern arises, or the chair of the relevant committee lacking the appropriate skill.

Tests:
• (JB) Are there substantial concerns regarding the performance and/or skills and experience of a director? AND
• (RB) Does the audit committee have no members with demonstrable financial background sufficient to understand the financial issues unique to public companies, demonstrated through recent and relevant accounting or auditing experience?</td><td>Applies the same guideline as other Perspectives. In addition adds the following Test:

• (JB) For companies in materially exposed industries, are there substantial concerns regarding the board's lack of relevant Environmental or Social skills or expertise?</td></tr>
</table>

<table>
<tr><th colspan="4">Topic: General Board Oversight & Accountability - Principle: Appropriate board and governance structures.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="2">This policy is the same for Business Fundamentals and Foundational Governance, except that for Business Fundamentals, where the company is High-Performing, these Tests will not result in an AGAINST policy outcome absent a Judgment-Based override for severe cases.

There should be sufficient board oversight such that a director can be considered accountable for an issue due to their leadership position on the board.

Applies to: The policy outcome is directed against the specific director(s) whose leadership position gives rise to the accountability finding, including the chair or vice chair of the board, the lead independent director, or the chair of key board committees.

Tests:
• (JB) Does an issue persist that pertains to the leadership positions on the board in which a director serves that warrants escalation against the board (e.g. compensation committee members for ongoing egregious compensation practices)? AND
• (JB) Has board oversight, response, or disclosure been insufficient where a governance-related issue has caused significant shareholder harm? AND
• (RB) Has the company failed to implement a shareholder proposal that received majority support, provided the proposal did not relate to an Environmental or Social issue that the Perspective considers non-material?</td><td colspan="2">This policy is the same for Global Stewardship and Sustainability Focused.

There should be sufficient board oversight such that a director can be considered accountable for an issue due to their leadership position on the board.

Applies to: The policy outcome is directed against the specific director(s) whose leadership position gives rise to the accountability finding, including the chair or vice chair of the board, the lead independent director, or the chair of key board committees.

Tests:
• (JB) Does an issue persist that pertains to the leadership positions on the board in which a director serves that warrants escalation against the board (e.g. compensation committee members for ongoing egregious compensation practices)? AND
• (JB) Has board oversight, response, or disclosure been insufficient where an environmental, social or governance-related issue has caused significant shareholder harm? AND
• (RB) Has the company failed to implement a shareholder proposal that received majority support?</td></tr>
</table>

Topic: Board Oversight of Financial Risk Management Controls - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
This policy is the same across all Perspectives, except that for Business Fundamentals, where the company is High-Performing, non-compliance with these Tests will not result in an AGAINST policy outcome. There should be sufficient board oversight over financial risk. Sound risk management, while necessary at all companies, is particularly important for financial firms, which inherently maintain significant exposure to financial risk. **Applies to:** The policy outcome is directed against risk committee members (where losses/write-downs indicate poor oversight) or the board chair (where no risk oversight is disclosed). **Tests:** • **(JB)** Do sizable losses or write-downs on financial assets/structured transactions indicate poor board-level oversight? **AND** • **(RB)** Does the company maintain significant financial risk exposure but fail to disclose any explicit board-level risk oversight?			

<table>
<tr><th colspan="4">Topic: Board Oversight of Environmental & Social Issues - Principle: Appropriate board and governance structures.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr>
<td colspan="2">Not applicable. This Topic does not apply under Business Fundamentals or Foundational Governance.</td>
<td>Boards should maintain and formally codify (in committee charters or governing documents) clear oversight of material environmental and social risks. This oversight can be effectively conducted by specific directors, the entire board, a separate committee, or combined with the responsibilities of a key committee.

Applies to: Applies to companies materially exposed to specific environmental and social risks or are otherwise included in a major blue-chip index. The policy outcome is directed against the governance committee chair or equivalent.

Tests:
• (RB) Has the company failed to provide clear disclosure of board-level environmental and social risk oversight, where it operates in an industry materially exposed to environmental and social issues, or otherwise are included in a major blue-chip index? AND
• (JB) Is disclosure of the company's material environmental and social risks, policies, and performance absent or inadequate, or has it materially deteriorated? AND
• (JB) Is the company materially lagging industry peers in its management of environmental and social risks that are financially material to the company?</td>
<td>Applies the same guideline as Global Stewardship. In addition to those Tests, the following Tests also apply:
• (JB) Has the company failed to provide shareholders with sufficient information concerning its diversity considerations, workforce demographics, or relevant human capital management-related considerations? AND
• (JB) Is the company materially lagging industry peers in its management of environmental and social risks that are impact material?</td>
</tr>
</table>

Topic: Board Accountability for Climate-Related Issues - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Not applicable. This Topic does not apply under Business Fundamentals or Foundational Governance.		Explicit and clearly defined board-level oversight responsibilities for climate-related issues should be disclosed. **Applies to:** Applicability is limited to large-cap companies with material exposure to climate risk (SASB-defined high-emission industries, e.g. oil & gas, electric utilities, airlines, chemicals, metals & mining). The policy outcome is directed against the chair of the committee charged with climate oversight, or the governance committee chair if none is designated, and may extend to additional committee members based on company size, industry, and governance profile. **Tests:** • **(RB**) Is the company's disclosures aligned with the TCFD framework, IFRS S2, or an equivalent climate reporting framework? **AND** • **(JB)** Has the company failed to demonstrate appropriate oversight of climate-related issues, and has it faced negative financial impact on the company on account of its management of climate-related matters? **AND** • **(JB)** Is disclosure of the company's climate-related goals, policies, and risks absent or inadequate, or has it materially deteriorated? **AND** • **(JB)** Is the company materially lagging industry peers in its management of climate-related risks? Where appropriate directors are not standing for election, may recommend AGAINST or withhold from other matters on the ballot.	Applies the same guideline as Global Stewardship, however, expands scope to mid-cap companies. In addition to those Tests, the following Tests also apply: • **(JB)** Has the company failed to demonstrate appropriate oversight of climate-related issues with material negative impact on the environment or society, including with respect to Scope 3 emissions?

<table>
<tr><th colspan="4">Topic: Board Accountability for Tax Transparency - Principle: Appropriate board and governance structures.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="3">Not applicable. This Topic is specific to Sustainability Focused.</td><td>Companies should adopt responsible tax practices and provide sufficient transparency to allow shareholders to assess their approach to taxation.

Applies to: The policy outcome is directed against the Chief Financial Officer or equivalent, or the audit committee chair.

Tests:
(RB) Does the group pay an effective tax rate of 15% or less, being the minimum rate set out by Pillar Two of the OECD/G20 Two-Pillar Solution on tax challenges?
AND IF SO
(JB) Does the company lack a publicly disclosed, sufficiently transparent, group-wide tax policy, including disclosures which explain low effective tax rates as applicable?</td></tr>
</table>

<table>
<tr><th colspan="4">Topic: Cyber Risk Oversight - Principle: Appropriate board and governance structures.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="4">Clear disclosure of the board's role in cybersecurity oversight should be provided, including how directors are kept versed on this evolving issue. Companies materially impacted by a cyber-attack should provide periodic remediation updates without revealing technical details that could assist threat actors.

Applies to: The policy outcome is directed against the appropriate directors based on their oversight responsibilities for technology risk.

Tests:
(JB) Where a cyber-attack has caused significant shareholder harm, was board oversight, response, or disclosure insufficient?</td></tr>
</table>

Topic: Board Oversight of Artificial Intelligence - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Companies developing or deploying AI should adopt strong internal oversight frameworks with ethical considerations, address skills gaps through director education or relevant appointments, and disclose clearly how the board oversees AI-related issues. **Applies to:** The policy outcome is directed against nominees based on their oversight responsibilities for technology risk, or against other matters on the ballot as appropriate. This oversight can be effectively conducted by specific directors, the full board, or a separate or combined committee. **Tests:** • **(JB)** Where AI-related issues have caused material shareholder harm, was board oversight, response, or disclosure insufficient?			

Topic: Slate Elections - *Principle: Director accountability through election or equivalent mechanisms.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Directors should be elected annually to protect shareholder interests; however, where slate elections are common market practice, the election method alone will not trigger an adverse policy outcome. Generally, Perspectives will indicate that shareholders support a director slate, unless material independence or performance concerns have been identified. **Applies to:** Slate elections. **Tests:** • **(RB)** Does the proposed slate fail board or committee independence tests? • **(JB)** Are there substantial concerns regarding the performance and/or experience of the board, its committees, and/or individual directors?			

<table>
<tr><th colspan="4">Topic: Board Responsiveness to Shareholder Dissent - Principle: Appropriate consideration of material shareholder feedback.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr>
<td colspan="2">
This policy is the same across Business Fundamentals and Foundational Governance, except that for Business Fundamentals, where the company is High-Performing, concerns identified through this review will not result in an AGAINST policy outcome.
Boards should demonstrate responsiveness to shareholder concerns when dissent from unaffiliated shareholders is significant. Dissent against management-sponsored proposals and for shareholder-sponsored proposals are both considered.
Thresholds do not automatically trigger an adverse policy outcome, instead contribute to a case-by-case review considering ownership structure, meeting quorum, and nature of the issue behind the dissent. For companies with a controlling shareholder and/or multi-class share structure, the level of disapproval attributable to minority shareholders is examined.
Dissent stemming from shareholder disapproval on environmental or social issues are typically ignored absent clear, demonstrable financial harm to the company.
Applies to: The policy outcome is directed against the relevant nominees, typically the board chair or the chair and/or members of a committee considered accountable for the issue of dissent.
Tests:

(JB) Did the company receive significant dissent from unaffiliated shareholders at a prior shareholder meeting, and was the board found not to have responded appropriately?
AND IF SO
(JB) Is the dissent unrelated to environmental or social issues that are not connected with clear, demonstrable financial harm?

</td>
<td colspan="2">
Boards should demonstrate responsiveness to shareholder concerns when dissent from unaffiliated shareholders is significant. Dissent against management-sponsored proposals and for shareholder-sponsored proposals are both considered.
Thresholds do not automatically trigger an adverse policy outcome, instead contribute to a case-by-case review considering ownership structure, meeting quorum, and nature of the issue behind the dissent. For companies with a controlling shareholder and/or multi-class share structure, the level of disapproval attributable to minority shareholders is examined.
Applies to: The policy outcome is directed against the relevant nominees, typically the board chair or the chair and/or members of a committee considered accountable for the issue of dissent.
Tests:

(JB) Did the company receive significant dissent from unaffiliated shareholders at a prior shareholder meeting, and was the board found not to have responded appropriately?

</td>
</tr>
</table>

6.2. Financial and Non-Financial Reporting

This Category covers proposals to approve accounts and reports, income allocation (dividends), the appointment of auditors and setting their fees, and votes on management sponsored plans – including climate transition plans.

Topic: Financial Disclosures - *Principle: Shareholders require sufficient and timely disclosure.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Sufficient disclosures, such as the audited financial statements, auditor's report, or annual report, should be published in sufficient time prior to the company's general meeting. **Applies to:** Accounts and Reports. **Tests:** • **(RB)** Has the company failed to provide expected disclosures prior to the meeting?			

Topic: Income Allocation - *Principle: Capital decisions consider existing shareholder rights.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Income should be allocated to shareholders in a manner consistent with the company's circumstances and disclosed dividend policy. **Applies to:** Income Allocation / Distribution of Dividends. **Tests:** • **(RB)** Is the payout ratio exceptionally low or excessively high relative to peers? **AND** • **(JB)** Does the distribution substantially depart from the company's disclosed dividend policy without satisfactory explanation?			

Topic: Financial Controls - *Principle: Accurate and complete reporting.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
No concerns should exist regarding the integrity of the company's statements/reports. **Applies to:** Accounts and Reports. **Tests:** • **(JB)** Do concerns exist about the integrity of the statements/reports? **AND** • **(RB)** Has the auditor provided a qualified opinion on the financial statements?			

Topic: Auditor Independence - *Principle: Auditor independence in fact and appearance.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
The auditor should be independent in fact and appearance, which includes consideration of both the fees paid to the auditor for non-audit services and auditor tenure. **Applies to:** Appointment of Auditors and/or Authority to Set Auditors' Fees. **Tests:** • **(RB)** Do non-audit fees total more than one-half of total fees paid to the auditor? **AND** • **(JB)** Do other relationships or concerns suggest a conflict between auditor and shareholder interests? **AND** • **(JB)** Is the tenure of the auditor excessive, and does ongoing litigation or significant controversies call into question the auditor's effectiveness?			

Topic: Auditor Performance - *Principle: Auditor quality and competence.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
High audit standards and quality should be maintained. **Applies to:** Appointment of Auditors and/or Authority to Set Auditors' Fees. **Tests:** • **(RB)** Have recent restatements or late filings been attributed to the auditor? **AND** • **(JB)** Do aggressive accounting policies exist? **AND** • **(JB)** Is there poor disclosure or lack of transparency in financial statements? **AND** • **(RB)** Is the company changing auditors due to disagreement on accounting Principles/practices, disclosure, or auditing scope/procedures?			

<table>
<tr><th colspan="4">Topic: Sustainability Report Auditor - Principle: Auditor quality and competence.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="3">Sustainability reporting auditors should be subject to sufficient disclosure of their identity, fees, and independence.
Applies to: Appointment of Sustainability Report Auditor.
Tests:
• (RB) Has the company failed to provide sufficient disclosure of the auditor's identity, fees and independence?</td><td>Applies the same guideline as other Perspectives. In addition the following Tests also apply:
• (JB) Is the level of assurance obtained over sustainability reporting sufficient given the company's industry risk profile?</td></tr>
</table>

<table>
<tr><th colspan="4">Topic: Approval of Non-Financial Report - Principle: Credible management-sponsored proposals.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="2">Where local market requirements mandate a shareholder vote on the approval of a company's non-financial or sustainability report, the company should provide sufficient and relevant disclosures and assurance over those disclosures as appropriate.
Applies to: Approval of Non-Financial Report.
Tests:
• (RB) Has the company failed to make the report publicly available with sufficient time for shareholder review? AND
• (JB) Has the company failed to provide a sufficient response to governance controversies that are raised in connection with its reporting? AND
• (RB) Has the auditor provided a qualified, adverse, or no opinion on the non-financial report?</td><td>Applies the same guideline as Business Fundamentals and Foundational Governance. In addition, the following Tests also apply:
• (JB) Has the company failed to provide a sufficient response to environmental and social controversies that are raised in connection with its reporting? AND
• (JB) Are there material concerns regarding the completeness or quality of the reporting?</td><td>Applies the same guideline as Global Stewardship. In addition the following Tests also apply:
• (RB) Has no assurance report (limited or reasonable) been provided over the non-financial report?</td></tr>
</table>

Topic: Climate Transition Plan Vote - *Principle: Credible management-sponsored proposals.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Where a company has voluntarily submitted its climate transition plan, decarbonization strategy, or a related "Say on Climate" resolution for an advisory shareholder vote, this proposal is supported.		Supports the proposal unless specific concerns are identified. **Tests:** • **(RB)** Has the company failed to disclose its Scope 1, 2, and (where relevant) Scope 3 greenhouse gas emissions? **AND** • **(JB)** Does the plan fail to include medium- and long-term emissions reduction targets, or are these targets not demonstrably aligned with a 1.5°C pathway? **AND** • **(RB)** Does the plan not cover substantially all of the company's major business units? **AND** • **(JB)** Is the plan not measurable or realistic, or does it lack a credible mechanism for tracking and reporting progress? **AND** • **(RB)** Has the company failed to disclose how capital allocation or business strategy will be aligned with the plan? **AND** • **(JB)** Does the plan represent a material weakening of previously disclosed commitments without adequate justification?	Applies a stricter standard, with independent third-party verification also expected to support the company's own assessment. **Tests:** • **(RB)** Does the plan fail to include a net-zero ambition covering Scope 1, 2, and Scope 3 emissions? **AND** • **(RB)** Does the plan fail to include medium- and long-term climate targets? **AND** • **(JB)** Is the plan not demonstrably aligned with a 1.5°C pathway or equivalent sector-specific science-based criteria, with disclosure following a recognized transition planning framework? **AND** • **(RB)** Does the plan cover less than 90% of the company's major business units? **AND** • **(JB)** Is the plan not both measurable and realistic, with a credible mechanism for tracking and reporting annual progress, subject to board-level oversight? **AND** • **(JB)** Does the company fail to demonstrate that capital expenditure and business strategy are aligned with the plan? **AND** • **(RB)** For companies in high climate-impact sectors, does the plan include investment in new fossil fuel capacity?

<table>
<tr><th colspan="4">Topic: Nature & Biodiversity Transition Plan Vote - Principle: Credible management-sponsored proposals.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr>
<td colspan="2">Where a company has voluntarily submitted its nature or biodiversity transition plan for an advisory shareholder vote, this proposal is supported.</td>
<td>Supports the proposal unless specific concerns are identified.

Tests:
• (RB) Does the plan fail to adopt a recognized nature-related risk assessment framework (e.g. TNFD) or an equivalent methodology? AND
• (RB) Does the plan fail to include medium- and long-term nature-related targets? AND
• (RB) Does the plan fail to cover substantially all of the company's major business units? AND
• (JB) Is the plan not measurable or realistic? AND
• (JB) Does the plan include new investment that is likely to cause material harm to biodiversity or natural ecosystems?</td>
<td>Applies a stricter standard, with independent third-party verification also expected to support the company's own assessment.

Tests:
• (JB) Does the plan fail to adopt TNFD's approach or an equivalent nature-related risk assessment methodology, with disclosure demonstrably aligned to the Kunming-Montreal Global Biodiversity Framework? AND
• (RB) Does the plan fail to include medium- and long-term nature-related targets? AND
• (RB) Does the plan cover less than 90% of the company's major business units? AND
• (JB) Is the plan not measurable or unrealistic, and does it fail to include a credible mechanism for tracking and reporting annual progress, subject to board-level oversight? AND
• (JB) Does the plan include new investment likely to cause material harm to biodiversity or natural ecosystems?</td>
</tr>
</table>

6.3. Compensation

This Category covers compensation reports, compensation policies, say-on-pay votes, approval of equity incentive plans and other compensation related resolutions. As compensation packages are best considered holistically, weighing up across elements of compensation that are split across Topics, analyst judgment will frequently apply across Topics in reaching policy outcome conclusions.

Topic: Fixed Pay - *Principle: Justifiable compensation arrangements.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
This policy is the same across all Perspectives, except that Business Fundamentals allows a materially higher increase threshold before a concern is raised if the company is High-Performing. Executives should receive appropriate levels of fixed compensation for the time and effort they spend managing the company, which should be competitive but not excessive. **Applies to:** Say-on-pay and related votes. **Tests:** • **(RB)** Are salaries out of line with comparable peers? **AND** • **(RB)** Are there significant increases in salary that are not adequately justified? **AND** • **(RB)** In some markets, are pension contributions excessive or do they exceed the rate of the wider workforce? **AND** • **(RB)** Is there an entitlement to perquisites not aligned with market practice?			

<table>
<tr><th colspan="4">Topic: Variable Compensation - Principle: Justifiable compensation arrangements.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="3">This policy is the same across all Perspectives, except that Business Fundamentals allows a materially higher increase threshold before a concern is raised if the company is High-Performing.

Variable compensation should be structured to align executive incentives with long-term shareholder interests and should not be excessive.

Applies to: Say-on-pay and related votes.

Tests:
• (RB) Are there no discrete individual limits for variable incentives? AND
• (RB) Are there excessive increases in variable incentive opportunities that are not adequately justified? AND
• (JB) Are there egregious or excessive bonuses or equity awards? AND
• (RB) Does potential dilution exceed the recommended threshold as per local market requirements and best practice? AND
• (JB) Have there been windfall gains on realizable pay? AND
• (RB) Are performance goals and metrics inappropriate or insufficiently challenging?</td><td>Applies the same guideline as other Perspectives. In addition, the following Test also applies:

• (JB) Has the company failed to integrate material sustainability factors into the measurement of performance?</td></tr>
</table>

<table>
<tr><th colspan="4">Topic: Other Compensation - Principle: Justifiable compensation arrangements.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="4">This policy is the same across all Perspectives, except that Business Fundamentals allows materially larger arrangements before a concern is raised if the company is High-Performing.

Other compensation elements, including one-off awards and severance payments, should be reasonable and adequately justified.

Applies to: Say-on-pay and related votes.

Tests:
• (RB) Have material one-off awards been made without adequate justification? AND
• (RB) Were excessive sign-on awards granted that were not like-for-like or without sufficient justification? AND
• (RB) Are there egregious or excessive severance payments? AND
• (RB) Have material ex gratia payments been made where the company has failed to fully explain the reasons, or is the explanation unconvincing?</td></tr>
</table>

Topic: Stakeholder Alignment - *Principle: Justifiable compensation arrangements.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Not applicable. This Topic does not apply under Business Fundamentals or Foundational Governance.		Pay outcomes should not materially misalign with the experience of the company's key stakeholders in the year under review. Outcomes that are visibly out of step with direct stakeholders, including the company's workforce, customers and/or the local communities in which they operate can erode staff morale and/or social license to operate. **Applies to:** Say-on-pay and related votes. **Tests:** • **(JB)** Is there a gross disconnect between compensation outcomes and the experience of shareholders and other key stakeholders in the company in the year under review?	Applies materially the same guideline as Global Stewardship. However, the Test is wider, extending to the broader society and the environment, toward whom the company may owe a wider duty of care or consideration.

Topic: Responsiveness to Say-on-Pay Dissent - *Principle: Justifiable compensation arrangements.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
This policy is the same across all Perspectives, except that for Business Fundamentals, where the company is High-Performing, non-compliance with this guideline will not result in an AGAINST policy outcome. Where a compensation proposal previously received significant shareholder dissent on a matter that was not one-off in nature, the company's current compensation proposal should reflect a considered response. **Applies to:** Say-on-pay and related votes. **Tests:** • **(JB)** Did the company receive significant shareholder dissent on a prior compensation-related proposal concerning a matter that was not one-off in nature and that remains unaddressed in the current proposal?			

<table>
<tr><th colspan="4">Topic: Pay-for-Performance Alignment - Principle: Long-term alignment of compensation.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="3">This policy is the same across all Perspectives, except that Business Fundamentals will allow for a greater skew in pay quantum if a company is High-Performing.

Pay outcomes should align with company performance and should not significantly exceed industry and market-cap peers, factoring in Total Shareholder Return.

Applies to: Say-on-pay and related votes.

Tests:
• (MB) Does Glass Lewis's proprietary pay-for-performance model, which considers financial performance, generate a score indicating misalignment? AND
• (JB) Is there evidence of a gross disconnect between pay and performance either captured by the Tests above or otherwise?</td><td>Applies the same guideline as other Perspectives. In addition, the following Test also applies:
• (JB) For companies in materially exposed industries, have Environmental, Social, or climate-related factors been inadequately considered in the measurement of performance?</td></tr>
</table>

<table>
<tr><th colspan="4">Topic: Other Structural Features - Principle: Long-term alignment of compensation.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="4">This policy is the same across all Perspectives, except that for Business Fundamentals, where the company is High-Performing, non-compliance with this guideline will not result in an AGAINST policy outcome.

Compensation structures should contain sufficient safeguards to align executive pay with long-term sustainable growth.

Applies to: Say-on-pay and related votes.

Tests:
• (RB) Is there an absence of structural safeguards, including, as applicable to the market: bonus deferral; sufficiently long-term vesting/holding periods; executive shareholding requirements; equity-based compensation; clawback and malus policies; and anti-hedging and pledging provisions? AND
• (RB) Is there excessive focus on short-term (generally less than three years) over long-term performance measurement in incentive plans?</td></tr>
</table>

<table>
<tr><th colspan="4">Topic: Company Discretion - Principle: Long-term alignment of compensation.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="4">

This policy is the same across all Perspectives, except that for Business Fundamentals, where the company is High-Performing, non-compliance with this guideline will not result in an AGAINST policy outcome.

Companies should refrain from applying inappropriate discretion to lower performance criteria or increase incentive outcomes.

Applies to: Say-on-pay and related votes.

Tests:

- **(RB)** Have performance conditions been re-tested or lowered after the grant with material impact on outcomes? **AND**
- **(JB)** Has unjustified discretion been afforded to or exercised by management or the compensation committee to deviate from defined performance metrics and goals in making awards? **AND**
- **(JB)** Are significantly adjusted metrics used without clear reconciliation to standardized figures and/or enhanced disclosure of the adjustments, where significant adjustments were applied to performance results and impacted pay outcomes? **AND**
- **(JB)** Is the exercise of discretion to account for significant, material events that would otherwise be excluded from performance results of selected metrics of the incentive plans imprudent or inadequately justified?

</td></tr>
</table>

<table>
<tr><th colspan="4">Topic: Information Disclosure - Principle: Long-term alignment of compensation.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="4">

This policy is the same across all Perspectives, except that for Business Fundamentals, where the company is High-Performing, non-compliance with this guideline will not result in an AGAINST policy outcome.

Sufficient information should be provided to allow shareholders to make an informed decision on a company's compensation practices.

Applies to: Say-on-pay and related votes.

Tests:

- **(RB)** Is there a lack of disclosure surrounding payout limits? **AND**
- **(RB)** Is there a lack of disclosure surrounding performance metrics and goals? **AND**
- **(JB)** Is there a lack of disclosure surrounding an explanation of the necessity for outsized and/or one-off awards, and the considerations used in determining the size and structure of the award? **AND**
- **(RB)** Is there a lack of disclosure surrounding exercises of upward discretion or material changes to the pay program structure? **AND**
- **(JB)** Is there a lack of disclosure surrounding the rationale for adopting market-atypical incentive structures or arrangements?

</td></tr>
</table>

Topic: NED Compensation Quantum - *Principle: Justifiable compensation arrangements.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
This policy is the same across all Perspectives, except that for Business Fundamentals, where the company is High-Performing, non-compliance with this guideline will not result in an AGAINST policy outcome. Non-Executive Directors should receive competitive but not excessive compensation for their board and committee service. **Applies to:** Approval of NED fees. **Tests:** • **(JB)** Is annual compensation excessive compared to peers? **AND** • **(RB)** Are there excessive increases in salary, or total compensation caps, that are not adequately justified?			

Topic: NED Award Type - *Principle: Long-term alignment of compensation.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Non-executive director fees should not be performance-based, and one-off awards should not be permitted. **Applies to:** Say-on-pay and related votes, Approval of NED fees. **Tests:** • **(RB)** Are performance-based awards granted to NEDs? **AND** • **(JB)** Are options or other derivative awards that do not pay out in alignment with ordinary shares granted without justification?			

Topic: Retirement Benefits for NEDs - *Principle: Long-term alignment of compensation.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Non-executive directors should not receive retirement benefits, as such payments can compromise the objectivity and independence expected of these board members. **Applies to:** Say-on-pay and related votes, Approval of NED fees. **Tests:** • **(RB)** Are NEDs entitled to receive retirement benefits?			

6.4. Governance Structure

This Category covers amendments to a company's governing documents, virtual meetings / meeting practices and anti-takeover mechanisms

Topic: Shareholder Rights - *Principle: Protection of shareholder rights in governance amendments.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Amendments to a company's governing documents should not materially affect shareholder rights or have a material economic impact. Amendments should also be submitted for shareholder approval on an individual basis to enable each change to be analyzed individually. **Applies to:** Amendments to Articles of Association. **Tests:** • **(JB)** Do specific amendments have a negative impact on shareholder rights or material negative economic impact? **AND** • **(JB)** If amendments are bundled under one proposal, does the overall effect of the amendments have a negative impact on shareholder rights or a material negative impact?			

Topic: Multi-Class Share Structures - *Principle: Protection of shareholder rights in governance amendments.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Each share of common stock should carry one vote, and certain shareholders should not hold power disproportionate to their economic interest. The approach to companies with existing multi-class structures varies by region, depending on local market practice, legislation, and evidence of poor governance or minority-shareholder suppression. **Applies to:** Anti-Takeover Measures, and the election of accountable directors as appropriate. **Tests:** • **(RB)** Does the proposal seek to adopt a new class of stock with different voting powers? **AND** • **(RB)** Has the company adopted a multi-class structure with unequal voting rights at IPO, spin-off, or direct listing within the past year, without the board committing to a shareholder vote at the first post-IPO meeting or providing a reasonable sunset (generally seven years or less)?			

Topic: Poison Pills (Shareholder Rights Plans) - *Principle: Protection of shareholder rights in governance amendments.*

Business Fundamentals	Foundational Governance	Global Stewardship	Sustainability Focused

Shareholder rights plans/poison pills can reduce management accountability by limiting takeover opportunities, and should not prevent shareholders from receiving a buyout premium for their shares.

Applies to: Anti-Takeover Measures.

Tests:

- **(RB)** Is the poison pill unclear on its purpose to accomplish a specific objective (e.g. closing of an important merger)? **AND**
- **(RB)** Does the pill contain a reasonable "qualifying offer" clause?

Topic: Supermajority Vote Requirements - *Principle: Protection of shareholder rights in governance amendments.*

Business Fundamentals	Foundational Governance	Global Stewardship	Sustainability Focused

Amendments to voting requirements should not have a negative effect on shareholder rights.

Applies to: Amendments to Articles of Association introducing, abolishing or amending supermajority voting requirements.

Tests (contributing to holistic case-by-case assessment):

- **(RB)** Does the shareholder structure include the presence of a large or controlling shareholder, and does the amendment impact a blocking minority for the major shareholder?
- **(JB)** Could the amendment create a de facto controlling vote position for a major shareholder, having regard to quorum requirements and meeting attendance levels?
- **(JB)** Are there impending transactions involving the company or a major shareholder?
- **(JB)** Are there any other material internal conflicts within the company?

Topic: Virtual Meeting Disclosure & Practices - *Principle: Protection of shareholder interests in meetings.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**

Companies should disclose, in advance of the meeting, how shareholders can meaningfully participate where in-person attendance is limited. Where in-person attendance is limited, companies should disclose at the time of convocation:

- When, where, and how shareholders may ask questions, including timeline, question types, and recognition/disclosure rules.
- How appropriate questions received during the meeting will be addressed by the board.
- Participation and access requirements for the meeting platform as well as technical support available.

Applies to: Where a virtual meeting disclosure concern is identified in egregious cases, the policy outcome is directed against the governance committee chair, board chair, and/or other relevant agenda items depending on governance structure, country of incorporation, and meeting agenda. This includes amendments enabling virtual meetings.

Tests:

- **(JB)** In egregious cases, has the company failed to provide sufficient disclosure to shareholders at the time of convocation stating how shareholders can meaningfully participate in virtual meetings? **AND**
- **(JB)** In egregious cases, has the company failed to provide basic safeguards for shareholder participation, such as the ability to ask questions or raise concerns in real time? **AND**
- **(JB)** Has the company faced ongoing material shareholder dissent regarding its virtual meeting practices without responding appropriately, or are its virtual meeting practices significantly poorer than those generally adopted in its market?

6.5. Capital Management

This Category covers proposals to increase authorized share capital, issue new shares, and repurchase shares.

<table>
<tr><th colspan="4">Topic: Share Issuance Size - Authorized Capital Increase - Principle: Justified capital expenditure or contentious spending.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="3">This policy is the same across these three Perspectives, except that for Business Fundamentals, where the company is High-Performing, non-compliance with this guideline will not result in an AGAINST policy outcome if the capital raise purpose is consistent with strategy.

A proposal to increase authorized share capital should limit potential dilution of existing shareholders' voting rights or equity interest. In markets where such authorities also authorize the board to issue new shares without separate shareholder approval, the Issuance of Shares guideline below also applies.

Applies to: Increase in Authorized Shares.

Tests:
• (RB) Does the authority exceed 100% of currently authorized shares, without a specific purpose for the additional authority being disclosed? AND
• (RB) After the increase of up to 100%, would the company have less than 30% of authorized shares outstanding? AND
• (JB) Is the vesting period outside a reasonable range? AND
• (RB) Does potential dilution exceed the recommended threshold as per local market requirements and best practice? AND
• (JB) Is the capital raising purpose inconsistent with strategy?</td><td>Applies the same guideline as other Perspectives. In addition, the following Test also applies:
• (JB) For companies in emission-intensive industries, has the company failed to disclose the use of proceeds with consideration of Environmental and Social impact?</td></tr>
</table>

<table>
<tr><th colspan="4">Topic: Share Issuance Size – Issuance of Shares - Principle: Justified capital expenditure or contentious spending.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="3">This policy is the same across these three Perspectives, except that for Business Fundamentals, where the company is High-Performing, non-compliance with this guideline will not result in an AGAINST policy outcome if the capital raise purpose is consistent with strategy.

A proposal to issue shares should limit potential dilution of existing shareholders' voting rights or equity interests.

Applies to: Issuance of Shares.

Tests:
• (RB) Is the requested increase (with pre-emptive rights) > the current issued share capital? AND
• (JB) Is the share issuance considered excessive as per market best practice (e.g. in some countries, greater than 33% of issued share capital), and has the company failed to explain the specific rationale? AND
• (RB) Does the suspension of pre-emptive rights exceed a maximum of 5–20% of issued ordinary share capital, depending on local market best practice? AND
• (RB) Does potential dilution exceed the recommended threshold as per local market requirements and best practice? AND
• (JB) Is the capital raising purpose not clearly consistent with strategy?</td><td>Applies the same guideline as other Perspectives. In addition, the following Test also applies:
• (JB) For companies in emission-intensive industries, has the company failed to disclose the use of proceeds with consideration of Environmental and Social impact?</td></tr>
</table>

<table>
<tr><th colspan="4">Topic: Share Issuance Safeguards - Principle: Capital decisions consider existing shareholder rights.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="4">The terms of a share issuance should include sufficient safeguards to protect existing shareholder rights.

Applies to: Issuance of Shares.

Tests:
• (RB) Does the authority exceed five years, or less for some countries? AND
• (JB) In the case of a private placement, is the discount to share price excessive?</td></tr>
</table>

Topic: Share Repurchases - *Principle: Capital decisions consider existing shareholder rights.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**

A company should be left with a sufficiently strong balance sheet in light of its capital requirements following a share repurchase.

Applies to: Share Repurchases.

Tests:

- **(RB)** Has the company failed to disclose the maximum number of shares? **AND**
- **(RB)** Does the maximum number of shares exceed market practice (typically not more than 10–20% of issued share capital)? **AND**
- **(RB)** Does the plan fail to stipulate that repurchased shares will be cancelled or disclose a reasonable purpose for holding the shares? **AND**
- **(RB)** Has the company failed to disclose the maximum price which may be paid for each share (as a percentage of market price)? **AND**
- **(JB)** Could the plan serve as an anti-takeover measure?

6.6. Shareholder Proposals

This Category covers shareholder-submitted proposals, typically covering environmental, social and governance matters. Given the diversity of shareholder proposals and variability in proposal quality these proposals frequently require case-by-case assessment where the Tests described below are not suitable for determining a policy outcome in isolation.

All else equal, each Perspective is more likely to support proposals seeking additional disclosure or reporting, which impose limited constraints on the company, than proposals seeking targets or commitments that reduce the board's strategic flexibility. In any case, the Tests below are indicative of the matters each Perspective considers.

<table>
<tr><th colspan="4">Topic: Climate - Principles: (1) Shareholder proposals address material issues; (2) Shareholder proposals are well-defined.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr>
<td colspan="2">Generally opposed, absent clear, demonstrable financial harm.

Applies to: Shareholder proposals related to climate.

Tests:
• (JB) Has the company faced demonstrable financial harm on account of its management of climate-related matters? AND
• (JB) Are proposals appropriately crafted and targeted, and do they address reporting or policy gaps related to financially salient risks?</td>
<td>Climate-related disclosure, targets, and oversight should be sufficient to allow shareholders to assess how the company is managing and mitigating climate-related risks.

Applies to: Shareholder proposals related to climate.

Tests:
• (JB) Has the company failed to provide sufficient disclosure concerning climate-related goals, policies, and risks? AND
• (JB) Has the company failed to establish sufficient GHG emissions reduction targets? AND
• (JB) Has the company failed to demonstrate appropriate oversight of climate-related issues, or has it faced financially material risks on account of its management of climate-related matters? AND
• (JB) Are proposals appropriately crafted and targeted, and do they address reporting or policy gaps related to financially salient risks?</td>
<td>Generally supported if the company is in an emission-intensive industry or has material climate exposure and the proposal has risk-mitigating intent.

Applies to: Shareholder proposals related to climate.

Tests:
• (JB) Is the proposal appropriately crafted or targeted, and does not conflate distinct issues? AND
• (JB) Does the proposal request a commitment to a scenario or timeline that may be reasonably considered given the company's current position? AND
• (JB) Has the company failed to provide disclosure, targets, and oversight sufficient to allow shareholders to assess how it manages the relevant climate risk?</td>
</tr>
</table>

<table>
<tr><th colspan="4">Topic: Environmental & Biodiversity - Principles: (1) Shareholder proposals address material issues; (2) Shareholder proposals are well-defined.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr>
<td colspan="2">Generally opposed, absent clear, demonstrable financial harm.

Applies to: Shareholder proposals related to the environment and/or biodiversity.

Tests:
(JB) Has the company faced demonstrable financial harm on account of its management of environmental impacts (e.g. lawsuits, fines, regulatory violations)? AND
(JB) Are proposals appropriately crafted and targeted, and do they address reporting or policy gaps related to financially salient risks?</td>
<td>Companies should provide comprehensive disclosure and adopt robust policies to mitigate environmental and biodiversity-related risks.

Applies to: Shareholder proposals related to the environment and/or biodiversity.

Tests:
(JB) Has the company faced financially material risks on account of its management of environmental impacts (e.g. lawsuits, fines, regulatory violations)? AND
(JB) Has the company failed to provide comprehensive disclosure concerning environmental considerations? AND
(JB) Has the company failed to adopt robust policies to mitigate its environmental risks? AND
(JB) Has the company demonstrated unresponsiveness to shareholder or stakeholder concerns regarding its environmental impacts? AND
(JB) Are proposals appropriately crafted and targeted, and do they address reporting or policy gaps related to financially salient risks?</td>
<td>Generally supported if the company is in an industry which has material environmental or biodiversity risk exposure and the proposal has risk-mitigating intent.

Applies to: Shareholder proposals related to the environment and/or biodiversity.

Tests:
(JB) Is the proposal appropriately crafted or targeted, and does not conflate distinct issues? AND
(JB) Does the proposal request a commitment to a target or policy that may be reasonably considered given the company's current position? AND
(JB) Has the company failed to provide comprehensive disclosure and adopt robust policies sufficient to allow shareholders to assess how it manages the relevant environmental or biodiversity-related risk?</td>
</tr>
</table>

<table>
<tr><th colspan="4">Topic: Human Capital Management - Principles: (1) Shareholder proposals address material issues; (2) Shareholder proposals are well-defined.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr>
<td colspan="2">Generally opposed, absent clear, demonstrable financial harm.

Applies to: Shareholder proposals related human capital management.

Tests:
(JB) Has the company faced demonstrable financial harm as a result of evidence of discrimination OR problematic employment practices? AND
(JB) Are proposals appropriately crafted and targeted, and do they address reporting or policy gaps related to financially salient risks?</td>
<td>Companies should adopt robust human capital management practices and provide shareholders with sufficient disclosure concerning workforce demographics and related considerations.

Applies to: Shareholder proposals related human capital management.

Tests:
(JB) Has the company failed to adopt robust human capital management practices? AND
(JB) Has the company faced significant financial harm as a result of evidence of discrimination or problematic employment practices? AND
(JB) Has the company failed to provide shareholders with sufficient information concerning diversity considerations, workforce demographics, or relevant human capital management considerations? AND
(JB) Are proposals appropriately crafted and targeted, and do they address reporting or policy gaps related to financially salient risks?</td>
<td>Generally supported if the company is in an industry which has material human capital management risk exposure and the proposal has risk-mitigating intent.

Applies to: Shareholder proposals related human capital management.

Tests:
(JB) Is the proposal appropriately crafted or targeted, and does not conflate distinct issues? AND
(JB) Does the proposal request a commitment to a target or policy that may be reasonably considered given the company's current position? AND
(JB) Has the company failed to adopt robust human capital management practices and provide sufficient information concerning diversity, workforce demographics, or related considerations? AND
(JB) Where human capital management is not classified as material for the company's industry, does the company face significant risk from discrimination or problematic employment practices?</td>
</tr>
</table>

<table>
<tr><th colspan="4">Topic: Human Rights & Stakeholder Impact - Principles: (1) Shareholder proposals address material issues; (2) Shareholder proposals are well-defined.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr>
<td colspan="2">Generally opposed, absent clear, demonstrable financial harm.

Applies to: Shareholder proposals related to human rights and stakeholder impact.

Tests:
• (JB) Has the company's management of a relevant issue resulted in fines, violations, or other financial harms? AND
• (JB) Have proponents clearly demonstrated that the company faced financial harm on account of its management of the issues addressed by the proposal? AND
• (JB) Are proposals appropriately crafted and targeted, and do they address reporting or policy gaps related to financially salient risks?</td>
<td>Companies should establish robust human rights reporting and due diligence plans, and provide sufficient disclosure to allow shareholders to understand how the company is managing and mitigating human rights-related risks.

Applies to: Shareholder proposals related to human rights and stakeholder impact.

Tests:
• (JB) Has the company failed to establish robust human rights reporting and due diligence plans, preferably aligned with international standards or frameworks? AND
• (JB) Has the company's management of a relevant issue resulted in, or does it have the clear potential to result in, fines, violations, or other financial harms? AND
• (JB) Has the company failed to provide sufficient disclosure to allow shareholders to understand how it is managing and mitigating human rights-related risks? AND
• (JB) Does the company face an outsized risk, particularly relative to others in its industry, as a result of its human rights-related impacts? AND
• (JB) Have proponents clearly demonstrated that the company faces financial risk on account of its management of the issues addressed by the proposal? AND
• (JB) Are proposals appropriately crafted and targeted, and do they address reporting or policy gaps related to financially salient risks?</td>
<td>Generally supported if the company is in an industry which has material human rights and stakeholder impact risk exposure and the proposal has risk-mitigating intent.

Applies to: Shareholder proposals related to human rights and stakeholder impact.

Tests:
• (JB) Is the proposal appropriately crafted or targeted, and does not conflate distinct issues? AND
• (JB) Does the proposal request a commitment to a target or policy that may be reasonably considered given the company's current position? AND
• (JB) Has the company failed to establish robust human rights reporting and due diligence plans and provided sufficient disclosure? AND
• (JB) Where human rights are not classified as material for the company's industry, has its management of a relevant issue resulted in, or has clear potential to result in, fines, violations, or other financial harms?</td>
</tr>
</table>

<table>
<tr><th colspan="4">Topic: Political & Charitable Spending - Principles: (1) Shareholder proposals address material issues; (2) Shareholder proposals are well-defined.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="2">Generally opposed, absent clear, demonstrable financial harm.

Applies to: Shareholder proposals related to political and charitable spending.

Tests:
• (JB) Has the company's management of a relevant issue resulted in clear financial harm? AND
• (JB) Have proponents clearly demonstrated that the company faced financial harm on account of its management of the issues addressed by the proposal? AND
• (JB) Are proposals appropriately crafted and targeted, and do they address reporting or policy gaps related to financially salient risks?</td><td colspan="2">Companies should provide clear disclosure concerning political contributions, lobbying activities, and charitable spending, including board-level oversight of these activities.

Applies to: Shareholder proposals related to political and charitable spending.

Tests:
• (RB) Has the company failed to provide sufficient information concerning board-level oversight of political contributions or lobbying activities? AND
• (JB) Does the company's management of the issues raised by the proposal have, or will it have, clear potential to result in financial risks for the company? AND
• (JB) Does the company's disclosure clearly lag that of its peers?</td></tr>
</table>

<table>
<tr><th colspan="4">Topic: Board Structure & Independence - Principles: (1) Shareholder proposals address material issues; (2) Shareholder proposals are well-defined.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="4">
This policy is the same across all Perspectives, except that for Business Fundamentals, where the company is High-Performing, the below Tests will not result in a FOR policy outcome.
Boards should be sufficiently independent and structured to ensure accountability, effective oversight, and responsiveness to shareholders.
Applies to: Shareholder proposals related to board structure and independence.
Tests:

(RB) Where a proposal requests the company to appoint an independent board chair or enhance the independence of the board, does the company fail to maintain an independent chair or sufficient levels of independence? AND
(JB) Where a proposal request the formation of committees or the codifying of specific board oversight structures, is there demonstrable evidence of mismanagement of the issues addressed by the proposal? AND
(JB) Where a proposal request that the board adjust the number of directors, tenure, or age limitations, is there evidence that the board has acted egregiously with respect to those matters? AND
(RB) Does the proposal request decision-useful disclosure concerning board composition where the company has failed to provide sufficient disclosure?

</td></tr>
</table>

Topic: Shareholder Rights & Takeover Defenses - *Principles: (1) Shareholder proposals address material issues; (2) Shareholder proposals are well-defined.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**

This policy is the same across all Perspectives, except that for Business Fundamentals, where the company is High-Performing, the below Tests will not result in a FOR policy outcome.

Companies should adopt provisions that adequately ensure shareholders are able to take actions that promote board accountability and exercise their rights.

Applies to: Shareholder proposals related to shareholder rights and takeover defenses.

Tests:

- **(JB)** Has the company failed to adopt provisions that adequately ensure shareholders are able to take actions that would promote board accountability or exercise their rights? **AND**
- **(RB)** Where a proposal request the adoption of a special meeting right, has the company failed to adopt one with a 15% or lower threshold? **AND**
- **(RB)** Where a proposal requests the adoption of a right to act by written consent, has the company failed to adopt a right to act by written consent with a 15% or lower threshold? **AND**
- **(RB)** Does the proposal request the adoption of a majority voting standard and is unlikely to negatively impact on the interests of shareholder interests? **AND**
- **(RB)** Does the proposal request that the company eliminate supermajority voting standards and is unlikely to negatively impact on the interests of shareholder interests? **AND**
- **(RB)** Does the proposal request the removal of, or that the company seek shareholder approval of, poison pill provisions? **AND**
- **(RB)** Does the proposal request equal voting rights for all share classes?

<table>
<tr><th colspan="4">Topic: Executive Compensation - Principles: (1) Shareholder proposals address material issues; (2) Shareholder proposals are well-defined.</th></tr>
<tr><th>Business Fundamentals</th><th>Foundational Governance</th><th>Global Stewardship</th><th>Sustainability Focused</th></tr>
<tr><td colspan="2">
This policy is the same for Business Fundamentals and Foundational Governance, except that for Business Fundamentals, where the company is High-Performing, the below Tests will not result in a FOR policy outcome unless there is a demonstrated governance failure at the company.

Executive compensation should be reasonably aligned with company performance and the experience of shareholders and key stakeholders.

Applies to: Shareholder proposals related to executive compensation.

Tests:

(RB) Does the proposal request that the company tie executive compensation to ESG measures (weighing against supporting the proposal)? AND
(RB) Does the proposal request that the company adopt reasonable shareholding requirements for executives? AND
(RB) Does the proposal request that shareholder approval be required to approve severance payments over 2.99 times salary and bonus, where the company has failed to adopt provisions ensuring shareholder approval of excessive severance? AND
(JB) Is the proposal reasonably crafted so that will serve to better align the interests of shareholders with those of executives?

</td><td colspan="2">
Executive compensation should be reasonably aligned with company performance and the experience of shareholders and key stakeholders.

Applies to: Shareholder proposals related to executive compensation.

Tests:

(JB) Does the proposal request that the company tie executive compensation to ESG impacts where the company lacks reasonable compensation plans, and there is a clear demonstration that adoption will help mitigate material risks? AND
(RB) Does the proposal request that the company adopt reasonable shareholding requirements for executives? AND
(RB) Does the proposal request that shareholder approval be required to approve severance payments over 2.99 times salary and bonus, where the company has failed to adopt provisions ensuring shareholder approval of excessive severance? AND
(JB) Is the proposal reasonably crafted so that will serve to better align the interests of shareholders with those of executives?

</td></tr>
</table>

6.7. Special Situations

This Category covers mergers, acquisitions, and other significant corporate transactions as well as contested transactions and contested elections of directors. Given the complexity and holistic nature of transactions, no single factor determines the policy outcome. Instead, the Tests listed under each Topic inform a case-by-case evaluation.

The Special Situations Category below has 18 Topics; on only one (Strategic Rationale and Timing) do any of the Perspectives differ from each other. Shareholder votes on these situations are often contentious, but the divergence in those votes typically stems from differing assessments of asset quality, deal terms, and management or dissident strategies, factors that are not well aligned with the distinctions we have sought to capture between the Four Perspectives. The Request for Comment Consultation Paper includes consultation questions on whether further differentiation on these topics is warranted under the Four Perspectives.

Topic: Strategic Rationale & Timing - *Principle: Fairness to unaffiliated shareholders.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Transactions should be supported by a compelling strategic and financial rationale. **Applies to:** Transactions. **Tests (contributing to holistic case-by-case assessment):** • **(JB)** Has the board provided a broad discussion for shareholders of how it chose to recommend approval, and did it evaluate other strategic alternatives? • **(JB)** Has the timing of the transaction been evaluated, including whether the company is operating from a position of strength or under duress? • **(JB)** Has the company exhausted organic growth opportunities? • **(JB)** To what extent does the transaction enhance long-term competitive positioning? • **(JB)** When applicable, are the forecasted synergies credible and achievable? • **(JB)** Is the proposed consideration in the interests of the voting shareholders? For an acquiror, has the company offered too high a value and for a target, does the consideration adequately value the company?			Applies the same guideline as other Perspectives. In addition the following also applies: • **(JB)** What social and environmental issues does the transaction raise, including its impact on employees and other affected stakeholders?

Topic: Governance & Conflict Mitigation - *Principle: Fair terms in related-party transactions.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Transactions involving material conflicts of interest are best evaluated and negotiated exclusively by independent directors. **Applies to:** Transactions. **Tests (contributing to holistic case-by-case assessment):** • **(RB)** Was a special committee of independent directors formed, and if so, when? • **(JB)** To what extent did conflicted directors and executives recuse themselves? • **(JB)** Were enhanced safeguards present in related-party transactions?			

Topic: Process Design & Market Check - *Principle: Fairness to unaffiliated shareholders.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
Shareholders are best served by a well-designed process that aims to maximize value. **Applies to:** Transactions. **Tests (contributing to holistic case-by-case assessment):** • **(JB)** Did the board reasonably evaluate all strategic alternatives and solicit potential bidders prior to execution? • **(RB)** Is there evidence of meaningful competitive tension among multiple bidders? • **(JB)** Is there a clear rationale for any limited or single-bidder process?			

Topic: Consideration & Valuation - *Principle: Fairness to unaffiliated shareholders.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**

The consideration offered should represent a fair value to shareholders.

Applies to: Transactions.

Tests (contributing to holistic case-by-case assessment):

- **(RB)** What is the inherent value of the target on a standalone basis, accounting for an appropriate change-in-control premium?
- **(RB)** What are the historical share values and the implied equity premium?
- **(JB)** What do trading multiples and precedent transactions show?
- **(JB)** What is the structure of the consideration?
- **(JB)** For acquiror shareholders, what is the accretion/dilution profile relative to expected synergies?

Topic: Financial Advisor Analysis & Fairness Opinion - *Principle: Fairness to unaffiliated shareholders.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**

The analysis of financial advisors should be reasonable and sufficiently robust.

Applies to: Transactions.

Tests (contributing to holistic case-by-case assessment):

- **(RB)** Is the advisor independent and credible?
- **(JB)** Are management's forecasts, assumptions, and methodologies appropriate?
- **(JB)** Does the fairness opinion provide meaningful support for the board's recommendation?

Topic: Deal Terms & Structural Features - *Principle: Fairness to unaffiliated shareholders.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
The terms of the transaction should appropriately balance deal certainty and value for shareholders. **Applies to:** Transactions. **Tests (contributing to holistic case-by-case assessment):** • **(RB)** What is the size and structure of termination fees, and could they deter competing bids? • **(RB)** Are there deal protections that may limit the board's ability to consider superior proposals?			

Topic: Market Reaction & External Validation - *Principle: Fairness to unaffiliated shareholders.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
The transaction should be received positively in the market. **Applies to:** Transactions. **Tests (contributing to holistic case-by-case assessment):** • **(RB)** What was the share price reaction for both acquiror and target upon announcement and through the date of the shareholder vote? • **(RB)** How did the company perform relative to peers and indices? • **(JB)** Is there public evidence of shareholder support or opposition?			

Topic: Regulatory, Legal, and Execution Risk - *Principle: Fairness to unaffiliated shareholders.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**

Material risks should not impact the completion or value of the transaction.

Applies to: Transactions.

Tests (contributing to holistic case-by-case assessment):

- **(JB)** Are there potential regulatory hurdles?
- **(JB)** Is there ongoing or anticipated litigation?
- **(JB)** Are there other execution risks that may affect transaction certainty?
- **(JB)** What is the anticipated timeline to close, particularly where regulatory reviews or other conditions are expected to be protracted, and what is the associated risk of an extended or delayed closing?

Topic: Nature of the Dissent - *Principle: Fairness to unaffiliated shareholders.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**

In a contested merger, the board should seek to understand the nature of the dissent.

Applies to: Contested transactions.

Tests (contributing to holistic case-by-case assessment):

- **(JB)** Is the opposing party (shareholder vs. bidder) credible?
- **(JB)** Is the opposing party economically aligned with existing shareholders?
- **(JB)** Is the dissent shared among the broader shareholder base?
- **(JB)** How has the investor/market reacted to the shareholder dissent to the board's proposed plan?

Topic: Board Response & Disclosure - *Principle: Fairness to unaffiliated shareholders.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
In a contested merger, the board should appropriately respond to shareholder concerns and provide comprehensive disclosures. **Applies to:** Contested transactions. **Tests (contributing to holistic case-by-case assessment):** • **(JB)** Is the board's defense of the transaction of sufficient quality and transparency? • **(JB)** Has the board been responsive to dissident critiques? • **(JB)** Has the board provided complete disclosure regarding strategic rationale, process design, and financial and valuation analyses?			

Topic: Process Integrity - *Principle: Fairness to unaffiliated shareholders.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
In a contested merger, the transaction should be conducted with integrity, independence, and transparency, free from undue influence or conflicts. **Applies to:** Contested transactions. **Tests (contributing to holistic case-by-case assessment):** • **(JB)** Is there evidence of a competitive sale process? • **(JB)** Has the company justified any limitations in the process? • **(JB)** Was decision-making independent, and were conflicts of interest appropriately addressed?			

Topic: Competing Proposals & Alternatives - *Principle: Fairness to unaffiliated shareholders.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
In a contested merger, competing proposals or alternatives should be considered. **Applies to:** Contested transactions. **Tests (contributing to holistic case-by-case assessment):** • **(RB)** What value does the alternative proposal offer to shareholders? • **(JB)** Is the alternative bid credible, financed, and feasible? • **(JB)** What is the relative value and risk of the alternative versus the executed agreement? • **(JB)** What is the timing and certainty of closing for the alternative?			

Topic: Dissident Case & Plan Quality - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
In a contested election, the dissident should prove there is cause for change and present a credible, specific, and achievable plan. Whether a change to the board is necessary and likely to enhance board and company performance is the central question. **Applies to:** Contested elections. **Tests (contributing to holistic case-by-case assessment):** • **(JB)** What is the dissident's investment thesis? • **(JB)** Is there evidence supporting claims of company underperformance or mismanagement? • **(JB)** What is the detailed scope of change sought - proposed director replacements, governance improvements, and a strategic plan? • **(JB)** Is the proposed plan specific, feasible, and time-bound?			

Topic: Company Performance & Track Record - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**

In a contested election, the company should demonstrate a track record of sustained performance.

Applies to: Contested elections.

Tests (contributing to holistic case-by-case assessment):

- **(JB)** How does historical financial and operating performance compare to the communicated strategic plan?
- **(RB)** How does TSR compare to indices and reasonable peers?
- **(RB)** How do operating metrics compare to reasonable peers?
- **(RB)** How do earnings and performance results compare to market expectations?
- **(JB)** Are the company's performance issues aligned with the dissident's claims?

Topic: Governance & Board Responsiveness - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**

In a contested election, the board should be demonstrably well-governed, independent, and responsive to shareholders.

Applies to: Contested elections.

Tests (contributing to holistic case-by-case assessment):

- **(RB)** What is the board's governance track record and shareholder vote history?
- **(JB)** Has the board been responsive to prior shareholder concerns or dissent?
- **(JB)** Is the board sufficiently independent and well composed?
- **(JB)** Is executive compensation aligned with performance?
- **(JB)** Has the board been responsive to shareholder/dissident concerns leading up to the campaign?
- **(JB)** Is there evidence of reactive governance changes made prior to the campaign becoming public?

Topic: Incumbent Board Actions - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
In a contested election, the incumbent board should demonstrate a willingness to act in the best interests of shareholders. **Applies to:** Contested elections. **Tests (contributing to holistic case-by-case assessment):** • **(JB)** Is there evidence of poor management or value-destructive decisions, or missed market expectations? • **(JB)** Are there strategic missteps or a failure to act in shareholders' interests? • **(JB)** Has the board been open to board refreshment or change?			

Topic: Dissident Nominee Quality - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
In a contested election, the proposed nominees should have recent and relevant experience relative to the company's most urgent needs that exceeds those offered by targeted incumbent or newly appointed directors. **Applies to:** Contested elections. **Tests (contributing to holistic case-by-case assessment):** • **(JB)** Do the nominees have relevant industry expertise and skillsets relative to the company's near- and medium-term needs? • **(JB)** Are the nominees independent from the dissident, with a proven ability to contribute constructively? • **(JB)** Where an activist principal is nominated, has the necessity of firm representation on the board been justified? • **(JB)** Do the nominees have a track record in similar situations?			

Topic: Proportionality of Change - *Principle: Appropriate board and governance structures.*			
Business Fundamentals	**Foundational Governance**	**Global Stewardship**	**Sustainability Focused**
In a contested election, the impact of the proposed change should be proportional, avoiding undue operational disruption while ensuring that the level of turnover is justified. **Applies to:** Contested elections. **Tests (contributing to holistic case-by-case assessment):** • **(JB)** Is the scale of board turnover sought justified? • **(JB)** Does the proposed change risk excessive disruption relative to incremental improvement? • **(JB)** Is a partial versus full slate replacement more appropriate?			

7. Appendix

7.1. Glossary of Terms

The terms below carry a specific meaning in this document. They are capitalized throughout the main text and shown in bold on first use. They are intended to be read as defined here.

Term	Definition
Analyst Discretion	The judgment applied where pro forma application of the guidelines does not achieve an appropriately nuanced consideration of salient context; used to override specific Tests or modify policy outcomes, including overruling High-Performing exemptions.
Assessment Layer	The layer of the Research Methodology Framework (RMF) in which policy configurations are differentiated from one another, through the specific Tests and Indicators applied to each Topic.
Breach Indicator	Under the RMF, an Indicator type, applicable to all proposal types, that determines whether a Principle has been breached with respect to a given Topic. There are up to four possible Outcomes: NO CONCERN, CONCERN, BREACH, or SEVERE BREACH.
Business Fundamentals (BF)	One of the four Perspectives. Believes that a company leadership's track record is the most relevant indicator of long-term shareholder value; the only Perspective to formalize a High-Performing exemption.
Double Materiality	The combined materiality lens applied under Sustainability Focused, under which a matter is treated as material where it is financially material to the company (see Industry Materiality Standard) or where the company's activities have a material effect on the environment or society (see Impact Materiality). Established in the EU sustainability reporting framework (ESRS 1, section 3).
Foundational Governance (FG)	One of the four Perspectives. Treats core governance standards as essential to safeguard long-term shareholder value.
Four Perspectives	The four Voting Perspectives that are the subject of the Request for Comment, each configured on the shared Research Methodology Framework architecture. They comprise: Business Fundamentals (BF), Foundational Governance (FG), Global Stewardship (GS) and Sustainability Focused (SF).
Global Stewardship (GS)	One of the four Perspectives. Combines governance standards with oversight of financially material environmental and social risk, using an industry-specific materiality lens.

Term	Definition
"High-Performing"	A mechanism unique to Business Fundamentals under which a company whose leadership ranks in the top quartile of its peer group on relative Total Shareholder Return receives added latitude on certain governance issues.
Impact Materiality	A materiality lens, applied under Sustainability Focused, that considers the material effects a company's activities have on the environment and society, whether or not those effects are financially material to the company itself. Established in the EU sustainability reporting framework (ESRS 1, section 3).
Independence Indicator	Under the RMF, an Indicator type specific to Election of Directors proposals that classifies an individual director's independence status (e.g., INDEPENDENT, INSIDER, or AFFILIATED).
Indicator	Under the RMF, an algorithmic logic assessment that combines Test Signals to produce a Policy Outcome from a defined set of options. Breach and Outcome Indicators apply to all Proposal Types; Independence and Targeting Indicators apply only to Election of Directors Proposal Types.
Indicator Outcome	The result produced by an Indicator, selected from the defined outcome options available to that Indicator.
Industry Materiality Standard	A materiality lens, informed by SASB guidance, that applies a heightened sustainability-disclosure standard to companies in industries where a given issue is more likely to be financially material. Used by Global Stewardship and Sustainability Focused.
Judgment-Based Test (JB)	A Test resolved by qualitative assessment requiring analyst interpretation — for example, whether a rationale is justified or a response was appropriate.
Model-Based Test (MB)	A Test resolved by reference to the output of a proprietary model, such as the pay-for-performance model.
Policy Outcome Indicator	Under the RMF, an Indicator type, applicable to all proposal types, that translates Breach Indicator outcomes (among other Tests) into an actionable policy outcome, such as FOR, AGAINST, ABSTAIN, WITHHOLD, VOTE MANUAL, or a specified term length.
Performance Model	The model used to make a High-Performing determination, incorporating different time periods in determining the confidence of any output.

Term	Definition
Principle	Under the Research Methodology Framework (RMF), a universal policy objective, broadly accepted as a desirable standard across investor types, that is considered by one or more Topics (e.g., "the board must provide appropriate oversight of management performance and conduct"). The same Principles are shared by all four Perspectives and every custom policy derived from them.
Proposal	An item put to shareholder vote and assessed under the guidelines.
Proposal Category	One of seven broad groupings of related Proposals sharing a common subject matter: Election of Directors, Financial Reporting, Compensation, Governance Structure, Capital Management, Shareholder Proposals, and Special Situations. Together with the Proposal Type, it identifies a proposal and determines which Topics and Principles apply.
Proposal Type	The specific kind of Proposal within a Proposal Category, for example, Appointment of Auditors within Financial Reporting, or Say-on-Pay within Compensation.
Research Methodology Framework (RMF)	The common architecture underlying all four Perspectives and every custom client policy derived from them, comprising Proposal Classifications (Proposal Categories and Proposal Types), a universal Structural Layer (Topics and Principles) and a configurable Assessment Layer (Tests and Indicators).
Rules-Based Test (RB)	A Test resolved by objective assessment, without the need for analyst interpretation.
Structural Layer	The layer of the Research Methodology Framework (RMF) that is universal across all policy configurations, comprising the Topics and Principles shared by all four Perspectives and every custom client policy.
Sustainability Focused (SF)	One of the four Perspectives. The broadest stewardship and stakeholder view among the four, incorporating both company-level and system-level sustainability considerations and never applying a performance-based exemption.
Targeting Indicator	Under the RMF, an Indicator type specific to Election of Directors proposals that determines which specific nominee or nominees a Breach finding should apply to.
Test	Under the Research Methodology Framework (RMF), a simple logic assessment that informs an Indicator, producing a binary Pass or Fail Test Signal. Tests are assessed on one of three bases: Rules-Based (RB), Model-Based (MB), incorporating a model output, such as the pay-for-performance or vote prediction model, or Judgment-Based (JB).
Test Signal	Under the RMF, the output of a Test (always a binary PASS or FAIL) used as an input to an Indicator.

Term	Definition
Topic	Under the RMF, a specific governance, compensation, or stewardship subject assessed within a Proposal Type, which considers one or more Principles (e.g., “Board Diversity,” “Pay-for-Performance Alignment”), assessed to determine whether the Principle has been breached. The Topic catalog is universal across all four Perspectives.
Total Shareholder Return (TSR)	The total return to a shareholder over a given period, comprising share price appreciation and dividends (assumed reinvested). Measured on a relative basis against a peer group, it is the performance measure underlying the Performance Model and the High-Performing determination under Business Fundamentals, and is a common input to pay-for-performance analysis under all four Perspectives.
Universal Ownership	The systemic view, applied under Sustainability Focused, that a broadly diversified investor's long-term returns depend more on the health of the market and the wider economy than on the performance of any single holding. Environmental and social costs externalized by one company can therefore erode value elsewhere in the portfolio, so such impacts are treated as relevant to overall portfolio value even where they are not financially material to the company in question.

7.2. Principles by Proposal Category

Each Topic in Sections 6.1 to 6.7 is anchored to one of 18 Principles: a statement of what shareholders generally expect, and the foundation on which the guidelines rest.

The table below maps each Principle to the Proposal Categories in which it is currently applied in these indicative, non-market-specific guidelines. The mapping itself is illustrative rather than exhaustive, as Principles may be invoked in a Proposal Category other than those listed below. This generally can occur where Analyst Discretion is applied and the concern in question warrants consideration of a particular Principle in a Proposal Category not expressed below.

Principle	Long-Form Description	Proposal Categories
(1) Shareholders require sufficient and timely disclosure.	Shareholders require sufficient and timely disclosure to make informed voting decisions.	Election of Directors; Financial and Non-Financial Reporting
(2) Appropriate board and governance structures.	The board and governance structures must provide appropriate oversight, support, or both of management performance and conduct.	Election of Directors; Special Situations
(3) Director accountability through election or equivalent mechanisms.	Directors must be accountable to shareholders by appropriate regular election or alternative accountability mechanisms.	Election of Directors
(4) Appropriate consideration of material shareholder feedback.	The board must give appropriate consideration to material shareholder feedback, including significant voting opposition.	Election of Directors
(5) Accurate and complete reporting.	Financial and non-financial statements and reports must accurately reflect the company's situation, free from material concern.	Financial and Non-Financial Reporting

Principle	Long-Form Description	Proposal Categories
(6) Auditor independence in fact and appearance.	Auditors and other independent experts must be independent in fact and appearance to provide shareholders with objective assurance.	Financial and Non-Financial Reporting
(7) Auditor quality and competence.	Auditors and other independent experts must demonstrate the quality and competence necessary to provide reliable assurance.	Financial and Non-Financial Reporting
(8) Credible management-sponsored proposals.	Management-sponsored advisory or strategic proposals must demonstrate that the approach proposed is credible and meets a reasonable standard.	Financial and Non-Financial Reporting
(9) Capital decisions consider existing shareholder rights.	Capital decisions must not impair the rights or interests of existing shareholders beyond what the company's circumstances necessitate.	Financial and Non-Financial Reporting; Capital Management
(10) Justifiable compensation arrangements.	Compensation arrangements with directors and senior executives must be justifiable in the context of the company's circumstances.	Compensation
(11) Long-term alignment of compensation.	Material compensation arrangements must be structured to align with the long-term interests of shareholders.	Compensation
(12) Protection of shareholder rights in governance amendments.	Amendments to governing documents and structural mechanisms, including reincorporation or change of jurisdiction, must not diminish shareholder rights, voting power, or economic interests without commensurate benefit to shareholders.	Governance Structure

Principle	Long-Form Description	Proposal Categories
(13) Protection of shareholder interests in meetings.	Shareholder interests must be protected and, where possible, enhanced in the conduct of meetings.	Governance Structure
(14) Justified capital expenditure or contentious spending.	Capital expenditure or other contentious expenditure decisions must be justified by the company's strategic or financial circumstances.	Capital Management
(15) Shareholder proposals address material issues.	Shareholder proposals or campaigns must address a financially material issue that the company has not adequately managed or disclosed.	Shareholder Proposals
(16) Well-defined shareholder proposals.	Shareholder proposals or other shareholder campaigns must be sufficiently well-defined to support without unacceptable risk of unintended consequences or conflation of distinct issues.	Shareholder Proposals
(17) Fairness to unaffiliated shareholders.	Transactions must be in the best interests of unaffiliated shareholders.	Special Situations
(18) Fair terms in related-party transactions.	Related-party transactions must be conducted on terms fair to unaffiliated shareholders.	Special Situations

7.3. References

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