#522

COMPLETE

Page 1: Respondent Information

Q1

Please provide your contact information.

Name	**Ola Peter K Gjessing**
Title	**Senior Analyst, Corporate Governance**
Organization	**Norges Bank Investment Management**
Valid e-mail address	**ownership@nbim.no**
Country where you are based	**Norway**

Q2

Which category best describes you or the organization on whose behalf you are responding?

Institutional investor (asset owner)

Q3

If you are an institutional investor, what is the size of your organization's equity assets under management or assets owned (in U.S. dollars) or what is the size of your organization's market capitalization (in U.S. dollars) if you are a public corporation?

Over $100 billion

Q4

What is your primary geographic area of focus in answering the survey questions?

Global (most or all of the below)

Page 2: Global Questions

Q5

Do you believe incorporating non-financial Environmental, Social, and/or Governance-related metrics into executive compensation programs is an appropriate way to incentivize executives? Please select the answer below that most closely reflects your view.

Yes, but such metrics should only be used in compensation programs if the metrics selected are specific and measurable, and their associated targets are communicated to the market transparently.

Q6

If you answered "Yes" to the question above, which pay components do you consider to be the most appropriate for inclusion of non-financial ESG-related performance metrics if a company chooses to use them?

Short-term incentives

Q7

What is your opinion about third-party racial equity audits?

Whether a company would benefit from an independent racial equity audit depends on company-specific factors including outcomes and programs.

Q8

If you selected the second option above, which of the following company-specific factors do you consider relevant in indicating that a company would benefit from an independent racial equity audit (where permitted to do so)? (please select all that apply)

The company is involved in significant racial and/or ethnic diversity-related controversies.

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The company does not provide detailed workforce diversity statistics, such as EEO-1 type data.

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The company does not disclose an adequate internal framework/process for addressing implicit or systemic bias throughout the organization.

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The company has not undertaken initiatives/efforts aimed at enhancing workforce diversity and inclusion, including trainings, projects, pay disclosure.

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Other (please specify):

The company-specific factors that we consider when deciding whether to engage with a company on this issue include: 1. The extent to which diversity and inclusion is a material issue for the company 2. Board oversight of internal and external diversity and inclusion efforts 3. The extent to which the company has considered risks related to diversity and inclusion 4. Disclosure of data and metrics related to management and performance on internal and external diversity and inclusion issues 5. Company involvement in significant controversies related to diversity and inclusion.

Q9

If a company holds a virtual-only meeting, which of the following practices, if any, would you consider detrimental and/or problematic? (please check all that apply)

The inability to ask live questions at the meeting but with the option to submit questions in advance

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The inability to ask live questions at the meeting and no option to submit questions in advance

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Participants muted and only given the option to watch the meeting

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The inability for shareholders to vote or change their votes at the meeting

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A requirement to register a week or more in advance, or other unreasonable barriers to shareholder registration or identification

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The inability for a shareholder proponent to present and explain a shareholder proposal considered at the meeting

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The inability for a shareholder proponent to present their shareholder proposal live at the meeting and being required to record the presentation of the proposal prior to the meeting

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Question and Answer (Q&A) opportunities not provided, or questions submitted not answered.

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Management unreasonably “curating” which and how many questions to answer during the meeting, apparently to avoid addressing difficult questions

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Q10

If you selected any of the above options, what would you consider an appropriate way for shareholders to voice concerns regarding such problematic practices in the context of virtual-only meetings? Please select the option that best reflects your view.

Problematic virtual-only meeting practices that restrict shareholder rights and participation constitute a material governance failure and adverse votes against the chair of the board may be warranted.

Page 3: Region & Market Specific Questions

Q11

Long(er)-term Perspective on CEO Pay Quantum – U.S. & CanadaCEO pay quantum is an increasingly important factor for many investors in evaluating executive compensation programs. ISS' quantitative pay-for-performance screen currently includes a measure that evaluates one-year CEO pay quantum as a multiple of the median of CEO peers.Does your organization believe that ISS' pay-for-performance screen should include a longer-term perspective (for example, a three-year assessment) of CEO pay quantum beyond the one-year horizon currently utilized in the ISS pay-for-performance quantitative screen?

Yes, a longer-term perspective is relevant and would be helpful

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Q12

Mid-cycle Changes to Long-term Incentive Programs – U.S. & CanadaFor the 2021 proxy season, mid-cycle changes to long-term incentive programs were generally viewed by ISS and many investors as a problematic response to the pandemic, given that many investors consider that long-term incentives should not be adjusted based on short-term (i.e. less than one year) market disruptions. However, some industries continue to incur severe negative economic impacts since the onset of the pandemic more than a year ago.What is your organization's view on mid-cycle changes to long-term incentive programs for companies incurring long-term negative impacts?

Mid-cycle changes to long-term incentive programs should continue to be viewed as a problematic response to the pandemic

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Q13

Companies with Pre-2015 Poor Governance Provisions – U.S.Since 2015, ISS policy for the U.S. has been to recommend votes against directors of newly-public companies that have certain poor governance provisions, such as multiple classes of stock with unequal voting rights without a reasonable sunset to the structure, a classified board structure, or supermajority vote requirements to amend governing documents. However, companies that became public prior to the 2015 ISS policy change were grandfathered (exempted from the policy), and no negative ISS vote recommendations for these provisions have been issued at such companies. In your opinion, for the companies with poor governance structures that were previously grandfathered, should ISS revisit these problematic provisions and consider issuing adverse voting recommendations in the future where they still exist? (i.e. at companies that still maintain these poor governance provisions?)

No

Q14

If you answered Yes above, which of the following features do you think ISS should revisit and consider no longer grandfathered when considering director vote recommendations (check all that apply)

Respondent skipped this question

Q15

Recurring Adverse Director Recommendations – U.S.For newly public companies, ISS policy is currently to recommend case-by-case on director nominees where certain adverse governance provisions are maintained in the years subsequent to the first shareholder meeting. An example of such an adverse governing provision is a supermajority vote requirement to amend governing documents. If a company has sought shareholder approval to eliminate such supermajority vote requirements, but the management proposal failed to receive the requisite level of shareholder support needed for approval, do you consider that ISS should continue to make recurring adverse director vote recommendations for maintaining the supermajority vote requirements? (please check all the apply):

No, a single attempt by the company to remove the supermajority requirements is considered sufficient and representative of shareholder views

Q16

If you selected the 4th option above, how many years would you consider sufficient?

Respondent skipped this question

Q17

Special Purpose Acquisition Corporations (SPACS) – U.S. & CanadaCurrent ISS policy is to evaluate SPAC transactions (business combination with a target company) on a case-by-case basis, with one of the main drivers being the market price relative to the redemption value. However, due to the mechanics of SPACs and considering SPAC investor voting practices over recent years, ISS is considering a change in this policy. The redemption feature of SPACs may be used regardless of if or how an investor votes on any SPAC transaction, as long as such transaction is approved. Therefore, unless a SPAC transaction is approved, the public warrants will not be exercisable and will be worthless if they are not sold prior to the termination date. Given this feature, in combination with the fact that investors may redeem if they do not like the prospects of said transaction (or may sell their shares on the open market), there may arguably be little reason for an investor not to support a SPAC transaction. If a SPAC transaction is not approved and consummated, public investors would have to wait some period of time until the termination date to recover their investment from any liquidating distribution if they do not sell their shares on the open market.In your view, does it make sense for investors to generally vote in favor of SPAC transactions, irrespective of the merits of the target company combination or any governance concerns?

Yes

Q18

If you answered "No," why not?

Respondent skipped this question

Q19

What issues, dealbreakers, or areas of concern do you consider might be reasons for an investor to vote against a SPAC transaction (please specify in comment box)?

Respondent skipped this question

Q20

Proposals with Conditional Poor Governance Provisions – U.S.A way to impose poor governance or structural features on shareholders that they might otherwise not approve is for companies to bundle, cross-condition, or to condition the closing of some transaction on the passing of other voting items. In essence, companies are saying if you like a transaction, you must accept some negative changes as well, giving shareholders an “all-or-nothing” choice. This is especially common in SPAC transactions where, for example, shareholders may be asked to approve a new governing charter as a condition for the transaction to close. The governing documents may include unequal voting structures, excessive authorized shares, supermajority voting requirements, classified boards, etc. Commonly however, the proxy statements will also state that these closing conditions may be "waived" by the parties to the transaction if they are not approved by shareholders. This implies that shareholders may vote against these conditional proposals without jeopardizing the underlying transaction as the parties may choose to "waive" the applicable conditions. ISS has often cited these waivers in recommending votes against such conditional proposals. Assume an underlying transaction (merger, acquisition, reorganization, SPAC, etc.) warrants support but the approval of other ballot items containing poor governance provisions serve as closing conditions unless the parties agree to a waiver. Which of the following most closely represents your organization's view of the best course of action for a shareholder who supports the underlying transaction?

Support the transaction, but do not support those other ballot items, citing the waiver

Q21

Remuneration Policy Derogation Clauses - EuropeAs authorized by the Shareholder Rights Directive II (SRD II), most EU member states allow companies to temporarily derogate (that is, apply an exemption or relaxation) from their existing remuneration policy in exceptional circumstances, provided that the policy includes the procedural conditions under which a derogation can be applied and specifies the elements of the policy which may be derogated. According to SRD II, derogations should only be permissible in exceptional circumstances in situations in which the derogation from the remuneration policy is necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. However, many EU companies have included broad derogation clauses in their remuneration policies that are broadly aligned with SRD II but are not clear on the extent or circumstances under which derogation may be applied, allowing those companies a broad power to derogate from most of the policy features and often in poorly-defined circumstances.Please select the option below that best reflects your view on derogation clauses in the context of ISS' analysis of European companies proposing or renewing shareholder approval of their remuneration policy:

Company remuneration policies should be flexible. If companies wish to have the ability to derogate under some circumstances, they should have the ability to do so as long as adequate after-the-fact information on use of derogations will be provided and past practices of the company are not problematic (that is, there are no reasons not to give the company the benefit of the doubt about their disclosures regarding remuneration policy or practices).

Q22

Respondent skipped this question

Audit Committee – Saudi ArabiaAccording to governance regulations in Saudi Arabia, the audit committee comprises three to five members, elected by the general meeting by a binding vote, provided that at least one of its members is an independent director, one is specialized in finance and accounting, and that no executive director is among its members. The chairman of the committee should be an independent director (guiding article). The audit committee is elected (usually under a bundled resolution) for a term of three years in addition to approval of its charter and the remuneration of its members. Appointing external members (non-directors) to the audit committee has been a common market practice for Saudi listed companies for several years and, in some cases, the number of external members exceeds the number of board members on the committee. Many companies do not disclose the independence classification of such external members, thereby preventing or hindering investors from assessing the overall level of audit committee independence.Currently, ISS' analysis for audit committee elections considers whether the level of audit committee independence resulting from the proposed elections will be at least one-third. This policy guideline applies to audit committee elections comprising only board members as nominees and does not take into consideration external nominees presented for committee membership.Board member nominees are classified based on ISS classification guidelines. If a nominee cannot be categorized, ISS considers that person to be non-independent. If such methodology is applied to external audit committee nominees, it would lead to a significant increase in negative ISS vote recommendations due to the lack of company independence classification for external nominees. Given this context, and the particularity of the Saudi Market in this regard, do you consider that ISS should apply the same independence classification guidelines currently used to categorize board nominees to classify external audit committee nominees?

Q23

Respondent skipped this question

If you answered "Yes" to the question above, do you consider that ISS should apply the current policy requiring a minimum independence threshold of one-third of the audit committee, taking into account external nominees presented for the committee membership as well as the director nominees?

Q24

If you answered "No" to the question above, do you consider that ISS should amend the audit committee independence requirement to "one-third or at least two members" for an audit committee comprising board and external members, knowing that the audit committee shall be composed of at most five members?

Respondent skipped this question

Q25

Shariah Supervisory Board Elections - Middle East & North AfricaIn some Middle Eastern markets such as Kuwait, United Arab Emirates, Oman, and Qatar, Shariah-compliant companies are required to propose under a binding vote the election of the members of the Shariah Supervisory Board, sometimes bundled with approval of the members' annual remuneration. This body is generally composed of a minimum of three members called Ulama (Shariah scholars), and its main role is to establish the compliance of the company's operations and transactions with the rules and principles of Shariah law. The nomination of its members is subject to the requirements set out by the regulatory authority in each market (for example, not holding any executive/board membership position in the company, owning company shares, etc.). However, the names of the proposed nominees for the Shariah Supervisory Board elections and their remuneration are not usually disclosed by companies ahead of the general meeting.ISS' current approach in such markets is to approve the election of the Shariah Supervisory Board regardless of companies' disclosure or non-disclosure of the names of the proposed nominees or the current composition of this supervisory board. Note, for example, that Omani companies are required to disclose the names of Shariah Supervisory Board members and their remuneration within the annual report, while in Kuwait, any changes to the Shariah Supervisory Board should be publicly communicated (which is not always done), and, in Qatar, the Shariah Supervisory Board members' signatures should be on the report which is published as part of the company's financial statements but there are no other requirements.In your view, should ISS consider recommending voting against the re/elections of Shariah Supervisory Board members (and the approval of their remuneration if presented as a bundled proposal) in cases where the company does not publicly disclose the composition of the Shariah Supervisory Board?

Yes

Q26

Installation of Fiscal Council - BrazilThe remote voting card system, introduced in Brazil in 2016 and mandatory since 2017, includes a procedural question on the agenda of all annual meetings of Brazilian companies, asking whether shareholders would like to install a fiscal council: a governance body with fiduciary duties and overall composition determined by the Brazilian Corporate Law. Fiscal council members are elected by, and accountable to, shareholders and have the fiduciary responsibility including, but not limited to, the supervision of acts of the company's administrators (directors and executives).The question regarding the installation of the fiscal council must be included in the agenda (in accordance with the template of the remote voting card) (i) whether or not shareholders have expressed their intention to request the installation of such a governance body, and (ii) whether or not the company has disclosed the fiscal council candidates presented either by management and/or by minority shareholders.ISS noted in the past year a modest increase in the number of companies in which management recommended that shareholders vote against the installation of the fiscal council either by citing the fact that the company already had an Audit Committee (statutory or not), with functions that, according to the company, would overlap with those of the fiscal council and/or that additional costs related to the remuneration of a fiscal council could be high. ISS, however, generally considers that a vote on the installation of a fiscal council is a shareholder right. The body carries specific fiduciary duties, including the supervision of the administrators of the company, can potentially improve a company's corporate governance and increase board oversight, and – as opposed to the audit committee members who report to the board of directors – is accountable to shareholders. The Brazilian Corporate Law establishes that the remuneration of fiscal council members shall be no less than 10 percent of the average remuneration received by the company's executives (benefits, allowances and profit sharing excluded).In light of these considerations, would you consider it appropriate for shareholders to generally support the installation of fiscal councils even in the absence of publicly-available information about fiscal council nominees (either proposed by management and/or minority shareholders)?

Yes

Q27

If company management recommends against the installation of the fiscal council due to some of the reasons listed above, and there are no fiscal council nominees presented by management and/or minority shareholders and disclosed in a timely manner, would you still consider that shareholders should vote in favor of the installation of the fiscal council?

No

Q28

Do you think costs and/or the existence of an audit committee (statutory or not) are sufficient arguments for shareholders to NOT support the installation of a fiscal council?

Yes

Q29

Remuneration Policy and Matching Shares - South AfricaIn South Africa, companies are required by the King IV Corporate Governance Code to present non-binding advisory say-on-pay resolutions (one vote on the remuneration policy and one vote on the implementation of the remuneration policy).One element sometimes seen in South African companies is that bonus matching shares are sometimes granted to executive directors if they opt to receive all or part of their bonus awards as deferred shares, instead of entirely in cash. This is not generally viewed as a problematic practice if the company's remuneration policy permits such matching share awards, the matching awards are considered reasonable, do not constitute a major part of overall remuneration, and have performance conditions attached. However, one barrier to consistent assessment is that not all companies disclose the maximum matching award opportunities or performance conditions.In these cases, the question arises as to whether other parameters should be taken into consideration when reviewing remuneration policies with a matching share element. Possible parameters that could be considered are a sufficiently long vesting period for matching shares, and the ratio and price at which they are offered. If a sufficiently long-term vesting profile is applied to a market-priced option, for example, this would encourage the participant to work towards strengthening the share price over a long-term period. A minimum ratio would also curtail any concerns on total award quantum.Given this context, do you consider that ISS voting guidelines for South Africa should add any of the following minimum parameters as required elements for remuneration policies and remuneration implementation reports that contain provisions for non-performance based bonus matching share elements? (please check all that apply)

Yes, bonus matching share awards should have a minimum vesting period of three years

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