



ISS and Glass Lewis Global Benchmark Policy Survey Summary

Both ISS and Glass Lewis have launched their Annual Global Benchmark Policy Survey and Stakeholder Policy Survey, respectively. Their surveys are used as part of their annual policy update process that may impact policies in 2025 and beyond. The ISS and Glass Lewis surveys can be accessed via these links ([ISS](#) | [Glass Lewis](#)). The Glass Lewis survey closes on August 30 at 5pm while the ISS survey closes on September 5, 2024.

While the surveys cover a lot of ground and are summarized below, there are a few items that we believe are of particular interest. On the executive compensation front, both ISS and Glass Lewis are asking for feedback on the merits of time-based equity awards with longer vesting periods (e.g., 5+ years). This appears to be in response to the growing skepticism from some regarding the practical impacts of performance-based equity in linking pay and performance. Depending on responses, we may no longer see programs that do not have at least 50% of equity tied to performance conditions be viewed negatively by proxy advisors assuming the time-based portion has longer vesting periods. However, it is worth noting the normal vesting period for many companies is 3-years.

We would also call out ISS interest in poison pills. They are requesting feedback on the use of pills in response to activism where a controlling stake is not the purported goal of the activist. The questions focus on the use of lower thresholds (e.g., less than 15%), the importance of features such as qualifying offer clauses and higher triggers for passive investors (13G filers), and if pre-revenue or early-stage companies should be granted more flexibility when adopting poison pills.

ISS Summary:

On the U.S. compensation front, in addition to the item discussed above, ISS is also requesting feedback on the use of discretionary bonus determinations in the short-term incentive programs for certain issuers (e.g., large financial firms) and the use of uncapped profit-sharing programs.

For the global portion, ISS has several questions around environmental and social topics. This includes feedback on the importance of setting Scope 3 GHG Emission Targets, perspectives on climate-related shareholder proposals, and perspectives on human capital / workforce diversity shareholder proposals.

ISS also has several European focused questions. This includes questions on the general share issuances in the French Market, experiences with virtual only meetings, and if EU auditor rotation rules should be expanded to cover companies not subject to the EU rules. Lastly, ISS has one question for the Middle East and North Africa markets regarding the use of cumulative voting elections.

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Glass Lewis Summary:

Glass Lewis has materially more questions in its survey, 63 total. A non-exhaustive list of key or interesting topics is below.

On board composition and oversight, Glass Lewis has questions tied to AI oversight and oversight of cyber security. They also request feedback if a director’s performance at one board could impact vote recommendations at other boards, if a cyber attack should result in against recommendations on directors, and if a lack of certain skills on the board could warrant against recommendations on directors.

Regarding executive pay, GL asks for feedback on if low but passing shareholder support on equity plan proposals should have any impact at the next meeting, executive perks, median pay, and pay gaps in the European market.

For ESG, GL is interested in what data points are important to disclose on climate transition strategies, if climate transition strategies should impact director voting, items most important when reviewing shareholder proposals, virtual meetings, and it checks in on exclusive forum provisions and if adoption without shareholder approval should trigger against recommendations on directors.

Going Forward:

A timeline of upcoming key dates and action items for the annual proxy advisor policy update process are below:

Event	Dates (Estimated Dates in Italics)	Action Item
Policy Survey Opens	Early August	Complete survey if interested
Policy Survey Closes	End of August / Early September	None
Policy Survey Results Published	<i>Late September / Early October</i>	Review results
Draft Policies Open for Comment (Likely ISS Only)	<i>Late October / Early November</i>	Provide feedback if interested
Final Policies Published	<i>December (Glass Lewis has traditionally published ahead of ISS even as early as late November)</i>	Review final policies against your own practices to determine what impact, if any, they may have at your 2025 annual meeting. The Okapi team is ready to support you in this process.

We will continue to monitor the policy update process and send alerts as necessary. If you have any questions or would like to discuss, please contact our Shareholder Engagement and Activism team at any time.