

ISS 2024 Canada Benchmark Voting Policy Updates

On December 19, 2023, ISS released its 2024 Policy Guidelines for Canada. Below is a summary of the voting policy updates and clarifying amendments which will take effect for all meetings held after February 1, 2024. ISS' 2024 Policy Update can be found [here](#). Should you have any questions, please contact Laurel Hill.

Ethnic Diversity Voting Policy Update

For constituents of the S&P/TSX Composite Index, as telegraphed last year, ISS will now recommend that shareholders vote against the chair of the nominating committee or another suitable director, if the board has no apparent racially or ethnically diverse members, or if the company has not provided a formal, publicly-disclosed written commitment to add at least one racially or ethnically diverse director at or prior to the next AGM.

As noted in Laurel Hill's latest Trends in Corporate Governance Report (see below), about two-thirds of composite index constituents already had enough of such representation to avoid a negative recommendation from ISS as of their last meeting. The remaining companies will either have to nominate an ethnically diverse candidate, commit to appointing one by the 2025 AGM, or face a negative recommendation from ISS.

Executive Compensation Voting Policy Updates

Equity-Based Compensation Plans (TSX-listed Companies)

ISS removed the legacy language regarding the percentage limit for non-employee directors. The NED participation policy now only includes the hard limit of \$150,000 in aggregate across all equity compensation plans, of which no more than \$100,000 should consist of stock options.

Equity-Based Compensation Plans (Venture-listed Companies)

The policy amendment specifies that in the instance where a venture company has approved an equity plan without seeking shareholder approval, the company must obtain shareholder approval in order to renew a rolling compensation plan within three years of its institution and every three years thereafter.

Additional Laurel Hill Updates

- [2023 Trends in Corporate Governance Report](#) covers non-contested director elections, auditor votes, executive compensation, shareholder proposals, virtual meetings, and ESG developments, among other areas of interest as you prepare for the upcoming proxy season and beyond.
- [2023 Trends in Shareholder Activism Report](#) covers the latest information and data on board and transactional activism, unsolicited offers, and short-selling activism.
- [Glass Lewis Releases its 2024 Canada Voting Policy](#) describes Glass Lewis' increased disclosure standards for board oversight of climate related issues, human capital management, cyber risk, among other changes.

About Laurel Hill

Laurel Hill Advisory Group is Canada's leader in strategic shareholder communications and advisory services. Since our founding in 2008, Laurel Hill has earned a reputation as a trusted advisor. We develop and execute results-oriented strategies to secure the desired investor response. Our expertise is built on strategic shareholder communication, corporate governance, executive compensation, shareholder engagement, and shareholder activism matters. Whether shareholders are voting on routine, special, or contested items or considering an M&A transaction, an unsolicited offer, or a unique capital market offering, we get shareholders to take action. We are committed to a singular vision—providing industry-leading advice, insights, and execution, resulting in a successful outcome.

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