



## ISS

### 2018 Proxy Voting Guidelines for UK and Ireland

18<sup>th</sup> January 2018

Institutional Shareholder Services (ISS) has published its full proxy voting guidelines for UK and Ireland, effective for meetings on or after 1 February 2018. Only minor changes have been made to the guidelines. Changes which are relevant to remuneration are summarised below:

#### Guideline changes related to remuneration

##### Long term incentive plans (LTIPs)

- The wording on threshold vesting levels for LTIPs has been expanded to state that these will be looked at in the context of the stretch of threshold targets and the positioning of remuneration levels more generally.
  - ISS continues to look for threshold vesting levels of generally no more than 25% of maximum, unless there are special reasons such as low positioning of salaries and LTIP awards and relatively stretching targets at threshold.
  - However, vesting levels of 25% may be considered inappropriate if LTIP grants represent large multiples of salary. The stretch of threshold targets and the positioning of remuneration levels in general will also be taken into account.

##### Relocation benefits

- In line with the Investment Association's Principles of Remuneration, the guidelines now note that any relocation benefits should be disclosed at the time of the appointment of the executive. Any relocation benefits should be in place for a limited period, which is disclosed to shareholders. Each element of any relocation benefits should be detailed in the Remuneration Report.

##### Remuneration committee composition

- The guidelines have been clarified to state that all members of the audit and remuneration committees should be independent.

#### Other guideline changes

- The guidance on overboarding has been restructured to work as a points-based system, whereby any person who holds more than five mandates at listed companies will be classified as overboarded.

- A non-executive directorship will count as one mandate
- A non-executive chairmanship will count as two mandates
- An executive director role (or comparable) will count as three mandates
- In addition, any person holding an executive director role at one company and a non-executive chairmanship at another company will be classified as overboarded.

The 2018 Proxy Voting Guidelines for the UK and Ireland can be found [here](#).

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