BlackRock Investment Stewardship

Proxy voting guidelines for Benchmark Policies – European, Middle Eastern, and African securities

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BlackRock.

Contents

Market-level considerations

These proxy voting guidelines (the Guidelines) are part of the BlackRock Investment Stewardship (BIS) Benchmark Policies and should be read in conjunction with the BIS Global Principles. [1]

The Guidelines summarize BIS' philosophy and approach to engagement and voting, as well as our view of governance best practices and the roles and responsibilities of boards and directors for publicly listed companies in Europe, Middle East and Africa (EMEA).[2]

These Guidelines are not intended to limit the analysis of individual issues at specific companies or provide a guide to how BIS will engage and/or vote on behalf of clients in every instance. They are applied with discretion, taking into consideration the range of issues and facts specific to the market, company, as well as individual ballot items at shareholder meetings. Generally, BIS supports the vote recommendations of boards and management at companies with sound corporate governance and that deliver strong financial returns over time.

The Guidelines contain the principles and views supporting our voting decisions across all EMEA markets. They should, however, be read in conjunction with the different country-specific considerations at the end of this document.

BIS looks to companies to observe the relevant laws and regulations of their market, as well as any locally accepted corporate governance standards and industry best practices. These country-specific considerations provide an important reference point for our proxy voting guidelines for EMEA securities, as we believe they reflect investor expectations around good practice within the context of each market. However, our proxy voting guidelines might sometimes differ from these standards, especially when a higher level of protection for minority shareholders is deemed appropriate. In general, we encourage companies to develop an approach to corporate governance which demonstrates accountability, transparency, fairness and responsibility. BIS looks to companies to provide timely, accurate and comprehensive disclosure on all material governance and business matters. This transparency allows shareholders to appropriately understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or where the governance approach taken may be inconsistent with durable, long-term financial value creation for shareholders, we will engage with a company and/or vote on behalf of clients in a manner that advances shareholders long-term financial interests.

The region- and country-specific considerations build on our overarching Global Principles, offering an insight into how BIS typically approaches issues that arise in EMEA markets. While these considerations provide an indication of how we are likely to vote on behalf of clients, our decisions are made based on the specific context of each company, reflecting its unique circumstances. Where the company's practices are not in line with the best practices of the market, we may vote not support a proposal whenever we deem it is in the best financial interests of our clients.

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[1] The BIS Global Principles, regional voting guidelines, and Engagement Priorities (collectively, the BIS Benchmark Policies) set out the core elements of corporate governance that guide our investment stewardship program. The Benchmark Policies apply to clients' assets invested through index equity strategies, take a financial materiality-based approach, and are focused solely on advancing clients' long-term financial interests.
[2] On February 11, 2025, the U.S. Securities and Exchange Commission (SEC) staff issued updated guidance for shareholders to maintain their eligibility to report their beneficial ownership under Schedule 13G of the Exchange Act. We comply fully with these requirements and do not engage with portfolio companies for the purpose, or with the effect, of changing or influencing control of any company.

Comply or explain

In many EMEA markets, local corporate governance best practice guidance is underpinned by an approach that allows companies to deviate from recommended practices, as long as they explain why they have done so. This so-called “comply or explain” approach provides a framework for companies to effectively and pragmatically illustrate to investors how they are governed by their board of directors and to explain material divergences from good market practice. We look for companies’ explanations under a “comply or explain” approach to disclose why they believe that non-compliance can better support durable long-term financial value creation.

Boards and directors

Oversight role of the board

Companies whose boards are comprised of appropriately qualified and engaged directors, with professional characteristics relevant to a company’s business, enhance the board’s ability to add long-term financial value and serve as the voice of shareholders in board discussions. In our view, a strong board gives a company a competitive advantage, providing valuable oversight and contributing to the most important management decisions that support long-term financial performance.

For this reason, our investment stewardship efforts focus on the effectiveness of the board of directors. We engage, as necessary, with members of the board’s nominating and/or governance committee to assess whether governance practices and board composition are effective given a company’s business model, sector, market, and the business environment in which a company is operating.

We consider it good practice when the board establishes and maintains a framework of robust and effective governance mechanisms that supports its oversight of the company’s strategy and operations, consistent with the long-term financial interests of investors. This includes having clear descriptions of the role of the board and the committees of the board and how directors engage with and oversee management, as well as disclosure of material risks that may affect a company’s long-term strategy and how management is effectively identifying, managing, and mitigating such risks.

Understanding management's long-term strategy and the milestones against which investors should assess its implementation is central to our approach. If any strategic targets are significantly missed or materially restated, we find it helpful when company disclosures provide a detailed explanation of the changes and an indication of the board's role in reviewing the revised targets. We look to the board to articulate the effectiveness of these mechanisms in overseeing the management of business risks and opportunities and the fulfillment of the company’s strategy.

Where a company has not adequately disclosed or demonstrated that its board has fulfilled these corporate governance and risk oversight responsibilities, we may consider not supporting the election of certain directors who, in our assessment, have particular responsibility for the issues.

In addition, in instances where there are no directors up for election, we will consider voting against other relevant proposals such as discharge of the board.

Issues and criteria that are frequently assessed as part of our director voting evaluations are indicated below.

Board access

As a long-term shareholder, BIS considers it important to maintain an open dialogue with companies in which we invest on behalf of our clients. We prefer this dialogue to happen at the board level as this body is responsible for corporate governance decisions and strategy, as elected representatives of shareholders.

Therefore, we appreciate when non-executive board members are available to meet with shareholders from time to time. We look to the most senior independent director or another appropriate director to be available to shareholders in those situations where an independent director is best placed to explain and justify a company's approach. In a situation where relevant non-executives repeatedly refuse to meet shareholders, we may not support the responsible member(s) of the board, starting with the most senior non-executive director.

Regular accountability through director elections

The election of directors to the board is a right of shareholders and an important signal of support for, or concern about, the performance of the board in overseeing and advising management.

To ensure accountability for their decisions on behalf of shareholders, directors should stand for election on a regular basis, ideally annually.[3] Annual director elections allow shareholders to reaffirm their support for, or concerns about, board members' decisions in a timely manner.

When board members are not elected annually, we consider it good practice for boards to have a rotation policy to ensure that, through a board cycle, all directors have had their appointment re-confirmed, with a proportion of directors being put forward for election at each shareholder meeting. We appreciate it when companies provide a clear explanation for their approach if no rotation policy is adopted. In some jurisdictions, if the proposed term exceeds local market practice and/or extends above four years, we may consider not supporting the re-election of those directors, the nomination committee chair or the board chair and/or any other relevant resolutions.

Board quality and effectiveness

Regular director elections also give boards the opportunity to adjust their composition in an orderly way to reflect developments in the company's strategy and the market environment. In our view, it is beneficial for new directors to be brought onto the board periodically to refresh the group's thinking, while supporting both continuity and appropriate succession planning. We consider the average overall tenure of the board and seek a balance between the knowledge and experience of longer-serving directors and the fresh perspectives of directors who joined more recently. For this reason, we are generally not opposed to mechanisms that boards may put in place to encourage regular board refreshment (such as age or term limits).

We appreciate it when companies regularly review and assess how directors nominated for election contribute to the effectiveness of the board. In our view, the company's assessment should consider a number of factors, including each director's independence and time commitments, as well as breadth and relevance of each director experiences and skillsets, and how these collectively contribute to the board's effectiveness in advising and overseeing management in delivering long-term financial returns.

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[3] In most markets, directors stand for re-election on an annual or triennial basis, as determined by corporate law, market regulation or voluntary best practice.

Increasingly, we see boards adding members whose experience deepens the board's understanding of the company's customers, employees and communities.

We recognise that a variety of director tenures within the boardroom can be beneficial to ensure board quality and continuity of experience. Excessively long tenure can, however, be an impediment to an individual director's independence, so we will consider director tenure in the context of whether there is a sufficient balance of independence on the board (as discussed in the "Director independence" section further below). In addition, in situations involving a company undergoing an extraordinary transaction (e.g., a merger, acquisition, or spin-off), we do not assume that individual directors' tenures reset in relation to the newly formed entity, thus causing those directors to be de facto considered independent. In such instances, we will continue to assess the tenure of directors on an individual basis whilst acknowledging the need for some level of board continuity in terms of business knowledge and skills. We find it helpful when the board undertakes a periodic self-assessment and refreshment process, as appropriate, to ensure that the board remains independent.

Board composition

In assessing board composition, we take into account a company's board size, business model, strategy, market capitalization, and ownership structure, as well as the market in which the company operates. We find it helpful when companies explain how their approach to board composition supports the company's governance practices.

When nominating directors to the board, we look to companies to provide sufficient information on the individual candidates so that shareholders can assess the capabilities and suitability of each individual nominee and the relevance of overall board composition. These disclosures should explain how the collective experience and expertise of the board, as well as the particular skillsets of individual directors, aligns with the company's long-term strategy. Highly qualified and engaged directors, with professional characteristics relevant to a company's business, enhance the ability of the board to add value and be the voice of shareholders in board discussions. BIS will not support the election of directors whose names and biographical details have not been disclosed sufficiently in advance of the general meeting for us to take a considered decision.

It is in this context that we are interested in a variety of experiences, perspectives, and skillsets in the boardroom. We see it as a means of avoiding "group think" in the board's exercise of its responsibilities to advise and oversee management.

We look to boards to be representative of the company's key stakeholders, with an approach to diversity aligned with any market-level standards or practices. As applicable with local rules, we look for boards to work towards at least 30% of the under-represented gender, or align with higher mandatory gender quotas, where prescribed by the respective local legislation. The "Country-specific considerations" section provides additional context.

To allow proper assessment of the company's approach to board composition, we ask companies, consistent with local law, to provide sufficient information on each director/candidate, and in aggregate, so that shareholders can understand how professional characteristics, such as a director's industry experience, specialist areas of expertise, and geographic location -as well as demographic characteristics such as gender, ethnicity, and age - have been accounted for within the proposed board composition. We appreciate it when these disclosures cover how diversity has been accounted for in the appointment of members to key leadership roles, such as executives, board Chair, senior/Lead Independent Director and committee chairs.

When analysing the level of gender representation on the board, generally BIS only considers board members who are elected by shareholders (excluding legally required government or employee representatives). We recognise that the board does not have control over the appointment of employee and/or government representatives, whose presence might be legally required in certain EMEA markets. In addition, we would also take into consideration the size of the board to assess that there are an appropriate number of directors of the under-represented gender, in line with local market practice.

We assess company boards on a case-by-case basis, and may not support the election of nomination committee members, board chair and/or any other relevant resolutions where a company board is an outlier compared to market practice in terms of its range of backgrounds.

Furthermore, we acknowledge that European Union (EU) regulations aimed at improving board gender composition have been approved, and we look forward to discussing the implications of these targets with those companies in scope.[4]

Director independence

We look to boards to have a sufficient number of independent directors, free from conflicts of interest or undue influence, to ensure objectivity in the decision-making of the board and its ability to oversee management. We generally consider it good practice for independent directors to make a majority of the board, or in the case of controlled companies, at least one-third. For key committees, we look for a majority of independent directors, as well as independent committee chairs.

In considering the balance of independent and non-independent directors, and in our assessment of individual directors' independence, we will be mindful of relevant market standards (as discussed in more detail in our country-specific considerations below). However, our focus will always be on objectivity of thought and effectiveness of oversight.

Common impediments to independence may include but are not limited to:

- Employment by the company or a subsidiary as a senior executive within the previous five years
- Being, or representing, a shareholder with a shareholding and/or voting authority in the company over 10% of the issued capital
- Interlocking directorships
- Excessive tenure in line with individual market practices, where appropriate[5]
- Having any other interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company and shareholders

We recognise that the appointment of employee and/or government representatives may be legally required in certain EMEA regions and therefore is outside of the board's control. Therefore, when analysing the balance of independence on the board, BIS only considers board members who are elected

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[4] Please refer to the following source: European Union, "Directive 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures," 23 November 2022, accessed in December 2025. The Directive sets a target for large, listed companies in the EU, requiring 40% representation of the underrepresented sex among non-executive directors and 33% among all directors. The deadline for the transposition by Member States was December 2024, with in-scope companies expected to meet the targets by 30 June 2026.
[5] Nine years in Italy, Greece and the United Kingdom; 12 years in other markets.

by shareholders (excluding government or employee representatives whose presence might be legally required).

If the level of board independence is insufficient, BIS may not support the re-election of the members of the nomination committee, board chair, and/or other relevant resolutions. When a board member is proposed for re-election for a multi-year mandate and will become non-independent during his/her mandate because of his/her tenure, we look to the board to have a policy to ensure the balance of independence on the board remains in line with market norms during the mandate. We may not support the proposed candidate otherwise.

Treatment of independence in relation to boards of investment trusts, collective investment schemes and management companies

In line with general market practice, a majority of directors on the board of investment trusts (and equivalent entities) should be independent.

Board chair

Independent leadership is important in the boardroom. In our view. boards are most effective at overseeing and advising management when there is a senior, independent board leader.

In those cases where there is combination of the roles of CEO and board chair, or when the board chair is otherwise not independent, we look to the board to implement mechanisms that offset a potential concentration of power, including, but not limited to, a majority of independent board directors, majority independent committees (chaired by independent directors), the appointment of a senior or Lead Independent Director and/or the reduction in the re-election period for directors.

If the board decides to appoint a non-independent board chair, particularly in the case of a former executive, we look to the company to provide strong supporting rationale.

Senior/lead independent director

BIS generally considers the designation of a senior or lead independent director as an acceptable alternative to an independent chair if the lead independent director has powers to: 1) provide formal input into board meeting agendas; 2) call meetings of the independent directors; and 3) preside at meetings of independent directors. Where a company does not have a designated senior or lead independent director who meets these criteria or any other offset mechanisms, we generally support the separation of the board chair and CEO roles.

BIS may not support the election of a senior/lead independent director whom we do not consider independent.

Board committees

We look for the key committees of the board (notably the audit, remuneration and nomination committees) to be composed exclusively of non-executive directors and be chaired by an independent director. We look to committee members to be independent where called for by market practice. We consider it good practice when non-independent committee members represent no more than half of the committee's members. When assessing committee independence, we acknowledge the specific nature of a company's governance structure which might foresee the board chair also chairing the nomination committee.

We appreciate when the audit committee is composed entirely of independent board members, including in markets where this is not a formal requirement. Additionally, we look to the board chair to serve on the audit committee only if he/she is independent.

Where committee independence is insufficient, we may not support the board chair or the non-independent members of the committee. If the board does not have an audit or a remuneration committee, we may consider that the entire board fulfils the role of the committee. In such case, and if the independence level is insufficient on the board, BIS may not support the re-election of the board chair or the non-independent non-executives sitting on the board.

BIS may also consider not supporting members of a board committee, or the board chair, in a situation where we have identified a failure to address one or more relevant material issues within an appropriate time frame for which we consider those members responsible. As noted elsewhere in this document, this could include a lack of board responsiveness to board composition or executive remuneration concerns, a failure to oversee, disclose or remediate material financial weakness and/or inadequate disclosures in relation to material sustainability-related risks. We may also consider not supporting relevant board committee members or the board chair where we see evidence of board entrenchment and/or failure to promote adequate board succession planning over time in line with the company's stated strategic direction.

Sufficient capacity

As the role and expectations of a director are increasingly demanding, directors must be able to commit an appropriate amount of time to board and committee matters. It is important that directors have the capacity to meet all of their responsibilities — including when there are unforeseen events — and therefore, we consider it best practice when they don't take on an excessive number of roles that would impair their ability to fulfill their duties.

To better understand a directors' ability to engage and the board to function effectively, we appreciate it when companies disclose board and committee members' attendance, as well as the time commitment required from directors. Shareholders would benefit from additional transparency over how nomination committees assess their directors' time commitments and with what frequency these reviews take place. However, in BIS's experience, the assessment of whether a director is over-committed is not just based on their attendance record but also on their ability to provide appropriate time to meet all responsibilities when one of the companies on whose board they serve faces exceptional circumstances.

When BIS determines that a board candidate lacks sufficient capacity, we may not support the individual if, upon election, the candidate would be:

- serving as a non-executive director (but not the board chair) on more than four public company boards
- serving as a non-executive board chair and as a non-executive director (but not the board chair) on more than two other public company boards
- serving as a non-executive board chair on two public company boards and as a non-executive director on one or more other public company boards, or

- serving as a non-executive director (but not the board chair) on more than one public company board while also serving as an executive officer at a public company.[6] In case of an executive officer, we would not support his/her election only to boards where he/she serves as a non-executive director

In assessing whether to support a director in these circumstances, through our engagement with the board we will consider any perceived progress in the candidate's response to concerns about capacity, the circumstances in which the candidate will remain in all of his/her different roles, and the time frame over which changes will be made.

We recognise that the role of a director may vary in responsibilities and time requirements in different markets around the world. In particular, where a director maintains a board mandate at a company listed outside EMEA, we will consider the expected time commitment informed by our knowledge of local market practices.

Whilst we recognise different disclosure practices exist on directors' board mandates, we consider it good practice when companies detail all significant external commitments held by each of their board members, including those in private companies, foundations, and other organizations. Multiple positions of this nature may be a concern for investors that could be taken into consideration when assessing directors' major time commitments.

When looking at the number of board mandates, BIS usually counts all memberships on boards of listed companies in the same group of companies as one board membership.

BIS typically counts all memberships, that an individual director has on boards of investment funds/trusts, including board chair roles, as one board membership. This includes roles at special purpose acquisition companies, but excludes any appointments to the board of a public company which the applicable investment fund or investment trust invests in.

BIS may not support the election of an outside executive as the board chair as we look to the chair to have more time availability than other non-executive board members. We find it helpful when the company explains why it is necessary for this external executive to lead the board of directors.

BIS may not support the election of any director where disclosure of other board and committee positions held is inadequate, or where a director has a pattern of poor attendance at the board and/or applicable key committee meetings.

Auditor and audit-related issues

BIS recognises the critical importance of financial statements to provide a complete and accurate portrayal of a company's financial condition. Accordingly, we look for the assumptions made by management, and reviewed by the auditor in preparing the financial statements, to be reasonable and justified. We view the audit committee, or its equivalent, as responsible for overseeing the management of the independent auditor and the internal audit function at a company.

The committee plays an important role in a company's financial reporting system by providing independent oversight of the accounts, material financial and, where appropriate to the jurisdiction, non-

[6] In these guidelines, the executive officer consists of the executive chair, the chief executive officer, the deputy chief executive officer, the chief financial officer, the chief operating officer and other similar level executives who are members of the management leadership team or executive committee (e.g. Chief Information Officer, Chief Technology Officer, Chief Risk Officer, Chief People Officer, etc.) or members of the management board of listed companies with a two-tier system.

financial information, internal control frameworks and Enterprise Risk Management systems.[7] In our view, effective audit committee oversight strengthens the quality and reliability of a company's financial statements and provides an important level of reassurance to shareholders.

In cases involving unexplained changes in reporting methodology, significant financial restatements, or ad hoc notifications of material financial weakness, where we have concerns about audit controls or oversight, BIS may not support the election or appointment of members of the audit committee and/or the appointment of the auditor. Similarly, where we identify that the audit committee has inadequately disclosed or remediated material weaknesses identified by internal or external auditors within a reasonable timeframe, we would not support members of the audit committee and/or consider not supporting any other relevant resolutions.

The integrity of financial statements depends on the auditor being free of any impediments that could compromise its ability to serve as an effective check on management. To that end, it is important that auditors are, and are seen to be, independent. Where an audit firm provides services to the company in addition to the audit, we look for the fees earned to be disclosed and explained. In approving auditor and audit fees, BIS will also take into consideration the level of detail in company disclosures. Where the company has not provided full disclosure on the name of the auditor, the audit fees and the non-audit fees paid, BIS may abstain on the approval of the auditor and may not support the election or appointment of members of the audit committee. We appreciate it when audit fees are reported separately from other fees and fees earned for tax work, but BIS considers different market practices. BIS may also take this action if audit fees are lower than non-audit fees and an adequate explanation is not provided. In addition, we look for audit committees to have a procedure in place for assessing the independence of the auditor and the quality of the external audit process on an annual basis. We appreciate it when this includes a periodic retendering of the audit contract, as determined by the board and the audit committee, consistent with local law and market practice.

Capital structure, mergers, acquisitions, asset sales, and other special situations

Shareholder rights

We recognise that in certain markets, at least for a period of time, companies may have a valid reason for creating separate share classes with equivalent economic exposure and preferential, differentiated voting rights.[8] In principle, we have concerns with the creation of a share class with equivalent economic exposure and differentiated voting rights. As a result, BIS generally supports bylaw amendments that introduce the adoption of "one share, one vote" for registered shareholders.

Similarly, BIS will not support proposals to restrict foreign ownership unless such a restriction is a legal requirement.

[7] Enterprise Risk Management is a process, effected by the entity's board of directors, management, and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within the risk appetite, to provide reasonable assurance regarding the achievement of objectives. Please see the Committee of Sponsoring Organizations of the Treadway Commission (COSO), "Enterprise Risk Management," 2023, accessed in December 2025
[8] We recognise that in certain jurisdictions, multiple voting shares may be permissible, these include but are not limited to: EU's Multiple Voting Shares Directive (with expected implementation by December 2026) and multiple class share structures in the UK under the 2024 UK listing rules.

Increase in authorized share capital/increase in preferred stock

BIS assesses these requests in light of a company's previous issuance of capital and its corporate governance profile. Generally, we will support proposals if the board has concluded that additional share capital is necessary to carry out the company's business. We look for companies seeking such authority from shareholders to set out clearly the anticipated use of the additional shares and how this is in the interests of existing shareholders.

Merger, asset sales and special situations

In assessing mergers, asset sales, or other special situations, BIS' primary consideration is the long-term financial interests of our clients as shareholders, and so we will review any proposed transaction with that objective in mind. Typically, we review factors such as whether the proposed transaction has the unanimous support of the board and has been negotiated at arm's length, and whether the board or management has clearly explained its economic and strategic rationale. We may also seek reassurance from the board that the financial interests of executives and/or board members in a given transaction have not adversely affected their ability to place shareholders' interests before their own.

BIS does not generally support the use of anti-takeover defences, and will support proposals aimed at reducing such defences, including but not limited to, restricting the transferability of registered shares, or shares with differential or restricted voting rights. BIS does not support authorities for the board to issue warrants convertible into shares to existing shareholders during a hostile takeover, as well as any capital issuance proposals that could serve as a defence mechanism during such periods.

BIS supports pre-emptive rights in line with local market guidelines and practices; these guidelines provide a key protection for shareholders against dilution of their interests. We recognise that management requires some flexibility to raise funds for general business purposes through the issuance of shares. We generally support proposals seeking a standing authority to make such issuances subject to local market guidelines and practices, the size of the capital pool being fixed, the life of the authority being specified and the other terms being reasonable with regard to the interests of existing shareholders. While we consider companies should primarily look at market level guidance on share capital requests, BIS may be supportive of capital issuance proposals of up to 50% of the issued share capital with pre-emptive rights and 20% of the issued capital without pre-emptive rights when the proceeds are not intended for a specific purpose. When reviewing general share issuance requests, we will reflect on factors including rationale behind the proposal and previous use of capital authorities. Country-specific considerations are set out below. Requests for a standing authority to issue shares in relation to an acquisition are considered on their merits and in light of the company's previous use of such authorities and corporate governance profile. We look for all share issuance authorities to be presented to a shareholder vote at the general meeting.

Private placement

BIS generally supports private placements where the purpose of the proposed transaction is to raise funds or repay debt. We look to companies to seek annual shareholder approval for any standing authorities to make private placements. In our view, such authorities should specify the maximum proportion of issued capital that could be placed privately and the maximum discount that could be applied, where relevant.

Share repurchase

BIS considers share repurchase programmes to be generally supportive of the share price and will usually approve them. We review the terms of the plan and may not support whenever we deem these terms not to be in the best interest of shareholders. We will normally oppose such proposals if the proportion of issued share capital covered by the authority is excessive or if the intended purpose is unclear. We may not support share repurchase programmes if they allow for repurchases to be carried out during a takeover period, if they lack a clear statement that they would not be used as a takeover defense, or if previous repurchase authorities have been abused.

Executive remuneration and benefits

Executive remuneration is an important tool used by companies to support long-term financial value creation. A well-structured compensation policy rewards the successful delivery of strategic, operational, and /or financial goals, encourages an appropriate risk appetite, and aligns the interests of shareholders and executives through equity ownership.[9]

Evaluating and voting on remuneration proposals

- Remuneration committees are in the best position to make remuneration decisions and, we look to them to maintain significant flexibility in administering remuneration arrangements, given their knowledge of the strategic plans for the company, the industry in which the company operates, the appropriate performance measures for the company, and other idiosyncrasies unique to the company.
- When assessing the link between pay and performance, BIS looks for a transparent and cogent explanation for the structure of the remuneration framework and a clear understanding of how pay correlates with and supports the company's stated strategy and incorporates long-term financial value drivers.
- In our view, executive remuneration outcomes should ultimately be aligned with the experience of the company and its key stakeholders, as defined by the company.
- Our assessment of remuneration proposals considers the nature and relevance of the company's stated peers and the potential implications this may have for pay. We appreciate it when benchmarking tools are used in a transparent manner, i.e. the results should be disclosed by the company, especially the peer group selected.
- We look to companies to select peers that are broadly comparable to the company in question, based on objective criteria that are directly relevant to setting competitive remuneration. We evaluate peer group selection based on factors including, but not limited to, business size, relevance, complexity, risk profile, and/or geography. Benchmarking can be used to establish a frame of reference for what competitors are paying. However, benchmarking is not a starting point for companies to negotiate increases in pay.
- BIS appreciates it when all executive remuneration beyond salary and benefits is comprised of variable pay based on relevant and challenging performance criteria that are clearly linked to the strategic objectives set by the management team. As well as the overall level of transparency, we consider the balance of fixed versus variable pay, the choice of performance measures and their

[9] The terms "compensation," "remuneration," and "pay" are used interchangeably to describe the same concept in different markets.

targets, the length of vesting and/or holding periods, and the overall complexity of the incentive schemes.

- BIS acknowledges that different remuneration vehicles may have an appropriate role in driving financial value creation. Therefore, we do not discourage remuneration structures that differ from market practice and do not have a preference as to the incentive structure used within variable pay. We find it helpful when remuneration committees clearly disclose the rationale behind their selection of pay vehicles and how these fit with intended incentives.

- We look to remuneration committees to ensure that incentive plans do not encourage excessive risk taking, beyond the company's determined risk appetite, and that rewards are reasonable in light of risk-adjusted returns to shareholders.

- We consider it good practice when disclosures enable investors to better understand the value of remuneration that may be awarded at threshold, target, and maximum performance.

- We look to remuneration plans to contain sufficient discretion to enable adjustments to address unintended outcomes flowing from plan structures. Where discretion has been used by the remuneration committee, we find it helpful when disclosure is provided relating to how and why the discretion was used and further, how the adjusted outcome is considered to be aligned with the experience of the company and its key stakeholders.

- We consider BIS' historical voting decisions (including whether a concern that led to a previous vote not supporting management has been addressed, or whether we determined to support management at previous shareholder meetings in anticipation of future change), engagement activity, and other corporate governance concerns at the company. We also assess the board's responsiveness to significant negative voting results of relevant proposals at previous years' shareholder meetings, and other feedback received from shareholders.

- We may consider not supporting relevant remuneration proposals and/or the election of remuneration committee members in instances where proposals do not address our concerns, which may include (but not necessarily limited to) when:

  - We identify a misalignment between remuneration outcomes and company performance as reflected in financial and operational performance and/or the experience of key stakeholders, as defined by the company

  - We determine that a company has not persuasively demonstrated the connection between strategy, long-term financial value creation and incentive plan design

  - We determine that remuneration is excessive relative to peers without appropriate rationale or explanation, including the appropriateness of the company's selected peers

  - We observe an overreliance on discretion or extraordinary pay decisions to reward executives, without clearly demonstrating how these decisions are aligned with shareholders' interests

  - We identify extraordinary pay items (including but not limited to actual or contractual severance payments, inducement grants, one-time bonus and/or retention awards, or relocation expenses) where the supporting rationale does not sufficiently explain the remuneration committee's reasons for proposing them and/or how such payments support long-term financial value creation

- There is no disclosure on criteria for performance-based variable pay schemes
- A long-term incentive plan allows for “retesting,” i.e. multiple opportunities to achieve the performance criteria
- A board of directors makes in-flight changes to performance criteria which have not been sufficiently explained and/or may lead to a misalignment between stakeholder experience and outcomes upon delivery
- We determine that company disclosure is insufficient to undertake our pay analysis
- We observe a lack of board responsiveness to significant investor concern on executive remuneration issues

Specific guidance on remuneration structures

Fixed remuneration

- When setting fixed pay, we look for boards to determine the appropriate cost for the specific position. This amount is ideally based on a robust assessment of what is required to fulfill the role effectively and aligned with the company’s pay policy for the broader workforce.
- In our view, increases in base salary should progress in line with the rest of the workforce. Remuneration committees need to provide strong supporting rationale in instances of significant year-on-year salary increases. In making the case for such increases, we consider it good practice when remuneration committees generally look at more than benchmarking or changes in the company’s performance alone.
- Where a significant uplift in base salary is warranted because of a change in scope and complexity of a role, we look to remuneration committees to provide a detailed explanation of how that role has substantively changed. In our view, the size of the capital of the company is not an appropriate proxy for the complexity of the role nor is it an appropriate justification for an increase in salary.
- We appreciate it when companies provide detailed disclosure on any benefits received by executive directors. We look to benefits to align with market practice and not to be considered excessive.
- In our view, participation in company sponsored pension plans and pension contributions for executives should be on the same basis as those offered to the rest of the workforce. If an individual executive participates in differing or legacy arrangements, we encourage remuneration committees to provide disclosure of a clear plan towards achieving alignment within a reasonable timeframe.

Recruitment packages

- Where remuneration arrangements for an incoming executive director materially differ from those of their predecessor, we look to remuneration committees to provide a detailed explanation substantiating the changes.
- Buyout awards, if necessary, are best delivered in shares, or similar at-risk vehicles, and aligned with the recruiting company’s strategy and metrics. We encourage vesting periods to be aligned with the cycle of the awards forfeited. We consider it good practice to include details of recruitment packages, including the terms of any buyout awards, within the remuneration report published immediately after recruitment.

Severance, retirement, change in control, and adjustments for performance

- In our view, severance payments should only be paid in the case of a forced departure of a good leaver.[10] In such cases, we consider it good practice when they are limited to two years of fixed remuneration (plus bonus, in markets where this is the expected practice). In our view, the non-renewal of a mandate should not be interpreted as a forced departure. Severance payments are generally inappropriate for executives whose contracts have been terminated as a result of poor performance, who have chosen to leave the company, or who have reached the expected age of retirement.
- On an executive's departure, we look to unvested awards to normally be pro-rated for both time and performance or lapse in full in case of bad leavers. In case of a voluntary change of employment, we consider it good practice when the executive's unvested awards normally lapse in full as well.
- We understand that remuneration committees may want to accelerate the vesting of equity-related awards if the company has been acquired. In such situations, we look for unvested awards to be pro-rated for both time and performance. In addition, we look to the board to provide meaningful disclosure to explain the rationale and the methodology used to assess the performance of the executives.
- We look to remuneration committees to build performance adjustments (often referred to as malus) and/or clawback provisions into incentive plans to allow for awards to be forfeited (in whole or in part) before vesting, or to allow for executives to be required to repay rewards, in circumstances where the awards/rewards would not be appropriate. Situations in which such provisions are commonly triggered include cases of gross misconduct or misstatement of financial results, but companies may also want to consider in which, perhaps broader, circumstances the provisions would be applied. We find it helpful when the company explains how it has determined such circumstances and what steps it has taken to ensure the provisions are enforceable.

Variable pay

- We look to companies to provide clear disclosure on the maximum value that can be granted in a year under each incentive scheme, measured by face value at grant date and expressed as a percentage of base salary or in monetary terms. We consider it good practice when pension contributions and benefits are not used in the calculation of variable pay awards.
- In our view, the majority of variable pay should be based on achieving sustained performance over a multi-year period, generally three to five years. However, we consider company-specific factors, including the timeframe the company uses for performance evaluation, the nature of the industry, and the typical business cycle, in order to identify an appropriate timeframe for evaluation.
- We look for expected performance to be sufficiently stretching at each point along the target spectrum. We appreciate it when details are provided on the performance criteria, their relative weight, required levels for performance at thresholds and actual performance. For markets where it is the expected practice, the performance metrics and targets should be disclosed prospectively.

[10] A good leaver is one who leaves the company due to: retirement, personal circumstances preventing the executive from fulfilling the role, change in control/strategy when the post becomes redundant or the incumbent executive's skills are not aligned. A bad leaver is one who leaves the company due to forced or agreed departure due to inadequate performance or the behavior of that individual.

- We appreciate it when performance metrics are closely aligned with strategic objectives, rather than created for the sole purpose of compensating executives. In our view, the emphasis should be placed on those factors within management's control that support long-term financial value.

- We are supportive of variable pay structures that are based on multiple metrics. We consider it good practice when performance measures are majority financial and at least 60% based on quantitative criteria. It is beneficial to include different sets of performance metrics under the short-term and long-term incentive plans.

- We are supportive of the inclusion of "input" metrics as these are within management's control. As such, we encourage companies to use metrics related to financial value creation (e.g. economic profit and/or return on invested capital).

- We are wary of companies using only "output" metrics such as earnings per share (EPS) or total shareholder return (TSR). In our view. TSR, if used, should be assessed on a relative basis and, if not, the committee should provide a detailed rationale for their decision to assess performance on an absolute basis. Similarly, EPS, where used, should be calculated to exclude the potential short-term effects of share buybacks and acquisitions.

- We look for any use of adjusted metrics in the remuneration framework to be consistent with the adjustments used in the statutory reporting.

- Where companies chose to include sustainability-related criteria in compensation structures, we look for the metrics to be adequately disclosed, material to the company's strategy and as rigorous as other financial or operational targets.

- We do not believe that one group of stakeholders should be sheltered from the impact of currency fluctuations. We look to companies to mitigate currency risks as any other risk.

- BIS may consider not supporting long-term incentive plans:

  - Where vesting of awards is not subject to the achievement of pre-determined performance targets

  - Where the performance period is not sufficiently long-term oriented

  - With insufficient disclosure on matters such as grant limits, performance criteria, vesting periods, and overall dilution

  - Where the total volume of the long-term incentive plans exceeds 10% of the capital, taking into account the proposed and outstanding authorities

  - Where they allow for the immediate vesting of awards upon a change of control

Restricted schemes

- Some companies might consider that a restricted scheme fits better with their remuneration philosophy. We look to these companies to provide detailed rationale to justify this decision. Moreover, in our view, the introduction of a restricted scheme should not result in a more complex pay package.

- Given the certainty of these schemes, we look for the value of awards to be considerably reduced, generally by at least 50%, in comparison to the variable pay previously available.

- We look for the vesting/holding period(s) to have a longer timeframe, preferably a minimum of five years.
- To avoid pay for failure, we look for an underpin to be applied to these schemes, i.e. the awards should not vest if a minimum level of performance has not been achieved.

Hybrid schemes

- We recognise that some companies may consider that a combination of incentive schemes best supports their remuneration philosophy. While a combination of performance-based and restricted schemes is often used, we acknowledge that hybrid structures may take different forms depending on the specific circumstances of the company.
- BIS evaluates each resolution on its own merits. In our assessment:
  - We look to companies to provide clear and transparent disclosures on how the adoption of a hybrid approach supports long-term financial value creation for shareholders and aligns with the company's stated strategy
  - Where the introduction of a hybrid structure is accompanied by a material increase in overall remuneration, we look to companies to provide a clear and compelling explanation for the increase and to reflect this on the requirements for performance-linked elections of pay, as appropriate.
  - Where restricted schemes form part of the structure, we look to companies to consider the principles outlined in the section on restricted schemes

Matching plans

- We look to boards to refrain from using matching plans if they are already using other types of long-term incentive plans.
- In our view, matching should be capped and should be linked to additional performance criteria.

One-off awards

- In our view, any one-off award to an executive requires truly exceptional circumstances that would need to be detailed by the company in the remuneration report. Awards delivered solely for the purpose of retention are not, in our experience, an effective tool for retaining employees.
- Without adequate explanation, we may consider not supporting one-off awards linked to transactions as these could create an incentive for executives to undertake unnecessary (and at times value-destroying) acquisitions.

Shareholding requirement

- We look to executives to build up a meaningful shareholding in the company within a reasonable amount of time after their appointment. To facilitate this, we look to remuneration committees to set an appropriate shareholding requirement for executives based on a multiple of base salary.
- We consider it to be good practice for executives to retain part of their shareholding for a period of time (preferably at least two years) after they leave the company.

Remuneration requirements under the Capital Requirements Directive VI

In BIS' view, boards of directors and remuneration committees should have flexibility in determining pay structure and levels. In principle, we are supportive of increasing the 1-to-1 cap on variable-to-fixed pay to 2-to-1 for companies subject to the Capital Requirements Directive (CRD) VI.[11] However, we look to boards to exercise this flexibility responsibly. We review and monitor remuneration structures on a case-by-case basis.

In addition to the above and in the context of CRD VI, we assess any material differences between proposed versus existing fixed pay levels for impacted staff, as approved by shareholders in previous years. If a company chooses to introduce an additional layer of fixed pay, where regulation permits, we are supportive when the allowance is paid in shares. Further, we consider it good practice when the allowance is released no faster than pro-rata over five years. In our view, any additional layer of fixed pay should be excluded from the calculation of pension entitlements, benefits and severance and fit within previously communicated and approved dilution limits. In addition, any increase in fixed pay or an additional layer of fixed pay, should result in a reduction of total overall pay given the decreased level of "at risk" pay.

Non-executive board members remuneration

BIS does not support variable pay elements (e.g. stock options or performance shares) for non-executive directors or supervisory board members and prefers these board members to receive fixed fees only. These fees can be paid in cash and/or shares when it is the accepted practice in the market.

BIS may not support proposals to approve remuneration to directors where non-executive board members are receiving pension contributions unless the company discloses a compelling rationale for providing such benefits (e.g. that they are required by law).

BIS supports requirements for non-executive board members to have a minimum level of shareholding of the company.

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[11] European Union, "Capital Requirements Directive VI (CRD VI) - 2024/1619/EU," accessed in December 2025.

Material sustainability-related risks and opportunities

Appropriate oversight of material risks and opportunities including material sustainability-related risks and opportunities, is an important component of having an effective governance framework, that supports durable, long-term financial value creation.[12]

We look to companies to provide robust disclosure that allows investors to effectively evaluate companies' strategy and business practices related to material sustainability-related risks and opportunities. We find it helpful when companies' disclosures demonstrate that they have a resilient business model that integrates material sustainability-related risks and opportunities into their strategy, risk management, and metrics and targets, including industry-specific metrics.

Standardized disclosure of sustainability-related data supports investors in making informed decisions. The International Sustainability Standards Board (ISSB) standards, IFRS S1 and S2, represent one such approach to standardization that we find useful in our analysis.[13] However, we do not mandate any specific disclosure framework companies should use, and recognise that some companies may report using different standards, some of which may be required by regulation.[14] In such cases, we ask that companies highlight the metrics that are industry- or company-specific.

We also recognize that companies may be phasing in reporting over several years. We do not prescribe timelines regarding when companies should make sustainability-related disclosures, but appreciate it when companies produce them sufficiently in advance of their shareholder meeting, to the best of their abilities, to provide investors with time to assess the data and make informed voting decisions.

While not a voting item, we find it helpful to our understanding of investment risk when companies disclose any relevant global sustainability-related standards adopted, the industry initiatives in which they participate, any peer group benchmarking undertaken, and any assurance processes to help investors understand their approach to sustainable and responsible business practices.

Climate and nature-related risk

Many companies are assessing how to navigate the low-carbon transition while delivering long-term financial value to investors. For companies facing material climate-related risks, we find it helpful when they publicly disclose how they intend to deliver long-term financial performance through the low-carbon

[12] By material sustainability-related risks and opportunities, we mean the drivers of risk and financial value creation in a company's business model that have an environmental or social dependency or impact. Examples of environmental issues include, but are not limited to, water use, land use, waste management, and climate risk. Examples of social issues include, but are not limited to, human capital management, impacts on the communities in which a company operates, customer loyalty, and relationships with regulators.

[13] The ISSB is an independent standard-setting body within the International Financial Reporting Standards (IFRS) Foundation. The standards build on the Task Force on Climate-related Financial Disclosures (TCFD) framework and the standards and metrics developed by the Sustainability Accounting Standards Board (SASB), which have both converged under the ISSB. Please refer to the IFRS website to learn more about the framework and standards S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and S2 "Climate-related Disclosures." Websites accessed in December 2025.

[14] European Union rules include the Corporate Sustainability Reporting Directive and the Corporate Sustainability Due Diligence Directive, which require listed companies to publish regular reports on the sustainability-related risks they face, and on how their activities impact people and the environment. Website accessed in December 2025.

transition, including where available, their transition plan.[15, 16] From company disclosures and engagement, we seek to understand the strategies companies have in place to manage material risks to, and opportunities for, their long-term business model associated with a range of climate-related scenarios.

Recognizing the value of these disclosures, certain markets such as the European Union mandate large companies to disclose such climate-related financial information, while in other jurisdictions these disclosures are viewed as best practice in the market.

The ISSB standards provide one such framework that can assist investors in assessing company-specific climate-related risks and opportunities, and informing investment decisions. Such disclosures also provide investors with insights into how companies are managing the risks associated with the transition to a low-carbon economy by managing their own carbon emissions or emissions intensities to the extent financially practicable.

The ISSB standards, for example, contemplate disclosures on how companies are setting short-, medium- and long-term targets, ideally science-based where these are available for their sector, for scope 1 and 2 greenhouse gas emissions (GHG) reductions and to demonstrate how their targets are consistent with the long-term financial interests of their investors.

While we recognise that regulators in some markets are moving to mandate certain disclosures, at this stage, we view scope 3 emissions differently from scopes 1 and 2, given methodological complexity, regulatory uncertainty, concerns about double-counting, and lack of direct control by companies. We welcome disclosures and commitments companies choose to make regarding material scope 3 emissions and recognise these are provided on a good-faith basis as methodology develops.

In addition to climate-related risks and opportunities, for companies whose strategies, operations, or supply chains are materially reliant on natural capital, nature-related risks and opportunities may affect their ability to generate long-term financial returns.[17] For these companies, we rely on disclosures to understand how their strategies consider nature-related impacts and dependencies and to assess how the board oversees these risks.[18]

We look to boards to oversee management's approach to addressing material climate and nature-related risk in a company's business model and may convey concerns about board oversight in our voting on director elections or supporting a business relevant shareholder proposal when, in our assessment, the board is not acting in shareholders' long-term financial interests.

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[15] We have observed that more companies are developing such plans, and public policymakers in certain markets are signaling their intentions to require them or already have requirements in place, such as Australia, Brazil, and the European Union (please see the International Transition Plan Network for information). We view transition plans as a method for a company to both internally assess and externally communicate its long-term strategy, ambition, objectives, and actions to create financial value through the global transition towards a low-carbon economy. Across the landscape there remains divergence on the objectives of such plans and the details they should contain. While transition plans can be helpful disclosure, BIS does not make the preparation and production of transition plans a voting issue. BIS may engage companies that have chosen to publish a transition plan to understand their planned actions and resource implications. Website accessed in December 2025.

[16] For more information, please see our commentary "Climate-related risks and a low-carbon transition," December 2025.

[17] For more information, please see our commentary "Our approach to engagement on natural capital," December 2025.

[18] Given the growing awareness of the materiality of these issues for certain businesses, enhanced reporting on a company's natural capital dependencies and impacts would aid investors' understanding. In our view, the final recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) may prove useful to some companies. We recognize that some companies may report using different standards, which may be required by regulation, or one of a number of other private sector standards. TNFD-aligned reporting is not a voting issue. Website accessed in December 2025.

Say on Climate

In some EMEA markets, companies may submit management proposals asking shareholders to approve their climate action plans or progress reports, sometimes known as "Say on Climate". BIS takes a case-by-case approach to voting on these proposals. BIS is likely to support these proposals when a company can demonstrate that the oversight of, and processes to manage, material climate-related risks and opportunities are robust and aligned with the long-term financial interests of shareholders. We have also observed shareholder proposals requesting climate-related disclosure or action plans on the agendas of various companies' shareholder meetings. We review these proposals on a case-by-case basis, taking into consideration the information that management may have already provided to address relevant material climate-related risks and opportunities.

Companies' impact on their workforce, supply chains, and communities

Companies determine their key stakeholders based on what is material to their business and long-term financial performance. For many companies, key stakeholders include employees, business supply chains, clients and consumers, regulators, and the communities in which they operate.

In our experience, companies that invest in the relationships that are critical to their strategic objectives are more likely to deliver durable, long-term financial performance. By contrast, we have found that poor relationships may create adverse impacts that could expose companies to legal, regulatory, operational, and reputational risks. This is particularly relevant to a company's workforce, which is central to long-term financial value creation.[19]

As a long-term shareholder on behalf of our clients, we find it helpful when companies disclose how they have identified their key stakeholders and considered their interests in business decision-making. In addition to understanding broader stakeholder relationships, BIS finds it helpful when companies discuss how they consider the needs of their workforce today, and the skills required for their future business strategy. We are also interested in understanding how the board monitors and engages on these matters, given it is well positioned to ensure that the approach taken by management is informed by and aligns with the company's strategy. BIS does not direct a company's policies or practices, which are the responsibility of management and the board.

In addition, we find it helpful when companies disclose their approach to addressing material adverse impacts that could arise from their business practices and affect critical relationships with their stakeholders. We also recognise that some regulatory standards require companies to conduct due diligence on human rights and adverse impacts.[20] We encourage companies to implement, to the extent appropriate, monitoring processes (often referred to as due diligence) to identify and mitigate potential adverse impacts and grievance mechanisms to remediate any actual adverse material impacts.

We look to boards to oversee management's approach to addressing material risks related to key stakeholders and may convey concerns about board oversight in our voting on director elections or supporting a business relevant shareholder proposal when, in our assessment, the board is not acting in shareholders' long-term financial interests.

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[19] For more information, please see our commentary "Our approach to engagement on human capital management," December 2025.
[20] For example, the European Commission's Corporate Sustainability Due Diligence Directive (CSDDD), 2024, accessed in December 2025.

Other corporate governance matters

Amendments to memorandum/articles of association/charter

These proposals vary from routine changes to reflect corporate law or other regulatory revisions through to significant changes that substantially change the governance of the company. BIS will review such proposals in accordance with our Global Principles and our assessment of the impact of the changes on the rights of shareholders.

Virtual meetings

Shareholders should have the opportunity to participate in the annual and special meetings of the companies in which they are invested. When evaluating virtual annual general meetings (AGMs), we take into consideration several factors which include but are not limited to the rationale for introducing virtual AGMs and how the company enables meaningful shareholder participation and interaction with the board and management. The guidance provided on the topic by the local regulation will also be considered.

Where the annual report and/or financial statements are not published sufficiently in advance of the voting deadline to allow a considered vote, we may abstain on proposals on the approval or adoption of the reports. Similarly, we may withhold support if qualifications have been raised by the auditor, or if doing so would protect shareholders' rights to take legal action should irregularities be discovered at a future date. We may also vote not support proposals on the annual report/financial statements if we have material concerns about the quality of reporting and disclosure.

Bundled proposals

BIS believes that shareholders should have the opportunity to review substantial governance changes individually without having to accept bundled proposals. Where several measures are grouped into one proposal, BIS may not support certain positive changes when linked with proposals that generally contradict or impede the rights and economic interests of shareholders.

Change of name of corporation

BIS will normally support management proposals on corporate names.

Coverage of multi-jurisdictional companies

Where a company is listed on multiple exchanges or incorporated in a country different from its primary listing, we will apply the most relevant market guideline(s) to our analysis of the company's governance structure and specific proposals on the shareholder meeting agenda. In doing so, we typically consider the governance standards of the company's primary listing, the market standards by which the company governs itself, and the market context of each specific proposal on the agenda. If the relevant standards are silent on the issue under consideration, we use our professional judgment to achieve the outcome we believe is most aligned with our clients' long-term economic interests. We appreciate it when companies disclose in their annual report the rationale for their selection of primary listing, country of incorporation, and choice of governance structures - in particular where there are contradictions between relevant market governance practices.

Dividend proposals

BIS will generally support dividends, taking into consideration market standards and practices. We assess more closely companies that propose a lower allocation to determine if the low dividends are required by company-specific conditions or local market factors. We may not support dividends that appear excessive given the company's financial position.

BIS will generally support proposals that offer shareholders a choice of a stock or cash dividend. We look to companies to explain their dividend policy and provide a rationale for and terms of any distribution of scrip dividends. In our view, companies should repurchase shares to avoid excessive dilution in case of scrip distribution.

Other business

BIS may not support giving companies authority to vote on behalf of our clients on matters where we are not given the opportunity to review and understand those measures and carry out an appropriate level of shareholder oversight.

Reincorporation or change of domicile

Proposals to move domicile from one country to another are typically undertaken to gain protection from takeover, to avoid certain regulatory requirements, to save costs, or to benefit from certain incentives. We look to companies to provide supporting rationale for the proposed reincorporation, and/or change of domicile, and assess any changes to the company's charter associated with the reincorporation. We may not support moves that would result in a significant overall reduction in shareholder protections. We assess such proposals by considering the balance between any reduction in shareholder protections and the overall benefits, including cost savings, that may be achieved.

Related-party transactions

In principle, we look to companies to refrain from engaging in transactions with related parties such as their shareholders, directors, and management. In our view, if related-party transactions are entered into, they should be conducted on an arm's length basis, approved by independent parties, such as non-interested directors and/or shareholders, and further governed by relevant corporate law or stock exchange listing requirements. We find it helpful when related-party transactions are fully disclosed and explained. We consider it good practice when this disclosure includes, but is not limited to, parties involved, financial conditions, details of the transaction, and justification from the board on the interest of the transaction. We may support reasonable annual mandates for recurring related-party transactions subject to their not adversely impacting minority shareholders.

BIS will generally not support substantial business transactions with non-executive directors as conflicts of interests should be avoided.

Corporate form

In our view, it is the responsibility of the board to determine the corporate form that is most appropriate given the company's purpose and business model.[21] We look to those companies proposing to change their corporate form, to put it to a shareholder vote if not already required to do so under applicable law. We consider it best practice when supporting documentation clearly explains how the interests of shareholders and different stakeholders would be impacted as well as the accountability and voting mechanisms that would be available to shareholders. We generally support management proposals to convert to a different corporate form if our analysis indicates that shareholders' financial interests are adequately protected. Corporate form shareholder proposals are evaluated on a case-by-case basis.

[21] Corporate form refers to the legal structure by which a business is organized.

Shareholder proposals

In most markets, shareholders can submit proposals to be voted on at a company's shareholder meeting, as long as certain requirements are met. Shareholder proposals span a wide range of topics, including governance reforms, capital management, and changes in the management or disclosure of sustainability-related risks. These proposals have a varying degree of relevance for companies across sectors, locations, and business models.

BIS takes a case-by-case approach to voting on shareholder proposals and maintains a singular focus on the proposal's implications for long-term financial value creation for shareholders. Our analysis considers whether a shareholder proposal addresses a material risk that may impact a company's long-term financial performance. BIS may support shareholder proposals that request disclosures that help us, as long-term investors on behalf of our clients, better understand the material risks and opportunities companies face and how they are managing them, especially where this information is additive given the company's existing disclosures. We look for consistency between the specific request formally made in the proposal, the supporting documentation, and the proponents' other communications on the issues. We also assess the company's practices and disclosures and the costs and benefits to the company of meeting the request made in the proposal. We take into consideration a company's governance practices and disclosures against those of their peers.

BIS does not support shareholder proposals that we view as inconsistent with long-term financial value or that seek to micromanage companies. We take into consideration the legal effect of the proposal, as shareholder proposals may be advisory or legally binding depending on the jurisdiction, while others may make requests that would be deemed illegal in a given jurisdiction.

In our experience, it is helpful when companies disclose the names of the proponent or organization that has submitted or advised on the proposal. We recognize that some shareholder proposals bundle topics and/or specific requests. Further, the proponent's supporting statement may refer to topics that are not directly related to the request made in the proposal. In voting on behalf of clients, we must vote yes or no on the proposal as phrased by the proponent. Therefore, when we vote in support of a proposal, we are not necessarily endorsing every element of the proposal or the reasoning, objectives, or supporting statement of the proponent. We may support a proposal for different reasons than those put forth by the proponent, when we believe that overall it may advance our clients' long-term financial interests.

BlackRock is subject to certain rules, regulations, agency guidance, and contractual agreements that place restrictions and limitations on how BlackRock can interact with the companies in which we invest on behalf of our clients. BlackRock does not nominate directors for board elections or submit shareholder proposals to companies. Non-compliance with these requirements could adversely affect BlackRock's ability to serve its clients' interests.

Country-specific considerations

Austria

Boards and directors

A dual-board system is prescribed by Austrian law. It also provides for employee representation on the supervisory board, i.e. co-determination rights. Accordingly, employees may appoint to the supervisory board one member from their own ranks (i.e. not external trade union representatives) for every two appointed by the general meeting of shareholders. Broadly speaking, this composition applies also to the committees of the supervisory board. Employee representatives may have their appointment terminated at any time but only by the works council. Given this structure, we look for the majority of the supervisory board members elected by the general meeting to be independent of major shareholders, the company, and its management board. In controlled companies, we look for the number of independent directors to be no less than one-third of board members.

Belgium

Boards and directors

We look for a majority of the board members on Belgian company boards, which follow the unitary model, to be non-executive directors. For companies with dispersed ownership that adopt a unitary board, we look for a majority of directors to be fully independent. In controlled companies, we look for the number of independent directors to be no less than one-third of board members.

BIS is not in favor of cross-shareholdings or the associated reciprocal board directors (*administrateurs réciproques*). We may not support the election of directors who have such connections with the company, except where there is a business joint venture.

France

Boards and directors

French law provides for either a unitary or dual-board structure. While BIS has no preference between the two structures, we look for any change in structure to be properly explained.

For companies with dispersed ownership that adopt a unitary board, we look for a majority of directors to be fully independent. In controlled companies, we look for the number of independent directors to be no less than one-third of board members. In determining the total number of independent members serving on a French board, BIS will not take into account the representatives of employees when their appointment is required by law.

BIS is not in favor of cross-shareholdings or the associated reciprocal board directors (*administrateurs réciproques*). We may not support the election of directors who have such connections with the company, except where there is a business joint venture.

We look for directors' appointment terms to be no longer than four years with a clear explanation given for director tenures over 12 years (as per EU directive).

BIS recognises that there are circumstances under which companies might want to appoint censors and that censors are appointed for transitional/interim periods. However, we may not support censor appointment if the appointment is not twinned with sufficient levels of disclosure that would allow BIS to assess the reasons for the appointment, terms of the appointment, and any links that the censor might have with the company.

General corporate governance matters

BIS supports the “one share, one vote” principle, and will encourage companies to adopt it. Hence, BIS will support bylaw amendments that introduce adoption of one share, one vote for registered shareholders. BIS will not support “loyalty” dividends for registered shareholders holding shares for a longer period of time (typically more than two years). BIS will also vote in favor of abolishing voting caps.

Related-party transactions

We look for related-party transactions to be fully disclosed and explained. We appreciate it when disclosure includes, but is not limited to, parties involved, financial conditions, details of the transaction, and justification from the board on the interest of the transaction. We prefer all new significant transactions to be the subject of separate resolutions. We look to companies to review any transaction rejected by shareholders.

Remuneration and benefits

We look for additional pension entitlements to be subject to a minimum employment period of two years and to be based on the fixed pay element only.

Employee Share Purchase Plan

BIS believes employee share purchase plans can provide performance incentives and help align employees’ interests with those of shareholders. Nevertheless, when issuance authorizations linked to these plans exceed 10% of the company’s share capital, we will assess their appropriateness and typically support them, unless we have concerns about anti-takeover or risk of dilution to existing shareholders.

Germany

Boards and directors

A dual-board system is prescribed under the German Stock Corporation Law (*Aktiendgesetz*), although a unitary model is provided as an option for those companies incorporated under European Company law (*Societas Europaea*, or *SE*) . Aside from the employee elected representatives, we look for the supervisory board to be comprised of only non-executive directors, and the management board should be comprised of only executive directors.

Depending on the number of employees of a company, German law also provides for employee representation on the board, i.e. co-determination rights. Employee representatives generally make up one-third to one-half of the board members. Given this, for companies with dispersed ownership, we look for at least one-half of the shareholder-elected representatives to be fully independent. In controlled companies, we look for the number of independent supervisory board members to be no less than one-third of the shareholder representatives. In addition, no more than two supervisory board members should be former members of the management board. Further, when assessing the independence of supervisory board members, in BIS’s view, a management board member should not move on to become supervisory board chair without an appropriate cooling off period. Whilst we acknowledge the expectations defined by the German Corporate Governance code, we will seek a compelling and detailed rationale when this is proposed. To this end, we could consider recent employment by the company or subsidiary as a senior executive as a potential impediment to independence.

BIS prefers individual director elections for the supervisory board. In the case of bundled elections, or elections by slate, BIS may not support the entire slate if the names and relevant biographical details of directors are not disclosed, or if there are concerns regarding any board member's capabilities and/or performance. We may also not support in case of concerns regarding the board composition and independence.

Greece

Boards and directors

We look for the majority of the board members, and at least one-third of the non-executive directors, to be fully independent. In controlled companies, we look for the number of independent directors to be no less than one-third of board members. In our view, boards should have the flexibility to appoint directors whose skills and experience would promote more robust boardroom discussion. This includes directors who hold positions at competing companies. In such situations, we appreciate it when the board provides rationale for this appointment as well as an explanation of any processes to manage conflicts of interest.

Ireland

Historically, publicly listed companies in Ireland have generally adopted the UK Corporate Governance code, supplemented by the Irish Corporate Governance Annex. We acknowledge the introduction of the Irish Corporate Governance Code in 2024.[22] While the latter is largely based on the UK Code expectations, it has been tailored to the local market and allows for alignment with the EU regulatory infrastructure. We will continue engaging with companies in the region to understand how they plan to adhere to the new code going forward.[23]

Israel

Boards and directors

We look for a majority of the board members on Israeli company boards to be non-executive directors. For companies with dispersed ownership, we look for a majority of directors to be fully independent. In controlled companies, we look for the number of independent directors to be no less than one-third of board members.

We look to boards to be representative of the company's key stakeholders, with an approach to diversity that is aligned with market-level standards or practices.[24]

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[22] EuroNext Dublin, "Irish Corporate Governance Code 2024," September 2024, accessed in December 2025.
[23] According to the Irish Corporate Governance Code 2024, companies with a primary listing on Euronext Dublin are subject to the Irish Code. However, if a company is dual-listed in both Ireland and the UK, it can follow either the Irish Code or the UK Code.
[24] Under the Israeli Companies Law, if a company's board is composed entirely of one gender, any newly appointed external director must be of the other gender. Please see: Israeli Companies Law, 5759-1999, Part VI, Article Four: Outside Director.

Italy

Boards and directors

Companies establish a board of directors and a board of statutory auditors. The board of directors may delegate some of its powers to a managing director or to an executive committee. Both boards are elected through the *voto di lista* system, under which shareholders with a minimum stake can propose a slate of directors for nomination. Directors are appointed based on a pre-determined allocation of seats for each slate presented, dependent on the level of support received by each slate at the shareholder vote.

Where more than one slate is proposed, BIS will support the slate which we deem will result in a board with directors most suited to representing the long-term financial interests of the minority shareholders. For companies with dispersed ownership, we look for a majority of directors to be fully independent. In controlled companies, we look for the number of independent directors to be no less than one-third of board members. Further, in our view, the whole board of statutory auditors should be fully independent.

BIS acknowledges that companies in Italy also have the ability to present a list by the outgoing board, as long as this option has been foreseen within the article of association prior approval at the general meeting. At the same time, we note that in March 2024, the Law Capitaliintroduced a set of mandatory procedures for companies presenting their own board list to follow, including but not limited to: for the outgoing board slate to have 33% more candidates than the number of members to be appointed to the board and for the quorum required for the incumbent board to approve the outgoing board slate to be increased by two-thirds. [25]

We view the presentation of a slate by the outgoing board as an alignment with international best practices, giving directors a greater role in board composition and long-term succession planning. In addition, BIS believes that boards should have the flexibility to appoint directors whose skillsets and experience would promote more robust boardroom discussion. This includes directors who hold positions at competing companies. In such situations, we appreciate it when the board provides rationale for this appointment as well as an explanation of any processes to manage conflicts of interest. However, we look for proposals aimed at introducing additional changes to the article of associations to not create further complications in the director election process, and to benefit shareholders' rights. As a result, BIS may not support such proposals as they may not protect our clients' rights as minority shareholders and could be counter to their financial interests.

Remuneration and benefits

BIS will normally not support a remuneration policy that allows for severance payments to executive directors that exceed two years' total pay, although we will give regard to relevant National Collective Agreements for the sector.

Amendments to memorandum/articles of association/charter

BIS acknowledges that since March 2024, Italian-listed companies can amend their articles of association to progressively increase enhanced voting rights.[26] In our view, these structures undermine the corporate governance principle of proportionality and result in a concentration of power among a few shareholders. As a result, BIS may not support such proposals as they may not protect our clients' rights as minority shareholders.

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[25] Gazzetta Ufficiale, "LEGGE 5 marzo 2024, n. 21,"2024, accessed in December 2025.
[26] Gazzetta Ufficiale. "LEGGE 5 marzo 2024, n. 21." 2024, accessed in December 2025.

In addition, companies can amend their articles of association to hold general meetings with the exclusive participation of a company-appointed representative. Such structures limit shareholders' ability to participate, vote, follow the proceedings live, and impose limits on when questions can be submitted. It remains our view that shareholders should have the opportunity to participate in the meetings of the companies in which they are invested, giving them an opportunity to provide feedback to, and hear directly from, the board and management. As a result, BIS may not support such proposals as they may not protect our clients' rights as minority shareholders.

Luxembourg

Boards and directors

Companies may adopt either a unitary or dual-board structure, although most companies have the former. Normally, in our view, at least half of the board should be fully independent, except where there is a major shareholder with board representation, in which case at least one-third should be independent.

If a company has not published its financial statements in advance of the general meeting, BIS may abstain on the proposal to discharge the board.

Portugal

Boards and directors

Companies may adopt either a unitary or dual-board structure. We look for the majority of directors on a unitary board and all supervisory board directors to be non-executive and at least half of them to be independent.

Russia

Boards and directors

Companies adopt a unitary board structure, with directors being voted through a cumulative voting system. Given the election system, BIS will usually support directors who are considered to be fully independent.

If a director resigns from the board or the company seeks to terminate the director before the end of his/her term, we look for the entire board to be terminated, and a new board must be elected. BIS supports the early termination of powers of the board of directors if there is a proper justification. However, BIS will not support the proposal seeking to modify the composition of the board if no justification has been provided, no names have been released, and/or if the changes result in a controlling shareholder increasing its influence on the board.

Related-party transactions

Russian law requires shareholder approval of related-party transactions if they are valued at 2% or more of the book value of a company's assets or if members of the board are considered interested. Related-party transactions require approval by more than 50% of disinterested shareholders voting at the meeting, whilst interested shareholders are not eligible to vote. Related-party transactions should be fully disclosed and explained in order to support these. We look for disclosure to include, but not be limited to, parties involved, pricing, and independent valuation.

Audit commission

The audit commission members should be free from any conflict of interests. We may not support a nominee if there are concerns regarding the work of the commission and/or its composition.

South Africa

Boards and directors

For companies with dispersed ownership, we look for a majority of directors, including the chair, to be fully independent. In controlled companies, we look for the number of independent directors to be no less than one-third of board members.

The audit committee should be composed exclusively of independent directors.

We look for all board directors to be subject to retirement by rotation. BIS may not support new or amended Memoranda of Incorporation where board-level executive directors are excluded from this requirement.

Lastly, we look to boards to be representative of the company's key stakeholders, with an approach to diversity that is aligned with market-level standards or practices.[27] In assessing board composition, BIS will take into account the influence of South Africa's Black Economic Empowerment (BEE), or Broad-Based Black Economic Empowerment (BBBEE) Act.

Spain

Boards and directors

Although most companies adopt a unitary board structure it is possible to have a two-tiered board. We consider it best practice when at least half of the board directors are independent. In controlled companies, we look to the number of independent directors should be no less than one third of board members.

BIS believes that directors should be elected on an individual basis. Where the proposal bundles the election of all the nominees, BIS may not support the entire slate.

Switzerland

Boards and directors

We look for at least half of the board, which is unitary in the Swiss system, to be independent directors. In controlled companies, we look for the number of independent directors to be no less than one third of board members. Furthermore, only non-executives should serve on the company's committees, and BIS

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[27] In the Middle East and Africa, 77% of companies have at least one woman on their board. EgonZehnder, "2024-25 Global Board Diversity Tracker."

may consider not supporting the re-election and/or appointment of executives if they serve on any of the committees.

Approval of non-financial reporting

We acknowledge the issuance of Swiss regulations[28]requiring listed companies to hold a non-binding advisory vote on non-financial matters as of 2024.[29] BIS will review each report on a case-by-case basis to assess that sufficient disclosure is provided to effectively evaluate a company's strategy and business practices related to material sustainability-related risks and opportunities.

The Netherlands

Boards and directors

Dutch law provides for either a unitary or dual-board system. While BIS has no preference between the two structures, we look for any change in structure to be properly explained and put to shareholder vote. Where companies adopt a unitary board, we look for the majority of the board to be fully independent non-executive directors, and for the roles of board chair and CEO to be separated. In cases where there is a combination in these roles, we look to the board to implement mechanisms that may offset a potential concentration of power. For two-tiered boards, we look for the supervisory board to be comprised of only non-executive directors, and the management board to be comprised of only executive directors. In our view, the majority of the supervisory board members should be fully independent. In controlled companies, the number of independent board members should be no less than one-third of board members.

Capital structure, mergers, acquisitions, transactions, and other special situations

BIS will generally support proposals to abolish depository receipts and replace them with ordinary shares. BIS does not support the use of preference shares to deter a hostile takeover bid.

The Nordic region (Denmark, Finland, Norway, and Sweden)

Boards and directors

Finland is the only Nordic market where two-tier boards are common, with an increasing trend over recent years towards the unitary model. In Sweden, the unitary board is composed almost entirely of non-executive directors. The CEO may serve on the board but cannot be the board chair. We look to a majority of the non-executive directors on both unitary and dual-board models to be independent, excluding any employee appointed directors. In controlled companies, we look for the number of independent directors to be no less than one-third of board members (again, excluding any employee appointed directors).

In Denmark, Norway, and Sweden, companies have mandatory employee representation. Employees in large firms have the right (but not the obligation) to elect around one-third of the supervisory board

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[29] Swiss Code of Obligations Art. 964a et. Seq, is aimed at listed companies with at least 250 employees and total assets exceeding CHF 20 million or revenues exceeding CHF 40 million for two consecutive years. The report on non-financial matters must provide information regarding how its business activities impact environmental, social, employee, human rights, and anti-corruption issues.
[29] Swiss Code of Obligations Art. 964a et. Seq, is aimed at listed companies with at least 250 employees and total assets exceeding CHF 20 million or revenues exceeding CHF 40 million for two consecutive years. The report on non-financial matters must provide information regarding how its business activities impact environmental, social, employee, human rights, and anti-corruption issues.

members. In determining board independence, we exclude employee representatives from our assessment.

BIS believes that directors should be elected on a simple majority and will support proposals abolishing plurality voting.

In Sweden, and increasingly in Finland, nominating committees are made up of representatives of three to five of the largest shareholders and the board chair. BIS will generally be supportive of the adoption of this approach, provided that the nominating committee's guidelines make clear that it must act in the interests of all shareholders. It is BIS policy not to nominate a representative to the nomination committee where BlackRock is one of the largest investors by virtue of investing on behalf of its clients. BIS may not support the principles of establishment of a nominating committee and/or the proposal to appoint and/or elect a nominating committee, if a member of the executive management is a member of the committee, the board chair is also the chair of the committee, and/or if more than one board member who is dependent on a major shareholder is on the committee.[30]

BIS believes that directors should be elected annually on an individual basis. In Sweden and Finland, the election of board members is usually done through a bundled proposal. In the case of bundled elections, BIS may consider not supporting the entire slate of directors if the names and details of any director have not been disclosed, if the board and/or its committees are not majority independent, and/or if there are concerns with a board member's capabilities or performance.

BIS will generally support the discharge of the board of directors. BIS will support proposals to abolish the annual vote on the discharge of the board of directors if directors stand for annual re-election individually.

General corporate governance matters

BIS will support proposals to abolish voting caps or multiple voting rights and will oppose measures to introduce these types of restrictions on shareholder rights.

Danish companies generally do not allow votes against director and auditor elections when voting by proxy because the election has a plurality voting standard (i.e. settled through relative, simply majority). Therefore, we may abstain where we have concerns regarding the director or auditor election.

Middle East

Auditors and fees

BIS analyses proposals related to auditors, including external Shariah auditors and their fees, in line with the proxy voting guidelines outlined in this document. Where the company has not provided full disclosure on the name of the auditor, the audit fees as well as non-audit fees, BIS may abstain on the approval of the auditor.

Boards and directors

In our view, at least one-third of the board should be composed of independent directors. We appreciate it when the names and biographical details of the board candidates are disclosed sufficiently in advance of the general meeting for us to take a considered decision. We look to boards to be representative of the

[30] The Swedish Corporate Governance Code, Section 2, Nomination Committee.

company's key stakeholders, with an approach to diversity that is aligned with market-level standards or practices.[31]

Charitable donations

We look to companies to disclose information about the amount of charitable donations that were paid by the company and about the maximum permitted limit for donations.

Critical reports

Where the corporate governance, auditor, board or Shariah committee reports are not published sufficiently in advance of the voting deadline to allow a considered vote, we may abstain on proposals on the approval or adoption of the reports.

Debt and sukuk issuances

We look to companies to provide sufficient disclosure around any debt or sukuk issuance, including clear limits around the proposed amounts and the strategic rationale underpinning the request when tabled at the general meeting.

Related-party transactions

In the Middle East, a particular area of our focus is disclosure. We look for disclosure to include, but not be limited to, parties involved, financial conditions, details of the transaction, and justification from the board on the interest of the transaction. BIS will generally not support a transaction if sufficient disclosure is not provided.

Shariah board elections

Where relevant, we look to companies to provide full disclosure of the names, biographical details, and any remuneration relating to the Shariah supervisory board or committee candidates sufficiently in advance of the general meeting for us to take a considered decision. BIS will not support such elections, or fee approvals, where information provided is insufficient.

Türkiye

Auditors and fees

BIS analyses proposals related to auditors and their fees in line with the proxy voting guidelines outlined in this document. Where the company has not provided full disclosure on the name of the auditor, the audit fees as well as non-audit fees, BIS may not support the approval of the auditor.

Boards and directors

In our view, at least one-third of the board should be composed of independent directors. We appreciate it when the names and biographical details of the board candidates are disclosed sufficiently in advance of the general meeting for us to take a considered decision. We look to boards to be representative of the

[31] In the Middle East and Africa, 77% of companies have at least one woman on their board. EgonZehnder, "2024-25 Global Board Diversity Tracker."

company’s key stakeholders, with an approach to diversity that is aligned with market-level standards or practices.[32]

We acknowledge that local guidelines in Türkiye consider director tenure beyond six years as a potential impediment to independence. We engage with boards to understand how this is considered within the broader context of board and committee composition.

Charitable donations

We look to companies to disclose information about the amount of charitable donations that were paid by the company and about the maximum permitted limit for donations.

United Kingdom

Boards and directors

The appointment of key individuals, notably the board chair, is crucial for an effective board and for board communications. We look for the roles of board chair and CEO to be separated. In cases where there is a combination in the roles of board chair and CEO, we look to the board to implement mechanisms that may offset a potential concentration of power (e.g. the appointment of a Senior Independent Director).

To ensure there is appropriate diversity at board level and beyond, we look to companies to meet the targets set out by the Financial Conduct Authority (FCA).[33]

In our view, at least half the board should be non-executive directors who are, and are seen to be, fully independent. We include the board chair in this assessment of overall independence. For AIM-listed companies, we look to the board to have at least two independent directors.[34]

In our view, the audit committee should be fully independent and the chair and the majority of the members of the other board committees should be independent non-executive directors. BIS will review the status of independent directors where they have been on the board for in excess of nine years. We are supportive of annual elections for all directors. We may not support individual board members where we have concerns about their independence, in the context of the board overall or about their performance, in terms of advancing the interests of shareholders or in terms of board meeting attendance.

Auditors and audit-related issues

We may not support the re-election of board directors, specifically the members of the audit committee or equivalent, where the board has failed to facilitate high quality, independent auditing.

We look to companies to put their external audit contract out to tender periodically, as determined by the board and the audit committee. We may support shareholder proposals seeking the rotation of audit firms or an audit being put out to tender. We are more likely to be supportive of the shareholder proposal if we

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[32] In the Middle East and Africa, 77% of companies have at least one woman on their board. EgonZehnder, “2024-25 Global Board Diversity Tracker.”

[33] The FCA Listing Rules operate on a comply or explain basis, asking for boards to have at least 40% female representation; for at least one of the senior board positions (Chair, CEO, CFO or Senior Independent Director) to be held by a woman; and for at least one member of the board to be from an ethnic minority background excluding white ethnic groups. Website accessed in December 2025.

[34] The 2023 QCA Corporate Governance Code requires that, in addition to the existing requirement of having at least two independent non-executive directors, at least half of the board must consist of independent non-executive directors.

have previously had concerns about the quality of the audit that have not been addressed or if the company is not observing market norms in this regard.

Capital structure, mergers, acquisitions, transactions, and other special situations

BIS may not support capital issuance proposals in excess of one-third of the nominal value of the company's current issued share capital with pre-emptive rights, with an additional one-third (two-thirds in total) applied to fully pre-emptive rights issues only, or in excess of 10% of the issued capital without pre-emptive rights when the proceeds are not intended for a specific purpose. This 10% limit is raised to 20% for AIM-listed companies, and for all companies where the second 10% is for acquisition or capital investment. BIS may approve issuances beyond these limits for investment trusts where the shares will be issued at or above Net Asset Value (NAV). Any issuances above these limits, would be reviewed on a case-by-case basis.

Waiver on tender-bid requirement

BIS will usually support a waiver on tender-bid requirement when it is required in connection with a share buyback and that the affected shareholder already owns between 30% and 50% of the issued shares of the company. We will not grant waivers in other circumstances.

Want to know more?

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