IIGCC

Glass Lewis 2024 Policy Survey – Climate-related Questions

In this document, we have extracted all the climate-related questions from Glass Lewis' 2024 Policy Survey. The responses set out here are prepared by IIGCC and do not necessarily reflect the views of our membership either individually or collectively.

35. In Spain and Switzerland, companies are now required to prepare a report on non-financial matters (i.e., environmental, social, and employment-related matters, respect for human rights, and anti-corruption) on an annual basis, and submit that reporting to a shareholder vote.

Under what circumstances should shareholders consider voting against a company's non-financial reporting?

- The company has experienced a material ESG controversy and has failed to provide a sufficient response.
- The company underperforms its peers on ESG practices policies and/or reporting (please elaborate)
- There are material concerns regarding the completeness and/or quality of the non-financial reporting
- The company has failed to make its non-financial reporting available to shareholders in a timely manner
- There are no circumstances under which shareholder should consider voting against a company's non-financial reporting
- Other

37. In markets where the assurance of sustainability reporting is mandatory, do you find it reasonable that a company's statutory financial auditor is also tasked with providing sustainability reporting assurance?

- Yes, for all companies
- Yes, for large companies; small companies should appoint a different auditor for sustainability reporting
- Yes for small companies; large companies should appoint a different auditor for sustainability reporting
- It is acceptable for a transition period, but it would generally be better if all companies appointed a different auditor for sustainability reporting
- It doesn't matter
- Other

- *Other. We would expect all companies to receive at least limited assurance of their sustainability reporting – irrespective of whether sustainability reporting is mandatory. The EU's Corporate Sustainability Reporting Directive, in effect for large businesses operating in the region, allows limited assurance in the first instance, moving to reasonable assurance over a four-year period. This can be tasked to their statutory financial auditor or a different auditor. While utilising the same auditor for financial and non-financial reporting may lead to greater consistency between the*

two, IIGCC notes the need for competition in the audit market. Sustainability reporting may provide an opportunity alternative firms to gain a foothold in the market. As a result, we believe sustainability reporting can be assured by either the statutory financial auditor or by another service provider.

38. Are there specific data points related to climate transition strategies and oversight that you would find useful for display in our proxy papers?

The Net Zero Company Benchmark assesses the performance of focus companies against the initiative's three high-level goals: reducing greenhouse gas emissions, improving climate governance, and strengthening climate-related financial disclosures. More than 700 investors engaging companies through the initiative and companies are familiar with its requests. CA100+ only covers ***170*** *companies, extending the coverage of specific data points across Glass Lewis' analysis would be additive to investors' transition plan analysis.*

Specific data points that could be included:

- *The company has set an ambition to achieve net zero GHG emissions by 2050 or sooner [1.1].*
- *The company's long-term (2036 to 2050) GHG reduction target covers at least 95% of its Scope 1 and 2 emissions and the most relevant Scope 3 emissions (where applicable) [2.2]*
- *The target (or, in the absence of a target, the company's latest disclosed GHG emissions intensity) is aligned with the goal of limiting global warming to 1.5ºC [2.3]*
- *The company's medium-term (2027 to 2035) GHG reduction target covers at least 95% of its Scope 1 and 2 emissions and the most relevant Scope 3 emissions (where applicable). [3.2]*
- *The company identifies the set of actions it intends to take to achieve its GHG reduction targets over the targeted timeframes. These actions clearly refer to the main sources of the company's GHG emissions, including Scope 3 emissions (where applicable). [5.1.a]*
- *The company has a specific public commitment/position statement to conduct all its lobbying in line with the goals of the Paris Agreement [7.1.a]*
- *The company publishes a review of its climate policy positions' alignment with the Paris Agreement and discloses how it has advocated for these positions through its climate policy engagement activities. [7.2a]*

For more on the key components of a corporate transition plan, please see the IIGCC Investor Expectations of Corporate Transition Plans: From A to Zero (pages 4-5).

39. Are you evaluating companies' climate transition strategies when making decisions on director elections? If so, what factors are you using to make this assessment?

Investors are increasingly evaluating companies' climate transition strategies when making decisions on director elections. This formed a core component of IIGCC's Net Zero Voting Guidance, published in 2024. Directors ultimately answer to shareholders and are responsible for the strategy and performance of the company. This includes

the company's approach to mitigating and adapting to the transition and physical risks that could impact on the long-term value of the company. As part of their fiduciary duty to clients and beneficiaries, and subject always to the relevant laws and regulations to which they are subject, investors can hold boards accountable for failure to address climate risks by voting for or against directors.

IIGCC does not take a position on what factors are used to make this assessment.

41. When analysing and voting on a shareholder proposal, how important are the following factors:

	Very important	**Somewhat important**	**Not very important**
The text of the resolution	X		
The supporting statement of the resolution		X	
The identity of the proponent			X

47. In normal circumstances, do you believe that it is acceptable for companies to hold virtual-only shareholder meetings at which in-person attendance is not permitted?

- Yes, shareholders should generally defer to a board's judgement on meeting format
- Yes, so long as sufficient safeguards are included to protect shareholder rights -- e.g. no restrictions on question subject matter, number of questions, etc. (please elaborate below)
- Yes, but only for certain companies and/or in certain jurisdictions (please elaborate below)
- No, shareholder meetings should allow for in-person attendance in all but exceptional circumstances
- Other (please elaborate below)]

43. Companies in some markets utilize advisory management proposals to solicit shareholder feedback, rather than seek the approval of shareholders. For example, companies undergoing a merger or acquisition transaction may put advisory proposals regarding amendments to the certificate or articles of association on shareholder meeting agendas.

What are your expectations when an advisory management proposal does not receive majority support from shareholders?

- The board should generally refrain from proceeding with the requested action.
- If the board wishes to proceed with the requested action, it should consult with its top shareholders first and provide compelling public disclosure.
- If the board wishes to proceed with the requested action, it should provide compelling public disclosure.
- I generally defer to the board's judgement on such matters.
- Other (please elaborate below)

Unanswered

In addition to the above, there are a number of questions that may also be relevant, including:

11. In some instances, companies do not disclose sufficient information on a voting item for shareholders to make an informed proxy voting decision.

What is your general approach in these situations?

- Vote against proposal
- Abstain from voting on the proposal
- Follow the Board's recommendation, so long as there are no substantial concerns with the board's performance
- It depends/other

Unanswered

16. When shareholders hold material concerns with the performance of a director at one company, should they consider opposing the election/reelection of that director at different companies on this basis?

- Yes
- No

Unanswered

17. If yes, under what circumstances would this be appropriate?

- Poor strategic decisions/oversight
- Poor financial performance
- Concerning pay decisions
- Environmental and/or social concerns
- Poor responsiveness to shareholders
- Only in particularly egregious circumstances (e.g. an accounting scandal)

Unanswered

20. Would you consider voting against the election of the nomination/governance committee's chair or members if there are no directors on the board with clear skills and/or expertise in an area that is relevant to the company (e.g. AI, cybersecurity, ESG, supply chain)?

- Yes
- Only if the board has not been responsive to prior engagement on this topic
- Only if the company has experienced a material incident in the area
- Other

Unanswered

40. What factors would make you consider opposing a company's Say on Climate proposal?

- The company does not have emission reduction targets that have been validated by an external source (e.g., SBTi or outside auditor)
- The company does not provide detailed information concerning its future capital expenditures and how they are aligned with the company's long-term climate strategies
- The company's emission reduction targets are not clearly aligned with a 1.5-degree scenario
- The company has not developed a clear and credible net zero strategy
- It is unclear how the company's climate-related plans will contribute to enhancing future financial returns or shareholder value creation
- There is not clear evidence that the company has engaged in dialogue with shareholders on climate-related issues.
- Other (please elaborate below)

Unanswered

44. Even when a management proposal receives majority support from shareholders, some investors expect companies to provide a meaningful response if there is a 'significant' level of shareholder dissent (e.g. through engaging with shareholders and reporting back on the matter).

What level of dissent do you generally consider to be significant enough to warrant a response?

- 5-10%
- 10-20%
- 20-30%
- 30-40%
- 40-50%
- If the proposal passes, companies should not be expected to respond to dissent

Unanswered

Finally, there are a number of questions related to individual institution's stewardship practices. IIGCC is minded not to respond to these questions but encourages investors to do so where relevant to them.