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ISS Proposes Changes to Guidelines in France, Canada and Brazil

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Institutional Shareholder Services Inc (ISS), the US-based international corporate governance provider, has [released](#) its draft 2016 benchmark policy changes for consultation. There are only three countries where compensation-related changes are proposed:

France: Recent legislative changes in France have reduced to two years the previous requirement for a four-year combined vesting and holding period for performance shares issued by French companies. In response, ISS are proposing to bring France into line with their guidelines for other European countries by introducing a minimum three-year vesting period for all equity-based incentive plans proposed by French companies.

Canada: The current ISS policy for voting recommendations on equity plans proposed by Canadian TSX companies relies on a series of pass/fail tests on plan cost and other key issues. ISS are proposing to move to a scorecard approach similar to the one they operate in the US market. The stated intention is to adopt a more nuanced approach rather than make the overall policy more or less stringent.

Brazil: Brazil introduced binding shareholder voting on remuneration in 2010 but ISS note that there is still a problem with inconsistent disclosure. The ISS policy in Brazil is currently purely compliance-based and the proposal is to introduce a more qualitative analysis in very limited circumstances. This will only apply where the remuneration cap to be voted on by shareholders represents a 30% increase on the cap voted on at the previous AGM.

The consultation ends on 9 November and the final policy changes are due to be published on 18th November.

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