

# General Meeting Service via ISS

## **Product Description**

## General Meeting Service via ISS - Product Description

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# General Meeting Service via ISS

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# 1. Introduction

Clearstream Banking's General Meetings Service covers all Clearstream General Meetings markets and eligible instrument types, including Eurobonds and investment funds shares, together with Institutional Shareholder Services, Inc. (ISS).

The extended service is designed to support domestic and cross-border shareholders in their governance rights and to help facilitate active ownership to meet corporate governance guidelines, such as the EU Shareholders Rights Directive.

Clearstream's solution with ISS is designed to remove friction for clients. Standardised information, actively procured by ISS, and features such as power of attorney management, standing instructions per market and customised alerts enable clients to exercise their voting rights in a way that is simple, quick and efficient.

## Who are ISS?

ISS is a leading provider of investment decision support tools to investors globally. They are the leading provider of corporate governance solutions to the global financial community with a team of more than 1,200 research, technology and client service professionals located in financial centres worldwide.

## Main features of the General Meetings Service

Together with ISS, Clearstream Banking offers a complete range of General Meetings services, including:

- Coverage of all Clearstream General Meetings markets;
- Coverage of all Clearstream eligible assets including Eurobonds and investment fund shares;
- Coverage for core custody, securities lending and collateral management products;
- Support of Swift ISO 15022 and ISO 20022 formats;
- Sophisticated online tool for reporting and voting (ProxyExchange™);
- Customised alerts and reports;
- English translations of original source documents available online (where applicable);
- Proactive power of attorney management, including reminder issuance;
- Confirmation of vote status;
- Support from single point of contact and expert-to-expert client service models, at the choice of the client.

With the web portal (ProxyExchange™), clients have 24/7 access to all data around meetings.

## Data protection

The agreement between Clearstream and ISS is based in Luxembourgish law. Transfer of client data is performed, for Clearstream Banking S.A. clients, in compliance with Luxembourg data protection and banking secrecy requirements, and, for Clearstream Banking AG clients, in compliance with the Bundesdatenschutzgesetz (German Data Protection Act) and respecting the Bankgeheimnis (German banking secrecy).

In order to support handling of requests, ISS uses a specially built client service application with IT infrastructure, including data storage on servers in the European Union. No client data is routed via the U.S.A., nor can any data be accessed by any third party.

# General Meeting Service via ISS

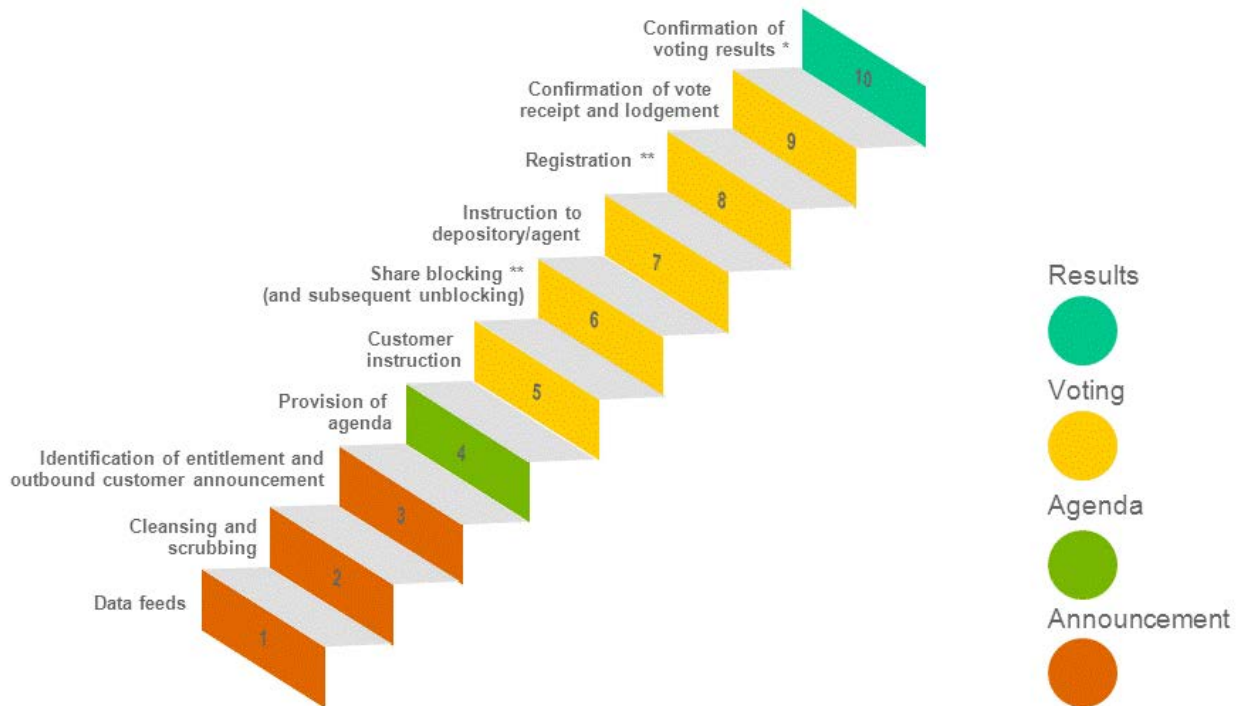
## Benefits and features

- Quality and coverage
  - Clearstream's agent network, together with ISS procurement network, feed to generate the golden agenda.
  - The dedicated procurement network ensures the highest quality information available at the earliest opportunity for the client.
  - Workflow management includes independent generation of predictable events and cross-checking of meeting information across all asset lines for eligibility.
  - Comprehensive coverage of all meeting types across the greatest number of asset classes, including Eurobonds and investment fund shares.
- Service flexibility
  - Split and partial voting supported;
  - Standing instructions by market;
  - Power of Attorney management with reminder issuance;
  - Choice of eligibility by meeting type.
- Connectivity
  - ISO 15022 and ISO 20022, complemented by an intuitive online platform, ProxyExchange™;
  - Customisable alerts and extensive reporting options;
  - Original source documentation available online;
  - From announcement to meeting results:
    - Provided by ISS;
    - Via ISS connectivity.

## 2. Product and service

### Meeting life cycle

In general, a meeting life cycle comprises 10 major steps. This is a simplified version of the end to end process, not taking into account the possible nuances at market or issuer level:



\* Where available in the market.

\*\* Share blocking and registration requirements determined on a market by market basis.

- Where several data feeds are available, cleansing and scrubbing is performed. Subsequently, a notification of the meeting event is sent to all clients with a holding in the respective security; full agendas can be provided.
- Upon client instruction, where the market or issuer mandates, the voted position is blocked (with unblocking generally processed one business day after the meeting). The instruction will be forwarded to the depository/agent for execution. Registration may be required in some markets as a prerequisite to participation in voting. If feedback from the depository, agent or issuer is received, a confirmation of vote receipt and lodgement can be provided.
- After the meeting and where available, voting results can be provided to the client.

# General Meeting Service via ISS

## Ballot creation

ISS receives holdings via file and matches these holdings against the upcoming meeting list that they maintain. In the event of a match, a ballot is created on ProxyExchange™ specific to each client account holding recorded in the most recent holdings file. Subsequently, ISS distributes a ballot notification in the format agreed with the client. Where applicable, the notification includes shares on loan and collateral positions (received and delivered collateral).

The ballot generation process runs in a continuous mode several times each day, using the most up-to-date holdings. Meeting notices to be sent via Swift are generated and sent automatically.

## Meeting notification and agenda

Notification commences with a confirmed message as soon as the meeting agenda is available. In the event that key elements of the meeting notice change, a message with a function of REPL is sent with the previous message reference included.

Reminders are not sent to clients that have not yet instructed, although alerts for uninstructed ballots can be set on ProxyExchange™.

ISS can distribute meeting notices through several delivery channels and all meeting notifications and amendments are presented in English on ProxyExchange™ and via Swift.

Each notice displays the following details:

- Account number
- Account name
- Security Name
- Security ID
- Security Domicile
- Meeting Type
- Meeting Date
- Meeting Time (as available)
- Vote Response Due Date (Cut off Date)
- Market deadline (where published)
- Record Date (if applicable)
- Votable Share Position
- Shares on loan position (as supplied by CB in holdings file)
- Securities on collateral (as supplied by CB in holdings file)
- Agenda details
- Link to issuer web site (where available)

As available, copies of the original meeting agendas are made available to clients via ProxyExchange™. A client can elect to view all their accounts on a consolidated basis.

In the event of a change in a client's votable share position between the initial meeting notification as described above and one business day before the stated cut-off time, ISS does as follows:

- Where a client's votable share position has been determined after the initial meeting notification, notify such client of the upcoming meeting;
- Where a client's votable share position has increased or decreased since the initial meeting notification, advise such client of its new votable share position (applicable to ProxyExchange™ clients only.)



## Vote decision

For each agenda item on the ballot, the client has the option to:

- Vote For
- Vote Against
- Vote Abstain (if permitted in market)
- Vote Withhold (if permitted in market)
- Do Not Vote (= Take No Action)

In addition to transmitting vote instructions via ProxyExchange™, clients have the option to send their instructions via Swift in ISO 15022 or ISO 20022 format.

The client or its voting agent is responsible for submitting voting instructions before the cut-off date set forth in the notice to the client. Any instructions received by ISS after the client vote instruction deadline will be notified to the depository or agent on a “best efforts” basis. As such, execution of the vote cannot be guaranteed.

ISS processes split vote instructions where permitted by market rules. The split voting functionality is integrated in ProxyExchange™.

## Standing instructions

Clients can lodge standing vote instructions with ISS. ISS will cast votes based on such standing instructions where they apply to the resolutions proposed for a meeting. Clients will be able to override any standing instruction at any time up to the voting deadline. ISS will track for audit purposes, for all votes for all clients, which votes are instructed via standing instruction versus case-by-case instruction.

Standing instructions can be set by market, account groups, instruments and accounts.

## Power of Attorney (PoA) for vote execution

ISS will track, for each holding voted by clients:

- PoA requirements by market;
- PoA current status and expiration date;
- Copy of PoA documentation.

Upon receipt of a completed PoA received from the client, ISS performs the following administrative checks:

- PoA correctly dated;
- Client name on the PoA matches supporting documents (for example, Trust Deed);
- PoA and any supporting documents are notarised and legalised in accordance with the market requirements;
- Signature matches any supporting documents and the signatory has printed his/her name;
- All supporting documents required by the market are supplied (for example, Certificate of Security, Certificate of Authenticity or Authorised signature list);
- (For Swedish PoAs) The person completing the COS has not also signed the PoA.

PoA documents passing these checks are forwarded to the appropriate depository or agent. ISS monitors PoA requirements and expirations and reports to Clearstream clients to ensure that PoAs are kept current and in force for all funds invested in PoA markets. PoAs approaching expiry will be advised to Clearstream and clients at least 30 days before expiry. ISS makes the POA status available on the ProxyExchange™ browser.

## Confirmation of vote submission

ISS confirms receipt of all vote decisions received by posting vote status in ProxyExchange™.

# General Meeting Service via ISS

## Client vote instruction Deadline

The deadline for clients to submit vote instructions typically 14:00 U.S. Eastern Time one business day before the depository or agent deadline. In some cases, where exceptional processes or documentation requirements apply, the deadline may need to be set earlier.

## Vote execution documentation

In the event of documentation being required to exercise a vote, ISS delivers electronic and/or hard copy of all necessary documentation directly to the client in order to ensure correct execution of the vote.

## Blocking and unblocking of securities

Where security blocking is required, because the market or the issuer so determines, the moment a vote instruction is sent by ISS to the depository or agent a blocking report is sent to Clearstream and positions are blocked accordingly. Unblocking reports are provided one business day after the meeting, with subsequent unblocking processed at Clearstream. Eurobonds are unblocked following confirmation from the issuer agent.

## Physical attendance

Upon receipt of any request by the client to attend a meeting, ISS contacts the depository or agent to establish the documentation requirements and provide all necessary information in order for the necessary documents to be prepared and sent to either the client or the meeting, depending on the instruction.

## Meeting results

In addition to meeting results received through Clearstream's agent network, as a general rule, ISS pro-actively sources meeting results in more than 110 markets. Soft-copy documents are attached to the relevant meeting on ProxyExchange™ for inspection by the client.

## Swift processing

The processing details for Swift are as follows:

- Ballot generation is timed exactly as via ProxyExchange™.
- Client voting deadlines are the same as for ProxyExchange™.
- Meeting updates are the same as for ProxyExchange™ (for example, agenda changes, meeting date changes etc.).
- Accounts are set up and managed in ProxyExchange™.
- Service support options and methods are same as for ProxyExchange™:
  - For record date markets, Swift ballots are generated as per holdings at record date.
  - For non-record date markets, position changes before the client voting deadline result in replacement Swift ballots being distributed. If clients have already voted via Swift, then replacement voting instructions are required, preceded by a cancellation instruction of the previous Swift.
  - If clients want to amend their vote instructions for any reason (for example, a change of policy or as result of a position change), they must cancel their original (or most recent) vote instruction via Swift and send a replacement Swift vote instruction before the client voting deadline.
  - Late votes sent to ISS via Swift, including “last minute” vote cancellations, are processed by ISS on the same “best efforts” basis as applied to votes instructed via ProxyExchange™.

## Service for clients that have outsourced their General Meetings processing

Clients that have outsourced their General Meetings processing to a third-party provider (proxy voting agent) will find a paragraph relating to this kind of outsourcing in the Appendix 1 of the subscription form.

Exchange of information is directly between the third-party provider (on the client's behalf) and ISS (on Clearstream's behalf). Swift BIC/RMA key exchange are between the two providers.

ISS already provides proxy voting agents with access to ProxyExchange™. However, such providers typically prefer not to use ProxyExchange™ for voting and continue to use Swift messaging or file transfer.

Clients can benefit from accessing ProxyExchange™ from the client site, even where an appointed proxy voting agent is receiving ballots and sending vote instructions to ISS. In this way, access is provided to full information and customised reporting.

ISS provides direct client support to clients and/or their proxy voting agents.

## ISS Service Support

ISS provides direct client support to clients and/or proxy voting agents. Such support services include technical support for the performance of the service, including but not limited to application support for ProxyExchange™, agenda support and voting documentation support.

The client service support is in the main provided in English with foreign language support available for clients or proxy voting agents. Client support is available on a 24-hour basis during business days. Client enquiries are logged and timed; the target for resolving all client enquiries is within one business day of receipt.

Direct support can be obtained from ISS Service Support by telephone or via email.

In special circumstances, ISS Service Support outside normal support hours can be provided by prior arrangement with the local or regional service centres and multiple alternative languages may be covered.

Escalation procedures and contact details will be provided during the subscription process.

In order to allow the fastest response, clients should contact ISS Service Support directly with any queries about meeting events.

## ProxyExchange™ Service

Service hours are normal business hours in all the global locations of ISS' operations. In addition, ISS provides extended business-day service hours from each of the service operations centres in Europe (Brussels, London), Asia Pacific (Manila) and the Americas (Rockville MD, U.S.A.) around the respective time zones, thereby providing real-time almost seamless 24-hour coverage from the start of the business week in Manila to the end of the business week in Rockville, U.S.A.

## Service Support from Clearstream

Questions about billing topics should be addressed to Clearstream Banking Client Services.

# General Meeting Service via ISS

## 3. Getting started

### Documentation

Setup of the General Meeting Service via ISS is easily accessed through signature of a single subscription form per client. This form is accompanied by a contact detail sheet (Appendix 1) and the Terms of Use.

The client subscribing for the General Meeting Service via ISS must provide an executed copy of the subscription form and an Appendix 1 with contact details and, where appropriate, details of an appointed attorney.

These documents are to be returned to Clearstream. After signature validation, they will be forwarded to ISS to receive key information for setup of the client in ISS' proprietary system and the ProxyExchange™ user interface.

Completed documents should be sent as follows:

- For clients with an account at Clearstream Banking S.A. (CBL), to:  
Clearstream Banking S.A.  
Banking Operations  
42, avenue JF Kennedy  
L-1855 Luxembourg  
Luxembourg
- For clients with an account at Clearstream Banking AG (CBF), to:  
Clearstream Banking AG  
CSC Account Administration  
D-60485 Frankfurt  
Deutschland

To obtain these documents or for further assistance, please go to the Clearstream website at [www.clearstream.com](http://www.clearstream.com) or contact your Relationship Officer.

### Client setup

Upon receipt of complete client and account data, ISS enters client information in to its system and appoints a Service Support representative.

ISS creates and maintains client profiles, including contact information, access rights, user names and passwords to the ProxyExchange™ secure website.

### Exchange of information between the client and ISS

As per Appendix 1 of the subscription form, the client is to decide the preferred means of communication to be used by ISS to handle client enquiries. Options are: Email, telephone, letter or fax.

ISS conducts Swift BIC/RMA key exchange or establishes other communication channels based on all agreed media with clients and Clearstream to facilitate the transmission of meeting notifications and voting instructions from clients or their designated voting authority.

## ProxyExchange™

ProxyExchange™, the web-based portal provided and maintained by ISS, is used to manage profiles and schedule customised reports. It provides access, on a 24/7 basis, to a full range of detailed information about meetings:

- Ease of monitoring, reporting, audit trail;
- Monitoring of detailed vote status information (including vote confirmations and rejections);
- Monitoring of meeting results (where provided);
- Easy access to all meeting materials and company reports;
- Contingency measures to vote directly in the event of a Swift outage;

**Note:** In Direct to Registry situations (for example, with UK and some Australian/New Zealand issuers) ISS will use the voting entry method prescribed by each Registry.

ProxyExchange™ can be accessed at the client site even where an appointed proxy voting agent is receiving Swift ballots and sending vote instructions to ISS via Swift.

ISS already provides proxy voting agents with access to ProxyExchange™; ballots are available within ProxyExchange™ for voting purposes. However, such providers typically prefer not to use ProxyExchange™ for voting and continue to use Swift messaging.

ProxyExchange™ is set up by default for every client subscribed to the service.

## User profiles

ProxyExchange™ has three preconfigured user types:

- Analyst - By default, not permitted to approve ballots. Clients may choose to allow an analyst to approve ballots or restrict his approval privileges to ballots where he is not the voter.
- Approver - By default, permitted to approve any ballots. Clients may restrict approval privileges to ballots where he is not the voter.
- Administrator - With full vote authority.

ISS distributes ProxyExchange™ information and login details to new clients but, for confirmation purposes, will refer to Clearstream all requests for account additions, amendments and/or deletions received directly from clients.

**Note:** Although ProxyExchange™ was designed to be easy to use for core functionalities, we advise clients to participate in training in order to benefit from its powerful features. Training sessions can be scheduled according to your needs and availability.

## Holdings file

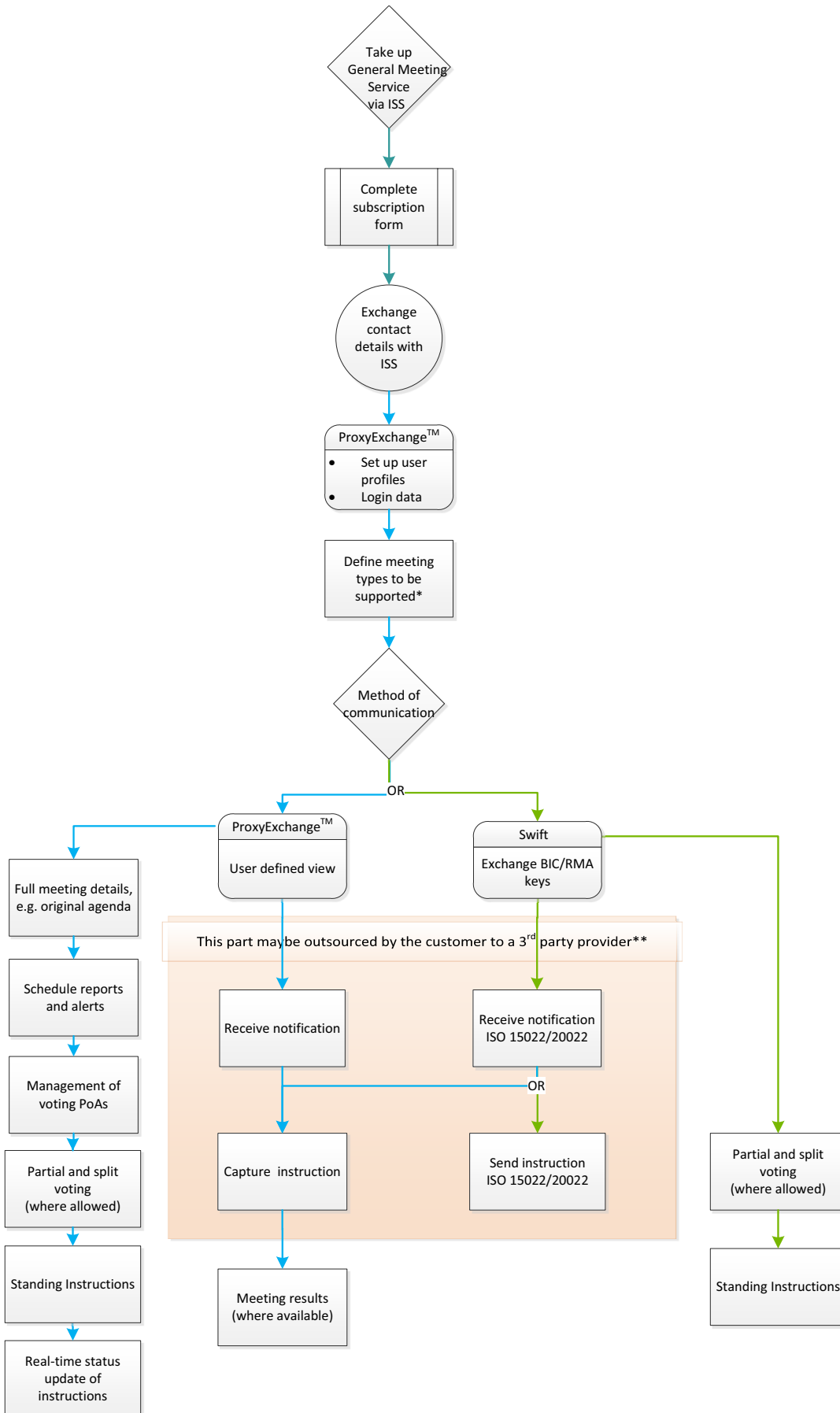
For those clients that have subscribed to the General Meeting Service via ISS, Clearstream Banking sends (daily, at end of day) a holding file to ISS containing positions for all signed accounts. This enables ISS to immediately notify clients about events, as well as to adapt to record date changes.

## Process flow

This diagram shows the flow from decision to subscribe through to delivery of service.

Where a client has outsourced his General Meetings processing to a voting Proxy agent, ISS will send notifications to, and accordingly receive vote instructions from, that agent.

# General Meeting Service via ISS



## 4. Billing

### General Meeting Service via ISS fees

General Meeting Service fees apply to and cover the following:

- Account set up and maintenance;
- Notification;
- Agenda (translated to English by default);
- Additional documents;
- PoA maintenance;
- Vote instructions;
- Ordering of entrance cards;
- Meeting results (where available);
- Customised reporting and alerts.

Out of pocket expenses, such as attendance fees in some markets, may be passed through.

For further details, please contact your Clearstream Banking Relationship Officer.

### Fees reporting

Clients receive a monthly Statement of Fees, comprising a breakdown of all fees incurred across services, including the General Meeting Service.

For further details about billing, please refer to the [Fee Schedule](#) on the Clearstream website.

## 5. Unsubscribing from the service

On- and offboarding of the service takes place once a month.

Clients wanting to unsubscribe from the General Meeting Service via ISS should contact their Relationship Officer in advance and allow a six weeks' notice period.

## 6. Contact details

The daily administration and operational aspects of Clearstream Banking's core services are handled by a dedicated Client Service team, who provide directly available assistance.

Clients who are interested in further information about the General Meeting Service via ISS should contact their dedicated Relationship Officer.

Contact details from ISS, such as the dedicated Service Agent, will be provided during the subscription process.

For further details, please also visit the ISS website at [www.issgovernance.com](http://www.issgovernance.com).

## 7. Glossary

### **Ballot Generation**

The process that matches holdings with meeting information to create a voting entitlement (ballot).

### **Clearstream Banking account**

An account opened in Clearstream Banking S.A. (CBL) or Clearstream Banking AG (CBF).

### **End of day (EOD)**

18:30 CET for CBF / 19:30 CET for CBL. End of day reports incorporate the final activity for a particular value date. Any activity after end of day is considered for the next value date.

### **Notification**

Notification of a meeting event as soon as ballots are created.

### **PoA**

Power of Attorney.

### **PoA for Vote Execution**

An appropriate PoA, granted by the Beneficial or Registered Owner and lodged with an agent, custodian or depository, which is required to be in-place before any General Meetings instruction, for issuer meetings, sent by ISS, on behalf of the underlying client of Clearstream Banking, can be accepted for onward processing in the local market, lodgement with the appointed depository or the vote tabulator or any other intermediary acting on behalf of the issuer.

Such PoAs will typically be created in advance (some can be done in advance such as Denmark - yearly PoA, some are meeting-specific - for these ISS inform clients in the notification about all necessary POAs and if the POA is meeting-specific, ISS handles all necessary documentation with the client and with the depository as soon as they receive the instruction, utilised at the following levels:

- Market

A recognised PoA Market (for example, Denmark or Sweden). Typically valid for a prescribed period, depending on the market (for example, Brazil - 1 year, Argentina - 99 years). There are 23 known markets where this type of PoA may be required.

- Agent

Where an Agent specifies the need for a PoA due to local requirements, custom or practice (for example, Belgium). Validity periods can vary between agents.

- Meeting

Where issuers, either routinely or exceptionally, require a PoA from the beneficial or registered owner of the stock in order to accept a vote instruction by proxy for a specific meeting. Such PoAs are only valid for one meeting (for example, Slovenia - where unique PoAs are required for every meeting). Meeting level PoAs may be required in both PoA and non-PoA markets.

### **ProxyExchange™**

A web-based application provided by ISS. ProxyExchange™ users can perform and manage activities, define reports, customise alerts and find complete information about meeting events.





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**Contact**

[www.clearstream.com](http://www.clearstream.com)

**Published by**

**Clearstream Banking Luxembourg**

**Registered address**

Clearstream Banking SA  
42 Avenue JF Kennedy  
L-1855 Luxembourg

**Postal address**

Clearstream Banking  
L-2967 Luxembourg

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