



702 King Farm Blvd.

Suite 400

Rockville, MD 20850

Tel. 301.556.0500

Fax: 301.556.0491

www.issgovernance.com

This brochure was updated on March 29, 2017

This brochure provides information about the qualifications and business practices of Institutional Shareholder Services Inc. ("ISS" or the "Company"). If you have any questions about the contents of this brochure, please contact ISS' Chief Compliance Officer, Olayinka Odeniran. She can be reached at (301) 556-0373 or at olayinka.odeniran@issgovernance.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. ISS is registered with the SEC as an investment adviser; however, please note that such registration does not imply a certain level of skill or training.

Additional information about ISS is available on the SEC's website at www.adviserinfo.sec.gov.

TABLE OF CONTENTS*

Contents

A. ADVISORY BUSINESS	4
1. Background	4
2. Services Provided	4
Services Produced by ISS	4
a. Governance Research and Vote Recommendations	4
b. Voting Services	4
c. Disclosure Services for Institutional Investors	5
d. Governance Screening Services	5
e. Governance Data Products	5
f. ESG and Responsible Investment Services	5
Services Produced by Third Parties	6
g. Redistribution of Third-Party ESG Solution	6
h. Access to Other Third-Party Research	6
i. Securities Class Action Services	6
B. FEES AND COMPENSATION	7
C. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	7
D. TYPES OF CLIENTS	7
E. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	7
F. DISCIPLINARY INFORMATION	8
G. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	8
1. Proxy Advisory Affiliates	8
2. Securities Class Action Services	8
3. Services for Issuers	8
4. ISS' Owner	9

* A NOTE ABOUT THE FORMAT OF THIS BROCHURE: The SEC requires all investment advisers to organize their disclosure documents according to specific categories, some of which may not pertain to a particular adviser's business. Where a required category is not relevant to its business, ISS will list the category and state that it does not apply.

H. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	9
1. Code of Ethics Generally	9
2. Standards of Conduct.....	9
3. Additional Measures to Address Conflicts of Interest	9
a. Firewall	9
b. Vestar and Maintaining the Independence of ISS	10
c. Disclosure Regarding Potential Conflicts	10
4. Participation or Interest in Client Transactions	11
5. Personal Trading	11
I. BROKERAGE PRACTICES	11
J. REVIEW OF ACCOUNTS	11
K. CLIENT REFERRALS AND OTHER COMPENSATION	12
L. CUSTODY.....	12
M. INVESTMENT DISCRETION	12
N. VOTING CLIENT SECURITIES.....	12
O. FINANCIAL INFORMATION.....	12

A. ADVISORY BUSINESS

1. Background

ISS is a full-service proxy adviser with more than 30 years of experience helping institutional investors make more informed proxy voting decisions, manage the complex process of voting their shares and reporting their votes to their stakeholders and regulators. In addition to these core services, ISS also offers a host of non-recommendation research reports, tools for portfolio screening and corporate governance ratings services. ISS is a privately-held company, whose ultimate owner is Vestar Associates VI, L.P., an affiliate of Vestar Capital Partners (“Vestar”), a private equity firm based in New York, NY.

2. Services Provided

Services Produced by ISS

a. Governance Research and Vote Recommendations

- *Proxy Advisory Services*

Through its governance research and proxy voting recommendations, ISS helps institutional investors understand corporate governance policies and practices and take these practices into account in their proxy voting. Annually, ISS covers approximately 40,000 shareholder meetings – every holding in ISS’ clients’ portfolios – in over 100 developed and emerging markets worldwide. ISS offers a wide range of proxy voting policy options, including both ISS’ standard benchmark policies and specialty policies that evaluate governance issues from the perspective of sustainability, socially-responsible investing, public funds, labor unions and mission and faith-based investing. ISS also makes and implements proxy voting recommendations based on a client’s specific customized voting guidelines, and may assist clients in developing such custom guidelines as well. The fees for this service begin at \$20 per analysis for U.S. companies and \$35 per analysis for non-U.S. companies, and may vary depending on the volume and number of accounts.

- *Special Situations Research*

This service provides in-depth analyses regarding high-profile mergers and acquisitions and proxy contests. In this way, ISS helps clients better understand the strategic rationale for each covered transaction, and its impact on valuation, corporate governance and shareholder rights. Special Situations Research clients receive analyses throughout the full lifecycle of the process, from deal announcement through shareholder meeting. Fees begin at \$20,000 annually.

b. Voting Services

ISS’ ProxyExchange application and experienced account managers provide end-to-end management of the proxy voting process. ISS clients can control their voting policy and final vote decisions while outsourcing the processing and data management elements to an experienced service provider. To this end, ISS receives clients’ proxy ballots, works with custodian banks, executes votes on clients’ behalf, maintains vote records and provides comprehensive reporting. By outsourcing the administrative tasks associated with the voting process, ISS’ clients free themselves to devote their internal resources to making more

informed investment decisions. The cost of this service is generally bundled into the price of research and voting recommendations although it can be charged on per ballot basis.

c. Disclosure Services for Institutional Investors

In addition to developing proxy voting policies, making vote recommendations and processing votes, ISS also offers a Vote Disclosure Service to help investment companies comply with their regulatory disclosure obligations. ISS collects reports and records the information the SEC requires on Form N-PX. Fees begin at \$12,500 and increase based on the number of funds. ISS also offers a comprehensive reporting service that includes full vote audit trail and intra-day updates of all fund, meeting and agenda information. Fees for this service begin at \$50 per account.

d. Governance Screening Services

The primary service in this area is *QualityScore*™. *QualityScore* is a quantitatively-driven data solution designed to identify governance risk within an investor's portfolio companies. Each company is analysed based on 40-80 governance factors and receives an overall score, as well as four sub-scores for Board, Executive Compensation/Remuneration, Audit and Shareholder Rights. The scores are determined relative to index and region. Fees are based on client segment as well as AUM and begin at \$7,500.

e. Governance Data Products

- *ExecComp Analytics*

This service delivers accurate, timely compensation data and analytics to give investors easy access to comprehensive executive compensation information, for investment decision-making and issuer shareholder engagement. *ExecComp Analytics* allows users to analyze executive pay and financial performance, run quantitative pay for performance tests to benchmark companies against their peers, and research and compare research equity plan features and structure. Annual subscriptions start at \$5,000 and cost is based on numbers of users and data set coverage.

- *Voting Analytics*

Using publicly available voting records and meeting results allows institutional investors to serve as informed fiduciaries and deliver meaningful insight to their boards, proxy committees and clients. *Voting Analytics* allows users to monitor and analyze institutional voting policies, shareholder meeting results and voting patterns to determine voting trends. Annual subscriptions start at \$5,000 and cost is based on the number of users and data coverage.

f. ESG and Responsible Investment Services

These services help investors to develop responsible investment policies, integrate environmental, social and governance ("ESG") factors into their investment strategies, and execute upon these policies through end-to-end voting. The services include policy development, research and portfolio audits, screening tools, engagement and

implementation support for the Principles for Responsible Investment (“PRI”). The research services assess ESG factors as well as values- and regulatory-driven factors at thousands of global public companies. Through these services, clients can access a number of screening tools and analyses that support their investment strategies, meet client mandates and compliance requirements and support PRI implementation, proxy voting and active ownership. Fees for the ESG research services begin at \$5,000 and vary depending upon the content packages and number of user IDs needed.

Services Produced by Third Parties

g. Redistribution of Third-Party ESG Solution

ISS distributes certain ESG research, data and analytics produced by RepRisk, a global ESG business intelligence provider headquartered in Zurich, Switzerland. The RepRisk service helps investors systematically identify, assess, and monitor ESG risks related to public and private companies, projects, sectors, and countries. Through online access to an analytics and metrics database, company reports, and data feeds, this service delivers a global solution to assess ESG issues that may present financial, reputational, and compliance risks. Fees are based on the number of users and access level and begin at roughly \$10,000 per annum; the exact cost varies depending on the daily exchange rate between US dollars and Swiss Francs.

h. Access to Other Third-Party Research

In addition to providing access to its own research and voting recommendations through the ProxyExchange platform, ISS also provides access to independent third party research material to clients that subscribe to such third party research. Additionally, all users of the platform will have access to certain summary data supplied by the independent providers regardless of subscription. ISS does not have a role in producing such research and is not affiliated with the research providers. Fees for such research are either paid directly to the third party or to ISS as an additional service.

i. Securities Class Action Services

ISS also distributes the services of its wholly-owned subsidiary, Securities Class Actions Services, LLC (“SCAS”). This company, which is not a registered investment adviser, monitors securities class action litigation and settlements on behalf of institutional investors and offers a fully outsourced claims filing service. This service provides coverage of securities class action lawsuits to hundreds of mutual fund, investment manager and pension fund clients. SCAS is available in three levels of service, designed to meet a variety of professional needs. Fees for the Filing service are based on the number of accounts and start at \$20,000; a contingency fee structure is also available. Fees for the Database service are based on client type and begin at \$5,000.

A COMPLETE LIST OF ISS’ PRODUCT OFFERINGS CAN BE FOUND ON ISS’ WEB SITE AT: www.issgovernance.com.

B. FEES AND COMPENSATION

The fees for ISS' specific services are explained in the discussion of those services in Section A above. Please note that these fees may be negotiable. Most services are offered on an annual subscription basis, and paid for periodically in advance. In view of the nature of ISS' services, refunds generally are not available in the event of early termination of a subscription.

C. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

This item does not apply to ISS' business.

D. TYPES OF CLIENTS

ISS' clients include other investment advisers, including investment advisers to investment companies, pension and profit-sharing plans, broker-dealers, banks or thrift institutions, hedge funds, trusts, estates, charitable organizations and other institutional investors, as well as law firms, universities and compensation consultants. Many clients use ISS' services to assist them in satisfying their fiduciary obligations to their own clients.

E. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

In rendering proxy voting advice, ISS relies on publicly-available information to analyze the terms of proposals presented to shareholders. While analysts may consider company- and market-specific factors in generating voting recommendations, all proxy analyses are undertaken in accordance with a published analytical framework comprised of voting policy guidelines chosen by clients. In some cases, these are guidelines that ISS has prepared and clients have elected to adopt.

ISS establishes its voting policies and guidelines through a transparent process that begins with an annual Policy Survey seeking input from institutional investors and corporate issuers, in an effort to identify emerging issues that merit attention prior to the upcoming proxy season. Based on this feedback, ISS convenes a series of roundtables with various industry groups and outside issue experts to gather multiple perspectives on complex or contentious issues, and it examines academic literature or other empirical research and commentary to uncover potential links between an issue and financial returns and/or risk. ISS uses this input to develop its draft policy updates that are published for open review and comment. Final updates are typically published in November, to apply to meetings held after February 1st of the following year. In addition to this process, ISS has established a Feedback Review Board, overseen by the Company's President, to provide an additional conduit for investors, executives, directors and other market constituents to communicate with ISS. Each proxy analysis includes a URL for a direct hyperlink to ISS' summary voting guidelines for easy access by users of ISS' proxy service.

ISS also provides issue screens for environmental and social criteria, sometimes defined by the client and sometimes by other generally accepted norms.

ISS does not manage accounts or make investment recommendations to clients. Nevertheless, clients should be advised that investing in securities involves risk of loss that clients should be prepared to bear. ISS does not guarantee that its advice will produce any particular investment return for clients.

F. DISCIPLINARY INFORMATION

On May 23, 2013, pursuant to an offer of settlement by ISS, the SEC entered an order against the Company (the "Order") making findings -- which ISS neither admitted nor denied -- and imposing sanctions, including a cease-and-desist order, censure, civil money penalty and direction to retain and implement the recommendations of an independent compliance consultant. The Order relates to a former ISS employee who used his personal email account to communicate confidential client proxy voting information to a proxy solicitor in exchange for meals, travel and tickets to concerts and sporting events. The Order indicates that ISS violated Section 204A of the Investment Advisers Act of 1940 by not enforcing sufficient policies and procedures to prevent this conduct, but notes that once ISS discovered this conduct, the Company took a number of remedial actions to strengthen its policies, procedures and compliance training.

G. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

1. Proxy Advisory Affiliates

ISS has entered into arrangements with several of its foreign affiliates, Institutional Shareholder Services Canada Corp., Institutional Shareholder Services Europe S.A., Institutional Shareholder Services Europe Limited., Institutional Shareholder Services France S.A.S., Institutional Shareholder Services K.K. (Japan), Institutional Shareholder Services (Australia) Pty. Ltd., Institutional Shareholder Services (Singapore) Private Limited, Research, Recommendations and Electronic Voting Ltd., and ISS-Ethix AB, whereby designated employees of the foreign affiliates may render investment advice to ISS' clients, solely under ISS' auspices. The foreign affiliates which share personnel with ISS under such arrangements are not registered as investment advisers in the United States. Each individual foreign employee who renders advice to ISS' clients shall be deemed a supervised person of ISS and shall be subject to the same Regulatory Code of Ethics which governs the activities of ISS' own employees.

Each of ISS' foreign advisory affiliates whose employees render advice to ISS' clients has agreed to maintain certain books and records in accordance with the Investment Advisers Act of 1940 and to submit to the jurisdiction of the U.S. regulatory authorities and courts with regard to the investment advice rendered to U.S. clients by its employees.

2. Securities Class Action Services

As explained in Section A above, ISS distributes the services of its wholly-owned subsidiary, Securities Class Actions Services, LLC ("SCAS"). Please note that this is not an investment advisory service, and SCAS is not registered as an investment adviser.

3. Services for Issuers

Another ISS wholly-owned subsidiary, ISS Corporate Solutions, Inc. ("ICS"), serves the corporate issuer community by providing products and services that enable issuers to understand and implement corporate governance best practices. These products and services include web-based tools, advisory services and publications that assist issuers with executive and director compensation modeling, capital structure planning and other governance issues. These are not investment advisory products and services, and ICS is not registered as an investment adviser.

ISS is aware that the existence of the relationship between ICS and its corporate issuer clients presents a potential conflict of interest for ISS' proxy research business. ISS has taken a number of steps, which are discussed in Section H below, to ensure that its clients' interests are protected at all times.

4. ISS' Owner

As noted above, ISS is a privately-held company whose ultimate owner is an affiliate of Vestar, a private equity firm. ISS has complete independence in the application of its voting policies, the preparation of proxy analyses and the formulation of vote recommendations. Procedures for maintaining this independence are described in Section H below.

H. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

1. Code of Ethics Generally

In accordance with SEC Rule 204A-1, ISS has adopted a Code of Ethics (known as the "Regulatory Code of Ethics") that describes certain standards of conduct that the company's employees must follow, and that addresses personal trading by officers, directors and employees and their related accounts.

A copy of the Regulatory Code of Ethics is available on ISS' website at www.issgovernance.com. A paper copy will be supplied upon written request directed to ISS' Chief Compliance Officer. Her contact information can be found on the cover of this brochure.

2. Standards of Conduct

The Regulatory Code of Ethics affirms ISS' fiduciary relationship with its clients and obligates the Company to carry out its duties solely in the best interests of clients and free from all compromising influences and loyalties. With this goal in mind, the Regulatory Code of Ethics devotes special attention to conflicts of interest, including potential conflicts between ISS' institutional proxy advisory services and the work of ICS with corporate issuers, conflicts within the institutional advisory business, conflicts arising from an analyst's stock ownership, conflicts in connection with an individual issuer's review of ISS draft proxy analyses and conflicts generally. In each case, the goal of the Regulatory Code of Ethics is to prevent conflicts wherever possible, and to manage and disclose those conflicts that cannot be prevented. In this way, ISS ensures that it can fulfill its important role in the dialogue between corporations and their shareholders. In order to ensure compliance with the Regulatory Code of Ethics, ISS conducts periodic training sessions for employees and requires employees to affirm their commitment to adhere to the Code of Ethics on an annual basis. Furthermore, ISS regularly monitors the sufficiency of the Code and the effectiveness of its implementation. ISS has also implemented and enforced separate policies addressing conflicts relating to its ownership structure.

3. Additional Measures to Address Conflicts of Interest

a. Firewall

In addition to the Regulatory Code of Ethics, another critical component of ISS' approach to conflicts of interest is the firewall it maintains between its institutional business and the services for

corporations offered by its ICS subsidiary. This firewall includes the physical and functional separation between ICS and ISS, with a particular focus on the separation of ICS from the ISS Global Research team. A key goal of the firewall is to keep the ISS Global Research team from learning the identity of ICS' clients, thereby ensuring the objectivity and independence of ISS' research process and vote recommendations.

The firewall mitigates potential conflicts via several layers of separation:

- ICS is a separate legal entity from ISS.
- ICS is physically separated from ISS, and its day-to-day operations are separately managed.
- ISS Global Research works independently from ICS.
- ICS and ISS staff members are prohibited from discussing a range of matters, including the identity of ICS clients.
- ISS employees' salaries, bonuses and other forms of compensation are not linked to any specific ICS activity or sale.
- ICS explicitly tells its corporate clients that ISS will not give preferential treatment to, and is under no obligation to support, any proxy proposal of an ICS client. ICS further informs its clients that ISS' Global Research team prepares its analyses and vote recommendations independently of, and with no involvement from, ICS.

As is the case with the Regulatory Code of Ethics, ISS maintains a robust training and monitoring program regarding the firewall. This program includes quarterly tests of the firewall's integrity, new-hire orientation and review of certain marketing materials and disclosures. In addition, there is an ethics hotline available to both ICS and ISS staff for reporting issues of potential concern.

b. Vestar and Maintaining the Independence of ISS

The Board of Directors of ISS and the Board of Directors of VISS Holdings, Inc., the holding company through which Vestar owns ISS, have each formally adopted a Policy on Mitigation of Potential Conflicts of Interest. Among other things, these Policies are intended to identify situations that may exist or give rise to actual or potential conflicts of interest, or to the appearance of conflicts of interest, in connection with the work that ISS performs in researching, analyzing and making recommendations regarding publicly-held companies relative to the work of Vestar as a private equity firm, and to take such actions as may be necessary to mitigate any actual or potential conflicts.

c. Disclosure Regarding Potential Conflicts

ISS provides its clients with an extensive array of information to ensure that they are fully informed of potential conflicts and the steps ISS has taken to address them. Among other things, ISS supplies a comprehensive due diligence compliance package on its website¹ to assist clients and prospective clients in fulfilling their own obligations regarding the use of independent, third-party proxy voting firms. This package includes a copy of ISS' Regulatory Code of Ethics, a description of other policies, procedures and practices regarding potential conflicts of interest and a description of the ICS business. Moreover, each proxy analysis and research report ISS issues contains a legend indicating that the subject of the analysis or report may be a client of or affiliated with a client of ISS or ICS. Each analysis and report also notes that one or more proponents of a shareholder proposal

¹ <http://www.issgovernance.com/compliance/due-diligence-materials/>.

may be a client of ISS or ICS, or may be affiliated with such a party. Clients who wish to learn more about the relationship, if any, between ICS and the subject of an analysis or report are invited to contact ISS' compliance department for relevant details. Institutional clients can also obtain lists of all ICS clients. These processes allow ISS' proxy voting clients to receive the information they need without revealing the identity of ICS clients to research analysts as they prepare vote recommendations and other research. Further, ISS has enhanced the functionality of the ProxyExchange platform with information regarding these relationships.

ISS believes that these extensive measures provide clients with a high degree of comfort that ISS has eliminated or is effectively managing the potential conflicts of interest its business entails. ISS welcomes questions from its clients and prospective clients on these matters.

In addition, all ISS employees are required to perform their duties in accordance with the standards set forth in the Regulatory Code of Ethics.

Copies of policies referenced above are available on the ISS website at <http://www.issgovernance.com>.

4. Participation or Interest in Client Transactions

This item does not pertain to ISS' business.

5. Personal Trading

ISS may, from time to time, render advice to clients that may lead clients to buy or sell securities in which related persons, such as officers, directors or employees of ISS or of its affiliated companies, have a financial interest. Or, ISS' officers, directors or employees (or the employees of its affiliated companies) may buy for their own accounts securities that are the subject of advice rendered to clients. As described below, ISS has adopted internal procedures which it believes will protect its clients' interests. At all times, advice to clients will be rendered independently of the securities holdings of ISS' related persons.

With regard to personal trading, the Regulatory Code of Ethics obligates ISS' employees, officers and directors ("Access Persons") to report their trading activity to the company's chief compliance officer on a periodic basis. They also must receive the compliance officer's permission before investing in IPOs, private placements or other limited offerings. ISS has also adopted restrictions on personal trading designed to prevent employees from improperly trading on, or benefiting from, inside information, client information and/or ISS' voting recommendations. In this last regard, ISS maintains a restricted list of issuers whose proxies are currently being analyzed or acted upon by the company, and prohibits Access Persons from buying or selling the securities of any issuer on that list. ISS also imposes restrictions on personal trading in issuers who are the subject of Special Situations Research reports.

I. BROKERAGE PRACTICES

This item does not apply to ISS' business.

J. REVIEW OF ACCOUNTS

Please refer to Section N below for information about reports regarding the proxy votes ISS casts for clients. Otherwise, this item does not apply to ISS' business.

K. CLIENT REFERRALS AND OTHER COMPENSATION

At a client's election, ISS may receive cash payments from one or more broker-dealers in consideration for providing services to the client. In such a situation, ISS acts as a third-party research vendor to the client's soft-dollar arrangement with its broker-dealer. ISS does not believe such situations involve any conflicts between ISS' interests and those of ISS' clients who choose to pay by this method.

From time to time, ISS may pay a cash fee for client solicitations to employees of one or more of ISS' affiliated companies or to non-affiliated companies. Such solicitation fees are typically a portion of the fees ISS receives from the referred clients. Any such payments will be made in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940.

L. CUSTODY

This item does not apply to ISS' business.

M. INVESTMENT DISCRETION

This item does not apply to ISS' business.

N. VOTING CLIENT SECURITIES

As noted in Section A above, ISS' core advisory service involves analyzing shareholder proposals and making proxy voting recommendations to clients in accordance with a standard, specialty or custom proxy voting policy chosen by the client. Clients always retain the right to override ISS' recommendations and direct their voting in a different fashion. The many steps ISS takes to address potential conflicts of interest that may arise in connection with its proxy advisory service are described in Section H above.

All subscribers to ISS' proxy advisory services have access to the proxy voting policies and procedures applicable to their accounts, as well as information about how ISS has cast votes on their behalf.

O. FINANCIAL INFORMATION

There is no financial condition that is reasonably likely to impair ISS' ability to meet its contractual commitments to clients.