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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, Dan Lantz. He can be reached at (301) 556-0466 or at [daniel.lantz@issgovernance.com](mailto:daniel.lantz@issgovernance.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") 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](http://www.adviserinfo.sec.gov).

## **STATEMENT OF MATERIAL CHANGES**

Since ISS' last annual update of this Brochure on March 27, 2020, there has been the following material change to our business:

(February 2021) Deutsche Börse AG completed a transaction pursuant to which it acquired an approximate 80% stake in ISS HoldCo Inc., a new holding company that was formed for the purposes of the transaction and which owns ISS. The remainder of ISS HoldCo Inc. is owned by a combination of limited partnerships controlled by Genstar Capital and ISS management.

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\* 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.

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## **A. ADVISORY BUSINESS**

### **1. Background**

Founded in 1985, ISS empowers investors and companies to build for long-term and sustainable growth by providing proxy advisory services and high-quality data, analytics and insight. The ISS group is a global provider of corporate governance and responsible investment solutions, market intelligence, fund services, and events and editorial content for institutional investors and corporations, and securities class action claims management provided by ISS' subsidiary, Securities Class Action Services, LLC (ISS SCAS). ISS is principally owned by Deutsche Börse AG ("DB") with the remainder of the Company owned by a combination of limited partnerships controlled by Genstar Capital ("Genstar") and ISS management.

### **2. Services Provided**

#### **Services Produced by ISS**

##### **a. Governance Solutions**

###### **> Governance Research and Voting Services**

Through its Governance Research and Voting Services, ISS helps institutional investors understand corporate governance policies and practices and take these practices into account in their proxy voting. In 2020, ISS provided proxy research and recommendations on approximately 45,000 shareholder meetings in approximately 115 markets worldwide. ISS offers a wide range of proxy voting policy framework options, including ISS' standard benchmark policies, along with specialty policies that evaluate proxy voting issues from the perspective of sustainability, socially-responsible investing, public funds, climate, 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 can assist clients in developing such custom guidelines as well.

ISS' ProxyExchange application provides clients with end-to-end management of their proxy voting process. ISS clients can control their voting policy(ies) and final proxy voting decisions while leveraging ISS in the processing and data management elements of the proxy voting process. To this end, ISS receives on behalf of many clients their proxy ballots, works with custodian banks, assists clients in executing their proxy votes, maintains vote records, and provides comprehensive reporting.

###### **> Special Situations Research**

This service provides in-depth analyses regarding high-profile mergers and acquisitions and proxy contests. Through this service, 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 typically receive analyses throughout the full lifecycle of the events covered, from deal announcement through the shareholder meeting.

###### **> Vote Disclosure Service**

ISS offers a Vote Disclosure Service to help investment companies comply with their regulatory disclosure obligations. ISS collects vote history reports and prepares the information the SEC requires investment companies to file on Form N-PX. ISS also offers a comprehensive reporting service that

includes daily updates of fund, meeting and agenda information. The Vote Disclosure Service can also be used by clients, whether investment companies or not, to fulfill voluntary or mandatory vote disclosure obligations.

- › Add-On Workflow Solutions

ISS offers several solutions to help investors increase efficiency in the proxy voting process. ISS Communicator helps investors disseminate information on proxy meetings to internal stakeholders and assists in internal collaboration by the client on its vote decisions. ISS also offers tools to assist investors in their engagement process, such as databasing engagement notes or preparing engagement materials.

## ***b. ISS ESG***

ISS ESG is the responsible investment arm of ISS. ISS ESG provides the global institutional investor community with environmental, social and governance (“ESG”) data, analytics and research insights across a wide range of investment solutions, including raw ESG data, screening and controversies data, corporate ESG ratings, climate solutions, integrated financial and impact data, including a proprietary EVA – economic value add platform, complemented by a global stewardship and engagement offering delivering a differentiated end-to-end ESG offering. ISS ESG supports investors’ ESG integration, informing investment decisions and company engagements, including through proxy voting, sometimes referred to as “active ownership”. ISS ESG’s products and services apply across a range of sustainable and responsible investment issues, including climate change, sustainable impact, human rights, labor standards, corruption, controversial weapons, responsible supply chains, and number of other material ESG risks and opportunities. ISS ESG works with clients to understand their unique investment and business objectives in order to deliver to them the relevant insights and data solutions needed throughout their investment process.

- › Screening & Controversies

ISS ESG’s Screening & Controversies solutions identify corporate involvement in a range of controversial products, business practices and high-risk sectors, allowing clients to screen, monitor and analyze responsible investment performance. ISS ESG’s analysts provide on-going monitoring and research on company practices, assessing information gathered from numerous sources complemented by analysis, research, engagement and consultation. Analysts gather information through publicly available sources, conduct interviews with stakeholders, and collect information on company policies and practices.

- › ESG Ratings & Rankings

Through its ESG Ratings & Rankings solutions, ISS ESG provides comparable analyses on companies, countries and bonds, providing investors with the insight to incorporate sustainability into their investment processes both on a customizable and non-customizable basis. ISS ESG’s ratings aim to assist investors to minimize ESG risks, comply with evolving regulatory and stakeholder requirements and capitalize on potential opportunities. ISS ESG’s proprietary rating concept places a clear, sector-specific focus on the materiality of non-financial information.

› Climate Solutions

ISS ESG provides a comprehensive suite of climate solutions to provide investors with a better understanding of their exposure to climate-related risks in their portfolios. Through its dedicated team, ISS ESG offers a range of data and intelligence on climate change performance and risk and its impact on investments. In addition to carbon footprint data, ISS ESG assesses potential avoided emissions, transitional and physical risk, and future carbon performance - based on nearly 100 sector-specific indicators.

**Services Produced by Third Parties**

***c. 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 through the platform to independent third party research material to some clients that subscribe directly to such third party research. ISS does not have a role in producing such research and is not affiliated with the research providers. Additionally, some of ISS' proprietary work products can contain certain summary data supplied by independent providers. Fees for such research are either paid directly to the third party or to ISS as an additional service.

***d. Securities Class Action Services***

ISS also sometimes distributes the services of its wholly-owned subsidiary, ISS SCAS. This company, which is not a registered investment adviser, offers a fully outsourced securities class action claims filing service by monitoring securities class and group action litigation and settlements on behalf of mutual fund, investment manager, and pension fund clients. This service provides worldwide coverage. ISS SCAS is available in three levels of service, designed to meet a variety of professional needs. This includes claims filing, portfolio monitoring, and research.

***e. Services for Asset Manager***

ISS' wholly-owned subsidiary, Strategic Insight Holdings, LLC (and its subsidiaries, with brands such as ISS Market Intelligence, ISS LiquidMetrix, ISS FWW, and ISS Media), serves the global investment management community by providing products and services related to data, business intelligence, and research. These products and services, which are not investment advisory, include data and market intelligence, such as investment flow data, investment product characteristics, advisor and fund analysis, ratings, events, and editorial content for investment managers, asset owners and custodians.

**A COMPLETE LIST OF ISS' PRODUCT OFFERINGS CAN BE FOUND ON ISS' WEBSITE AT: [www.issgovernance.com](http://www.issgovernance.com).**

**B. FEES AND COMPENSATION**

Fees charged for products and services range from \$5,000 to above \$1m depending on several factors including the types of products purchased, the volume of products consumed, coverage universes, delivery mechanisms, and individual client use cases which will determine the final price for each client. Please note that these fees are sometimes negotiable. Most services are offered on an annual subscription basis and are generally paid for 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 generally include other investment advisers, including investment advisers to investment companies, pension and profit-sharing plans, broker-dealers, asset owners, asset managers, banks or thrift institutions, hedge funds, charitable organizations and other institutional investors, as well as law firms, and universities. ISS also provides data to third parties for use in thematic based indices. ISS does not directly serve a retail clientele.

**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 for a vote. While analysts 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; in other cases, the clients have prepared the guidelines themselves (in some cases with ISS' assistance).

ISS has an annual policy review process for its ISS benchmark and specialty policies, to help ensure that the voting policies are reviewed and updated to reflect investor and market views, accepted good governance practices, and help ensure the inclusion of regulatory changes and practical implementation matters. All of ISS' benchmark and specialty proxy voting policies are reviewed annually, taking into account evolving perspectives, best practices, and related legal and market-specific developments. The annual review and development process starts in the summer each year and generally ends in November when policy updates for the following year are released publicly, with transparency to clients, to companies and to the market generally.

This inclusive approach to policy formulation and development is designed to ensure that ISS policies are informed by a broad set of relevant inputs and expertise, combining ISS' expertise with views and feedback from a diverse range of market participants through multiple channels, including:

- › Ongoing dialogue with and feedback from investor clients, and other participants in the capital markets, including companies, regulatory agencies and the academic community.
- › Periodic roundtables and other similar sessions with clients and relevant industry groups.



- › An annual policy survey open to all interested parties, and designed to obtain a variety of input from institutional investors, companies, and from other stakeholder groups to test policy development ideas and elicit feedback.

The ISS Global Policy Board uses this input to consider draft policy updates on key emerging governance issues each year. Before finalizing material policy changes, ISS also publishes draft updates for an open review and comment period. Comments received during the open comment period are considered and are also posted to ISS' Policy Gateway at [www.issgovernance.com/policy](http://www.issgovernance.com/policy), in order to provide the highest level of transparency into the market's feedback. Final policy guidelines for most markets are published in the fourth quarter of each year to apply to meetings held on or after February 1st of the following year.

In addition to this process, ISS has established a Feedback Review Board, an ISS body that considers comments from market constituents regarding accuracy of research, accuracy of data, policy application and general fairness of ISS policies, research and recommendations. Each proxy analysis includes a URL for a direct hyperlink to ISS' summary voting guidelines for easy access by users of ISS' Governance Research.

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

ISS ESG recognizes that the sustainable investment landscape is highly dynamic and as such, investors require flexible and forward-looking solutions to meet ever-evolving global market demands. ISS ESG's approach to global ESG methodology governance consists of three cross-functional teams across its business:

- Global ESG Methodology Team – mandate to stay abreast of trends, developments and existing and emerging client and prospect needs.
- Methodology Review Board – guide, steer and vet the methodology development strategy and process, setting and agreeing upon overall objectives and strategic targets, clarifying, reviewing and reassessing priorities as well as initiating and confirming specific new methodology developments or adjustments.
- Market Input Steering Committee – tasked with adequately prioritizing dynamically evolving global market demands and regularly informing methodology development.

ISS does not manage accounts or make buy, sell or hold investment recommendations to clients, other than purchase or sale recommendations that might be implicit in a proxy voting decision, such as a vote on whether or not to approve a proposed merger transaction. 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 ISS (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. Foreign Advisory Affiliates**

ISS has entered into arrangements with several of its foreign affiliates, Institutional Shareholder Services Canada Inc., Institutional Shareholder Services Europe S.A., ISS Europe Limited, Institutional Shareholder Services France S.A.S., Institutional Shareholder Services K.K. (Japan), Institutional Shareholder Services (Australia) Pty. Ltd., Institutional Shareholder Services India Private Limited, Institutional Shareholder Services (Singapore) Private Limited, Research, Recommendations and Electronic Voting Ltd., ISS-Ethix AB, Institutional Shareholder Services Switzerland AG and Institutional Shareholder Services Germany AG, whereby designated employees of the foreign affiliates 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 investment advice to ISS' clients is deemed a Supervised Person of ISS and is subject to the same Code of Ethics which governs the activities of ISS' own employees.

Each of ISS' foreign advisory affiliates whose employees render investment advice to ISS' clients have 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 sometimes distributes the services of its wholly-owned subsidiary, ISS SCAS. Please note that this is not an investment advisory service and ISS SCAS is not registered as an investment adviser.

### **3. Services for Issuers**

ISS' wholly-owned subsidiary, ISS Corporate Solutions, Inc. ("ICS"), helps companies design and manage their corporate governance, executive compensation, sustainability, and financial programs to align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering data, tools, and advisory services. 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. ISS has taken a number of steps, which are discussed in Section H below, designed to ensure that its clients' interests are protected at all times.

### **4. Services for Asset Managers**

As explained in Section A above, ISS' wholly-owned subsidiary, Strategic Insight Holdings LLC (and its subsidiaries), serves the global investment management community by providing products and services related to data, business intelligence, and research. These are not investment advisory products and

services and Strategic Insight Holdings, LLC is not registered as an investment adviser (nor are any of its subsidiaries).

## **5. ISS' Owner**

As noted above, in February 2021, DB completed a transaction pursuant to which it acquired an approximate 80% stake in ISS HoldCo Inc., the holding company which owns ISS. The remainder of ISS HoldCo Inc. is owned by a combination of limited partnerships controlled by Genstar and ISS management.

ISS continues to have complete independence in the application of its research, recommendations, ratings and other analytical offerings (collectively referred to as "Research Offerings"). 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 that describes certain standards of conduct that the company's employees must follow.

A copy of the Code of Ethics is available on ISS' website at [www.issgovernance.com](http://www.issgovernance.com). A paper copy will be supplied upon written request directed to ISS' Chief Compliance Officer. Contact information can be found on the cover of this brochure.

### **2. Standards of Conduct**

The 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 Code of Ethics devotes special attention to conflicts of interest, including potential conflicts between ISS' teams and the work of ICS with corporate issuers, conflicts within the institutional advisory business, and conflicts generally. In each case, the goal of the Code of Ethics is to eliminate conflicts wherever possible, and to manage and disclose those conflicts that cannot be eliminated. 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 Code of Ethics, ISS conducts periodic training sessions for employees and requires employees to affirm their commitment to adhere to the Code of Ethics upon hire and on an annual basis. Furthermore, ISS regularly monitors the sufficiency of the Code of Ethics and the effectiveness of its implementation.

### **Measures to Address Potential Conflicts of Interest**

ISS routinely reviews its business lines to identify and reasonably address potential conflicts of interest.

#### **a. Significant Relationships**

ISS has concluded that there are three primary types of relationships that can be deemed significant to ISS. These sources are: a client relationship between a corporate issuer and ICS; a client relationship

between ISS and an institutional client that is (or is affiliated with) a corporate issuer; and a client relationship between ISS and an entity acting as the primary shareholder proponent seeking to have a specific proposal acted on by shareholders.

› Issuers that are clients of ICS

ICS provides corporate issuers with analytical tools, data and advisory services to enable them to improve shareholder value and reduce risk through the adoption of improved corporate governance and executive compensation practices. Some of the products and services offered by ICS are closely related to some of the proxy voting matters which will ultimately be analyzed by ISS during its review of an issuer's proxy statement. For example, subscribers to certain ExecComp services offered by ICS receive web-based tools and, in some cases, advisory services that rely upon the analytical framework developed by ISS to assess and make vote recommendations with respect to equity compensation plans that are put to a shareholder vote.

ISS takes the view that in light of the products and services provided by ICS, any paying-client relationship between ICS and a corporate issuer, where ISS provides proxy vote recommendations and research regarding that issuer, is significant.

A critical component of ISS' approach to managing this potential conflict of interest is the firewall it maintains between its business for institutional investors and the services offered by ICS to corporations. This firewall includes the physical, functional, and technological separation between ICS and ISS, with a particular focus on the separation of ICS from the ISS business units which provide investment advisory services (collectively referred to as "Global Research"). A key goal of the firewall is to keep the Global Research team from learning the identity of ICS' clients, thereby helping to ensure the objectivity and independence of ISS' Research Offerings.

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 team 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 informs its corporate clients that ISS will not give preferential treatment to, and is under no obligation to i) support any proxy proposal of a corporate issuer nor ii) provide a favorable rating, assessment and/or any other favorable result to a corporate issuer, whether or not that corporate issuer has purchased products or services from ICS.

› Issuers that are clients of ISS

In the ordinary course of its business, ISS will inevitably provide research coverage on a subset of institutional clients who are themselves corporate issuers or that have a parent or affiliated company that is a corporate issuer (each, a "Public Client"), and the Public Client could have an interest in ISS' support of the positions taken by the Public Client's Board/management on matters put to a shareholder vote. In assessing this scenario, ISS' leadership team views the potential significance of its

relationships with Public Clients as a function of the dollar value of the client relationship and the potential that a Public Client might use the institutional client relationship as a lever to exert influence on the work of ISS. ISS has determined it appropriate to adopt a 5% revenue threshold, so that ISS will view a relationship with a Public Client as significant if the annual revenues from that client are in excess of 5% of ISS' total, consolidated revenues for the most recently completed fiscal year.

➤ **Security Holder Proponents**

ISS in the ordinary course will inevitably provide research coverage and vote recommendations on shareholder proposals from a subset of institutional clients who from time to time act as shareholder proponents, seeking to have their specific proposals acted on at a shareholders meeting (each, a "Proponent Client"). Given the similarities to the analysis of Public Client relationships, ISS' leadership team also concluded that the potential significance of relationships with Proponent Clients is a function of the dollar value of the client relationship, and the potential that a Proponent Client might use the institutional relationship to try to exert influence on ISS' research and voting recommendations. In that light, ISS has determined it appropriate to adopt a 5% revenue threshold, so that ISS will view a relationship with a Proponent Client who is the primary filer of a shareholder proposal as significant if the annual revenues from that client are in excess of 5% of ISS' total, consolidated revenues for the most recently completed fiscal year.

Detailed disclosure of these significant relationships is available to clients through ISS' ProxyExchange platform in a way that both seamlessly integrates with clients' workflows and protects the critical firewall between ISS and its ICS subsidiary. In this regard, the platform reveals the existence of any significant relationship (as described above) between ISS and an ICS Client, between ISS and a Public Client and between ISS and a Proponent Client, and users have the ability to gather more information about that relationship.

***b. Maintaining the Independence of ISS***

ISS has formally adopted policies on non-interference and potential conflicts of interest related to DB, Genstar, and the ISS board of directors. Among other things, these policies are intended to establish appropriate standards and procedures to protect the integrity and independence of the Research Offerings produced by ISS and to safeguard the reputations of ISS and its owners. The policy also identifies situations that exist or give rise to actual or potential conflicts of interest, or to the appearance of conflicts of interest, in connection with the Research Offerings of ISS relating to certain publicly-traded companies with which its owners might have a connection and the steps taken 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 website<sup>1</sup> to assist clients and prospective clients in fulfilling their own obligations regarding the use of independent, third-party proxy advisory firms. This package includes an overview of the ISS organization, suggested questions to be asked, the policy

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

development process, engagement with corporate issuers, quality control and error correction, as well as policies, procedures, and practices regarding potential conflicts of interest. A copy of ISS' Code of Ethics is also available on the website.

Moreover, research reports contain 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. Proxy research reports also note that one or more proponents of a shareholder proposal 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 have the ability to review such relationships in ProxyExchange for relevant details. Institutional clients can also obtain lists of all ICS clients. These processes allow ISS' clients to receive the information they need without revealing the identity of ICS clients to ISS' Global Research team as they prepare Research Offerings.

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 and encourages clients and prospective clients to incorporate a review of our conflict management procedures and practices in their own due diligence endeavors.

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

#### ***4. Participation or Interest in Client Transactions***

This item does not pertain to ISS' business.

#### ***5. Personal Trading***

ISS, from time to time, renders advice to clients that could lead clients to buy or sell securities in which employees of ISS or of its affiliated companies have a financial interest. Or, ISS' employees or those of its affiliated companies could 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' employees.

With regard to personal trading, the Code of Ethics obligates Access Persons to report their trading activity to the company's Compliance department on a quarterly basis. They also must receive the Compliance department's permission before investing in initial public offerings, 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, material, non-public information. In this last regard, ISS maintains a restricted list of issuers whose proxies are currently being analyzed or acted upon by ISS and prohibits Access Persons from buying or selling the securities of any issuer on that list. ISS may also impose restrictions on personal trading in issuers who are the subject of Special Situations Research notes.

#### ***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 could 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 pays a cash fee to parties who refer advisory clients. 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' Governance Research and Voting Services involves analyzing shareholder proposals and providing voting recommendations to clients in accordance with a benchmark, specialty or custom proxy voting policy(ies) chosen by the client. Clients always retain the right to override ISS' recommendations and direct their voting as they determine. The many steps ISS takes to address potential conflicts of interest that could arise in connection with its Governance Research and Voting Services are described in Section H above.

All subscribers to ISS' Governance Research and Voting Services have access to the proxy voting policies and procedures applicable to their accounts, as well as information about how ISS assisted clients in executing proxy 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.