

**From:** Ma, Michael  
**Sent:** Monday, November 07, 2011 4:34 PM  
**To:** [policy@issgovernance.com](mailto:policy@issgovernance.com)  
**Subject:** Comments to the 2012 draft policies

We appreciate ISS' process for seeking feedback on its proposed policy updates. Below are CPP Investment Board's comments with respect to the 2012 draft policies.

**Board Response to Management Say-on-Pay Vote (US)**

In our view, an opposition level of more than 20% to a management say on pay ("MSOP") vote represents significant level of concern among shareholders and warrants an explicit response from a company in the year following that vote.

**Evaluation of Executive Pay (Management Say-on-Pay)**

When evaluating management say on pay (MSOP) proposals, the alignment between pay and performance is a key consideration for the CPP Investment Board. We believe the new quantitative model proposed by ISS would be beneficial to us in assessing the linkage between pay and performance, places adequate consideration to long-term alignment and we generally agree with the factors included in the approach. We think that additional factors, such as the previous year's MSOP vote results and changes the board has made in response to the results, should also be included in the qualitative analysis.

**Equity Plans Related to Section 162(m)**

We support the proposed case-by-case approach to evaluating equity plans related to Section 162(m) and believe it is appropriate for ISS to weigh any negative plan features against the benefits from potential tax deductions when making recommendations. If plan provisions are sufficiently problematic, we believe that the MSOP should be used to voice dissatisfaction rather than withholding or voting against the compensation committee members.

**Proxy Access**

We generally support proxy access shareholder proposals subject to sufficient requirements regarding share ownership, to be determined based on the need for access at each company. We believe that all shareholders meeting the ownership requirements, including 13D filers seeking a change in control, should be able to place candidates on ballots.

We thank ISS for the opportunity to provide feedback on these recommendations.

Regards,  
Michael Ma

Michael Ma  
Analyst - Corporate Governance and Legal  
CPP Investment Board  
One Queen Street East, Suite 2600  
P.O. Box 101  
Toronto, ON M5C 2W5