

Institutional Shareholder Services  
Policy Regarding Disclosure of Significant Relationships

PURPOSE

Institutional Shareholder Services (“ISS”) is committed to conducting business with the highest degree of ethics, integrity, and transparency. One measure that ISS has historically taken to ensure transparency is the disclosure of instances where a relationship between ISS and a party exists that may present a conflict of interest. The purpose of this Policy Regarding Disclosure of Significant Relationships (the “Policy”) is to explain (a) ISS’ framework for assessing whether a relationship with a party (e.g. a corporate issuer or shareholder proponent) that is the subject of research, recommendations, ratings and other analytical offerings through its Governance Research & Voting and ISS ESG business lines (collectively, “Research Offerings”) is significant; and (b) the manner in which ISS will disclose any such significant relationships to the recipients of ISS’ Research Offerings.

ISS has reviewed the types of relationships that it and its affiliates may have, including those with corporate issuers and security holders that may be the subject of its Research Offerings. The framework described below for assessing significance takes into account factors such as the types of services offered by ISS (or its affiliates) to a corporate issuer/proponent, the amount of compensation received for the services and the extent to which the services provided by ISS relate to the same subject matter giving rise to ISS’ relationship with the issuer/proponent. In formulating this Policy, ISS considered significance/materiality tests used in other contexts to serve as a frame of reference.

ISS has concluded that there are three primary sources of these types of relationships that may be deemed significant. These sources are: a client relationship between a corporate issuer and ISS Corporate Solutions, Inc. (“ICS”), a subsidiary of ISS; a client relationship between ISS and a client that is (or is affiliated with) a corporate issuer or acts as the primary shareholder proponent seeking to have a specific proposal acted on by shareholders; and the relationship between ISS and its majority owner, Deutsche Börse AG, a public company whose shares are traded on the Frankfurt Stock Exchange (“DB”).

ISS’ approach to each of these potential sources of significant relationships is described below.

ASSESSMENT OF SIGNIFICANCE

Clients of ICS

ICS provides corporate issuers with data, tools, and advisory services to enable them to manage their corporate governance, executive compensation, and sustainability programs to align with company goals, reduce risk, and manage the needs of a diverse shareholder base. Some of the products and services offered by ICS are closely related to some of the matters which will ultimately be analyzed by ISS during the production of its Research Offerings. By way of example, subscribers to certain services offered by ICS may receive web-based tools and, in some cases, advisory services that rely upon the analytical framework developed and used 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 client relationship between ICS and a corporate issuer, where ISS provides Research Offerings regarding that issuer, is

significant for purposes of this Policy. For additional context, it should be noted that from a financial perspective, the average dollar value of ICS' client contracts are relatively small in the context of ISS' overall revenue base. Thus, the assessment of significance in this instance is more of a qualitative than a quantitative judgment.<sup>1</sup>

### Clients of ISS

Within ISS' client base, there are a subset of clients who are themselves corporate issuers (or have a parent or affiliated company that is a corporate issuer) or act as the primary shareholder proponent seeking to have a specific proposal acted on by shareholders.<sup>2</sup> These clients, in their capacity as institutional investors, may buy any number of ISS' Research Offerings. The products and services offered to these clients are the same as the products and services available to all of ISS' clients, and the nature of ISS' relationships with these clients is not directly related to the subjects covered in ISS' Research Offerings.

ISS has a broad base of institutional clients with a broad range of portfolio holdings on which ISS provides coverage through its Research Offerings. Thus, in the ordinary course of its business, ISS will inevitably provide research coverage on (a) this subset of clients who are themselves corporate issuers (or have a parent or affiliated company that is a corporate issuer) or (b) issuers at which an ISS client may have put forth a shareholder proposal. In these circumstances, these clients could have a particular interest in the analyses, recommendations, ratings and other conclusions reached in ISS' Research Offerings. In assessing this scenario, ISS views the potential significance of its relationships with these types of clients as a function of the dollar value of the client relationship and the potential that a client might use its client relationship with ISS as a lever to exert influence on ISS' Research Offerings (whether in their capacity as a corporate issuer, shareholder proponent or otherwise). After considering ISS' business operations and other benchmarks for significance/materiality, including measures used in different contexts under SEC laws and rules, ISS has determined it appropriate to adopt a 5% threshold, so that ISS will view a relationship with an institutional client as significant if the annual revenues from that client are in excess of five percent of ISS' total, consolidated revenues for the most recently completed fiscal year.

### Deutsche Börse AG

ISS is owned by ISS Holdco Inc., a holding company. On February 25, 2021 DB acquired an approximate 80% stake in ISS HoldCo Inc. with the remainder owned by a combination of limited partnerships controlled by Genstar Capital<sup>3</sup> and ISS management. DB is an international exchange organization and innovative market infrastructure provider which offers its customers a wide range of products, services, and technologies covering the entire value chain of the financial markets.

<sup>1</sup> Beyond disclosure, ISS has put in place a variety of policies and procedures designed to mitigate potential conflicts, including those arising from ICS' work with corporate issuers relative to the work of ISS' teams in preparing Research Offerings. For more information regarding ISS' conflict management policies and procedures, we refer you to the Due Diligence Materials on our public website at [www.issgovernance.com/compliance/due-diligence-materials/](http://www.issgovernance.com/compliance/due-diligence-materials/).

<sup>2</sup> ISS notes that many times the identity of a shareholder proponent may not be disclosed in the proxy materials relating to the proposal. In instances such as these, ISS would be unable to assess the significance of any potential relationship with the relevant shareholder proponent.

<sup>3</sup> ISS understands that perceived or potential conflicts of interest could arise in connection with Genstar Capital as a private equity firm since Research Offerings may be produced that relate to Genstar Capital's other operating/portfolio companies. While not considered significant as it relates to this Policy, ISS has established the "Policy on Non-Interference and Potential Conflicts of Interest Related to Genstar Capital" to protect the integrity and independence of the Research Offerings produced by ISS. Similar policies have also been adopted in relation to DB and the board of directors for ISS Holdco Inc. For more information regarding ISS' conflict management policies and procedures, we refer you to the Due Diligence Materials on our public website at [www.issgovernance.com/compliance/due-diligence-materials/](http://www.issgovernance.com/compliance/due-diligence-materials/).

As a corporate issuer itself and due to its majority stake in the holding company that owns ISS, ISS views its relationship with DB as significant in the context of this Policy.

#### DISCLOSURE PROCEDURES

ISS' proprietary platform for Governance Research & Voting clients, ProxyExchange ("PX"), allows for proactive visibility regarding the disclosure of applicable clients of ICS and ISS described in this Policy in a manner that can be seamlessly integrated within a client's workflow.

Within both the "Meetings" and "Research Materials" views in PX, there is a column indicating in Yes/No fashion whether there is a significant relationship associated with that meeting/research report. If there is, the user will be able to click a link to get more information about that relationship. In addition, users of PX's onscreen and/or email alerts for notification of the publication of new benchmark or custom research have a column on those notifications indicating whether there is a significant relationship associated with the report. PX also provides users with a tab labeled "Disclosure of Significant ISS Relationships" within which a user can use a look-up box to search for entities with which ISS has a significant relationship.

ISS maintains a number of different mechanisms alerting clients to the relationship ISS maintains with DB. This includes, for example, disclosures within ISS' website, Form ADV, and within its Research Offerings related to DB.

ISS also maintains a long-standing process for providing its clients with disclosure regarding its significant relationships through its Compliance department via the [disclosure@issgovernance.com](mailto:disclosure@issgovernance.com) email address. That disclosure mechanism remains in place for all institutional clients subscribing to ISS' Research Offerings.

#### POLICY REVIEW

ISS reviews this Policy on a periodic basis and will update it as necessary to reflect changes to ISS' business or other developments which may require changes to the manner in which ISS assesses and discloses significant relationships.

*This Policy was first approved by ISS' executive leadership, to be effective on November 14, 2014 and was first amended effective October 27, 2017. This Policy was reviewed on August 12, 2019 at which point no material changes were made. The second amendment to this Policy was effective May 4, 2021.*