
Best Practice Principles for Providers of Shareholder Voting Research & Analysis

ISS Compliance Statement

17 February 2022*

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Introduction

Institutional Shareholder Services Inc. (“ISS”) is pleased to submit the following Compliance Statement to the Best Practice Principles for Providers of Shareholder Voting Research & Analysis 2019 (“Principles” or “BPP”).

The Principles consist of a set of principles and accompanying guidance (“Guidance”) that describe a code of conduct for providers of shareholder voting research and analysis. They are designed to facilitate transparency and assist BPP Signatories’ conduct in discharging their responsibilities toward their clients. The Principles are the result of a thorough review process by the Best Practice Principles Group (“BPPG”) which refers to the latest updated stewardship codes globally, the requirements of the revised EU Shareholder Rights Directive II (“SRD II”) and the ESMA 2015 Follow-Up Report on the Development of the Best Practice Principles for Providers of Shareholder Voting Research and Analysis (“2015 ESMA Follow-Up Report”). They were developed with the input of investors, issuers and other stakeholders received through a public consultation by the BPPG (completed in December 2017) and follow a review by the BPP Review Committee chaired by an independent review chair. The 2019 Principles replace the original 2014 Principles.

The three core Principles are: (i) **Principle One, Service Quality** - maintaining a high level of service quality, (ii) **Principle 2, Conflicts-of-Interest Avoidance or Management** - disclosure of policies that address potential or actual conflicts of interest, and (iii) **Principle Three, Communications Policy** - publication of policies for communication with issuers, shareholder proponents, other stakeholders, the media, and the public.

As a leading provider of corporate governance research, voting recommendations and voting services to institutional investors, ISS places primary importance on conducting our business in a transparent and responsible manner.

Founded in 1985, the ISS group of companies empowers investors and companies to build for long-term and sustainable growth by providing high-quality data, analytics, and insight. ISS is a leading provider of corporate governance and responsible investment solutions, market intelligence and fund services, and events and editorial content for institutional investors and corporations, globally. Clients rely on ISS’ services to help them make informed investment decisions.

The shareholder voting research and analysis services that ISS offers to institutional investor clients are provided through its Governance Solutions business unit. This Compliance Statement addresses the shareholder voting research and analysis services provided to institutional investor clients by that business unit. It aims to describe in a meaningful way how ISS fully complies with all three Principles and the Guidance in the provision of those services.

As noted by the Principles, irrespective of the type of services used by investors to support their ownership and voting activities, the ultimate responsibility to monitor their investments and make voting decisions lies with each investor; the use of third-party services such as those provided by ISS does not shift this responsibility. To that end, ISS’ services in this area are designed to assist institutional investors in making informed voting decisions and implementing those decisions.

This Compliance Statement mirrors the structure of the Principles. It describes how ISS applies each of the three Principles and related Guidance (with numbered headings referring to the corresponding Guidance section in the Principles). This updated Compliance Statement incorporates feedback received from the BPPG's Independent Oversight Committee ("IOC") on ISS' previous Compliance Statement dated 11 January 2021. ISS' signatories to this Compliance Statement can be contacted for further information regarding its content.

** This ISS Compliance Statement amends and updates the last ISS Compliance Statement dated 11 January 2021.*

Principle One: Service Quality

Principle One: Service Quality

BPP Signatories provide services that are delivered in accordance with agreed-upon client specifications.

Signatories should have and publicly disclose their research methodology and, if applicable, “house” voting policies.

ISS fully complies with Principle One and related Guidance on Service Quality.

1. Introduction

As a provider of governance research, voting recommendations and voting services with more than 35 years of experience, ISS provides services to its institutional investor clients that assist them in making more informed voting decisions, in managing the complex operational process of voting their shares (proxy voting) and in tracking and reporting their voting activities as they may require. Our aspiration and goal is to serve our clients with their full trust and confidence. We earn and retain this by providing high quality services which are understood by our clients to rest upon high degrees of transparency, objectivity, and independence.

Through our services, ISS also helps institutional investors understand corporate governance practices and requirements in many different markets worldwide. In 2021¹, ISS covered approximately 48,000 shareholder meetings in around 115 developed and emerging markets worldwide for our clients. ISS' global coverage includes all public company equity meetings for which our clients hold a ballot². ISS also provides environmental, social and governance ("ESG") ratings³, thought leadership, research and other market information on corporate governance and voting practices and trends, portfolio screening and other assessment tools and services, all of which may assist investors in their wider ownership activities and responsibilities.

As of year-end 2021, ISS' Governance Solutions business unit has a global research team of approximately 280 research analysts, located in Europe, North America, Asia, and Australia, with wide expertise across the markets they cover. In addition, ISS has a large team of data professionals, approximately 460 at the end of 2021, collecting and ensuring data quality.

1 The statistics referenced in this Statement are approximate, updated on an annual basis and, unless otherwise noted, relate to the year ending December 31, 2021.

2 For the vast majority of meetings, ISS produces research (please refer to the “Key research statistics” section below), while for some other meetings, ISS is only tasked to procure the meeting materials and to codify the meetings' resolutions.

3 ESG Ratings are provided by the “ISS ESG” business unit.

As part of its services providing governance research and voting recommendations, ISS offers and implements on behalf of its clients a variety of voting policies, providing choice and different options reflecting both regional and market differences, and the differing views and requirements of institutional investors.

Client custom policies and ISS specialty policies

Client custom policies

Many institutional investors apply their own unique set of corporate governance and responsible investment guidelines in implementing their proxy voting activities (“client custom policies”). For these clients, ISS prepares voting recommendations based on the client’s custom policy(ies) and may also assist clients in developing such custom policies.

ISS manages fully customized voting policies and issues policy vote recommendations for more than 400 clients based on their individual proxy voting policies. These customized voting policies reflect each investor's specific corporate governance philosophies and approaches. As a result, the vote recommendations issued under these policies may well differ from those issued under ISS’ benchmark or specialty policies (described below).

ISS specialty policies

Institutional investors may also choose to evaluate governance and other issues from the perspective of sustainability, socially responsible investing, public funds, labor unions (Taft-Hartley), climate or faith-based investing. ISS offers thematic policy guideline options that reflect such perspectives (“ISS specialty policies”).

ISS benchmark (“house”) policies

ISS also provides research and voting recommendations based on ISS' benchmark policies. These policies are market and/or regional-specific, based on generally accepted principles of good corporate governance, and take into account national and international corporate governance codes and practices, and investor and other stakeholder views. In reviewing and updating these policies each year, ISS gathers broad input from institutional investors, corporate issuers, and other market constituents through policy surveys, issue-specific roundtables, and an open comment period⁴.

Specific benchmark policies are developed for different regions and markets, either via stand-alone market policies, or regional policies with national approaches or exceptions on particular issues where market practices, regulation or investor expectations may vary.

⁴ See: <https://www.issgovernance.com/policy-gateway/policy-formulation-application/>

Key research statistics

The below table presents the approximate number of companies and meetings covered by ISS research in the course of 2021.

Research coverage	2021
Companies covered	34,000
Meetings covered	48,000

Investors' responsibility for voting decisions

Regardless of which policy (or policies) a client chooses to use, ISS provides information, analysis and voting recommendations, not voting decisions. As a general matter, the ultimate voting decision for each resolution at a company meeting remains the responsibility of the client, as we believe it should. Many of our clients who subscribe to our research and voting recommendations use our research as an input into their own deliberations, but may ultimately decide to vote differently, in line with their own investment and governance views and company engagement activities in any particular situation.

ISS clients use our research and voting recommendations in a variety of ways. ISS research and voting recommendations will often be one of many resources that institutional investors use in arriving at their voting decisions. For example, many institutional investors have internal research teams that conduct proprietary research and use ISS research to supplement their own work. Some clients use ISS research as a screening tool to identify non-routine meetings or proposals. A number of our clients also use the services of two or more providers of shareholder voting research and analysis.

Independent shareholder voting research & analysis

We understand and take seriously the potential for actual or perceived conflicts of interest which may result from our business activities and leading position as a provider of shareholder voting research and analysis. To that end, we have a robust set of policies, procedures and practices regarding the identification, avoidance and management of conflicts of interest, in order to ensure our research, analyses and voting recommendations are independent and free from inappropriate bias or undue influence (see Principle 2 of this statement for further details).

2. Responsibilities to Clients

ISS' services are provided pursuant to a written contract with each client. This typically is structured as a master services agreement, which contains contractual terms, including the relevant governing law, how notices are provided, the methods of terminating the contract, and how disputes are resolved. The master services agreement will be incorporated into appendices that describe the specific services being purchased and the cost of such services. The contract provides the agreed basis as to the terms and conditions under which services are delivered. Most services are offered on an annual or multi-year subscription basis.

3. Quality of Research

ISS' quality controls are designed to ensure high levels of accuracy, quality and timeliness in the research and voting process. ISS has dedicated internal employees who provide periodic reviews and assessments on the processes and procedures across different business units.

In addition to internal controls, we further rely on the reviews conducted by an outside auditor during the SSAE 18 process. ISS' most recent SSAE 18 audit report includes a comprehensive accounting of all control objectives and the activities that are executed in order to support each assertion. The processes of the ISS Research, Data and Operations teams are subject to the SSAE 18 review.

ISS has in place robust systems and controls designed to ensure the quality of our shareholder voting research, analysis and voting recommendations. These include:

- Comprehensive information procurement processes for company-published information and meeting documentation;
- Data consistency and quality checks;
- Voting research reports and recommendations are prepared by appropriately trained analysts;
- Voting research reports and recommendations are reviewed by at least one other person with relevant expertise;
- In some markets, ISS may, at its discretion, also provide companies with an opportunity to review a draft analysis to further check factual accuracy (see Principle 3).
- In instances where new material information becomes available after an ISS report has been published and before investor voting deadlines, or where any factual inaccuracy that warrants correction is drawn to our attention, an updated report is promptly issued to clients.

Additionally, ahead of the 2022 annual meeting season, ISS launched a new data verification (DV) portal for U.S. corporations, a major expansion of ISS' current DV program. The program allows for verification of more than 400 governance and compensation datapoints that are principally used and reflected in ISS' proxy research report on companies.

4. Research Methodology

ISS has a robust research methodology designed to ensure the consistent and timely delivery of high quality and reliable research, analysis and recommendations.

The research methodology covers the following essential features, all as more fully described below:

- The general approach that leads to the generation of research;

- The data and information sources used;
- The extent to which local conditions and customs are taken into account;
- The extent to which custom, specialty or ISS benchmark (“house”) voting policies or guidelines may be applied; and
- The systems and controls deployed to reasonably ensure the reliability of the use of information in the research process, and the limitations thereof.

General approach

ISS is committed to providing independent, timely, accurate, and insightful shareholder voting research and analysis on every publicly traded company in our clients’ portfolios, regardless of size or location, taking into account local market regulations and practices. In 2021, ISS produced research on approximately 48,000 meetings in approximately 115 markets.

Our firm has continued its commitment to providing a wide range of high-quality services to our clients. We believe our global and local market footprint and expertise allow us to offer the high-quality research and voting recommendations that our clients require.

ISS analysts have in-depth knowledge of best practices, regulations and investor expectations in each global market for which we provide research coverage, including on issues such as board independence, pay practices and the role of government and industry associations in setting local governance standards.

The research process follows a six-step approach that is designed to ensure the efficient and timely delivery of high-quality information, research and voting recommendations to clients:

- Client Holdings and Meeting feeds received by ISS;
- Procurement of Meeting Materials (including proxy statements, meeting agendas, etc.);
- Meeting Agenda Coding – each agenda item tagged with a code to indicate issue type and facilitate application of voting policies;
- Data Collection - based on publicly disclosed information;
- Benchmark Research Analysis and Delivery;
- Specialty and Custom Research Analysis and Delivery.

Our research services also include:

- **Direct access to research analysts:** Whether dealing with a complex vote decision or looking for clarity on a complex governance issue, clients have access to ISS’ research analysts.
- **Thought leadership:** Clients have access to ISS webinars, topical insights, thought leadership output, industry events, educational and thematic research, and publications to ensure they are kept abreast of governance and other ESG trends and news in a constantly changing regulatory landscape.

Information sources

ISS' proxy research and analyses are based on publicly available information. ISS aims to take into account all relevant information released by analyzed companies, such as annual reports, meeting agendas and resolutions, articles of association and other public filings. All original company materials used by ISS are referenced or made available to clients. In addition, company issued information is supplemented by other publicly available information such as information on board changes, regulatory matters, news events, industry trends, etc.

As a result, ISS provides a comprehensive data set including on board membership, executive compensation, financial performance, and ownership that provides context for the review of agenda items.

As part of the research process, ISS may undertake dialogue with company representatives, institutional shareholders, shareholder proponents and other relevant parties to ensure a full understanding of and deeper insight into key issues. This dialogue helps enrich the analyses for clients.

The purpose of the dialogue with companies is to improve the overall quality of the research produced by ensuring analysts have full information and understanding of relevant facts and explanations provided by the company. This type of dialogue can also serve to provide additional transparency regarding company disclosures that ISS may use to provide context for its clients around the application of its policies.

In undertaking such dialogue, ISS specifically requires that companies do not share confidential or material non-public information.

ISS' dialogue with issuers is transparent to clients. ISS' research reports generally include a section detailing any relevant dialogue with the company, shareholder proponents or other stakeholders, including the date(s) of dialogue, the topic(s) covered, the initiator of the dialogue, and the outcome.

Local conditions and customs

ISS' research approach is based on structured voting policies and guidelines that incorporate established policy frameworks and internal expertise with investor and broader market feedback.

Our benchmark policies are informed by the following main factors:

- global governance standards, such as the ones defined by the Organisation for Economic Co-operation and Development (OECD) and the International Corporate Governance Network (ICGN);
- local regulation and soft regulation such as codes of best practices and stewardship codes;
- new and evolving topics and market trends;
- ISS institutional investor client expectations;
- relevant input from other market constituents.

Custom, specialty or benchmark (“house”) voting policies

ISS offers an extensive array of voting policies and choices to meet the varied needs of institutional investors and their clients. Investors can choose from ISS’ global benchmark policies, ISS specialty policies that evaluate governance issues from the perspective of socially-responsible investors, public funds, labor unions (Taft-Hartley), faith-based investors, climate-focused investors, and sustainability issues outlined by signatories to the Principles for Responsible Investments (“PRI”) supported by the United Nations. ISS also manages full custom voting policies and provides customized voting recommendations for institutional clients who want to vote their shares according to their own specific guidelines and philosophies (see “Client Custom Voting Policies” below).

Systems and controls

ISS has robust policies and procedures to ensure the integrity and quality of the research process. ISS is a Registered Investment Advisor with the U.S. Securities and Exchange Commission, and as such has a comprehensive global compliance program. ISS also undertakes and is subject to periodic SSAE 18 audits (see “Quality of Research” section above for further details).

Timely delivery of research

ISS employs a minimum 2-week target delivery date for shareholder voting research and recommendations prior to the meeting date (for markets where company disclosure practices permit), often significantly exceeding this. As examples, in 2021, we delivered research reports on average 22 days prior to the meeting date for U.S. meetings, and 19 days prior to the meeting date for ex-U.S. meetings.

Diversity of opinions

ISS is committed to providing our clients easy access to a variety of opinions from different sources. To that end, in 2013, ISS took the inclusive step of opening its online voting platform, ProxyExchange (“PX”), to research produced by a number of other service providers, and has maintained this service since then.

As a result, ISS clients who also subscribe to certain third-party research can access that research on PX and benefit from more efficient workflow by utilizing the PX platform to access their varied research subscriptions in one place.

ISS’ shareholder voting research and analysis is also currently available via the FactSet platform for ease of workflow for those clients who have relationships with both vendors.

5. Client Custom Voting Policies

In many instances, ISS prepares voting recommendations based on a client's own voting policies and approaches, and may assist clients in developing such custom policies as well. ISS manages fully customized voting policies and issues policy vote recommendations for more than 400 clients based on their individual proxy voting policies. These customized voting policies reflect clients' unique corporate governance and voting philosophies. As a result, the vote recommendations issued under these policies may well differ from those issued under our benchmark or specialty policies.

ISS' custom research analysts are available to provide guidance to clients to assist them in creating and refining their own voting policies and ensure that they accurately reflect their unique values and priorities, while also taking into account local market standards and codes of best practice in each market to the extent they wish. For example, clients can easily calibrate and backtest their own policies by market to ensure consistency of application to their own governance philosophies. A regular review of clients' custom policies also ensures that any new or emerging issues that have garnered increased interest in the investment community are appropriately taken into account.

6. Signatory Policies (ISS "house" policies)

ISS benchmark policies

ISS provides research and voting recommendations based on ISS' benchmark ("house") policies as well as custom and specialty policies. These benchmark policies are market or region-specific and are based on generally accepted principles of good corporate governance, taking into account relevant national and international corporate governance codes and practices, and investor and other stakeholder views.

ISS' benchmark policies are designed to cover resolutions put forward by listed companies and shareholder proponents. This includes all standard resolutions pertaining to shareholder rights, board elections, executive remuneration and external auditors, as well as resolutions pertaining to corporate transactions and/or ESG matters.

In developing its benchmark policies, ISS refers to its ISS Global Voting Principles⁵. Those principles provide four key tenets on accountability, stewardship, independence, and transparency, which underlie our approach to developing ISS voting policies and recommendations on management and shareholder proposals at publicly traded companies. These principles guide our work to assist institutional investors in meeting their fiduciary requirements with respect to voting and by promoting long-term shareholder value creation and risk mitigation at their portfolio firms through the support of responsible global corporate governance practices.

⁵ See : <https://www.issgovernance.com/policy-gateway/iss-global-voting-principles/>

These are designed to respect shareholder rights and provide appropriate transparency, taking into account relevant laws, customs, and best practice codes of each market and region, as well as the rights and responsibility of shareholders to make informed voting decisions.

Policies, local standards and transparency

ISS benchmark policies are developed for different regions and jurisdictions, either via stand-alone market-specific policies, or regional policies with national approaches or exceptions on particular issues where practices and requirements vary. These policies (or "proxy voting guidelines") are disclosed publicly on the ISS website⁶.

The ISS benchmark policies are developed through a robust process that uses ISS' expertise as well as input from the broader governance and investor community. The ISS research team engages with institutional investor clients, corporate issuers, the academic community, and industry experts worldwide to gather input on ISS' proxy voting policies and methodologies each year. This enables us to evolve the benchmark policies in order to consistently provide expert and fact-based research through a shareholder value and risk mitigation lens.

ISS' approach takes into account the specific facts of the companies covered, with an effort to ensure the relevant nuances of each company are understood and its corporate governance practices are viewed in the context of best practices, industry norms and its history. For example, issuer explanations on deviations from "comply-or-explain" corporate governance codes are taken into account.

ISS Benchmark Policy development and update process⁷

ISS works to ensure its policies are relevant, clear, balanced, and well-reasoned. Led by the ISS Global Policy Board, the firm has a robust and inclusive approach to policy development that incorporates ISS' own expertise combined with feedback from a diverse range of market participants through multiple channels such as:

- A public annual policy survey of institutional investors, and corporate issuers;
- Roundtable sessions with investors and other stakeholders; and
- Ongoing feedback from market participants.

The ISS Global Policy Board and policy subcommittees use this input to develop annual draft policy updates and address emerging governance and other voting-related issues. Before finalizing these updates, ISS publishes draft updates publicly for an open review and comment period. Comments received during the open comment period are posted to ISS' Policy Gateway⁸ in order to provide the highest level of transparency into the received feedback. Final policy guidelines are typically

6 See: <https://www.issgovernance.com/policy-gateway/voting-policies/>

7 See : <http://www.issgovernance.com/policy-gateway/policy-formulation-application/>

8 See : <http://www.issgovernance.com/>

published in November or December of each year to apply to meetings held from February onwards of the following year⁹.

Once finalized, we publish all ISS policy guidelines on our public website each year for full transparency and availability.

7. Employee Qualification & Training

Organization

More than 2,600 professionals, located across 29 global offices, contribute to ISS' ability to provide products and services to its clients.

ISS' offices, procurement centers and research centers



Experience and Qualifications of research analysts

ISS' research team currently consists of approximately 280 research analysts worldwide, fluent in over 30 languages, and many with advanced degrees in finance, business and law. Much like the structure in the financial institutions we serve, our research group includes market-based and sector-based analysts as well as specialist teams that focus on, for example, custom research and custom policy development.

⁹ Different timeframes may apply for select markets (such as Australia and New Zealand).

The research team includes members with experience in investment banking, mergers and acquisitions, remuneration consulting, corporate actions, corporate responsibility and regulatory compliance. The majority of market analysts are nationals or fluent in the language(s) of the country or region they cover, with relevant expertise. In larger markets, research teams may be segmented into sector and topic teams to provide the best possible coverage of complex meeting items, particularly as best practices can vary across markets and sectors. ISS analysts and other specialists also possess in-depth knowledge of country codes of best practice, relevant legal and regulatory structures, remuneration practices and the role of government and industry associations in setting global governance standards.

No outsourcing of ISS research

ISS does not outsource any part of its research process.

8. Timeliness

ISS strives to provide clients with high-quality and timely services, subject to the availability of sources of information from issuers and shareholder resolution proponents, as well as intermediary constraints (for example, custodian and corporate vote deadlines and intermediary cut-offs).

ISS employs a minimum 2-week target delivery date for shareholder voting research and recommendations prior to the meeting date (for markets where company disclosure practices permit), and often significantly exceeds this. As examples, in 2021, we delivered research reports on average 21 days prior to the meeting date for U.S. meetings, and 17 days prior to the meeting date for ex-U.S. meetings.

9. Client Feedback & Complaint Management

ISS aims to facilitate and be responsive to comments, feedback or complaints from clients. This is accomplished by, for example, making analysts available to discuss the content of research reports and recommendations with clients. In addition, in many cases, client needs are addressed through the designation by ISS of a relationship manager (client consultants and client managers) to assess client needs, to act as an on-going source of information, and to receive client feedback on an on-going basis. Moreover, clients subscribing to a custom research service are assigned dedicated custom research analysts (with appropriate backups) that can assist them with aspects of their custom policy, ranging from its drafting, regular updates, application in particular circumstances or geographies and custom recommendations.

Feedback and complaints from issuers, shareholder proponents and other stakeholders are discussed below within the section on Principle 3.

10. Client & Supplier Understanding

In establishing a client relationship, ISS seeks to understand how a client will use the services that are being purchased. In general, ISS will initially propose to provide services pursuant to the terms of a standard form of contract, i.e., a Master Services Agreement. However, ISS may modify its form of contract to address special circumstances that may exist in a specific situation, which may include the availability, completeness, reliability, and timeliness of data to be used by ISS in performing the services.

ISS also provides clients with a framework that enables them to fulfill their due diligence requirements. We do this by making our external operational audits available for review and inviting clients to perform their own due-diligence visits/reviews of our services. During such visits and reviews, clients have the opportunity to interact with ISS' research and operational teams, as well as other teams from ISS.

11. Client Disclosure Facilitation

ISS helps its clients disclose the use of voting research & analysis services

ISS recognizes that institutional investors may be subject to disclosure requirements regarding their use, if any, of shareholder voting research and analysis services. This may be required by stewardship codes such as the UK Stewardship Code for institutional investors, and sometimes these are mandates which are dictated internally by a client.

ISS works with its clients to assist them in these disclosure requirements. ISS' assistance typically includes the identification of ISS as a service provider, a detailed explanation of the type and scope of the services provided, and the voting policies applied.

ISS does not disclose voting decisions of clients

We do not disclose any voting decisions of our clients, unless specifically instructed by the client to do so.

Voting Disclosure Service for institutional investors

Increasingly, institutional investors are under a legal, fiduciary and/or contractual obligation to publicly disclose their voting records.

ISS offers a Voting Disclosure Service (VDS) to help institutional investors disclose their voting policy and voting records to appropriate stakeholders. Stakeholders can easily search and view the voting records disclosed for each security in each portfolio¹⁰.

¹⁰ See <https://www.issgovernance.com/solutions/proxy-voting-services/vote-disclosure-services/>

12. Staff Diversity and Qualifications

ISS is committed to respecting diversity, equity and inclusion (DE&I) and developing a culture of equal opportunities and inclusion that values collaboration, integrity and flexibility. ISS is also committed to a work environment in which all individuals are treated with dignity and respect.

	Female	Male
Americas	36%	64%
APACI	51%	49%
EMEA	47%	53%

**Above figures are approximate as of January 2022*

The data highlights ISS' diversity data which covers ISS employees across the Company's global locations.

Biographies of selected ISS Global Research team leaders are available through the ISS website in the following link <https://www.issgovernance.com/policy-gateway/global-research-leadership/>.

The minimum education standard for research staff is a bachelor's degree from an accredited college or university, but many possess graduate degrees (MBA, MA, JD) and/or professional certifications (such as CFA, CPA, CEP). The average tenure of ISS' full-time research analysts is five years, and many senior personnel have ten years or more of experience at ISS as analysts and experts. In undertaking proxy research, many analysts bring practical experience in investment management, investment banking, mergers & acquisitions, compensation matters, corporate actions, corporate responsibility and regulatory compliance.

Team members participate in structured training and development programs, based on perceived needs or benefits, which may include on- and off-site development courses and external professional training. Research analysts are expected to go beyond their core research related duties to provide in-depth, thematic research pieces covering the latest trends and developments for their market, region, sector, or topic of specialty. These projects are done under the tutelage of team leaders and often involve collaboration across disciplines and areas of focus.

In addition, ISS has an internal training platform called ISS University. This knowledge-sharing platform is open to all employees and provides learning and development experiences that expand on the expertise of the employees, allowing them to develop strategic skills and thrive in their chosen paths. The materials give employees an overview of the ISS business and product suites and most courses are accompanied by an advanced course on each subject.

Training for a new research analyst depends on the individual's experience and specialty and generally includes formal training in corporate governance concepts and ISS policies and processes, and extensive mentoring with one or more senior members of the team. During this period, new analysts build a foundation in board, compensation, environmental and social, and economic issues.

Moreover, research analysts may attend debriefings with senior staff following speaking presentations to clients and others in the industry at which issues are discussed and debated. Collectively, this helps to ensure analysts are abreast of those issues of importance to clients.

Principle Two: Conflicts-of-Interest Avoidance or Management

Principle Two: Conflicts-of-Interest Avoidance or Management

BPP Signatories should have and publicly disclose a conflicts-of-interest policy that details their procedures for avoiding or addressing potential or actual conflicts of interest that may arise in connection with the provision of services.

BPP Signatories should also have a process in place to identify and disclose without delay to their clients, on a case-by-case basis, actual or potential conflicts of interest or business relationships that may influence the preparation of their research, advice and voting recommendations and the actions they have undertaken to eliminate, mitigate and manage actual or potential conflicts of interest.

ISS fully complies with Principle Two and related Guidance on Conflicts of Interest Management.

1. Introduction

ISS has adopted and publicly discloses its conflict-of-interest policies, which detail ISS' procedures for addressing potential or actual conflicts of interest that may arise in connection with the provision of services.

As a service provider to institutional investors, ISS understands and takes extremely seriously the potential for actual or perceived conflicts of interest which might impact the integrity of the research and services we provide to our clients. Such potential conflicts of interest need to be effectively managed and mitigated by appropriate measures. The measures undertaken by ISS are fully described below.

ISS business practices and principles

ISS' goal is to serve our clients with their full trust and confidence. We earn and retain this by providing high quality services which are understood by our clients to rest upon high degrees of transparency, objectivity, and independence.

Because of the breadth of our client base, we understand and address the potential for actual or perceived conflicts of interest with may result from our many business activities.

Accordingly, we proudly live by these fundamental tenets:

- We place our client's interests first and above our own.
- We never use, leverage, or favor a relationship with one client to the deliberate disadvantage of another.

- All aspects of our research, and all voting policies and vote recommendations, are based on fair, thorough, independent, and objective analysis, without regard to any economic or other inappropriate influence.
- We disclose and explain information about our internal processes and methodologies used in the development of our services, voting policies, and our voting recommendations.
- We take strong measures to fully safeguard client information.
- We believe transparency is a keystone of trust, and so, subject to the higher need for client confidentiality, we appropriately disclose any actual or apparent potential conflict of interest relationships or situations as they arise.
- Ultimately, we are guided by this most basic tenet: Do the right thing.

These principles are embedded deeply in our culture and in the policies we develop, the procedures we follow, the decisions we make, and the actions we take every day. We do not and will not tolerate their breach, whether due to conscious action, complacency, indifference, or lapse of ethical judgment.

2. Conflict of Interest Policies

ISS provides its clients with an extensive array of information to help ensure that they are fully informed of potential conflicts and the steps ISS has taken to address them. Among other things, ISS supplies due diligence materials on its website¹¹ to assist clients and prospective clients in fulfilling their own obligations regarding the use of independent, third-party providers of shareholder voting research and voting services. These due diligence materials include a section dedicated to ISS' conflict mitigation policies.

ISS has implemented specific disclosure practices described in more detail below. ISS believes that these extensive measures provide clients with a high degree of comfort that ISS has eliminated or is effectively managing potential conflicts of interest.

3. Possible Conflicts for Consideration

ISS has identified three primary potential conflicts of interest. These are:

- 1) a client relationship between a corporate issuer and ISS Corporate Solutions, Inc. ("ICS"), a subsidiary of ISS;
- 2) 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
- 3) the relationship between ISS and its majority owner, Deutsche Börse AG, a public company whose shares are traded on the Frankfurt Stock Exchange

¹¹ See : <http://www.issgovernance.com/compliance/due-diligence-materials/>

4. Conflict Management & Mitigation

ISS routinely reviews its business lines to identify and reasonably address potential conflicts of interest. The below provides further information on ISS' conflicts of interests and how these are mitigated.

Corporate 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 services¹² 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 deemed to be significant. Disclosure of these types of relationships is proactively provided to ISS' client base.

Beyond disclosure, 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 (which includes the research teams). A key goal of the firewall is to keep the research teams 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' 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
 - support any proxy proposal of a corporate issuer nor
 - 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.

¹² See: <https://www.isscorporatesolutions.com/solutions/executive-compensation-advisory-services/>

Corporate issuers that are clients of ISS

Within ISS' client base, there are a subset of institutional investor 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. 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.

ISS' ownership structure

ISS has formally adopted policies on non-interference and potential conflicts of interest related to Deutsche Boerse AG, Genstar Capital, and the ISS board of directors¹³. 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 policies also identify 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.

In addition to the organizational conflicts of interest provided above, ISS maintains policies and procedures within its Code of Ethics related to potential conflicts of interest at the employee level

¹³ See: <https://www.issgovernance.com/compliance/due-diligence-materials/>

(e.g. limitations on personal securities trading, outside business activities, and the giving and receipt of gifts and entertainment).

ISS' policy-based approach provides consistency of application

As previously noted, at its core, ISS is a policy-based organization and ISS' use of a series of published benchmark voting policies provides a very practical and transparent check on the integrity and independence of ISS' research and vote recommendations.

Our policy-based approach also provides for a transparent and consistent methodology with which to evaluate shareholder proposals. ISS does not provide any consultative or advisory service to our clients or other shareholders in the development of, or solicitation of support for, shareholder proposals.

Code of Ethics

Institutional Shareholder Services Inc., headquartered in the United States, is registered with the U.S. Securities and Exchange Commission (SEC) as an Investment Adviser under the Investment Advisers Act of 1940 (the "Act"). As a registered Investment Adviser, ISS is required to make certain public disclosures, such as the types of governance research and other services provided, its methods of analysis, and its internal compliance program, including how potential conflicts of interest are addressed. ISS has adopted a Code of Ethics to address requirements under the Act. The Code of Ethics affirms ISS' relationship of trust with its clients and obligates ISS to carry out its duties solely in the best interest of clients and free from all compromising influences and loyalties.

The Code of Ethics devotes special attention to preventing and disclosing conflicts of interest. In this regard, the Code of Ethics addresses the potential conflicts between the company's research teams and other services provided by subsidiaries or affiliates, conflicts within the institutional advisory business, conflicts arising from an analyst's stock ownership, conflicts in connection with an issuer's review of a draft ISS report, and conflicts generally. In each case, the goal of the Code of Ethics is to prevent conflicts wherever possible, and more generally to manage and disclose potential or actual conflicts.

Code of Conduct

In addition to its Code of Ethics, ISS has developed a General Code of Conduct. The General Code of Conduct is a broad-based "best practices" code that provides a framework to address general corporate policies and practices that apply to ISS as a global business. The areas covered in the General Code of Conduct include:

- Doing the Right Thing;
- Protecting the Company's Interests;
- Safeguarding and Maintaining Information;
- Treating Others with Dignity and Respect;
- Promoting a Safe and Healthy Working Environment;
- Violations of the General Code of Conduct;
- Reporting Concerns; and

- Compliance Requirements

Employee training

Employees subject to the Code of Ethics or General Code of Conduct are required to complete training related to these documents as well as certify their adherence upon hire and on an annual basis thereafter.

5. Conflict Disclosure

ISS provides its institutional investor clients with extensive information to ensure that they are fully informed of potential conflicts and the steps that ISS has taken to address them. In addition, many of ISS' clients conduct their own due diligence regarding the way ISS implements the procedures governing conflicts and perform diligence calls and visits to satisfy themselves that ISS' rules governing conflicts are robust and effectively adhered to.

ISS is transparent about its ICS business and the entire business is described in detail on our public website¹⁴. Additionally, ISS' standard institutional client contract contains disclosures regarding ICS and its work with corporate issuers, and each voting research report issued by ISS contains a legend indicating that the subject of the analysis or report may be a client of ICS and reminds ISS' institutional clients of how they can inquire about any issuer's use of ICS products and services. Thus, ISS provides institutional clients the ability to obtain information regarding ICS' dealings with corporate issuers, including the amount of compensation that the firm has received or will receive from the issuer.

In supplement of the foregoing, in 2014 ISS adopted a "Policy Regarding Disclosure of Significant Relationships."¹⁵ In brief, the Policy includes as "significant" the relationships ISS has with issuers that are clients of ICS and information about those issuers is provided as noted in the prior paragraph.

In addition, the Policy also makes provision for disclosure of relationships with 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. 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.

¹⁴ See: <http://www.issgovernance.com/corporateissuers>

¹⁵ See <https://www.issgovernance.com/compliance/due-diligence-materials/>

This Policy also considers ISS' ownership structure and notes the relationship with Deutsche Börse AG as "significant" as a corporate issuer itself and due to its majority stake in the holding company that owns ISS.

At present, in applying this Policy, the significant relationships are those with corporate issuers who are clients of ICS and ISS' relationship with Deutsche Börse AG as a corporate issuer and due to its majority stake in the holding company that owns ISS. Since November 2014, ISS has provided these disclosures in a manner that is seamlessly integrated into institutional clients' workflow through ISS' proprietary PX platform.

PX includes:

- A column indicating in Yes/No fashion whether there is a significant relationship associated with that meeting/research report within both the "Meetings" and "Research" views in PX.
- Where such a relationship exists, users will be able to click-through on a link to get more information about that relationship.
- Onscreen and/or email alerts for notification of the publication of new benchmark or custom research with a column on those notifications indicating whether there is a significant relationship associated with the report.
- An additional tab labeled "Disclosure of Significant Relationships" within which a user can use a look-up box to search for entities with which ISS has a significant relationship.

ISS has implemented permissioning restrictions that prevent ISS' Research and Client Success personnel from accessing the disclosure information which those employees are restricted from viewing under the firewall procedures discussed above.

Historically, disclosure regarding the client relationships between ICS and corporate issuers has been provided to institutional clients through the Compliance department via the disclosure@issgovernance.com email address. That disclosure vehicle remains in place, including for ISS clients not using PX.

We believe that this process ensures rigorous conflicts disclosure to clients whilst also upholding the firewall.

Principle Three: Communications Policy

Principle Three: Communications Policy

BPP Signatories should provide high-quality research that enables investor clients to review the research and/or analysis sufficiently in advance of the vote deadline ahead of a general meeting.

Signatories should explain their approach to communication with issuers, shareholder proponents, other stakeholders, media and the public.

BPP Signatories should disclose a policy (or policies) for dialogue with issuers, shareholder proponents and other stakeholders.

BPP Signatories should inform clients about the nature of any dialogue with relevant parties in their research reports, which may also include informing clients of the outcome of that dialogue.

ISS fully complies with Principle Three and related Guidance on Communication Policy.

1. Introduction

ISS has long been committed to engagement with stakeholders and works to raise the bar for transparency and inclusion in its policy development and its research process.

In addition to its normal channels of communication with institutional investors, issuers, shareholder proponents and other stakeholders (see below), ISS instituted a Feedback Review Board¹⁶ (“FRB”) to provide a mechanism to all stakeholders to communicate with ISS. The FRB is an ISS body that will consider comments from any stakeholder regarding accuracy of research, accuracy of data, policy application and general fairness of ISS policies, research and recommendations.

Timely Access to Research Reports

To help ensure ISS clients have the time to review research in advance of the vote deadline ahead of a meeting, ISS employs a minimum 2-week target delivery date for shareholder voting research and recommendations prior to the meeting date (for markets where company disclosure practices permit), often significantly exceeding this. As examples, in 2021, we delivered research reports on average 22 days prior to the meeting date for U.S. meetings, and 19 days prior to the meeting date for ex-U.S. meetings.

¹⁶ See: <https://www.issgovernance.com/contact/feedback-review-board/>

2. Dialogue with Issuers, Shareholder Proponents & Other Stakeholders

ISS' commitment to dialogue

ISS is committed to dialogue with issuers, shareholder proponents and other stakeholders to gain the greatest possible insight for clients. For ISS, the sole purpose of the dialogue with companies is to improve the quality and substance of ISS' meeting analyses, research and vote recommendations. ISS does not aim to influence companies' corporate governance arrangements (other than through improved understanding of good corporate governance practices) via these engagement activities.

Participants to the dialogue can expect an informed dialogue with experienced ISS representatives on matters of relevance to our research and recommendations, and which may also include information about ISS' policies and procedures. Further, participants can expect that ISS wishes to have the most complete and accurate information upon which to base our research and recommendations to clients.

ISS' engagement policy

ISS' research teams interact regularly with company representatives, institutional shareholders, shareholder proponents and other parties in order to gain deeper insight into many issues and to check material facts relevant to our research. Topics discussed can range from general policy perspectives to specific voting items. As a research organization, we welcome constructive dialogue on critical issues that helps to ensure a full understanding of the facts and circumstances, which will in turn inform our research, analysis and voting recommendations.

To ensure consistency, transparency, and quality in our interactions with issuers, industry groups, shareholder proponents and other financial market stakeholders, ISS has a set of principles that guide our engagement. Our goals are to facilitate productive and informative dialogue, and to help all stakeholders understand what they may expect from engaging with us.

Clear information including a set of Frequently Asked Questions on our engagement process is disclosed on ISS' website.

Communication during the voting period

It is at ISS' discretion whether to engage with a company, a shareholder proponent or other stakeholder after the meeting agenda has been released. Analysts will generally only do so to clarify points on which there are questions.

Publicly available information

ISS research and recommendations are based exclusively on public information, so any significant fact which an issuer, a shareholder proponent or any other stakeholder would like to see reflected in our report must be publicly disclosed to all shareholders in a timely fashion, including in markets

where such disclosure may not ordinarily be required. In proxy contests, we expect both management and dissident shareholders to publicly file any materials presented to ISS.

ISS makes clear that it does not invite or consider any material non-public information, but to the extent such information is provided to us, whether intentionally or not, it will not be considered or included in our research report.

Safeguards to ensure the integrity and impartiality of ISS analysts

ISS seeks to protect the full independence of its analysts in a number of ways:

- ISS has robust policies and procedures to ensure the integrity of our research process (see Principle 2);
- ISS undertakes and is subject to periodic SSAE-18 audits. ISS' research and recommendations are also based on public information and on our publicly disclosed policy guidelines which are available and transparent to all parties;
- Issuers who are ICS clients may not disclose to ISS research analysts that they have acquired products or services from ICS, per their contract with ICS. ISS does not give preferential treatment to, and is under no obligation to support, any proposal of an issuer whether or not that issuer has purchased products or services from ICS. In order to avoid any appearance of conflict, ISS analysts have no access to information about ICS clients.
- ISS does not and will not tell companies what they need to do to obtain a favorable vote recommendation. ISS' research and recommendations are driven by our voting guidelines, as applied to the fact pattern presented by each company at the time their voting proposals are analyzed. Therefore, while we can discuss our policies and the rationale behind them, we cannot and do not say what would be required to obtain a "for" recommendation.

Procedure to obtain a copy of ISS' report

Any corporate issuer may request a copy of the ISS report on its own shareholder meeting, made available once it has been published to ISS clients, and there is no charge for this.

There is no automatic entitlement to review research reports prior to publication, but draft reports are provided in certain markets and situations at ISS' discretion.

Transparency of engagement for institutional clients

ISS considers its dialogue with issuers, shareholder proponents and other stakeholders to be part of the core service provided to clients. ISS' shareholder voting research reports and analysis include, a summary of any engagement or other dialogue that took place as part of the analysis. Key information released on the ISS' dialogue with companies, shareholder proponents or other stakeholders include the date(s) of dialogue, the topic(s) covered, the initiator of the dialogue, some accompanying notes and the outcome of the dialogue.

3. Dialogue with Media & the Public

ISS is pleased to assist accredited journalists covering stories of interest to clients, financial market participants, and the broader public, through the provision of general corporate governance data and, where appropriate, shareholder voting research providing ISS' benchmark policy recommendations. Select governance, compensation, and proxy voting data, including that drawn from ISS' Governance QualityScore, ExecComp Analytics, and Voting Analytics, can be made available to accredited journalists.

In addition, select ISS shareholder voting research reports and voting recommendations may be made available to media outlets upon request in instances where we believe the public may benefit from the information and in keeping with ISS' commitment to transparency.

No release of research reports prior to dissemination to ISS clients

ISS' shareholder voting research reports and voting recommendations are proprietary information for the benefit of our clients. Accordingly, ISS will only make available research reports to the media on a limited basis, only upon request and only where we believe the public may benefit from the information and in keeping with ISS' commitment to transparency. When provided, ISS research reports will never be made available to the media prior to their dissemination to clients, and ISS will generally not comment on company specific situations in advance of a shareholder meeting. Further, ISS does not issue press releases with respect to its voting recommendations.

Any redistribution of ISS research or data is expressly prohibited without the prior written consent of ISS. Permission to copy and reproduce content may be granted by ISS, at its discretion, and by written request and permission only.

Speaking engagement and media contacts

ISS has set up internal procedures to respond to media enquiries and speaking engagement requests. All enquiries can be sent to ISS' Press Center¹⁷.

¹⁷ See : <http://www.issgovernance.com/contact/media-contacts/>

ISS trusts that the above Statement complies with the spirit and the letter of the Best Practice Principles. Please contact Lorraine Kelly via lorraine.kelly@issgovernance.com for further information regarding its content.

A handwritten signature in black ink, appearing to read "Gary Retelny".

Gary Retelny
President & CEO

A handwritten signature in black ink, appearing to read "Lorraine S. Kelly".

Lorraine Kelly
Head of Governance Solutions