



## Institutional Shareholder Services Inc. Due Diligence Compliance Package

2099 GAITHER ROAD  
SUITE 501  
ROCKVILLE, MD • 20850-4045  
(301) 556-0500  
FAX (301) 556-0486  
[WWW.ISSGOVERNANCE.COM](http://WWW.ISSGOVERNANCE.COM)

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Requests for permission to make copies of any part of this work should be sent to:

Institutional Shareholder Services Inc.

Compliance Department, Suite 501

2099 Gaither Road

Rockville, MD 20850

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This Institutional Shareholder Services Inc. (“ISS”) Due Diligence Compliance Package is designed to assist our clients and prospective clients in fulfilling the legal and regulatory obligation to conduct due diligence regarding independent third-party proxy voting firms.

In 2004, the U.S. Securities and Exchange Commission (“SEC”) issued guidance to investment advisers concerning their due diligence in respect of third-party proxy voting firms. The SEC counseled advisers that, before they follow the recommendations of an independent proxy voting firm, they should take reasonable steps to ensure that the proxy voting firm: (a) has the capacity and competency to analyze proxy issues and (b) can make such recommendations in an impartial manner and in the best interests of the investment adviser’s clients.

In response to a request from ISS, the SEC issued a letter on September 15, 2004 confirming that investment advisers can perform the required due diligence in a number of ways. These include:

- A thorough review of the proxy voting firm’s conflict procedures and the effectiveness of their implementation;
- Case-by-case evaluation of the proxy voting firm and its issuer relationships; or
- Other means to ensure the integrity of the proxy voting firm.

When reviewing a proxy voting firm’s conflict procedures, the SEC has indicated that an investment adviser should assess the adequacy of the procedures in light of the particular conflicts of interest that the firm faces in making vote recommendations.

The SEC has also suggested that advisers should keep themselves apprised of any changes or updates to the proxy voting firm’s policies and procedures. To this end, ISS assists its clients by proactively communicating any such changes or updates to its policies and procedures.

ISS offers the enclosed package, with the aim of enhancing your understanding of our business and facilitating your review of our conflict management procedures and the adequacy of those procedures in light of any potential conflicts of interest that ISS face in making vote recommendations.

1. Suggested Due Diligence Questions
2. Compliance Checklist
3. ISS’ Form ADV, Part II
4. ISS’ Policies, Procedures and Practices Regarding Potential Conflicts of Interest
5. Regulatory Code of Ethics
6. ISS’ Operating Principles
7. ISS Representation and Warranty
8. Information about ISS’ wholly-owned subsidiary, ISS Corporate Services, Inc. (“ICS”)

Please note that in addition to conducting due diligence on third-party proxy voting firms, investment advisers must also ensure that the third-party voting guidelines or recommendation policies they select are suitable for the clients whose proxies are being voted. Different guidelines or recommendations may be required for different types of clients. Where an adviser stands to benefit in some way from the selection of one set of guidelines or recommendations over another, the adviser must disclose that fact to its clients.

### **Questions?**

For questions about this Due Diligence Compliance Package and ISS’ conflict management procedures, please contact Maria Carmen Pinnell, ISS’ Chief Compliance Officer/Associate General Counsel, at [mariacarmen.pinnell@msci.com](mailto:mariacarmen.pinnell@msci.com).

For questions about ISS’ proxy voting policies and guidelines, we refer you to the ISS Policy Gateway section of our website at [www.issgovernance.com/policy](http://www.issgovernance.com/policy) You can also contact Kathy Cohen at Research Central (formerly know as the US Research Helpdesk), at [usresearch@issgovernance.com](mailto:usresearch@issgovernance.com).

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## QUESTIONS YOU SHOULD ASK:

### Q. What is ISS' core business?

- A. ISS' core business is the provision of proxy research, vote recommendations and related governance research services, including an end-to-end proxy voting platform and leading compliance and risk management solutions, to institutional investors worldwide. ISS covers nearly 35,000 public companies across 115 global markets annually.

In addition to the above services, ISS also offers specialized voting policies, non-recommendation research reports, tools for portfolio screening, corporate governance ratings services and securities class action filing services.

As our clients are aware, in addition to the core business of providing corporate governance and proxy voting services to institutional investors, ISS' wholly-owned subsidiary, ISS Corporate Services, Inc. ("ICS"), which is separate from ISS' institutional business, serves the corporate issuer community by providing products and services that enable issuers to understand and implement corporate governance best practices.<sup>1</sup> ISS is well aware of the potential conflicts of interest that may exist between ISS' proxy advisory service and the business of ICS, and has therefore taken steps to prevent any potential conflicts from becoming actual conflicts.

### Q. Is ISS subject to regulatory oversight?

- A. Yes. ISS is a Registered Investment Adviser under the Investment Advisers Act of 1940.

### Q. What is ISS' Ownership Structure?

- A. On June 1<sup>st</sup> RiskMetrics Group, Inc. ("RMG"), ISS' parent company, was acquired by MSCI Inc ("MSCI"). MSCI is now ISS' ultimate parent company. MSCI is a provider of investment decision support tools to investors globally, including asset managers, banks, hedge funds and pension funds. MSCI's products and services include indices and portfolio risk and performance analytics tools. These solutions are not investment advisory products and services, and MSCI is not registered as an investment adviser. You can find out more about MSCI, a public company, whose stock is traded on the NYSE, by visiting its website located at <http://www.msci.com>.

### Q. Does ISS have written policies and procedures in place to manage potential conflicts of interest?

- A. Yes. These written policies and procedures are included with this Due Diligence Compliance Package, along with our *Regulatory Code of Ethics* which provides additional guidelines and procedures regarding conflict management (see below).

### Q. What are the key elements of ISS' written policies and procedures related to managing potential conflicts of interest?

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<sup>1</sup>It is noteworthy that the SEC letters referred to above have confirmed that a proxy voting firm such as ISS could be an independent third-party for purposes of making voting recommendations for an investment adviser's clients even though the firm receives compensation from an issuer for providing advice on corporate governance issues.

A. ISS' policies and procedures are designed to ensure the integrity of ISS' institutional proxy advisory and advisory research services. ISS maintains a firewall which separates the staffs that perform proxy analyses and advisory research from the members of ICS. This firewall includes legal, physical and technological separations.

**Q. Are ISS' procedures designed to preclude ISS' analysts from obtaining access to information about the relationship between ICS and corporate issuers?**

A. Yes. The firewall is designed precisely to achieve this goal.

**Q. Are ISS' procedures designed to insulate ISS' analysts from direct or indirect influence by ICS when preparing research reports?**

A. Yes. Not only does the firewall create a separation between ISS' analysts and ICS but, the two groups are separately managed and the compensation of ISS' analysts is not directly tied to any activities of ICS.

**Q. Does ISS have a Code of Ethics?**

A. Yes. In accordance with SEC Rule 204A-1, ISS has adopted a code of ethics, the *Regulatory Code of Ethics* ("the Code"). All ISS employees are bound by and are required to adhere to the Code. On an annual basis all employees are required to review and acknowledge the Code, which describes certain standards of conduct that the company's employees must follow. With regard to the standards of conduct, the Code, among other things, 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 also contains provisions designed to prevent ISS' employees from improperly trading on inside information.

The *Regulatory Code of Ethics* devotes special attention to preventing and disclosing conflicts of interest. In this regard, the Code addresses the conflicts between ISS' institutional proxy advisory services and the corporate services of its ICS subsidiary, conflicts within the institutional advisory business, conflicts arising from an analyst's stock ownership, conflicts related to ISS' affiliates, conflicts in connection with issuers' review of ISS' draft proxy analyses and conflicts generally. In each case, the goal of the Code is to prevent conflicts wherever possible, and to manage and disclose those conflicts that cannot be prevented.

The *Regulatory Code of Ethics* is included with this Due Diligence Compliance Package.

**Q. What credentials does ISS have to support its capacity and competency to analyze proxy issues?**

A. ISS has over 25 years of experience and is a recognized industry leader in the field of corporate governance and proxy voting. ISS' research staff is comprised of more than 200 research analysts and 75 data analysts, located in financial centers worldwide. Members of the research team have experience in investment banking, asset management, executive compensation and corporate actions. Our research team is fluent in over 20 languages.

**Q. Does ISS disclose the existence of its ICS business?**

A. Yes. ISS is transparent about its ICS business. ISS' entire business is described in great detail on its website at [www.issgovernance.com](http://www.issgovernance.com) and on ISS' Form ADV, Part II. ISS' standard institutional client contract contains specific disclosure regarding the work of ICS. Similarly, each proxy analysis and research report issued by ISS contains a legend indicating that the subject of the analysis or report may be a client of ICS. This legend also advises institutional clients about the way in which they can receive additional, specific detail about any issuer's use of products and services from ICS.

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- Q. Will ISS provide its institutional clients with relevant facts concerning the relationship between ICS and corporate issuers, such as the amount of the compensation that the firm has received or will receive from the issuer?**
- A.** Yes. This information is available by emailing [disclosure@issgovernance.com](mailto:disclosure@issgovernance.com) or contacting our Chief Legal Officer, Steven Friedman, at [steven.friedman@msci.com](mailto:steven.friedman@msci.com).
- Q. Can ISS provide a representation regarding the policies and procedures that it has in place to address potential conflicts of interest?**
- A.** Yes. On each proxy analysis and research report that it issues, ISS confirms that no employee of ICS played a role in the preparation of the proxy analysis and/or research report. In addition, ISS will be happy to include in its standard institutional contract the ISS Representation and Warranty that is included with this package.

## REPRESENTATION AND WARRANTY

ISS represents and warrants to Subscriber as follows:

- (a) that ICS employees are not involved in ISS' analysis of filed proxy proposals or preparation of vote recommendations or other advisory research reports;
- (b) that ISS has the capacity and competency to adequately analyze proxy issues and other governance issues and makes its recommendations in an impartial manner and in the best interests of Subscriber's clients, although it is Subscriber's job to select the proxy voting guidelines or platform best suited to its clients' particular needs;
- (c) that ISS has in place policies and procedures to reasonably guard against and to resolve any conflicts of interest which may arise in connection with its provision of research analyses, vote recommendations and voting agency services under this Agreement with Subscriber; and
- (d) that ISS will disclose or make available to Subscriber, in advance of voting any proxies, any potential conflicts of interest, including any relevant facts concerning the relationship between ICS and any issuer of proxy solicitations (including, but not limited to, the amount of any compensation received from such issuer).

ISS agrees that each of these representations shall be continuing representations, deemed made at the time of each issuance of a proxy voting recommendation by ISS, and that Subscriber is relying on these representations.

## ISS CORPORATE SERVICES, INC. (“ICS”)

ISS Corporate Services, Inc. serves the corporate issuer community with a variety of products and services, including web-based governance tools and advisory services, that can assist corporate issuers with executive and director compensation modeling, capital structure planning and understanding corporate governance best practices. ISS believes that corporations and investors have a common goal - building strong shareholder value. In response to the growing complexity, visibility and significance of proxy season and proxy voting and governance issues, ICS provides an important bridge between those designing and proposing corporate governance initiatives and the institutional investors who must vote on them.

The following facts about ICS are pertinent to your due diligence review of ISS’ proxy advisory services:

- ICS is a wholly-owned subsidiary of ISS. (Until June 2006, when ICS was formed as a wholly-owned subsidiary, the work of ICS was conducted through an ISS division, then known as the “Corporate Services” division).
- ICS’ intent is to work with companies in a constructive manner to help them improve their corporate governance practices for the benefit of shareholders.
- ICS provides no guarantees to corporate issuers - issuers are told explicitly that: (a) ISS will not give preferential treatment to, and is under no obligation to support, any proxy proposal of a corporate issuer and (b) ISS’ proxy advisory service prepares its analyses and vote recommendations independently of, and with no involvement from, ICS.
- In 2009, ICS accounted for approximately 17% of ISS’ total revenues.
- In connection with ISS’ Governance Risk Indicators (GRId), corporate issuers have access to a specially designed *free* online portal to verify their company’s data and submit material changes related to their corporate governance practices. The site also provides monthly updated risk levels. (GRId is ISS’ metric for assessing corporate governance risk. Issuers do not pay ISS or ICS to be evaluated. The GRId coverage universe is determined by ISS in its discretion. In addition to accessing the free online verification portal, issuers may purchase from ICS a subscription for web access to premium tools for conducting “what if” analyses, peer benchmarking, custom reports, trends in best practice standards.)
- Separate from the work of ICS, ISS’ global research service often meets with corporate issuers (irrespective of whether they are ICS clients), in order to get more information about a particular stockholders meeting or governance issue. The purpose of these meetings is to improve the accuracy and substance of ISS’ proxy analyses, research and vote recommendations and there is no fee charged for these meetings.

## DUE DILIGENCE CHECKLIST

This self-assessment Due Diligence Checklist is intended as a guide to simplify the review of your organization's due diligence assessment of its proxy advisory firm(s).

**1. Received due diligence materials from my proxy advisory firm**

Yes  No

Date: \_\_\_\_\_

Any further action items? Yes  No

If Yes, specify: \_\_\_\_\_

Date Completed: \_\_\_\_\_

**2. Thoroughly reviewed due diligence materials from my proxy advisory firm**

Yes  No

Date: \_\_\_\_\_

Any further action items? Yes  No

If Yes, specify: \_\_\_\_\_

Date Completed: \_\_\_\_\_

**3. Understand the nature of my proxy advisory firm's business**

Yes  No

Date: \_\_\_\_\_

Any further action items? Yes  No

If Yes, specify: \_\_\_\_\_

Date Completed: \_\_\_\_\_

**4. Understand the potential conflicts that my proxy advisory firm's business may present and the magnitude of any conflicts**

Yes  No

Date: \_\_\_\_\_

Any further action items? Yes  No

If Yes, specify: \_\_\_\_\_

Date Completed: \_\_\_\_\_

**5. Assessed the manner in which my proxy advisory firm's conflict procedures address that firm's conflicts**

Yes  No

Date: \_\_\_\_\_

Any further action items? Yes  No

If Yes, specify: \_\_\_\_\_

Date Completed: \_\_\_\_\_

**6. Assessed whether my proxy voting firm has fully implemented the conflict procedures**

Yes  No

Date: \_\_\_\_\_

Any further action items? Yes  No

If Yes, specify: \_\_\_\_\_

Date Completed: \_\_\_\_\_



**7. Asked questions of my proxy voting firm if I didn't fully understand the due diligence materials and the manner in which my firm addresses potential conflicts**

Yes  No  N/A

Date: \_\_\_\_\_

Any further action items? Yes  No

If Yes, specify: \_\_\_\_\_

Date Completed: \_\_\_\_\_

**8. Assessed my own organization's proxy voting policies and procedures to determine whether any updates are needed to reflect that I have conducted the required due diligence on my proxy voting firm**

Yes  No

Date: \_\_\_\_\_

Any further action items? Yes  No

If Yes, specify: \_\_\_\_\_

Date Completed: \_\_\_\_\_

**9. Confirmed that the proxy voting guidelines or platform(s) of recommendations I have selected are suitable for my advisory clients.**

Yes  No

Date: \_\_\_\_\_

Any further action items? Yes  No

If Yes, specify: \_\_\_\_\_

Date Completed: \_\_\_\_\_

**10. Assessed whether I have an incentive to select any particular set of proxy voting guidelines or platform of recommendations, and if so, whether I have disclosed this fact to my clients.**

Yes  No

Date: \_\_\_\_\_

Any further action items? Yes  No

If Yes, specify: \_\_\_\_\_

Date Completed: \_\_\_\_\_

**Comments:**

**Checklist Completed By:**

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

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## POLICIES, PROCEDURES AND PRACTICES REGARDING POTENTIAL CONFLICTS OF INTEREST

Although Institutional Shareholder Services Inc.'s ("ISS") proxy research covers nearly 35,000 public companies across 115 global markets annually, it is rare that we encounter potential conflicts of interest that would preclude us from making a vote recommendation. By applying our voting policies consistently across proxy proposals and by issuing vote recommendations strictly according to policy, potential conflicts of interests are minimized.

Additionally, we believe that shareholders benefit when issuers use products and services to craft proposals that are consistent with ISS' policies, but we are also aware of the potential conflicts of interest that may exist between ISS' proxy advisory service, which provides proxy analyses and vote recommendations to institutional investors, and the business of ISS Corporate Services, Inc. ("ICS"), which provides products and services to issuers consisting primarily of advisory and analytical services, self-assessment tools and publications. ICS was formed on June 26, 2006 as a wholly-owned subsidiary of ISS to assume the work previously performed by ISS' Corporate Services division.

To neutralize potential conflicts, ISS has adopted a number of policies and practices to guard against any possible conflicts of interest that could arise. Key policies and practices include:

**Regulatory Oversight** - ISS is a Registered Investment Advisor and is subject to the regulatory oversight of the Securities and Exchange Commission under the Investment Advisers Act of 1940.

**ISS Ownership** - On June 1<sup>st</sup> RiskMetrics Group, Inc. ("RMG"), ISS' parent company, was acquired by MSCI Inc ("MSCI"). You can find out more about MSCI, a public company, by visiting its website located at <http://www.msci.com>.

**Board Policy** - The MSCI Inc. Board of Directors has formally adopted resolutions stating: (i) that the formulation, development and application of ISS' proxy voting policies (including, without limitation, the establishment of voting standards), proxy analyses and vote recommendations is and shall remain the sole responsibility of ISS (and its management and employees, and where appropriate, the management and employees residing within MSCI Inc. or any of its subsidiaries) and within the control of ISS (and its management and employees and, where appropriate, the management and employees residing within MSCI Inc. or any of its subsidiaries) at all times; (ii) that the non-executive members of the MSCI Board of Directors shall have no role in formulating, developing or implementing ISS' proxy voting policies, proxy analyses and/or vote recommendations; (iii) that the non-executive members of the MSCI Board of Directors shall not be informed of the contents of any ISS proxy analyses or vote recommendations prior to their publication or dissemination. All ISS employees are required to perform their duties in accordance with the standards set forth in the Regulatory Code of Ethics.

**Transparency of Voting Policies** - ISS makes its proxy voting policy formation process and summary proxy voting policies readily available to issuers, investors and others on its public website: <http://www.issgovernance.com/policy>. The full ISS Proxy Voting Manual, which describes all of ISS' policies and the analytical framework for making vote decisions on every major issue, is available to subscribing clients.

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**Full Disclosure** - ISS believes that sunlight is the best disinfectant. Therefore, we offer our institutional clients the ability to get information regarding ICS' dealings with corporate issuers. ISS policy requires every ISS proxy analysis and research report to carry a disclosure statement advising the client of the work of ICS and advising ISS' institutional clients that they can get information about an issuer's use of ICS' products and services by emailing [disclosure@issgovernance.com](mailto:disclosure@issgovernance.com). As a result of this process, the existence of the ICS clients is not revealed to the ISS research analysts as they prepare vote recommendations and other research, helping to ensure that the analysts' objectivity will not be compromised.

**Separate Staffs/Physical Separation** - ISS maintains separate staffs for its ICS, proxy analysis and governance research operations. The ISS Domestic and Global Research departments prepare proxy analyses and vote recommendations. ICS provides advisory and analytical services to issuers and supports self-assessment tools for issuers. These two groups are staffed and managed on a day-to-day basis by different groups of individuals. To avoid accidental discovery of a corporate client, ICS operates in segregated office suites and uses segregated equipment and information databases.

**No Guarantees** - Issuers purchasing ICS products or services sign an agreement that acknowledges that utilization of such products or services in no way guarantees preferential treatment or support of any particular agenda item from ISS' proxy advisory service.

**Blackout Period** - ICS staff will only work with issuers or their representatives when no "live" voting issue is pending. Inquiries from issuers or their advisers that are received while ISS is actively preparing a proxy analysis are routed to the Domestic and Global Research departments. This "blackout period" runs from immediately after definitive proxy materials are filed with the SEC through the date of the issuer's shareholders' meeting.

**Trading** - ISS has a longstanding internal trading policy that requires pre-clearance of all trading activities by ISS employees and "covered family members."

**We manage all aspects of our business with the highest level of integrity and take extraordinary care to ensure that complete objectivity is maintained within our research and advisory operations.**

Institutional Shareholder Services Inc.

## Regulatory Code of Ethics

November 2010



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An MSCI Brand

## Institutional Shareholder Services Inc. Regulatory Code of Ethics

Institutional Shareholder Services Inc. (“ISS” or “the Company”) has adopted this Regulatory Code of Ethics (“Code of Ethics”) that applies to all employees of ISS and its direct and indirect wholly-owned subsidiaries worldwide, within all sectors, regions, areas and functions. As set forth below, the purpose of this Code is twofold: (1) to satisfy the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (“Advisers Act”) as to ISS; and (2) to provide all ISS employees with detailed policies and procedures on business conduct.

ISS is a Registered Investment Adviser (“RIA”) and as such is subject to the Advisers Act and the rules and regulations that the U.S. Securities and Exchange Commission (“SEC”) has promulgated thereunder. ISS is an indirect wholly-owned subsidiary of MSCI Inc. (“MSCI”). As a result of the rules and regulations applicable to RIAs, ISS has also adopted this Code of Ethics in accordance with Rule 204A-1 of the Advisers Act and has endeavored to create and maintain records required in connection therewith. This Code sets forth ISS’ minimum requirements regarding the conduct of its Supervised Persons and complements ISS’ written Compliance Procedures which are summarized in Exhibit A of this document.

This Code consists of an outline of policies regarding several key areas including: standards of conduct and compliance with laws, rules and regulations; protection of material non-public information; and personal securities trading. As used in this Code of Ethics, a “Supervised Person” means any officer, director or employee of ISS, as well as anyone else who provides investment advice on ISS’ behalf and is subject to ISS’ supervision and control. This includes temporary employees,<sup>1</sup> as well as employees of any ISS foreign and domestic affiliate that produces goods and services that are supplied to ISS clients.<sup>2</sup> All references to ISS in this Code of Ethics include such

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<sup>1</sup>The term “Temporary employees” means seasonal employees or contractors employed by ISS for a limited time.

<sup>2</sup>ISS Corporate Services, Inc. (“ICS”) is a wholly-owned subsidiary of ISS. Although ICS does not function as an investment adviser and is not subject to the Advisers Act and the rules thereunder, ICS’ business activities present a potential conflict of interest for ISS. Therefore, ICS employees are also bound by this Code of Ethics even though they are not Supervised Persons or Access Persons. In addition, Securities Class Action Services LLC (“SCAS”) is another wholly-owned subsidiary of ISS. Although SCAS does not function as an investment adviser and is not subject to the Advisers Act and the rules thereunder, given the sensitivity of SCAS client

### *About the Code*

- *All ISS employees are covered by this Code of Ethics*
- *All references in this document to “Supervised Person” and “Access Person” should be understood as referring to ALL ISS employees*
- *This Code provides specific policies and procedures that help us conduct our business with the highest degree of integrity, maintaining a sensitivity to the ethical aspects of all that we do at ISS*

affiliates. Certain duties described in this Code apply to ISS' Access Persons. As used in this Code of Ethics, an "Access Person" is any Supervised Person who has access to non-public information regarding client purchases or sales of securities or client portfolio holdings or who is involved in making proxy voting recommendations to, or proxy voting decisions for, clients before those recommendations are disseminated or decisions are acted upon or who is involved in producing other advisory research or products.<sup>3</sup> ***ISS has elected to treat all its Supervised Persons as Access Persons. In addition, ISS has elected to extend the policies and procedures contained in this Code of Ethics that are applicable to ISS Supervised Persons and ISS Access Persons to certain employees of MSCI and its non ISS subsidiaries based on role, function, access or supervision of ISS Access Persons.***

Further guidance on ISS' standards in specific areas may be provided through related and supplemental MSCI corporate policies and guidelines, including the MSCI Code of Conduct (the "MSCI Code of Conduct"), the MSCI Code of Ethics and Business Conduct (the "MSCI Code of Ethics") and the separate MSCI Employee Trading Policy, including the Supplement for Transactions in MSCI Inc. Securities, which relates to trading in MSCI's publicly-traded common stock. This Code of Ethics hereby adopts and incorporates the MSCI Code of Conduct and the MSCI Code of Ethics, which set forth the fundamental standards of business conduct that are required of all employees of MSCI, including ISS.

This Code of Ethics shall be enforced by the Company's Chief Compliance Officer (the "CCO"), Maria Carmen S. Pinnell, or her designee. All ISS employees are responsible for ensuring the Company's adherence to its regulatory and compliance obligations.

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information, and the fact that the SCAS business is largely integrated within the ISS business, SCAS employees are also bound by this Code of Ethics even though they are not Supervised Persons or Access Persons.

<sup>3</sup>"Advisory research" includes non-proxy voting research produced by ISS' Center for Financial Research & Analysis ("CFRA") business unit and/or the Environmental Social and Governance business unit.

## A. General Standards of Conduct Applicable to All ISS Employees

1. All Supervised Persons must carry out their duties solely in the best interests of clients and free from all compromising influences and loyalties.
2. ISS' operations are governed by the Advisers Act and the rules and regulations that the SEC has promulgated thereunder. These laws and rules, among other things, require certain disclosures to be made to ISS clients; mandate the preservation of certain books and records; and regulate the advertisements and the solicitation of new clients. It is each Supervised Person's duty to be familiar with these and other regulatory requirements pertaining to his or her area of responsibility and to assist ISS in complying with same. All questions regarding these matters should be directed to the CCO.
3. Under no circumstances may a Supervised Person use confidential information about a client's current or planned holdings or trading patterns for the Supervised Person's own benefit, nor may he or she divulge information about clients to any person except in the course of performing his or her duties on behalf of the Company.
4. Under no circumstances may a Supervised Person use confidential information gleaned from discussions with an issuer about an upcoming proxy proposal, or any other matter, for the Supervised Person's personal benefit.
5. Under no circumstances may a Supervised Person use confidential information gleaned from discussions with a shareholder, group of shareholders, shareholder association or other organization about an upcoming proxy challenge or other research matter for the Supervised Person's personal benefit.
6. ISS must disclose or make available to its clients information about any material interest ISS, its Supervised Persons or its affiliates might have in any matter with regard to which it renders proxy voting advice or other advisory research. Any Company employee who has such a material interest or significant relationship must disclose that interest or relationship to the CCO.
7. Supervised Persons may, from time to time, maintain personal securities accounts with registered broker-dealers who subscribe to ISS' services. In the ordinary course of trading in such accounts, Supervised Persons may buy securities from, or sell securities to, such broker-dealers on a principal basis;

### Do

- *Place your clients' interests first and above your own*
- *Understand and take seriously the potential for real or perceived conflicts of interest, and ensure that you disclose any potential conflicts to Compliance*
- *Respect the integrity of the research process*

### Don't

- *Take advantage of confidential client information for your personal benefit*
- *Inappropriately disclose confidential client information inside or outside ISS*
- *Take advantage of knowledge you have about ISS' research for your personal benefit*

however, such purchases or sales must at all times be completely independent of the advice rendered to any of ISS' clients. The fundamental standard to be followed in personal trading transactions is that Supervised Persons may not take inappropriate advantage of their position at ISS.

8. Supervised Persons shall not warrant or guarantee the present or future value of, or return on, any investment security. Supervised Persons shall not warrant or guarantee the profitability of any advice rendered by ISS.
9. No Supervised Person shall serve as a director or officer or hold a control position, whether through security ownership or otherwise, in any company having publicly traded securities without the prior written approval of the CCO.
10. In the course of their employment, Supervised Persons may receive confidential information, including proxy voting recommendations, compensation strategies, capital structure, results of a securities screen and other corporate governance-related advice developed for clients. All such information is proprietary to ISS and may not be used or disclosed except in the course of a Supervised Person's performance of his or her duties on behalf of the Company.
11. Supervised Persons must respect the integrity of ISS' proxy analysis and advisory research process. Supervised Persons must not take action that seeks to influence, impair or interfere with that process in a manner that might compromise its integrity.
12. Supervised Persons must exercise diligence, independence and thoroughness in conducting research and use care to maintain relevant records in keeping with applicable recordkeeping obligations as set forth in Exhibit B, ISS' Document Retention Policy.
13. The Company will strictly comply with all laws and regulations that are applicable to its business.
14. The Company possesses, and will continue to possess, information that has been created, discovered and developed by the Company; has been disclosed to the Company under the obligation of confidentiality; has otherwise become known to the Company; or in which property rights have been assigned or conveyed to the Company. This information is confidential to the Company (or the entity which provided it to the Company) and has commercial value in the business of the Company (or the party providing it). All such information, except such information as is known or becomes known to the public without violation of the terms of this paragraph, is hereafter called "Confidential and Proprietary Information." All Supervised Persons are responsible for the safeguarding of Confidential and Proprietary Information. By way of illustration, but not limitation, Confidential and Proprietary Information includes client lists, subscription lists, information related to the Company's clients, details of Company contracts, pricing policies, financial statements, projections, marketing plans or strategies, new product developments or plans, business acquisition plans, new personnel acquisition plans, trade secrets, operation methods, software and computer programs. During the Supervised Person's employment with the Company and thereafter, the Supervised Person shall keep secret and retain in the strictest confidence all such Confidential and Proprietary Information. Supervised Persons should observe the following principles when dealing with Confidential and Proprietary Information:



- a. Before sharing Confidential and Proprietary Information with others in the Company, be sure that you are permitted to do so;
- b. Do not disclose confidential customer or client information to other Company employees who do not have a need to know such information in order to provide services to that customer or client, or who otherwise require such information to perform their work responsibilities; and
- c. Do not disclose Confidential and Proprietary Information to anyone outside the Company unless you are authorized to do so and, if you are permitted to share information, use your judgment to limit the amount of information shared and disclose it only on a need-to-know basis in order to provide the services the Company is engaged to provide.

**The provisions of this Section 14 are in addition to the provisions above regarding confidentiality and in addition to any other MSCI or ISS policies and any agreements between MSCI or ISS and any Supervised Person.**

- 15. All memoranda, notes, lists, records and other documents (and all copies thereof) made or compiled by the Supervised Person or made available to the Supervised Person concerning the business of the Company shall be the Company's property and shall be delivered to the Company promptly upon the termination of the Supervised Person's employment with the Company or at any other time on request.**
- 16. The Company's facilities, equipment, including computer hardware, software and telephones, supplies and name must be used only for conducting Company business or for purposes properly authorized by Company management.**
- 17. Supervised Persons are reminded that they are also subject to MSCI policies and procedures in effect as amended from time to time, including, but not limited to policies on personal securities trading, confidentiality and the receipt of gifts. Supervised Persons are responsible for being familiar with and adhering to all MSCI corporate level policies. Without limiting any MSCI policies or procedures, ISS employees may not make any payments or give any gifts, business entertainment or other thing of value to a fiduciary of a pension plan subject to ERISA or to a government official without prior written approval of the CCO.**
- 18. From time to time, the CCO, designee or a department head may publish additional guidelines and procedures related to the compliance efforts of a specific department. All Supervised Persons covered by any such guidelines and procedures are required to adhere to same.**
- 19. Compliance with the policies and procedures within this Code of Ethics shall be monitored by periodic audit. All Supervised Persons are required to cooperate fully with any such audits and to provide truthful and accurate information.**

## B. The Compliance Program

1. The Company shall provide each Supervised Person with a copy of this Code of Ethics. Copies of any material amendments to this document shall be distributed to all Supervised Persons as well.
2. Each Supervised Person shall be required to complete and deliver to the CCO or her designee an annual information statement. This statement includes information regarding the Supervised Person's disciplinary history and outside business activities. Supervised Persons will also be asked to acknowledge their receipt of the Code of Ethics and any amendments thereto.
3. Supervised Persons must promptly report any violations of this Code of Ethics (by themselves or others) to the CCO or her designee. Such reports may be oral or in writing, but if in writing, the use of e-mail is discouraged. The CCO will be required to create and retain a report of the reported violation and any action the Company takes in response thereto. The Company may be required to turn such records over to the SEC.
4. The Company may impose sanctions on or take other action against a Supervised Person who violates this Code of Ethics or other Company compliance policies or procedures. Possible actions include a warning, notification to the Supervised Person's manager, letter of reprimand, suspension of personal trading privileges, suspension of employment (with or without compensation) or termination of employment. The Company may also require a Supervised Person to reverse any improper personal securities trade and forfeit any profit or absorb any loss derived therefrom. In such cases, the amount of any profit shall be calculated by the CCO and shall be sent to a charitable organization of the Company's choosing. The Company may also report material violations to the SEC, or in egregious cases, to the criminal authorities.

### *Do*

- *Read and understand this Code of Ethics*
- *Certify the Code electronically through the Personal Trading Assistant (PTA) platform*
- *Always ask questions and raise issues when in doubt*
- *Report any suspected violations to the Chief Compliance Officer*
- *Use the MSCI Global Integrity Hotline if you would like to make an anonymous report*

### *Don't*

- *Plead ignorance; ISS can and will impose sanctions on employees who violate the Code*
- *Forget that it is everyone's responsibility to ensure ISS' adherence to its legal and ethical obligations*

## C. Preventing Insider Trading

Each Supervised Person is required to maintain a standard of conduct in effecting securities transactions, for his or her own account or on behalf of others, that avoids both the reality and the appearance of gaining personal advantage on the basis of material, non-public information or at the expense of any third party, including the Company's clients.

Without limitation, no Supervised Person may (a) trade in the securities of any public company while possessing material non-public information concerning that company obtained in the course of service as a Supervised Person, (b) "tip" or disclose such material non-public information concerning any public company to anyone, or (c) give trading advice of any kind to anyone concerning any public company while possessing such material non-public information about that company.

Information is "material" if a reasonable investor would consider it important in a decision to buy, sell or hold the securities. Any information that could reasonably be expected to affect the price of the securities is likely to be considered material. Examples of material information could include unexpected financial results, proposed significant mergers and acquisitions, sale of major assets, changes in dividends, an extraordinary item for accounting purposes, proxy recommendations, and important business developments such as changes in senior management or the initiation of a significant lawsuit. The information may be positive or negative.

Material information is "non-public" if it has not been widely disseminated to the public, for example, through major newswire services, national news services, or financial news services. You should consult with the Legal and Compliance Department if you are uncertain whether particular information is material non-public information.

The misuse of material non-public information will result in disciplinary action by the Company. In addition, Federal and state laws may impose criminal and/or civil penalties upon persons who trade while in possession of material non-public information or who communicate such information to others in connection with a securities transaction.

### **Conduct by Supervised Persons (including certain MSCI employees that are not part of the ISS business)**

In light of the foregoing discussion, the following procedures are hereby established:

#### *Do*

- *Understand what constitutes material non-public "inside" information*
- *Notify the Chief Compliance Officer if you learn material, non-public information outside the course of your duties*
- *Keep confidential any material non-public information you may learn through your discussions with clients, issuers or shareholder proponents*

#### *Don't*

- *Share material, non-public information with others – inside or outside of ISS – unless required for your job duties*
- *Take advantage of "insider" information in making personal investment decisions*

- a. **All Supervised Persons must exercise extreme care to assure that any material, non-public information which they might acquire in the performance of their duties is kept confidential. Supervised Persons are strictly forbidden from sharing material, non-public information with co-workers at ISS or MSCI (except as required in the performance of their duties for the Company), clients, friends or family members.**
- b. **If any Supervised Person determines that he or she has learned material, non-public inside or market information (except as required in the performance of their duties for the Company), he or she must notify the CCO of this fact immediately.**
- c. **Supervised Persons shall not engage in any securities transaction while in possession of material non-public information relating to the business or affairs of the issuer of securities, market activity or conditions or other matters, nor shall they share such information with anyone inside or outside the Company unless with another Supervised Person who needs such information in order to perform his or her duties.**
- d. **Supervised Persons who are privy to client-specific holdings or trading patterns are prohibited from making investment decisions on the basis of this information. Supervised Persons are prohibited from sharing such information with anyone outside the Company without prior written approval of the Legal and Compliance Department. Supervised Persons are prohibited from sharing such information with anyone inside the Company unless with another Supervised Person who needs such information in order to perform his or her duties.**
- e. **Supervised Persons who are privy to client-specific voting guidelines, voting intentions or votes cast on specific ballot items, are prohibited from making investment decisions on the basis of this information. Supervised Persons are prohibited from sharing such information with anyone outside the Company without prior written approval of the Legal and Compliance Department. Supervised Persons are prohibited from sharing such information with anyone inside the Company unless with another Supervised Person who needs such information in order to perform his or her duties.**
- f. **Supervised Persons who discuss upcoming proxy proposals or other issues with an issuer before such proposals are available to the public in a proxy statement are prohibited from making investment decisions on the basis of this information. Supervised Persons are prohibited from sharing such information with anyone inside the Company unless with another Supervised Person who needs such information in order to perform his or her duties.**
- g. **Supervised Persons who discuss upcoming proxy challenges or publication of target lists by shareholders, shareholder groups and other organizations, before such proposals and lists are available to the public are prohibited from making investment decisions on the basis of this information. Supervised Persons are prohibited from sharing such information with anyone outside the Company without prior written approval of the Legal and Compliance Department. Supervised Persons are prohibited from sharing such information with anyone inside the Company unless with another Supervised Person who needs such information in order to perform his or her duties.**

- h. Supervised Persons who are privy to ESG ratings before they are made available to clients are prohibited from making investment decisions on the basis of this information. Supervised Persons are prohibited from sharing such information with anyone outside the Company without prior written approval of the Legal and Compliance Department. Supervised Persons are prohibited from sharing such information with anyone inside the Company unless with another Supervised Person who needs such information in order to perform his or her duties.**
- i. Supervised Persons who are privy to non-public proxy voting recommendations and other corporate governance related advice, are prohibited from making investment decisions on the basis of this information. Supervised Persons are prohibited from sharing such information with anyone outside the Company. Supervised Persons are prohibited from sharing such information with anyone inside the Company unless with another Supervised Person who needs such information in order to perform his or her duties.**

Supervised Persons must exercise care to ensure that information regarding timing and content of any Company research materials remains confidential.

## D. Personal Trading for Supervised Persons' Accounts

Even where there is no misuse of material, non-public information, the purchase and sale of securities or commodities by ISS' Supervised Persons and other MSCI employees may be problematic. Because ISS is compensated to render proxy voting advice and provide governance and other advisory research to clients, concerns may arise when Supervised Persons also trade for their own accounts. With this in mind, Supervised Persons must conduct any personal securities trading in a manner which avoids not only actual improprieties but even the appearance of impropriety. Discretion should be exercised when trading in personal accounts. In order to avoid problems in this area, the following procedures shall be followed. Please note that most compliance requirements as they relate to policies on personal securities trading must be completed through SunGard Protegent Personal Trading Assistant ("PTA") interface (available on the Company intranet), or other similar platform that the Company may make available in the future. All Supervised Persons have access to PTA.

### 1. Holdings Reports

Within ten (10) days after an Access Person joins the Company and once a year thereafter, he or she will be required to supply the CCO or her designee with a list of all his or her securities holdings, or a statement that he or she does not have any securities holdings to report. This process is completed through PTA.

For new employees, the information in the Holdings Report must be current as of a date not more than forty-five (45) days prior to the individual's becoming an Access Person or, for annual reports, the date the report is submitted. New employees joining the Company in one of its U.S. offices must use an ISS Designated Electronic Broker if they wish to trade securities. (Please refer to the Company intranet for a current list of ISS Designated Electronic Brokers.)

Holdings Reports must contain the following information:

- a. For each security in which the Access Person or his or her immediate family<sup>4</sup> has any direct or indirect beneficial ownership:

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<sup>4</sup>"Immediate family" means a spouse or domestic partner, your, your spouse's

### Do

- *Avoid even the appearance of impropriety in your personal trading*
- *File holdings and transaction certifications in a timely manner with Compliance*
- *Preclear trades through the Personal Trading Assistant (PTA) platform for your own accounts and those of your immediate family members*

### Don't

- *Trade securities on the Restricted List*
- *Participate in IPOs without prior clearance from the Chief Compliance Officer*

- (i) the title and type of security; ***and, as applicable,***
  - (ii) the security's ticker symbol or CUSIP number;
  - (iii) number of shares; and
  - (iv) principal amount.
- b. The name of any broker-dealer or bank with which the Access Person (or any member of his or her immediate family) maintains an account in which securities are held for the access person's direct or indirect benefit.

## 2. Transaction Reports

In addition to the Holdings Report, Access Persons are also required to provide information to the CCO from time to time about their personal securities transactions. All employees, including any temporary employees working for the Company for more than ninety (90) days, must provide this information through PTA from time to time as required by the CCO. Employees must provide account information for all *securities* accounts<sup>5</sup> maintained by them or their immediate families, or accounts in which they have a beneficial interest. Employees must enter this information directly into PTA.

All information obtained from any Supervised Person pursuant to this Policy shall be kept in strict confidence, except that such information may be made available to the Legal and Compliance Department or to the Securities and Exchange Commission or any other regulatory or self-regulatory organization to the extent required by law, regulation or this Code or as otherwise required by law or legal process.

### Exceptions:

- a. Transaction Reports<sup>6</sup> are not required as to direct obligations of the U.S. Government, bankers' acceptances, bank certificates of deposit, commercial paper, high-quality short-term debt instruments (including repurchase agreements), shares issued by mutual funds (including money market funds), and shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, and investments in 529 Plans. Furthermore, Holdings Reports need not contain information regarding such securities. An Access Person, however, must report the names of all brokers, dealers or banks with which the Access Person maintains an account in which ANY securities are held for his or her direct or indirect benefit, even if the only securities in those accounts are excepted securities described in this paragraph.

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or your domestic partner's children or relatives who reside in the same household with you or to whom you or your spouse or domestic partner contribute substantial support, as well as all other accounts over which you could be *expected* to be able to exercise influence or control (whether or not you actually have such influence or control). This presumption may be rebutted under such circumstances as the CCO, in her sole discretion, shall allow.

<sup>5</sup>Routine bank account statements need not be supplied.

<sup>6</sup>This includes confirms and account statements sent to the Legal and Compliance Department directly from a broker-dealer or bank.

- b. Employees using brokers that provide an electronic feed to PTA need not provide transaction reports. Instead, once per quarter, these employees should review their transactions in PTA, determine that PTA is accurately presenting any transactions, and notify the CCO if there are any inaccuracies.
- c. Neither Holdings nor Transaction Reports are required as to securities held in accounts over which the Access Person has no direct or indirect influence or control.
- d. Transaction Reports are not required as to transactions effected pursuant to an automatic investment plan, except where such a plan has been overridden. An “automatic investment plan” means a program in which regular, periodic purchases or withdrawals are made automatically in or from investment accounts in accordance with a predetermined schedule and allocation. This includes a dividend reinvestment plan.

### 3. Pre-Approval Requirements

Access Persons may not purchase securities in an IPO<sup>7</sup>, private placement or other limited offering without first receiving written pre-clearance for the transaction from CCO or her designee, and certifying that the proposed transaction complies with this Code. A pre-clearance will expire five (5) business days from the time the pre-clearance is given.

### 4. The Company Restricted List of Securities

The Company maintains a “Restricted List” of securities. **Access Persons, and members of their immediate family, as defined herein, are prohibited from directly or indirectly buying or selling the securities of any issuer identified on the Restricted List (a “Restricted Security”). This prohibition includes selling, whether directly or indirectly, a security on the Restricted List which an Access Person does not currently own (a short sale) or engaging in any trading activity involving derivative securities which would effect a similar result.**

**Access Persons who are part of ISS’ CFRA team are prohibited from selling, whether directly or indirectly any security which an Access Person does not currently own (a short sale) or engage in any trading activity involving derivative securities which would effect a similar result.**

**It is the responsibility of the Access Person to check the Restricted List before effecting any such transaction.** Under extraordinary circumstances, the CCO may grant a hardship exemption from this prohibition.

The Restricted List, which is updated twice a day, identifies issuers who are “in-house” at ISS. Issuers who are “in-house” in this context include, but are not limited to, the following issuers:

- a. All issuers of proxies that are currently being analyzed or acted upon by any Access Person. Such issuers shall remain on the Restricted List from the time ISS logs receipt of the subject

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<sup>7</sup>For purposes of this Code of Ethics, “IPO” means an offering of securities registered under the Securities Act of 1933, the issuer of which, immediately before the registration, was not subject to the reporting requirements of sections 13 or 15(d) of the Securities Exchange Act of 1934.



proxy into the Global Research database of meetings, until one (1) day after the shareholders meeting being covered;

- b. All issuers with respect to which ISS has issued published coverage in the form of a CFRA Research Report, Research Brief or Blog within the previous fourteen (14) calendar days;
- c. All issuers on which ISS' CFRA business unit has performed customized services or to which ISS has provided customized products, including without limitation, any non-published Bespoke or Due Diligence research reports within a period up to the previous twenty (28) days;
- d. All issuers on which ISS' CFRA Legal Edge business unit has performed research or analysis within the previous fourteen (14) days;
- e. Any issuers being considered for prospective research coverage by ISS' CFRA unit in any of its products;
- f. Any issuers on which the Environment Social and Governance business unit is providing research reports will remain restricted for a period of time after the publication of a report as determined by the Legal and Compliance Department; and
- g. Any issuers on which ISS' Mergers and Acquisitions business unit is providing research reports in the form of a Note or an Analysis will remain restricted for a period of time after publication of a report as determined by the Legal and Compliance Department.

The Restricted List will be available to all employees via the PTA platform or other automated solution implemented by the Company to administer its personal trading policies and procedures.

#### **5. The ISS Corporate Services, Inc. Restricted List of Clients (Applicable only to ICS Employees)**

In addition to the Company Restricted List, ICS shall maintain a secondary restricted list of all ICS clients, who shall remain on this list for the duration of the relationship between ICS and the client. Access to the ICS Restricted List shall be limited to ICS employees and provided through PTA. ICS employees are prohibited from directly or indirectly buying or selling the securities of any issuer identified on the ICS list that has purchased any "covered" products.<sup>8</sup> ICS employees will be permitted to directly or indirectly buy or sell the securities of any issuer identified on the ICS list that has purchased "non-covered" products. It is the responsibility of the ICS employee to check this ICS list before effecting any such transaction. Under extraordinary circumstances, the CCO may grant a hardship exemption from this prohibition.

There are some ICS clients (the "Renewing Clients") who continually renew their subscriptions for "covered" products, meaning that the particular issuer may remain on the ICS restricted list for an indefinite period of time. The Company has determined that it is appropriate to provide a window in which ICS employees may trade in these securities despite the fact that they are on the ICS list. Therefore, for any Renewing Client, during the two-week period following the date of renewal (and

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<sup>8</sup>The CCO and/or her designee will maintain and periodically review a list of "covered" products and provide that to ICS employees upon request.

only during that period), ICS employees shall be permitted to directly or indirectly buy or sell the securities of the Renewing Client. It is the responsibility of the ICS employee intending to trade under this paragraph to determine the appropriate renewal date (and window) for any particular Renewing Client. The CCO is available to assist in this regard.

#### **6. Conflicts Arising from an Analyst's Stock Ownership**

Even if Supervised Persons refrain from *trading* in the securities of issuers who are currently the subject of Company activity, a conflict of interest still could arise from an analyst's personal *ownership* of securities. In order to address this potential conflict, the Company has adopted the following procedures:

- a. Where possible, the personal securities holdings of analysts must be taken into account when new analyses are taken from the Global Research queue; and
- b. If a report or recommendation is prepared by an analyst who owns (or whose immediate family owns) the subject security, that fact should be disclosed to clients.

## E. Preventing and Disclosing Conflicts of Interest at ISS

ISS takes its duty to provide independent advice to clients very seriously. The Company recognizes that its overall business mix and ISS' affiliation with ICS may raise the potential for real or perceived conflicts of interest. The following procedures are designed to eliminate such conflicts wherever possible, and to ensure that any potential conflicts that cannot be eliminated are adequately managed and disclosed.

### 1. Conflicts Between ISS' Institutional Global Research Department and ICS

ISS has implemented policies and procedures designed to prevent and manage conflicts that could arise from the fact that ISS' Institutional Global Research Department ("Global Research"), which includes proxy voting governance research and financial research and analysis, analyzes proxy issues and other matters at public companies for the benefit of institutional investors to determine how they should vote and that ISS' wholly-owned subsidiary, ICS, provides advisory services, analytical tools and publications to issuers to enable them to improve shareholder value and reduce risk through the adoption of improved corporate governance practices. One of the key steps ISS has taken to prevent and manage this particular potential conflict of interest is the implementation and maintenance of a Firewall which provides for the separation of ICS from ISS (and, in particular, Global Research). This Firewall includes the following features:

- a. *Distinct Legal Entity.* ICS is a separate legal entity from ISS.
- b. *Functional Separation.* ISS and ICS maintain separate staffs for Global Research and Corporate Services operations and these different staffs are managed on a day-to-day basis by different groups of individuals. Any person who works with corporate clients (*i.e.*, the ICS staff) shall not:
  - (i) Analyze proxies on behalf of institutional clients;
  - (ii) Have input into any proxy analysis, vote recommendation or other advisory research report; or
  - (iii) Supervise any institutional analysts.

### Do

- *Be aware of the potential for real or perceived conflicts of interest*
- *Understand the firewall between ISS' institutional business and ISS Corporate Services' business*
- *Understand the communication restrictions that exist between ISS' institutional business team and ISS Corporate Services' business team*

### Don't

- *Reveal the identity of ISS Corporate Services' clients*
- *Make guarantees about ISS' recommendations*

- (iv) Furthermore, institutional analysts' salaries, bonuses and other forms of compensation shall not be directly linked to any specific ICS activity or sale.
- c. *Physical Separation.* ICS and Global Research employees work in segregated and secure office suites.
- d. *External Communication Limitations.*
  - (i) The ICS staff and the sales personnel who sell the ICS services shall refrain from disclosing to any ISS analyst the identity of any ICS client. Likewise, analysts shall refrain from discussing with the ICS staff or ICS sales personnel any matter that could impair the analysts' independence and objectivity.
  - (ii) In communicating with clients (or prospective clients), the ICS staff and the sales personnel who sell the ICS services shall emphasize that ISS will not give preferential treatment to, and is under no obligation to support, any proxy proposal of a corporate issuer, whether or not that corporate issuer has purchased products or services from ICS.
- e. *Internal Communications.* ISS' Global Research staff is prohibited from engaging in the following types of communications with ICS staff:
  - (i) Discussion of the identity of ICS clients and/or prospects
  - (ii) Discussion of any work performed by ICS for a client
  - (iii) Discussion of any issuer-specific proxy analyses, proposals or other issues
- f. *Exceptions.* There are, however, situations, such as the following, where communications/interactions between staff members of ICS and ISS Global Research are permitted:
  - (i) Discussions regarding general policy development
  - (ii) General policy training sessions
  - (iii) Meetings regarding the creation and development of new solutions and products
  - (iv) Meetings with regulatory bodies or industry groups in which the topics of discussion relate to general policy matters or industry issues

The foregoing lists are not exhaustive but are intended to provide guidelines for prohibited and permitted communications and interactions. Any questions regarding the issue of communications/interactions should be directed to the CCO.

- g. *Disclosure.*
  - (i) ISS shall disclose or make available to its institutional clients information about any potential conflicts between the Company's institutional business and the business of ICS, but shall do so in a way that does not alert analysts to the possible existence of such potential conflict during the time when a proxy recommendation is being formulated. As such, ISS shall automatically add a disclosure legend to each global or domestic proxy analysis advising the reader of the existence of ICS and offering ISS' clients the ability to learn more about ICS and its clients by requesting information at [disclosure@issgovernance.com](mailto:disclosure@issgovernance.com).

- (ii) In addition to ISS making disclosure to institutional clients, ICS shall also disclose in all its contracts that ISS' status as a registered investment adviser (as well as its internal policies and procedures) requires ISS to disclose to its institutional clients its affiliate's relationship with the issuer.
- h. *Technology.* To the extent practicable, ICS staff shall communicate with its clients exclusively through e-mail and facsimiles sent and received through ICS' password-protected computers and dedicated server. In addition, the data managed by ICS is located in a separate dedicated ICS server.
- i. *Firewall Monitoring.* ISS has a formal process and procedure for monitoring and testing the Firewall. The Firewall is tested on quarterly basis by the Legal and Compliance Department and is monitored with routine tests on a regular basis. In addition, MSCI has a Global Integrity Hotline available to all ISS employees to report issues of concern, including issues related to the Firewall, year-round.

## **2. Conflicts Within the Institutional Advisory Business**

Conflicts theoretically may also arise where a Company client (or a client of MSCI) is also a public company whose own proxies are the subject of analyses and voting recommendations, or other advisory research report, or where the Company is called upon to analyze and vote on shareholder proposals propounded by a Company client. In order to manage conflicts in this area, the Company shall append a conflict legend to each research report indicating that the issuer whose proxy is being analyzed may be a client of, or affiliated with a client of MSCI or its subsidiaries including, ISS or ICS.

## **3. Conflicts Arising from an Analyst's Stock Ownership**

This topic is addressed in Section D above on Personal Trading for Supervised Persons' Accounts.

## **4. Conflicts in Connection with Issuers' Review of Draft Analyses**

ISS may in some circumstances afford issuers, whether or not they are ICS clients, the right to review draft research analyses so that factual inaccuracies may be corrected before the recommendations are finalized. Although this practice enhances the accuracy of ISS' analyses, it also could be seen as providing an opportunity for issuers to unduly influence those analyses. In order to avoid even the appearance of impropriety in this area, the following procedures shall be implemented:

- a. An issuer will be permitted to review a draft proxy analysis or other research report solely for the purpose of verifying the factual accuracy of information therein. To the extent an issuer identifies any factual inaccuracy, the issuer must notify ISS in writing (including via email).
- b. If, after an issuer reviews a draft analysis and provides ISS with a written document detailing any factual inaccuracies, the analyst changes the proposed voting recommendation, the proposed change must be reviewed by a senior analyst and ISS shall retain in its files the written document from the issuer detailing the factual inaccuracies.

## F. Conflicts Generally

Each ISS employee shall avoid any action or involvement that could in any way compromise his or her actions on behalf of the Company. Activities which could raise a question of conflict of interest include, but are not limited to, the following:

- a. Conducting business on behalf of the Company with a member of the employee's family or a business organization in which the employee or a member of his or her family has a significant association, which could give rise to a conflict of interest, without first obtaining a written non-objection from the CCO.
- b. Serving in an advisory, consultative, technical or managerial capacity for any non-affiliated business organization which does business with, or is a competitor of the Company, without first obtaining approval from his or her relevant department head and the CCO.
- c. Accepting any remunerated position outside the Company involving time "belonging" to the Company, or which interferes with the proper performance of the Supervised Person's duties.
- d. Taking advantage of a business opportunity which may be of interest to the Company.

### *Do*

- *Avoid the appearance of conflict of interest in your personal dealings*

### *Don't*

- *Do business with competitors or clients without approval*
- *Moonlight during work hours*
- *Take personal advantage of ISS' business opportunities*

## **Exhibit A: Summary of ISS Compliance Procedures**

ISS' compliance program is designed to ensure that the Company conducts its operations in compliance with the letter and spirit of applicable laws and rules. In designing this program, ISS has first considered the risks and potential conflicts of interest that might arise in connection with its operations. ISS then crafted procedures it believes will serve to minimize and address those risks and potential conflicts.

The Compliance Procedures Manual (the "Manual") is one element of ISS' compliance program. The Manual discusses the core compliance and regulatory controls that ISS has established in order to prevent, detect and correct violations of the applicable requirements of the Advisers Act. For example, from an education standpoint, the Manual provides that compliance issues (and the MSCI Code of Ethics in particular) will be addressed as part of all new-hire orientations. The Manual also provides for annual departmental compliance meetings. From a monitoring standpoint, the Manual provides for several procedures and checks that are implemented in order to monitor the effective implementation of various compliance controls.

## Exhibit B: ISS Document Retention Policy

### 1. Purpose

The purpose of this Document Retention Policy (“DRP” or “policy”) is to enhance the efficiency and effectiveness of the operations of Institutional Shareholder Services Inc. (“ISS” or the “Company”), as well as ensure compliance with applicable laws.

The goals of this policy are to:

- a. Retain important documents for reference and future use;
- b. Delete documents that are no longer necessary for the proper functioning of the Company;
- c. Organize important documents for efficient retrieval; and
- d. Ensure that you, as an ISS employee, know what documents should be retained, the length of their retention, means of storage, and when and how they should be destroyed.

ISS is a Registered Investment Adviser and as such is subject to the Investment Advisers Act of 1940 and the rules and regulations that the U.S. Securities Exchange Commission has promulgated thereunder, *including specific rules on records retention*. Rule 204-2 of the Investment Advisers Act mandates the preservation of certain books and records. All employees who work for ISS have a duty to familiarize themselves with these and other regulatory requirements pertaining to their areas of responsibility.

### 2. Scope—What are records and who is covered?

The records of ISS are important to the proper functioning of the Company. “Records” refers to all business records of ISS (and is used interchangeably with “documents”), including written, printed and recorded materials, as well as electronic records (i.e., e-mails and documents saved electronically). Records include virtually all of the records you produce as an ISS employee. Thus, items that you may not consider important, such as interoffice e-mails, desktop calendars and printed memoranda are records that are considered important under this policy. Also note, drafts of records should be kept only if they are important for a full understanding of the subject matter or business decision. Any drafts of records reflecting non-substantive edits should not be kept after the finalization of the record.

This policy applies to all ISS employees worldwide, within all sectors, regions, areas and functions, and applies to all employees of ISS’ direct and indirect wholly-owned subsidiaries. References in this DRP to “ISS” or “Company” include all of ISS’ subsidiaries unless the context indicates otherwise.

### 3. Types of Records and Retention Periods

Several categories of documents that bear special consideration are identified below, including categories of ISS records subject to special provisions because of ISS’ status as a registered investment adviser.



a. ISS Financial Records. ISS must retain the following ISS documents and records related to financial areas: receipts and disbursements journal; ledgers for asset, liability, reserve, capital, income and expense accounts; check books, bank statements and the like; all bills or statements paid or unpaid; trial balances; financial statements; and internal audit working papers. These records must be retained for at least five years from the end of the fiscal year during which the last entry was made on such documents.

c. Sales and Marketing Records. ISS' Marketing Department must retain copies of all ISS advertisements, circulars, newspaper articles and the like if such documents are distributed to ten or more persons. These documents must be retained for five years from the end of the fiscal year in which ISS last publishes or disseminates the particular advertisement or communication.

d. ISS Research Records. ISS' Global Research Department must retain the following records:

(i) ISS' written proxy policies and procedures, as well as any custom policies that we maintain and apply on behalf of clients;

(ii) all documents relating to the proxy voting recommendations and/ or analyses ISS prepares for our clients such as:

- proxy statements (note, for *U.S. markets*, ISS may rely on the SEC's EDGAR system for copies of the relevant proxy statements, however, for *non-U.S. markets* ISS must maintain copies of the proxy statements or similar documents from wherever they are procured);
- press releases;
- other relevant company filings;
- drafts of ISS research reports (drafts of ISS research reports must be kept if they reflect substantive changes from one version of a document to another; and
- any and all notes or other documents developed in the course of preparing a proxy analysis;

(ii) a record of each vote that ISS casts on behalf of our clients;

(iii) copies of all written client requests for information on how client proxies were voted, as well as copies of all written responses to any (written or oral) client requests for specific voting information; and

(iv) copies of any documents that we create that either are material to making a proxy voting decision or that memorialize the basis for that decision.

All of the foregoing documents must be retained for a period of five years.

e. ISS General Records. ISS must retain any documents relating to ISS' internal affairs, and documents relating in a general way to ISS' clients (such as customer contracts, powers of attorney; disclosure statements). These documents must be retained for a period of five years.

f. Personal Trading Records. ISS maintains a record of every securities purchase or sale by its employees and “covered family members”. This must include:

- (i) title and amount of security involved;
- (ii) date of transaction;
- (iii) nature of transaction;
- (iv) price; and
- (v) identity of broker/dealer executing the trade.

ISS’ insider trading policy (found in the *Regulatory Code of Ethics*) is designed, in part, to ensure ISS’ compliance with this particular record-keeping requirement.

#### 4. Storage

a. Tangible Records. Tangible records are those which you must physically move to store, such as paper records (including printed versions of electronically saved documents). Active records and records that need to be easily accessible should be stored in ISS’ office space or equipment (scanned records). Inactive records should be sent to ISS’ off-site storage facilities.

Notwithstanding the foregoing, the books and records required of ISS under Rule 204-2 (except records relating to advertisements, performance calculations and corporate or partnership matters) must be preserved for at least five years from the end of the fiscal year during which the last entry was made on such documents. For the first two years, the records must be kept in an appropriate office of ISS. After that time, they may be kept in any easily accessible place.

In certain cases, the books and records required by Rule 204-2 may be maintained in computerized form, so long as the following steps are taken to ensure the records’ preservation and accessibility:

- (i) the records are arranged and indexed so as to permit the immediate location of any particular record;
- (ii) printouts of the records or copies of the computer tape or disk are made available to SEC examiners promptly upon request;
- (iii) a duplicate of the computer storage medium is stored separately from the original; and
- (iv) procedures are implemented to maintain, preserve and allow access to records so as to reasonably safeguard the records from loss, alternation or destruction.

b. Electronic Communication Records. All ISS e-mail is automatically archived and stored by ISS.

## **5. Destruction/Deletion**

Any records that do not fall within this policy and that do not need to be retained may be destroyed or deleted. All confidential tangible records should be destroyed by shredding or some other means that will render them unreadable.

## **6. Exceptions**

If you believe, or the ISS Legal and Compliance Department informs you, that Company records are relevant to litigation or potential litigation (i.e., a dispute that could result in litigation), then you must preserve those records until the Legal and Compliance Department determines the records are no longer needed. That exception supersedes any previously or subsequently established destruction schedule for those records. If you believe that an exception may apply, or have any question regarding the possible applicability of that exception, please contact the Legal and Compliance Department.

Further guidance on the Company's standards in document retention may be provided through related/supplemental corporate policies and guidelines.

If you are ever uncertain as to any procedures set forth in this policy (e.g., what records to retain or destroy, or when or how to do so) it is your responsibility to seek answers from the Legal and Compliance Department.