



October 26, 2020

Global Policy Board
Institutional Shareholder Services Inc.
702 King Farm Boulevard, Suite 400
Rockville, MD 20850

Dear Members of the Policy Board,

We appreciate the opportunity to provide comments and an issuer's perspective to Institutional Shareholders Services Inc. (ISS) on the proposed policy changes for 2021. We commend ISS for providing an open comment period for all interested market constituents. Our comments focus on the proposed changes to ISS' policy on Director Accountability. We have included a copy of the proposal text changes under my signature line for ease of reference.

Request for Additional Detail on Director Accountability

Change to Analyze "Poor Risk Oversight of Environmental and Social Issues"

We agree this prong goes to the heart of one of a board's duties: enterprise risk oversight. Issuers, clients and proponents would benefit from more specific examples/discussions of what ISS would view as "demonstrably poor risk oversight of environmental and social issues, including climate change." This additional example of failure of oversight is vague relative to the other examples of bribery, large or serial fines or sanctions, adverse legal judgements or hedging of company stock, all of which are independently identifiable. We believe clarification is important as businesses cannot completely eliminate risk. Is ISS looking to ensure that the board is exercising appropriate oversight through clear disclosure, or is it looking to see if the board has adopted specific policies or practices? In either case, the proposed policy update fails to provide necessary transparency or clarity to issuers and shareholders. We encourage either this edit be excluded or additional tangible objective measures be added.

Conclusion

Following the publication of your revised policy, we would welcome the chance to engage with the ISS governance team to understand more detail surrounding these proposed revisions. If ISS determines not to incorporate our recommended changes, we would also welcome further opportunities to discuss why we believe these changes would enhance the analysis for clients.

As stated in the request for comments, we understand that these comments will be published as received and consent to their publication in an unaltered and complete form. To the extent that ISS determines that this request for comment, the prior client survey, or the publication of these policy revisions qualifies as a solicitation under the U.S. proxy rules, based with the clarified standards provided in the SEC Commission guidance published in Release 34-86721, we consent to the inclusion of these comments in any filing under the U.S. proxy rules.

Sincerely,

A handwritten signature in blue ink, reading "Sherry Glaser". The signature is written in a cursive style with a large, stylized "S" at the beginning.

Current ISS Policy Incorporating Proposed Changes

Director Accountability

General Recommendation:

Governance Failures

Under extraordinary circumstances, vote against or withhold from directors individually, committee members, or the entire board, due to:

- Material failures of governance, stewardship, risk oversight*, or fiduciary responsibilities at the company;
- Failure to replace management as appropriate; or
- Egregious actions related to a director's service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

*Examples of failure of risk oversight include but are not limited to: bribery; large or serial fines or sanctions from regulatory bodies; demonstrably poor risk oversight of environmental and social issues, including climate change; significant adverse legal judgments or settlement; or hedging of company stock.