



**Christina Crooks**

*Director, Tax Policy*

November 9, 2015

Mr. Gary Retelny  
President and CEO  
Institutional Shareholder Services  
702 King Farm Blvd #400  
Rockville, MD 20850  
Submitted via email to [policy@issgovernance.com](mailto:policy@issgovernance.com)

RE: 2016 Benchmark Policy Consultation

Dear Mr. Retelny:

The National Association of Manufacturers (NAM) – the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states – appreciates the opportunity to provide comments to the Institutional Shareholder Services (ISS) proposed 2016 Policy Benchmark. The NAM is concerned that the proposed voting policies for 2016, and specifically the new director “overboarding” requirements, are overly prescriptive and will have a negative impact on manufacturers and other public companies.

Strong corporate governance policies are key to providing investors with adequate returns and manufacturers with the capital needed to operate, invest, grow and create jobs. The structure of corporations and other business entities entails the separation of ownership and control and, as a consequence, creates necessary fiduciary relationships among management, directors and the investors. While the specific duties implied by these relationships may vary, the NAM believes that management and directors should pursue the goal of maximizing the long-term performance of the entity as an ongoing enterprise and represent the interests of the investors as a group and the entity as a whole in directing the business and affairs of the entity.

Consistent with the fiduciary and policy role of the Board of Directors, the NAM believes a company’s Board of Directors is best positioned to responsibly oversee the effective operation and management of a company to maximize performance of the organization and provide long-term value to shareholders. Matters such as determining executive compensation and determining any limitations on directors’ participation on other boards are appropriately the responsibility of a company’s Board of Directors. Unfortunately, the ISS proposed overboarding policies—based on the concern that a director may be involved in too many boards to effectively fulfill their duties—move public companies further away from the ability to set what they deem to be an appropriate level of outside board participation.

Specifically, ISS’ overly prescriptive approach to addressing the perceived problem of overboarding would unnecessarily reduce the number of boards that a CEO or a Director may sit on by recommending a negative vote for directors who sit on what ISS determines is an excessive number. Under the proposed policy, this would mean a CEO could only sit on the Board of one other public company while non-CEO directors could only sit on a total of five or possibly even four

boards. This automatic penalization of directors for their total board service undermines the ability – and responsibility – of boards to manage the needs of their companies and corporate governance.

The NAM is concerned that an artificial one-size-fits-all approach could have a negative impact on a company's ability to grow and add value to shareholders. Depending on the company, service on some boards may require less in terms of time and resources from directors, yet provide tremendous benefits both to the director and the company. For instance, a director may gain a different perspective or even learn new ways to tackle challenges or issues that can improve the operation of the company they oversee. Similarly, the company may benefit tremendously from the experience and expertise of the director since broader board service encourages the development and sharing of best practices. In contrast, limiting the number of boards a CEO or director may sit on will likely not have the intended result of providing directors a greater ability to effectively represent the interests of shareholders.

The NAM also is concerned that ISS will count a CEO's service on subsidiary boards as separate boards. Almost 50 percent of U.S. global companies are manufacturers, many of which have multiple subsidiaries. Even though ISS states that its recommendation of a withhold vote will depend on the level of control the parent company has over the subsidiary, counting participation on subsidiary boards is unnecessary and discounts the importance of integrated management to drive synergies that deliver value for shareholders and reinforce American manufacturing.

While we understand the importance of ensuring the views of shareholders are appropriately represented, there must be a balance between protecting investors and upholding a company's ability to compete, grow, and create jobs. Overly prescriptive, one-size-fits-all policies like the overboarding proposal should be avoided to allow companies the flexibility to determine which corporate governance policies maximize value for the company and its investors.

On behalf of the NAM and the 12 million men and women that work in manufacturing, thank you for your attention to these concerns.

Sincerely,

A handwritten signature in cursive script that reads "Christina Crooks".

Christina Crooks  
Director, Tax Policy