

Please see our comments below regarding proposed draft changes to your ISS policy for 2016. Thank you very much.

- *Director overboarding:*
 - *ISS is proposing to issue a negative vote recommendation on director elections for public company CEOs that sit on more than their own board and one other. Withhold recommendations would apply to directorships other than the CEO's own company. **Comment: This shift in policy would be unduly restrictive and harmful to companies and their shareholders. It is our experience that it is very difficult for companies to retain highly qualified board members. Oftentimes, the most attractive recruits are current, sitting CEOs. CEOs can provide highly prized experience, insights, talent, etc. to a board. These CEOs can be an invaluable, critical addition to a company's board and assist with the company's long-term success. This is especially true for CEOs who can provide special insights, such as with a female CEO or a minority CEO. In addition, it is our experience that CEOs can successfully sit on more than 2 boards, including their own (if ISS has a different view, then please provide factual data that would help us to help understand that position). A CEO sitting on their own company's board is really just part of the CEO's regular job responsibilities, much like participating in other team/management committees of the company. The proposed policy change would in our view limit the CEO to effectively sit on only one board (albeit an outside board). In addition, there are two other issues with the proposed policy change: (1) first is that the CEO can handle the time and responsibilities of more than one outside board (and if not in a particular case, then the company's board should address it), and (2) CEOs will tell you that they gain really important insights and benefits from sitting on an outside board and those experiences and insights can be valuable to the company when faced with similar challenges. We would suggest that the correct policy would be that, if a CEO sits on more than 2 outside boards, then the board should be required to discuss their position on that in the proxy statement. There are many substantial benefits to companies, their shareholders, their boards, and their management teams that stem from allowing talented CEOs to sit on outside boards. A blanket, negative vote recommendation by ISS for companies that violate the proposed policy would send the wrong message to companies and their management team and it would anger many companies.***
 - *ISS is also proposing to issue a negative vote recommendation for directors who are not public company CEOs that sit on more than either four or five public company boards. ISS is seeking feedback to determine if the limit should be four or five outside public company boards. **Comment: This shift in policy would be unduly restrictive and harmful to companies and their shareholders. As with our comment on the above proposed policy shift, we feel that it is best for companies and their boards to deal with this issue. Such a policy would make it difficult for companies to identify and retain directors, particularly those with specialized skill sets or other diverse qualifications that are often in limited supply, which would be detrimental to a company and its shareholders. A better proposed policy shift would be that if a director sits on more than 5 outside boards, then the board should be required to discuss their position on that in the proxy statement.***

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