

I am writing to offer comments on the 2016 policy changes under consideration. (Please be advised my comments represent T. Rowe Price Associates as an investment advisor, not T. Rowe Price Group as a corporate issuer.)

1) Unilateral Board Actions (U.S.)

We agree with ISS that this is a growing area of concern. In our view, for existing public companies it is appropriate for ISS to recommend opposing directors who approve actions to roll back important shareholder rights, namely annual board elections and simple majority provisions. At this time, we believe these are the two appropriate areas to focus on and would not recommend adding any others.

For companies just going through IPOs, however, it is not unreasonable for them to have classified boards for an initial transition period. However, we agree with the sentiment some investors expressed in the survey that shareholders should have means of declassifying the board without a supermajority-vote hurdle. So if the pre-IPO amendments include both classification and supermajority provisions, we would view this as a more serious risk than the classification of board terms alone.

2) Director Overboarding (Multiple)

Evidently, we are in the minority of ISS clients on this topic. We find little correlation between the number of board seats (within reason) a director undertakes and the results those directors produce for investors. We recognize that serving on a public company board is generally a more time-consuming undertaking than it was in the past, but there are numerous individual factors (experience, time, geography, industry) that determine a director's ability to manage such commitments. We are not convinced ISS is well positioned to judge, based on numbers of boards alone, whether directors are effectively balancing those commitments or not. Therefore, our suggestion is there should be evidence of a performance issue (attendance or persistently poor relative TSR, for example) before ISS takes a more conservative approach to overboarding at any particular company.

3) General Authorities to Issue Shares Without Pre-emptive Rights (UK/Ireland)

We support the proposed change. In our view, the cost of raising capital with pre-emptive rights is an important consideration. As proposed, the policy strikes a reasonable balance.

4) Board Composition (Japan)

We believe it is appropriate and important for ISS to follow through on its planned 2016 policy to increase the expectation to two outside directors. We also agree that, in this market, it is still necessary to focus on outside directors rather than independent ones.

5) Poison Pills (Japan)

We expect to continue opposing the adoption of poison pills in this market, so this policy is not directly applicable to us. However, it is sensible for ISS to tighten the standards it would apply before considering any exceptions.

6) Other

We offer no particular views on the other proposed policy amendments other than to say we generally believe it makes sense for ISS benchmark policies to reflect local governance code standards. As those standards increase, it is reasonable for ISS policy to follow suit after giving companies some transitional period to comply.

Thank you for the opportunity to comment on the 2016 policies.

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