About this report

This report is an export of the individual Signatory organisation responses to the PRI Service Provider Reporting Framework during the 2019 reporting period. It shows your responses to mandatory indicators, as well as responses to voluntary indicators that your organisation has agreed to make public. You will be able to access the public RI Transparency report of your organisation and that of other signatories on the PRI website.

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is an Index which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Index

The Index summarises the response status for the individual indicators and modules. It can be used by stakeholders as an ‘at a glance’ summary of reported information and to identify particular themes or areas of interest.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Status</th>
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<tbody>
<tr>
<td>✔</td>
<td>The signatory has completed all mandatory parts of this indicator</td>
</tr>
<tr>
<td>☑</td>
<td>The signatory has completed some parts of this indicator</td>
</tr>
<tr>
<td>⚤</td>
<td>This indicator was not relevant for this signatory</td>
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<tr>
<td>-</td>
<td>The signatory did not complete any part of this indicator.</td>
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<tr>
<td>⚖</td>
<td>The signatory has flagged this indicator for internal review</td>
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Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.
## Organisational Overview

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Short description</th>
<th>Status</th>
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<tr>
<td>OO 01</td>
<td>Basic information</td>
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<td>Public</td>
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<td>OO 02</td>
<td>Reporting year</td>
<td>✔</td>
<td>Public</td>
</tr>
<tr>
<td>OO 03</td>
<td>Signatory category and services</td>
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<tr>
<td>OO 04</td>
<td>Other offerings/business activities</td>
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<tr>
<td>OO 05</td>
<td>Breakdown of ESG coverage</td>
<td>✔</td>
<td>Asset mix disclosed in OO 06</td>
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<td>OO End</td>
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## Strategy and Governance

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<td>Norms used to develop policies</td>
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<td>Policy offerings to clients</td>
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<td>SG 06</td>
<td>Providing training/education</td>
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<tr>
<td>SG 07</td>
<td>Applying, advancing and promoting the PRI principles</td>
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<td>Long term trends</td>
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<td>SG 12</td>
<td>ESG recommendations not aligned with investor goals</td>
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<td>SG 13</td>
<td>Seeking feedback from clients</td>
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<td>SG 14</td>
<td>Managing conflicts of interest</td>
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## Reporting

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### Active Ownership Services

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<td>AOS 02</td>
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<td>AOS 03</td>
<td>Identifying emerging ESG issues</td>
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<td>AOS 04</td>
<td>Prioritizing engagement topics</td>
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<td>Channels of engagement</td>
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<td>Monitoring engagements</td>
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<tr>
<td>AOS 08</td>
<td>Defining and measuring success</td>
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<tr>
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<td>Companies changing practices/behavior following engagement</td>
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<td>Private</td>
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<td>AOS 10</td>
<td>Engaging with policy makers and industry bodies</td>
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<td>AOS 12</td>
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<td>Monitoring voting outcomes</td>
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<td>AOS 15</td>
<td>Mechanisms for clients to review voting recommendations</td>
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<td>AOS 16</td>
<td>Involvement in projects to improve voting trail and obtaining confirmation</td>
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<td>AOS 17</td>
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### Research and Data Provision

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<tr>
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<td>Sources for research and/or rating</td>
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<td>Stakeholder input</td>
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<td>RDP 04</td>
<td>Up-to-date assessment and ratings</td>
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<td>Balanced research and assessment</td>
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<td>RDP 06</td>
<td>Consistency and comparability</td>
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<td>RDP 07</td>
<td>Emerging ESG issues and trends</td>
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<td>Client use of outputs</td>
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<td>Private</td>
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<td>RDP 09</td>
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</tbody>
</table>
Institutional Shareholder Services (ISS)

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.
### Basic Information

<table>
<thead>
<tr>
<th><strong>OO 01</strong></th>
<th><strong>Mandatory</strong></th>
<th><strong>Public</strong></th>
<th><strong>Descriptive</strong></th>
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<td><strong>OO 01.1</strong></td>
<td>Select the location of your organisation’s headquarters.</td>
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<td>United States</td>
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<td><strong>OO 01.2</strong></td>
<td>Indicate the number of countries in which you have offices (including your headquarters).</td>
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<td>○ 2 - 5</td>
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<td>○ 6 - 10</td>
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<td>☑ 11 - 50</td>
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<td>○ &gt;50</td>
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<td><strong>OO 01.3</strong></td>
<td>Indicate the regions where you have offices.</td>
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<td>☐ Africa/Middle East</td>
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<tr>
<td>☑ Asia (excluding Japan &amp; Korea)</td>
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<tr>
<td>☑ Australasia</td>
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<td>☑ Continental Europe</td>
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<td>☑ Japan &amp; Korea</td>
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<td>☑ UK &amp; Ireland</td>
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<td><strong>OO 01.4</strong></td>
<td>Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).</td>
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<td><strong>OO 01.5</strong></td>
<td>Additional information.[OPTIONAL]</td>
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As a leader in corporate governance and responsible investment, ISS’ research and expertise is powered by 19 global offices, and a staff of approximately 700 research and data professionals. ISS’ informed and independent voting research coverage spans approximately 115 markets, 31,000 companies and 44,000 meetings per year worldwide. In addition, through its environmental, social and governance (“ESG”) business, ISS ESG, it offers a suite of actionable responsible investment solutions that inform investment decisions, support company engagements, and support a variety of ESG reporting initiatives.

The answer to OO 01.4 relates to YE date for reporting year (31/12/2018).
**Reporting Year**

**OO 02**  Mandatory  Public  Descriptive

**OO 02.1**  Indicate the year end date for your reporting year.

31/12/2018

**Signatory category and services**

**OO 03**  Mandatory  Public  Gateway

**OO 03.1**  Indicate which of the following categories reflect your core offering or main business activity:

- Reporting
- Active Ownership Services
- Investment consultancy
- Research and Data Provision
- Other, specify (1)
- Other, specify(2)

**OO 03.2**  Indicate any other business activities that your organisation offers. Indicate whether you wish to report on these business areas.

- Reporting
  - Yes
  - No
- Investment consultancy
- Other, specify (3)
- Other, specify (4)
- None of the above
Institutional Shareholder Services (ISS)

Reported Information

Public version

Strategy and Governance

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SG 01.1 Describe how your organisation’s philosophy incorporates environmental, social and governance factors, and the link to your business offerings.

Since its founding in 1985, ISS has worked with a broad cross-section of stakeholders to provide expert guidance and leading solutions that help shareholders manage portfolio company governance risk and drive value. ISS is committed to achieving its mission of: Empowering investors and companies to effectively manage governance, environmental and social opportunities and risks to realize long-term value.

ISS is a leading provider of corporate governance and responsible investment solutions for asset owners, asset managers, hedge funds, and asset service providers. ISS’ solutions include objective governance research and recommendations; responsible investment data, analytics, and research; end-to-end proxy voting and distribution solutions; turnkey securities class-action claims management; and reliable global governance data and modelling tools.

As a global company, ISS has approximately 1,400 employees in 19 offices across 13 countries, serving approximately 2,200 clients worldwide. In 2018, ISS provided research for approximately 44,000 shareholder meetings in approximately 115 global markets annually while working on behalf of clients to execute approximately 10.2 million global proxy ballots representing approximately 4.2 trillion shares.

ISS continues to grow in order to meet client demands for extra-financial data, research, ratings, analytics and advisory services to aid in investment decision-making and portfolio monitoring. ISS significantly enhanced its ESG capabilities by forming its ISS ESG business unit through the acquisitions of Ethix SRI Advisors (2015), IW Financial (2017), the investment climate data division of South Pole Group, (2017), and, oekom research AG (2018). ISS and ISS ESG are uniquely positioned to offer actionable ESG solutions that inform investment decisions, support company engagements, and support a variety of ESG reporting initiatives.

SG 01.2 Indicate whether you have policies that formalise the incorporation of your ESG beliefs in your business offerings.

☑ Yes

SG 01.3 Indicate the components/types of your internal policy and provide the URL and/or an attachment of the document/s if they are publicly available.

Policy components/types

☐ Policy setting out your overall ESG/RI approach
☑ Formalised guidelines on environmental factors

Public availability

☑ URL
<table>
<thead>
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</tr>
<tr>
<td>Attachment</td>
</tr>
<tr>
<td>Not publicly available</td>
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<td>☑ Formalised guidelines on social factors</td>
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<tr>
<td>☑ Formalised guidelines on (proxy) voting approach</td>
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Other technical documentation is also available on the ISS website, including the methodology document for the ISS Pay-for-Performance and Equity Plan Scorecard models.

Additionally, the Governance QualityScore methodology document (the Techdoc,) and the Environmental and Social Disclosure QualityScore Techdoc document are available.

None of the above
Indicate how these are put into practice internally across the organisation.

- Regular employee training on RI/ESG
- Regular RI/ESG policy awareness building for employees
- Establishment of policy review committee/team
- Remuneration linked to achieving ESG objectives
- Annual performance incentives
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- No

Solutions include:

- Proxy voting research and recommendations, with multiple policy options available, including fully customized to clients' own voting policies
- Proxy voting execution
- ESG Ratings and Rankings
- Screening and Controversies
- Climate Solutions
- Impact and UN SDG Assessment
- ESG Index Solutions

ISS offers expertise across a full range of ESG issues, having worked with leading asset owners and asset managers to design tailored solutions to integrate responsible investment into the creation of long-term value based on market understanding and expert analysis.

Institutional investors looking to vote in shareholder meetings globally can choose from ISS' full suite of global benchmark policies, or ISS specialty voting guidelines that evaluate ESG topics from a variety of different investor viewpoints. ISS' range of specialty proxy voting guidelines evaluate issues from the perspective of socially responsible investors, public funds, labor unions, mission and faith-based investors, as well as sustainability issues outlined by the PRI signatories seeking to incorporate ESG considerations into their proxy voting practices. ISS also manages full custom voting policies and implements voting recommendations for clients who wish to vote their proxies according to their own specific guidelines and philosophies.

ISS' Benchmark Proxy Voting Policies

ISS' Benchmark voting policies incorporate a rigorous analysis of governance and of other ESG topics that shareholders vote on. Environmental and social topics surface most frequently as shareholder resolutions, which are predominantly filed by investors predominantly at U.S., Japanese and Canadian...
firms. ISS’ research and analysis on ESG shareholder proposal topics include a contextual and insightful background of the subject, including environmental issues such as climate change, greenhouse gas emissions, renewable energy, hydraulic fracturing, coal combustion waste, and social topics such as workplace safety, anti-discrimination practices, and human and labour rights, to name a few. ISS’ benchmark research reports will include relevant in-depth analysis, for example of how company practices compare to peers, assessments regarding common practices and disclosures, and extensive case-by-case evaluations of whether company disclosures, policies, and practices sufficiently address the ESG concerns highlighted by shareholder proponents in the resolutions submitted.

ISS’ SRI Proxy Voting Policy

ISS has extensive experience and expertise on SRI related topics and over the past 16 years has developed an SRI-themed proxy voting policy. The SRI policy has been developed in collaboration with SRI market participants and ISS’ SRI clients, and is also informed by the active ownership and investment philosophies of globally recognised initiatives such as the United Nations Environment Programme Finance Initiative, the PRI and the UN Global Compact, among others.

The SRI policy incorporates a detailed analysis of ESG topics using ISS governance research and ISS ESG’s Norm-Based Screening and controversies research, which is designed to proactively identify material ESG risks and controversies. This approach to voting recommendations includes employing the use of ESG risk indicators to identify moderate to severe ESG risk factors at over 20,000 companies and other business entities globally. The ESG risk indicators cover several topics, including: environmental stewardship, human rights and the impacts of business activities on local communities, labour rights and supply chain risks, consumer product safety, bribery and corruption, as well as governance and risk oversight failures. Under this ESG Risk Evaluation Framework, ISS may recommend votes against board members up for election for failure to sufficiently oversee, manage, or guard against material ESG risks.

ISS’ Sustainability Proxy Voting Policy

ISS’ Sustainability voting policy represents an approach to proxy voting that aligns with the perspectives of many mainstream investors, who wish to incorporate ESG considerations in their investment decision-making processes to a greater extent, including signatories to the PRI. The ISS Sustainability Policy focuses on economic value preservation and enhancement through promotion of corporate governance best practices that mitigate risks to shareholders, but also reflect the recognition that ESG factors could present material risks to portfolio investments. The Sustainability policy was specifically formulated to meet the growing need of many institutional investors to increasingly account for ESG elements in their voting practices, including signatories to the PRI looking to fulfill their obligations to the UNPRI from a proxy voting perspective. ISS liaised with the PRI Secretariat to help inform the development of the Sustainability voting guidelines.
Indicate what frameworks and guidelines you have used to develop your organisation’s policies. Tick all that apply.

- UN Principles for Responsible Investment
- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- UN Sustainable Development Goals
- International Bill of Human Rights
- International Labour Organisation Conventions
- IFC Performance Standards
- United Nations Convention Against Corruption
- OECD Principles of Corporate Governance
- OECD Guidelines for Multinational Enterprises
- GRI standards
- Other, specify (1)
  - Multiple including the Convention on Biodiversity, Rio Declaration on the Environment and Development, United Nations Framework Convention on Climate Change (Paris Agreement)
- Other, specify (2)
  - Multiple (continued) including Frankfurt-Hohenheim guidelines, the Geneva Conventions and the Hague Convention.
- Other, specify (3)
- None of the above

Indicate whether you offer standard, off the shelf, policies to clients as part of your product offerings, and/or whether you create tailored versions for individual clients.
<table>
<thead>
<tr>
<th>Policy Type</th>
<th>Off the shelf</th>
<th>Tailored</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset class-specific RI guidelines</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Sector-specific RI guidelines</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Screening/exclusions policy</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Engagement policy</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>(Proxy) voting policy</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>RI guidelines set out within the Investment Policy Statement (IPS)</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>RI guidelines set out in a freestanding RI policy</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Multi-year RI implementation project plan</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Conflict of interest management policy</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Stockbroker allocation policy</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Securities lending policy</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Other, please specify (1)</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Other, please specify (2)</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Other, please specify (3)</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>None of the above</td>
<td>☑️</td>
<td>☑️</td>
</tr>
</tbody>
</table>

**SG 03.2** Provide a brief description of the key elements, any variations, or exceptions applying to these policies.

**Voting policies and guidelines**

All ISS voting policies incorporate ESG factors to the extent appropriate for the particular policy and chosen investor approach, as described in section SG 03.1 above. ISS voting policies cover listed equities globally.

All ISS ESG screening services are applicable to both equities and corporate debt. Certain sector-specific RI guidelines are contained within the ISS Specialty proxy voting policies. An example would be the policy on investing in renewables as described in Section 8c0-3 of ISS’ SRI US proxy voting guidelines. The Screening/exclusions policy and related thresholds can be set to reflect the investment focus and tolerance of the client for the controversial issues identified.

In addition, ISS assists many clients with the development and implementation of their own fully customized voting policies. Based on ISS’ knowledge of global governance good practices and voting policy formulation, ISS works with clients with customized approaches to proxy voting to develop and implement policies based on each organizations’ specific mandates, requirements and governance...
perspectives. RI guidelines may be set out within a client’s overall custom Investment Policy Statement (IPS) or within in a freestanding RI policy, depending on the needs of the individual client.

ISS’ Engagement Policy:

ISS and ISS ESG products and services may be used as support tools to facilitate investor clients’ own engagement efforts. ISS also undertakes engagement and dialogue with companies as part of the ISS proxy voting research process, but does not engage with companies on behalf of specific clients.

Conflict of interest management policy

ISS has adopted the Code of Ethics, a copy of which is available upon request. All ISS employees are bound by and are required to follow the Code of Ethics. The Code of Ethics devotes special attention to identifying, disclosing, and seeking to prevent potential conflicts of interest. Particular attention is paid to ISS Corporate Solutions, Inc. ("ICS"), a separate and distinct subsidiary of ISS which provides governance analytics and advisory services to issuers.

There is an actively managed firewall in place as part of the processes that manage potential conflicts of interest for ISS proxy voting research. For example, issuers who are ICS clients may not disclose to any ISS analyst that they have acquired products or services from ICS, per their contract with ICS. ISS does not give preferential treatment to, and is under no obligation to support, any proposal of an issuer whether or not that issuer has purchased products or services from ICS. In order to avoid any appearance of conflict, ISS analysts have no access to information about ICS clients, and requires that in any communication issuers may have with ISS analysts, they do not disclose their identity as an ICS client or potential client, to help protect the integrity of the research process. A full, detailed description of ISS’ policy for managing potential conflicts of interest is in section SG 15 of this report.

Securities lending policy

ISS does not own or provide asset management services with respect to any securities and therefore does not engage in any securities lending on its own account or on the account of any clients. ISS provides Global Share Recall Notification Services to support situations where an institutional client has shares on loan as part of a securities lending program. Being aware of upcoming meetings and their record date allows an investor to make an informed decision whether they wish to recall their shares on loan or not. Anticipated record dates and status levels are provided in order to give clients probabilities of record date accuracy as well as governance factors related to the covered companies. ISS is aware that securities lending provides a revenue stream for clients, and the goal of ISS’ service is to provide clients with sufficient information so they can make an informed decision on when to recall shares.

<table>
<thead>
<tr>
<th>SG 04</th>
<th>Mandatory</th>
<th>Public</th>
<th>Descriptive</th>
</tr>
</thead>
<tbody>
<tr>
<td>SG 04.1</td>
<td><strong>Briefly describe how you include ESG/RI factors as part of your business offerings.</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Business area**

**Reporting**

**How you include ESG/RI factors**

All ISS and ISS ESG research and data products include reporting support, which may either be in the form of static profiles or dynamic querying. These may include a mix of environmental, social and governance factors depending on the content set to which a client has subscribed.

**ISS**

ISS supports investors who wish to disclose their voting policy and how they have applied it in practice by making their voting records public through ISS Vote Disclosure Services: https://www.issgovernance.com/solutions/proxy-voting-services/vote-disclosure-services/.

**ISS ESG**

ISS ESG supports a variety of ESG reporting initiatives, and many of ISS ESG’s product methodologies measure adherence to those initiatives, such as the Global Reporting Initiative ("GRI"), the Sustainability Accounting Standards Board ("SASB") standards and the Task Force on Climate-related Financial Disclosures ("TCFD").
ISS ESG offers the following reporting solutions to its clients:

**Portfolio-level**
- Carbon Risk Portfolio Analysis
- Detailed ESG Portfolio Analysis
- ESG Impact Assessment
- Portfolio Carbon Footprint Report
- Portfolio Climate Impact Assessment
- Summary ESG Portfolio Report (aka ESG Report Card)

**Company-level**
- Controversial Weapons Reports
- Corporate Ratings Report
- Environmental and Social Disclosure QualityScore Report
- Norm-Based Research Report

Additionally, ISS is developing a do-it-yourself climate impact portfolio report generation on DataDesk which will be available by early Q2 2019.

### Active Ownership Services

#### How you include ESG/RI factors

ISS ESG's Pooled Engagement is a dialogue and engagement service that is carried out with companies identified through its Norm-Based Research. ISS ESG facilitates dialogue with companies and expert stakeholders - governmental or inter-governmental bodies, NGOs, academic organisations - to validate all facts relevant to the incident or controversy and to the company’s response to it. Companies that fail to respond to an incident in line with established norms and standards will be subject to engagement. Around 100 companies each calendar year are selected for Pooled Engagement, which serves as a continuation and escalation of company and stakeholder dialogue carried out by the team of research analysts.

### Research and Data Provision

#### How you include ESG/RI factors

ISS provides comprehensive governance offerings and deep expertise in environmental and social research and analysis to deliver a fully integrated global solution for responsible investing. ISS ESG's comprehensive range of responsible investment solutions enable investors to develop and integrate responsible investing policies and practices into their strategy and execute upon these policies through voting and engagement.

For many years, institutional investors have relied upon ISS' expertise on sustainability and ESG topics pertaining to proxy vote recommendations and shareholder resolutions, as well as the depth of ISS' research capabilities and experience on issues related to sustainable business practices and corporate sustainability performance.

Institutions can choose from ISS’ Benchmark policies, or specialty voting guidelines, such as SRI or Sustainability policies, that evaluate ESG topics on a meeting agenda from an assortment of investor viewpoints. ISS also manages full custom voting policies and implements voting recommendations for clients who wish to vote according to their own specific proxy voting guidelines and philosophies (whether on ESG oriented matters or otherwise).
ISS ESG's product offering is centred on the provision of responsible investment data and advisory. Please reference ISS’ response to question SG 01.5 above for an overview of ISS ESG's suite of solutions.

<p>| SG 04.2 | Indicate the roles in your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for ESG/RI within the organisation. |</p>
<table>
<thead>
<tr>
<th>Roles present in your organisation</th>
<th>Oversight/accountability for ESG/RI</th>
<th>Implementation of ESG/RI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Directors</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Chief Executive Officer (CEO), Chief Financial Officer (CFO)</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Chief Operating Officer (COO), Chief Information Officer (CIO)</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Other chief-level staff</td>
<td>☑ Please specify</td>
<td>☑ Please specify</td>
</tr>
<tr>
<td></td>
<td>Nancy Adler, Head of Global Communications and Marketing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Alexis Daur, Head of Global Human Resources</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Jamie Gracey, Head of Global Voting &amp; Data Operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lorraine Kelly, Head of Governance Solutions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Marija Kramer, Managing Director, ISS ESG</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Robert Hassler, Head of ISS-oekom</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Georgina Marshall, Head of ISS Global Research</td>
<td></td>
</tr>
<tr>
<td></td>
<td>John Roe, Head of ISS-Analytics</td>
<td></td>
</tr>
<tr>
<td>Other heads of department</td>
<td>☑ Please specify</td>
<td>☑ Please specify</td>
</tr>
<tr>
<td></td>
<td>Other heads of department charged with implementing aspects of the firm's RI/ESG practices include (listed in alphabetical order):</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ISS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gabriel Alsina, Head of Americas &amp; Continental European Research;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Warren Chen, Head of Asia ex-Japan Research;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paul Clarkson, Head of Manila Global Research;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Robbert Gerritsen, Head of Continental European Research, ex France and Germanic;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Marc Goldstein, Head of US Research;</td>
<td></td>
</tr>
</tbody>
</table>
Jamie Gracey, Head of Global Voting and Data Operations; Cristiano Guerra, Head of Special Situations Research; Jonathan Haymon, Head of UK and South Africa Research; David Kokell, Head of US Compensation Research; Vas Kolesnikoff, Head of Australia and New Zealand Research; Takeyuki Ishida, Head of Japan and Asia Research; Vittorio Lara, Head of Specialty Research; Cedric Laverie, Head of French Research; Patrick McGurn, Special Counsel & Head of Strategic Research; Fassil Michael, Head of Custom Research; Catherine Salmon, Head of UK, France, MENA Research; Renata Schmitt Silva, Head of Latin America Research; Nelson Seraci, Head of Special Situations Research, Europe; Debra Sisti, Head of Canadian Research; Maria Anna Vologni, Head of European Custom Research; Thomas von Oehsen, Head of Germanic & Central European Research.

ISS ESG
Julia Allbi, Team lead ESG Ratings, Real Estate & Diversified Financials
Oshni Arachchi, Head of Global Norms & Controversies
Matthias Bönning, Head of Research, ISS-oekom
Constanze Boulanger, Team lead ESG Ratings, Health Care & Chemicals
Anthony Campagna, Head of EVA Analytics Research
Damien Fruchart, Head of Sustainability Research
Rey Francis Galuna, Head of Sector-Based Research
Michael Jenks, Head of Weapons & Sanctions
Malte Kolb, Team lead ESG Ratings, Consumer Staples & Retailing
Casey Lea, Head of EVA Analytics Quantitative Research
Susanne Marttila, Team lead ESG Ratings, Extractives, Energy & Utilities
Marlen Rürup, Associate Director, ESG Ratings
Kristina Rüter, Head of Methodology, ISS-oekom
Andreas von Angerer, Team lead ESG Ratings, Information Technology & Telecommunication
<table>
<thead>
<tr>
<th>SG 04.3</th>
<th>Indicate how you ensure ESG/RI expertise for the roles where there are RI oversight/accountability or implementation responsibilities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Staff training on ESG/RI incorporation</td>
<td></td>
</tr>
<tr>
<td>□ Including ESG/RI knowledge factors in personal development goals</td>
<td></td>
</tr>
<tr>
<td>□ Having development plans that aim to enhance ESG/RI knowledge of certain departments/teams/individuals</td>
<td></td>
</tr>
<tr>
<td>□ Including ESG in selection requirements when hiring new employees</td>
<td></td>
</tr>
<tr>
<td>□ Other, specify (1)</td>
<td></td>
</tr>
<tr>
<td>□ Other, specify (2)</td>
<td></td>
</tr>
<tr>
<td>□ Other, specify (3)</td>
<td></td>
</tr>
<tr>
<td>□ Other, specify (4)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SG 04.4</th>
<th>Indicate whether your organisation has any ESG/RI linked incentives for its employees.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Yes</td>
<td></td>
</tr>
</tbody>
</table>
SG 04.5 Describe the ESG/RI linked incentives.

As a provider of responsible investment solutions to the investment community, ISS maintains a long-term view of conducting business in a socially responsible manner. To this end, ISS established a Corporate Social Responsibility (“CSR”) task force in 2018 made up of members of ISS’ global Leadership, Research, and Client Success teams. The task force’s primary focus is to build on ISS’ existing CSR initiatives, creating a formal CSR program with clearly defined goals, developing a company-wide CSR policy, including making sustainability an integral part of ISS’ Vision Statement. In addition, ISS and ISS ESG employees have financial and non-financial ESG/RI linked incentives.

☐ No
☐ Not applicable, we ensure that employees incorporate ESG/RI into services through other mechanisms.

SG 06 Mandatory Public Descriptive

SG 06.1 Indicate whether you provide training/educational services on ESG/RI. Tick all that apply.

☒ Board/trustee training
☒ Investment manager training
☐ Regulatory bodies/authorities or public policy makers
☐ Corporate executive training
☒ ESG analyst training
☐ Other, specify (1)

Organization of and participation in ESG-related conferences, panel discussions, publications and media requests as well as co-operation with universities and institutes.

☐ Other, specify (2)
☐ Other, specify (3)
☐ Other, specify (4)
☐ None of the above

SG 06.2 Describe the main components of your training/educational services on ESG/RI and any variations depending on the group you provide training/education to.

ISS and ISS ESG organize and participate in ESG-related conferences and events, co-operate with universities and institutes and respond to publication and media requests. Additionally, upon request, ISS and ISS ESG provide tailored training on corporate governance and responsible investment to investment manager clients. These may cover emerging themes or a deep-dive into particular areas in the client’s policy. Upon request, ISS ESG also provides tailored board/trustee training to Asset Owners who are developing or updating their responsible investment policy. Furthermore, ISS publishes a weekly Governance Insights newsletter plus regular whitepapers available via GovernanceExchange to all clients. ISS ESG publishes Responsible Investment Insights (available on its DataDesk platform) and Position Papers (available on its ORBIT platform) on selected sustainability aspects throughout the year to alert and inform clients about emerging debates, confirmed trends and other significant developments. These are thoughtful commentary on the latest trends in sustainable and responsible investing.

SG 06.3 Describe whether these training/educational services include any commercial elements.

We introduce and offer products during some training/educational services.
As a Professional Service Partner signatory, ISS supports the broad goal of the PRI to contribute to a sustainable financial system. ISS designs its products and services to help clients meet their broad requirements and mandates (whether internally or externally driven), and include their requirements as PRI signatories.

Specifically, ISS assists client signatories in implementing the following six principles through various data and research services:

1) Incorporate ESG issues into investment analysis
2) Act as active owners and incorporate ESG issues into ownership policies & practices
3) Seek appropriate disclosure on ESG issues by investee companies
4) Promote acceptance & implementation of PRI Principles in the investment Industry
5) Work with investors to enhance effectiveness in implementing PRI Principles
6) Report on those activities

ISS helps investors integrate ESG issues into their investment analysis and decision-making processes (Principle 1) and to incorporate ESG issues into their ownership policies and practices (Principle 2.) ISS also supports investors with their reporting on responsible investment (Principle 6) via branded corporate governance and proxy voting disclosure website development and hosting. Through ISS Vote Disclosure Service (VDS), clients can meet their disclosure mandates with portfolio-level voting records that are accessible to clients and other stakeholders.

Both ISS and ISS ESG interact with companies where relevant as part of the research process. The objective of this interaction is to ensure that the ISS research is based on the most comprehensive and accurate information available, and is to seek appropriate levels of disclosure on ESG issues by the entities in which clients invest (Principle 3.). Additionally, ISS offers companies an online tool to verify the data collected for both Governance and Environmental & Social Disclosure QualityScore offerings.

PRI signatories commit to promoting acceptance and implementation of the Principles within the investment industry (Principle 4.). In February 2018, ISS hosted a webinar with the PRI to discuss emerging trends investors should consider in fulfilling client mandates and meeting their responsibilities as a PRI signatory.

We would like to continue to support the work the PRI does, for example through joint webinars and events to engage with signatories, raise the awareness of the benefits of ESG integration, active ownership, transparency and reporting, to grow the industry.
SG 8.1 Indicate which of the following actions your organisation has taken to promote responsible investments during the reporting year, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoken publicly at events and conferences to promote responsible investment
- Written and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Written and published articles on responsible investment in the media
- Policy engagements and other interactions
- Other, specify
- None of the above

SG 8.2 Additional information. [OPTIONAL]

In 2018 ISS published a series of white papers publicly available at: https://www.issgovernance.com/governance-exchange/white-papers/

Further ISS ESG white papers are publicly available at: https://www.issgovernance.com/esg/thought-leadership

ISS maintains an active presence speaking at conferences and other events in the Americas, Europe and Asia-Pacific. These events or webinars may be ISS-hosted or produced by a third-party.

SG 09 Mandatory Public Descriptive

SG 09.1 Indicate which of the following long-term trends are addressed in your product outputs.

- Changing demographics

SG 09.2 Explain how this long-term trend affects your product outputs.

Changing Demographics

Through its Corporate Rating solutions, ISS ESG offers detailed assessments of a company's ESG performance. The areas and indicators assessed are influenced by several factors such as international norms and conventions, social debate, regulatory changes and technological progress, including the United Nations' Sustainable Development Goals ("SDGs").

Social justice and a fair world economic order is one of the principles which forms the basis for the structure of the Corporate Rating. The assessment of the social and environmental performance of a company as part of the Corporate Rating is carried out with the aid of over 100 ESG criteria, selected specifically for each industry. Changing demographics are incorporated into the Corporate Rating in relevant industries. Accordingly, indicators such as digital inclusion or media access for the elderly in the industries media or software & IT services take into account the ageing of populations in industrialised countries.
Climate change

ISS ESG is a leading provider of climate solutions, staffed by a dedicated team of climate experts. The group established a large database of company-level climate change data and pioneered the development of leading, standardized investment carbon screening tools.

As investors seek to gain a better understanding of their exposure to climate-related risks, ISS ESG provides climate solutions which support financial market participants and governments to understand, measure, and act on climate-related risks and its impact on investments across asset classes. As one of the only dedicated climate units of a global ESG solutions provider, the team delivers comprehensive, high quality coverage with a detailed and transparent analysis designed to turn data into actionable knowledge.

ISS ESG's analysis is based on a proprietary database: This large repository contains company greenhouse gas information for more than 25,000 companies and more than 80,000 securities across asset classes. According to a 2018 study by the University of Hamburg, ISS ESG was listed as having the largest total company coverage of scopes 1, 2, and 3 emissions within the data providers analysed.

For more information, please reference the following link: https://www.issgovernance.com/esg/climate-solutions/.

Resource scarcity

ISS ESG offers a variety of screening and ratings solutions which allow clients to address the issue of resource scarcity. As mentioned previously, ISS ESG offers a range of climate data, analytics and advisory services. Additionally, ISS ESG's Environmental & Social QualityScore includes natural resources under its environmental pillar. Questions related to a company's practices related to water scarcity, biodiversity management critical habitats, forest conservation, and minimizing impacts on High Conservation Value ("HCV") areas.

Furthermore, ISS ESG's Corporate Rating incorporates specific indicators into the ratings of specific resource-heavy industries such as metals & mining and oil, gas & consumable fuels.

Technology developments

Avoiding Risks in the Use of New Technologies

The consideration of technological developments is a crucial factor influencing the pool of over 800 indicators underlying ISS ESG's Corporate Rating. The indicators are used to analyse comprehensively the diverse environmental and social challenges relating to the activities of companies.

Other, specify (1)

Social equity
Social equity

Social equity is a critical issue covered by many of ISS ESG's solutions. For example, ISS ESG pioneered the creation of Norm-Based Research, the basis of one of the most widely used ESG strategies today. Under Norm-Based Research, ISS ESG evaluates corporate adherence to global norms on environmental protection, human rights, labour standards, and anti-corruption. Specific topics covered include: child labour; discrimination; forced labour; consumers' rights; freedom of expression; indigenous rights; inhumane treatment; adequate living wage and standard of living; right to health; forced displacement and privacy.

Furthermore, ISS ESG's Environmental & Social Disclosure Quality Score includes Human Rights under its social pillar. Questions related to a company's practices on indigenous rights, right to water, human trafficking and slavery, economic inclusion, conflict minerals, and fair or living wages.

☐ Other, specify (2)
☐ None of the above

SG 11 | Mandatory | Public | Descriptive
--- | --- | --- | ---
SG 11.1 | Describe how you typically align your organisation’s philosophy and approach to ESG/RI with your investor clients' goals.

Describe

Recognizing that no two clients are alike, ISS and ISS ESG offer a range of services to meet client needs across the full spectrum of responsible investment and ESG solutions. ISS does have a one-size-fits-all approach, and seeks to offer clients a range of relevant, reliable and informed solutions to meet their ESG/RI needs.

☐ This is not relevant for my organisation

SG 12 | Mandatory | Public | Descriptive
--- | --- | --- | ---
SG 12.1 | Describe what steps you take, if any, when your ESG recommendations are not in line with your investor clients' goals.

Describe

☐ This is not relevant for my organisation

SG 13 | Mandatory | Public | Descriptive
--- | --- | --- | ---
SG 13.1 | Indicate whether you seek feedback from clients on your RI/ESG services and product offerings.

Yes

SG 13.2 | Describe how you use this feedback in your RI/ESG services and product offerings.

ISS seeks feedback from a diverse range of market participants through multiple channels. The processes for incorporating feedback for ISS benchmark voting policy development and research approach, and ISS ESG's research approach are outlined below.

ISS Benchmark Voting Policy Development and Research Approach
ISS' market and regional benchmark voting policies are formulated through a robust process that takes advantage of ISS' own expertise and that of the broader governance community. ISS engages with institutional clients, the academic community, companies, and other industry experts worldwide to gather input on ISS' proxy voting policies and methodologies. The result is a set of proxy voting guidelines that often serve as an industry standard and best practice guide to corporate governance. ISS strives to ensure its policies are clear, balanced and well-reasoned.

Led by the ISS Global Policy Board, the bottom-up approach to policy formulation and development ensures that ISS incorporates its own expertise combined with feedback from a diverse range of market participants through multiple channels:

- Ongoing dialogue with and feedback from investor clients, and other participants in the capital markets, including companies, regulatory agencies and the academic community
- Roundtable and other similar sessions with clients and relevant industry groups
- An annual policy survey open to all interested parties, and designed to obtain a variety of input from institutional investors and companies, and from other stakeholder groups, to test policy development ideas and elicit feedback.

The ISS Global Policy Board uses all this input to consider draft policy updates on emerging governance issues each year. Before finalizing policy changes, ISS publishes draft updates for an open review and comment period. All comments received during the open comment period are considered and are also posted to the ISS website in order to provide the highest level of transparency into the market’s feedback. Final policy guidelines for most markets are published in Q4 each year to apply to meetings held after February 1st of the following year. All of ISS’ benchmark and specialty proxy voting policies are reviewed annually, taking into account evolving perspectives, best practices, and related legal and market-specific developments.

In addition, ISS provides an open mechanism for comment and input through its Feedback Review Board, which is accessible on the ISS website (www.issgovernance.com), and serves as an additional channel for any market participant to communicate with ISS regarding accuracy of research, accuracy of data, policy application and general fairness of ISS’ policies, research, and vote recommendations.

Product feedback is gathered from ISS colleagues, clients and products through emails, telephone calls, individual meetings and at ISS-hosted events such as the autumn roundtables.

**ISS ESG’s Research Approach**

ISS ESG also engages in a fact-finding dialogue with official and expert sources for additional clarification or documentation.

ISS ESG has a global team of experts across the full range of governance, environmental, social, and sustainability issues of relevance to the financial market. The team participates in best practice industry networks to keep abreast of and actively engage in market developments. ISS ESG maintains an active and structured dialogue with responsible investment stakeholders, from governmental bodies, to inter-governmental agencies, industry associations, academic institutions to NGOs. ISS ESG participates in relevant initiatives and discussions globally. This systematically feeds back to both the ongoing and annual review of research methodologies and overall product offering.

Methodology reviews are conducted annually, by the Responsible Investment Methodology Review Board with input from cross-functional teams across the ISS ESG Business and clients. The mission of the Board is to provide the clearest possible research methodology to all stakeholders and consumers of ISS ESG products while ensuring leadership and alignment with global norms and market trends in the sustainable and responsible investing industry.

Additional reviews occur following significant events, including the following:

- Normative developments (international law in particular) of relevance to ESG standards
- Statements by authoritative sources, such as UN bodies, the International Labour Organization, and multi-stakeholder initiatives
- Updates in local market regulations

Once reviewed by the ISS ESG Methodology Review Board, changes are communicated to clients, together with a timeline for their implementation. The update will usually occur in the first quarter of the year.
| SG 14.1 | Indicate whether your organisation has a policy for managing potential conflicts of interest.

☐ Yes

| SG 14.2 | Describe how you manage potential conflicts of interest.

ISS has adopted a Policy Regarding Disclosure of Significant Relationships ("Disclosure Policy"). The purpose of this Disclosure Policy is to explain (a) ISS' framework for assessing whether a relationship with an issuer that is the subject of a proxy research report, or with a security holder proponent of a matter on ISS which is providing proxy research advice, is "significant"; and (b) the manner in which ISS will disclose any such significant relationships to the recipients of ISS' proxy research reports. As described in the Disclosure Policy, ISS is a service provider to both institutional investors and corporate issuers. The firm separates these activities into distinct business lines: ISS, which serves institutional investors and ISS Corporate Solutions, Inc. ("ICS"), a wholly owned subsidiary of ISS that is managed separately from ISS' institutional business, and distributes data, and analytical tools and other products, to corporate issuers.

The Disclosure Policy also addresses ISS' approach to disclosure of potential conflicts presented by relationships with clients that are themselves publicly traded issuers (for example, a publicly-traded institutional investor), and with clients that are proponents of a shareholder proposal. Clients are able to review these "significant relationships" within ProxyExchange.

In addition, all ISS employees are bound by and are required to adhere to ISS' Code of Ethics. All new employees (and on an annual basis thereafter), are required to review and acknowledge their understanding of and adherence to the Code of Ethics, which describes certain standards of conduct that the company's employees must follow. The Code of Ethics, 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 of Ethics devotes special attention to identifying, disclosing, and seeking to prevent potential conflicts of interest, including the potential conflicts between ISS' institutional proxy advisory services and the corporate services of ICS. The goal of the Code of Ethics is to prevent conflicts wherever possible, and to manage and disclose those conflicts as necessary.

In addition, ISS' private equity owner, Genstar Capital, may employ certain individuals (Genstar directors or others) who may present a conflict. These individuals may not participate in the formulation, development and application of ISS voting policies, and will not have access to any data relating to the portfolio, investment strategy or securities holdings of ISS clients.

| SG 14.3 | Describe how you ensure that company employees do not derive any personal gain from the use of information collected during your work process.

☐ No

ISS is a Registered Investment Adviser ("RIA") with the U.S. Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940. ISS has adopted a Code of Ethics which indicates ISS' status as a fiduciary and includes standards of business conduct for ISS employees that are consistent with that status. ISS adopted the Code of Ethics to ensure that employees are aware of requirements and policies with respect to treatment of confidential information, avoidance of conflicts and potential conflicts of interest, reporting of personal trading activity, limits on political contributions, requirements for creating and maintaining records, and other compliance obligations. More generally, the Code of Ethics sets forth ISS' minimum requirements expectations regarding the conduct of all employees.
Institutional Shareholder Services (ISS)

Reported Information

Public version

Reporting

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.
Type of reporting and assurance

REP 01.1 Indicate the type of reporting that you prepare on behalf of clients. Tick all that apply.

☐ Integrated reporting
☒ RI reporting
☐ Sustainability reporting
☐ Financial reporting
☒ Other, specify (1)

ISS produces reports on the corporate governance and responsible investment practices of the companies it covers.

☐ Other, specify (2)

ISS supports investors who wish to disclose their voting policy and how they have applied it in practice (voting records) through ISS Vote Disclosure Services.

☐ None of the above

REP 01.2 Indicate whether your services include any variety of third party assurance or certification/labelling scheme of clients’ ESG/RI data, processes or products.

☒ Yes

REP 01.3 Indicate the type of assurance or certification/labelling scheme services that you provide.

☐ Third party assurance of data points
☐ Third party assurance of the implementation of RI/ESG processes
☐ Third party assurance of a public RI/ESG report
☐ External ESG audit of holdings
☒ RI Certification or labelling scheme, specify
☐ Other, specify (1)

☐ No

REP 01.4 Additional information. [OPTIONAL]

Climetrics is the first fund rating that provides a holistic assessment of a fund’s climate risks and opportunities. The rating - symbolized by green leaves “issued” on a scale of one to five (where 5 leaves indicates outstanding climate performance) - enables investors to integrate climate change into their fund investment decision. By bringing transparency on climate risks and opportunities to the fund market, Climetrics’ simple 1-5 rating lets any investor identify funds that are well-positioned in the transition to a low-carbon economy.

Climetrics’ scoring system is based on three parts: each fund’s portfolio holdings, its investment policy, and the asset manager’s governance. The purpose is to assess each fund’s entire investment process.

Climetrics was developed by CDP Europe and ISS ESG, in consultation with NGOs, investors and universities. Climetrics is run by CDP in partnership with ISS ESG and YourSRI.com, the leading database and research engine for ESG investing. The project was funded and catalysed by Climate-KIC, the European Union’s main climate innovation initiative.
Reporting frameworks/standards/guidelines

**REP 02.1** Indicate what reporting frameworks/standards/guidelines you typically use when preparing reports for clients. Tick all that apply.

- OECD Guidelines for Multinational Enterprises
- OECD Principles of Corporate Governance
- ILO
- ISO, specify
  - 14001: 1996 Environment Management Systems
  - 14064: GHG Emissions Management Systems
  - 37001: 2016 Anti-bribery Management Systems
  - 50001: Energy Efficiency Management Systems
- UN Global Compact
- GRI
- SASB
- IIRC
- PRI
- CDP
- Stewardship code
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- Other, specify (1)
  - UN Guiding Principles on Business and Human Rights
- Other, specify (2)
  - ILO Tripartite Declaration of Principles concerning Multinational Enterprises & Social Policy

**REP 02.2** Additional information. [OPTIONAL]

Our products and services help clients who are signatories to the PRI and the various global Stewardship codes meet their reporting obligations. We incorporate CDP indicators in a number of ISS custom voting policies, for investors who wish to assess the reporting practices of companies. ISS ESG Pooled Engagement Services offers a way for investors across markets to jointly engage with companies regarding the disclosure of ESG risks and performance, and report on those engagements.

Furthermore, ISS ESG’s Portfolio Carbon Footprint Report is designed to support investors that want to comply with key disclosure frameworks and guidelines, such as the TCFD, Article 173 of the French Energy Transition Law, the Montreal Pledge and the Swedish AP Funds.

Incorporating ESG
### REP 03
**Mandatory**

<table>
<thead>
<tr>
<th>REP 03.1</th>
<th>Indicate whether you incorporate ESG factors into your reporting products for clients.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Yes, we systematically do</td>
<td></td>
</tr>
<tr>
<td>☐ Yes, we occasionally do</td>
<td></td>
</tr>
<tr>
<td>☐ No, we do not</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REP 03.2</th>
<th>If yes, describe how you typically incorporate E, S, and G factors into the reporting.</th>
</tr>
</thead>
</table>

ISS produces reports on the corporate governance and responsible investment practices of the companies it covers.

**Topics include:**
- Voting research and voting services;
- Governance data and analytics, such as board and committee composition, executive compensation, and director pay; and
- Responsible investment screening, rating, and impact assessments.

Please reference ISS' response to REP 01.1 above for more information on ISS ESG specific reporting options.

### ESG in materiality analysis

### REP 04
**Mandatory**

<table>
<thead>
<tr>
<th>REP 04.1</th>
<th>Indicate whether ESG is part of the materiality analysis you perform when preparing clients’ reports.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Yes, ESG is systematically part of the materiality analysis</td>
<td></td>
</tr>
<tr>
<td>☐ Yes, ESG is occasionally part of the materiality analysis</td>
<td></td>
</tr>
<tr>
<td>☐ No, ESG is not part of the materiality analysis</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REP 04.3</th>
<th>Describe the process you undertake for materiality analysis. [OPTIONAL]</th>
</tr>
</thead>
</table>

Many of ISS ESG’s solutions focus on “sustainability” materiality, looking at those environmental and social issues that have the greatest impact on the firm’s ability to create value for shareholders. For example, under its Corporate Rating methodology, ISS ESG employs a values-driven approach and sustainability impact will drive the choice of the environmental and social dimensions that are used to measure how companies manage their sustainability challenges and the choice of specific metrics that are used to capture those ESG risks. Corporate Ratings go above and beyond assessing corporate disclosure and current performance. In contrast to the use of disclosure-based data for corporate ratings, ISS ESG integrates the negative and positive environmental and social impacts of companies into the ratings analysis. As well as the use of performance measures, ISS ESG assesses potential opportunities and risks the company faces in the future.

In addition, ISS ESG has standard reporting templates for the outputs from our reporting and data products. The indicators which are included in these are reviewed at least annually, as part of the product and policy development process outlined previously.

### Assurance standards and assuring ESG
REP 05.1 List the standards and certifications that have an ESG/RI component, that you typically use to assure client organisations’ reporting data/processes or products against.

- ISAE 3000
- ISAE 2403
- ISO standard, specify
- AAFOI/06
- Regional code, specify
- AA1000AS
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

REP 05.4 Additional information. [OPTIONAL]

All ISS and ISS ESG methodologies are supported by a strict internal quality management system. Quality assurance routines across all ISS and ISS ESG products build on extensive peer review throughout the research process and strict enhanced sign-off routines, involving the relevant Team lead and the Head of Research where appropriate.

ISS voting research is based on publicly available information, and ISS engages with companies to clarify any significant items which are not clear in the publicly available information on which the analyst bases the vote recommendations. In certain markets and subject to ISS’ guidelines, a segment of companies are provided with an opportunity to review a draft of their proxy research report for purposes of verifying the factual accuracy of the report. All companies are entitled to receive a free copy of the final proxy research report which has been published by ISS about that company and issued to subscribing clients. If any material factual errors are brought to the attention of ISS post-publication, ISS will correct the error, reissue the report and issue a formal Alert which is provided to all subscribing clients who received the original report.

ISS ESG’s research teams establish the accuracy of any allegations related to Norms-Based Research or Conventional Weapons against a company through active company and stakeholder dialogues. ISS ESG conducts fact-finding dialogue with companies as soon as research into an allegation is initiated. As part of this dialogue, the company is informed about the allegation and offered an opportunity to present its position. This dialogue is ongoing for as long as ISS ESG maintains its assessment that a company is involved in verified or alleged (and unaddressed) violations of global norms, or involved in controversial weapons. As part of this fact-finding dialogue, the company is also informed about the overall conclusion and provided with the analysis. This latter point is particularly important as ISS ESG recognises that companies (a) often have information that is not available through other sources, and (b) as a matter of principle, it is essential that companies have the opportunity to review and, as appropriate, challenge the assessments. The quality control function within the ESG research team supports timely, comprehensive and transparent action when errors are detected.

ISS ESG’s climate research team tests self-reported emissions data from all available sources for trustworthiness. This is done through a combination of quantitative and qualitative analysis. For the first step, ISS ESG has developed a quantitative rating, referred to here as the “Trust Metric”, to assess the reliability of self-reported data. The rating is ISS ESG’s response to the error prone process of emissions data reporting. It is calculated based on a range of indicators, including:

1. Deviation from previous disclosures
2. Deviation between disclosure sources
3. External validation of data
4. Company’s experience in carbon footprinting

Often times, companies will report different emissions numbers in different sources. ISS ESG automatically favours those sources with the highest Trust Metric, but a manual check is included in each case. If all numbers reported by a company are given a low Trust Metric, ISS ESG
analysts will manually review the emissions numbers reported by the company. A low Trust Metric is not always an indicator of erroneous data. Companies that have undergone significant structural changes within a reporting year, for example as a result of a merger, will often also report significant increases or decreases in their carbon footprint. In the event that ISS ESG analysts, after manually reviewing the data, do not find the self-reported numbers to be reliable, estimated emissions numbers will be used instead.

Furthermore, companies covered under certain of ISS ESG’s data products, including ISS Governance and Environment & Social Disclosure QualityScore products, are invited to review, verify and provide feedback on the data used to determine their scores via a complementary year-round data verification tool, accessed through ISS Corporate Solutions’ Governance Analytics platform. Submissions of corrected or updated data factors can be made online through the platform.
Institutional Shareholder Services (ISS)

Reported Information

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Active Ownership Services

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### Active ownership services

**AOS 01**  
**Mandatory** | **Public** | **Gateway**
--- | --- | ---

#### AOS 01.1  
Indicate which active ownership services are part of your business offerings. Tick all that apply.
- Engagement
- Voting

#### AOS 01.2  
Indicate which markets your organisation covers.
- Developed markets
- Emerging markets

#### AOS 01.3  
Additional information [OPTIONAL]

**Sectors**
- Oil & gas sector
- Food, beverage & tobacco industry
- Manufacturing industry
- Metals & mining sector
- Textiles industry
- Automobiles & components
- Transportation

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**AOS 02**  
**Mandatory** | **Public** | **Descriptive**
--- | --- | ---

#### AOS 02.1  
Indicate where you acquire your ESG data and information.
- Regulatory sources
- Information from stakeholders and NGOs
- In-person meetings or calls with company, industry, municipality or government representatives
- Media reporting (including social media, blogs and similar)
- Primary data (self-reported from companies or other organisations)
- Secondary data (from ESG research provider databases)
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

#### AOS 02.2  
Describe how this information is used in your product/service offerings.

Defining the data to collect and procuring the bulk of it in-house allows ISS and ISS ESG to ensure the quality of data collection, anticipate the needs of our clients and develop tailored, innovative solutions. ISS and ISS ESG have robust methodologies in place for data collection for each of its research groups. While the process may vary slightly depending on the data sources, all data collection procedures follow ISS and ISS ESG’s overarching standards of quality.
### AOS 04

**Mandatory**

**Public**

**Descriptive**

#### AOS 04.1

Describe how you select priority engagement topics to raise with companies and how you involve your clients in this process.

By way of background, ISS and ISS ESG services are designed in part as support tools to facilitate clients' own engagement. ISS and ISS ESG do not conduct bespoke engagement activities on behalf of specific individual clients. ISS ESG provides Pooled Engagement for clients to exercise active ownership through dialogue with companies on environmental, social and governance issues. Pooled Engagement also supports signatories in fulfilling their commitment to active ownership; to incorporate ESG principles into ownership policies and practices; to seek disclosure on ESG issues from companies they invest in; and to report on activities and progress. Both ISS and ISS ESG interact with companies as part of the research process. The objective of this interaction is to ensure that our research is based on the most comprehensive and accurate information available, and is for the benefit of all ISS clients. This type of interaction is considered by the PRI as part of the research activities to support Principle 1 - incorporate ESG issues into investment analysis and decision-making processes.

The rest of this response will focus on the ISS ESG Pooled Engagement product.

**AOS 04.2**

Describe how you define the objectives and milestones of the engagements and how you involve your clients in this process.

For ISS ESG’s Pooled Engagement Services, in line with the targets established under its feasibility study, ISS ESG addresses shortcomings in the context of the business case, including the standards for the company’s industry. ISS ESG starts by building a dialogue with the subject company, a relationship that creates conditions for a constructive discussion through which investors may in turn gather information to inform their own engagement efforts (at their discretion). Next, ISS ESG identifies how the company addresses operational, legal and reputational risk, and how its risk management processes compare to its peers. The objective with ISS ESG’s Pooled Engagement approach is improved disclosure - to encourage companies to elaborate on their efforts to design and implement better risk management systems, effective at the operational level. Institutional clients choose to opt in or opt out of proposed engagements. In terms of reaching agreement, institutional clients who have opted in to the pooled engagement service receive an e-mail containing approximately 25 draft letters in the beginning of each quarter (the exact number varies by quarter but is always at least 25). Upon reviewing the draft engagement letters, clients then have the possibility to opt out of any company dialogue process. Letters are then signed by the investors who remain in the opt in pool and sent to companies.

### AOS 05

**Mandatory**

**Public**

**Descriptive**

#### AOS 05.1

Indicate what channels you use to engage. Tick all that apply and indicate the frequency with which you typically use the channels.
Engagement type

☐ Letters and e-mails

<table>
<thead>
<tr>
<th>Frequency</th>
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<tbody>
<tr>
<td>☐ In minority of cases</td>
<td></td>
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<tr>
<td>☐ In majority of cases</td>
<td></td>
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<tr>
<td>☑ In all cases</td>
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☑ Meetings and/or calls with board/senior management

<table>
<thead>
<tr>
<th>Frequency</th>
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<tr>
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<tr>
<td>☐ In all cases</td>
<td></td>
</tr>
</tbody>
</table>

☐ Meetings and/or calls with the CSR, IR or other management

☐ Visits to operations

☐ Visits to supplier(s) from the company’s supply chain

☐ Other (1), specify

☐ Other (2), specify

☐ Other (3), specify

AOS 05.2 Describe your typical execution method.

The engagement dialogue then begins with an engagement letter, which is sent to the company’s Investor Relations department, or a similar established contact within the company. Some companies require repeated follow-ups to respond, and some steadfastly fail to respond to investor concerns. To address these challenges in communication, regular and courteous follow-up in the form of reminder emails and phone-calls is built into ISS ESG’s approach. Once ISS ESG has made every effort to engage both investor relations and the company CEO, the feasibility of engagement is re-evaluated at 12 months. In certain cases, where a company has proven unresponsive to investor efforts to seek dialogue and information, the decision is taken by ISS ESG to discontinue dialogue on verified reports of norm violations.

AOS 06 Mandatory Public Descriptive

AOS 06.1 Indicate from the options below the employee at the companies you typically engage with.

Employee level

☐ Board members
Prior to outreach with companies, clients are provided with copies of the engagement enquiries for their review. The outreach consists of an engagement letter introducing ISS ESG’s role and signed by ISS ESG and containing the name of all participating investors.

Some companies steadfastly fail to respond to investor concerns. To address these challenges in communication, regular and courteous follow-up is built into our approach.
## AOS 07.1 Indicate how you monitor the progress of engagements.

- Define timelines/milestones for your objectives
- Track and/or monitor progress against defined objectives.
- Track and/or monitor progress of actions taken when original objectives are not met
- Review and, if necessary, revise objectives on an ongoing basis
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

## AOS 07.2 Describe how you typically decide what recommendations for next steps to give to clients.

- Yes, we do provide clients with recommendations for next steps
- We do not provide clients with recommendations for next steps

## AOS 08 Mandatory Public Descriptive

### AOS 08.1 Describe how you define success when evaluating/reviewing engagements on ESG factors.

Engagement success is measured on the basis of the company meeting the goals which are set on the initiation of each engagement.

The objective with ISS ESG’s Pooled Engagement approach is to encourage companies to elaborate on their efforts to design and implement better risk management systems – effective at the operational level.

Successful completion of engagements is achieved when companies have satisfactorily addressed investor concerns, through any or all of the following means:

- Disclosure of credible information elaborating on their approach to addressing the identified environmental, social or governance risks or issues;
- Ending their association or involvement in the controversial activity or practice; and/or
- Implementation of relevant policies or measures to address the risks or issues identified.

### AOS 08.2 Describe how you measure success when evaluating/reviewing these engagements.

In 2018, 56% of companies targeted for Pooled Engagement acknowledged investor queries and disclosed their efforts to mitigate risks associated within their operations or their involvement in controversial projects.

### AOS 08.3 Additional information [OPTIONAL]

Over time gradual progress is noted with most companies with which engagement is sought. Others require repeat follow up to respond, and some companies steadfastly fail to respond to investor concerns. To address these challenges in communication, regular and courteous follow-up is built into our approach. Once ISS has made every effort to engage both investor relations and the company CEO, the feasibility of engagement is re-evaluated. In certain cases, where a company has proven unresponsive to investor efforts to exercise active ownership, the decision is taken by ISS ESG to discontinue dialogue on verified reports of norm violations.
AOS 11

Mandatory  Public  Descriptive

AOS 11.1 Describe how ESG factors are taken into consideration in voting recommendations

Institutional investors can choose to subscribe to research and voting recommendations based on ISS’ benchmark voting policies, or specialty voting policies that evaluate ESG topics from an assortment of investor viewpoints, or fully customized voting policies. ISS’ range of specialty proxy voting guidelines evaluate issues from the perspective of socially-responsible investors, public funds, labour unions, mission and faith-based investors, as well as sustainability issues outlined by the Principles for Responsible Investment signatories seeking to incorporate ESG considerations into their proxy voting practices. ISS also manages full custom voting policies and implements voting recommendations for clients who wish to vote their proxies according to their own specific ESG oriented guidelines and philosophies. The Benchmark and Specialty policies can be accessed from https://www.issgovernance.com/policy-gateway/voting-policies/

Please reference ISS’ response to question SG 01.5 above for additional information on ESG integration in ISS’ voting policies.

AOS 13

Mandatory  Public  Descriptive

AOS 13.1 Indicate the proportion of votes where you have communicated the rationale to companies when you, on behalf of your clients, abstain or vote against management proposals.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- We do not communicate the rationale to companies
- Not applicable because we do not abstain or vote against management recommendations

AOS 13.3 Additional information [OPTIONAL]

Please note that ISS provides research and recommendation reports to its investor clients and does not make voting decisions on behalf of clients (the voting decision is the responsibility of the investor). Therefore this answer relates to communicating ISS research reports based on ISS benchmark policy to companies after publication to clients. All companies are entitled to receive a free copy of the final proxy research report which has been published by ISS about that company and issued to subscribing clients. In 2018, over 5,000 companies took advantage of this courtesy copy. The notification of the report’s availability is sent as soon the report is published, which allows companies to respond to issues raised in the report. If companies find a material error and inform ISS of its presence, ISS will promptly issue a correction. If a company addresses the underlying issue that caused the negative vote recommendation, ISS will change its vote recommendation accordingly. As an example, see these guidelines for US issuers to inform ISS: https://www.issgovernance.com/file/policy/active/americas/US-Procedures-and-Policies-FAQ.pdf#page=9; in 2018, these resulted in 130 vote recommendation changes after our original report was published. Furthermore, ISS provides the rationale for all vote recommendations in our analysis, and where the company has explained why an alternate course of action is appropriate, their justification will be summarized in the research report.
AOS 14.1 Describe how you monitor voting outcomes.

ISS captures the publicly disclosed meeting results for the company, and includes these in next year’s proxy research report. Voting results data is also available to clients through ISS DataDesk and other data mediums.

AOS 14.2 Describe how you typically decide what recommendations for next steps to give to clients.

○ Yes, we do provide recommendations for next steps
○ We do not provide recommendations for next steps

AOS 14.3 Additional information [OPTIONAL]

ISS provides the rationale for all vote recommendations in our analysis, and where the company has explained why an alternate course of action is appropriate, their justification will be summarized in the research report.

AOS 15 Mandatory Public

AOS 15.1 Indicate whether you have formal mechanisms in place for clients to review your voting recommendations.

○ Yes

AOS 15.2 Describe the formal mechanisms you have in place if clients wish to review your voting recommendation and/or give voting instructions different from your recommendations.

In terms of the research process, if clients disagree with the ISS vote recommendations, they can and do contact the relevant analyst with their feedback. If there is additional public information which comes to light and is material to the analysis, ISS will amend the report, whether the vote recommendation is impacted or not, and then issue an Alert to bring it to the attention of our institutional clients on the ISS voting platform, ProxyExchange.

Proxy Alerts are distributed to institutional clients the same way regular proxy analyses are distributed and the same clients who received the original analysis will receive any corresponding Proxy Alert.

In terms of the operational voting instructions process, after the vote recommendations are published to the ProxyExchange (PX) voting platform, clients can either vote in line with ISS or choose to override the recommendations. Others may choose to set up their workflow with a ‘REFER’ option which alerts the client that there is a controversial vote pending, but does not commit the client to voting in any particular way. Under either process, each client is responsible for its own voting decisions and is always free to follow or reject any ISS vote recommendation.

○ No

AOS 16 Mandatory Public Descriptive
### AOS 16.1

Describe your involvement in any project to improve the voting trail and/or to obtain vote confirmation for your clients.

- Yes, we involve project to improve the voting trail and/or to obtain vote confirmation for our clients.
- Not applicable

### Communication and sharing ESG information

<table>
<thead>
<tr>
<th>AOS 17</th>
<th>Mandatory</th>
<th>Public</th>
<th>Descriptive</th>
</tr>
</thead>
</table>

#### AOS 17.1

Indicate whether you proactively disclose your engagement and/or voting outcomes to clients and the public.

**Engagement**

**Clients**

- Disclosed quarterly or more frequently
- Disclosed biannually
- Disclosed annually
- Disclosed less frequently than annually
- Disclosed ad hoc/when requested

**Public**

- Disclosed quarterly or more frequently
- Disclosed biannually
- Disclosed annually
- Disclosed less frequently than annually
- Disclosed ad hoc/when requested

**Voting**

**Clients**

- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc/as requested
### Public

- ✅ Continuously (soon after votes are cast)
- ○ Quarterly or more frequently
- ○ Biannually
- ○ Annually
- ○ Less frequently than annually
- ○ Ad hoc/as requested

### AOS 17.2

**Indicate how you ensure all ESG information on companies gained as a result of engagement and/or voting activities is shared with clients.**

- ✔️ Engagement
  - ✅ We proactively ensure that all ESG information is made available.
  - ○ We share all ESG information upon request.
  - ○ We do not make any additional ESG information.

- ✔️ Voting
  - ✅ We proactively ensure that all ESG information is made available.
  - ○ We share all ESG information upon request.
  - ○ We do not make any additional ESG information.

### AOS 17.3

**Additional information [OPTIONAL]**

Relevant information learned by ISS and ISS ESG is delivered to subscribing clients through the various product offerings.
Institutional Shareholder Services (ISS)

Reported Information

Public version

Research and Data Provision

PRI disclaimer

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### Product level

<table>
<thead>
<tr>
<th>RDP 01</th>
<th>Mandatory</th>
<th>Public</th>
</tr>
</thead>
</table>

#### RDP 01.1 Indicate your product type. Tick all that apply.

- [ ] Analysis
- [ ] Benchmarking reports
- [ ] ESG ratings
- [ ] Credit ratings
- [ ] ESG indices
- [ ] Raw data
- [ ] Second party opinion on green or social bonds
- [ ] Surveys
- [ ] Other, specify

#### RDP 01.2 Indicate whether you make any of your products publicly available.

- [ ] Yes, all products
- [ ] Yes, some products
- [ ] No, we do not

#### RDP 01.3 Additional information. [OPTIONAL]

ISS Benchmark research reports are available free of charge for all subject companies. Company and pillar-level scores for companies covered under ISS Governance and Environmental & Social Disclosure QualityScore are available free of charge for a restricted universe via the ISS website and Yahoo Finance (US companies only). ISS ESG also provides methodology documents for ESG indices that have been jointly developed with index providers on the ISS website. All other ISS and ISS ESG products and services are available on a licensed basis only to subscribing clients.

### Research/process level

<table>
<thead>
<tr>
<th>RDP 02</th>
<th>Mandatory</th>
<th>Public</th>
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</table>
### RDP 02.1
Indicate the types of sources you use for research and/or ratings of companies/sectors/geographies or similar. Tick all that apply.

- ☑ Your organisation’s independently collected data from public sources
- ☑ Regulatory sources
- ☑ Information from NGOs and other stakeholders
- ☑ In-person meetings or calls with company or industry representatives
- ☑ Primary data (self-reported from companies or other organisations)
- ☑ Secondary data (from other research provider databases)
- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)

### RDP 02.2
Indicate how ESG factors are incorporated into your research and/or rating methodology

- ☑ Identifying exposure and risk to ESG factors
- ☑ Considering responses to self-assessment questions on ESG
- ☑ Assessing current and future capacity to manage or mitigate ESG risks
- ☑ Assessing past and potential future performance on ESG factors
- ☑ Assessing alignment and compliance to different policies and regulations
- ☑ Assessing alignment and compliance explicitly to the Sustainable Development Goals (SDGs)
- ☑ Assessing current and future positive ESG impacts
- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)

### RDP 02.3
Describe how you define materiality and how this is captured in your research and/or rating methodology as well as final product.

Many of ISS ESG’s solutions focus on “sustainability” materiality, looking at those environmental and social issues that have the greatest impact on the firm’s ability to create value for shareholders. For example, under its Corporate Rating methodology, ISS ESG employs a values-driven approach and sustainability impact will drive the choice of the environmental and social indicators that are used to measure how companies manage their sustainability challenges and the choice of specific metrics that are used to capture those ESG risks. Corporate Ratings go above and beyond assessing corporate disclosure and current performance. ISS ESG integrates the negative and positive environmental and social impacts of companies into the ratings analysis. As well as the use of performance measures, ISS ESG assesses potential opportunities and risks the company faces in the future.

### RDP 02.4
Additional information. [OPTIONAL]
ISS and ISS ESG have a broad range of direct and indirect stakeholders, who in many cases make a substantial contribution to our work.

ISS
To gather input on ISS’ proxy voting policies and methodologies, as described under ISS’ response to question SG 13.2, ISS engages with institutional clients, the academic community, companies, and other industry experts worldwide.

For example, ISS Research engages with companies to clarify anything which is not clear in the publicly available information on which the analyst bases the vote recommendations. In certain markets and subject to ISS’ guidelines, a segment of companies are provided with an opportunity to review a draft of their proxy research report for purposes of verifying the factual accuracy of the report. Companies are always entitled to receive a free copy of the final proxy research report which has been published by ISS about that company and issued to subscribing clients. If a material factual error is brought to the attention of the research analyst post-publication, they will correct the error, reissue the report and issue a formal Alert which is provided to all subscribing clients who received the original report.

ISS ESG
ISS ESG maintains an active and structured dialogue with responsible investment stakeholders, from governmental bodies, to inter-governmental agencies, industry associations, academic institutions to NGOs. ISS ESG participates in relevant initiatives and discussions globally.

ISS ESG greatly values participation in stakeholder initiatives, both for internal use to inform the development of our research methodologies, and external use in evaluating companies in our research. This is because such initiatives have a threshold of conduct for participation, give access to shared learning on best practice from industry peers, and confirm and reaffirm the company’s commitment to expected standards. In addition to standard industry initiatives, multi-stakeholder initiatives provide a risk-management framework supported by stakeholders. Furthermore, international initiatives enable a standardized and comparable disclosure structure across markets. The selection process of initiatives is stringent, and only a few are considered both reputable and relevant.

ISS ESG engages in a fact-finding dialogue with official and expert sources for additional clarification or documentation with regard to Norms-Based Research, as detailed under ISS’ response to question REP 05.4.

For ISS ESG Corporate Ratings, rated companies are actively asked to provide feedback regarding ISS ESG assessments and are provided with the full final rating report at the end of this process.
ISS ESG conducts systematic source monitoring across its research teams so that assessments and ratings can be updated as soon as new information becomes available. Additionally, ISS ESG’s data products are updated at least annually, with updates scheduled according to financial data release. Information about corporate events is tracked via news sources and updated as financial releases become available.

For example, ISS ESG’s Controversy Watch processes information about corporate involvement in ESG controversies on from news and stakeholder sources. ISS ESG’s Controversy Watch team is responsible for the review, triage and processing of news from a wide variety of sources. The team processes information about corporate involvement in ESG controversies from more than 4,400 public sources globally in 12 languages and an additional 200 expert stakeholder sources.

Further, ISS ESG engages with certain companies which are within the coverage universe of ISS’ data products as part of the standard research process. The objective of this interaction is to ensure that our research is based on the most comprehensive and accurate information available, and is for the benefit of all ISS ESG clients. The frequency of this engagement varies by product.

RDP 05 | Mandatory | Public | Descriptive
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RDP 05.1 | Indicate how you typically ensure a balanced approach to your research methodology and assessing/rating of companies/sectors/geographies or similar. Tick all that apply and explain your approach to each option.

**Type of indicators**

- Balancing quantitative and qualitative indicators

**Explain your approach**

The indicators within the ISS proxy research reports are those which our clients have told us they want to see and consider material. These are typically a mix of quantitative and qualitative indicators, for example when discussing executive compensation.

The ISS ESG Corporate Rating assesses companies’ ESG performances with regard to approximately 30 standard topics and complementing sector-specific topics in order to fully cover relevant risks and impacts of the issuers. For each topic, the performance is measured by several indicators, addressing a company’s risk exposure, management approach, specific strategies and measures and the resulting impact and performance. Typically, these indicators comprise both qualitative and quantitative indicators. Quantitative indicators require reported numbers and as such are in most instances backward-looking. Qualitative indicators are essential for providing context to understand quantitative data and derive meaningful forward-looking performance assessments. Only the assessment of qualitative indicators provides answers with regard to the ability of an issuer to address and manage current and future ESG-related risks.

ISS ESG’s Norm-Based Research analysts review and evaluate allegations concerning companies’ failure to abide by global norms as set out in the relevant international initiatives and guidelines. The analysis results are categorised and presented according to a traffic-light system and corresponding rating scores from 10 to 1. In addition, clients are provided with additional indicators and data points that allow for additional granularity to further customise results. Hallmarks stemming from this process include:

(a) accuracy of information obtained through a robust verification process involving engagement with issuers and/or key stakeholders;
(b) qualitative insights garnered throughout the research process; and
(c) timely updates on developments as they occur.

- Balancing management/process oriented indicators and performance indicators
The ISS ESG Corporate Rating uses a combination of management/process-oriented indicators and performance indicators as appropriate and meaningful for the evaluation of a given topic. One standard element for ensuring a balanced approach is the inclusion of indicators that account for the occurrence of controversial business conduct. These indicators are used alongside management/process-oriented indicators and provide a fuller and more accurate picture of the actual performance of a company. Quantitative indicators applying a trend and/or benchmarking assessment represent another type of indicators measuring performance.

Balancing reference to past and current performances, such as whether the rating object’s performance is improving or deteriorating.

In the voting research reports, ISS will make reference to past performance where it is relevant to the holistic analysis of the resolutions.

Many of ISS ESG’s products also account for historical performance and declines or improvements in ratings. The ISS ESG Corporate Rating’s aim is to provide a meaningful signal on an issuer’s current ESG performance to investors, reflecting ISS ESG’s insights on how the company is positioned to successfully address the specific current and future ESG risks, challenges and opportunities related to its business model. For the assessment of various ESG topics, it is necessary to consider both past and current performance to identify developments and trends in the company’s ESG management and performance, e.g. with regard to controversial business practices or developments of accident or efficiency data. ISS ESG’s Corporate Rating reports contain historical data including key metrics, where applicable, as well as in depth notes on the historical analysis (including industry peers) from the last five years.

Furthermore, ISS ESG’s Norm-Based Research team reviews the date of a particular controversy/incident to ascertain whether the company continues to be linked to a failure to adhere to the Responsible Business Conduct standards. Where information may not be publicly available, dialogue is carried out with identified stakeholders, in order to establish if concerns remain outstanding.

In the ISS ESG Governance QualityScore and Environmental & Social Disclosure QualityScore profiles, the trend indicator highlights whether a company’s performance by indicator is improving or deteriorating over time. The score graph on the front page of the report shows this graphically for the company level score, and the top-level pillar scores (board, compensation, shareholder rights and audit and risk.).

Balancing environmental, social and governance indicators.

For ISS proxy voting research, the balance of environmental, social and governance indicators is based on a client's choice of policy, whether standard, specialty (e.g. Sustainability or SRI) or a client specific custom policy.

The ISS ESG Corporate Rating consists of an environmental, a social and a governance pillar. The relative weighting of the social and the environmental factors are derived from ISS ESG’s sustainability matrix, quantifying and classifying the respective risks and impacts of individual sectors. For each sector, ISS ESG’s materiality assessment identifies four to five industry specific key issues. Indicators assessing performance with regard to key issues are assigned a cumulative weighting of more than 50% of the overall company rating, to ensure that the most material issues have a significant influence on the overall rating result. In terms of numbers of indicators, out of the approximately 100 and for some sectors substantially more indicators from a pool of 800+ mainly sector-specific indicators that are applied to each company, there are approximately 15 governance indicators with rest – depending on the respective industry’s specific challenges more or less equally divided between environmental and social indicator. For the overall balance, the weighing is by far more relevant than the actual number.

ISS ESG’s unique Custom Ratings solution provides investors with an opportunity to develop customized and flexible scoring models to evaluate and compare companies and issuers’
performance across a wide range of ESG and financial data. With Custom Ratings, investors can quickly and efficiently rate companies by assigning weights and points to the ESG issues that matter the most to them.

ISS ESG’s Norm-Based Research identifies situations in which companies fail to address reported allegations – or controversies – of adverse impacts on society and the environment in line with established expectations for Responsible Business Conduct (RBC). The research process is prompted by an allegation put forward in a publicly available source. These sources are derived from our coverage of controversial corporate news, which is drawn in continuously from over 4,400 sources that have been selected for their relevance and density of information. The sources, which are tracked across 12 languages, range from global and local media to NGOs and national and intergovernmental agencies, such as the U.N.

The ISS ESG Environmental and Social Disclosure QualityScore framework covers more than 380 individual factors. Only factors relevant to a company’s Global Industry Classification Standard (GICS)1 industry group are reviewed and scored – around 240 – under any industry group, reflecting good practice, established standards and recognized challenges. The selection of factors and their allocation to industry groups is informed by developments in disclosure standards and frameworks, such as the GRI, the SASB standards and the TCFD recommendations. Annual reviews ensure the methodology remains in step with disclosure standards as they adapt to reflect developments in company practice and stakeholder expectations.

☐ Balancing self-reported and public data
☐ Other, specify (1)
☐ Other, specify (2)
☐ None of the above

RDP 06 | Mandatory | Public | Descriptive

RDP 06.1 | Describe the control processes in place to ensure quality of research.

Quality Management Systems and Standards

Quality assurance routines across all ISS and ISS ESG products build on extensive peer review throughout the research process and strict, enhanced sign-off routines, involving the relevant Team lead and the Head of Research where appropriate.

ISS Research engages with companies to clarify anything which is not clear in the publicly available information on which the analyst bases the vote recommendations. In certain markets and subject to ISS’ sole discretion, some companies are also provided with an opportunity to review a draft of their proxy research report for purposes of verifying the factual accuracy of the report. Companies are always entitled to receive a free copy of the final proxy research report which has been published by ISS about that company and issued to subscribing clients. If a material factual error is brought to the attention of ISS post-publication, ISS will correct the error, reissue the report and issue a formal Alert which is provided to all subscribing clients who received the original report.

ISS ESG has introduced a comprehensive quality management system, which helps in its continuous efforts to optimise client benefit and satisfaction for Corporate Rating clients.

For the ISS ESG Corporate Rating, the following quality controls have been put in place:
☐ - Corporate ratings are conducted against the same strict rating methodology, adapted to reflect the material social and environmental topics of each industry.
☐ - The methodology and scoring approach is built into proprietary software utilised by the analysts designed to ensure the consistent application of the methodology.
☐ - All analysts undergo a rigorous training programme.
☐ - Every rating is systematically proofread by experienced analysts who are intimately familiar with the corporate rating methodology and assessment rules.
☐ - Responsibility for methodology development is distributed between experienced analysts – ISS ESG’s “sector specialists” and “topic specialists” – who keep abreast of the constantly evolving international sustainability thinking in their fields of expertise.

ISS ESG’s research teams establish the accuracy of any allegations related to Norm-Based Research or Controversial Weapons against a company through active company and stakeholder dialogues. ISS ESG conducts fact-finding dialogue with companies as soon as research into an allegation is initiated. As part
of this dialogue, the company is informed about the allegation and offered an opportunity to present its position. This dialogue is ongoing for as long as ISS ESG maintains its assessment that a company is involved in verified or alleged (and unaddressed) violations of global norms, or involved in controversial weapons. As part of this fact-finding dialogue, the company is also informed about the overall conclusion and provided with the analysis. This latter point is particularly important as ISS ESG recognises that companies (a) often have information that is not available through other sources, and (b) as a matter of principle, it is essential that companies have the opportunity to review and, as appropriate, challenge the assessments. The quality control function within the ESG research team supports timely, comprehensive and transparent action when errors are detected.

Companies who are within the coverage universe of certain of ISS’ data products, including ISS Governance and Environment & Social Disclosure QualityScore products, are invited to review, verify and provide feedback on the data used to determine their scores via a complementary year-round data verification tool, accessed through ISS Corporate Solutions’ Governance Analytics platform. Submissions of corrected or updated data factors can be made online through the platform. The ISS ESG Environmental and Social Disclosure QualityScore framework covers more than 380 individual factors. Only factors relevant to a company’s Global Industry Classification Standard (GICS) industry group are reviewed and scored – around 240 – under any industry group, reflecting good practice, established standards and recognized challenges. The selection of factors and their allocation to industry groups is informed by developments in disclosure standards and frameworks, such as the GRI, the SASB standards and the TCFD recommendations. Annual reviews ensure the methodology remains in step with disclosure standards as they adapt to reflect developments in company practice and stakeholder expectations.

Methodology Review Boards

We maintain a Global Policy Review Board and an ISS ESG Methodology Review Board to ensure that all relevant research methodologies are in line with global norms and market trends. Methodology reviews are conducted annually by the Methodology Review Boards, with input from cross-functional teams across the research teams and clients. The mission of the Boards is to provide the clearest possible research methodology to all stakeholders and consumers of products while ensuring leadership and alignment with global norms and market trends in the governance, sustainable and responsible investing industries. Additional reviews occur following significant events, including the following:

- Normative developments (international law in particular) of relevance to ESG standards
- Statements by authoritative sources, such as UN bodies, the International Labour Organization, and multi-stakeholder initiatives
- Updates in local market regulations