

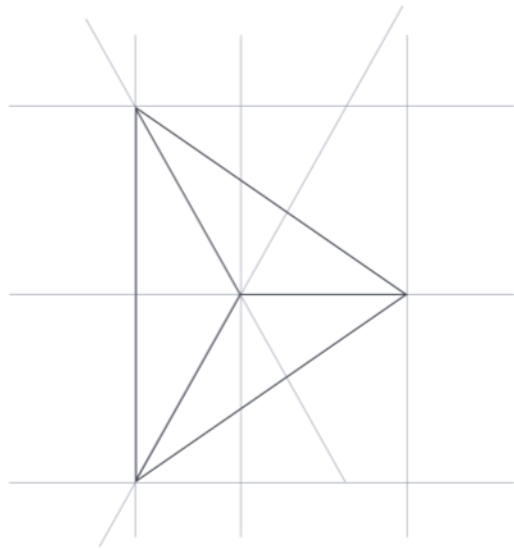


## ISS: THE GLOBAL LEADER IN GOVERNANCE

State of Rhode Island  
The Office of the General Treasurer in Conjunction with  
The State Investment Commission

Now more than ever, Governance Matters

[www.issgovernance.com](http://www.issgovernance.com)



## AGENDA

- › **The ISS Difference**
- › Governance Advisory Services
- › Proxy Voting Services
- › Additional ISS Solutions to Meet Your Needs
- › Concluding Remarks and Next Steps



## GOVERNANCE MOVES FROM A BACK OFFICE FUNCTION TO A FRONT OFFICE AND YEAR-ROUND FOCUS

### Proxy Voting

Compliance driven mandate for all U.S. investment managers. Voting in international markets driven by market-based codes

### Proxy Advisory & Research

Investors look to proxy advisors for analysis of company specific governance practices and for policy-based vote recommendations

### Executive Compensation

Plays a central role, with institutions looking for peer benchmarking as well as alignment of pay with company performance

### Board Oversight

As investors increasingly look at long-term performance, there is greater focus on quality of board in terms of expertise, track record and performance

### Engagement & Advisory

Significant increase in issuer-shareholder engagement, particularly around pay for performance and board decision-making

### Ratings & Analytics

Investors consider environmental, social and governance risk when analyzing portfolio companies

#### Focus on Compliance / Annual Meeting

Transactional, Seasonal Service  
Back / Middle Office

#### Compliance & Investment Decision-Making

Year-Round Service Integrated Into Daily Workflows  
Middle / Front Office



**ISS uniquely delivers comprehensive solutions that enable institutional investors to apply their corporate governance views, identify environmental, social and governance risk, and manage their complete proxy voting needs on a global basis.**

## Quality & Service

- › Over 900 professionals, committed to client success
- › Global staff with local market knowledge & service
- › 94% client retention rate
- › Support for your unique corporate governance views



## Coverage

- › 17 offices, 25 languages spoken
- › Proxy research & vote recommendations on 39,000+ meetings globally
- › SRI research coverage of 13,000+ companies worldwide



## Expertise

- › Experienced, dedicated leadership team with average 15-year tenure
- › Analysts provide insight on ESG landscape, local market voting practices, and regulatory requirements
- › Advanced degrees in business, finance & law



## Innovation

- › Independently profitable and growing
- › Pursuing new opportunities in adjacent markets
- › Robust technology & operational infrastructure

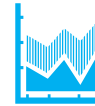




## Governance Advisory & Voting Services

**ProxyExchange** combines ISS' leading research, proven processes, and advanced technology to meet your proxy voting needs.

- > Governance Research
- > Voting Workflow & Technology
- > Policy Consulting
- > Disclosure Solutions
- > Reporting



## Investment Tools & Data

**DataDesk** to support investment decision-making and engagement within portfolio companies using global data & analytics.

- > ISS Governance QuickScore
- > Executive Compensation Data & Analytics
- > Company Profile Reports
- > Governance Data Feeds
- > FactSet Integration



## ESG Risk Screening, Research & Analysis

**ISS-Ethix** research, analysis and advisory solutions to align SRI policies and practices with shareholder interests.

- > Policy Development
- > Research & Analysis and Portfolio Monitoring
- > Engagement support

**RepRisk** solutions to identify and assess ESG risks related to thousands of companies, projects and sectors.

- > Online Platform, Data Feeds & Company Reports



## Securities Class Action Services

**RecoverMax** platform and fully outsourced, turnkey securities class action services to maximize recoveries from litigation settlements.

- > Research & Claims Filing
- > Lifecycle Claims Tracking
- > Options Ingestion
- > Recognized Loss Calculations
- > Estimated Recovery Calculations



ISS was acquired in 2014 by Vestar Capital Partners and operates as an independent & growing company



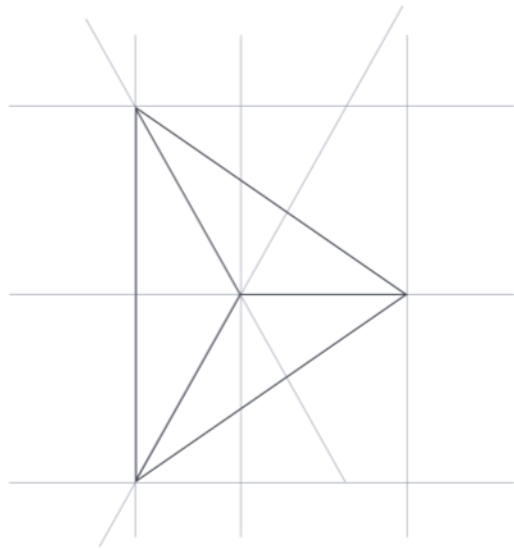
Vestar shares ISS' belief in the importance of corporate governance and in continued investment in the business

ISS management team remains in place, and is fully committed to our clients success

ISS remains committed to delivering high-quality research, voting, data and service that clients expect from us

ISS has implemented an enhanced and fully independent IT infrastructure and data center operation

ISS has advanced control regimes and business continuity programs and is adopting ISO 27001:2013 as its security framework



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## EXPERTISE

- > 30+ years of market leadership and experience
- > Team of 375+ research professionals, including 225+ research analysts, located in ten markets and fluent in 25 languages
- > Specialists in governance, compensation, M&A, ESG and industry-specific issues

## ENGAGEMENT

- > Fact-checking and engagement, before research is published
- > Draft reports to S&P 500 in the US, S&P/TSX Composite companies in Canada, CAC 40 in France and all companies in UK and Ireland, and key companies in select markets where appropriate
- > Average 1,000+ North America and 1,000+ non North America engagements each year

## QUALITY

- > Thorough internal review, ongoing audits and specialized focus on complex matters
- > Continuous product innovation to enhance research content and timeliness

## COVERAGE

- > Comprehensive global coverage of all of your common equity holdings
- > 39,000+ meetings and 330,000+ agenda items covered each year across 115 established and emerging markets

## FLEXIBILITY

- > Customized corporate governance guidelines to help you convert your philosophy into an actionable voting policy
- > Enhanced Custom research reports reflect your unique content and layout needs

# ISS Provides More Policy Options

- ✓ ISS covers a spectrum of shareholder interests, to align with client philosophies as they serve their underlying clients.
- ✓ Continued enhancements to proxy research reports provide more data, improved formatting and more rigorous analysis of agenda items.

## BENCHMARK ISS POLICIES

- › Represents industry best practices and is viewed as the industry standard
- › Often provides the foundation for a custom policy

## SPECIALTY ISS POLICIES

- › Taft-Hartley Labor Policy
- › Socially Responsible Policy
- › Faith-based Policy
- › Sustainability Policy
- › Public Fund Policy

## CLIENT-SPECIFIC POLICIES

- › 400+ client-specific policies
- › Fastest growing area of research, as clients need to execute votes consistent with their governance philosophy, or that of their client's

# Rigorous & Inclusive Policy Formulation Process

A transparent and inclusive approach that includes ongoing market feedback, surveys, roundtables and an open industry comment period.

- › **Annual Policy Survey** brings in perspectives from institutional investors, corporate issuers and governance experts. Offers all market constituents the ability to actively participate in ISS' policy development process.
- › **Extensive In-person Discussion Forums** and roundtables augment the policy process.
- › **Balanced Viewpoints** through guidelines that strike the right balance between shareholder interests and economic practicality.
- › **Engagement with Issuers** on behalf of shareholders ensures a full understanding of the facts and enriches our analysis.



## TO SUPPORT YOUR UNIQUE VIEWS

### COLLABORATIVE APPROACH

ISS analysts can help develop guidelines based on your unique governance philosophy.

**Team structure** ensures multiple analysts are trained on your policy.

### GOVERNANCE INSIGHT

Ongoing monitoring of **new and emerging trends** and new types of shareholder proposals, to help you adapt your policy guidelines.

### KNOWLEDGE AND EXPERTISE

Analysts bring expertise in areas such as:

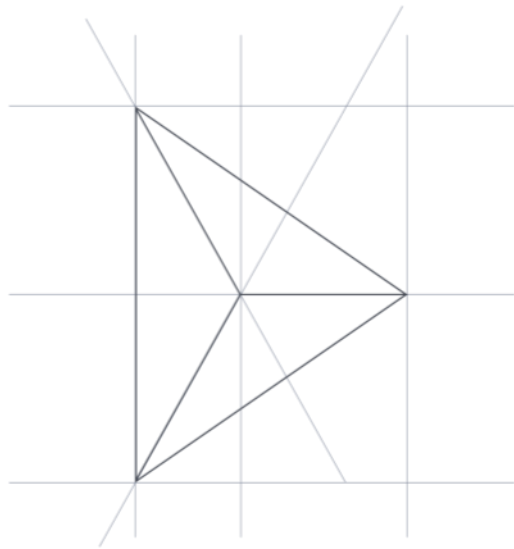
- > ESG
- > Social Responsibility
- > Climate Change Risk
- > Labor Standards
- > Fair Employment
- > Proxy Access
- > Exec Compensation
- > Board Practices

### HIGH TOUCH SUPPORT

Committed to serving **clients**, with personal support to develop and implement your voting policies, across all meetings and for all markets.



More than 400 institutions leverage ISS' Custom Proxy Advisory Services



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# Proven Model and Technology

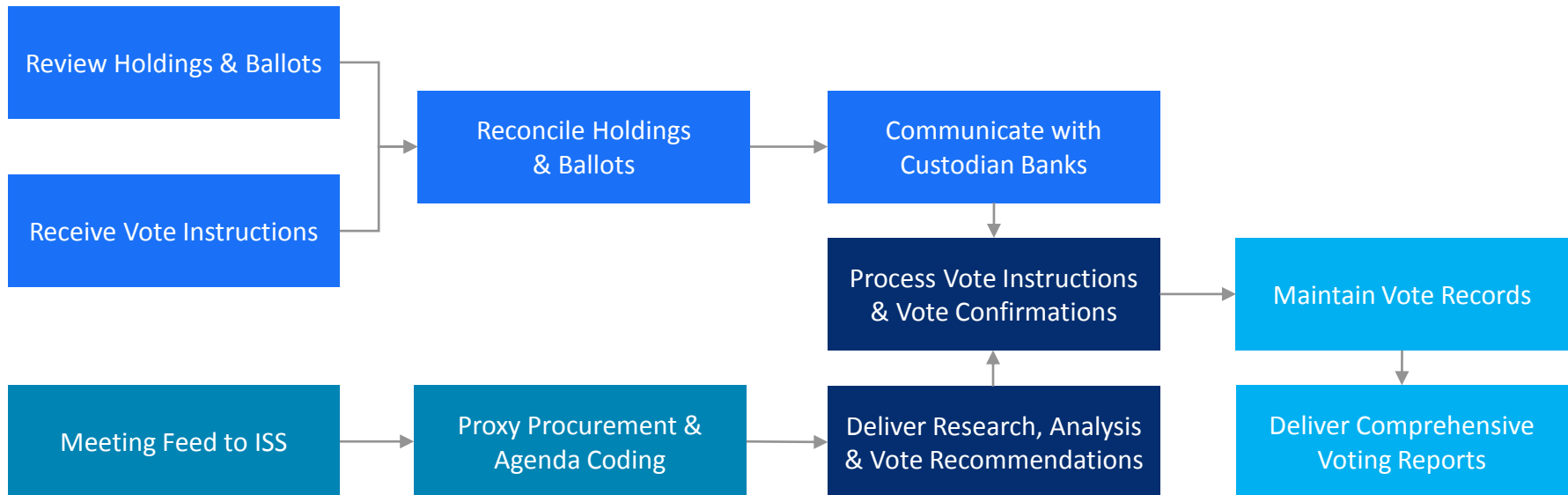
## ProxyExchange By the Numbers

<b>ONE</b>	integrated solution for research, voting, reporting and disclosure
<b>325+</b>	individual platform enhancements over the past two years
<b>24x7x365</b>	system with load balancing and disaster recovery capabilities
<b>99.85%</b>	availability including scheduled maintenances
<b>360 degree</b>	view of issuer, meeting, proxy and research information in addition to custom research, rationales and engagements
<b>1300+</b>	clients and <b>5000+</b> unique users
<b>8,500,000+</b>	ballots processed annually for our clients
<b>290,000+</b>	holdings files processed annually

At peak proxy season, ProxyExchange processes more than 200,000 ballots and 1,200 holdings files in a single day.

# You Control the Vote, ISS Does the Work

Outsource the processing and management of proxy voting to a reliable partner while retaining complete control of the vote decision.



ISS' straight-through-processing system handles more than 8 million ballots annually for our clients.



# Continued Innovation and Investments to Support Your Needs

## 2015 Product Enhancements



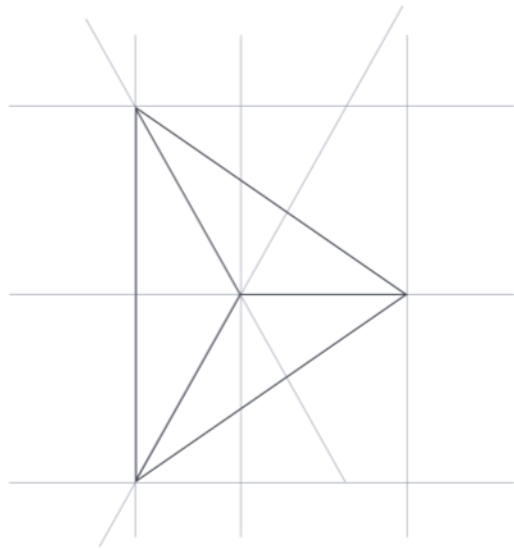
### Infrastructure Investments in 2015

- › Adopted ISO 27001:2013 security framework
- › BOE Upgrade for faster report generation, improved overall reporting system speed, and additional memory
- › App Dynamics deployed to help assess system and user performance

### ProxyExchange Platform Enhancements

- › Voting Dashboard
- › Universal Search and Company Profile
- › Vote Disclosure Solutions

Equity plan scorecards for US & Canada, and introduction of P4P model for EMEA companies

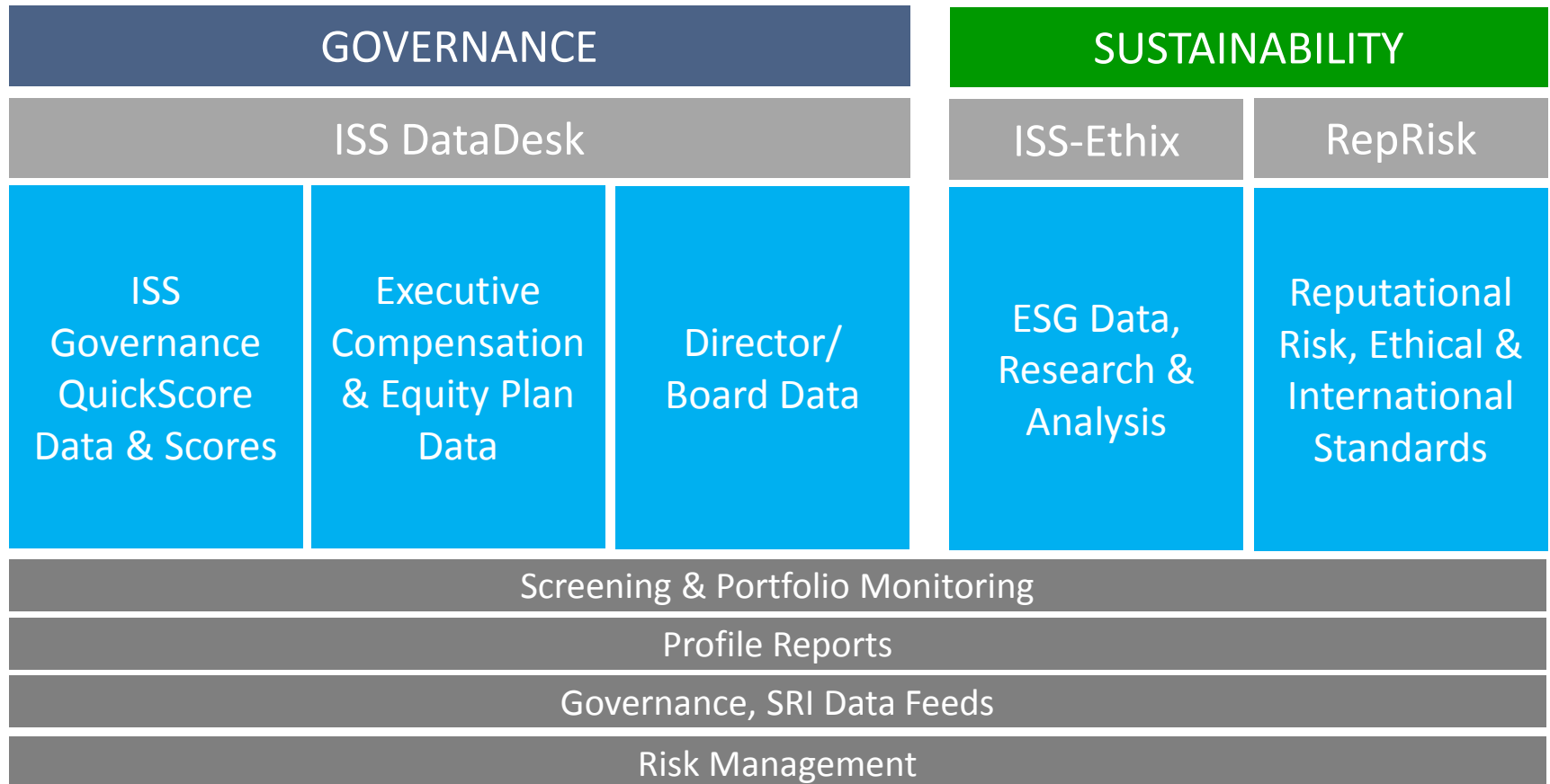


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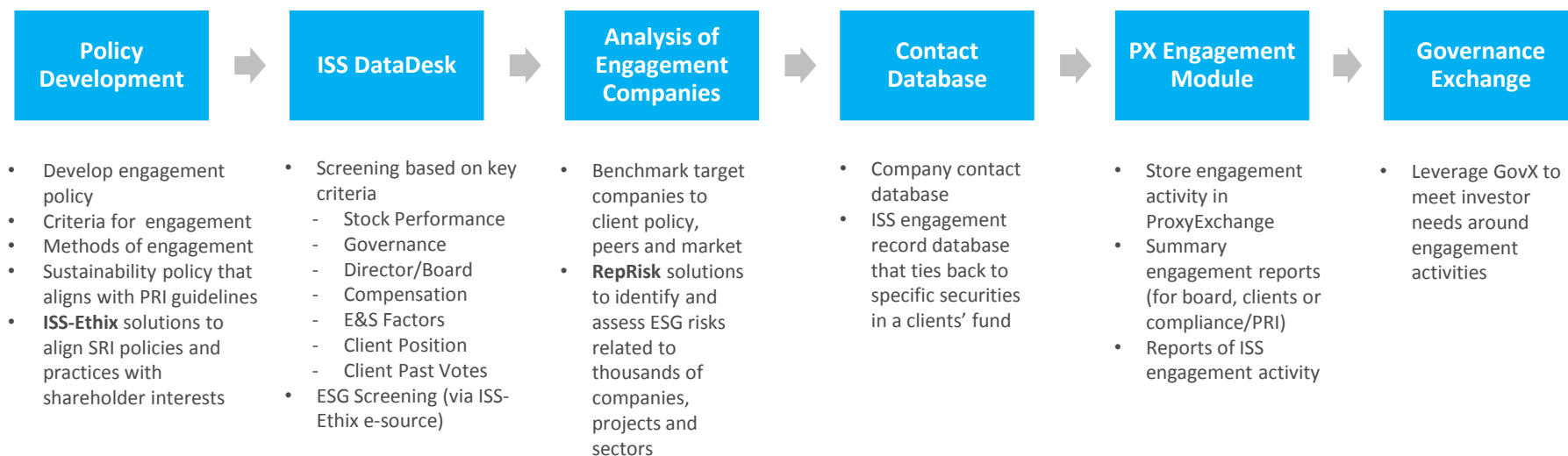
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# Investment Tools and Data

Support investment decision-making and engagement within portfolio companies using global data & analytics.



## Delivering a Full ISS Engagement Support Suite



An efficient and cost-effective solution for investors in global markets where vote disclosure is a regulatory or best practice standard

- > **Meet global market requirements and best practices**, including U.S., Canada, U.K., Pan-Europe, Australia, Japan, India and others
- > **Tell your governance story**, with premium dashboards provide for dynamic and flexible displays of proxy voting data
- > **Access voting statistics**, including
  - > Votes Cast by Proposal Category
  - > Votes Cast by Type
  - > Alignment with Management
  - > Meetings by Type
  - > Meetings by Sector
  - > Meetings by Market
- > **Customize** which voting statistics to include and their order
- > **Display information** by portfolio, fund, issuer or meeting date, with the ability to drill into detailed meeting information for additional content

**Proxy Voting Dashboard**

Home Services Support Governance Contact Search...

Search Vote Market Category Sector Meeting Mgmt

As an independent asset management firm, we are committed to encouraging good corporate governance practices at the companies in which we invest. We seek to impact governance in several ways, including through proxy voting, engagement with management, internal research on governance, and participation in industry surveys and events.

For questions about our corporate governance activities or policies, visit the links below or contact us at [example@sample.com](mailto:example@sample.com).

[Our Policy](#)

**Filters** [Reset Filters](#)

Meeting Date Range: From 30-Jun-2012 to 01-Jun-2013

Fund Family: Select

Fund: Select

Company Search: Name, Security ID, or Ticker

[Update](#)

**Voting Statistics**

Across 111,111 unique proposals available to vote, we voted 100,000 for which 899 proposals were voted in varying ways for the same meeting proposal.

Bar chart showing Votes Cast by Type:

Vote Type	Count
For	~280,000
Against/Withhold	~100,000
Abstain	~70,000

[Expand](#)

**Meetings by Meeting Type**

With 13,670 distinct company meetings available to vote, 13,024 were voted, leaving 146 unvoted.

Donut chart showing Meetings by Meeting Type:

Meeting Type	Percentage
Annual	56%
Special	35%
Annual / Special	4%
Court	2%
Written Consent	2%
Proxy Contest	1%

[Expand](#)

**Alignment with Management**

Horizontal bar chart showing Alignment with Management:

Alignment	Percentage
Against	4%
For	96%

[Expand](#)

**Meetings by Market**

World map showing Meetings by Market:

Market	Percentage
USA	23%
Switzerland	11%
India	10%
Denmark	2%
Australia	2%
Other	32%

[Expand](#)

**Votes Cast by Proposal Category**

Two bar charts showing Votes Cast by Proposal Category:

**Management**

Proposal Category	Count
Proxy / Meeting	~1,000
Compensation	~1,500
Acquisition	~1,000
Director Related	~1,000
Capitalization	~1,000

**Shareholder**

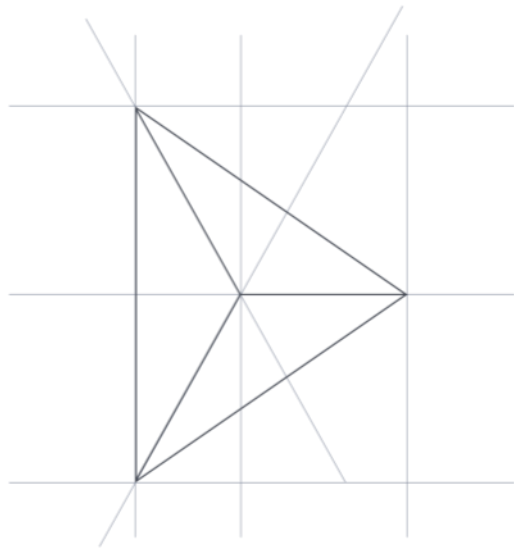
Proposal Category	Count
Board / Human Rights	~300
Health / Environmental	~400
Director Related	~300
Compensation	~400

[Expand](#)

**Meetings by Sector**

Grid of charts showing Meetings by Sector:

Sector	Percentage
Energy	21%
Materials	18%
Industrials	15%
Consumer Discretionary	10%
Health Care	8%
Consumer Staples	7%
Telecommunication Services	6%
Utilities	6%
Financials	5%
Information Technology	4%



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## THANK YOU

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