Dear Sir/Madam,

We are writing in response to the Organisation for Economic Co-operation and Development's ("OECD") Nov. 14, 2014, public invitation to comment on proposed revisions to its 2004 Principles of Corporate Governance ("Principles").

Institutional Shareholder Services Inc. ("ISS") is the world's leading provider of corporate governance solutions for asset owners, investment managers, and asset service providers. ISS' solutions include objective governance research and recommendations, end-to-end proxy voting and distribution solutions, turnkey securities class-action claims management, and reliable global governance data and modeling tools.

As a general matter, ISS will always support approaches to corporate governance that promote the transparency of the methodologies used to make voting recommendations, and the existence of any potential conflicts. ISS provides specific and extensive disclosure of our firm's methodologies, the potential conflicts that we encounter, and the policies and procedures adopted to address and mitigate potential conflicts. We have extended the core principles of this approach in all our activities and services, in all ISS locations around the world. It is from this perspective that we offer these comments to the proposed revisions to the Principles.

Comments to proposed amendments

I.1. ISS supports the proposed revisions regarding the usefulness of soft law elements based on the "comply or explain" principle. Our view is that binding regulatory measures may fail to provide additional transparency or other intended benefits, and may in fact have the unintended consequence of limiting investor access to information. We would however observe that while the flexibility afforded by the comply-or-explain framework does allow companies to address their individual circumstances, it nevertheless also presents some risk of deviations that are explained in a perfunctory or otherwise uninformative manner. This risk can be somewhat mitigated by national regulatory, investor or other bodies monitoring and commenting on the depth, specificity, and/or overall quality of explanations.

I.2. We consider that informing companies and their stakeholders about the benefits of sound corporate governance should involve an overview of the fact that many aspects of good contemporary corporate governance should seek to address the challenges faced by foreign investors, particularly non-domestic institutional investors (for example information asymmetry and complex voting mechanics, particularly across borders). This point is especially relevant with regard to deadlines imposed at various stages of the shareholder voting pipeline.

I.3. When adjusting corporate governance standards for company size, country of incorporation, country of listing, ownership structure, and/or maturity, we are mindful of the fact that certain
minimum standards of practices and disclosure may remain universally warranted whatever the status of the company, and additionally, in order for shareholders to be able to make informed investment and voting decisions. Moreover, the global nature of financial markets must also be taken into account, both from the perspective of cross-border ownership and international regulatory harmonization, when considering exceptions due to local market standards, especially if a given market is trailing behind other markets that are geographically or economically comparable. On balance, the aforementioned characteristics should be seen in the context of how they affect companies' ability to shoulder corporate governance standards, rather than as inherent reasons for lowered standards.

I.20. Shareholders voting by proxy, whether electronically or by other means, often face multiple obstacles to executing their vote. While the complexity of the proxy voting pipeline may make some of these obstacles inevitable, we believe it is incumbent on local regulators and companies to avoid practices that disadvantage any group of shareholders, for example non-domestic shareholders. A distinction should also be drawn between on the one hand obstacles arising from financial and/or logistical considerations, and on the other hand obstacles put in place for the sole or main purpose of obstructing votes by shareholders.

II.22. Institutional investors have a diverse range of views on director and board suitability, and this diversity is mirrored in the biographical and other information on which they wish to focus when making voting decisions. Of those clients for whom ISS implements a bespoke voting policy, as well as for those who use ISS' house policies, many look at biographical and other features such as track-record, gender, age, tenure, independence according to local definitions, outside directorships and executive positions, and committee memberships. One major shortcoming in disclosure that ISS has encountered in multiple markets is a lack of an explicit and individual classification of directors according to independence, as some issuers opt instead for a blanket statement regarding the independence of the board (or elements thereof) in relation to local regulatory standards. This example speaks to the more general principle that because shareholders may use a wide range of criteria when making their voting decisions or engaging, biographical and other director data should be as informative as possible.

II.23. The practicalities of say-on-pay votes, such their scope, duration, and legal implications, are ensconced in national laws to an extent that makes commenting on their appropriateness difficult. Nevertheless, the adequate provision of quantitative and qualitative compensation data is paramount to investors' ability to make informed voting decisions at general meetings, regardless of whether say-on-pay appears on the agenda. Corollaries of this principle are equally relevant for several changes proposed throughout Section II.

III.44. It should be noted that other market participants in addition to institutional investors, including proxy advisory firms, may equally adopt or acknowledge "stewardship codes," and this will ideally serve to promote transparency and higher standards of integrity.

III.54. The management of potential conflicts of interest is of the utmost importance to the confidence in, and by extension the proper functioning of, the worldwide financial markets. As a significant service provider, ISS understands and takes extremely seriously the potential for actual or
perceived conflicts of interest which might impact the integrity of our research and other services. Accordingly, ISS provides to clients an extensive array of information to ensure that they are fully informed of potential conflicts and the steps ISS has taken to address them. This includes disclosure of our policies with respect to identification and management of actual and potential conflicts; disclosure in research reports of the existence of potential conflicts; and provision of specific information about business relationships ISS may have with issuers that are the subject of its research reports. ISS agrees with the suggestion in the revised Principles that this vigorous and consistent approach to transparency can be largely or completely accomplished through adoption of appropriate self-regulatory codes.

III.55. ISS fully supports the proposed principle as amended, and it is in line with the Best Practice Principles for Providers of Voting Research and Analysis.

V.90. One particular manifestation of the potential problem we earlier identified with a comply-or-explain framework is the issue of explanations for the continuation of combined chairman-CEO positions. Although such combined positions can be justified as extraordinary stop-gap measures, they can also be potentially abused by companies indefinitely deferring their sunset date. As with other aspects of comply-or-explain, this risk can be mitigated by monitoring and/or advice, potentially by a regulatory or other relevant body.

Should you have any additional questions, please contact the ISS representatives at the coordinates below.

Georgina Marshall
Managing Director, Head of European Research, ISS
georgina.marshall@issgovernance.com

Jean-Nicolas Caprasse
Director, ISS Europe, Head of European Governance Business, ISS
jean-nicolas.caprasse@issgovernance.com

Martin Wennerström
Vice President, Ex-US Strategic Research and Analysis, ISS
martin.wennerstrom@issgovernance.com