An MSCI Brand

2012 Corporate Governance Policy Updates and Process

Executive Summary

November 17, 2011

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INTRODUCTION

The primary purpose of a public corporation is to create sustainable value for its shareowners. To that end, ISS designs its proxy voting guidelines to enhance shareholders' long-term economic interests. ISS' Benchmark proxy voting guidelines serve as a tool to assist institutional investors in meeting their fiduciary requirements with respect to voting by promoting shareholder value creation and risk mitigation at their portfolio firms.

ISS reviews and updates its proxy voting guidelines each year, taking into account emerging issues and trends, the evolution of market standards, regulatory changes, and feedback provided by ISS' institutional clients.

ISS' robust and transparent policy formulation process includes an exhaustive review of relevant empirical studies and other factual data, an annual policy survey of institutional clients and corporate issuers, policy roundtables with a wide range of industry constituents, and an open comment period on draft policy changes. ISS also conducts internal research to validate assumptions and policy positions.

The Benchmark Policy Guidelines consider market-specific recommended best practices, transparency, and disclosure when addressing issues such as board structure, director accountability, corporate governance standards, executive compensation, shareholder rights, corporate transactions, and social/environmental issues.

ISS' policy guidelines require the consideration of company-specific circumstances. When issuing a vote recommendation on a proposal, ISS considers historical operating and investment performance, company disclosure (and proponent/dissident disclosure, if applicable), the company's governance structure and historical practices, and its industry.

In applying these policies, ISS often engages with public issuers, shareholders, activists, and other stakeholders to seek additional information and to gain insight and context in order to provide our clients with informed vote recommendations. This engagement process enhances dialogue and promotes a higher level of understanding between investors and the companies in which they invest.

In formulating proxy voting policies, ISS assesses the potential costs and benefits of the adoption or rejection of the underlying ballot items. Where the economic impact of a ballot item is not apparent and may involve trade-offs, the guidelines direct analysts to consider the economic consequences as well as potential risks to shareholders of approval.

This document summarizes the outreach process and explains the key changes made to ISS ' U.S., European, and International benchmark corporate governance policies. The full text of the updates, along with detailed results from the Policy Survey and comments received during the open comment period, are all available on our Web site under the Policy Gateway.

These policy changes will be effective for meetings on or after February 1, 2012.

POLICY FORMULATION PROCESS

The policy review and update process begins with an internal review of emerging issues and notable trends during our worldwide proxy seasons.

Based on data gathered throughout the year (particularly from client and issuer feedback), ISS forms policy committees by governance topics and markets. As part of this process, the policy team examines academic literature, other empirical research, and relevant commentary. ISS also conducts surveys, convenes roundtable discussions, and posts draft policies for review and comment. Based on this voluminous input, ISS ' Global Research Policy Board reviews and approves final drafts and policy updates for the following proxy year. Annual updated policies are announced in November and apply to meetings held on and after February 1 of the following year.

The value proposition to ISS ' clients extends beyond the regional benchmark policies to customized approaches to proxy voting. ISS helps clients develop and implement policies based on their organizations ' specific mandates and requirements. In addition to the ISS regional benchmark (standard research) policies, ISS ' research analysts apply more than 400 specific policies, including specialty policies for Socially Responsible Investors, Taft-Hartley funds and managers, and Public Employee Pension Funds, as well as hundreds of fully customized policies that reflect clients ' unique corporate governance philosophies. The vote recommendations issued under these policies often differ from those issued under the ISS benchmark policies. ISS estimates that the majority of shares that are voted by ISS ' clients fall under ISS ' custom or specialty recommendations.

OUTREACH IN 2011

Policy Survey

In July, ISS launched the 2011-2012 policy outreach process with our annual policy survey in order to gain a better understanding of the breadth of financial market viewpoints on a range of topics including boards of directors, shareholder rights, and executive compensation. The survey was sent out to both issuer and investor communities. ISS received more than 335 total responses (138 institutional investors and 197 corporate issuers).

Policy Roundtables/Client Feedback

ISS also held policy roundtables/group discussions on topics that pertain to the U.S. and European markets as follows:

June 29 & 30: Executive compensation (U.S.): Peer groups, pay-for-performance, equity scorecard, and advisory votes on golden parachutes. Participants included 11 institutional investors.

Sept. 27: Executive compensation (U.S.): Management say-on-pay response and single-trigger equity vesting. Participants included seven (7) institutional shareholders and three (3) corporate issuers.

Sept. 28: Two-part roundtable on the topic of shareholder rights (U.S.): Management bylaw proposals to provide shareholders with the right to act by written consent and shareholder/management bylaw proposals to provide shareholders with access to the proxy for board candidates. Participants included four (4) institutional investors and five (5) corporate issuers.

Oct. 18: Preemptive rights-featuring European REITs (Europe). Participants included one investment bank, six (6) institutional investors, and one trade association.

Oct. 26: Corporate political contribution proposals (U.S.). Participants included three (3) institutional investors and two (2) corporate issuers.

Nov. 7: Two-part discussion on the topic of legal-related shareholder rights: Exclusive venue and securities class action opt-in proposals. Participants included seven (7) institutional investors.

In addition, ISS held numerous one-on-one engagements with clients in the U.S., Canada, Europe, and Japan throughout the year.

Comment Period

On October 18, ISS invited institutional investors, corporate issuers, and industry constituents to comment on ISS ' draft 2012 proxy voting policies.

The comment period, which ran through November 7, produced feedback on 11 proposed updates to ISS ' global proxy voting policy guidelines. The draft policies changes for the U.S. included board responsiveness to management say-on-pay (MSOP) and MSOP frequency votes, evaluation of executive pay (applied to the Canadian market as well), equity plan approval under Section 162(m) of the Internal Revenue Code, proxy access, hydraulic fracturing, and political activity. Draft policies for global markets included the election of censors and equity-based compensation in France, increases in director compensation ceilings in Japan, and board independence in Brazil. ISS received a total of 49 comments (23 from institutional investors, 18 from the corporate community, and eight (8) advisers/consultants or other organizations).

In the area of U.S. compensation, the key policy changes proposed for 2012 were generally viewed as improvements by the commenters. While there is no uniform sentiment amongst institutional investors with respect to the policy changes for 2012, some common themes emerged. In general, investors agreed that less than 70 percent shareholder support on MSOP proposals should trigger an examination of boards ' responsiveness to voters ' concern over compensation practices. Moreover, investors appeared comfortable with ISS ' approach to failed MSOP votes (less than majority supported), as well as boards ' responses to the MSOP frequency votes. With respect to ISS ' evaluation method for MSOP proposals going forward, including the new pay-for-performance approach, investor comments suggested that the change in approach is superior to the current approach. A couple of investors and most corporate issuers raised concerns on peer group selection, use of total shareholder returns (TSR) as the sole performance screen in performance evaluation and transparency of the new pay-for-performance methodology.

Comments received regarding a potentially new pay-for-performance methodology for Canada were generally favorable indicating strong support for a longer-term evaluation of executive pay versus performance. However, the Canadian market requires five years of complete and comparable compensation disclosure (which is not yet available) in order to fully take advantage of the improvements offered by the new methodology. Therefore, the new methodology will not apply to the Canadian market in 2012.

Under the Incentive Bonus Plans and Tax Deductibility Proposals, the new policy would enable investors to fully evaluate equity plans from newly public companies that are seeking approval solely for Section 162(m) for the first time. Based on the comments received on this policy, it was difficult to draw any conclusions. However, according to ISS ' 2011-2012 Policy Survey results, 80 percent of institutional investor respondents indicated that equity plans coming to a shareholder vote for the first time after an IPO (in order to quality for Section 162(m) tax deductibility) should be evaluated under the same guidelines as a "standard" equity plan, even if no new shares are requested. While ISS anticipates continuing to support the vast majority of Section 162(m) proposals that do not seek additional shares, our ultimate recommendation is based on evaluation of all aspects of the plan, in order to ensure that any adverse provisions would not have a more detrimental potential impact on shareholders than a potential loss of tax deductions related to named executive officer grants.

Regarding proxy access proposals, institutional investors generally supported the updated policy, while issuers or issuer-related organizations sought more specificity in the policy and seek further guidance. Investors overwhelmingly supported a case-by-case policy for this first year of Rule 14a-8 proxy access proposals. No consensus emerged on an optimal ownership threshold. Investors held diverse views on the importance of various proposals different features.

Based on the comments, institutional investors generally favored the U.S. policy regarding political activity disclosure (in line with ISS ' 2011-2012 Policy Survey results), and some called for a policy change to support proposals that ask for more than just disclosure. Some issuer-related organizations did not support the policy change (implying it would be a "one-size-fits-all" policy) and expressed concern over support for proposals that ask for more than disclosure.

A majority of the commenting institutional investors supported the policy regarding hydraulic fracturing proposals. A couple of commenters indicated that they believe that there is a lack of evidence that such proposals add value.

For the proposed policy change for Japan regarding the increase in director compensation proposals, commenters from the institutional investor and issuer communities noted that linking executive compensation to shareholder value creation is important. Some commenters indicated that they would not take a more lenient approach when evaluating increases to director compensation at companies where pay is lower, either on an absolute or relative basis, because even if absolute amount is low, performance-based pay is effective to align director interests with those of shareholders.

With respect to France and Brazil, comments from institutional investors indicated a consensus for supporting the policies.

Key Strengths of ISS ' Policy Formulation Process

Greater Transparency: ISS promotes openness and transparency in the formulation of its proxy voting policies and the application of these policies to more than 35,000 shareholder meetings each year. A description of the policy formulation and application process, including specific guidelines and Frequently Asked Questions, appear on our Web site under the Policy Gateway section.

Robust Engagement Process with Industry Participants: Listening to diverse viewpoints is critical to an effective policy formulation and application process. ISS ' analysts routinely interact with company representatives, institutional investors, shareholder proposal proponents, and other parties to gain deeper insight into critical issues. This ongoing dialogue enriches our analysis.

Global Expertise: ISS ' policy formulation process is rooted in global expertise. ISS ' network of global offices provides access to regional and local market experts for North America, Europe, the Pan-Pacific area, and various emerging markets.

SUMMARY OF POLICY UPDATES

The material updates to ISS ' benchmark proxy voting policies are summarized below. The full updates, covering U.S., Canada, Europe, and other International markets, are available through the Policy Gateway.

United States Updates

Pay-for-Performance Methodology for Determining Pay-Performance Alignment

The advent of near-universal say-on-pay underscores the importance of a balanced evaluation of executive pay practices. Prior to the say-on-pay mandate, 94 percent of institutional respondents to ISS ' 2009-2010 Policy Survey indicated that pay-for-performance would be a critical or important consideration in their vote determinations. This year, overwhelming majorities of institutional investor respondents to ISS ' 2011-2012 Policy Survey identified two factors as highly relevant to evaluating pay-for-performance alignment. Pay relative to peers is considered "very" relevant by 62 percent of the respondents and "somewhat" relevant by 32 percent. A whopping 88 percent of the respondents believe pay increases that are disproportionate to the company 's performance trend are very relevant to an evaluation; 11 percent consider it somewhat relevant. Among issuers, 86 percent responded that pay versus peers is an appropriate factor, while 97 percent said pay increases in light of company performance should be a consideration. In addition, both clients and issuers indicated in roundtables and other direct feedback that pay-performance alignment should be viewed in a long-term context rather than the most recent year.

In light of this guidance, ISS ' new approach will provide clients with a more robust view of the relationship between executive pay and performance at portfolio companies by identifying strong (as well as weak) pay-for-performance alignment over a sustained time horizon. Specifically, ISS ' revised analysis will consider the following factors:

1. Peer group alignment.
   - The degree of alignment between the company 's Total Shareholder Return (TSR) rank and the CEO 's total pay rank within a peer group, as measured over one-year and three-year periods (weighted 40 percent/60 percent);
   - The multiple of the CEO 's total pay relative to the peer group median.

   Note: The peer group is generally comprised of 14-24 companies that are selected using market cap, revenue (or assets for financial firms), and GICS industry group, via a process designed to select peers that are closest to the subject company, and where the subject company is close to median in revenue/asset size. The relative alignment evaluation will consider the company 's rank for both pay and TSR within the peer group (for one- and three-year periods) and the CEO 's pay relative to the median pay level in the peer group.

2. Absolute alignment. The absolute alignment between the trend in CEO pay and company TSR over the prior five fiscal years – i.e., the difference between the trend in annual pay changes and the trend in annualized TSR during the period.

In cases where alignment appears to be weak, further in-depth analysis will determine causal or mitigating factors, such as the mix of performance- and non-performance-based pay, grant practices, the impact of a newly hired CEO, and the rigor of performance programs. For example, 81 percent of investor respondents to the 2010-2011 Policy Survey said that the way a company 's short-term and long-term incentive metrics relate to the company 's business strategy is among their most important considerations in evaluating executive pay.

Although ISS ' current P4P policy is case-by-case and ultimately qualitative, the current screen does not identify companies with strong pay-for-performance alignment and also does not address companies that deliver high pay and pay opportunities in contrast to mediocre performance (e.g., TSRs that marginally exceed the peer group median).

ISS acknowledges the comments received during ISS ' Comment Period. While comments from institutional investors indicated that ISS ' updated approach would be an improvement from the current approach, corporate issuers, in particular, raised concerns around peer group selection, continued use of TSRs as the sole performance screen in performance evaluation, and transparency. ISS ' response to these concerns is as follows:

Peer Group: The utilization of a peer group varies depending on its purpose. ISS recognizes that many companies use peer groups to benchmark executive pay, in order to position the company 's compensation program to be competitive and attractive to its executives. ISS utilizes a company peer group as one element of its pay-for-performance assessment, not to benchmark competitive pay but rather to evaluate pay appropriateness relative to performance within a market-focused group of similar companies. Under the 2012 Pay-for-Performance methodology, the rankings of the subject company 's CEO pay and TSR performance will be compared to ISS ' objectively selected peers in a comparable industry and size range, utilizing the Global Industry Classification Standard (GICS). The GICS classification is a widely accepted system among investment researchers and portfolio and asset managers. It is important to note that our peer group selection has a different purpose from companies ' pay benchmarking activity. Investors may choose to invest in certain companies based on industry characteristics or returns; the selection of ISS ' peers in the Pay-for-Performance methodology is viewed from an investment perspective, rather than a benchmarking one.

Total Shareholder Return (TSR): Pay-for-performance is a key tenet in corporate governance. ISS recognizes that there are various ways to evaluate company performance. Companies may use myriad financial, operational, and/or qualitative measures when designing their incentive programs for executives. However, improvements in companies ' incentive metrics should ultimately translate into improvements in total shareholder returns. Therefore, total shareholder returns continue to be a key measure in our new Pay-for-Performance methodology, which emphasizes long-term alignment. Additional measures such as changes in revenue, profit, cash flow, etc., may also be considered in our qualitative assessment.

Transparency: ISS strives to make its policies as transparent as possible. ISS will provide additional guidance on the 2012 Pay-for-Performance methodology in a technical document that is scheduled for release in December. ISS will also disclose its peer group methodology and rationale in various communications leading up to the 2012 proxy season, allowing institutional investors and corporate issuers to understand how peer groups are constructed by ISS.

Board Response to High Levels of MSOP Opposition

Dodd-Frank Act-related rules require issuers to address in their upcoming CD&A disclosures whether and how their compensation policies and decisions take into account the results of the most recent say-on-pay vote. Based on ISS ' 2011-2012 Policy Survey results, on a cumulative basis, 72 percent of investor respondents indicate that an explicit response from the board regarding improvement to pay practices should be made at opposition levels at "more than 30 percent." This view was also reflected during ISS ' Comment Period: In general, investors appeared to be in agreement that less than 70 percent shareholder support on management-say-on-pay proposals is a reasonable trigger for boards to take explicit action with respect to compensation practices.

In line with institutional investor feedback, ISS will recommend CASE-BY-CASE on Compensation Committee members (or, in exceptional cases, the full board) and the Management Say-on-Pay proposal if the company 's previous say-on-pay proposal received the support of less than 70 percent of votes cast on the prior management say-on-pay proposal, taking into account the company's response, including disclosure of engagement efforts with major institutional investors regarding the issues that contributed to the low level of support; specific actions taken to address the issues that contributed to the low level of support; other recent compensation actions taken by the company; whether the issues raised are recurring or isolated; the company's ownership structure; and whether the support level was less than 50 percent, which would warrant the highest degree of responsiveness.

For companies that failed to receive meaningful support for their say-on-pay proposals, shareholders will look for substantive disclosures regarding the company response. In such a case, companies should discuss company outreach efforts to major institutional investors and provide information of their discussions. Issuers should refrain from providing boilerplate disclosure. Boards should outline the specific actions that they have taken to address the compensation issue(s) that resulted in a significant opposition votes. These specific actions taken should ideally be new rather than a reiteration of existing practices.

Board Response to Frequency of Advisory Vote on Pay Results

Under the Dodd-Frank Wall Street Reform & Consumer Protection Act, in addition to requiring U.S. corporate issuers to present shareholders with an advisory say-on-pay (MSOP) vote, the SEC also required U.S. corporate issuers to provide shareholders with an advisory vote to choose the preferred frequency of MSOP votes at the first annual shareholder meeting occurring on or after Jan. 21, 2011, and at least every six years thereafter. The resolution allowed shareholders to vote for a frequency of every year, every two years, or every three years.

While the MSOP frequency vote is non-binding, it is a means for shareholders to express their preference to the board. Majority support of the votes cast should provide a sufficient mandate to the board. Boards should be responsive and implement the option preferred by shareholders, regardless of whether it is the same option as recommended by the board. The majority of the investors who responded during ISS ' 2011-2012 Comment Period endorsed this position.

ISS would recommend AGAINST or WITHHOLD from the entire board (except new nominees, who should be considered CASE-BY-CASE), if the board implements an advisory vote on executive compensation on a less frequent basis than the frequency which received the majority of votes cast at the most recent shareholder meeting at which shareholders voted on the say-on-pay frequency.

In a situation where voters have more than two choices, the possibility exists that no choice will receive a majority vote. In cases where no option received a majority of the votes cast, the preference of shareholders may be unclear. Therefore, if a board implements an option that is less frequent than that which received a plurality, but not majority, of votes cast, additional factors will be taken into consideration on a CASE-BY-CASE basis including board 's rationale for implementing a less recurring say-on-pay vote, ownership structure, compensation concerns, and say-on-pay support level from prior year.

Proxy Access Proposals

On Sept. 20, 2011, the Securities and Exchange Commission 's amendment to Rule 14a-8 providing that companies may not exclude from their proxy materials shareholder proposals for proxy access procedures took effect. The commission lifted the stay on the amendment to Rule 14a-8 in conjunction with its decision not to appeal a decision by the D.C. Circuit Court striking down the commission 's mandatory proxy access rule, Rule 14a-11. In the wake of the commission 's decision, several investors have indicated their intent to submit proxy access shareholder proposals in the coming months.

ISS ' existing CASE-BY-CASE policy on proxy access shareholder proposals did not incorporate certain expected core features of such proposals and overemphasizes the proponent 's rationale given ISS ' support in principle for these proposals. The existing policy also does not address management proposals, which may also appear in 2012. While the revised policy for 2012 remains CASE-BY-CASE, ISS expands and refines the factors that will be examined in the evaluation and broadens the policy to apply to management proposals as well. ISS will consider a range of company-specific and proposal-specific factors, including the ownership thresholds proposed in the resolution (i.e., percentage and duration); the maximum proportion of directors that shareholders may nominate each year; and the method of determining which nominations should appear on the ballot if multiple shareholders submit nominations, as well as any other factors deemed relevant.

Based on ISS ' Comment Period, institutional investors generally support the updated policy. However, issuers or issuer-related organizations want more specificity in the policy and seek further guidance. ISS notes that the access debate is fluid and likely to gain more attention in 2012. We anticipate that there will be a variety of access proposals in 2012 with different ownership thresholds (percent and duration) and the binding variety. As such, ISS 's updated policy is designed to retain flexibility to address the wide variety of approaches to the issue. In January 2012, as part of our policy update process, ISS expects to provide additional guidance (via FAQs and/or through other reports) based on an examination of the specific proposal texts.

Political Spending Proposals

The issue of corporate political spending continues to evolve as shareholders ' appetite grows for more disclosure of corporate policies and practices. This demand for greater transparency appears to be a result of the increasing traction of the multiyear shareholder campaign on corporate political contribution disclosure and the 2010 *Citizens United* decision by the U.S. Supreme Court. Furthermore, recent incidents where companies have received negative media attention as a result of their political activities (support for California 's Proposition 23 in 2010 and contributions associated with the 2010 Minnesota gubernatorial race) further demonstrate the risks and consequences of corporate missteps regarding this issue.

For 2012, in line with overall institutional investor feedback, ISS changes its policy from CASE-BY-CASE to Generally Vote FOR these proposals. Disclosure of oversight mechanisms is explicitly included as a point of consideration under the revised policy. A majority of investor respondents to ISS ' 2011-12 Policy Survey consider both the various types of contributions of corporate funds for political purposes (including direct contributions, contributions to trade associations, or payments made for grassroots lobbying) and political spending-related disclosure, policies, and practices as either "critical" or "important" to their organization. This view was reflected in a policy roundtable discussion ISS held with institutional investors and issuers in October and the consensus view was in favor of ISS ' updated policy. Moreover, based on ISS ' Comment Period, institutional investors were generally in favor of the updated policy.

Europe Policy Updates

Equity-Based Compensation (France)

The key change to ISS ' European Compensation Guidelines on equity-based compensation is the adoption of a France-specific policy. These French-market equity-compensation guidelines include: an increased focus on performance criteria in line with local best practice; an increase on the allowable volume of capital that could be reserved for equity plans to 10 percent of share capital for all companies; and the introduction of a burn rate criterion to measure use of capital.

With respect to the burn rate, the new policy would state that the company 's unadjusted three-year burn rate (or, if lower, the maximum volume per year implied by the proposal made at the general meeting) must not exceed the mean plus one standard deviation of the average unadjusted three-year burn rate of its sector group, but not more than one percentage point above the prior year sector cap.

The introduction of stricter expectations on performance criteria in France brings ISS policy into line with local best practice recommendations, and the increased focus on performance criteria reflects investor views. ISS further notes that the introduction of the burn rate criterion would provide focus on the actual transfer of equity to employees. ISS already applies similar burn rate policies for other markets (such as the U.S., Canada, and in the ABI guidelines for the U.K.), and a majority of institutional respondents to the 2011-2012 Policy Survey supported the inclusion of burn rate criteria in the equity compensation policy. Furthermore, during ISS ' Comment Period, consensus view from institutional investors was to support the updated policy on equity based compensation. Note that other provisions of the ISS European Compensation Guidelines (including vesting periods, administration body, and so forth) would continue to apply to French companies.

The burn rate table for France will be included in the 2012 European Policy Summary, which will be published in December 2011. In December, ISS will also publish a document providing answers to frequently asked questions on the definitions and methods used for this new policy, as well as on certain application points.

International Policy Updates

Board Independence (Japan)

ISS adopts a new provision to its director elections policy as it applies to both companies with a statutory auditor board structure and companies with a U.S.-type three committee structure. The new provision would be to recommend AGAINST a company 's top executive if the board does not include at least one outside director. In light of existing substandard industry practices, there will be a moratorium on negative recommendations under this policy until 2013.

Japanese corporate governance has long been criticized for a lack of outside oversight, let alone independence. It was customary for Japanese boards to be composed entirely of insiders. However, the situation has changed over the years, and in 2010, for the first time, more than half of Japanese companies (50.4 percent, based on ISS data) had at least one outside director. As of June 2011, the number increased slightly to 51.5 percent. Moreover, Japan 's Ministry of Justice is considering requiring all Japanese listed companies to appoint at least one outside director to the board. If such a requirement is enacted, it will take effect within a few years (but not before 2013 at the earliest).

Given that a majority of Japanese boards already have at least one outsider, and in light of regulatory developments reflecting the changing public awareness toward the importance of board independence, having outsiders on the board should no longer be viewed as an alien concept among the Japanese business community, corporations, and institutional shareholders alike. Furthermore, in light of a global comparison of board independence, which shows that Japanese boards lag far behind their foreign counterparts, and in light of recent corporate scandals (Olympus and Daio Paper) in which the board 's role has been called into question, the argument for increasing board independence and oversight is now stronger than ever. Because most Japanese companies have no nominating committee, and new directors are selected by senior management, a vote against the top executive is the most effective way to communicate dissatisfaction with the composition of the board.

Although the new policy provision is being announced with the other 2012 policy updates, it will not be reflected in ISS vote recommendations until 2013. According to ISS ' 2011-2012 Policy Survey, institutional investors expressed split views on taking into account the overall board independence level when voting on CEOs. Where boards are composed entirely of insiders, 45 percent of investor respondents indicated that they would not vote against reelection of CEOs across the board. However, 34 percent indicated that they were willing to vote against CEOs, with the remaining 21 percent citing "it depends." Based on these mixed views in addition to discussions held with Japanese investors, ISS determined that a one-year moratorium is a reasonable approach to give companies sufficient time to recruit qualified outside director candidates.

In 2012, ISS will give warnings to companies with all-insider boards, while engaging with market participants on this issue at every opportunity.

DISCLOSURE/DISCLAIMER