

To Whom It May Concern,

Thank you for the opportunity to provide feedback on ISS's proposed policy changes in advance of the 2025 policy release. Having reviewed the proposed changes to the U.S. Benchmark Policy, we do not believe that they adequately address issues of racial justice or climate change, nor do not take into consideration a portfolio-wide view of systemic risk. We believe that most ISS clients are generally diversified investors at the beneficial owner level. Due to this high level of diversification, those investors' portfolios depend significantly on the performance of the market, not solely the performance of individual companies. As one [work](#) describes this, "[a]ccording to widely accepted research, alpha is about one-tenth as important as beta [and] drives some 91 percent of the average portfolio's return."

**With this in mind, we are attaching a red-lined version of portions of the ISS U.S. Benchmark Policy that incorporates our suggested revisions related to portfolio value/system stewardship, climate issues, and racial equity. These suggestions are also available at [this Google drive link](#).**

Two examples are described below:

- On climate: According to new [research](#) from this summer, the economy's current carbon trajectory may lead to a rerating of the entire equities market of 30-40% in comparison to a Paris aligned economy. ISS' standard for climate accountability recognizes the importance of addressing this overhang by recommending votes against responsible directors "where ISS determines that the company is not taking the minimum steps needed to understand, assess, and mitigate risks related to climate change to the company and the larger economy." This requirement that climate damage to the economy be mitigated as well as climate damage to the company itself recognizes that climate mitigation is a critical factor for ISS clients due to the diversified nature of modern investing. Accordingly, the analysis of shareholder proposals should be focused on whether they are reasonably calculated to bring a company closer to Paris alignment.
- On issues related to diversity: Inequality, including racial and gender inequality, threatens the intrinsic value of the global economy. See [Living Wage and the Engagement Gap: Using a Systems Lens to Build Portfolio Value Through Improved Wages](#). ISS' analysis of human capital management disclosure metrics should ensure that the metrics are designed to capture the risk that a company's practices pose to the global economy through contribution to inequality and other systemic risks.

Again, please see our detailed suggestions attached or in the [Google drive link](#). Thank you for taking our comments into consideration. We hope that ISS will make changes based upon our submission.

Please let us know if you have any questions about our submission.

**The Shareholder Commons**