

GOVERNANCE

A PRACTICAL GUIDE TO BUILDING SHAREHOLDER VALUE

MOSCOW EXCHANGE

The Global Leader in Corporate Governance

www.isscorporatesolutions.com



- › Widely recognized as the leading provider of corporate governance solutions to the global financial community
- › Solutions designed to enable investors to apply corporate governance best practices and enhance investment decision-making
- › Close to 700 professionals located in 15 offices with major worldwide financial centers



- › Wholly-owned subsidiary of Institutional Shareholder Services (ISS)
- › Exists **EXCLUSIVELY TO SERVE THE CORPORATE ISSUER**
- › Provider of expert **corporate governance and executive compensation solutions and advisory services designed to enable corporate issuers to improve shareholder value and reduce risk** through the adoption of improved corporate governance practices
- › ICS Europe based out of London

	ISS Research	Premium ISS Corporate Solutions Offering
Engage with companies to gather context on proposals to inform ISS meeting research, and answer questions on published ISS benchmark policy.	Yes	No
Pre-commitment on ISS vote recommendation	No	No
Review planned proposals, identify comparable situations, and forecast likely investor voting, proxy advisor recommendations (multiple advisors), and proposal outcomes for these situations	No	Yes
Pre-publication advice on company proposal design and related disclosures	No	Yes
Year round benchmarking of company governance and remuneration practices relative to peers	No	Yes
Governance screening tools from company perspective for use in proactive and reactive off-season shareholder engagement	No	Yes
Board and executive level presentations/reports and commentary on company governance and compensation practices	No	Yes
Post-mortem analysis of shareholder meetings identifying need for any remedial action by company	No	Yes

Make The Right Decisions For Your Company

ISS Data and Analytics can help you make informed decisions

BENCHMARK your governance program

- **Compare** your governance policies and practices against your peers
- **Discover** outlying practices which may be turning investors away

SET your governance agenda

- **Assess** the suitability of changing governance policies and practices
- **Examine** trends and recent developments in governance standards and investor expectations
- **Prioritise** changes according to size of impact and your ability to implement

IDENTIFY the right solutions for your company

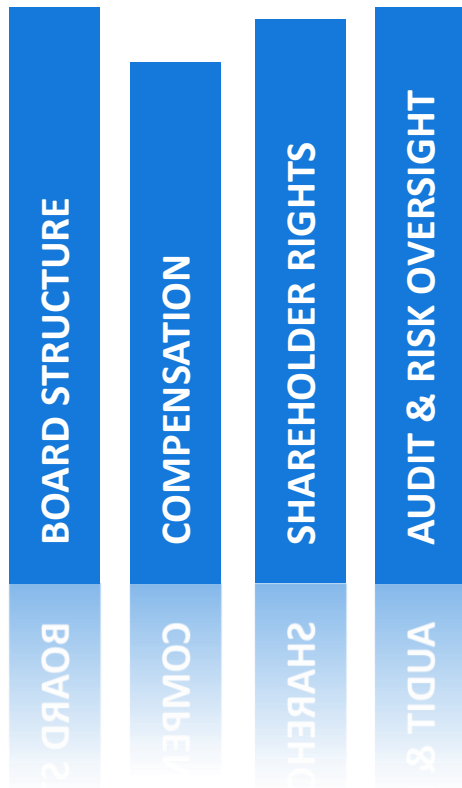
- **Recognise** your range of options on each governance issue
- **Draft** policies that take into account what is best for your company
- **Locate** and learn from examples of similar policies from other companies

BUILD shareholder support for your governance program

- **Pinpoint** investors that may have issues with your governance program
- **Engage** investors in virtual conversations on hot-button issues

Governance Through the Lens of the Investor

QuickScore 3.0



Used by many leading institutional investors to measure governance risk in their portfolios.

Six of the top 10 U.S. pension funds currently use QuickScore.

QuickScore profiles are also viewable more broadly on Bloomberg NASDAQ Online and NYSE Connect

ISS Governance QuickScore 3.0 helps you:

- › Understand how investors perceive your governance program
- › Identify governance practices that make you stand out among companies that you compete with for capital
- › Evaluate your full range of governance options
- › Anticipate how changes in your practices could impact the way institutional investors perceive your governance risk
- › Stay ahead of emerging shifts in governance norms

Scoring Framework

Decile score indicates a company's governance risk, relative to its index and region. Each company receives an overall Governance QuickScore and four separate pillar scores.

Governance QuickScore



BOARD STRUCTURE	COMPENSATION/ REMUNERATION	SHAREHOLDER RIGHTS	AUDIT & RISK OVERSIGHT
<ul style="list-style-type: none">Board CompositionComposition of CommitteesBoard PracticesBoard PoliciesRelated Party Transactions	<ul style="list-style-type: none">Pay for PerformanceNon-Performance Based PayUse of EquityEquity Risk MitigationNon-Executive PayCommunications and DisclosureTerminationControversies	<ul style="list-style-type: none">One Share One VoteTakeover DefensesVoting IssuesVoting FormalitiesOther ShareholderRights issues	<ul style="list-style-type: none">External AuditorAudit and Accounting ControversiesOther Audit issues

Coverage of 4,500 Companies Across 30 Markets

QuickScore 3.0 coverage expanded to include European companies in the STOXX600 and the introduction of emerging market companies in Brazil and Russia. Further coverage expansion for companies in India, China and South Korea is planned for early 2015.

THE AMERICAS

S&P Composite/ TSX Index

CANADA

U.S. Russell 3000 Index, with the S&P500 Index compared separately

UNITED STATES

MSCI Emerging Markets Index:

LATIN AMERICAN REGION

Brazil

EUROPE & AFRICA

MSCI EAFE & STOXX600 Indices:

NORDIC REGION:

Denmark, Finland, Norway, Sweden

ANGLO REGION:

United Kingdom, Ireland

WESTERN EUROPEAN REGION:

France, Belgium, Luxembourg, Netherlands

SOUTHERN EUROPEAN REGION:

Italy, Spain, Greece, Cyprus

GERMANIC REGION:

Germany, Austria, Switzerland

MSCI Emerging Markets Index:

AFRICAN REGION:

South Africa

ASIA & AUSTRALASIA

MSCI EAFE and Emerging Markets Indices:

ASIA PACIFIC REGION

Hong Kong, Singapore, China*

JAPAN

RUSSIA

INDIA*

SOUTH KOREA*

MSCI EAFE, NZX15 & ASX200 Indices:

AUSTRALASIA REGION

Australia, New Zealand

* Available 2015

Governance QuickScore - Russian Coverage

Current Overall Governance QuickScore

Company	ISS Governance QuickScore	Company	ISS Governance QuickScore
Aeroflot	9	Norilsk Nickel	2
Alrosa	8	Novatek	2
Bashneft	5	Novolipetsk Steel	5
Dixy Group	6	Novorossiysk Commercial Sea Port	10
E.ON Russia	7	Pharmstandard	6
FGC UES	7	PhosAgro	1
Gazprom Neft	8	PIK Group	4
Gazprom	10	Rosneft	8
Inter RAO	6	Rosseti JSC	9
LSR Group	7	Rostelecom	8
Lukoil	2	RusHydro	3
M Video Company	5	Sberbank of Russia	1
Magnit	4	Severstal	1
Magnitogorsk Iron & Steel Works	3	Sistema	9
Mechel	4	SOLLERS	7
MegaFon	4	Surgutneftgaz	9
Mobile Telesystems	3	Tatneft	10
Moscow Exchange	3	TMK	2
Mostotrest	6	Uralkali	1
		VTB Bank	5

QuickView Portfolio Monitoring Service

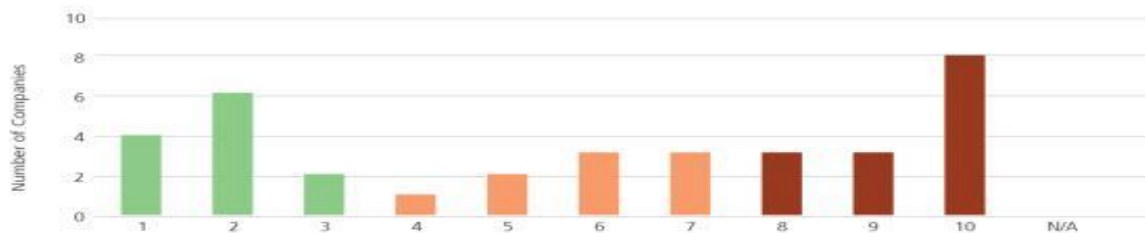
Enables Asset Owners to identify and manage governance risk within fund portfolios

ISS QuickScore Portfolio Monitoring Results

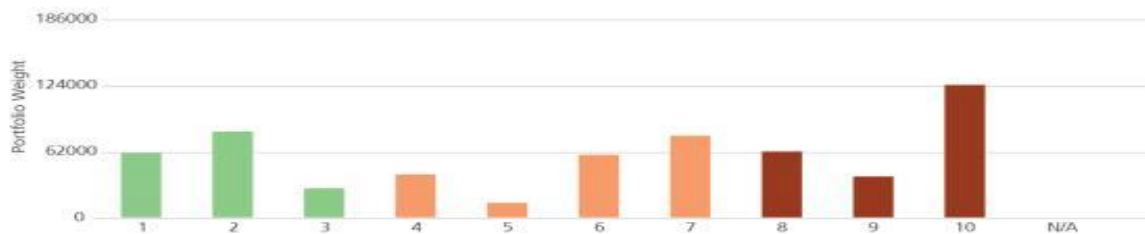
Portfolio: Sample Global Fund

Overall Governance Scores

QuickScore Decile Distribution (unweighted)



QuickScore Decile Distribution (unweighted)



Assess & Improve Your Governance Program

Leverage QuickScore Premium Tools to assess your governance risk and prioritise improvement efforts.

Premium access enables you to:

- PEER COMPARISON** › Analyze and benchmark your governance practices against your peers
- SENSITIVITY ANALYSIS** › Model how changes to your governance practices would affect how you benchmark against peers, and how those changes would affect your QuickScore
- GOAL SEEK** › Prioritize governance changes by identifying those changes that allow you to reach a specific score
- SEARCH** › Identify companies that embrace particular governance practices, allowing searches by industry, country, region, and governance practice
- PROFILES** › Generate governance reports to share with directors, executives, and investors
- ALERTS** › Be notified when scores or data for your company or peer companies has changed

Make sure you:



Review, verify and provide feedback on the data used to determine the ISS Governance QuickScore via the complimentary Data Verification website.

Governance Suite - Voting Analytics

Determine voting patterns and trends by monitoring and analyzing institutional voting policies and shareholder meeting results

VOTING ANALYTICS CAN HELP YOU:

- › **Design stronger proposals** *by identifying similar proposals, analyzing their features, and understanding their resulting shareholder support*
- › **Target high-priority institutional investor outreach** *by understanding past voting patterns*
- › **Benchmark proposal frequency and success rates** *before you issue your proxy, using sophisticated peer analysis tools*
- › **Prioritise shareholder proposals** *by seeing which have historically garnered the most support*
- › **Gain strategic insight on institutional investors or proposal outcomes** *by assessing voting patterns and trends*

Vote Coverage of US mutual funds

Vote results for all companies

Vote Records from All Major Fund Families

Governance Suite - Proxy Research Resources

Stay up-to-date on the latest updates in corporate governance with access to ISS proxy voting policies, research , publications and reports.

Track ISS recommendations and analysis through access to our global meeting calendar and ISS proxy research

- › **Obtain objective proxy research** *for specific companies or proposal types*
- › **Review agendas** *for pending and historical shareholder meetings*
- › **Leverage research developed by experienced specialists** *in governance, compensation, M&A, ESG and industry-specific issues*
- › **Gain insight on the most contentious M&A deals and proxy contests** *through specialized research*
- › **Be alerted of the latest proxy research reports** *released for your company and your peers*

Access critical information to create and maintain a strong corporate governance program

- › **Compare and contrast proxy voting policies across markets**, *as well as social investment, sustainability and Taft-Hartley policies using the Policy Matrix tool*
- › **Access in-depth, global coverage of today's issues**, *including current trends in corporate governance, risk management and regulatory developments*
- › **Stay on top of important developments** *with customized alerts*

Pose questions, get answers, and engage with investors and peers across the governance profession



Governance Exchange can help you:

- › **Broaden your understanding of stakeholder perspectives** *to reach constructive solutions on key issues*
- › **Compare your governance policies and practices** *with those of your peers*
- › **Access panel-driven webcasts and ISS white papers** *exclusively designed to address topics impacting today's public companies*
- › **Reference ISS voting policies** *by proposal, topic or keyword search*
- › **Engage with fellow corporate governance executives, investors and directors**

Make sense of the numbers, with insight and perspectives from institutional investors, governance practitioners, and ISS teams.

Governance Advisory Services

ICS experts are an extension of your team.

They will point out the risks you haven't seen and help you make critical decisions.

An expert resource
throughout the year

ADVISORS ARE AVAILABLE TO:

- › Help you **navigate the ICS Governance Suite** and create custom reports
- › **Deliver insight** into what institutional investors are looking for
- › **Benchmark your practices** and model various scenarios
- › **Share examples of best-in-class disclosures and uncover trends** among peers and in the broader market
- › Help you **prioritize** opportunities
- › **Help you develop an action plan for shareholder engagement**
- › **Help you prepare** draft resolutions and disclosures



THANK YOU

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ICS POLICIES & PRACTICES

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