

## ISS Proposes Voting Policy Changes in Four Hot Areas for US Companies

Yesterday, ISS posted [33 pages of proposed voting policy updates](#). The comment period has commenced and will end in less than two weeks - on November 16th. We'll provide a more detailed update when ISS adopts its final policy changes for 2022. For now, here are the four main areas where ISS is seeking comment for companies in the United States:

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**1. Board Diversity:** ISS proposes to expand its board gender diversity policy to apply to most listed U.S. Companies for meetings on or after Feb 1st, 2023. The current policy covers companies in the Russell 3000 and S&P 1500 indices.

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**2. Board Accountability – Unequal Voting Rights:** ISS previously implemented a voting policy on unequal voting rights applicable only to newly-public companies that adopted unequal voting rights (i.e., dual class or multi-class capital structures with high/low vote or high/low/no vote classes) without a sunset mechanism. ISS is now proposing to remove grandfathering for companies that went public prior to 2015 and – after a year's grace period in 2022 – to begin in 2023 recommending against responsible directors at all U.S. companies with unequal voting rights.

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**3. Climate – Board Accountability:** ISS is proposing a policy that would be applicable for 2022 for significant greenhouse gas (GHG) emitting companies, which it defines as those on the current Climate Action 100+ Focus Group. The proposed policy would introduce recommendations to vote against the re-election of relevant directors or any other appropriate items at companies that have not made appropriate climate-related disclosures, such as according to the TCFD framework, or that have not set quantitative GHG reduction targets. For 2022, the proposed policy would define appropriate GHG emissions reduction targets as "any well-defined GHG reduction targets" and would not require targets for Scope 3 emissions.

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**4. Climate – "Say-on-Climate" Voting:** ISS is proposing new policies codifying the case-by-case analysis frameworks for both management proposals seeking approval of climate transition plans and progress, and shareholder proposals requesting climate reporting (including where the proposal requests regular shareholder votes on climate transition plans and progress). In analyzing a management-offered climate transition plan presented for shareholder approval, ISS would assess the completeness and rigor of the plan in coming to a case-by-case determination and voting recommendation. For shareholder proposals requesting "say-on-climate" votes (requesting GHG reporting *or* shareholder votes on climate transition or GHG emission reduction plans), ISS will analyze each request on a case-by-case basis, taking into account the details of the request and the company's current climate-related disclosures and performance.

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