

# ISS Proxy Voting Guidelines

## Key Takeaways from the 2022 Update

ISS (Institutional Shareholder Services) is the world's leading provider of corporate governance and responsible investment solutions. Their recently released [proxy voting guidelines for 2022](#) outline policy changes regarding [board composition](#), [climate accountability](#), [racial equity/civil rights guidelines](#), [Say on Climate proposals](#), and [dual class sunset periods for IPOs](#).

### Board Composition

- ISS will continue to [recommend Against/Withhold votes](#) for Nominating Committee Chairs or other directors of Russell 3000 and S&P 1500 companies that [lack any female representation on the board](#). Starting February 2023, the policy will extend to companies outside of the Russell 3000 and the S&P 1500.
- Beginning February 2022, ISS will [recommend Against/Withhold votes](#) for Nominating Committee chairs or other directors of boards that [lack racial/ethnic diversity](#), regardless of Russell 3000 or S&P 1500 index inclusion.

### Climate Accountability

ISS will require companies that are [significant greenhouse gas \(GHG\) emitters](#)<sup>1</sup> to take steps to [reduce](#) emissions and provide detailed [disclosure regarding risks, strategies, and oversight](#). The [Task Force on Climate-Related Financial Disclosures \(TCFD\) framework](#) is recommended along with clearly established [targets to reduce future GHG emissions](#). Failure to comply will lead to [Against/Withhold recommendations](#) for relevant board members.

### Racial Equity/Civil Rights

ISS will issue vote recommendations on a [case-by-case basis](#) regarding shareholder proposals to [establish an independent racial equity/civil rights audit](#).

The analysis will consider:

- pre-established processes for addressing racial inequity;
- public statements on racial justice efforts;
- engagement with impacted communities;
- company track record and external outreach; and
- alignment with market norms.

<sup>1</sup> ISS defines significant GHG emitters as companies on the Climate Action 100+ Focus Group List.

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### Say on Climate Proposals

All proposals will be assessed on a **case-by-case basis**, with ISS to consider the following:

Management Proposals	Shareholder Proposals
<ul style="list-style-type: none"> <li>• Disclosure alignment with TCFD</li> <li>• GHG emissions</li> <li>• Science-based targets and associated third-party approval</li> <li>• Net zero targets</li> <li>• Decarbonization challenges</li> <li>• Market standards and industry peers</li> </ul>	<ul style="list-style-type: none"> <li>• Extent and rigor of company’s climate disclosures</li> <li>• GHG emissions performance</li> <li>• Climate-related fines, litigation, and controversies</li> <li>• Proposal practicality – is request unduly burdensome or overly prescriptive</li> </ul>

### Dual Class Sunset Period for IPOs

Starting February 2023, ISS will **recommend Against/Withhold votes** for boards of newly public companies with **dual class structures extending beyond seven years post IPO**.

### What ZMH Can Do for You

*Our Proprietary ESG Engagement Dashboard™ allows you to leverage technology and data to optimize your shareholder interactions.*

Know what could be asked during an engagement

Stay up to date on investor’s ESG priorities

Access to 1000+ case studies & detailed analysis

Understand how investors will vote on your ballot

Gain access to 7M NPX voting records & governance policies

Contact information & key players at each firm

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