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**ISS Announces 2021 Benchmark Policy Updates**

ROCKVILLE, Md. (November 12, 2020) — Institutional Shareholder Services Inc. (ISS), the leading provider of end-to-end governance and responsible investment solutions to the global financial community, today released updates to its 2021 ISS benchmark proxy voting policies. The updated policies will generally be applied for shareholder meetings taking place on or after Feb. 1, 2021.

To ensure its global voting policies take into consideration the changing views and needs of its institutional investor clients and the perspectives of companies and the broader corporate governance community, ISS gathers input each year from institutional investors, companies, and other market constituents worldwide through a variety of channels and over many months. The updates announced today have been informed by the careful consideration of the many inputs received.

“Against the backdrop of the COVID-19 pandemic, institutional investors, companies and other interested market constituents globally, have provided thoughtful feedback on a wide range of issues through the ISS annual benchmark policy survey, multiple virtual policy roundtables and discussions, and through our public open comment period on proposed changes,” said Georgina Marshall, Global Head of Research and Chair of the ISS Global Policy Board.  “ISS’ transparent, market-based approach to evolving the policies that are the basis of our informed, independent ISS benchmark research and voting recommendations, continues to help support our institutional investor clients in making informed voting decisions according to their own investment and governance philosophies,  including in light of increasing regulation with regard to stewardship responsibilities and fiduciary duties.”

Among the changes, ISS is adopting a new voting policy in line with strong investor responses from ISS’ 2020 global benchmark policy survey and feedback received during our policy roundtables and comment period with respect to U.S. boards lacking racial and ethnic diversity.  The policy will have a one-year transition period to 2022.  In 2021, ISS research reports will highlight boards of companies in the Russell 3000 or S&P 1500 that lack racial and ethnic diversity (or lack disclosure of such), with the goal of helping investors identify companies with which they may wish to engage and to foster dialogue between investors and companies on this topic. The U.S. ISS Benchmark policy will not use a lack of racial and ethnic diversity as a factor in its vote recommendations on directors in 2021. For 2022, for companies in the Russell 3000 or S&P 1500 where the board has no apparent racial or ethnically diverse members, and no mitigating factors are identified, ISS’ policy will provide for recommending voting against or withhold from the chair of the nominating committee (or other directors on a case-by-case basis). Aggregate diversity statistics provided by the board will be considered if they are specific to racial and/or ethnic diversity. Mitigating factors will include the presence of a racial and/or ethnic minority on the board at the preceding annual meeting and a firm commitment to appoint at least one racial and/or ethnic diverse member.

Elsewhere, there are further policy updates with regard to board gender diversity for Canada, the UK, Ireland, continental Europe and Latin America. Increased minimum board gender diversity policy thresholds will be applied in a number of markets and will be implemented in 2021 and 2022, with ISS policies generally providing for recommending a vote against the chair of the nomination committee (or other directors on a case-by-case basis), where boards do not meet minimum gender diversity thresholds.

Board composition-related policy updates will also be implemented in Japan, Latin America and Russia.  In Japan, the updated policy for boards with statutory auditor structures increases to at least a one-third outsider board representation requirement. Where not met, ISS policy will generally provide for recommending votes against the top executive(s).  ISS is also adopting a new policy that will provide for recommending against the top executive(s) of Japanese companies that allocate a significant portion (20 percent or more) of their net assets to cross-shareholdings. Both of these policy changes for Japan will be subject to a one-year transition period and implemented from February 2022. In the main Latin American markets, policy changes will increase minimum board independence thresholds. In Russia, a broad range of information on a director’s independence classification for candidates proposed by minority shareholders will be used.

In continental Europe, the current ISS overboarding policy thresholds will now apply to all European companies, extended from only widely-held companies as at present. The policy is also being updated to reflect minimum remuneration disclosure expectations in line with new regulatory requirements across Europe.

For U.K. and Ireland, there is a policy update with regard to capital issuances for investment companies whereby ISS will now generally recommend support for investment company share issuance requests when an explicit commitment is provided that shares will only be issued above net asset value. This is in alignment with the Pre-Emption Group for investment companies in the UK and Ireland.

For the U.S. and Canada, ISS’ policy on management proposals to establish exclusive forums for litigation is being updated with modifications in the U.S. policy, and addition of language codifying the existing Canadian policy.

All global policies are being updated with regard to director accountability for material failures of governance and risk oversight. ISS policies globally will explicitly note that significant risk oversight failures related to environmental and social concerns may constitute material governance failures, and as such, may trigger vote recommendations against board members.

For full details of all ISS benchmark policy updates for 2021, please visit the [ISS Policy Gateway](https://www.issgovernance.com/policy-gateway/upcoming-policies/). To access comments received by ISS during our public open comment period on the main 2021 policy updates, please click [here](https://www.issgovernance.com/policy-gateway/2021-benchmark-policy-comments/).

ISS will be hosting an informational webcast on the 2021 policy updates as well as other developments in the governance landscape, on December 9 at 4:00p.m. GMT | 11:00a.m. EST | 8:00a.m. PST. To register, please click [here](https://www.issgovernance.com/2021-iss-policy-update-webcast/).

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