

ISS U.S. Proxy Voting Guidelines

2026 vs. 2025: what changed, and what it means for your ballot

Institutional Shareholder Services - Benchmark Policy Recommendations

United States

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published 9 December 2025 (effective 1 February 2026)

ISS withdrew its default support from five categories of environmental and social shareholder proposal - climate risk, greenhouse gas reporting, workforce diversity data, human rights reporting and political-spending disclosure. Nothing was added to replace them.

Source: the two published guideline documents, read in full. Every quotation below is taken verbatim from them.
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The short version

The 2026 ISS benchmark guidelines are the same 87-page document as 2025, with the same thresholds and the same architecture. But five specific recommendations changed from "generally vote for" to "case-by-case," and all five are shareholder proposals on environmental and social topics. That is the whole story of this edition.

ISS is not an asset manager. It is the recommendation engine that a very large share of institutional votes follow, either directly through voting policies or as a starting point for internal review. A shift in an ISS default is therefore not a statement of opinion - it is a change in what happens automatically on tens of thousands of ballots unless someone overrides it.

- Five defaults removed. Climate risk disclosure reports, GHG emissions reports, workforce diversity data (including EEO-1), human rights reporting, and political contributions disclosure all moved from a presumption in favour to no presumption at all. Zero new "generally vote for" recommendations were added anywhere in the document.
- Diversity voting is formally suspended. Both the gender diversity and racial/ethnic diversity director-election policies are still printed in full - but each now carries a note that ISS has "indefinitely halted" applying it. The suspension is flagged on the cover page.
- Pay-for-performance got a longer lens. The relative alignment tests moved from a three-year to a five-year measurement window, and the pay-multiple test moved from the most recent fiscal year to one- and three-year periods.
- Director pay scrutiny got tighter. The "pattern" of excessive non-employee director pay no longer has to be in consecutive years, "excessive" became "excessive or otherwise problematic," and ISS can now go adverse in the first year for egregious cases.
- Dual-class got two new escape hatches. Convertible preferred voting on an as-converted basis, and time-limited enhanced voting rights used to cure low turnout, are now exempt from the unequal-voting-rights accountability policy.

Direction of travel

Substantially less supportive of E&S shareholder proposals and of diversity-based director accountability; modestly tougher on executive and director pay. The numerical floors are untouched - 75% attendance, five-board overboarding limit (two for a sitting CEO), the 70% say-on-pay responsiveness trigger, the 3%/3-year/25% proxy access formulation, the 50% withhold threshold. What moved is the presumption sitting above them.

1. The five withdrawn defaults

In the 2025 guidelines, a proponent filing one of these five proposals started from a favourable ISS recommendation and the company had to argue its way out of it. In 2026 nobody starts ahead.

The grammar of the change matters as much as the words. The 2025 formulation was "generally vote for ... unless" followed by a list of exceptions - a default yes, defeatable on specific grounds. The 2026 formulation is "vote case-by-case ... considering" followed by the same list as neutral factors. The inputs to the analysis barely changed. What was removed is the burden of proof.

Climate change risk disclosure

Reports on climate-related financial, physical and regulatory risk

2025:

"Generally vote for resolutions requesting that a company disclose information on the financial, physical, or regulatory risks it faces related to climate change on its operations and investments or on how the company identifies, measures, and manages such risks"

2026:

"Vote case-by-case on resolutions requesting that a company disclose information on the climate change related financial, physical, or regulatory risks it faces to its operations and investments or on how the company identifies, measures, and manages such risks"

The exception "Whether the company already provides current, publicly-available information on the impact that climate change may have on the company as well as associated company policies and procedures" was split into two neutral factors and the word "already" dropped - so a company that discloses no longer defeats the proposal, it simply scores well on one factor among several.

Greenhouse gas emissions reporting

Requests for a GHG emissions report

2025:

"Generally vote for proposals requesting a report on greenhouse gas (GHG) emissions from company operations and/or products and operations, unless:"

2026:

"Vote case-by-case on proposals requesting that a company report on its greenhouse gas (GHG) emissions from company operations and/or products and operations, considering:"

The three exception bullets beneath were converted into questions - "The company's level of disclosure is comparable to that of industry peers" became "Whether the company's level of disclosure is comparable to that of industry peers," and "There are no significant controversies, fines, penalties, or litigation" became "Whether there are significant, controversies, fines, penalties, or litigation." The stray "or" connecting the last factor survives from the old exception list and is now grammatically orphaned - a sign of how mechanically the conversion was made.

Workforce diversity data and EEO-1

Equality of Opportunity proposals

2025:

"Generally vote for proposals requesting a company disclose its diversity policies or initiatives, or proposals requesting disclosure of a company's comprehensive workforce diversity data, including requests for EEO-1 data, unless:"

2026:

"Generally vote case-by-case on proposals requesting a company disclose its diversity policies or initiatives, or proposals requesting disclosure of a company's comprehensive workforce diversity data, including requests for EEO-1 data."

Two wording changes travel with it. "Equal opportunity policies" became "equal employment opportunity policies," and the EEO-1 report is now named explicitly as the benchmark for "comprehensive workforce diversity data." And the exception "The

company has no recent significant EEO-related violations or litigation" became the factor "Whether the company has recent significant workplace discrimination/fair employment violations or litigation" - narrower and more litigation-specific than the broad EEO framing it replaced.

Human rights and supplier labour standards

Reports on company or supplier labour and human rights standards

2025:

"Generally vote for proposals requesting a report on company or company supplier labor and/or human rights standards and policies unless such information is already publicly disclosed."

2026:

"Vote case-by-case on proposals requesting a report on company or company supplier labor and/or human rights standards and policies, taking into consideration:"

The single defeating condition - information already public - became one of three factors, alongside two newly added ones: "Whether the company is lagging industry peers" and "Whether there are recent, significant company controversies, fines, or litigation regarding human rights at the company or its suppliers." The peer-comparison test is new here and cuts both ways, but in practice it favours companies whose sector as a whole discloses little.

Political contributions disclosure

Disclosure of political contributions and trade association spending

2025:

"Generally vote for proposals requesting greater disclosure of a company's political contributions and trade association spending policies and activities, considering:"

2026:

"Vote case-by-case on proposals requesting greater disclosure of a company's political contributions and trade association spending policies and activities, considering:"

This is the cleanest of the five - the factor list is otherwise unchanged except for one addition, "The company's disclosure of its direct corporate political contributions." Note the asymmetry with the neighbouring Lobbying policy, which was already case-by-case in 2025 and is untouched. The 2026 edition brings political contributions into line with lobbying rather than the other way round.

Why this matters

These five cover the bulk of what actually gets filed. If you hold an index fund or a large-cap portfolio and your manager follows or benchmarks to ISS, expect materially fewer supporting recommendations on climate, emissions, workforce data, supply-chain and political-spending resolutions in the 2026 season - and expect the recommendations that do come out to be harder to anticipate in advance.

2. What ISS did not convert

The conversion was selective, which is the evidence that it was deliberate rather than a drafting convention.

A systematic count of every "generally vote for" recommendation in the two documents finds exactly five that exist in 2025 and not in 2026 - the five above - and none that were added. Everything else that carried a default yes still carries it.

- Sustainability reporting keeps its default: "Generally vote for proposals requesting that a company report on its policies, initiatives, and oversight mechanisms related to social, economic, and environmental sustainability, unless:" - identical wording in both editions, including the "unless" construction that was stripped out of its four E&S neighbours.
- Animal welfare reports, reports on operations in protected areas, and the general "controversial business practices" report policy are all unchanged, with the old default-yes grammar intact.
- Proxy access: unchanged, including the 3% of voting power threshold, three years of continuous ownership, minimal aggregation limits and the 25%-of-board nominee cap.
- Poison pills, classified boards, unilateral bylaw amendments, majority vote standards and cumulative voting: unchanged.
- Say on Climate management and shareholder proposals: both unchanged and both already case-by-case.
- Racial equity / civil rights audits and ESG compensation-linked proposals: unchanged and already case-by-case.
- Attendance: still "75 percent of the aggregate of their board and committee meetings." Overboarding: still more than five public company boards for a director, more than two outside boards for a sitting public-company CEO.

The sustainability-reporting carve-out is the most telling. It is the broadest and vaguest of the E&S disclosure asks, and it is the one ISS kept. The four it converted are the ones where the request is specific, measurable and costly to comply with.

3. Diversity: the policy is still printed, but suspended

ISS suspended its board-diversity voting policies in February 2025, between the publication of the 2025 and 2026 guidelines. The 2026 document handles this by leaving the policies in place and attaching a halt notice to each.

The cover page of the 2026 edition carries a new banner that did not exist in 2025:

2026, new:

"Effective for Meetings Published on or after February 25, 2025, Consideration of Certain Diversity Factors in Making Vote Recommendations Is Suspended (see pp. 12-13 for more information)."

On the pages themselves, the Gender Diversity policy - "generally vote against or withhold from the chair of the nominating committee ... at companies where there are no women on the company's board" - survives word for word, and so does the Racial and/or Ethnic Diversity policy for Russell 3000 and S&P 1500 companies, including the one-year cure commitment exception and the footnote about aggregate diversity statistics. Each is now preceded or followed by a note in the same form:

2026, new:

"For shareholder meeting reports published on or after February 25th, 2025, Institutional Shareholder Services (ISS) has indefinitely halted the consideration of the gender diversity of a company's board when making vote recommendations with respect to the election or re-election of directors at U.S. companies covered by these guidelines under its proprietary ISS U.S. Benchmark policy."

An identical note covers racial and/or ethnic diversity.

Why this matters

In practical terms, an all-male board or an all-white board in the Russell 3000 no longer draws an automatic ISS against recommendation for the nominating committee chair. That was one of the most mechanically applied policies in the US market and a reliable source of double-digit against votes. Worth noting how ISS did it: the policies were not deleted, and the word "indefinitely" is not the same as "permanently." The drafting keeps the machinery in place and switched off, which is what you would do if you thought you might switch it back on.

4. Executive compensation

Three real changes: the pay-for-performance measurement window got longer, the say-on-pay responsiveness test was restructured, and director pay came under wider scrutiny.

Pay-for-performance now looks over five years, not three

Relative Degree of Alignment and peer-rank tests

2025:

"The degree of alignment between the company's annualized TSR rank and the CEO's annualized total pay rank within a peer group, each measured over a three-year period."

2026:

"The degree of alignment between the company's annualized TSR rank and the CEO's annualized total pay rank within a peer group, each measured over a five-year period."

The same three-to-five-year extension applies to the second quantitative screen, "The rankings of CEO total pay and company financial performance within a peer group." The third screen changed differently: the multiple of CEO pay to the peer median moved from "in the most recent fiscal year" to "over one- and three-year periods." Absolute Alignment already used a five-year window and is unchanged.

This is a methodology change with real consequences. A longer window damps the effect of a single bad or good year - a company with one outsized grant is less likely to be flagged, and a company with a sustained multi-year disconnect is more likely to be. It also means the 2026 quantitative screen reaches back into pay decisions made in years when the test did not apply to them.

Two qualitative pay factors added

- "The ratio of performance- to time-based incentive awards" became "The ratio of performance- to time-based long-term incentive awards" - narrowing the measure to LTI, where the distinction actually matters.
- A new factor: "Vesting and/or retention requirements for equity awards that demonstrate a long-term focus."
- "Realizable pay compared to grant pay" became "Realizable and/or realized pay compared to granted pay." Realized pay - what was actually taken - is a different and generally less flattering number than realizable pay. The 2025 footnote explaining that ISS research reports include realizable pay for S&P1500 companies was deleted.

Say-on-pay responsiveness: "and" became "and/or"

The trigger for a responsiveness vote

2025:

"Vote case-by-case on Compensation Committee members (or, in exceptional cases, the full board) and the Say on Pay proposal if: The company's previous say-on-pay received the support of less than 70 percent of votes cast."

2026:

"Vote case-by-case on Compensation Committee members (or, in exceptional cases, the full board) and/or the say-on-pay proposal when the company's previous say-on-pay received support of less than 70 percent of votes cast."

The 70% threshold is unchanged. What changed is that the committee and the pay resolution are no longer automatically paired - ISS can now recommend against one without the other. The flat factor list was also split into two tiers. Engagement disclosure, disclosure of the specific concerns raised, and disclosure of specific and meaningful actions taken are now the primary test; "whether the issues raised are recurring or isolated" and "the company's ownership structure" were demoted to "Additional factors that may be considered."

One new factor and one new provision were added at the same time:

2026, new:

"Significant corporate activity, such as a recent merger or proxy contest"

2026, new:

"If the company discloses meaningful engagement efforts, but in addition states that it was unable to obtain specific feedback, ISS will assess company actions taken in response to the say-on-pay vote as well as the company's explanation as to why such actions are beneficial for shareholders."

That second provision closes a practical gap. Under the 2025 test, a company that engaged but could not get investors to say what they objected to was in an awkward position, since the second factor asked for disclosure of the specific concerns voiced. The 2026 text gives it an alternative route: show what you did and explain why it helps. Whether that makes the test easier or harder depends entirely on how ISS reads "beneficial for shareholders" - but it is a route that did not exist before.

One narrowing to note. In 2025, failure to implement the shareholder-preferred say-on-pay frequency sat as a bullet under the same heading that covered both the committee and the say-on-pay proposal. In 2026 it is a standalone sentence naming only "Compensation Committee members (or, in exceptional cases, the full board)." The pay resolution itself is no longer in scope for a frequency failure.

Finally, the duplicated factor list in the Compensation Committee Communications and Responsiveness section was replaced by a cross-reference: 2025's "Failure to adequately respond to the company's previous say-on-pay proposal that received the support of less than 70 percent of votes cast, taking into account:" plus seven bullets became 2026's "Failure to adequately respond to the company's previous say-on-pay proposal that received low support taking into account the factors identified under the Responsiveness section in the Board of Directors policy." That is housekeeping, not a policy change - the 70% figure survives elsewhere in the same section.

5. Director pay and the Equity Plan Scorecard

The clearest tightening in the 2026 document is on non-employee director compensation, where ISS widened both the definition of the problem and the circumstances in which it will act.

Director pay: three separate expansions in one sentence

When ISS votes against the committee that sets director pay

2025:

"if there is a pattern (i.e. two or more years) of awarding excessive non-employee director compensation without disclosing a compelling rationale or other mitigating factors"

2026:

"if there is a pattern (i.e. two or more consecutive or non-consecutive years/across multiple years) of awarding excessive or otherwise problematic non-employee director compensation without disclosing a compelling rationale or other mitigating factors"

"Two or more years" previously implied consecutive years; it now expressly does not. "Excessive" - a magnitude test - became "excessive or otherwise problematic," which is a design test. And a new sentence removes the pattern requirement altogether in bad enough cases:

2026, new:

"Adverse recommendations may be warranted in the first year for particularly egregious director compensation issues/instances/cases."

A new footnote defines the widened term: "May include excessive magnitude, problematic perquisites, performance awards, stock options, or retirement benefits." Naming performance awards and stock options as potentially problematic for non-employee directors is the substantive content here - it reflects the view that directors should not be incentivised like executives.

Equity Plan Scorecard: a new veto and a new factor

The three-pillar structure - Plan Cost, Plan Features, Grant Practices - is unchanged and the pillars are now numbered I, II and III. Inside them, two things moved.

- A new Plan Features factor: "Cash-denominated award limits for non-employee directors" - the same director-pay concern, now built into the scorecard.
- A new overriding factor that can sink a plan on its own: "The plan lacks sufficient positive features under the Plan Features pillar." Previously a plan could offset weak features with a low cost or good grant practices; now a sufficiently poor Plan Features score is a standalone failure. The final catch-all was also broadened from "Any other plan features" to "Any other factors ... determined to have a significant negative impact on shareholder interests."
- "The proportion of the CEO's most recent equity grants/awards subject to performance conditions" became "... classified by ISS as performance-based." ISS now says plainly that it decides what counts, rather than taking the company's characterisation.

Two definitional parentheticals were dropped from the Grant Practices pillar without replacement: the CEO vesting factor lost "(3-year look-back)" and the plan duration factor lost "(based on the sum of shares remaining available and the new shares requested, divided by the average annual shares granted in the prior three years)." The 2025 footnote setting out which plan types fall under the scorecard at all was also deleted. None of this changes a stated outcome, but it does remove the published formulas a company could previously model against.

The three-year value-adjusted burn rate, the SVT benchmark methodology, the liberal change-in-control and repricing overriding factors, and the problematic pay practices list are all unchanged.

6. Unequal voting rights: two new exemptions

The dual-class accountability policy - vote against directors at companies with unequal voting rights - survives intact, but the list of structures it does not apply to grew.

What the policy covers

2025:

"if the company employs a common stock structure with unequal voting rights"

2026:

"if the company employs a multi class capital stock structure with unequal voting rights"

The existing carve-outs are unchanged: newly public companies with a sunset of no more than seven years, limited partnerships and REIT operating-partnership units, super-voting shares under 5% of total voting power, and companies giving minority shareholders a regular binding vote on the structure. Two were added:

2026, new:

"Convertible preferred shares that vote on an "as-converted" basis"

2026, new:

"Situations where the enhanced voting rights are limited in duration and applicability, such as where they are intended to overcome low voting turnout and ensure approval of a specific non-controversial agenda item and "mirrored voting" applies"

The first is a technical clarification - as-converted preferred was never really the target. The second is more interesting: it exempts loaded-vote and mirrored-voting mechanics used to get quorum on routine items, a structure that shows up at smaller companies and at closed-end funds. Neither exemption reaches the controlled technology and media companies that the policy is mainly aimed at.

7. Smaller edits worth knowing about

A new screening question across all E&S proposals

The global framework that sits above every social and environmental shareholder proposal gained a factor:

2026, new:

"Whether the proposal addresses substantive matters that may impact shareholders' interests, including how the proposal may impact shareholders' rights."

This is the only addition to a list that otherwise carried over unchanged, and it is a materiality gate applied before the topic-specific tests. Two other edits in the same list: "legislation or government regulation" became "legislation or regulation" (broader - it now picks up agency rulemaking), and "The company's approach compared with any industry standard practices" became "The company's relevant practices compared with any industry standard practices" - a shift from stated intent to observed behaviour. The section heading also changed from "social and environmental proposals" to "social and environmental shareholder proposals," confirming the framework applies to shareholder-filed items only.

Peer group methodology moved off the page

The footnote that set out how ISS builds a compensation peer group was rewritten from a specification into a pointer. The 2025 version named market cap, revenue or assets, GICS industry group and the company's own selected peers, with size constraints, and carved out Oil, Gas & Consumable Fuels companies for market-cap-only sizing. The 2026 version lists the factors as examples and adds "ISS' peer selection methodology is detailed in the U.S. Peer Group FAQ." The methodology may not have changed; the commitment in the guidelines document did.

Absolute Alignment scope, restated

2025: "Only Russell 3000 Index companies are subject to the Absolute Alignment analysis." 2026: "Russell 3000E Index companies (excluding S&P1500 and Russell 3000 companies) are not subject to the Absolute Alignment analysis." The same set of companies, stated from the other direction - and the 2025 footnote explaining that the Russell 3000E covers roughly 4,000 securities was dropped.

A correction to the previous edition of this report

The earlier automated comparison of these two documents reported several policy statements as newly added or removed that are in fact present and unchanged in both editions - the independent board chair statement, the liberal change-in-control overriding factor, the animal welfare policy, operations in protected areas, cumulative voting and restricting binding shareholder proposals. Each of those apparent changes is an artefact of a running header falling in a different place on the page between the two PDFs. It also described the climate risk and GHG disclosure policies as "removed," which overstates it - they were converted from default-support to case-by-case, and the substance of the analysis survives. Those findings are not carried forward here.

The bottom line

This is a narrowly targeted edition. Most of the 87 pages are identical. The parts that changed are almost entirely about shareholder proposals on environmental and social topics, and they all move the same way.

Five default-support recommendations were withdrawn and none added. Two director-election policies based on board demographics were left on the page but switched off. Taken together, those are the two mechanisms through which ISS most directly influenced E&S outcomes in US voting, and both have been disengaged within a single policy cycle.

Against that, the compensation changes point the other way. A five-year pay-for-performance window is a more demanding test than a three-year one for companies with persistent misalignment. Realized pay is a harsher measure than realizable pay. The director compensation policy got wider on three dimensions at once and gained a first-year trigger. And the Equity Plan Scorecard gained an overriding factor that can fail a plan on features alone.

The hard numbers are all still there: 75% attendance, five boards, two for a sitting CEO, 70% say-on-pay responsiveness, 50% for the director withhold trigger, 3%/3-year/25% proxy access. Anyone expecting the 2026 guidelines to dismantle the structural governance framework will not find it. What they will find is that the framework now carries fewer presumptions in favour of shareholder-initiated environmental and social change.

A note on how to read this

Guidelines are recommendations, not votes. Many institutions apply ISS specialty policies - Sustainability, Climate, SRI, Taft-Hartley - rather than the Benchmark policy analysed here, and those are published separately and may not have moved the same way. If your manager describes itself as "informed by" ISS rather than following it, the effect of these changes on your ballot depends on how the manager exercises that discretion.