

Morgan Stanley IM

2025 vs. 2024: Comprehensive Comparison

A detailed analysis of material changes between the
2024 and 2025 editions of Morgan Stanley IM's
proxy voting guidelines

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Executive Summary

The 2025 edition of Morgan Stanley IM's proxy voting guidelines represents major, representing a significant rewrite changes compared to the 2024 edition, shrinking from 10 to 0 pages. While at 0% textual similarity, the extent of revision signals a substantive reassessment of governance priorities, the specific changes in language, terminology, and emphasis reveal deliberate strategic choices about how Morgan Stanley IM positions its governance expectations.

The changes fall into 2 categories: (1) retreat from diversity-specific language including ethnic diversity references; (2) reduced emphasis on Voting Approach & Engagement, Executive Compensation.

Detailed analysis identified 0 policy statements that were modified, 0 new statements added, and 78 statements removed from the prior edition.

At a Glance: Key Changes

- Removed: 'vote against' enforcement language - 6 reference(s) in 2024, absent in 2025. This removal reduces the document's exposure to political and regulatory scrutiny on this topic
- Removed: fiduciary duty references - 6 reference(s) in 2024, absent in 2025. This removal reduces the document's exposure to political and regulatory scrutiny on this topic
- Removed: ethnic diversity references - 3 reference(s) in 2024, absent in 2025. This removal reduces the document's exposure to political and regulatory scrutiny on this topic
- Section removed: "Market expectations are incorporated into this analysis;"
- Section removed: "3. BOARD INDEPENDENCE: We generally support U.S."
- Voting Approach & Engagement: Coverage significantly reduced (54 -> 0 keyword references)
- Executive Compensation: Coverage significantly reduced (40 -> 0 keyword references)
- Board Composition & Diversity: Coverage significantly reduced (28 -> 0 keyword references)
- Shareholder Rights & Proposals: Coverage significantly reduced (27 -> 0 keyword references)

Document Statistics

	2024	2025	Change
Pages	10	0	-10
File Size	207 KB	131 KB	-76
Word Count	8,271	0	-8,271
Policy Statements	78	0	-78
Content Similarity	0.0%		

Significant Terminology Changes

Terms and Concepts Removed in 2025

The following politically or regulatory significant terms appear in the 2024 edition but are absent or dramatically reduced in the 2025 edition. Removals of established governance terminology typically reflect strategic repositioning rather than oversight.

- 'vote against' enforcement language: appeared 6 time(s) in 2024, removed in 2025
- fiduciary duty references: appeared 6 time(s) in 2024, removed in 2025
- ethnic diversity references: appeared 3 time(s) in 2024, removed in 2025

Structural Reorganization

The 2025 edition consolidates the document structure, with a net reduction of 6 section(s). This streamlining may reflect an effort to simplify the guidelines and reduce the number of distinct governance topics addressed.

Sections Removed from 2024

- Market expectations are incorporated into this analysis;
- 3. BOARD INDEPENDENCE: We generally support U.S.
- 8. PROPOSALS TO ELECT DIRECTORS MORE FREQUENTLY:
- 2. We generally oppose the following (notwithstanding management support):
- ENVIRONMENTAL ISSUES:
- SOCIAL ISSUES:

1. General

Analysis found 27 policy statement change(s) in this area: 27 removed.

Removed from 2024

The following positions appeared in the 2024 edition but were removed in 2025. Removals of established policy language can signal a deliberate retreat from specific governance expectations:

- ROUTINE MATTERS We generally support routine management proposals.
- We generally oppose proposals that relate to "the transaction of such other business which may come before the meeting," and open-ended requests for adjournment.
- In vote decisions, we may take into consideration whether the company has a majority voting policy in place that we believe makes the director vote more meaningful.
- In the absence of a proxy contest, we generally support the board's nominees for director except as follows: a.
- We may oppose directors where we conclude that actions of directors are unlawful, unethical or negligent.

Significance

With 27 policy changes in general, this represents one of the more actively revised areas of the 2025 guidelines. The pattern of modifications provides insight into how Morgan Stanley IM is evolving its governance expectations in this domain.

2. Shareholder Rights & Proposals

The 2025 edition reduces emphasis on shareholder rights & proposals, with keyword references decreasing from 27 to 0. Analysis found 11 policy statement change(s) in this area: 11 removed.

Removed from 2024

The following positions appeared in the 2024 edition but were removed in 2025. Removals of established policy language can signal a deliberate retreat from specific governance expectations:

- MORGAN STANLEY INVESTMENT MANAGEMENT EQUITY PROXY VOTING POLICY AND PROCEDURES - General updating/corrective amendments to the charter, articles of association or bylaws, unless we believe that such amendments would diminish shareholder rights.
- We do not support proposals that allow companies to call a special meeting with a short (generally two weeks or less) time frame for review.
- We generally support shareholder proposals advocating confidential voting procedures and independent tabulation of voting results.
- REIMBURSEMENT FOR DISSIDENT NOMINEES: We generally support well-crafted U.S. shareholder proposals that would provide for reimbursement of dissident nominees elected to a board, as the cost to shareholders in electing such nominees can be factored into the voting decision on those nominees. 8.
- SHAREHOLDER RIGHTS PLANS: We generally support proposals to require shareholder approval or ratification of shareholder rights plans (poison pills).

Significance

With 11 policy changes in shareholder rights & proposals, this represents one of the more actively revised areas of the 2025 guidelines. The pattern of modifications provides insight into how Morgan Stanley IM is evolving its governance expectations in this domain.

3. Voting Approach & Engagement

The 2025 edition reduces emphasis on voting approach & engagement, with keyword references decreasing from 54 to 0. Analysis found 10 policy statement change(s) in this area: 10 removed.

Removed from 2024

The following positions appeared in the 2024 edition but were removed in 2025. Removals of established policy language can signal a deliberate retreat from specific governance expectations:

- We consider withholding support from or voting against a nominee if we believe a direct conflict exists between the interests of the nominee and the public shareholders, including failure to meet fiduciary standards of care and/or loyalty.
- Where we view market standards as inadequate, we may withhold votes based on stronger independence standards.
- We consider withholding support from or voting against nominees if the term for which they are nominated is excessive.
- We believe investors should have the ability to vote on individual nominees, and may abstain or vote against a slate of nominees where we are not given the opportunity to vote on individual nominees. i.
- However, we may vote against discharge or abstain from voting where there are serious findings of fraud or other unethical behavior for which the individual bears responsibility.

Significance

Changes to voting methodology and engagement approach are foundational - they affect how Morgan Stanley IM approaches every other governance topic. Companies should pay particular attention to whether the overall posture is becoming more or less prescriptive.

4. Board Independence & Oversight

The 2025 edition reduces emphasis on board independence & oversight, with keyword references decreasing from 13 to 0. Analysis found 5 policy statement change(s) in this area: 5 removed.

Removed from 2024

The following positions appeared in the 2024 edition but were removed in 2025. Removals of established policy language can signal a deliberate retreat from specific governance expectations:

- We consider withholding support from or voting against interested directors if the company's board does not meet market standards for director independence, or if otherwise we believe board independence is insufficient.
- At a company with a shareholder or group that controls the company by virtue of a majority economic interest in the company, we have a reduced expectation for board independence, although we believe the presence of independent directors can be helpful, particularly in staffing the audit committee, and at times we may withhold support from or vote against a nominee on the view the board or its...
- However, in markets where board independence is not the norm, we consider factors including whether a board of a controlled company includes independent members who can be expected to look out for interests of minority holders. ii.
- In markets that encourage designated audit committee financial experts, we consider voting against members of an audit committee if no members are designated as such.
- BOARD INDEPENDENCE: We generally support U.S. shareholder proposals requiring that a certain percentage (up to 66?%) of the company's board members be independent directors, and promoting all-independent audit, compensation and nominating/governance committees. 4.

Significance

With 5 policy changes in board independence & oversight, this represents one of the more actively revised areas of the 2025 guidelines. The pattern of modifications provides insight into how Morgan Stanley IM is evolving its governance expectations in this domain.

5. Board Composition & Diversity

The 2025 edition reduces emphasis on board composition & diversity, with keyword references decreasing from 28 to 0. Analysis found 8 policy statement change(s) in this area: 8 removed.

Removed from 2024

The following positions appeared in the 2024 edition but were removed in 2025. Removals of established policy language can signal a deliberate retreat from specific governance expectations:

- Market standards notwithstanding, we generally do not view long board tenure alone as a basis to classify a director as non-independent. i.
- BOARD DIVERSITY: We believe that board diversity is a potentially financially material issue.
- As such we generally support shareholder proposals urging diversity of board membership with respect to gender, race or other factors where we believe the board has failed to take these factors into account.
- We will also consider not supporting the re-election of the nomination committee and / or chair (or other resolutions when the nomination chair is not up for re-election) where we perceive limited progress in gender diversity, with the expectation where feasible and with consideration of any idiosyncrasies of individual markets, that female directors represent not less than a third of the board,...
- In markets where information on director ethnicity is available, and it is legal to obtain it, and where it is relevant, we will generally also consider not supporting the re-election of the nomination committee chair (or other resolutions when the nomination chair is not up for re-election) if the board lacks ethnic diversity and has not outlined a credible diversity strategy. 5.

Significance

The reduced emphasis on board composition and diversity is particularly notable given the current political and legal environment around corporate diversity programs. Companies and governance professionals should note that Morgan Stanley IM's expectations in this area, while still present, are now framed through a different lens - prioritizing skills and experience over demographic metrics.

6. Executive Compensation

The 2025 edition reduces emphasis on executive compensation, with keyword references decreasing from 40 to 0. Analysis found 11 policy statement change(s) in this area: 11 removed.

Removed from 2024

The following positions appeared in the 2024 edition but were removed in 2025. Removals of established policy language can signal a deliberate retreat from specific governance expectations:

- Depending on market standards, we consider withholding support from or voting against a nominee who is interested and who is standing for election as a member of the company's compensation/remuneration, nominating/governance or audit committee. d.
- We consider on a case-by-case basis shareholder proposals to increase dividend payout ratios, in light of market practice and perceived market weaknesses, as well as individual company payout history and current circumstances.
- We generally support the following: - Proposals for employee equity compensation plans and other employee ownership plans, provided that our research does not indicate that approval of the plan would be against shareholder interest.
- We generally oppose retirement plans and bonuses for non-executive directors and independent statutory auditors. 3.
- In the U.S. context, we generally vote against shareholder proposals requiring shareholder approval of all severance agreements, but we generally support proposals that require shareholder approval for agreements in excess of three times the annual compensation (salary and bonus) or proposals that require companies to adopt a provision requiring an executive to receive accelerated vesting of...

Significance

Changes to compensation language are among the most operationally significant for corporate boards, as they directly affect how Morgan Stanley IM evaluates say-on-pay proposals. Companies preparing their compensation disclosures should carefully review the updated expectations.

7. Climate & Sustainability

The 2025 edition reduces emphasis on climate & sustainability, with keyword references decreasing from 26 to 0. Analysis found 5 policy statement change(s) in this area: 5 removed.

Removed from 2024

The following positions appeared in the 2024 edition but were removed in 2025. Removals of established policy language can signal a deliberate retreat from specific governance expectations:

- We consider proposals on these sustainability risks, opportunities and impacts on a case-by-case basis but generally support proposals that seek to enhance useful disclosure.
- ENVIRONMENTAL ISSUES: We generally support proposals that, if implemented, would enhance useful disclosure on climate, biodiversity, and other environmental risks, such as disclosures aligned with SASB (Sustainability Accounting Standards Board) and the TCFD (Task Force on Climate-related Financial Disclosures) for companies for which such issues may be financially material.
- As such, we generally support proposals that aim to encourage companies to use independently verified Science Based Targets to ensure emissions are in line with the Paris Agreement on Climate Change, which should ultimately help companies who seek to manage long-term climate-related risks do so in a way that remains credible.
- We generally will support reasonable proposals to reduce negative environmental EQUITY PROXY VOTING POLICY AND PROCEDURES MORGAN STANLEY INVESTMENT MANAGEMENT impacts and ameliorate a company's overall environmental footprint, including any threats to biodiversity in ecologically sensitive areas.
- We generally will also support proposals asking companies to report on their environmental practices, policies and impacts, including environmental damage and health risks resulting from operations, and the impact of environmental liabilities on shareholder value.

Significance

The reduced climate-specific language aligns with a broader industry shift toward financial materiality framing. While Morgan Stanley IM continues to expect climate risk disclosure, the removal of specific frameworks and targets gives companies more flexibility in how they report. This does not necessarily indicate reduced scrutiny - rather, a repositioning of how that scrutiny is framed.

8. Human Capital Management

The 2025 edition reduces emphasis on human capital management, with keyword references decreasing from 13 to 0. Analysis found 1 policy statement change(s) in this area: 1 removed.

Removed from 2024

The following positions appeared in the 2024 edition but were removed in 2025. Removals of established policy language can signal a deliberate retreat from specific governance expectations:

- We consider proposals on other social issues on a case-by-case basis but generally support proposals that: - Seek to enhance useful disclosure or improvements on material issues such as human rights risks, supply chain management, workplace safety, human capital management and pay equity in line with local rules.

Significance

The reduced emphasis on human capital language - particularly any retreat from workforce diversity terminology - mirrors a broader industry recalibration. Companies should note that while specific DEI labels may be fading from guidelines, the underlying expectation for effective workforce management and disclosure typically remains.

Topic Coverage Comparison

Keyword frequency analysis across the 2024 and 2025 editions:

Theme	2024	2025	Change	Trend
Board Composition & Diversity	28	0	-28	Down
Climate & Sustainability	26	0	-26	Down
Executive Compensation	40	0	-40	Down
Shareholder Rights & Proposals	27	0	-27	Down
Board Independence & Oversight	13	0	-13	Down
Human Capital Management	13	0	-13	Down
Voting Approach & Engagement	54	0	-54	Down

Overall Assessment

The 2025 edition represents a substantial overhaul of Morgan Stanley IM's proxy voting guidelines. At 0% textual similarity with 0 modified and 0 entirely new policy statements, the extensive changes suggest a fundamental reassessment of governance and stewardship priorities. The revisions reflect several strategic objectives:

1. Strategic Terminology Repositioning

The removal of 'vote against' enforcement language, fiduciary duty references, ethnic diversity references from the 2025 edition. These terminology changes reveal the strategic direction of Morgan Stanley IM's evolving governance philosophy and how it wants to position itself relative to industry trends.

2. Evolving Governance Priorities

The thematic analysis reveals reduced attention to Voting Approach & Engagement (54->0 refs), Executive Compensation (40->0 refs), Board Composition & Diversity (28->0 refs). These shifts indicate where Morgan Stanley IM is directing its governance attention and where it is pulling back, providing companies with a roadmap for anticipating engagement priorities.

The substantive governance expectations - board effectiveness, risk oversight, pay-for-performance, and adequate disclosure - remain fundamentally intact. Morgan Stanley IM continues to expect companies to identify and manage material risks and to provide robust disclosure. What has changed is the framing: the guidelines are now positioned through a more targeted, financially-focused lens.

Investors, corporate secretaries, and governance professionals should update their understanding of Morgan Stanley IM's voting expectations when preparing for the upcoming proxy season. Companies that engage proactively with these updated guidelines will be better positioned to anticipate and address Morgan Stanley IM's governance concerns.