

Morgan Stanley IM Equity Proxy Voting Policy

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

Morgan Stanley Investment Management
Equity Proxy Voting Policy and Procedures
April 2025 edition compared with January 2026 edition

The voting guidelines themselves did not change by a single word. Everything that changed is about who is covered, who decides, and what MSIM says about its proxy advisers.

Source: the two published policy documents, read in full. Every quotation below is taken verbatim from them.
proxyvotesnow.com

The short version

MSIM's substantive voting guidelines - the seven lettered sections covering the board, auditors, compensation, shareholder rights and defences, capital structure, corporate transactions and shareholder proposals - are word-for-word identical in the January 2026 document and the April 2025 document. Not a threshold, not a qualifier, not a comma. If you want to know how MSIM will vote on a say-on-pay resolution, a poison pill or a climate proposal in 2026, the April 2025 text answers the question exactly.

That is itself the headline, because it is not what most of MSIM's US peers did this year. While BlackRock spent its 2026 rewrite removing the words diversity, DEI and TCFD and downgrading "likely to support" to "may support," MSIM left intact an explicit statement that it generally supports disclosure proposals on climate, biodiversity, human rights, supply chain, workplace safety, human capital management and pay equity - and an explicit statement that board diversity helps directors manage risk.

What did change sits entirely in the procedural half of the document, and there are four things worth knowing:

- Scope widened sharply. Fourteen advisory entities were added, including Parametric Portfolio Associates and Atlanta Capital, plus seven private-markets advisers (Mesa West, Morgan Stanley Infrastructure, Morgan Stanley Private Equity Asia, Morgan Stanley Real Estate Advisor, MS Capital Partners Adviser, MSREF Real Estate Advisor, MSRESS III Manager). FundLogic SAS was removed.
- A mandatory conflicts escalation became a discretionary one. In 2025 the Head of the Global Stewardship Team "will convene" a special committee when a material conflict is not otherwise addressed. In 2026 the Head "may convene" one.
- A whole new appendix governs private-side clients - real estate, infrastructure, private credit and private equity - where votes are cast by a named "proxy vote designee" rather than by the equity process described in the rest of the document.
- The description of what MSIM checks when it reviews ISS and Glass Lewis dropped the words "and vote recommendations," and a new footnote was added stating that all voting decisions are made by MSIM's own investment teams.

Direction of travel

Essentially flat on voting substance, mildly more permissive on internal process, and noticeably broader in reach. The one change an investor should actually watch is the conflicts committee moving from obligatory to optional - that is a real loosening of an internal control, in a document whose parent company is itself a frequent ballot item.

1. The voting guidelines: verbatim unchanged

This is worth demonstrating rather than asserting. Running the guidelines sections of both editions through a word-level comparison returns no differences at all beyond footnote numbering and page furniture.

Every one of the following survives into 2026 exactly as written in April 2025:

- Board composition, independence and accountability - including the expectation that directors are elected annually by majority vote and that a director failing to win majority support should resign absent sufficient disclosure explaining why.
- The two "withhold" triggers: significant concerns over inadequate risk oversight of potentially financially material issues, and audit committee members who fail to address accounting irregularities or financial misstatements over consecutive years.
- Auditor independence, non-audit fees and tenure.
- Executive and director compensation, including the clawback expectation where performance milestones are missed.
- Shareholder rights: one share one vote, poison pill ratification, majority vote standards, responsiveness to non-binding majority votes, special meetings and proxy access.
- Capital structure, pre-emptive rights and dividend payout proposals.
- Mergers, contested elections and proxy fights.
- The shareholder proposal framework in full.

Two passages that stand out by having survived

Both of the following are in the January 2026 document, unedited from April 2025. In a year when several large US managers deleted equivalent language, their survival is a finding in itself.

2026, unchanged from 2025:

"We generally support proposals that seek to enhance useful disclosure on potentially financially material issues (as appropriate to the investment strategy of MSIM's investment teams and relevant advisory affiliates), including but not limited to climate, biodiversity, human rights, supply chain, workplace safety, human capital management and pay equity."

2026, unchanged from 2025:

"We believe that diverse perspectives on the board help directors assess and manage risks and opportunities comprehensively. Diversity on a board can include diversity of thought, background, skills, and experiences."

The footnote giving an example of when MSIM may withhold support from a director also survives untouched, and it is unusually specific: "we may withhold support for a director we believe is responsible for a company's involvement/remediation of breach of global conventions such as UN Global Compact Principles on Human Rights, Labor Standards, Environment and Business Malpractice."

Why this matters

MSIM's guidelines are principles-based and short on numbers - there is no attendance percentage, no overboarding limit, no proxy-access threshold to move. That makes the language itself the policy. Leaving it untouched, including the climate and diversity references, is a deliberate choice, and it is the clearest signal in the document about where MSIM intends to stand in the 2026 season.

2. The conflicts committee became optional

This is the single edit in the document with the clearest potential to change an outcome.

Escalating an unresolved material conflict of interest

April 2025:

"In the event of a material conflict of interest not addressed by such policies and procedures, the Head of GST will convene a special committee to oversee how a proxy should be voted in accordance with the Client Proxy Standard."

January 2026:

"The Head of GST may convene a special committee to oversee how a proxy should be voted in accordance with the Client Proxy Standard, in certain situations including circumstances where a potential material conflict of interest is not addressed by such policies and procedures."

Three things moved at once. "Will convene" became "may convene," so the escalation is now a judgement call rather than a requirement. The triggering condition was widened from a single defined circumstance to "certain situations including" that circumstance, which is broader in scope but weaker as a rule. And "a material conflict of interest" became "a potential material conflict of interest," which lowers the bar for what counts while simultaneously removing the obligation to act on it.

The companion reporting sentence was loosened too. 2025: determinations "will be reported to the Fund Board." 2026: "will be reported to any applicable Fund Board, where appropriate." The qualifier moved from inside the sentence to the end, and "the Fund Board" became "any applicable" one.

What did not change is the treatment of Morgan Stanley's own stock. In both editions, when MSIM votes proxies of its parent company it "will seek to vote its shares in the same proportion as other holders of Morgan Stanley's shares" - the echo vote. That mechanical safeguard is intact.

Why this matters

MSIM sits inside a bulge-bracket investment bank that has commercial relationships with a large share of the companies whose proxies it votes. The special committee is the named mechanism for handling exactly that problem. Converting it from something that must happen into something that may happen is a genuine reduction in a control, even if the practice does not change.

3. Who the policy now covers

The covered-entity footnote grew from seventeen names to twenty-six. The additions fall into two groups and tell two different stories.

Parametric and Atlanta Capital brought in

Parametric SAS, Parametric Portfolio Associates LLC and Atlanta Capital Management Company LLC are now explicitly covered. Parametric matters disproportionately here: it is one of the largest US providers of separately managed accounts and custom indexing, and a substantial volume of retail and adviser-directed equity sits on its platform. Bringing it inside the MSIM policy footnote means those holdings are voted against this document unless a client has agreed otherwise.

The private-markets advisers, and a new appendix for them

Mesa West Capital, Morgan Stanley Infrastructure, Morgan Stanley Private Equity Asia, Morgan Stanley Real Estate Advisor, MS Capital Partners Adviser, MSREF Real Estate Advisor and MSRESS III Manager were all added - and a new appendix was written to describe how they vote, because the equity machinery does not apply to them.

2026, new:

"For the Investment Management Private Side clients, each Adviser will, as a fiduciary to its clients, vote proxies in the best interest of its clients in a manner consistent with the objective of maximizing long-term investment returns."

2026, new:

"The proxy vote designee will typically be the asset manager (for real estate investing or infrastructure) or the investment professional (for private credit and equity)."

The private-side regime is explicitly more discretionary than the public-equity one. Each adviser "reserves the right to depart from these procedures" where a matter is being considered case by case, is not covered, involves a material conflict, or where departing is necessary "to maximize shareholder value and vote in the best interests of the client." Conflicts are handled by the designee "in consultation with their coverage attorney" rather than by the Global Stewardship Team, and the appendix openly contemplates that two MSIM clients in the same portfolio company may vote against each other: "In these situations, opposing votes may be cast by the relevant investors."

Several of the procedural footnotes are marked "not applicable" to these entities, confirming that the proprietary voting platform, the third-party proxy services and the GST-run operations sit outside the private-side process entirely.

One departure

FundLogic SAS was removed from the covered list. It does not appear anywhere in the 2026 document.

4. Proxy advisers, and a new disclaimer

MSIM has used both ISS and Glass Lewis since at least April 2025, with ISS executing votes. Neither of those facts changed. What changed is how MSIM describes its oversight of them - and it is a change in the same direction as the regulator-facing edits appearing across the industry this year.

What MSIM reviews when it diligences its proxy advisers

April 2025:

"Topics of the reviews include, but are not limited to, the Proxy Service Providers' management of conflicts of interest, methodologies for developing their policies and vote recommendations, and resources."

January 2026:

"Topics of the reviews include, but are not limited to, the Proxy Service Providers' management of conflicts of interest, methodologies for developing their policies, research, and resources."

"Vote recommendations" came out; "research" went in. On one reading this is trivial. On another it is consistent with a firm that wants to be clear it does not take vote recommendations from its advisers at all - and that reading is supported by the sentence added immediately above it, which has no 2025 equivalent:

2026, new:

"While MSIM utilizes certain services from the Proxy Service Providers, all voting decisions are made by MSIM's investment teams."

This is a defensive statement, and 2025 was a year in which proxy advisers came under sustained pressure from US state legislatures, the SEC and litigation. MSIM is not alone in adding a line of this kind. It does not change a vote, but it tells you what the drafters were worried about.

One deletion in the same neighbourhood

April 2025, deleted:

"In some circumstances, MSIM may further define guidelines that sit under this Policy providing more details on company expectations and voting decisions applicable to certain strategies."

This sentence acknowledged the existence of strategy-level voting guidelines sitting beneath the firm-wide policy - the natural home for a sustainable or impact strategy with tighter expectations than the house default. It is gone, with no replacement. The Calvert carve-out survives (certain MSIM ETFs still follow Calvert's own guidelines), so strategy-specific voting has not been abolished; but the general permission to create sub-guidelines is no longer stated.

A smaller addition points the other way: where two MSIM investment teams disagree about the same proxy, 2025 said "each investment team will vote according to their views." 2026 adds three words - "subject to market rules" - acknowledging that in some jurisdictions split voting is simply not permitted.

5. What did not change

Beyond the guidelines themselves, most of the operating framework is carried forward intact.

- The decentralised model: investment teams retain the overall vote decision, with the Global Stewardship Team supporting rather than directing them.
- Provosys, the proprietary voting platform, and the rationale given for keeping the process in-house.
- ISS as the vote-execution provider; ISS and Glass Lewis together as research providers.
- The echo vote on Morgan Stanley's own stock.
- Securities lending, market and operational limitations, reporting and recordkeeping, Form N-PX filing, and the annual policy review.
- The Calvert arrangement for certain MSIM ETFs, including oversight under the 40 Act Fund Service Provider and Vendor Oversight Policy.
- The exclusion of fixed-income consents, which continue to be governed by a separate policy.

The document was also retitled in its own introduction - April 2025 opened "This Proxy Voting Policy," January 2026 opens "This Equity Proxy Voting Policy and Procedures" - which aligns the body text with the cover and, given the new private-side appendix, usefully signals that the guidelines are about listed equity.

The bottom line

If you hold a Morgan Stanley, Eaton Vance, Calvert, Parametric or Atlanta Capital equity strategy, nothing in this update tells you to expect a different vote on any ballot item.

MSIM has kept a principles-based, investment-team-led policy that still says, in plain terms, that it generally supports disclosure proposals on climate, biodiversity, human rights, supply chain, workplace safety, human capital and pay equity, and that board diversity helps directors manage risk. In a year when several of its largest competitors edited comparable sentences out of their guidelines, standing still is a position.

The real content of the January 2026 edition is administrative: a much wider set of affiliates is now inside the policy, private-markets voting has been given its own rules and its own decision-maker, and the language around proxy advisers has acquired a defensive edge. Only one edit deserves a note in the file - the special conflicts committee that the Head of Global Stewardship used to be required to convene is now one he or she may convene.

As always, the guidelines are not the votes. But here, unusually, the guidelines are the same guidelines, so MSIM's published voting record is a clean year-on-year test of whether anything actually moved.