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ISS Proposes 2013 Voting Policy Updates

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On Tuesday, October 16, Institutional Shareholder Services (ISS) proposed updates to its proxy voting guidelines for the 2013 proxy season.

ISS's proposed policy would:

- Recommend voting against boards of directors who do not act on shareholder proposals that were approved by the vote of a majority of shares cast in the prior year;
- Revise ISS's say-on-pay criteria by refining the peer group selection methodology, incorporating "realizable pay" analysis into the qualitative evaluation of pay-for-performance and designating pledging shares as a problematic pay practice;
- Extend the analysis of golden parachute arrangements to existing and legacy arrangements rather than just new or renewed arrangements; and
- Provide for a case-by-case assessment of shareholder proposals to link executive compensation to environmental and social "sustainability metrics."

The proposed updates are open to public comment until October 31, and the final policies are expected to be released in November. While these new policies have not yet been finalized and are subject to revision, it's not too early for public companies to consider how these changes could affect their ISS profile in the upcoming proxy season.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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