

ISS OPENS 2021 ANNUAL POLICY SURVEY, FOLLOWING CALL TO VOLUNTARILY DISCLOSE ETHNICITY OF DIRECTORS, OFFICERS

Aug 03, 2020

Institutional Shareholder Services Inc. (ISS) opened its [2021 Annual Policy Survey](#) on July 29, 2020, to seek input from institutional investors, public companies, directors and others to begin development of ISS' annual benchmark policies and assess potential policy changes for 2021 and beyond. The survey will close on August 21, 2020, at 5 p.m. ET.

This year's survey includes questions related to recently released ISS policy guidance on issues related to the COVID-19 pandemic, including annual general meeting formats and stakeholder expectations regarding compensation and adjustments to incentives. The survey also requests feedback on a global level related to climate change risk, sustainable development goals, auditors and audit committees, and racial and ethnic diversity on corporate boards. As in prior years, after analysis and consideration of the survey responses, among other inputs, ISS will open a public comment period in October for all interested market participants on the proposed changes to 2021 benchmark voting policies.

Earlier this month, ISS sent letters to multiple public companies asking them to voluntarily disclose "information on the self-identified race/ethnicity of each of the company's directors and named executive officers (NEOs), to the extent that the company and the individual directors or NEOs are willing to provide this." The letter allows each director or officer to disclose up to three classifications from multiple categories, largely drawn from the OMB Standards for the Classification of Race and Ethnicity. Individuals may also provide supplemental information in free-text fields.

The letter states the request is driven by the current heightened focus on race and ethnicity. ISS said the information would be used "within our product sets to provide our clients with a more holistic picture of board and leadership diversity across their investment portfolios and, more broadly, to help ensure that all stakeholders have accurate and complete information as they consider the wider debate concerning the state of corporate diversity beyond gender."

ISS said it intends to engage with a broad cross-section of stakeholders on the potential need to expand the use of self-identified race and ethnicity director data within its ESG ratings methodologies, voting research and policies, and other offerings as it applies to this topic. While many public companies currently include disclosures about board diversity in general, it will be interesting to see whether public companies respond to the request for disclosures about executive officer diversity.

RELATED PRACTICE AREAS

- Securities & Corporate Governance

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