ISS Announces Modest 2027 Benchmark Policy Updates, Highlighting AI and Cyber Risk Oversight

Posted in: ISS, Proxy Advisors
Posted on: November 25, 2026

On November 24, 2026, ISS released updates to its benchmark proxy voting policies for the 2027 proxy season, effective for shareholder meetings held **on or after February 1, 2027**. The updates, summarized below, address:

- **U.S.-specific:** management ratification proposals used to exclude shareholder proposals and two executive compensation matters
- **Global (including U.S. companies):** board oversight of cybersecurity and AI-related risks, and climate-related board accountability

See the 2027 Benchmark Policy Updates Executive Summary and 2027 Americas Region Benchmark Policy Updates.

ISS plans to publish its complete 2027 benchmark proxy voting guidelines, incorporating these changes, by early December, and updated FAQ documents by year-end. For all ISS voting policies and related resources, visit the Voting Policy Gateway.

The ISS updates are relatively modest and come as Glass Lewis plans to replace its single benchmark policy with four distinct proxy voting perspectives beginning in September 2027. Following its review of stakeholder feedback, Glass Lewis expects to release final global guidelines for the four perspectives, along with U.S. market-

© 2026 Gunderson Dettmer; all rights reserved.

specific guidelines, in early December. ISS has separately announced that its AI-enabled PolicySteward platform, which will allow institutional investors to create customized voting policies and generate their own voting decisions, is set to launch in December. The launch is part of a broader rollout of AI-powered tools that includes Stu, an investment stewardship-focused AI agent that ISS has already deployed.

UNITED STATES POLICY UPDATES

Bylaw Amendments — Management Proposals to Ratify Existing Charter or Bylaw Provisions

This update clarifies the policy for situations where a management proposal seeking ratification of an existing governance practice or provision addresses the same topic as a shareholder proposal and is used to exclude it from the meeting ballot. Under the updated policy, ISS may recommend voting against directors (individual directors, members of the governance committee or the full board, as warranted) if the company uses a ratification proposal to exclude a shareholder proposal on the same issue. This applies regardless of whether the shareholder proposal was excluded at a prior meeting or at the current meeting.

Executive Compensation

Equity Plan Scorecard

This update eliminates one factor under the ISS Equity Plan Scorecard (EPSC) framework. The factor applied in three EPSC models: (i) S&P 500, (ii) Russell 3000 and (iii) Special Cases — Russell 3000/S&P 500. Specifically, the eliminated factor awarded points based on the proportion of recent CEO equity grants that are performance-based. ISS deemed this factor incompatible with the 2026 changes to its U.S. pay-for-performance evaluation of equity pay mix, which no longer assumes that an equity pay mix consisting primarily or entirely of time-based awards in itself raises significant concerns.

Option Valuation Model

This update removes references to ISS's binomial option pricing model, which is being retired. Black-Scholes replaces it as the methodology ISS uses to value options when calculating Shareholder Value Transfer (SVT). SVT is used in the equity plan cost analysis under the EPSC framework and in certain other situations requiring option cost estimates, including option exchanges. As a result, for meetings on or after February 1, 2027, the option valuation methodology for SVT and other

© 2026 Gunderson Dettmer; all rights reserved.

proposals requiring option valuations will be aligned with the methodology ISS already uses to value CEO and NEO options under its pay-for-performance, burn rate and realizable pay policies.

GLOBAL POLICY UPDATES (ALL MARKETS)

Cybersecurity and Artificial Intelligence Risk Oversight

All ISS benchmark policies on director elections globally contain a provision under which, in extraordinary circumstances, ISS may recommend voting against directors for material failures of risk oversight. This update adds cybersecurity and AI-related risks to the existing non-exhaustive list of examples of risk oversight failures ISS may consider. The other named examples are bribery, large or serial regulatory fines or sanctions, “demonstrably poor risk oversight of environmental and social issues (including climate change),” significant adverse legal judgments or settlements, and hedging of company stock.

According to ISS, cybersecurity and AI-related risks “have become material areas of corporate risk oversight at a growing number of companies. Many investors are increasingly focused on whether boards are adequately overseeing these risks where they are material to a company’s business, strategy, operations, or stakeholder impacts, reflecting the relevance of digital resilience, data governance, operational continuity, regulatory compliance, and responsible technology deployment to long-term shareholder value.”

The updated policy does not prescribe how boards should structure their oversight, ISS emphasizes. Rather, it recognizes that effective board oversight is an “integral component” of directors’ responsibilities where such risks are material. In response to a small number of comments, ISS declined to take a more prescriptive approach, such as establishing specific benchmark policy standards for AI oversight, noting that this area continues to evolve.

A cyber incident or adverse AI outcome, ISS clarified, does not by itself establish an oversight failure. The policy is applied only in “extraordinary circumstances involving egregious actions or material governance failures.” Assessments thus “will continue to be case-by-case and outcome-based, considering the nature of the risk, the company’s circumstances, the board’s oversight responsibilities, the quality of relevant disclosure, and whether the failure has caused or contributed to significant harm to shareholders’ interests.”

Climate Board Accountability

© 2026 Gunderson Dettmer; all rights reserved.

This update to the Climate Board Accountability policy codifies a case-by-case approach for all markets. According to ISS, the change more fully reflects its existing approach and investor feedback, and provides flexibility as regulatory frameworks and corporate practices continue to evolve.

Under the updated policy, for companies that are significant greenhouse gas (GHG) emitters through their operations or value chain, ISS will make case-by-case recommendations on the reelection of the board chair (or, if not on the ballot, another appropriate director) in cases where the company is not considered to be taking the "minimum steps" necessary to understand, assess and mitigate climate-related risks to the company and the larger economy. Previously, ISS would generally recommend voting against in these cases. The minimum steps are considered to be (1) detailed disclosure of climate-related risks (such as under the TCFD framework), including board governance measures, corporate strategy, risk management analyses, and metrics and targets; and (2) appropriate GHG emissions reduction targets.

Legal Disclaimer: *Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP ("Gunderson") has provided these materials for general informational purposes only and not as legal advice. Our provision and your use of these materials do not create an attorney-client relationship between Gunderson and you. These materials may not reflect the most current legal developments and knowledge, and accordingly, you should seek legal counsel before using or relying on these materials or the information contained herein. Gunderson assumes no responsibility for any consequences of your use or reliance on these materials.*

Featured Insights

EVENTS

What's Next in Biotech: The Future of Licensing and New-Company Creation

INSIGHTS

Client Insight: New York's New Personnel Records Law – What Employers Should Do Now, Including for Year-End Reviews

© 2026 Gunderson Dettmer; all rights reserved.

CLIENT NEWS

Linq Announces $90 Million Series B

INSIGHTS

WSJ Pro Venture Capital Interviews Gunderson Dettmer Partner Melissa Marks for “Venture Firms Finally Have Cash-Flow Numbers to Feel Good About”

CLIENT NEWS

Gunderson Dettmer Represents Breakthrough Energy Ventures Portfolio Company in Definitive Agreement to be Acquired by Air Water Ventures

CLIENT NEWS

Voyage Labs Raises $12 Million Seed

CLIENT NEWS

Akua Announces Strategic Investment from Itaú Ventures

CLIENT NEWS

Gunderson Dettmer Advises Our Next Energy (ONE) on Business Combination with Wen Acquisition Corp

CLIENT NEWS

Gunderson Dettmer Advises Vir Biotechnology on $150 Million Public Offering of Common Stock

FIRM NEWS

Gunderson Dettmer Maintains Leadership in PitchBook League Tables Across Every Venture Financing Stage

CLIENT NEWS

Gunderson Dettmer Represents Guardant Health in $550 Million Convertible Senior Notes Offering

INSIGHTS

5 Veterans, 1 Question: The Best Lesson I Brought to My Legal Career

© 2026 Gunderson Dettmer; all rights reserved.

© 2026 Gunderson Dettmer; all rights reserved.