



A Guide to the Big Three's Proxy Voting Policies & Guidance on Key ESG Issues

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Introduction to the Big Three and ESG Guide

The "Big Three" institutional investors, BlackRock, State Street Investment Management and Vanguard, recently released 2026 proxy voting policies and related guidance applicable to US companies. Companies are well-advised to review these policies and guidance in planning for engagement with the Big Three throughout the year and during the proxy season, and in considering environmental, social and governance (ESG) disclosures going forward.

In this Guide, we:

- Provide ESG-focused practical guidance for public companies to consider in light of these policies and guidance. See also our alert, [Looking to the 2026 Proxy Season: Key Corporate Governance, Engagement, Disclosure and Annual Meeting Topics](#).
- Identify changes to the proxy voting policies and guidance of the Big Three on ESG topics for 2026.
- Summarize the expectations of the Big Three as to company practices and disclosures around selected ESG topics, and highlight where failing to meet expectations may result in votes against directors.

Practice Pointers

- **Refine Approach to Shareholder Engagement.** Companies should review agendas and goals for shareholder engagement meetings, to ensure they reflect shareholder engagement priorities, comply with investor policies around engagement in light of recent Securities and Exchange Commission (SEC) [interpretations](#) discussing ownership reporting in the context of seeking to change or influence control, and can address as appropriate areas where the company may not be currently meeting expectations. Companies should ensure that directors and senior management participating in

engagement meetings are well-briefed on material ESG-related risks and opportunities, current disclosures and practices relating to ESG topics, and do's and don'ts of shareholder engagement.

- **Identify Vulnerabilities.** Companies should review their disclosures and practices in light of the Big Three's policies and guidance, to help identify where one or more of the Big Three may vote against directors and/or support shareholder proposals. Companies may work with proxy solicitors to determine the expected support of the Big Three and other major shareholders on ballot items, as well as the expected recommendations of proxy advisory firms. To reduce the risk of significant votes against directors, companies should assess director vulnerabilities and may wish to conduct additional shareholder outreach.
- **Refresh Materiality Analysis as to ESG-Related Risks and Board Oversight.** Given significant recent ESG developments, companies should refresh their materiality analysis relating to ESG-related risks, and how ESG-related risks are integrated into the company's enterprise risk management framework that facilitates risk identification, assessment, mitigation and monitoring. Companies should also review how the board provides oversight of material ESG-related risks and opportunities, and how this is reflected in board committee charters and related disclosure.
- **Enhance Practices and Disclosures if Appropriate.** Companies should confirm that the ESG narrative is cohesive across SEC filings, sustainability reports, company websites and other materials. To better reflect Big Three expectations and evolving regulatory developments, in planning ESG disclosures for the year ahead, companies may consider refining disclosure on certain ESG topics, for example:
 - Refresh risk factor disclosure relating to material ESG topics, and forward-looking statement disclaimers (see our [alert](#))
 - Review proxy statement disclosure of board oversight of material risks (see our [alert](#))
 - Review company disclosures and initiatives (if any) relating to diversity, equity and inclusion (DEI), in light of continued heightened scrutiny
 - Prepare for compliance with California climate disclosure rules, where applicable (discussed in our most recent comprehensive [alert](#)), and similar rules that may be enacted in other states

Big Three: 2026 ESG Policy Changes

ESG Topic	2026 ESG Policy Change
All	<ul style="list-style-type: none"> State Street policy provides that it will not dictate or pressure U.S. portfolio companies to adopt or change any policies (including but not limited to policies related to climate, DEI or sustainability) or fundamental business choices like capital allocation, and it will not support shareholder proposals on topics the company has not determined to be material to its business or that appear to impose changes to business strategy or operations.
Board Diversity	<ul style="list-style-type: none"> State Street policy no longer refers to diversity of backgrounds, which may include a range of characteristics such as skills, gender, race, ethnicity, and age; State Street no longer expects disclosure on board demographics Vanguard's policy no longer refers to diversity of "personal characteristics" such as age, gender and/or race/ethnicity.
Director Time Commitments / Overboarding	<ul style="list-style-type: none"> Vanguard policy no longer specifies that overboarded directors may nevertheless be supported if there are indications that the director will have sufficient capacity to fulfill board responsibilities or if the director has publicly committed to reducing directorships.
Independent Board Leadership	<ul style="list-style-type: none"> Vanguard policy no longer includes a list of factors relating to independence or governance concerns that are considered when determining whether support for an independent chair may be appropriate.
Board Oversight of ESG Risks & Opportunities	<ul style="list-style-type: none"> Vanguard policy no longer lists examples of issues that spur votes against directors for accountability failures, such as failure to effectively oversee a company's material environmental and social risks.
Climate Risk-Related Disclosure	<ul style="list-style-type: none"> BlackRock policy is now more focused on companies facing material climate-related risks, rather than all companies. State Street policy no longer sets forth expected climate-related disclosures including Scope 1 and Scope 2 emissions, climate transition and net zero plans (if any), climate-related targets, methane emissions and nature-related risks and opportunities. State Street policy now states that in engagement meetings it will not discuss (and will be in listen-only mode during all discussions of) adoption of a climate transition plan, adoption of specific targets for emissions reductions, or Scope 3 emissions including adoption of a Scope 3 emissions policy, Scope 3 emissions disclosure and Scope 3 emissions reductions.
Human Capital Management / Workforce DEI	<ul style="list-style-type: none"> BlackRock policy no longer states that it expects disclosure of the company's approach to DEI and has deleted the reference to the EEO-1 survey as providing a baseline to disclosure about workforce demographics. State Street policy no longer states that it expects specific disclosure relating to human capital management, DEI (such as workforce demographics) or pay equity.
Human Rights	<ul style="list-style-type: none"> Street policy no longer states that it expects specific disclosure relating to human rights or civil rights.
Political Contributions, Lobbying & Trade Association Memberships	<ul style="list-style-type: none"> State Street policy no longer states that it expects specific disclosure relating to political contributions, lobbying or trade association memberships.

Summary of Big Three Proxy Voting Policies and Key Guidance on Selected ESG Issues

The chart below summarizes the expectations of BlackRock, State Street and Vanguard as to US company practices and/or disclosures relating to selected ESG topics, as described in benchmark proxy voting guidelines and related guidance in effect for the 2026 proxy season. These expectations guide Big Three engagement with companies on material issues as well as voting on

directors and relevant shareholder proposals (e.g., proposals calling for particular disclosure on an ESG topic). The chart also highlights (with a) where failure to meet expectations may result in votes against (or not supporting) directors, as described in the relevant proxy voting guidelines and/or guidance.

While the Big Three provide specific guidance in proxy voting policies about the disclosures they expect to see on a range of ESG topics, they do not specify when or where this disclosure should be provided (e.g., ESG report, publicly available policy, company website, SEC filing), except that BlackRock encourages companies to provide sustainability-related disclosures sufficiently in advance of the annual meeting so that disclosures can be considered in relevant vote decisions.

ESG Topic	BlackRock	State Street	Vanguard
Board Diversity	<ul style="list-style-type: none"> • <u>All companies</u>: In assessing board composition, takes into account board size, business model, strategy, market capitalization, ownership structure and market in which the company operates • Disclose how collective experience and expertise of the board, as well as the particular skillsets of individual directors, align with company's long-term strategy and business model; include how directors' qualifications, which may include domain expertise such as finance or technology, and sector- or market-specific experience, are complementary and link to the company's long-term strategy; interested in a variety of experiences, perspectives and skillsets ⚠ May vote against S&P 500 company nominating/governance committee members to the extent the board is a sustained outlier compared to market practice in terms of its variety of experiences, perspectives and skillsets; aspects of a director's background that may, depending on the company, contribute to the experiences, perspectives, and skillsets that inform effective board oversight include professional background, as well as demographic background, including gender, race/ethnicity, disability, U.S. veteran status, LGBTQ+ identity, and national, Indigenous, religious, or cultural identity 	<ul style="list-style-type: none"> • <u>All companies</u>: Believes effective board oversight of a company's long-term business strategy necessitates a board composition with a range of knowledge, expertise, experience and perspectives • Recognizes that many factors may influence board composition, including board size, geographic location and local regulations • Defers to nominating committee to determine the most effective board composition and to ensure that adequate knowledge, expertise, experience and perspectives are represented in the boardroom • Will not discuss or apply specific targets or thresholds of gender, racial or ethnic diversity • Will not dictate or pressure companies to adopt or change any policies including but not limited to policies related to DEI 	<ul style="list-style-type: none"> • <u>All companies</u>: Board should reflect sufficient breadth of skills, experiences and perspectives resulting in cognitive diversity that enables effective, independent oversight • Provide fulsome disclosure of: <ul style="list-style-type: none"> ◦ Board's processes for building, assessing and maintaining an effective board well-suited to supporting the company's strategy, performance and shareholder returns, and evaluating board composition and effectiveness (including the identification of gaps and opportunities to be addressed through board refreshment and evolution, and a robust nomination (and renomination) process to ensure the right mix of skills, experiences, and perspectives in the future) ◦ Range of skills, background and experiences that each director provides and their alignment with the company's strategy (often presented as a skills matrix) • Board composition should comply with requirements set by relevant market-specific governance frameworks (e.g., listing standards, governance codes, laws, regulations, etc.) and be consistent with market norms in the markets in which the company is listed <ul style="list-style-type: none"> ◦ To the extent that a board's composition is inconsistent with such requirements or differs from prevailing market norms, the board's rationale for such differences (and any anticipated actions) should be explained in the company's public disclosures ⚠ May vote against nominating/governance committee chair if board composition and/or related disclosure is inconsistent with relevant market-specific governance frameworks or market norms

ESG Topic	BlackRock	State Street	Vanguard
Director Time Commitments / Over-boarding	<ul style="list-style-type: none"> • <u>NEO or executive chair of a public company</u>: No more than two public company boards • <u>Directors</u>: No more than four public company boards • Chair of European listed company board may count as two board commitments • May consider application of regional voting guidelines in cases where a director serves on non-U.S. public boards ⚠ May vote against a director who exceeds limit on number of board mandates 	<ul style="list-style-type: none"> • <u>All companies</u>: Will consider if company publicly discloses its director time commitment policy (e.g., within corporate governance guidelines, proxy statement, annual report, company website, etc.) and if this policy or associated disclosure outlines the factors that the nominating committee considers in assessing director time commitments during the annual policy review process • Defers to nominating committee to determine appropriate time commitments 	<ul style="list-style-type: none"> • Limitations on the number of directorships may be appropriate absent compelling evidence to the contrary • <u>Any director who is a public company executive</u>: No more than two public company boards • <u>Director nominees</u>: No more than four public company boards • <u>All companies</u>: Adopt a policy regarding director capacity and commitments and disclose board oversight of policy implementation (including frequency of policy review and rationale for nominations exceeding limits) ⚠ Will generally vote against a director who exceeds limit on number of board mandates; votes against such a director at each company except the board of the company where the director serves as an executive (for a public company executive) and companies (if any) where the director serves as board chair or lead independent director (for other director nominees) ⚠ May consider waiving, taking into account relevant market-specific governance frameworks or company-specific facts and circumstances

ESG Topic	BlackRock	State Street	Vanguard
Independent Board Leadership	<ul style="list-style-type: none"> • <u>All companies</u>: Supports independent leadership in the boardroom (independent chair or lead independent director with specific disclosed responsibilities) • Defers to the company's board as to its leadership structure to ensure adequate balance and independence, absent significant governance concerns ⚠ May vote against most senior non-executive member of the board when appropriate independence is lacking in designated leadership roles 	<ul style="list-style-type: none"> • <u>All companies</u>: Believes there needs to be strong independent leadership of the board • Defers to the board to determine governance structure that is most appropriate for each company 	<ul style="list-style-type: none"> • <u>All companies</u>: Supports independent leadership in the boardroom (independent chair or lead independent director with robust authority and responsibilities), with the appropriate structure to be determined by the board

ESG Topic	BlackRock	State Street	Vanguard
<p>Board Oversight of ESG Risks & Opportunities</p>	<ul style="list-style-type: none"> • <u>All companies</u>: Disclose oversight of material sustainability-related risks and opportunities; BlackRock encourages disclosures demonstrating resilient business model that integrates material sustainability-related risks and opportunities into company strategy, risk management, and metrics and targets, including industry-specific metrics • Reviews board approach to overseeing material sustainability-related risks (such as human capital management and human rights) including whether a specific committee has oversight responsibility, and the type and frequency of information reviewed by the board/committee including measures of progress in management's strategy • Focuses on financial materiality ⚠ May consider voting against directors if the company has not adequately disclosed or demonstrated that its board has fulfilled its corporate governance and risk oversight responsibilities 	<ul style="list-style-type: none"> • <u>All companies</u>: Disclose how the board provides effective oversight of its risk management system and risk identification, including how material risks and opportunities fit into the company's long-term business strategy, regular assessments of long-term strategy effectiveness and execution, committee oversight of specific risks and opportunities, topics overseen at the full board level, use of KPIs/metrics to assess effectiveness of risk management processes, engagement with key stakeholders including employees and investors, and how management is held accountable and ensures effective leadership through periodic reviews and training • Manage risks and opportunities that are material, market-specific and industry-specific and that have a demonstrated link to long-term value creation, and provide high-quality disclosure of this process (may include sustainability-related risks and opportunities where material) • Considers whether directors have adequate knowledge and expertise to provide effective oversight of corporate strategy, operations, and risks and opportunities • Will not dictate or pressure companies to adopt or change any policies including but not limited to policies related to climate or sustainability 	<ul style="list-style-type: none"> • <u>All companies</u>: Provide effective board oversight of material sector- and company-specific risks and opportunities that have the potential to affect long-term shareholder returns; shareholders typically do not have sufficient information about specific business strategies to propose specific operational targets or environmental or social policies • Provide clear, comparable, consistent and accurate disclosure of material risks to long-term shareholder returns to enable shareholders to understand the strength of a board's risk oversight; provide disclosures on efforts/policies to align with market norms and widely accepted investor-oriented frameworks (e.g., ISSB), and reflect industry-specific, materiality-driven approach ⚠ Will generally vote against relevant directors (generally based on their responsibilities) if board has failed in its oversight role

ESG Topic	BlackRock	State Street	Vanguard
<p>Use of ESG Disclosure Frameworks</p>	<ul style="list-style-type: none"> • <u>All companies</u>: Does not mandate any specific disclosure framework; encourages companies to highlight metrics that are industry or company specific • Finds International Sustainability Standards Board (ISSB) standards, IFRS S1 and S2 useful • Recommendations of Taskforce on Nature-related Financial Disclosures (TNFD) may be useful to some companies (but not a voting issue) • Disclose adherence to applicable mandatory and voluntary frameworks relating to human rights (e.g., the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, UN Global Compact, UN Sustainable Development Goals, the EU Corporate Sustainability Reporting Directive, the EU Corporate Sustainability Due Diligence Directive, the EU Forced Labor Regulation, and relevant Modern Slavery Acts, among others) <p>See below relating to climate risk-related disclosure</p>	<ul style="list-style-type: none"> • <u>All companies</u>: Provide disclosure on risks and opportunities relevant to the business, and the board's oversight of these risks and opportunities, in line with applicable local regulatory requirements and any voluntary standards and frameworks adopted by the company 	<ul style="list-style-type: none"> • <u>All companies</u>: Provide disclosures in line with market norms and widely accepted investor-oriented frameworks (e.g., ISSB) <p>See below relating to climate risk-related disclosure</p>

ESG Topic	BlackRock	State Street	Vanguard
Climate Risk-Related Disclosure	<p>• <u>For companies facing material climate-related risks</u>: Disclose consistent with the company's business model and sector, how it intends to deliver long-term financial performance through the low-carbon transition, including where available, its transition plan (although preparation and production of transition plans is not a voting issue); seeks to understand strategies in place to manage material risks to, and opportunities for, the long-term business model associated with a range of climate-related scenarios; ISSB standards provide a useful guide; for companies reporting using standards other than ISSB, highlight the metrics that are industry- or company-specific</p> <p>• Disclose the metrics used to assess climate - related risks and opportunities in line with strategy and risk management process; disclose short-, medium-, and long-term targets, ideally science -based targets where available for the company's sector, for Scope 1 and 2 GHG emissions reductions (Scope 3 emissions viewed differently), and demonstrate how targets are consistent with long-term financial interests of shareholders; disclose execution against stated emissions goals and other climate - risk related efforts (and reasons for any deviations from goals) and where available, transition plan; disclose how any carbon credits will be used to address GHG emissions</p> <p>• Additional guidelines applicable to funds with climate and decarbonization objectives</p> <p>• <u>Companies whose strategies, operations or supply chains are materially reliant on natural capital</u>: Disclose how strategies consider nature-related impacts and dependencies; disclose how management assesses and discloses financially material natural capital-related risks, opportunities, impacts and dependencies (focusing on land use and deforestation, water, and biodiversity) and board oversight; whether the company sets targets for managing nature capital-related factors, metrics used and progress; disclose corporate policies, sustainability reporting plans and supply chain due diligence and compliance processes, material investments in strategic initiatives or R&D relating to natural capital dependencies and impacts, community engagement efforts, and third-party assessments of natural capital-related risks; TNFD framework may be helpful including disclosure metrics where relevant to the company's business model or location it operates in</p> <p>⚠ May convey via voting on director elections concerns about board oversight of management's approach to addressing material climate and nature-related risk when board is not acting in shareholders' long-term financial interests (but specific triggers not identified)</p> <p>See above relating to board oversight of ESG</p>	<p>• All companies: In engagement meetings, will not discuss (and will be in listen-only mode during all discussions of) the following topics:</p> <ul style="list-style-type: none"> ◦ Adoption of a climate transition plan ◦ Adoption of specific targets for emissions reductions ◦ Scope 3 emissions including adoption of a Scope 3 emissions policy, Scope 3 emissions disclosure and Scope 3 emissions reductions <p>See above relating to board oversight of ESG</p>	<p>• All companies: Provide disclosure of material risks to long-term shareholder returns and the company's policies and practices to manage them over time; disclosures to align with market norms and widely accepted investor-oriented frameworks (e.g., ISSB), and reflect industry-specific, materiality-driven approach</p> <p>See above relating to board oversight of ESG</p>

ESG Topic	BlackRock	State Street	Vanguard
Human Capital Management / Workforce Diversity, Equity & Inclusion	<ul style="list-style-type: none"> • <u>All companies</u>: Demonstrate a robust approach to human capital management including disclosure of how approach aligns with strategy and business model • BlackRock seeks to understand companies' approach to managing risks and opportunities associated with human capital and finds it helpful when companies disclose matters such as workforce size, composition, compensation, engagement, turnover, training and development, working conditions, rights and protections, and health, safety and wellbeing, as well as the board's approach to overseeing human capital management <p>See above relating to board oversight of ESG</p>	<p>No specific proxy voting policy on human capital management / workforce DEI</p> <p>See above relating to board oversight of ESG</p>	<p>No specific proxy voting policy on human capital management / workforce DEI</p> <p>See above relating to board oversight of ESG</p>

ESG Topic	BlackRock	State Street	Vanguard
Human Rights	<p>• <u>All companies</u>: Implement processes to identify, manage and prevent adverse human rights impacts that could expose the company to material business risks, and provide robust disclosures on these processes; for example:</p> <ul style="list-style-type: none"> o Whether a company considers human rights across its value chain, as appropriate in the context of its products and services, operations, and suppliers, and whether it adheres to applicable mandatory and voluntary frameworks and reporting requirements o Board oversight of human rights-related risks including, as appropriate, whether the full board or a specific committee has responsibility to oversee related policies and processes, and the type and frequency of information reviewed o Identification, mitigation and prevention of potential human rights impacts and due diligence processes to minimize risk across the value chain (e.g., human rights risk assessments, supply chain tracing, recruitment procedures, and auditing and grievance mechanisms) o Measurement and assessment of effectiveness of human rights management and mitigation strategy, including due diligence processes, relevant metrics and targets, and the use of any third-party assurance providers o Navigation of ambiguities or inconsistencies between local human rights laws or regulations and international standards, and how the board and management team balances matters important to key stakeholders and maintains trust o Engagement with affected stakeholders and access to remedy and address actual human rights impacts (e.g., obtaining free, prior, and informed consent of Indigenous Peoples for business decisions that affect their rights, protect cultural heritage sites, and provide access to resources and/or compensation in the event of displacement or destruction) o Monitoring, identification and management of evolving human rights risks in dynamic contexts (e.g., due to emerging technologies such as AI, shifting operating conditions and regulatory developments) o Participation in industry and stakeholder initiatives to advance practices and address pervasive issues related to human rights <p>See above relating to board oversight of ESG and human capital management / workforce DEI</p>	<p>No specific proxy voting policy on human rights</p> <p>See above relating to board oversight of ESG</p>	<p>No specific proxy voting policy on human rights</p> <p>See above relating to board oversight of ESG</p>

ESG Topic	BlackRock	State Street	Vanguard
Political Contributions, Lobbying & Trade Association Memberships	<ul style="list-style-type: none"> • All companies: Encourages companies to provide disclosures that aid investor understanding of the link between the company's stated strategic policy priorities and the approach taken to political activities, including participation in industry associations 	No specific proxy voting policy on political contributions, lobbying and trade association memberships	No specific proxy voting policy on political contributions, lobbying and trade association memberships

ESG Topic	BlackRock	State Street	Vanguard
ESG Metrics in Compensation	<ul style="list-style-type: none"> • All companies: No position on whether companies choose to use sustainability-related performance criteria; sustainability-related performance criteria that are integrated into incentive plans should be as rigorous as other financial or operational targets; helpful to clearly explain the connection between what is being measured and rewarded and the company's strategic priorities ⚠ May not support compensation committee members (or equivalent board members) for poor compensation practices and/or structures generally (not specific to sustainability-related performance criteria) 	No specific proxy voting policy on ESG metrics in compensation	<ul style="list-style-type: none"> • All companies: Nonfinancial metrics (such as ESG metrics) not expected to be a standard component of all compensation plans • When compensation committees choose to include nonfinancial metrics, expect rigor, disclosure, and alignment with key strategic goals, material risks and shareholder returns as other metrics

The complete publication is available [here](#).