

From the Public Company Advisory Group of Weil, Gotshal & Manges LLP

March 27, 2025

Heads Up for the 2025 Proxy Season: Re-Considering Board Diversity Disclosures; Update on the “Big 3” Investor Policies

The start of the 2025 proxy season has been marked by uncertainty and rapidly changing perspectives regarding board diversity, which has caused many companies to reconsider – and in some cases retreat from – diversity-related disclosures. These changes have been prompted by regulatory and public policy developments, including the December 2024 decision by the U.S. Court of Appeals for the Fifth Circuit vacating Nasdaq’s board diversity rule and the current Administration’s executive orders focused on diversity, equity and inclusion (DEI) programs, as well as changes to proxy advisory firm and institutional investor policies. In this Alert, we summarize the latest board diversity voting policies of ISS and Glass Lewis, and the “Big 3” institutional investors – BlackRock, Vanguard and State Street – all of which have significantly scaled back previous policies relating to board diversity. We have also updated our comprehensive chart of voting policies of the “Big 3,” which is available ([here](#)).

Overview of Updates to Board Diversity Voting Policies

- **ISS.** ISS announced ([here](#)) that it will indefinitely halt consideration of diversity factors when making voting recommendations for directors. Effective February 25, 2025, ISS shareholder meeting reports no longer consider gender, racial, or ethnic diversity on a company’s board. For a summary of the various ISS policies affecting director elections, including the latest diversity policy, see our chart ([here](#)).
- **Glass Lewis.** Glass Lewis announced that it was not changing its policy on board diversity for the 2025 proxy season. However, Glass Lewis will mark directors of U.S. companies that receive “against” or “withhold” recommendations for board diversity related reasons with a “For Your Attention” flag that points to a supporting rationale investors can consider if they prefer to vote differently from the recommendation. In its voting reports, Glass Lewis generally will indicate to investors that if they do not wish to vote based on diversity-related considerations, they should vote “for” directors, absent any other concern. For a summary of the various Glass Lewis policies affecting director elections, including the latest diversity policy, see our chart ([here](#)).
- **BlackRock.** BlackRock’s updated proxy voting guidelines for 2025 ([here](#)) no longer address gender or racial diversity and eliminates the previous aspiration that boards attain at least 30% diversity and for the S&P 500, two women and one director from an underrepresented community. Under its new policy, BlackRock may vote against members of the nominating and governance committee of an S&P 500 company if the company is an “outlier” in its board composition (*i.e.*, does not have a mix of professional and personal characteristics that is comparable to market norms), noting that 98% of the S&P 500 has achieved at least 30% diversity.
- **Vanguard.** Vanguard has softened its board diversity expectations for 2025 ([here](#)). Vanguard’s updated policy no longer provides for a negative recommendation against nominating committee chairs for insufficient action to achieve “appropriately representative” board composition, including that boards should “at minimum, represent diversity of personal characteristics, inclusive of at least diversity in gender, race, and ethnicity on the board.” Vanguard now “look[s] for boards to be fit for purpose” by reflecting sufficient breadth of skills, experience, perspective, and personal characteristics (such as age, gender, and/or race/ethnicity) resulting in cognitive diversity that enables effective, independent oversight on behalf of all shareholders.” Vanguard may vote against nominating and governance committee chairs if board composition or related diversity disclosures are inconsistent with market norms.

- **State Street.** State Street’s updated proxy voting guidelines for 2025 ([here](#)), among other things, remove its quantitative board diversity voting guideline, which previously provided that State Street may vote against nominating and governance committee chairs of Russell 3000 company boards with less than 30% women and for S&P 500 boards without at least one racial or ethnic minority director. As a result, unlike BlackRock and Vanguard, State Street’s voting guidelines no longer address voting against nominating and governance committee members for diversity related reasons. State Street’s guidelines do note the importance of the nominating committees in determining board composition and “encourage companies to ensure that there are sufficient levels of diverse experiences and perspectives represented in the boardroom.” State Street also notes their belief that effective board oversight necessitates a diversity of backgrounds, experiences, and perspectives (which include characteristics such as skills, gender, race, ethnicity, and age).

**Spotlight Institutional Investor Engagement:
Impact of Recent SEC Staff Interpretative Guidance on Schedule 13D**

The SEC staff’s [recent interpretive guidance](#) expands the circumstances when institutional investors may be deemed to be “influencing control” of companies, thereby requiring a Schedule 13D filing instead of the more streamlined 13G when the investor holds more than 5% of a company’s voting securities. Certain engagement discussions touching on director elections—even indirectly—could be viewed as exerting “pressure” on management, particularly when used to condition support for director nominees or advocate for structural changes in governance. In response, asset managers have reexamined their engagement practices, voting policies, and coordinated activities. The immediate reaction from the largest asset managers (e.g., the “Big 3”) has been to scale back or recalibrate engagements – ranging from requiring companies to request the engagement and set the agenda, proactively stating at the outset of discussions that they are passive investors and steering clear of topics such as board elections, or in some cases, suspending engagement altogether. Whether this guidance will ultimately reshape institutional engagement norms—or inadvertently result in diminished dialogue between companies and their largest shareholders—remains to be seen.

What to Do Now?

- **Understand voting engagement practices and voting policies of key investors.** While many prominent public company stakeholders have changed course in their engagement efforts, companies should continue to find meaningful ways to engage on important matters. Companies should consider proactive outreach to key institutional shareholders. Understanding the ever-evolving institutional investor views on diversity-related policies will be particularly difficult this proxy season due to the lack of consistent approaches across investors. Ultimately, companies should continue to articulate matters that are important to their business and talent development.
- **Consider board diversity data and related disclosures.** Consider existing disclosures relating to board diversity and whether, for example, there is a desire to continue providing individualized director diversity data in proxy statement disclosures, or whether aggregate data may be sufficient. Also consider whether that information appears in other public disclosures that should be reviewed and updated for consistency with the company’s approach. Companies should closely review their public disclosures of DEI initiatives and data generally in light of the environment.

- **Review governance documents for diversity-related policies; consider director recruitment policies.** Companies should thoughtfully consider potential risk exposure relating to the current executive orders targeting DEI practices including litigation and enforcement risk. Review policies and practices relating to the consideration of diversity and other demographic data in director recruitment to ensure they reflect the company's current views in light of relevant factors, including federal government contractor status, and that they are accurately described in the company's proxy statement and any other public disclosures.
- **Keep in mind certain disclosure and reporting requirements.** Public companies are required to comply with Item 407(c)(2)(vi) of Regulation S-K, which requires companies to disclose whether, and if so how, the nominating committee (or the board) considers diversity in identifying nominees for director. If there is a policy regarding considering diversity, companies must describe how this policy is implemented, as well as how the nominating committee (or the board) assesses the effectiveness of its policy.

* * *

If you have questions concerning the contents of this Alert, or would like more information, please speak to your regular contact at Weil or to any of the following authors:

Authors

Kaitlin Descovich	View Bio	kaitlin.descovich@weil.com	+1 202 682 7154
Lyuba Goltser	View Bio	lyuba.goltser@weil.com	+1 212 310 8048
Rebecca Grapsas	View Bio	rebecca.grapsas@weil.com	+1 212 310 8668
Amanda Zoda	View Bio	amanda.zoda@weil.com	+1 212 310 8669
Eleni Samara	View Bio	eleni.samara@weil.com	+1 212 310 8617

© 2025 Weil, Gotshal & Manges LLP. All rights reserved. Quotation with attribution is permitted. This publication provides general information and should not be used or taken as legal advice for specific situations that depend on the evaluation of precise factual circumstances. The views expressed in these articles reflect those of the authors and not necessarily the views of Weil, Gotshal & Manges LLP. If you would like to add a colleague to our mailing list, please [click here](#). If you need to change or remove your name from our mailing list, send an email to weil.alerts@weil.com.