The Big Three & ESG:

A Guide to BlackRock, State Street & Vanguard Proxy Voting Policies & Guidance on Key ESG Issues

March 2025

Public Company
Advisory Group

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INTRODUCTION

The “Big Three” institutional investors, BlackRock, State Street Global Advisors and Vanguard, recently released 2025 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 Ahead to the 2025 Proxy Season: Key Corporate Governance, Disclosure, Engagement, and Annual Meeting Topics.

- Identify changes to the proxy voting policies and guidance of the Big Three on ESG topics for 2025.

- 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.

Links to the proxy voting policies and guidance are included at the end of this Guide.

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, as well as forward-looking statement disclaimers
  - Expand proxy statement disclosure of board oversight of material ESG-related risks and opportunities (see our alert)
  - Review diversity, equity and inclusion (DEI) initiatives and related company disclosures
  - Disclose the company's policy on director time commitments
  - Post the company's most recent EEO-1 survey response to the website and/or integrate it into the sustainability report
  - Prepare for compliance with California climate disclosure rules, where applicable (discussed in our alert), and similar rules that may be enacted in other states

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BIG THREE: 2025 ESG POLICY CHANGES

ESG Topic	2025 ESG Policy Change
All	• All companies: State Street policy no longer incorporates specific potential voting outcomes including as to director elections, focusing instead on best practices for portfolio company governance and viewpoints regarding what can protect and promote long-term economic value of investments.
Board Diversity	• All companies: ○ BlackRock no longer states that it will vote against directors at companies that have not adequately explained their approach to diversity in board composition. ○ State Street policy is now to "encourage companies to ensure that there are sufficient levels of diverse experiences and perspectives represented in the boardroom;" see below for change regarding listed companies. ○ Vanguard's policy no longer states that funds will generally vote against nominating/governance committee chair (or other relevant director if that committee chair is not up for election) if the board is not taking action to achieve board composition that is "appropriately representative," relative to their markets and needs of their long-term strategies; policy no longer states that boards should, "at a minimum, represent diversity of personal characteristics, inclusive of at least diversity in gender, race, and ethnicity on the board." • Listed companies: State Street no longer requires companies to have minimum numbers of diverse directors. • S&P 500: BlackRock no longer requires companies to have minimum numbers of diverse directors. BlackRock may still vote against nominating/governance committee members if an S&P 500 board is an outlier relative to market norms.
Director Time Commitments / Overboarding	• All companies: Vanguard limit on directorships of named executive officers now applies to any public company executive. • Non-S&P 500 companies: State Street no longer applies numerical limits on directorships.
Climate Risk-Related Disclosure	• All companies: ○ State Street no longer expects companies to provide climate-related disclosure in accordance with the Taskforce on Climate-related Financial Disclosures (TCFD) framework. ○ Vanguard policy no longer states that it is likely to support shareholder proposals calling for disclosure relating to Scope 1, 2 and 3 greenhouse gas emissions, or an assessment of climate impact on the company. ○ Vanguard no longer publishes separate guidance discussing its approach to climate risk governance.
Human Capital Management / Workforce Diversity, Equity & Inclusion	• All companies: Vanguard policy no longer states that it is likely to support shareholder proposals specific to social risks, including proposals requesting (1) disclosure of workforce demographics (which could include publishing EEO-1 reports), (2) board role in overseeing material DEI or other material social risks, (3) disclosure of the company's approach to board composition including board diversity, and (4) inclusion of additional protected classes in employment and diversity policies. • S&P 500 companies: State Street will no longer vote against the chair of the compensation committee at companies that do not disclose the EEO-1 report.

ESG Topic	2025 ESG Policy Change
Human Rights	• All companies: Vanguard no longer publishes separate guidance discussing its approach to worker health and safety.
Political Contributions, Lobbying & Trade Association Memberships	• All companies: Vanguard policy no longer includes factors it considers when considering how to vote on corporate political activity proposals.
ESG Metrics in Compensation	• All companies: Vanguard no longer includes on its website separate guidance discussing its approach to ESG metrics in compensation plans.

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 2025 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 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	• All companies: In assessing board composition, will take a case-by-case approach based on board size, business model, strategy, location and market capitalization
	• Disclose how diversity, including professional and personal characteristics, is considered in board composition, given the company's long-term strategy and business model; professional characteristics may include domain expertise (such as finance or technology, and sector- or market-specific experience) and personal characteristics may include, but are not limited to, gender, race/ethnicity, disability, veteran status, LGBTQ+ and national, Indigenous, religious or cultural identity
	• Will look for companies to explain how their approach to board composition supports the company's governance practices
		• All companies: Believes effective board oversight of a company's long-term business strategy necessitates a diversity of backgrounds, experiences, and perspectives, which may include a range of characteristics such as skills, gender, race, ethnicity, and age; by having a critical mass of diverse perspectives, boards could experience the benefits that may lead to innovative ideas and foster more robust conversations about a company's strategy
		• 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
		• Encourages companies to ensure that there are sufficient levels of diverse experiences and perspectives represented in the boardroom
		• Expects disclosure on board demographics
			• All companies: Board should reflect 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
			• Provide fulsome disclosure of:
			  ○ Board's process 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
			  ○ The range of skills, background, and experience that each board member provides and their alignment with the company's strategy (typically presented as a skills matrix); provide an understanding of the directors' personal characteristics to enable shareholders to understand the breadth of a board's composition

ESG Topic	BlackRock	State Street	Vanguard
	⚠ **May vote against S&P 500 company nominating/governance committee members** to the extent the board is an outlier and does not have a mix of professional and personal characteristics that is comparable to market norms		• 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 ○ To the extent that a board's composition is inconsistent with such requirements or differs from prevailing market norms, the funds look for the board's rationale for such differences (and any anticipated actions) to 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
Director Time Commitments / Overboarding	• NEO or executive chair of a public company: No more than two public company boards • Directors: No more than four public company boards • Chair of European listed company board counts as two board commitments ⚠ **May vote against a director who exceeds limit on number of board mandates**	• All companies: 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	• Any director who is a public company executive: No more than two public company boards • Director nominees: No more than four public company boards • All companies: 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

ESG Topic	BlackRock	State Street	Vanguard
			independent director (for other director nominees) ⚠ May consider waiving, taking into account relevant market-specific governance frameworks or because of company-specific facts (including indications that the director will have sufficient capacity to fulfill responsibilities on the board of that company and/or a review of the full board's composition and capacity), or if director has publicly committed to reducing directorships
Independent Board Leadership	• <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	• <u>All companies</u>: Focus on ensuring there is strong independent leadership of the board • Defers to the board to determine governance structure that is most appropriate for each company	• <u>All companies</u>: Supports independent leadership in the boardroom (independent chair or lead independent director with robust authority and responsibilities) • Defers to the company's board as to its independent leadership, absent significant governance concerns such as: ○ Lack of robust lead independent director role ○ Lack of accessibility of shareholders to independent directors ○ Low overall board independence ○ Governance structural flaws (such as dual-class shares, non-independent members on key committees) ○ Failing to consider shareholder concerns regarding significant matters ○ Oversight failings (could include failure to provide appropriate oversight and/or evidence of failure to oversee material or manifested risks including environmental or social risks)

ESG Topic	BlackRock	State Street	Vanguard

Board Oversight of ESG Risks & Opportunities	• All companies: Disclose oversight of material sustainability-related risks and opportunities; BlackRock encourages transparency around risk management, mitigation and reporting to the board, to give a sense of long-term risk management practices and the quality of the board's oversight
	• 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
	• Describe board oversight of climate-related risks and opportunities and management's role in assessing and managing these risks and opportunities
	⚠ **May consider voting against members of the responsible committee or most relevant directors** who BlackRock determines have particular responsibility for material risks if the company has not adequately disclosed and demonstrated that the board has fulfilled its risk oversight responsibility for those issues
		• All companies: 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 and industry-specific and that have a demonstrated link to long-term value creation, and provide high-quality disclosure of this process
		• Considers whether directors have adequate skills to provide effective oversight of corporate strategy operations, and risks, including sustainability-related issues
			• All companies: Provide effective board oversight of material risks, including identifying, monitoring and managing material risks, including material environmental and social risks
			• 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 endorsed or referenced by Vanguard (e.g., ISSB), and reflect industry-specific, materiality-driven approach
			• To assess climate risk oversight failure, funds consider:
			  ○ Materiality of the risk as identified by the company
			  ○ Effectiveness of disclosures to enable the market to understand and price the risk
			  ○ Disclosed plans to mitigate material risks in the context of regulatory requirements
			  ○ Company-specific context, market regulations, and market practices
			  ○ Board's overall governance of and effective independent oversight of climate risk
			⚠ **Will generally vote against relevant committee members and other relevant directors** if board has failed to effectively identify, monitor and/or ensure management of material risks under its purview (or against lead independent director and/or chair if specific risk does not fall under the purview of a particular committee)

ESG Topic	BlackRock	State Street	Vanguard
Use of ESG Disclosure Frameworks	• All companies: Disclose rationale for reporting in line with the specific disclosure framework chosen • International Sustainability Standards Board (ISSB) standards may prove helpful to companies preparing disclosures that demonstrate they have a resilient business model that integrates material sustainability-related risks and opportunities into their strategy, risk management, and metrics and targets, including industry-specific metrics • Disclosure consistent with the ISSB standards or the TCFD framework can help investors assess company-specific climate-related risks and opportunities, inform investment decisions, and provide investors with insights into how companies are managing the risks associated with climate change by managing their own carbon emissions or emissions intensities to the extent financially practicable • May disclose any material supranational standards adopted • Recommendations of Taskforce on Nature-related Financial Disclosures (TNFD) may be useful to some companies • 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	• All companies: Provide disclosures in line with applicable local regulatory requirements and any voluntary standards and frameworks adopted by the company See below relating to climate risk-related disclosure	• All companies: Provide disclosures in line with market norms and widely accepted investor-oriented frameworks endorsed or referenced by Vanguard (e.g., ISSB) See below relating to climate risk-related disclosure

ESG Topic	BlackRock	State Street	Vanguard
	Labor Regulation, and relevant Modern Slavery Acts, among others) See below relating to climate risk-related disclosure		

Climate Risk-Related Disclosure	• All companies: Provide disclosures that cover governance, strategy, risk management, and metrics and targets, including industry-specific metrics, and can demonstrate a resilient business model; ISSB standards provide a useful guide; for companies reporting using standards other than ISSB, highlight the metrics that are industry- or company-specific
	    ○ To the extent that companies do not provide reporting aligned with the ISSB standards, TCFD recommendations or local requirements or guidelines, and have material climate and low-carbon transition risk in their business models, provide fulsome explanation of how they have assessed and integrated the risks and opportunities they have identified (e.g., how they are allocating capital and evaluating investment opportunities as a result of the low-carbon transition)
	    ○ Encourage companies to produce sustainability-related disclosures sufficiently in advance of their annual meeting
	• Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term (taking into account industry specific factors and where in a company's value chain risks and opportunities may lie)
		• Companies that have identified climate risk as material to their business: Disclose climate-related risks and opportunities relevant to the business in line with applicable local regulatory requirements and any voluntary standards and frameworks adopted by the company
		    ○ Encourages disclosure of Scope 1 and Scope 2 emissions and related targets (but does not prescribe how a company sets targets)
		    ○ Expects companies that have adopted net zero ambitions to disclose interim climate targets
		    ○ If a company chooses not to disclose any climate targets, provide an explanation of how the company measures and monitors progress on managing climate-related risks and opportunities
		    ○ Does not expect any company to set Scope 3 targets, but encourages companies to identify and disclose the most relevant categories of Scope 3 emissions; if a company determines that Scope 3 emissions are impracticable to estimate, encourages companies to explain relevant limitations; encourages disclosure of any efforts to address Scope 3 emissions
		
		• Companies that have adopted a climate transition plan and/or net zero ambitions: Disclose (assessment of criteria may vary to account for best practices in specific industries):
		    ○ Approach to identifying and assessing climate-related risks and opportunities
			• 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 endorsed or referenced by Vanguard (e.g., ISSB), and reflect industry-specific, materiality-driven approach
			
			See above relating to board oversight of ESG

ESG Topic	BlackRock	State Street	Vanguard
	• Disclose strategies in place to manage material risks to and opportunities for the long-term business model associated with a range of climate-related scenarios, including a 2°C or lower scenario • Describe processes for identifying and assessing climate-related risks and opportunities (including data upon which the company relies, assumptions made and any changes over time) • 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 offsets will be used to address GHG emissions • <u>Companies whose strategy is heavily reliant on availability of natural capital, or whose supply chains are exposed to locations with nature-related risks</u>: Disclose how reliance and impact on and use of natural capital (focusing on land use and deforestation, water, and biodiversity) is managed, including appropriate risk oversight and relevant metrics and targets, to understand how factors are integrated into strategy, and where appropriate, evaluation of the	○ Resilience of the company's strategy taking into consideration a range of climate-related scenarios ○ Scope 1, Scope 2 and relevant categories of Scope 3 emissions and any assurance ○ Long-term climate ambitions ○ Short and/or medium-term interim climate targets ○ Alignment of climate targets with relevant jurisdictional commitments, specific temperature pathways, and/or sectoral decarbonization approaches ○ Decarbonization strategy including plans and actions to support stated climate targets and ambitions; emissions management efforts within company operations and across the value chain; any carbon offsets utilization; role of climate solutions such as carbon capture and storage; any potential social risks and opportunities related to climate transition plan ○ Capital allocation including integration of climate considerations in financial planning; total actual and planned capital deployed toward climate transition plan; approach to assessing and prioritizing investments toward climate transition plan ○ Climate policy engagement including position on climate-related topics relevant to decarbonization strategy; assessment of stated positions on relevant climate-related topics versus those of associations and other policy-influencing entities to which the company belongs, and any efforts taken to address potential misalignment ○ Climate governance including board and management roles in overseeing climate transition plan	

ESG Topic	BlackRock	State Street	Vanguard
	business impacts of potential, or unpredictable, changes in the availability of critical natural resources; disclose corporate policies 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 ⚠ **May convey via voting on director elections concerns where a company does not provide the necessary disclosures and evidence of effective business practices** ⚠ **May convey via voting on director elections concerns about board oversight of management's approach to addressing material climate risk in a company's business model** (but specific triggers not identified) See above relating to board oversight of ESG	○ Physical risk including assessment of climate-related physical risks and approach to managing identified climate-related physical risks ○ Internal and external stakeholder engagement related to climate transition plan • High-emitting companies: Disclose: ○ Scenario planning on relevant risk assessment and strategic planning processes ○ Company plans to achieve climate-related targets, if any, including information on timelines and expected emissions reductions ○ Incorporation of relevant climate considerations in financial planning and/or capital allocation decisions • Companies that have determined that methane emissions-related risks are material to their business: Disclose methane emissions detection and monitoring efforts; efforts to enhance measurement, reporting and verification; strategy to manage methane emissions and methane-related metrics and targets utilized • Companies that have determined that nature-related risks (such as biodiversity, deforestation and other land-use, water management, pollution and/or waste) are material to their business: Disclose board oversight of the material nature-related risks and opportunities; approach to identifying, assessing, monitoring and mitigating the material nature-related risks and opportunities; consideration of material nature-related risks and opportunities in business strategy, resiliency and planning; metrics used to assess, monitor and manage nature-related risks and opportunities See above relating to board oversight of ESG	

ESG Topic	BlackRock	State Street	Vanguard

Human Capital Management / Workforce Diversity, Equity & Inclusion	• All companies: Demonstrate a robust approach to human capital management including disclosure of how approach aligns with strategy and business model
	• Disclose approach to DEI, workforce demographics (baselined by responses to EEO-1 survey) and most relevant human capital management factors for the company's business (e.g., approach to workplace safety, compensation, benefits, talent development, and performance management)
	• Material workforce-related risks and opportunities may include how business practices foster a workforce culture inclusive of a variety of perspectives, enhance job quality and employee engagement, enable career development, promote positive labor relations, safe working conditions and fair wages, and consider human rights; through company disclosures and engagement discussions, BlackRock focuses on the board's approach to overseeing human capital management, workforce engagement, workforce compensation, training and development, efforts to support diverse perspectives in the workforce, worker rights and protections (including relating to child labor, harassment and discrimination), and health and safety
	
	See above relating to board oversight of ESG
		Human Capital Management
		• All companies: Where the company has determined that human capital management-related risks or opportunities are material to its business, disclose:
		  ○ How the board oversees human capital-related risks and opportunities
		  ○ Approaches to human capital management and how these advance long-term business strategy
		  ○ Strategies throughout the organization that aim to attract and retain employees, and incentivize contribution to an effective human capital strategy
		  ○ Channels to ensure that concerns and ideas from workers are solicited and acted upon, and how the workforce is engaged and empowered in the organization
		  ○ Role of the board in overseeing workforce demographics efforts
		
		Diversity, Equity & Inclusion
		• All companies: Expects disclosure on workforce demographics
		• Where the company has determined that DEI-related risks or opportunities are material to its business, disclose:
		  ○ How the board executes its role in oversight of risks and opportunities related to DEI
		  ○ Role that DEI plays in the company's broader human capital management practices and long-term strategy, and how the company intends to implement that strategy
		  ○ Global employee base and board demographics, where permitted
		  ○ Role of diversity of skills, backgrounds, experiences and perspectives in the board's nominating process
			No specific proxy voting policy on human capital management / workforce DEI
			
			See above relating to board oversight of ESG

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<tr><th>ESG Topic</th><th>BlackRock</th><th>State Street</th><th>Vanguard</th></tr>
<tr><td></td><td></td><td>Pay Equity
<u>All companies</u>: Where the company has determined that pay equity-related risks or opportunities are material to its business, disclose adjusted pay gaps related to race and gender, strategy to achieve and maintain pay equity, and role of the board in overseeing pay strategies and diversity-related efforts
See above relating to board oversight of ESG</td><td></td></tr>
<tr><td>Human Rights</td><td><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:
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
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
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</td><td>Human Rights
<u>All companies</u>: Where the company has determined that human rights-related risks or opportunities are material to its business, disclose:
Human rights-related risks the company considers more relevant
Plans to manage and mitigate these risks
Board oversight of these risks
Assessment of the effectiveness of the human rights risk management program
Civil Rights
<u>All companies</u>: Where the company has determined that civil rights-related risks or opportunities are material to its business, disclose risks related to civil rights (including risks associated with products, practices and services), plans to manage and mitigate these risks, and process for board oversight of such risks (e.g., committee responsible, frequency of discussions, etc.)
See above relating to board oversight of ESG and human capital management / workforce DEI</td><td>No specific proxy voting policy on human rights

See above relating to board oversight of ESG</td></tr>
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ESG Topic	BlackRock	State Street	Vanguard
	procedures, and auditing and grievance mechanisms) ○ 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 ○ 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 ○ Engagement with affected stakeholders and access to resources to 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) ○ Collaboration with industry peers and stakeholders on initiatives to advance practices and address pervasive issues related to human rights (e.g., Responsible Business Alliance or Roundtable on Sustainable Palm Oil) See above relating to board oversight of ESG and human capital management / workforce DEI		

ESG Topic	BlackRock	State Street	Vanguard
Political Contributions, Lobbying & Trade Association Memberships	• All companies: 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, and where there seem to be material inconsistencies between policy priorities and the company's activities	• All companies to disclose: ○ All contributions (whatever the value) made by the company, subsidiaries and/or Political Action Committees (PACs) to individual candidates, PACs and other political organizations at state and federal levels in the US ○ Membership in US trade associations where payments are above $50,000 per year ○ Whether the company regularly performs a gap analysis of its stated positions on relevant issues versus those of its trade associations or other policy-influencing organizations of which it is a member ○ Board role in oversight of the company's participation in the political process including political contributions, lobbying activities and memberships in trade associations and other policy-influencing entities • Companies that have adopted a climate transition plan and/or net zero ambitions: Disclose climate policy engagement including position on climate-related topics relevant to the company's decarbonization strategy; assessment of stated positions on relevant climate-related topics versus those of associations and other policy-influencing entities to which the company belongs, and any efforts taken to address potential misalignment	No specific proxy voting policy on political contributions, lobbying and trade association memberships

ESG Topic	BlackRock	State Street	Vanguard
ESG Metrics in Compensation	• All companies: No position on whether companies should use sustainability-related performance criteria; sustainability-related performance criteria that are used in 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 • Consider disclosing how pay outcomes are consistent with human capital management strategy and purpose ⚠ **May hold compensation committee members accountable** 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 See above relating to incentivizing contributions to an effective human capital strategy	• 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 same qualities as with more traditional metrics, such as rigor, disclosure, and alignment with key strategic goals and/or material risks

REFERENCES

BlackRock:

- Proxy Voting Guidelines for Benchmark Policies – U.S. Securities (effective as of January 2025)
- Investment Stewardship Engagement Priorities (January 2025)
- Global Principles (effective as of January 2025)
- Larry Fink's 2025 Annual Chairman's Letter to Investors (March 2025)
- *Additional Guidance*:
  - Climate-Related Risks and the Low-Carbon Transition (January 2025)
  - Climate and Decarbonization Stewardship Guidelines (July 2024)
  - Our Approach to Engagement on Board Quality and Effectiveness (January 2025)
  - Our Approach to Engagement on Corporate Human Rights Risks (January 2025)
  - Our Approach to Engagement on Corporate Strategy, Purpose, and Financial Resilience (January 2025)
  - Our Approach to Engagement on Human Capital Management (January 2025)
  - Our Approach to Engagement on Incentives Aligned with Financial Value Creation (January 2025)
  - Our Approach to Engagement on Natural Capital (January 2025)

State Street:

- Global Proxy Voting & Engagement Policy (March 2025)
- Summary of Material Changes to State Street Global Advisors' 2025 Proxy Voting and Engagement Policy (March 2025)
- Introduction to the 2025 Proxy Season: A Conversation with Benjamin Colton, Global Head of Asset Stewardship (March 2025)

Vanguard:

- Proxy Voting Policy for U.S. Portfolio Companies (effective February 2025)
- Global Proxy Voting Policy for Vanguard-advised Funds (effective February 2025)