Blogs
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Public Chatter

State Street's Voting Guidelines: 4 Things to Know

Last month, I **blogged** about BlackRock's latest proxy voting guidelines. We now have **policy updates from State Street**. Here are four things to know: **1. State Street seeks TCFD-aligned climate disclosures** - Like other investors, State Street's updated guidelines - in the form of this "**CEO letter**" - focus on climate change and the diversity of boards and workforces. State Street now requires disclosure that are aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations for companies in the major indices, including reporting on board oversight on climate-related risks and opportunities, Scope 1 and 2 greenhouse gas (GHG) emissions and targets for emissions reduction. The CEO letter goes into some detail about State Street's expectations, including a discussion of "brown-spinning," the practice of public companies selling off high-emitting assets to private companies. **2. State Street is targeting "most significant emitters"** - State Street is launching a targeted engagement campaign with the most significant emitters to encourage disclosure aligned with its expectations for climate transition plans, which covers 10 areas including decarbonization strategy, capital allocation, climate governance, and climate policy. In 2023, State Street will hold companies and directors accountable for failing to meet **these expectations**. **3. State Street seeks 30% women directors on larger company boards by 2023** - State Street's updated guidelines require all companies to have at least one woman on their board. For companies listed in major indices, starting in the 2023 proxy season, State Street expects boards to be comprised of at least 30% women directors. State Street will vote against the chair of the Nominating Committee if these expectations aren't met. **4. State Street will vote against boards that don't have at least one director of color (or who don't disclose their racial or ethnic breakdown)** - As announced last year, State Street will vote against directors of S&P 500 and FTSE 100 companies that don't have a person of color on their board or if they don't disclose the racial and ethnic diversity of their boards this year. State Street also wants S&P 500 companies to disclose their EEO-1 reports.

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