

Shareholder Voting Trends (2018-2022)

Brief 2: Human Capital Management and Social Policy Proposals



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Shareholder Voting Trends

(2018-2022)

Brief 2: Human Capital Management and Social Policy Proposals

Shareholder Voting Trends (2018-2022) provides an overview of shareholder resolutions filed at Russell 3000 and S&P 500 companies through mid-July 2022, including trends regarding the volume and topics of shareholder proposals, the level of support received by those proposals when put to a vote, and the types of proposal sponsors. The postseason report builds on a [season preview report](#) published earlier this year and periodic updates provided by The Conference Board throughout the last few months (see page 21 for a full list of resources). It is also accompanied by a [live dashboard](#), which contains the most current figures and enables data cuts by market index, business sectors, and company size groups.

Drawing upon those data and earlier publications, the report also offers insights for what may lie ahead in the following areas:

- The continued increase in the number of shareholder proposals related to social and environmental policies of the company;
- Shareholder expectations regarding climate-related targets and disclosure;
- The success of many shareholder proposals on civil rights or racial equity audits;
- The alignment of corporate political activity and the firm’s stated values;
- The pressure on smaller public companies to endorse governance practices that are now widely used by their larger counterparts; and
- The emerging link between softening support for director elections and company say-on-pay support levels, on the one hand, and investors’ dissatisfaction with corporate ESG performance, on the other.

The report is divided into three publications:

Brief 1 discusses trends in ESG proposals in general and environmental requests—especially those related to greenhouse gas emission reduction and climate change risks.

Brief 2 is dedicated to human capital management (HCM) and social policy proposals, especially the rising demands for civil rights (or racial equity audit) and the success of resolutions on corporate political spending disclosure at some large companies.

Brief 3 focuses on the push for smaller companies to adopt governance practices such as board declassification and majority voting, as well as the most recent findings on support levels for say-on-pay resolutions and director elections.

The project is conducted by The Conference Board and ESG data analytics firm ESGAUGE, in collaboration with leadership advisory and search firm Russell Reynolds Associates and Rutgers University’s Center for Corporate Law and Governance (CCLG). See “Access Our Online Dashboard” on page 18 for more information on the study methodology. Visit conferenceboard.esgauge.org/shareholdervoting to access and visualize our data online.



Insights for What's Ahead

- **Shareholder proposals on racial equity and civil rights audits have gained considerable traction in a short time.** In the examined 2022 period, shareholders in Russell 3000 companies filed 43 proposals requesting companies to commission a third-party audit of the impact of their corporate policies, practices, products, and services on the civil rights of stakeholders, including ethnic and other minorities. This proposal type was first introduced in 2021, when nine went to a vote but none received majority support.¹ This year, 31 of those 43 civil rights audit proposals were voted on and eight passed. Many boards may hesitate to endorse this practice: civil rights and racial equity audits can be costly, lengthy, and quite complex to conduct; their scope may be questioned, and their results disputed, which could exacerbate the problem they were meant to address. However, there may be situations where an audit is in fact warranted—for example, when the board believes that the company faces heightened litigation or reputational risk due to a corporate culture problem or is concerned about the possible misuse of advanced technology the company has adopted (think of facial recognition or technology acquiring sensitive customer data). In these situations, the main responsibilities of the boards include selecting a competent and independent auditor, clearly defining the scope of the audit, and determining to what extent the conclusions should be made public. See page 5.
- **Shareholders' focus on corporate political spending continues, which should prompt boards that have not already done so to exercise oversight in this area and ensure that the company has the appropriate policies and controls in place to manage risk.** In 2022, shareholders voted on 53 political spending proposals—including requests for disclosure on monetary contributions offered to political campaigns and on lobbying activities. Of those, four at large companies passed and 11 reached a support level of more than 40 percent of votes cast. The board should ensure that management has a thorough internal vetting process, including assessing whether the company's political activities are consistent with its stated values.² See page 12.

1 For an earlier analysis of this new proposal type and its significance, see Merel Spierings and Paul Washington, *2022 Proxy Season Preview: Human Capital Management Proposals*, The Conference Board, February 2022.

2 See Paul Washington and Merel Spierings, *Under a Microscope: A New Era of Scrutiny for Corporate Political Activity*, The Conference Board, March 2021; and Bill Black and Paul Washington, *Corporate Political Activity: Addressing Rising Risk in the 2022 Midterm Election Year*, The Conference Board, May 2022. Also see Merel Spierings and Paul Washington, *2022 Proxy Season Preview: Corporate Political Activity Proposals*, The Conference Board/ESGAUGE, February 2022; and Ivan Pollard and Merel Spierings, *Should You Comment on Civic Issues?*, The Conference Board, May 2022.

Racial equity or civil rights audits emerged as the new, hot-button human capital management (HCM) issue of the 2022 proxy season, with several proposals receiving a majority of for votes at large companies.

Human capital management has moved to the front and center of the proxy season since the onset of the COVID-19 pandemic. In 2022, just as in the environmental area, shareholders filed a record number of HCM-related proposals (155, up from 136 in 2021) on issues ranging from board and workplace diversity to the concealment of sexual harassment and from workforce pay gaps to the audit of racial equity and/or civil rights. A total of 14 resolutions across these topics passed at Russell 3000 annual shareholder meetings held in the period from January 1 to July 15, 2022, compared to 13 in the same period of 2021, five in 2020, three in 2019, and none in 2018. Companies should evaluate the circumstances that warrant commissioning a civil rights or racial equity audit; see “On Civil Rights Audits and the Role of Corporations in Addressing Societal Disparities” on page 10.

- In the examined 2022 period, shareholders at Russell 3000 companies filed 43 proposals requesting companies to commission a third-party audit of the impact of their corporate policies, practices, products, and services on the civil rights of stakeholders, including ethnic and other minorities. The text of most of these resolutions clarifies that the audit is meant to extend beyond legal and regulatory matters and recommends that the process include soliciting input from civil rights organizations, employees, customers, and communities where the companies operate. This proposal type was first introduced last year, when all nine of the filed proposals went to a vote but none received majority support. This year, 31 of those 43 civil rights audit proposals were voted and eight passed—among them, those filed at Altria, Home Depot, Johnson & Johnson, McDonald’s, and Waste Management. Proponents often view the notion of civil rights broadly; for example, the request at Altria focuses specifically on the impact that the company’s investment in e-cigarette maker Juul may have on the civil rights of youth.
- Four shareholder proposals on employee arbitration policies also passed this year, up from only one in each of the last two proxy seasons. These requests raise concerns about the application of nondisclosure clauses often included in employee agreements to prevent employees from speaking openly about instances of harassment or discrimination they might have experienced during their tenure—requiring instead that any such claim be subject to a confidential arbitration procedure. This year, proposals requesting that the company report on this practice were approved by shareholders at Apple, IBM, Sunrun, and Twitter. Two proposals, filed at Lowe’s and The Walt Disney Company, to report on median and adjusted employee pay gaps across race and gender also won majority support in 2022.
- In 2022, shareholders also voted on 11 proposals on board diversity (down from 12 in 2021), five on workplace diversity (down from 14 last year), and two on divulging EEO-1 data on workforce demographics and its breakdown by gender and race (down from three in 2021). While 10 proposals in those categories were successful last year, none of the 2022 proposals passed.

Figure 1

Shareholder Proposals on Human Capital Management—Filed and Voted Proposal Volume (2018-2022)

Number of proposals (percent of total)

Russell 3000		
	Filed proposals	Voted proposals
2022		
Diversity & inclusion - Board diversity	12	11
Diversity & inclusion - Workplace diversity	23	5
Diversity & inclusion - Executive diversity	1	0
Diversity & inclusion - EEO-1 data disclosure	5	2
Diversity & inclusion - Other	0	0
Employee arbitration policies	17	12
Employee health & safety	7	5
Gender (or racial) pay gap	8	5
Sexual harassment	1	1
Human capital issues - Other	25	11
Racial equity and/or civil rights audit	43	31
Pay inequality	13	6
2021		
Diversity & inclusion - Board diversity	33	12
Diversity & inclusion - Workplace diversity	33	14
Diversity & inclusion - EEO-1 data disclosure	28	3
Diversity & inclusion - Other	1	1
Employee arbitration policies	4	3
Employee health & safety	4	0
Gender (or racial) pay gap	7	6
Sexual harassment	2	2
Human capital issues - Other	13	5
Racial equity and/or civil rights audit	9	9
Pay inequality	2	1
2020		
Diversity & inclusion - Board diversity	10	3
Diversity & inclusion - Workplace diversity	9	4
Diversity & inclusion - EEO-1 data disclosure	9	6
Diversity & inclusion - Other	18	3
Employee arbitration policies	12	4
Employee health & safety	4	0
Gender (or racial) pay gap	15	13
Sexual harassment	4	4
Human capital issues - Other	10	1
Racial equity and/or civil rights audit	0	0
Pay inequality	0	0

2019		
Diversity & inclusion - Board diversity	21	9
Diversity & inclusion - Workplace diversity	7	2
Diversity & inclusion - Executive diversity	4	1
Diversity & inclusion - EEO-1 data disclosure	10	6
Diversity & inclusion - Other	0	0
Employee arbitration policies	6	1
Employee health & safety	4	2
Gender (or racial) pay gap	19	15
Sexual harassment	8	8
Human capital issues - Other	6	3
Racial equity and/or civil rights audit	0	0
Pay inequality	0	0
2018		
Diversity & inclusion - Board diversity	14	5
Diversity & inclusion - Workplace diversity	7	1
Diversity & inclusion - Executive diversity	0	0
Diversity & inclusion - EEO-1 data disclosure	17	6
Diversity & inclusion - Other	0	0
Employee arbitration policies	1	0
Employee health & safety	4	2
Gender (or racial) pay gap	13	5
Sexual harassment	0	0
Human capital issues - Other	6	3
Racial equity and/or civil rights audit	0	0
Pay inequality	0	0

Source: ESGAUCE, 2022.

Figure 2

Shareholder Proposals on Human Capital Management—Pass Rate (2018-2022)

Percent of voted proposals receiving majority support

2022		
Topic	Voted proposals	Voted proposals receiving majority support
Diversity & inclusion - Board diversity	11	0
Diversity & inclusion - Workplace diversity	5	0
Diversity & inclusion - Executive diversity	0	0
Diversity & inclusion - EEO-1 data disclosure	2	0
Diversity & inclusion - Other	0	0
Employee arbitration policies	12	4
Employee health & safety	5	0
Gender (or racial) pay gap	5	2
Sexual harassment	1	0
Human capital issues - Other	11	0
Racial equity and/or civil rights audit	31	8
Pay inequality	6	0
2021		
Topic	Voted proposals	Voted proposals receiving majority support
Diversity & inclusion - Board diversity	12	3
Diversity & inclusion - Workplace diversity	14	5
Diversity & inclusion - Executive diversity	0	0
Diversity & inclusion - EEO-1 data disclosure	3	2
Diversity & inclusion - Other	1	0
Employee arbitration policies	3	1
Employee health & safety	0	0
Gender (or racial) pay gap	6	0
Sexual harassment	2	1
Human capital issues - Other	5	1
Racial equity and/or civil rights audit	9	0
Pay inequality	1	0
2020		
Topic	Voted proposals	Voted proposals receiving majority support
Diversity & inclusion - Board diversity	3	1
Diversity & inclusion - Workplace diversity	4	2
Diversity & inclusion - Executive diversity	0	0
Diversity & inclusion - EEO-1 data disclosure	6	0
Diversity & inclusion - Other	3	1
Employee arbitration policies	4	1
Employee health & safety	0	0

Gender (or racial) pay gap	13	0
Sexual harassment	4	0
Human capital issues - Other	1	0
Racial equity and/or civil rights audit	0	0
Pay inequality	0	0
2019		
Topic	Voted proposals	Voted proposals receiving majority support
Diversity & inclusion - Board diversity	9	1
Diversity & inclusion - Workplace diversity	2	0
Diversity & inclusion - Executive diversity	1	1
Diversity & inclusion - EEO-1 data disclosure	6	1
Diversity & inclusion - Other	0	0
Employee arbitration policies	1	0
Employee health & safety	2	0
Gender (or racial) pay gap	15	0
Sexual harassment	8	0
Human capital issues - Other	3	0
Racial equity and/or civil rights audit	0	0
Pay inequality	0	0
2018		
Topic	Voted proposals	Voted proposals receiving majority support
Diversity & inclusion - Board diversity	5	0
Diversity & inclusion - Workplace diversity	1	0
Diversity & inclusion - Executive diversity	0	0
Diversity & inclusion - EEO-1 data disclosure	6	0
Diversity & inclusion - Other	0	0
Employee arbitration policies	0	0
Employee health & safety	2	0
Gender (or racial) pay gap	5	0
Sexual harassment	0	0
Human capital issues - Other	3	0
Racial equity and/or civil rights audit	0	0
Pay inequality	0	0

Source: ESGAUGE, 2022.



On Civil Rights Audits and the Role of Corporations in Addressing Societal Disparities

Proponents of civil rights or racial equity audits argue that business organizations should understand whether they inadvertently play a role in creating or sustaining societal disparities. In the last few years, several companies have chosen to commission an internal audit of this type, whether in response to a specific demand from shareholders or because of the publicity that a certain corporate practice had received. In 2016, Airbnb was the first major US corporation to investigate its practices after data showed that its hosts were less likely to accept reservations from Black guests.³ In another example, in 2018, Starbucks agreed to investigate its racial equity practices after national headlines about an incident where a store manager called the police on two African American patrons who were waiting in the coffee shop for a business meeting.⁴ And, as mentioned earlier, investors at Altria, Johnson & Johnson, and McDonald's, among other companies, voted in favor of a civil rights/racial equity audit during the most recent proxy season.

Many boards may hesitate to endorse this practice. Civil rights and racial equity audits can be costly, lengthy, and quite complex to conduct. Their scope may be questioned, and their results disputed, which would ultimately amplify the magnitude of the problem they were meant to address. A tangible commitment to promote equality, accompanied by specific targets and milestones (e.g., a financial institution that introduces a program to increase the number of home purchase mortgages it underwrites for racial minorities), might be seen as a much more pragmatic and effective way for a business to contribute to the making of a more equal society. Having said that, there may be situations where a company would benefit from a civil rights or racial equity audit. For example:

- Corporate directors have been particularly sensitive to issues of corporate culture and workplace bias in the last few years. Due to prior instances of wrongdoing or the results of their own investigation, some boards may already have reasons to believe that the company faces litigation and reputational risks in this area. If so, directors could conclude that an independent audit is the best risk mitigation strategy, as it may go to the root of the cultural issues and preempt bigger problems down the road.
- The extent to which certain companies rely on advanced technologies and sophisticated algorithms using sensitive customer data may influence the decision on the need for a civil rights or racial equity audit. Some of these technologies are relatively recent (think of facial recognition in smartphone apps); when it adopted them, the company may not have fully considered the possibility that they might be used inappropriately. Many civil rights audits at retailers and e-commerce organizations do in fact focus on technology misuse.

3 Ray Fisman and Michael Luca, *Fixing Discrimination in Online Marketplaces*, Harvard Business Review, December 2016.

4 Jill Disis, *Starbucks Advisers Say the Company Needs to Do More to End Racial Bias*, CNN Business, July 2, 2018.

When a company determines that an internal civil rights or racial equity audit is desired or appropriate, it should consider the following aspects:

- The independence and experience of the auditor. Most audits of this type are assigned to outside counsel with expertise in conducting internal investigations and examining corporate policies and records in a privileged and confidential matter. Before hiring the auditor, the board should evaluate the auditor's practical experience in the field as well as its reputation and independence. Ultimately, the company's ability to use the audit report and follow its recommendations will depend on those qualities.
- The scope of the audit. The board should set clear guidelines on how far the audit should go. While some audits can be broad, others are focused on the operations of individual departments (e.g., business development) or on specific internal practices (e.g., recruitment and retention). These audits could look into the use of technologies (as mentioned earlier) or review labor standards (like at Amazon, which recently announced that it had hired former US Attorney General Loretta Lynch to conduct an audit of how its work practices affect its nearly 1 million US hourly employees, primarily members of minority communities).⁵ And they could aim at determining whether the company has fully honored certain social pledges (as happened at Citibank, which used the audit to assess the actual impact of its Action for Racial Equity initiative to help improve the economic mobility of minorities in the US).⁶
- The extent to which the conclusions should be made public. Companies should consider publicly disclosing the broad results of the audit or should be prepared to explain why they are not doing so. For example, after its civil rights audits, Starbucks committed to shutting down thousands of stores to run antibias training, and Airbnb now formally asks its hosts to digitally agree to a policy that they will not discriminate against guests lest their account be suspended or invalidated.⁷ But companies should distinguish between the recommendations resulting from an audit and the detailed findings included in the report, the latter of which are meant for the board and the senior leadership that commissioned the process. In addition to competitively sensitive information, the full report may include private or confidential information shared by employees or other interviewed individuals. When the company chooses to make the report of the audit public, it may do so by using a redacted version.

5 Amazon.com, Inc., *Notice of 2022 Annual Meeting of Shareholders & Proxy Statement*, May 25, 2022.

6 Edward Skyler, *Citi Will Conduct a Racial Equity Audit*, press release, October 22, 2021. A major investor that filed a successful shareholder resolution requesting the audit in 2021 argued that most of the resources from the initiative were in fact allocated to instruments such as loans and other market-priced investments that would ultimately benefit the bank rather than the disadvantaged communities.

7 Starbucks Corporation, *Starbucks to Close All Stores Nationwide for Racial-Bias Education on May 29*, press release, April 17, 2018; Airbnb, Inc., *Elevating Our Commitment to Non-Discrimination and Human Rights*, press release, July 9, 2021.

In 2022, shareholders supported requests for political spending disclosure and, at one company, human rights: a proposal at a gun manufacturer linking firearm sales and reputational risk passed with a large majority.

This proxy season witnessed a remarkable rise in the volume of voted resolutions pertaining to corporate social policies (outside of the HCM and civil rights audit area). Shareholders filed a total of 177, of which 131 went to a vote (compared to 99 voted social proposals in 2021). Almost all topics in this category—from animal welfare to human rights and from political spending to public health—saw a higher number of voted proposals compared to last year. Nonetheless, the category was the most underperforming of the season, and almost all these requests received limited voting support—with average support level generally declining from 2021.

- In the examined 2022 period, shareholders in the Russell 3000 voted on 53 political spending proposals—including requests for disclosure on monetary contributions offered to political campaigns and on lobbying activities. Of those, four passed (two per category, down from six and four, respectively, in 2021). They were on the voting ballot at Dollar General, Netflix, Travelers Companies, and Twitter. Last year, shareholders also supported five proposals for the disclosure of lobbying activities that proponents contend may be misaligned with the company’s carbon emission reduction plans and public stance on issues of global warming; by contrast, none of the four climate-related lobbying resolutions filed in the examined period of 2022 passed. Boards should increase their oversight of corporate political activities and have a vetting system in place; see “On the Demand for Transparency in Corporate Political Spending” on page 17.
- In 2022, shareholders at firearm manufacturer Sturm, Ruger & Company also approved a proposal requesting that the company conduct and disclose the outcome of a third-party assessment of the impact of corporate policies and products or services on human rights around the globe. The formulation of the request is similar to those on civil rights audits. In this case, the proponent, an investment fund affiliated with Catholic health system CommonSpirit Health, argued that, given the lethality of firearms and the possibility of their misuse, the company was exposing itself to a human rights risk that “can be a bellwether for a company’s long-term viability.” The proposal passed, winning 68 percent of for votes.
- In 2022, shareholders of Russell 3000 companies filed and voted on 13 resolutions on charitable giving—the highest on record. By way of comparison, there was only one voted proposal of this type in each of the 2021 and 2020 proxy seasons. The typical formulation calls for publishing and maintaining a semiannual report that itemizes and quantifies all (monetary and in-kind) charitable donations made by the company and/or any of its managed or controlled foundations, aggregated by the name and address of each recipient of more than \$999 annually and including information on the rationale for each contribution as well as the policy and procedures followed to grant it. Despite the rise in volume, all of the 13 voted proposals failed the annual shareholder meeting vote; in fact, they all received only single-digit support.

Figure 3

Shareholder Proposals on Social Policy—Filed and Voted Proposal Volume (2018-2022)

Number of proposals (percent of total)

Russell 3000		
	Filed proposals	Voted proposals
2022		
Animal rights	10	9
Charitable giving	13	13
Corporate purpose	4	3
Human rights	25	23
Political spending - Contributions	31	20
Political spending - Lobbying	31	25
Political spending - Lobbying (Climate-related)	17	4
Political spending - Contributions & lobbying	3	1
Public health	23	17
Social issues - Other	16	13
Political spending - Lobbying (health-related)	4	3
2021		
Animal rights	7	2
Charitable giving	6	1
Corporate purpose	29	18
Human rights	35	14
Political spending - Contributions	31	18
Political spending - Lobbying	32	26
Political spending - Lobbying (Climate-related)	12	6
Political spending - Contributions & lobbying	0	0
Public health	20	10
Social issues - Other	6	4
Political spending - Lobbying (health-related)	0	0
2020		
Animal rights	7	4
Charitable giving	4	1
Corporate purpose	7	6
Human rights	41	18
Political spending - Contributions	33	29
Political spending - Lobbying	39	30
Political spending - Lobbying (Climate-related)	4	3
Political spending - Contributions & lobbying	0	0
Public health	15	10
Social issues - Other	15	5
Political spending - Lobbying (health-related)	0	0

2019		
Animal rights	7	1
Charitable giving	0	0
Corporate purpose	0	0
Human rights	35	19
Political spending - Contributions	43	37
Political spending - Lobbying	32	24
Political spending - Lobbying (Climate-related)	0	0
Political spending - Contributions & lobbying	0	0
Public health	15	9
Social issues - Other	18	4
Political spending - Lobbying (health-related)	0	0
2018		
Animal rights	9	2
Charitable giving	5	2
Corporate purpose	1	0
Human rights	24	9
Political spending - Contributions	26	21
Political spending - Lobbying	44	31
Political spending - Lobbying (Climate-related)	0	0
Political spending - Contributions & lobbying	2	2
Public health	14	5
Social issues - Other	21	9
Political spending - Lobbying (health-related)	0	0

Source: ESGAUGE, 2022.

Figure 4

Shareholder Proposals on Social Policy—Pass Rate (2018-2022)

Percent of voted proposals receiving majority support

2022		
Topic	Voted proposals	Voted proposals receiving majority support
Animal rights	9	0
Charitable giving	13	0
Corporate purpose	3	0
Human rights	23	1
Political spending - Contributions	20	2
Political spending - Lobbying	25	2
Political spending - Lobbying (Climate-related)	4	0
Political spending - Contributions & lobbying	1	0
Public health	17	0
Social issues - Other	13	0
Political spending - Lobbying (health-related)	3	0

2021		
Topic	Voted proposals	Voted proposals receiving majority support
Animal rights	2	0
Charitable giving	1	0
Corporate purpose	18	0
Human rights	14	0
Political spending - Contributions	18	6
Political spending - Lobbying	26	4
Political spending - Lobbying (Climate-related)	6	5
Political spending - Contributions & lobbying	0	0
Public health	10	0
Social issues - Other	4	0
Political spending - Lobbying (health-related)	0	0

2020		
Topic	Voted proposals	Voted proposals receiving majority support
Animal rights	4	0
Charitable giving	1	0
Corporate purpose	6	0
Human rights	18	0
Political spending - Contributions	29	4
Political spending - Lobbying	30	2
Political spending - Lobbying (Climate-related)	3	0

Political spending - Contributions & lobbying	0	0
Public health	10	1
Social issues - Other	5	0
Political spending - Lobbying (health-related)	0	0

2019		
Topic	Voted proposals	Voted proposals receiving majority support
Animal rights	1	0
Charitable giving	0	0
Corporate purpose	0	0
Human rights	19	2
Political spending - Contributions	37	2
Political spending - Lobbying	24	0
Political spending - Lobbying (Climate-related)	0	0
Political spending - Contributions & lobbying	0	0
Public health	9	0
Social issues - Other	4	0
Political spending - Lobbying (health-related)	0	0

2018		
Topic	Voted proposals	Voted proposals receiving majority support
Animal rights	2	0
Charitable giving	2	0
Corporate purpose	0	0
Human rights	9	1
Political spending - Contributions	21	0
Political spending - Lobbying	31	0
Political spending - Lobbying (Climate-related)	0	0
Political spending - Contributions & lobbying	2	0
Public health	5	1
Social issues - Other	9	0
Political spending - Lobbying (health-related)	0	0

Source: ESGAUGE, 2022.



On the Demand for Transparency in Corporate Political Spending

Corporate lobbying, political contributions, and other forms of corporate influence on the public discourse on policy issues have been increasingly scrutinized in recent years. Investors and other stakeholders have focused on situations where investors and other stakeholders perceive a company's public stance on social and environmental matters to be out of alignment with its—often less publicly promoted—political activities, including lobbying and political contributions.

When the company does engage in political activities or chooses to be vocal on issues of public policy, the board should:

- Exercise oversight to ensure that political activities and public statements adhere to the company's core values and undergo a thorough internal vetting process.
- Ensure that management has controls in place so the company complies with lobbying regulations and considers adhering to one of the voluntary frameworks for reporting political spending (such as the CPA-Zicklin Index benchmarks).
- Encourage management to expand educational programs and engagement efforts with key audiences, with a specific focus on employees and their options for funding political action committees (PACs).

For other analyses of postseason results, see the other two parts of this publication. **Brief 1** discusses trends in ESG proposals in general and environmental requests—especially those related to greenhouse gas emission reduction and climate change risks. **Brief 3** focuses on the push for smaller companies to adopt governance practices such as board declassification and majority voting, as well as the most recent findings on support levels for say-on-pay resolutions and director elections.

Access Our Online Dashboard

Shareholder Voting Trends (2018-2022) reviews proxy voting data of business corporations registered with the US Securities and Exchange Commission (SEC) that held their annual general meetings of shareholders (AGMs) between January 1, 2022, and June 30, 2022, and that were in the Russell 3000 index as of January 2022. Data for the 2022 period are compared with findings from the previous four years. The Russell 3000 Index was chosen because it assesses the performance of the largest 3,000 US companies, representing approximately 98 percent of the investable US equity market.

The project is conducted by The Conference Board and ESG data analytics firm ESGAUGE, in collaboration with leadership advisory and search firm Russell Reynolds Associates and Rutgers University's Center for Corporate Law and Governance (CCLG).

Data from *Shareholder Voting Trends (2018-2022)* can be accessed and visualized through an [interactive online dashboard](#) organized in five parts. Please access the dashboard for the most recent figures and statistics.

Part I: Shareholder Proposals focuses on voted proposals introduced by shareholders at AGMs and related to executive compensation, corporate governance, and social and environmental policy. A fourth all-inclusive "other" category comprising resolutions on director nomination, mergers and acquisitions transactions, asset divestitures, or other value maximization proposals is also included in the analysis. (Shareholders may also be authorized by corporate charters or bylaws to call special meetings for the purpose of discussing and voting on certain matters; special shareholder meetings, however, are excluded from the scope of this analysis.)

For a description of shareholder proposal topics, see the "Proposal Subjects" section in the [Glossary](#). Data reviewed in Part I include proposal volume, topics, and sponsorship. Proponent types considered in the sponsorship analysis are described in the "Sponsor Types" section in the [Glossary](#). For proposals with multiple sponsors, the analysis by sponsor is based on the investor listed as the main proponent. The discussion of voting results is integrated with information on nonvoted shareholder proposals (due to their withdrawal by sponsors, the decision by management to omit them from the voting ballot, or undisclosed reasons). Omission figures indicate that the company was granted no-action relief by the staff of the SEC in connection with the exclusion of a shareholder proposal from its proxy materials, as allowed for under Rule 14a-8 of the Securities Exchange Act of 1934. Data on withdrawn proposals are limited to publicly available information or information provided by the proponent or issuer on their websites or other public sources. To be sure, some investors adopt the tactic of privately submitting one or more proposals to engage in a negotiation with a target company and may withdraw it before it is officially filed. Investment advisor Trillium Asset Management, advocacy group As You Sow, and the Office of the NY Comptroller are examples of investors that may adopt a similar approach. The study is limited to the analysis of shareholder proposals included in proxy statements and proposals that, while not described in public SEC filings, are disclosed on the website of prominent investors tracked by ESGAUGE as frequent sponsors of shareholder resolutions.

Part II: Management Proposals follows a similar organization of information as Part I to analyze company-formulated resolutions submitted to the vote of shareholders when applicable state corporate laws or the company's articles of incorporation or bylaws require shareholder approval on a certain business action. The review of management proposals complements the findings of Part I, especially with respect to corporate policy changes related to executive compensation, corporate governance, or

social and environmental issues that are implemented by management after a precatory shareholder proposal on the same topic received wide support at a previously held AGM.

Part III: Say-on-Pay Votes pays specific attention to the results of say-on-pay votes. It contains details on their approval rate and the list of companies that, in each of the recent proxy seasons, failed the vote or received a support level below the 70 percent threshold—the level at which proxy advisory firms may scrutinize compensation plans more closely and evaluate issuing a future negative recommendation.

Part IV: SEC No-Action Letters updates on no-action relief requests submitted to the SEC under Exchange Act Rule 14a-8. It details requests by type of regulatory exemption, granted and rejected requests, and the proposals for which no-action letter was requested but that were subsequently withdrawn by the sponsoring shareholder(s).

Part V: Director Elections zeroes in on votes for the election of board members, with information on their average support level by business sector and company size group, the percentage of directors receiving less than 70 percent and 50 percent of shares voted, and the voting performance of shareholder proposals to elect dissidents' director nominees.

Part VI: Proxy Contests and Other Shareholder Activism Campaigns reviews all shareholder activism campaigns involving a director election, an action by written consent or a (shareholder or management) resolution put to a vote at a shareholder meeting. Specific attention is paid to proxy solicitations and contested director elections, including information on dissidents, dissenting reasons, and outcomes. However, the discussion extends to exempt solicitations (including vote-no campaigns) and other public agitations mounted by activist investors to influence fellow shareholders and put pressure on target companies. To provide insights on the profile of major activists, the analysis in Part VI is supplemented by a table summarizing campaign tactics adopted by investors in FactSet's SharkWatch50 index during their entire history of activism.

Throughout the parts of the dashboard, data are segmented by business industry and company size. The industry analysis aggregates companies within 11 groups, using the applicable Global Industry Classification Standard (GICS). For the company-size breakdown, data are categorized along seven annual-revenue groups (for manufacturing and nonfinancial services companies) and seven asset-value groups (based on data reported by financial and real estate companies, which tend to use this type of benchmarking). Annual revenue and asset values are measured in US dollars. In Part I, additional breakdowns by sponsor types and proposal subjects are provided.

Comparisons of Russell 3000 data with the S&P 500, another commonly followed equity index, are also included to offer an additional perspective on the difference between large and small firms. Figures and illustrations used throughout the study refer to the Russell 3000 analysis unless otherwise specified.

Data included in the report and dashboard should be interpreted with caution. While the tools offer a comprehensive set of charts segmenting aggregate data across industries, size groups, subjects, and sponsor types, trends in proxy voting may also depend on a variety of other aspects that are sometimes referenced but not fully assessed in these pages. In particular, factors that may play a role include corporate ownership structures; financial performance; and the current state of organizational practices in corporate governance, executive compensation, and social and environmental policy.

Access the dashboard at: conferenceboard.esgauge.org/shareholdervoting

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About the Author



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Other Resources on the Proxy Season

This report adds to several other resources from The Conference Board on the 2022 proxy season:

Governance Watch: Highlights from the 2022 Proxy Season Webcast - August 9, 2022

Why Support for Political Activity Proposals is Declining Blog post - June 21, 2022

70% of Environmental Shareholder Proposals Going To Vote Blog post - May 20, 2022

First 2022 Racial Equity Audit Proposals Successful Blog post - March 22, 2022

Six Ways Boards Can Prepare for a Challenging Proxy Season Publication - March 11, 2022

2022 Proxy Season Preview and Shareholder Voting Trends Publication - February 14, 2022

Environmental & Social Proposals in General Publication - February 14, 2022

Human Capital Management Proposals Publication - February 14, 2022

Environmental Proposals Publication - February 14, 2022

Corporate Political Activity Proposals Publication - February 14, 2022

Corporate Governance Proposals Publication - February 14, 2022

Company-Sponsored Proposals Publication - February 14, 2022

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