

## **In Historic Year of Filings, ESG Shareholder Resolutions Continue to Define Corporate Risk**

*34 majority votes show enduring investor support*

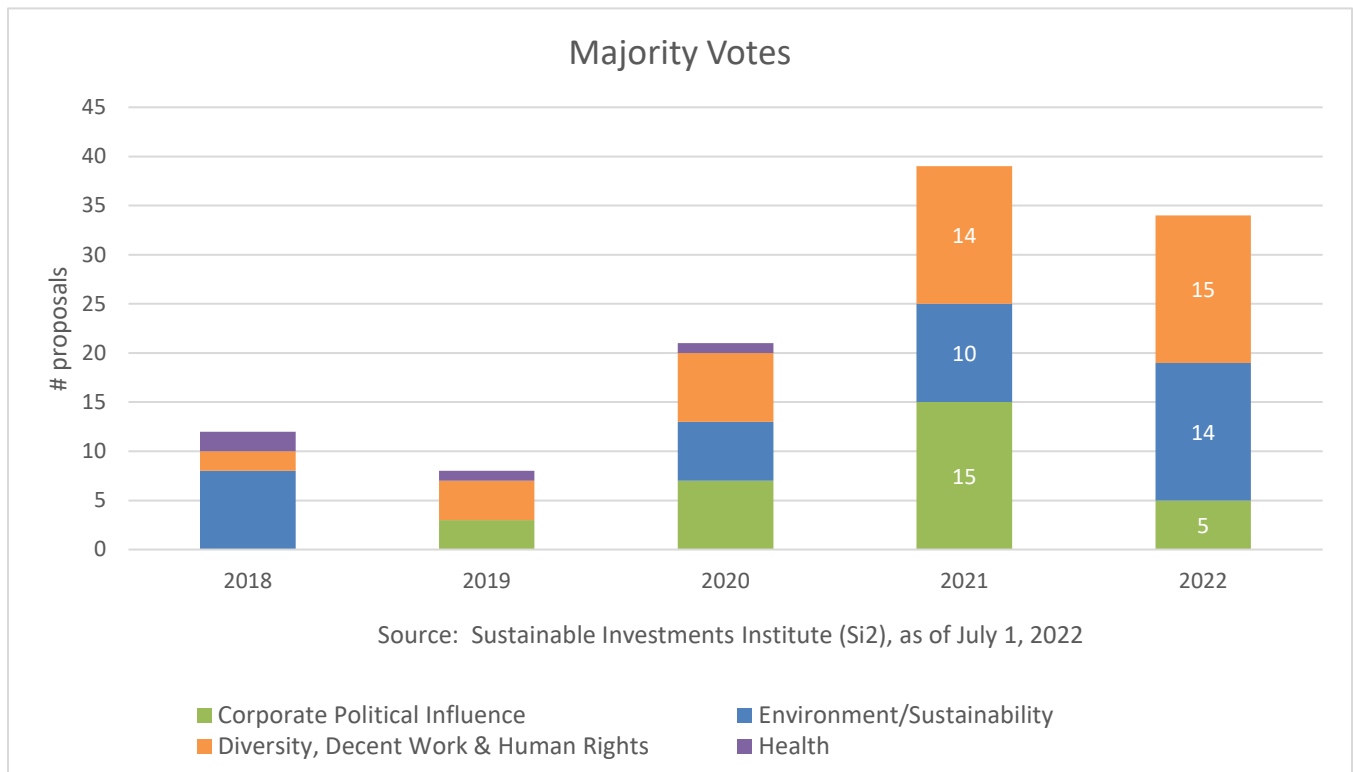
**BERKELEY, CA—JULY 13, 2022—**The [Proxy Preview](#) team today released highlights of the unprecedented 2022 proxy season, which so far has seen a record-breaking 282 votes and 34 majorities votes favoring disclosure and action on environmental, social, and sustainable governance (ESG) shareholder resolutions.

The number of majority votes for these proposals is the same as last year at this point. Six of the majorities — including five on climate change — came when companies did not voice opposition. At least two dozen more votes are possible by year's end and more majorities are likely.

“Shareholder concern on racial justice reached new heights, with eight majorities supporting audits on racial justice and civil rights regarding company operations and impacts, **said Michael Passoff, CEO of Proxy Impact and co-author of the Proxy Preview.** “That’s very rare for a new issue — these resolutions were first filed only last year. Last year’s strong support for fair pay and treatment, including workplace harassment and discrimination, continued unchanged.”

“It was a blow-out year for resolutions, with a nearly 60% increase in votes,” **said Heidi Welsh, executive director of the Sustainable Investments Institute and co-author of Proxy Preview.** “There was a precipitous drop in the number of proposals blocked by company challenges at the U.S. Securities and Exchange Commission (SEC), because of an interpretive shift last November. Investors and companies also found lots of common ground, in the same proportions as the past. The number of majority votes on the environment and diversity stayed the same or rose, but there was a notable drop in majorities for corporate political influence disclosure because the mix of resolutions changed. Many companies already have board oversight and disclosure and there’s more focus now on whether supported candidates hold views consistent with expressed corporate values.”

“This year’s record-breaking number of filings and continued strong votes demonstrate that investors truly care about environmental and social risks. This [aligns with new polling](#) that 85% of Americans agree that companies must disclose more about their business practices and impact on society,” **said Andrew Behar, CEO of As You Sow and Proxy Preview publisher.** “The polling also shows nearly universal agreement that America’s largest companies affect society deeply. Shareholder advocates continue to provide innovative ideas for how companies can avoid risks to employees, customers, communities, and supply chains, and create prosperity and justice.”



## Top Votes

**Support for fairness:** Investor sentiment strongly favored more corporate self-scrutiny about diversity, equity, and inclusion:

- **Eight majorities supported racial justice and civil rights audits at a wide range of companies** — from the biggest tobacco company, [Altria](#) (64.2%), to [Apple](#) (62.2%), [Home Depot](#) (62.8%), [Johnson & Johnson](#) (62.6%), government services company [Maximus](#) (64.2%), [McDonald's](#) (55.8%), and waste management firms [Stericycle](#) (60.6%) and [Waste Management](#) (55%).
- **Investors want fair pay and treatment.** Four majorities supported reports on using concealment clauses, which can hide misconduct including sexual harassment and discrimination. Solar panel firm [Sunrun](#) endorsed its resolution, producing a 98.2% result, but other votes were strong — 68.9% [Twitter](#), 64.7% at [IBM](#), and just over 50% at [Apple](#).

The long-running effort to persuade companies to report on pay disparities on the basis of gender, race, and ethnicity notched two wins: 59.6% at [Walt Disney](#) and 58% at [Lowe's](#).

**Guns:** In the face of continued and widespread gun violence, investors at [Sturm, Ruger](#) voted two-thirds of their shares (68.5%) in favor of a human rights risk assessment.

**Climate and environment:** Nearly all the much-expanded slate of proposals about climate change focused on plans, goals, and reporting on how to achieve net-zero greenhouse gas emissions. This prompted no management opposition at five companies and votes over 90% for reporting on methane reduction targets at [Chevron](#), reporting on carbon footprint reduction plans at [Caterpillar](#) and [Boeing](#), and for adopting net-zero carbon reduction targets at food distributor [US Foods Holding](#) and construction supplier [Builders FirstSource](#).

**Proponents saw several more key climate wins at resolutions management opposed:**

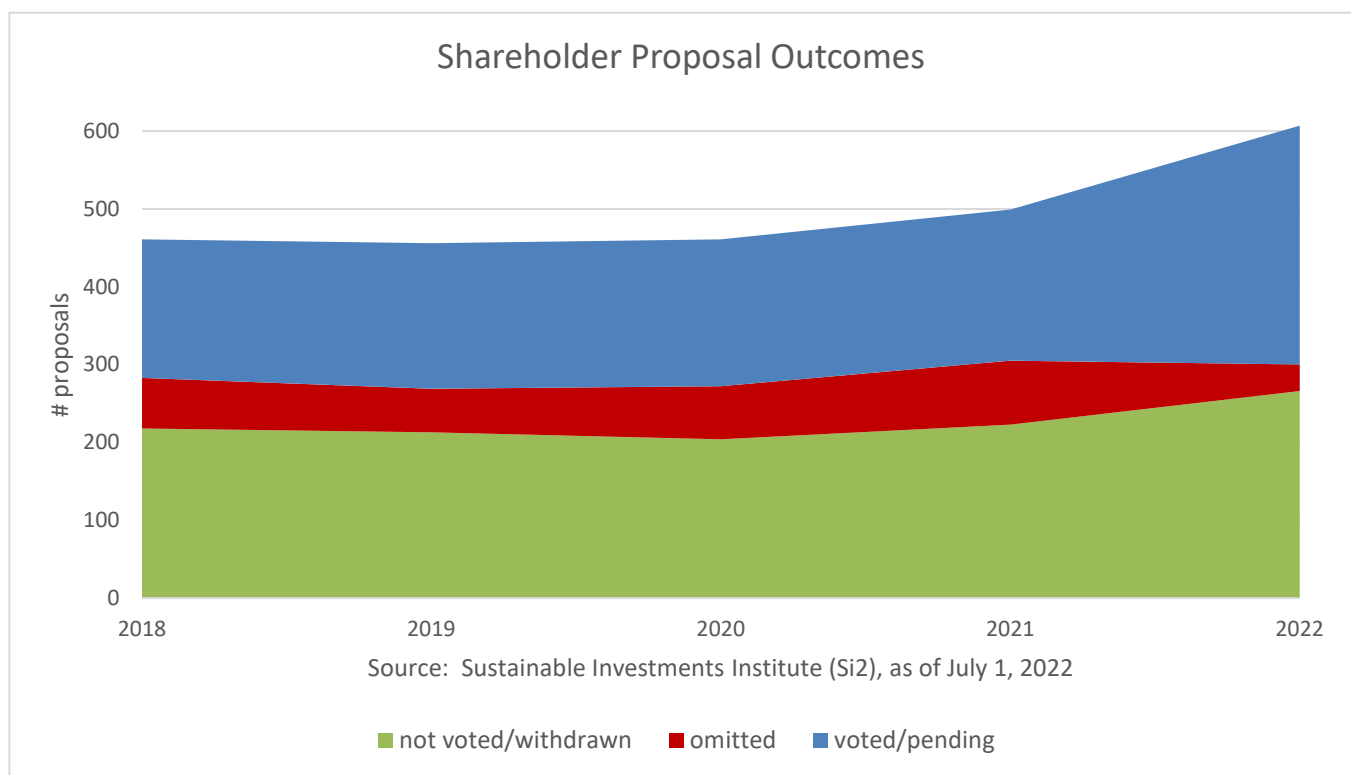
- At [Jack in the Box](#), the vote was 95.4% in favor of reporting on plastic packaging use; this is the highest ever for a proposal opposed by management. In the same vein, a vote for more reporting at plastics producer [Phillips 66](#) was 50.4%.
- At [ExxonMobil](#), 51% of shares supported a formally audited climate plan, underscoring keen investor interest in reliable numbers and projections affirmed by outside parties, not just voluntary reports that may not hold up to close scrutiny. This could prove a critical piece of evidence in the debate over a [proposed new SEC climate disclosure rule](#).
- First-time majorities for reporting on fossil fuel project underwriting occurred at [Chubb](#) (72.2%) and [Travelers](#) (55.8%), even though some large investors characterized as “too prescriptive” other proposals that asked banks and insurers to end (and not just disclose) fossil financing and underwriting.
- In addition to the majorities prompted by management support noted above, an early win at the end of January occurred at [Costco Wholesale](#), with 70% support for adopting net-zero greenhouse gas emissions reduction targets. A similar proposal at [Dollar Tree](#) received 54.8% at the end of June, bookending the season. Further, a stranded asset risk report proposal about natural gas assets at [Dominion Energy](#) earned 80%.
- Finally, while **Home Depot** has had a policy about sustainable wood sourcing since 1999, [a vote of 64.7%](#) seeking more clarity on deforestation impacts evinced considerable skepticism that the policy goes far enough.

**Political influence spending:** There were fewer proposals about general oversight and disclosure of election spending and lobbying, but four majorities — two coordinated on elections (57% at **Dollar General** and 53.4% at [Twitter](#)) and two on lobbying (60.4% at [Netflix](#) and 52.7% at [Travelers](#)).

Most notable this year, however, were resolutions that trod new ground, seeking not just oversight and disclosure but the assessment of misalignment between stated company policies and actions taken by politicians the companies support. An entirely new proposal about lobbying and values earned the fifth political influence majority — 50.2% at [Gilead Sciences](#) — and

43.3% at [Johnson & Johnson](#). Six more lobbying disclosure proposals earned 40% to 49%, as did one more on election spending.

It's clear companies will face increased scrutiny of their election spending as the fall midterms approach and public policy debates roil the country. One key example from proxy season is proposals coordinated by [Rhia Ventures](#) that noted company support for diversity and inclusion despite heavy support for state politicians who are rolling back reproductive health rights. There were high votes at [AT&T](#) (44.1%) and [Home Depot](#) (42.6%). With *Roe v. Wade* overturned by the U.S. Supreme Court, many similar values congruency resolutions are likely in 2023. Access to reproductive health benefits and [risks to companies](#) posed by new abortion bans in half the country spurred votes of 32.2% at [Lowe's](#) and 30.2% at [TJX](#) — also giving a foretaste of what to expect next year.



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[Proxy Preview](#) is a unique collaboration between [As You Sow](#), the [Sustainable Investments Institute](#) (Si2), and [Proxy Impact](#). *Proxy Preview* provides the most comprehensive free data on hundreds of ESG shareholder resolutions on environmental, corporate political influence, human rights, diversity, and sustainable governance issues.

**Note:** Voting results are based on the SEC calculation method of dividing shares cast in favor by those cast in favor or against, excluding abstentions. Companies may report different results by including shares cast in abstention or those not voted by brokers.