

2023 Proxy Season Review

August 2023

The 2023 proxy season: More shareholder proposals, tougher proposals, and less support.

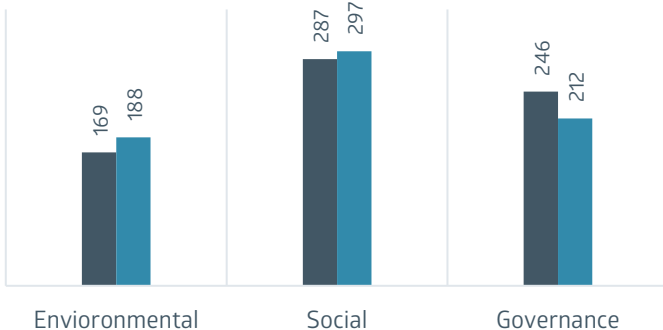
For the third year in a row, the number of shareholder proposals rose, with filings up 2% year over year in 2023. This increase came from submissions in the environmental and social categories, which saw an 11% and 3% increase in proposals respectively. Governance-related proposals, on the other hand, decreased by 14%.¹

Within the E, S, and G categories, the most popular proposal topics remained unchanged from 2022: climate change, independent chair, nondiscrimination/diversity, shareholder approval of certain severance agreements, and special meetings.²

Shareholder Proposals Submitted

Volume by category

■ 2022 ■ 2023

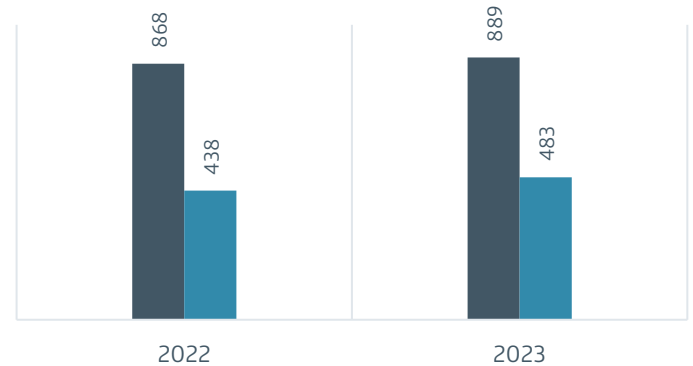


Source: <https://corpgov.law.harvard.edu/2023/08/03/shareholder-proposal-developments-during-the-2023-proxy-season/>

Of the 889 proposals filed in the 2023 season, 483 (54%) went to a vote – a slight increase over last season’s numbers: In 2022, 438 of the 868 proposals filed (50%) went to a vote. This percentage increase from 2022 to 2023 is primarily due to fewer no-action requests submitted by companies.³

Proposals Submitted Vs Proposals Voted

■ Submitted ■ Voted



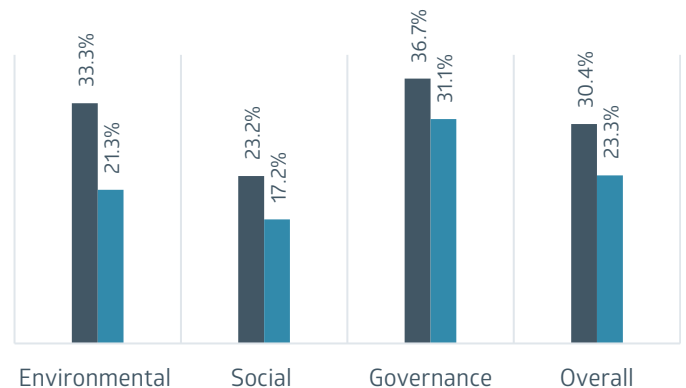
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While trends in the number of proposals submitted and voted followed the same trajectory as in previous years, the results of the votes differed significantly. From 2022 to 2023, support for shareholder proposals dropped from 30.4% to 23.3%. This decrease in support showed up across all categories of ESG, but it was most significant in the environmental category, which saw a 12% drop in support as compared to 2022.⁴

Proposals Average Support

% in favor

■ 2022 ■ 2023



Source: <https://corpgov.law.harvard.edu/2023/08/03/shareholder-proposal-developments-during-the-2023-proxy-season/>

¹ <https://corpgov.law.harvard.edu/2023/08/03/shareholder-proposal-developments-during-the-2023-proxy-season/>

² <https://corpgov.law.harvard.edu/2023/08/03/shareholder-proposal-developments-during-the-2023-proxy-season/>

³ <https://corpgov.law.harvard.edu/2023/08/03/shareholder-proposal-developments-during-the-2023-proxy-season/>

⁴ <https://corpgov.law.harvard.edu/2023/08/03/shareholder-proposal-developments-during-the-2023-proxy-season/>

In the 2023 proxy season, proposals submitted, proposals voted, and average proposal support were all affected by so-called “anti-ESG” shareholder proposals. The number of anti-ESG shareholder proposals has been on the rise since 2019. From 2022 to 2023, anti-ESG proposals increased in number and as a percentage of overall proposals. It was this increase in the submission of anti-ESG proposals that led to the overall number of proposals submitted being higher in 2023 (pro-ESG proposals actually decreased). However, since a much larger share of the anti-ESG proposals were excluded by the SEC and never came to a vote, it was the pro-ESG proposals that contributed to the rise in the number of proposals voted this year. Finally, when it came to proposal average support, overall support for proposals did decrease from 2022 to 2023, but that decrease was made more dramatic due to the contribution of anti-ESG proposals, which garnered only 2.8% average support this year.^{5, 6}

The decrease in support for shareholder proposals was likely due to a number of factors, including the divisive current political environment around ESG in the United States. The rise in anti-ESG shareholder proposals, as noted above, is an offshoot of the divisive political environment, which, through low support for such proposals, is also driving down overall proposal support. However, another key contributing factor to the results is the trend toward more stringent asks in the pro-ESG proposals. Many shareholder advocacy groups, including As You Sow, consider this factor to have been quite significant in 2023: “This year, we had much tougher resolutions. For example, asking for actual emission reduction targets rather than just asking for disclosure. These higher intensity resolutions tend to get lower votes as they ratchet up the ask,” said As You Sow CEO Andy Behar.⁷

	2022	2023	# Change (2022 to 2023)	% Change (2022 to 2023)
Overall Proposals Submitted	868	889	21	2.4%
Overall Proposals Voted	438	483	45	10.3%
Overall Proposals Voted as a % of Overall Proposals Submitted	50.5%	54.3%	3.9%	7.7%
Overall Proposals Average Support	30.4%	23.3%	-7.1%	-23.4%
Pro-ESG Proposals Submitted	823	810	-13	-1.6%
Pro-ESG Proposals Submitted as a % of Overall Proposals Submitted	94.8%	91.1%	-3.7%	-3.9%
Pro-ESG Proposals Voted	405	431	26	6.4%
Pro-ESG Proposals Voted as a % of Overall Proposals Voted	92.5%	89.2%	-3.2%	-3.5%
Pro-ESG Proposals Average Support	32.6%	25.8%	-6.8%	-20.9%
Anti-ESG Proposals Submitted	45	79	34	75.6%
Anti-ESG Proposals Submitted as a % of Overall Proposals Submitted	5.2%	8.9%	3.7%	71.4%
Anti-ESG Proposals Voted	33	52	19	57.6%
Anti-ESG Proposals Voted as a % of Overall Proposals Voted	7.5%	10.8%	3.2%	42.9%
Anti-ESG Proposals Average Support	3.5%	2.8%	-0.7%	-20.0%

Sources: <https://corpgov.law.harvard.edu/2023/08/03/shareholder-proposal-developments-during-the-2023-proxy-season/> and <https://corpgov.law.harvard.edu/2023/06/01/anti-esg-shareholder-proposals-in-2023/>

⁵ <https://corpgov.law.harvard.edu/2023/08/03/shareholder-proposal-developments-during-the-2023-proxy-season/>

⁶ <https://corpgov.law.harvard.edu/2023/06/01/anti-esg-shareholder-proposals-in-2023/>

⁷ <https://capitalmonitor.ai/asset-class/equity/was-there-an-esg-backlash-this-proxy-season/>

As You Sow’s response refers specifically to the example of climate change-related proposals, which were the most popular proposal type this year and last. Climate change proposals represented 80% of the proposals in the environmental category this year – the category that saw the largest drop in support. These “tougher” proposals made requests such as: the adoption of GHG emissions reduction targets in alignment with net zero scenarios, disclosure of climate transition plans, disclosures regarding climate-related lobbying, changes to investments in and underwriting policies relating to fossil fuel production projects, and disclosures of risks related to climate change.⁸

Whether related to the political environment, the growing presence of anti-ESG proposals, pro-ESG

proposal “toughness”, or all of the above, the 2023 proxy season saw decreased support for shareholder proposals. Some investors and companies have pulled back on ESG to wait and see what happens with the political environment and regulation. Others have ratcheted up their efforts as the urgency of these issues, in particular climate change, accelerates. It is yet to be seen whether in 2024 pro-ESG investors will come back with tougher or more timid proposals, whether or not anti-ESG proposals will continue to increase, and what support for each will look like. Time will tell.

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⁸ <https://corpgov.law.harvard.edu/2023/08/03/shareholder-proposal-developments-during-the-2023-proxy-season/>