
AN EARLY LOOK AT THE 2023
PROXY SEASON

CERTAINTY | INGENUITY | ADVANTAGE

Georgeson

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EXECUTIVE SUMMARY

Georgeson is pleased to publish its third Early Proxy Season Report for US annual shareholder meetings. Over the past three proxy seasons ([2021](#), [2022](#), [2023](#)) our early season reports have aimed to give our readers a preview of early voting outcomes, as well as an analytical view of thematic trends across director elections, say-on-pay and shareholder-sponsored proposals.

An interactive version of the data presented in this report is available at <https://www.georgeson.com/us/insights/2023-proxy-season-early-look>. The site will be updated following the availability of full proxy season annual meeting results after June 30, 2023.

ABOUT GEORGESON

Established in 1935, Georgeson is the world's original and foremost provider of strategic services to corporations and investors working to influence corporate strategy. We offer unsurpassed advice and representation for annual meetings, mergers and acquisitions, proxy contests and other extraordinary transactions. Our core proxy expertise is enhanced with and complemented by our strategic consulting services, including solicitation strategy, investor identification, corporate governance analysis, vote projections and insight into investor ownership and voting profiles. Our local presence and global footprint allow us to analyze and mitigate operational risk associated with various corporate actions worldwide. For more information, visit www.georgeson.com or call 212 440 9800.

METHODOLOGY

PERIOD PRESENTED & DATA SOURCES

For the 2023 proxy season, this report is based upon available annual meeting results proxy year-to-date (YTD) for meetings occurring July 1, 2022 through May 12, 2023, for companies within the Russell 3000 Index. All data provided herein is preliminary and subject to change as additional information regarding the 2023 proxy season becomes available. Prior season data is for companies within the Russell 3000 for the full proxy season, running from July 1 – June 30 for each period presented, unless otherwise noted. For example, 2021 proxy season data is for the period from July 1, 2020 – June 30, 2021. As data for all years is based on Russell 3000 Index constituents, such information may include minor inconsistencies compared to previous reports relating to the 2022 and 2021 proxy seasons, due to changes to index membership over time.

Shareholder proposal submission data and annual meeting results discussed herein have been provided by ISS Corporate Solutions (ICS) and supplemented by our own research through additional sources, including various proponents' shareholder proposal submission data. Accordingly, our data set includes proposals that were not initially part of ICS's data, excludes proposals that we believe to be duplicative, modifies proposal data for accuracy, and recategorizes certain proposals based on our read of the proposal in question as discussed below. Our data represents our initial attempt at classifying, confirming, and consolidating multiple sources of data into one aggregated dataset; as a result, this data is preliminary and subject to change. Finally, our data represents our best efforts to capture all relevant measures voted on at Russell 3000 companies through May 12, 2023 for the 2023 season; in the event that a company's 2023 8-K filing with voting results was unavailable at the timeframe in which we wrote our report, we made the determination to exclude such proposals.

METHODOLOGY

VOTE OUTCOMES REPORTED

For results reported, we use each company's vote standard applicable to each proposal analyzed to determine proposal passage and failure, and related level of support. For purposes of aggregated passage rate trends (such as average support), we have examined votes cast for and against proposals, not considering abstentions (For/For + Against).

Our report represents our best-efforts to capture all relevant measures voted on at Russell 3000 companies at annual meetings occurring through May 12, 2023 for the 2023 season; in the event that a company's 2023 8-K filing was unavailable at the timeframe in which we wrote our report, we made the determination to exclude such proposals.

At the end of the 2023 proxy season we will revisit all voted proposals from the 2023 season and report final data, inclusive of any 8-K filings originally unavailable at the timeframe in which we wrote our report.

SHAREHOLDER PROPOSAL CATEGORIZATION

There is inherently some subjectivity in categorizing the focus and subject matter of shareholder proposals (also referred to as SHP or SHPs in this report). Such categorizations have become increasingly challenging over time as environmental, social and corporate governance topics increasingly overlap and influence one another. Where proposals address multiple topics, we have aimed to categorize them based on what we believe to be the primary focus of the proponent submitting the proposal.

For purposes of this report, environmental proposals address topics including climate change risks and reporting; greenhouse gas (GHG) emissions goals; recycling, single-use plastics and sustainable packaging; renewable energy; environmental impact reports; sustainable sourcing; and sustainable agriculture.

Social proposals address a broad set of topics, including board and employee diversity matters; discrimination and sexual harassment; mandatory arbitration policies; pay disparity; public health and welfare; human rights; employee welfare and workplace matters; product safety; animal welfare; disclosure of board qualification matrices, including director nominees' ideological perspectives; political contributions disclosure; and disclosure of lobbying policies and practices.

Governance proposals include proposals addressing topics such as: shareholder special meeting and written consent rights; voting standards; dual class structures; independent board chairs; proxy access; board declassification; director term limits; executive compensation matters, including proposals concerning compensation linked to ESG topics; and shareholder approval of bylaw amendments.

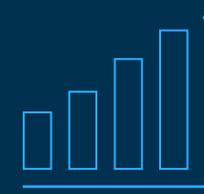
INTRODUCTION

An early examination of 2023 proxy season voting statistics yields a number of notable observations:

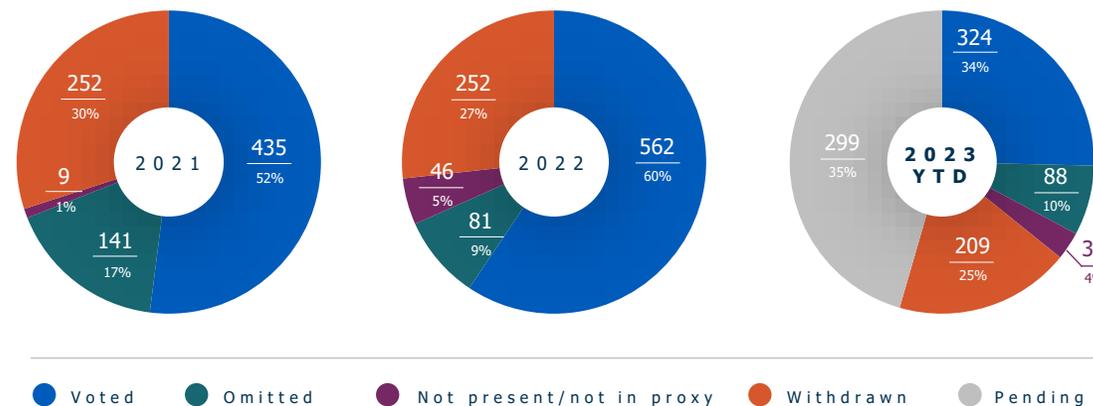
At the time of this writing, we have observed

a total of **951**

shareholder proposal submissions, exceeding the record-breaking number of submissions in the 2022 season (941).



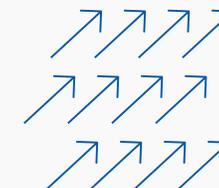
PROPOSAL ACTIVITY SURPASSES PREVIOUS YEARS' RECORD



PROPOSAL ACTIVITY, 2022 - 2023 YTD: RUSSELL 3000

	2022	2023 YTD
Environmental	177	185
Social	409	420
Governance	355	346
Grand Total	941	951

The number of anti-ESG proposals significantly increased in the 2023 season from **5%** of all proposals submitted in **2022** to over **9%** of proposals so far in **2023**, with **94 proposals** submitted at the time of writing for this season.



INTRODUCTION

OF THE **324 PROPOSALS** VOTED TO DATE:



46
relate to
environmental
issues



104
involve
social
issues



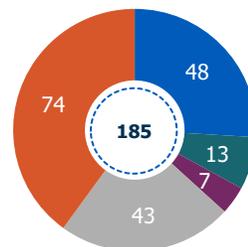
143
relate to
governance
issues

Across the E, S, and G categories, an additional 31 voted proposals related to anti-ESG issues

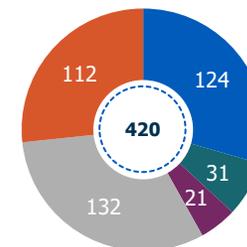


Across E, S and G, 3, 3 and 18 proposals have passed in each respective category. This translates into passage rates of approximately 7%, 3%, and 13% respectively (excluding anti-ESG proposals). Overall, the number of proposals receiving majority support has declined year-over-year compared to a similar early proxy season timeframe in 2022.**

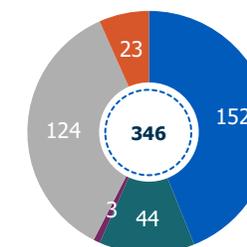
ESG PROPOSAL ACTIVITY 2023 YTD*



Environmental



Social



Governance

● Voted ● Omitted ● Not present/not in proxy ● Withdrawn ● Pending

94.9% / **94.7%**



Director election support at Russell 3000 companies continues to be strong, averaging **94.9%** for the proxy year **2023** YTD, similar to average support of **94.7%** for the full proxy year **2022**.

PROPOSALS VOTED YTD, INCLUDING ANTI-ESG PROPOSALS



Say-on-pay vote results for the 2023 proxy season YTD have had a marginal increase in the average support for Russell 3000 companies, with **approximately 91% of votes cast in favor** (excluding abstentions), compared to **90% support in the proxy year 2022**.



*These pie charts are inclusive of anti-ESG proposals.

**Average passing rate was impacted by less than 1% when excluding anti-ESG proposals

For the 2023 proxy season, data is based upon available annual meeting results proxy year-to-date (YTD) for meetings occurring 7/1/2022 through 5/12/2023 for companies within the Russell 3000 Index.

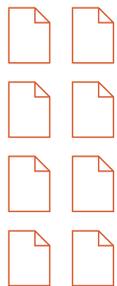


INTRODUCTION

TOP TEN PROPONENTS REPRESENT 54% OF ALL SHAREHOLDER PROPOSAL SUBMISSIONS IN 2023

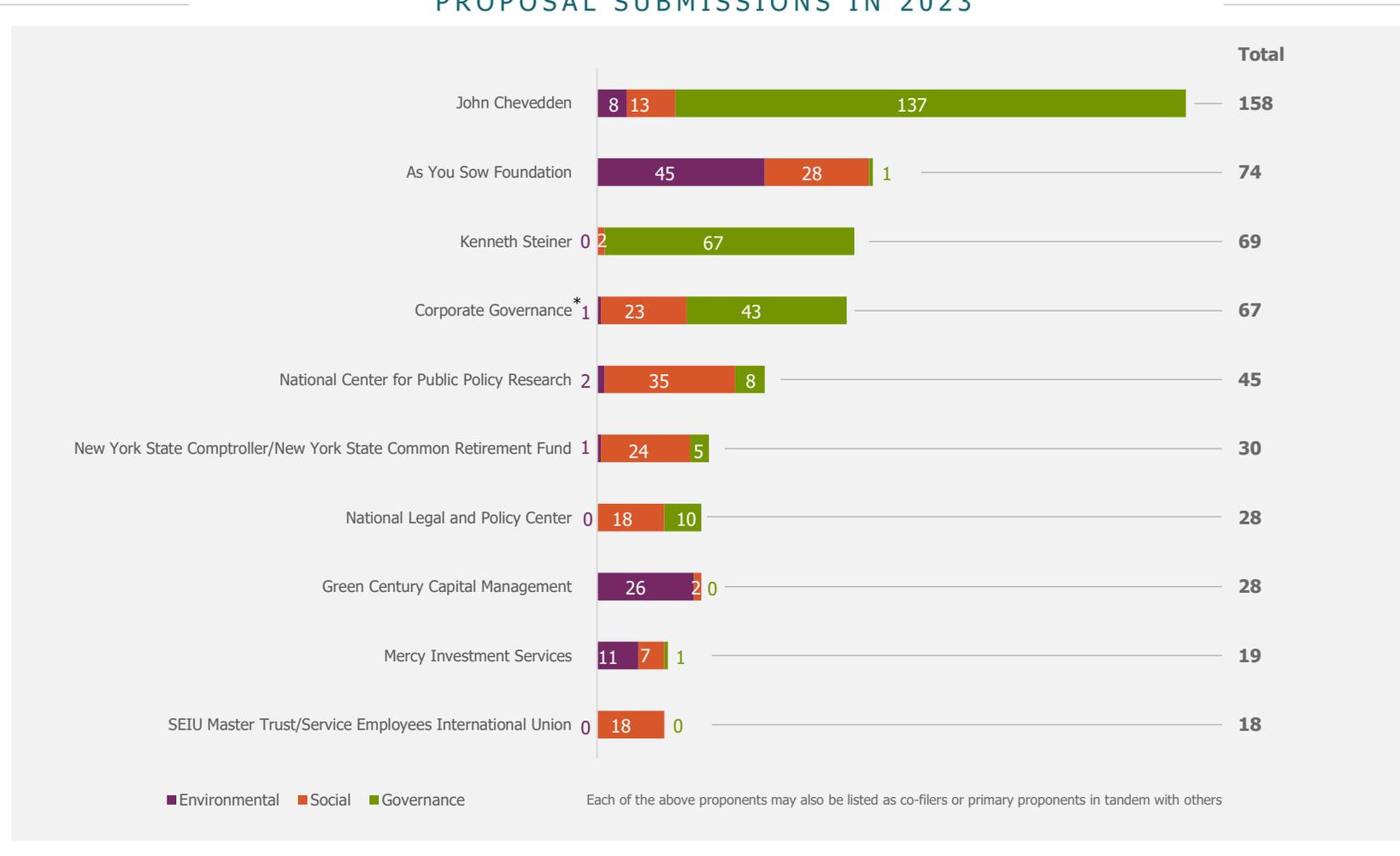


At time of print, it is possible that up to 299 additional shareholder-sponsored proposals could go to a vote this season.



34% of proposals

have been withdrawn, omitted or were not in the proxy at the time of print. The high number of proposals withdrawn across E, S and G categories suggests that both companies and proponents may be increasingly willing to negotiate these issues, and that negotiations may be a more feasible avenue for proponents to encourage action on related topics.



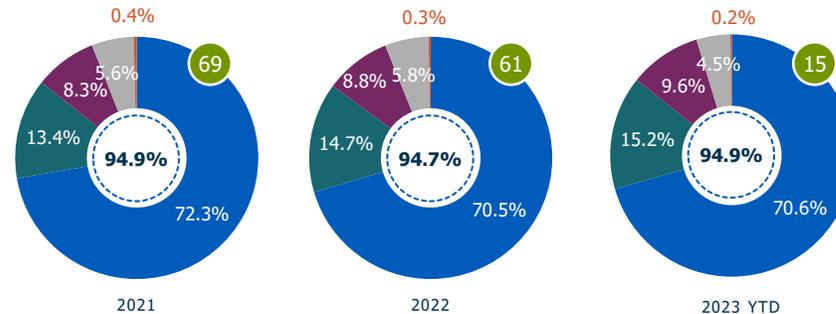
*Corporate Governance- sponsored proposals includes those brought forth by proponents Myra Young and James McRitchie



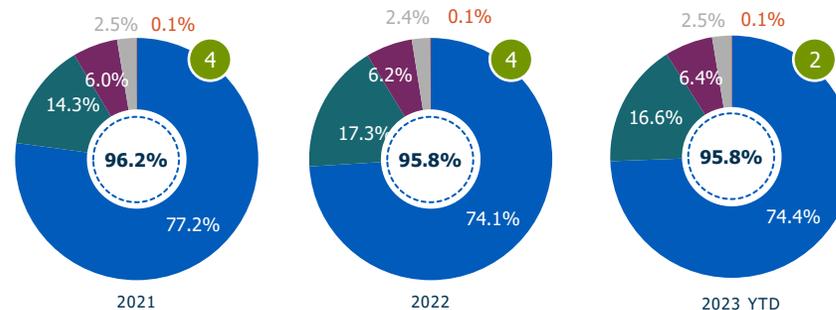
DIRECTORS ELECTIONS

AVERAGE DIRECTOR SUPPORT 2021 - 2023 YTD

R3000



S&P 500



● 95%+ ● 90-95% ● 80-89.99% ● 50-79.99% ● Below 50

● Majority withhold or against

○ Average support



DIRECTORS ELECTIONS

Director election support at Russell 3000 companies continues to be strong, averaging 94.9% for the proxy year 2023 YTD, similar to average support of 94.7% for the full proxy year 2022. When comparing director election results for calendar year 2023 (January 1 through May 12) to the same period from last year, the average support is 95.1% in 2023 versus 96.6% in 2022. This decline in support has corresponded with the increase in the number of directors receiving less than 90% support for their (re)election. In the period from January 1 through May 12 of the calendar year, 12.9% of directors in 2023 received less than 90% vote support compared to 6.6% in 2022. Directors at S&P 500 companies, who tend to fare better, have been averaging 95.8% support for the proxy year 2023, the same as they did in 2022.

For the proxy year 2023 YTD, 15 director nominees have failed to receive at least 50% shareholder support, with all but two standing for election at non-S&P 500 companies. However, only 3 of these 15 directors failed to get elected due to the existence of a majority vote standard at their companies, with the rest getting elected as they served on boards with a plurality vote standard. There are only two companies where more than one director received less than majority support – Monro and Utah Medical Products, each with two directors facing majority opposition. The two directors at S&P 500 companies that received a majority withhold sit on the boards of Constellation Brands and A.O. Smith Corporation.

For the 2023 proxy season, board composition and effectiveness have been important areas of investor focus. Glass Lewis and some of the investors have increased their board gender diversity expectations, now requiring companies to have at least 30% gender diversity. Further, some investors have also adopted a policy this year on racial and ethnic diversity requiring at least one such director to be represented on the board.

For instances where companies failed to meet such requirements, investor firms would generally oppose the nominating committee chair/members. With universal proxy card rules now in place, board effectiveness and director qualifications are under enhanced scrutiny. There is an increased imperative for board refreshment processes to both increase diversity and ensure that board skills are aligned with a company's long-term strategic plan. The evolving regulatory requirements and dialogue around ESG have placed increasing demands on directors to strengthen their knowledge of key issues and oversee associated material risks. Key committee members at companies with shareholder-unfriendly provisions such as classified boards, dual class share structures, and poor compensation practices continue to see shareholder opposition to their director elections.

DIRECTORS ELECTIONS

UNIVERSAL PROXY CARDS

In September 2022, the SEC's rule amendments requiring the use of Universal Proxy Cards (UPC) in contested director elections for corporate issuers became effective at annual meetings. The UPC system gives shareholders the ability to "mix and match" their voting instructions for any combination of director candidates from both competing slates during a proxy contest. An examination of UPC's preliminary impact on the 2023 US proxy season yields a few notable results, detailed below:

1. There does appear to be an increase in settlements and concessions in 2023 (11 YTD) compared to 2022 (9 in total).

2. There was a **significant increase in the number of bylaw amendments since Fall 2022 relating to advance notice**, a recognizable defense mechanism for companies. According to Deal Point Data, 8 companies made changes to their "proper notice requirements" in November 2021. In the same period in 2022, 116 companies made a proper notice change - **a 1,300% increase**. While this increase is significant it still represents a small portion of the Russell 3000 index.

3. At time of print, **both proxy advisory firms continue to make recommendations based on directors' individual qualifications, which in certain cases has warranted a split recommendation.**

4. While still early days of implementation and use, **the number of contested director elections has not increased year-over-year with the introduction of UPC.** Our data suggests that the number of contested elections and proxy fights is similar to past proxy seasons. 41 campaigns in 2023 vs 42 in 2022.

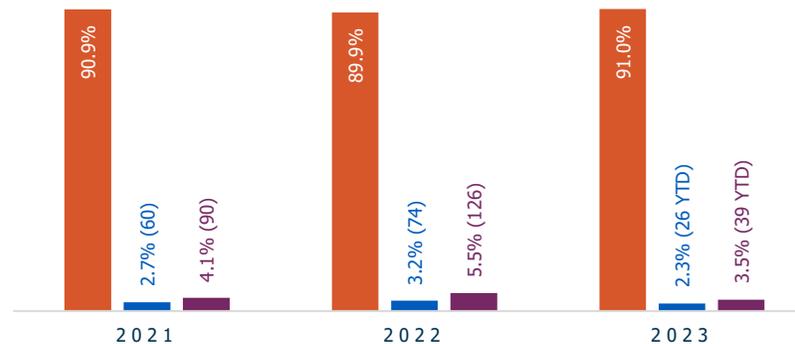
As the adoption and utilization of UPC matures over the next two to three years, we may see an evolution in the approach of shareholders seeking to leverage it as a tool for future annual meeting elections.

SAY-ON-PAY

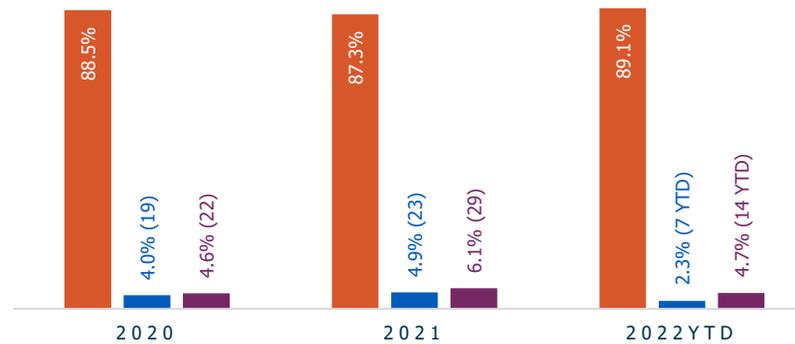


SAY-ON-PAY SUPPORT 2021 - 2023 YTD

R3000



S&P 500



■ Average Vote ■ Failed Vote ■ Red Zone

SAY-ON-PAY

Say-on-pay vote results for the 2023 proxy season YTD have had a marginal increase in average support for Russell 3000 companies, with approximately 91% of votes cast in favor (excluding abstentions), compared to 90% support in the proxy year 2022. As we have been seeing in recent years, S&P 500 companies have garnered slightly lower support, with approximately 89% of votes cast in favor YTD, up from 2022 when they received about 87% favorable support.

26 Russell 3000 companies have failed to receive majority support for their say-on-pay proposals so far in the 2023 season, with 12 failed votes occurring since January 1, 2023. Seven of these companies are in the S&P 500 index with 5 failed votes since January 1, 2023. The 5 S&P 500 companies that failed to receive majority support include Broadcom, Simon Property Group, Equifax, CME Group and Prologis. Additionally, 3.5% of Russell 3000 companies in 2023 proxy season YTD have had say-on-pay “red zone” voting results - i.e., vote support falling between 50% and 70%. By comparison, 4.7% of S&P 500 companies so far have results falling within the “red zone.”

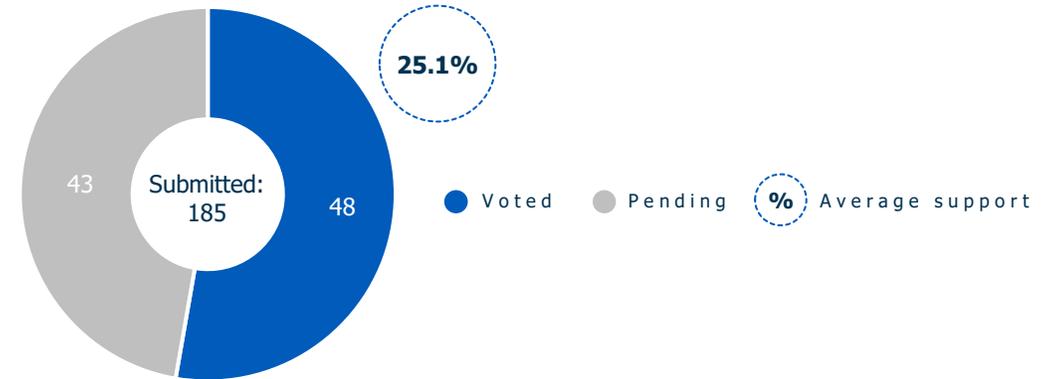
ISS has issued fewer negative recommendations at Russell 3000 companies in calendar year 2023. It has opposed 6.7% of the proposals during the period from January 1 through May 12, 2023, compared to the 9.5% “AGAINST” recommendations during the same period in 2022. Negative ISS vote recommendations may have reduced shareholder support by as much as 27% of votes cast at such companies during this period in 2023, compared to 34% in 2022. ISS has similarly recommended “AGAINST” a slightly lower percentage of S&P 500 companies during this time period with 8.2% of say-on-pay proposals garnering a negative recommendation, compared to 10.7% for the same period in 2022. The impact of ISS’s negative versus favorable recommendation for S&P 500 companies has been 31% in 2023 compared to 36% in 2022. In many instances of potential pay-for-performance misalignment based on quantitative analysis, ISS has issued cautionary support where annual incentives were primarily based on financial performance and at least half of the long-term incentives were performance-based.

There continues to be close scrutiny of special or one-off awards, typically provided in the form of front-loaded equity. It has helped to mitigate investors’ concerns where special awards were primarily performance-based, and companies clearly disclosed that they were one-time in nature. Instances of consecutive years of special awards, or special awards that were accompanied with high incentive payouts, seem to have faced greater opposition. Payments and grants relating to CEO transition and retirement of NEOs, alongside lack of disclosure and rationale on pay-related matters, are other areas that continue to draw scrutiny from investors. The new pay-versus-performance (PVP) disclosures haven’t been much of a factor with little evidence of their impact on the say-on-pay vote results this year. The new disclosure mandate seems to have provided a minimal level of additional insight to what is already discussed in the CD&A section of the proxy statement.



SHAREHOLDER PROPOSALS ENVIRONMENTAL

Overall Activity 2023 YTD - Environmental Shareholder Proposals (including anti ESG)



Environmental topics remain a key focus of shareholder-sponsored proposals in the 2023 proxy season. The volume of environmental-focused proposals appears to have increased slightly from 185 proposals submitted (including 6 anti-ESG) during the 2023 season YTD compared to 177 total environmental proposals for the 2022 season. 48 Environmental proposals have been voted on as of May 12 2023, including 2 anti-ESG proposals, as compared to 30 at this time during the 2022 season. In 2022, only 1 environmental proposal was omitted and 33 withdrawn, compared to 13 already omitted in 2023, 74 withdrawn and more with votes still to come.

At the time of writing, only 3 environmental proposals have passed (or ~6% of environmental proposals voted on thus far), two of which were related to sustainable packaging and plastics and one proposal on reporting on reliability of methane emissions disclosures. It is our assessment that the high number of proposals withdrawn suggests that both companies and proponents may be increasingly willing to negotiate these issues, and that negotiations may be a more feasible avenue for proponents to encourage action on environmental topics.



SHAREHOLDER PROPOSALS

ENVIRONMENTAL

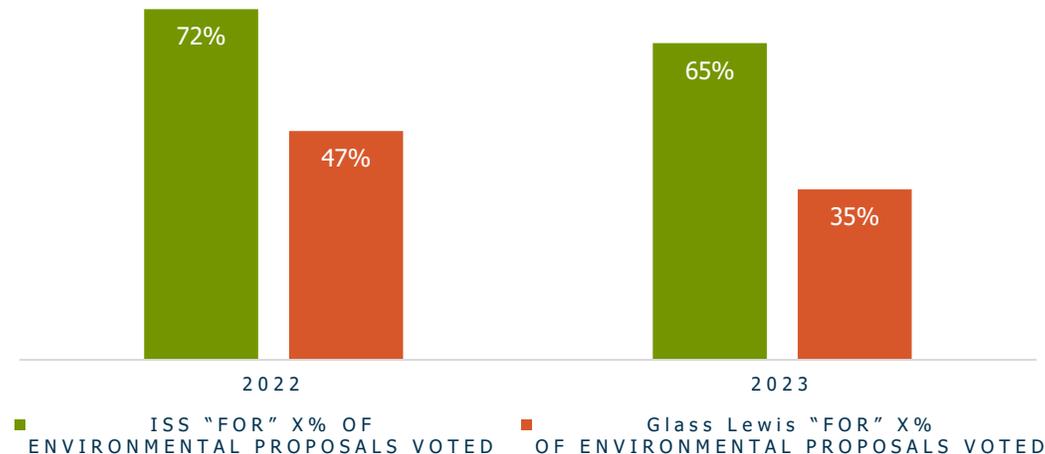
TOPICS OF PASSING ENVIRONMENTAL PROPOSALS

2023 PASSING ENVIRONMENTAL SHAREHOLDER PROPOSAL BY TYPE YTD	NUMBER OF PROPOSALS PASSED
Methane	●
Plastic/ Sustainable Packaging	● ●

MAJORITY SUPPORTED PROPOSALS BY COMPANY

COMPANY	PROPOSAL TEXT
Coterra Energy Inc.	Report on Reliability of Methane Emission Disclosures
General Mills, Inc.	Report on Absolute Plastic Packaging Use Reduction
Sysco Corporation	Report on Absolute Plastic Packaging Use Reduction

Average support for environmental proposals so far in the 2023 proxy season is down from last year’s 38% average (2022) at around 25% (2023). One factor contributing to dampened support may be that the environmental proposals in 2023 season have seen significantly less support from both ISS and Glass Lewis. “FOR” recommendations on environmental proposals of all kinds have decreased by roughly 8 and 10 percentage points for ISS and Glass Lewis respectively as shown in the chart on the right.



GHG EMISSIONS, TARGETS AND CLIMATE TRANSITION

GHG emissions continues to be a prominent topic in the 2023 season, with the focus of these proposals evolving alongside the improvements in disclosure by issuers. 9 proposals focused on reporting, but 5 of these proposals were submitted by anti-ESG proponents asking companies to prove the fiduciary relevance of decarbonization.

The vast majority of climate-related proposals focus on GHG emissions reduction including target setting and climate transition plans. The number of proposals limited to Scope 1 and 2 emissions have dropped from 27 in 2022 to 15 in 2023 so far, which we believe is related to the progress in disclosure from companies and the increased expectations from proponents. Of proposals related to GHG Emissions Reduction, only 18% focused on Scope 1 and 2 emissions, with 82% focused on Scope 3 including financed or value chain emissions.



SHAREHOLDER PROPOSALS

ENVIRONMENTAL

Despite the decrease in Scope 1 and 2 proposals, GHG reduction proposals focused on value chain emissions have maintained momentum in 2023. For our analysis, we have split these value chain proposals into 2 categories based on differences in shareholder support: Emissions Financing proposals (related to the banking and insurance industries) and all other Scope 3 emissions. In 2023 we see an increase from 15 Emissions financing proposals in 2022, to 19 so far in 2023.

Of these, 8 have been voted on with none passing (average support of 18%) with more votes still pending. Three of these proposals received over 16%, with the highest support at 31.1% of the vote. Comparatively, in 2022, average support for emissions financing proposals at season end was 20.85%, with the highest support at 45.8%.

13 Scope 3 GHG-emissions related proposals have been voted on so far, with average support of 28%, down from 46.7% average support in 2022. See list of outcomes in table to right. Two scope 3 proposals have received over 40%, and another 5 have received between 30% and 40% support so far in 2023. In 2022, a total of 6 Scope 3 proposals passed, and of the failed proposals, 2 received over 40% and another 3 over 30%. Other value chain, or Scope 3, emissions reduction proposals are once again the most commonly withdrawn proposals (at least 21 withdrawn so far this 2023 season). Over time, GHG proposals have increasingly focused on target setting and climate transition plans, inclusive of Scope 3 emissions, rather than simply on reporting emissions. It is our assessment that companies are willing to engage in direct negotiations and agreement to action on this topic based on proponents reporting commitments as a result of withdrawn proposals.

COMPANY	VOTE % (Average of For/F+A%)
Bank of America Corporation	11.5%
Bloomin' Brands Inc	42.9%
CenterPoint Energy Inc.	18.3%
KLA Corporation	25.5%
Lockheed Martin Corporation	35.4%
Martin Marietta Materials Inc.	32.8%
Public Storage	34.7%
Raytheon Technologies Corp	37.8%
Texas Roadhouse Inc.	40.4%
The Goldman Sachs Group	12.6%
U-Haul	18.9%
United Parcel Services	20.4%
Valero Energy Corporation	33.1%
Average	28%

SHAREHOLDER PROPOSALS

ENVIRONMENTAL

The increased number of proposals on more specific climate topics reflects a sophisticated level of proponent understanding of ways in which climate may affect companies. For example, industry specific methane emissions proposals have increased by 3X from 3 in 2022 to 9 proposals in 2023. One methane emissions proposal has passed this season, and 6 of these proposals have been withdrawn so far.

2023 has also brought an increased focus on Climate Risk and Opportunity with 11 proposals, up by almost 4X since 2022. Four of these proposals have been voted on so far, receiving average support of 19.7%. Only one Stranded Asset Risk proposal and no Right to Repair proposals have appeared in 2023.

PROPOSALS RELATED TO RESOURCE USE AND NATURAL CAPITAL

17 natural capital-related proposals, including those focused on Deforestation, Water and Biodiversity, have been filed in the 2023 season, up by nearly double from the 9 proposals of this type in 2022. The increased focus on natural capital and resource use reflects growing concern for the environmental impacts beyond GHG emissions.

PROPOSAL TYPE	NUMBER OF PROPOSALS 2023
Deforestation	9
Water Use/ Risk	5
Deforestation Financing	1
Biodiversity	1
Financing ANWR development (Arctic National Wildlife Refuge)	1

NEW PROPOSALS

5 new proposals have been filed this year on the topic of plant-based alternatives. 4 of these were at health-care facilities and were omitted, and 1 went to a vote at Starbucks receiving 5.3% support.

COMMUNICATION FROM INVESTORS

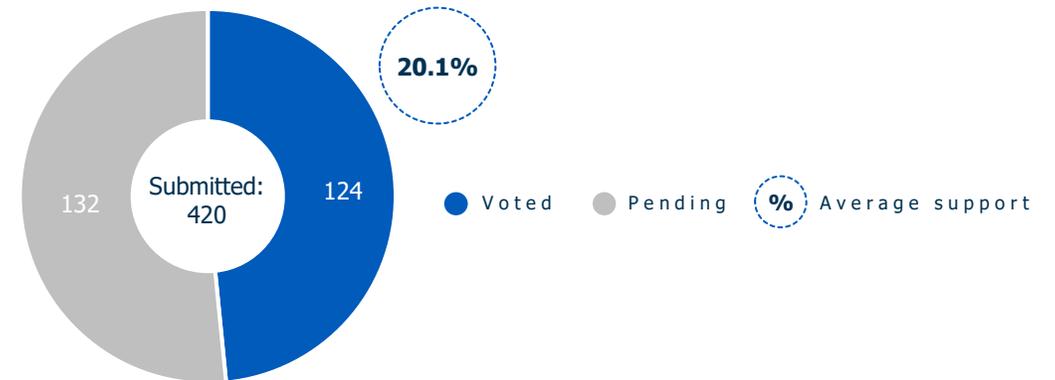
We are continuing to see exempt solicitations against election of directors on the basis of climate-related issues, with 21 filed so far this season, down slightly from 27 total in the 2022 season. Majority Action has filed 17 exempt solicitations recommending votes against directors due to lack of climate-related governance and oversight. In 2023, 95 exempt solicitations have been filed in support of environmental, primarily climate-related, proposals, compared to 67 filings of this type in 2022. Additionally, 5 exempt solicitations have been filed against climate-related proposals, all from the National Legal and Policy Center, compared to no such filings in 2022.

Another development we have noted in the 2023 season is a lack of voting bulletins related to climate from institutions this season. Voting guidelines for many investors were more detailed and explicit about how they planned to vote on climate in prior years, but in 2023 we have seen these guidelines shift to a more “case by case” approach. It remains to be seen what the outcomes will be from a voting perspective, and we are keeping an eye on how things play out in 2023.

SHAREHOLDER PROPOSALS

SOCIAL

Overall Activity 2023 YTD -
Social Shareholder Proposals
(including anti-ESG)



The volume of shareholder proposals focused on social topics increased this year, with at least 420 social-focused proposals filed YTD, surpassing the 2022 high of 409.

This year, average support for all social proposals dropped by 6 percentage points, from 26% to 20%, and only 3 shareholder proposals have received majority support YTD, compared to 9 for the same period in 2022. Support across nearly all social proposal themes is down, with average support for racial equity audit, reproductive rights, and mandatory employee arbitration decreasing by over 10 percentage points. Support for anti-ESG social proposals has also fallen.

ANTI-ESG SOCIAL PROPOSALS:

71% of the proposals filed by those opposing ESG efforts were social related. While they were filed on a myriad of specific topics, they have been grouped together within one category, as they differ significantly from the other social related proposals. Given the substantive difference in the requests of social-related anti-ESG proposals, we have grouped them together in their own category for the purposes of this section of our report. Similar to last year, the anti-ESG proposals have warranted their own section to further examine the proposal requests and outcomes. [Further analysis can be found HERE.](#)



SHAREHOLDER PROPOSALS

SOCIAL

TOPICS OF PASSING SOCIAL PROPOSALS

2023 PASSING SOCIAL SHAREHOLDER BY TYPE YTD	NUMBER OF PROPOSALS PASSED
Workplace Harassment	●
Freedom of Association	●
DEI	●

MAJORITY SUPPORTED PROPOSALS BY COMPANY

COMPANY	PROPOSAL TEXT
Expeditors International of Washington, Inc.	Report on Effectiveness of Diversity Equity and Inclusion Efforts and Metrics
Starbucks Corporation	Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining Rights
Wells Fargo & Company	Report on Prevention of Workplace Harassment and Discrimination

While more specific and detailed requests from proponents filing proposals has contributed somewhat to waning support, it is also true that in 2023, similar proposals to those filed in 2022 attracted lesser support from investors. Fewer “FOR” recommendations by proxy advisors has likely contributed to the decrease in average overall support for some social proposals this year. Consistent with previous years, topical societal concerns, such as gun violence and reproductive rights, influenced the type and volume of proposals that are filed by proponents.

Average support for proposals across 7 primary categories decreased across 6 of them.

CATEGORY	SUBTYPE	2022	2023	PERCENTAGE POINT CHANGE
Health impacts	Drug access, reproductive rights, toxicity & safety, tobacco	17.2%	12.4%	-4.8 pts
DEI – Diversity related	DEI, pay gap (related to race/gender), civil/racial equity audits, EEO disclosure, board diversity	34.2%	27%	-7.2 pts
DEI - Equality and Inclusivity related	Racial Equality / Justice , Inclusive Hiring	14.8%	12.8%	-2 pts
Human capital management	Pay practices, workplace harassment, mandatory arbitration, freedom of association, just transition, other employee protections	40%	36.8%	-3.2 pts
Human rights related	Human rights, human rights technology	24%	21%	-3 pts
Political spending	Political lobbying, political contributions	33.5%	26.4%	-7.1 pts
All other	Gun-related, conflict/weapons, animal rights, system stewardship, tax transparency	13.9%	14.5%	+ .6 pts
Anti-ESG	Diversity, human rights, business & society, etc.	7.7%	3.5%	-4.2 pts
Overall Average		25.8%	20%	-5.8 pts



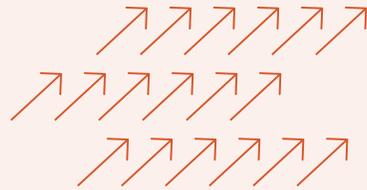
SHAREHOLDER PROPOSALS

SOCIAL

NOTABLE KEY THEMES

Reproductive Rights

There was a significant increase in the amount of proposals filed on reproductive rights, increasing from **4 in 2022 to 22 in 2023.**



Freedom of Association

Proposals filed on Freedom of Association (FOA) have also increased significantly from **1 in 2022 to 15 in 2023.**



NOTABLE KEY THEMES

Diversity Related Proposals

Average support for diversity related proposals has dropped from **30% in 2022 to 22% for 2023**, with the greatest decline in support for racial equity audit proposals.



Anti-ESG

Proponents opposed to ESG efforts have continued to focus on social topics. The number of "Anti-ESG" social proposals saw a **46% increase** (67 in 2023 compared to 46 in 2022). See report section related to Anti-ESG proposals for more details.



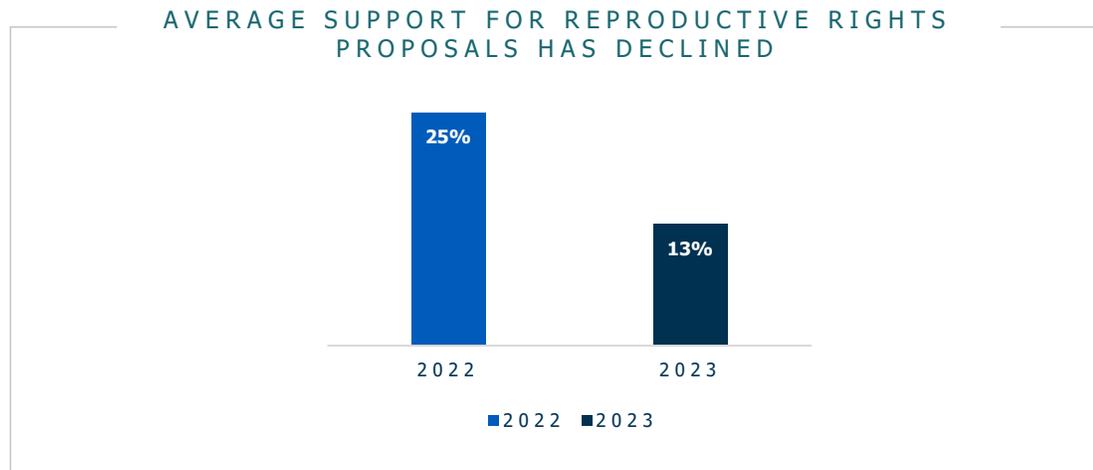


SHAREHOLDER PROPOSALS

SOCIAL

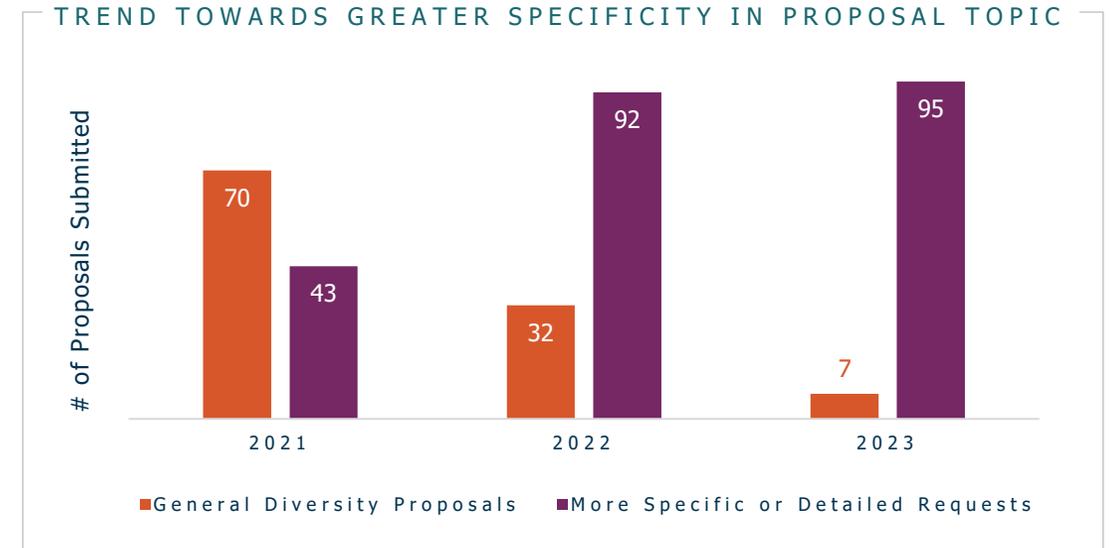
HEALTH IMPACTS

Reproductive rights proposals, which commonly focus on the impact regulation might have on access to reproductive care, have increased this year; 22 such proposals were filed in 2023 up from 4 in 2022. The majority of such proposals are related to access for employees or customers. However, a few proposals were filed with financial institutions and technology firms on safeguarding data of customers seeking out reproductive care. A large percentage of the proposals filed are likely to be negotiated. **So far, 6 proposals, across all sectors, have gone to a vote with average support of 13%, down from 25% average support for the 3 similar proposals voted on in 2022.** Proxy advisors have not supported such proposals in 2023, [citing the possibility of increased legal risk](#) with greater company disclosure.



DIVERSITY, EQUITY AND INCLUSION-RELATED PROPOSALS

This year, diversity, equity and inclusion related proposals remained a major focus for proponents. Consistent with previous years, proponents have made more specific and detailed requests of companies. The movement from general requests (e.g. EEO-1 data requests & Board Diversity) towards requests that relate to undertaking specific activities, such as initiating racial equity or civil rights audits, or disclosing information on the effectiveness of a company's Diversity, Equity, and Inclusion (DEI) program, has continued. In 2021 there were 48 EEO-1 disclosure proposals, while in 2023 only 1 such proposals was filed YTD.



SHAREHOLDER PROPOSALS

SOCIAL

Overall support for diversity, equity and inclusion-related proposals is down, with racial equity audit proposals seeing the most significant drop in average support for the social proposals that have gone to a vote. The more specific requests by proponents likely contributes to the decrease in average support for diversity proposals; however support for similar proposals year over year is also down. Of the 26 diversity, equity and inclusion-related proposals that have gone to a vote, only 1 has received majority support compared to 6 this time last year.

CHANGING SUPPORT LEVELS FOR DIVERSITY-RELATED PROPOSALS

PROPOSAL TYPE	2022	2023	CHANGE IN SUPPORT
Board Diversity	14.3%	23%	+8.7%
DEI	33%	29%	-4%
Inclusive Hiring	n/a	15%	n/a
Pay Gap (Racial/Gender)	38%	32.65%	-5.35%
Racial Equity Audit	41%	23.75%	-17.25%
Racial Equity/Justice	15%	10.6%	-3.4%

DIVERSITY, EQUITY, & INCLUSION (DEI) REPORTING PROPOSALS

Proposals that cover reporting on the effectiveness of a company's Diversity, Equity, and Inclusion (DEI) program are overwhelmingly filed by a small group of proponents, with the vast majority of such proposals negotiated.

Of the 37 DEI reporting proposals filed, fewer than 10 total are likely to be voted upon, with the 5 proposals voted to date receiving 29% average support, and 1 of those proposals receiving majority support. This year there are 5 novel proposals relating to inclusive hiring practices, which focus on efforts by companies to provide opportunities to individuals with criminal records.

The number of Racial Equity/Justice proposals filed this year has dropped slightly down to 9 from 14 in 2022. These proposals typically request a company report on racism or other specific discriminatory practices. Average support for the two such proposals voted on is 10.6%, below the 15% average support for similar proposals last year.

CIVIL RIGHTS AND RACIAL EQUITY AUDITS

Civil rights and racial equity audit proposals, which typically focus on both internal and external procedures that may negatively impact minority or protected groups, were a major focus again this year. YTD, 7 out of 24 filed racial equity audit proposals have been voted on, with average support dropping from 41% in 2022 to 24% in 2023. There has been a noticeable decline in proxy advisors recommending "FOR" such proposals. At the time of writing, none of the 4 civil rights audits filed have been voted on this year. Average support for such proposals last year was 48%.

PAY GAP

2022 marked the first time that a Pay Gap proposal passed, with average support in this category reaching 38%. Typically, these proposals seek reporting on any pay discrepancy that exists between minority groups or women and the average pay of employees. Average support for these proposals is down to 33%. There was a slight increase in the amount of proposals submitted, 16 in 2023 compared to 13 in 2022.

SHAREHOLDER PROPOSALS

SOCIAL

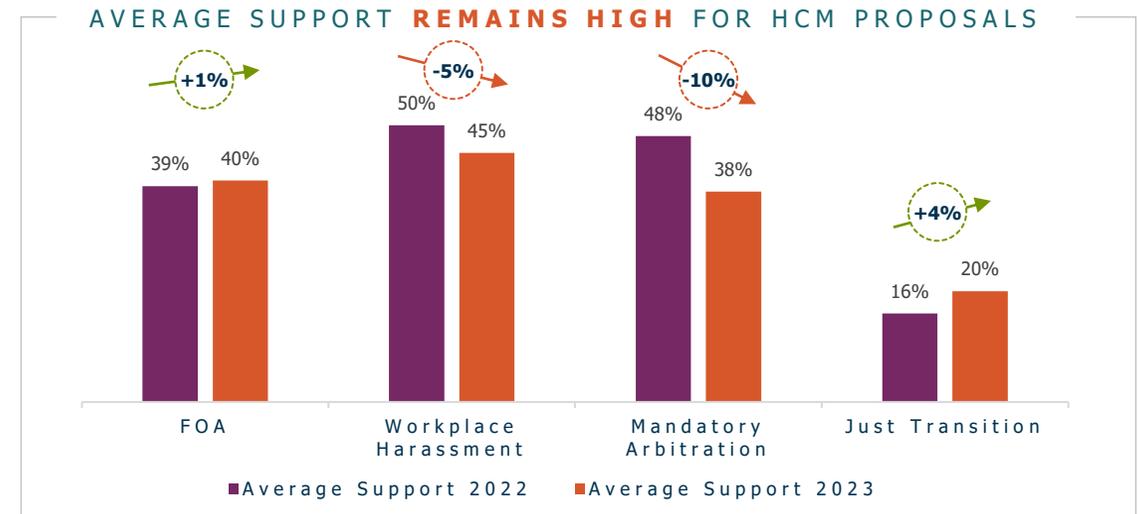
HUMAN CAPITAL MANAGEMENT (NON-DIVERSITY SPECIFIC)

Human Capital Management (excluding diversity proposals) continues to be a focus this year, with Freedom of Association (FOA) proposals increasing from 1 in 2022 to 15. FOA proposals relate to a company’s stance, policy, or action on worker’s right to organize. 3 have gone to a vote and 1 has passed. Average support for these proposals is 40%. The current labor market dynamics in the US have likely contributed to the increased focus by proponents and the level of support received by investors.

Other topics that have received attention this year include workplace harassment, pay practices, and just transition (e.g. how companies consider the impact of the climate transition on workers). Notably, there has been a decrease in the amount of proposals on prohibiting mandatory employee arbitration clauses in contracts. 4 of 15 filed proposals passed last year and average support was 48%. This year only 5 were filed with 1 voted on to date with support at 38%.

Workplace harassment proposals have received significant support from shareholders, although average support has declined slightly, down 5 percentage points to 45%. One such proposal has received majority support this year. Pay practices, which typically relate to provision of sick leave, have been a focus again this year, although none have been voted on.

This season there were 10 Just Transition proposals, up from 1 last season. Average support has seen a slight increase from 16% to 24% for the 3 that have gone to a vote



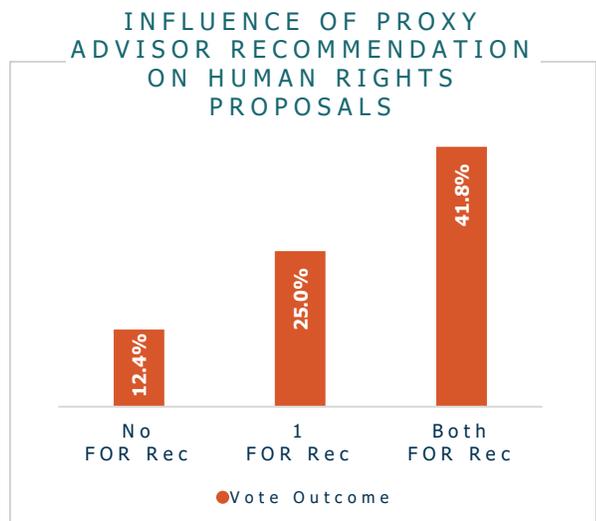


SHAREHOLDER PROPOSALS

SOCIAL

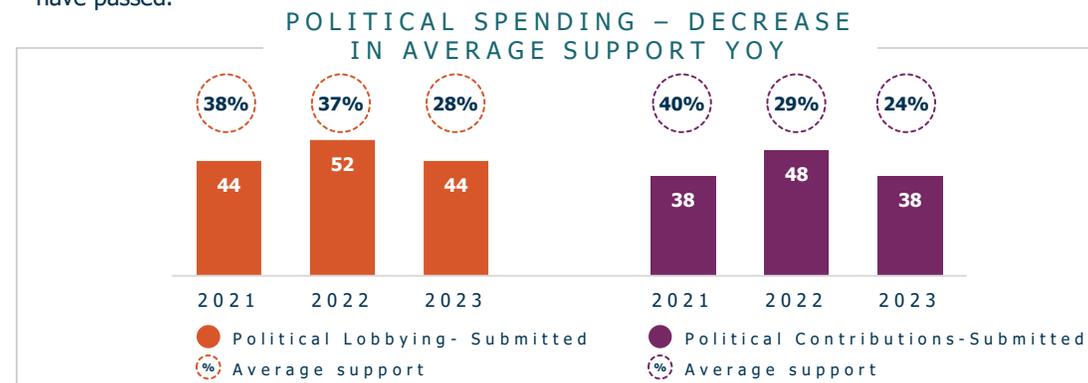
HUMAN RIGHTS

This year, 30% of human rights-related proposals were filed at companies in the technology sector. Like other human rights proposals, they focus on how a company’s business practices may impact rights holders. There is no demonstrable difference for how investors respond to human rights proposals at technology companies compared to non-tech companies. Average support for the 9 voted on proposals has been consistent with previous years, averaging 21% support. However, there is significant variance in vote outcome for these proposals. Major proxy advisor recommendations (ISS & GL) appear to have significant influence on proposal vote outcome.



POLITICAL SPENDING

As in previous years, political spending continues to be a major theme of shareholder proposals; however, the submission volume has decreased from 2021 as well as average support. Average support for both political contributions and political lobbying have decreased, which follows the trend in 2022. In 2021, political contributions proposals were at a high of 40% average support and political lobbying was at a high of 38% average support. In 2023, average support for the 17 political lobbying proposals voted on decreased to 28% and the 14 political contributions proposals voted on received averages support of 24% YTD. To date, no political spending related proposals have passed.



CLIMATE LOBBYING

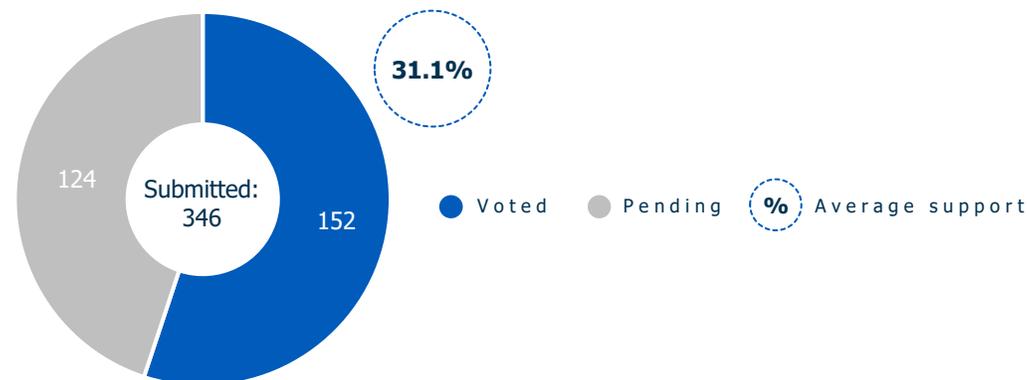
Climate lobbying proposals requesting alignment of lobbying activities with the Paris agreement or with Net Zero targets also continue to be a focus, with 19 proposals of this type so far this season, a similar number to 2022. The 6 climate-aligned lobbying proposals voted on so far have received average support of 35%, with 5 proposals receiving over 30% support and 1 of those receiving 47.4%.



SHAREHOLDER PROPOSALS

GOVERNANCE

Overall Activity 2023 YTD -
Governance Shareholder
Proposals (including anti-ESG)



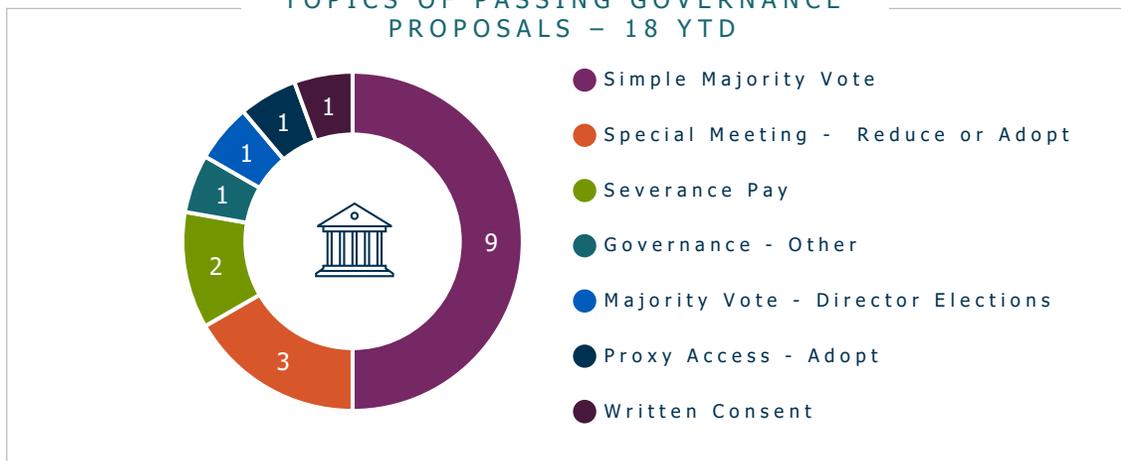
The volume of governance-focused proposals appears to have decreased in 2023, with 346 proposals filed YTD (including 21 anti-ESG proposals), compared to 2022 wherein 355 proposals were filed. However, of the governance-focused proposals voted to date, there is a notable increase in proposals related to two topics: the requirement of an independent chair and executive compensation.



SHAREHOLDER PROPOSALS

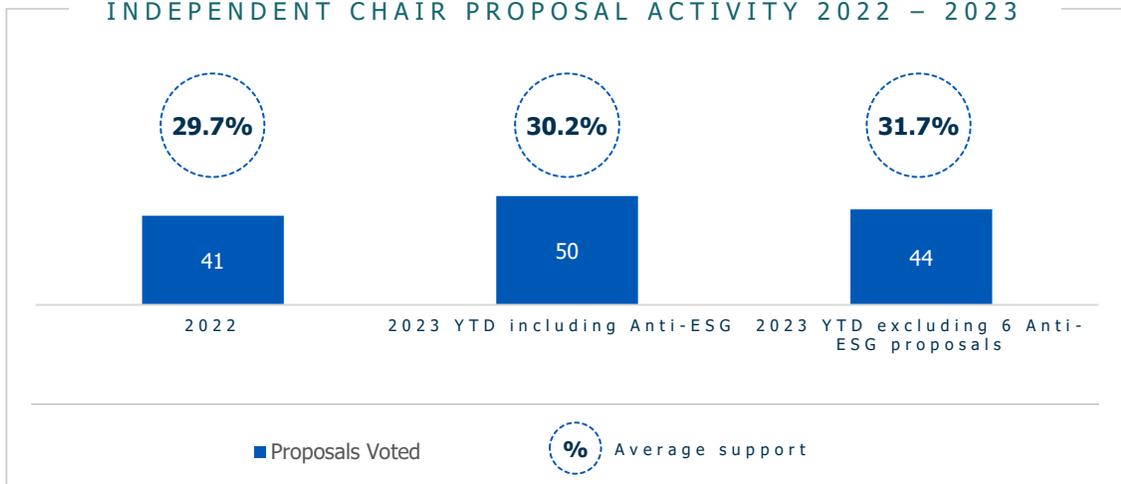
GOVERNANCE

TOPICS OF PASSING GOVERNANCE PROPOSALS – 18 YTD



The topic of separation for the roles of board chair and CEO has seen increased focus in 2023, with 82 such proposals submitted (excluding anti-ESG), representing a 57% increase from the submission level in the 2022 season (52 proposals excluding anti-ESG submitted in 2022). While none of the proposals have received majority support from shareholders to date this season, the average level of support is currently around 31% (excluding anti-ESG proposals voted YTD). Despite only representing a slight increase at the time of this writing over the 30% support level in 2022, this may be considered relevant based on the increased number of proposals being presented, considering that only one such proposal received majority support during the prior 2022 season (Gen Digital formerly Norton LifeLock Inc.). Interestingly, we took note of this topic last year as an area where mainstream and anti-ESG proponents share a vested interest in subject matter, as the National Legal and Policy Center continues to serve as the proponent for 9 additional proposals presented this season, with 6 having gone to a vote with an average level of support around 19%.

INDEPENDENT CHAIR PROPOSAL ACTIVITY 2022 – 2023



At the same time, we have noted a directional shift in revisions to shareholder proxy voting and investment stewardship policies for 2023, relative to the independent chair policy. Accordingly, the sharp increase in shareholder proposals seeking an independent chair may portend a trend that aligns with the enhanced expectation from shareholders for companies to ensure there is a sufficient level of independent oversight established to effectively assess and manage a company's material risks, opportunities, and disclosures. As [we reported on earlier this year](#), BlackRock revised its 2023 U.S. Proxy Voting Guidelines relative to boardroom responsibilities.



SHAREHOLDER PROPOSALS

GOVERNANCE

The updated guideline contains a table which outlines the expectations for companies that operate with a combined CEO/Non-Independent Chair (or separate Non-Independent Chair) with a Lead Independent Director and a separate Independent Chair. Moreover, BlackRock's policy expectations for CEO and management succession planning have been enhanced to specifically include where accountability lies within the boardroom for this task. Finally, BlackRock's policy expects robust disclosure which should include a timeline and responsibilities for instances where a departing CEO may maintain a role within the boardroom and emphasizes that appropriate independent leadership structures should be in place.

Furthermore, Vanguard has recently provided insight regarding their perspective and expectations for companies to consider when managing material risks to their business, such as climate. Vanguard believes that boards are most effective if structured appropriately to include relevant risk competence, knowledge, diversity (across multiple spectrums), and expertise. We have noticed a similar approach and perspective amongst other investors, which may relate to a common theme of ensuring there is an effective level of independent board oversight to promote such structures.

Another notable board-related proposal from the 2023 season YTD, pertains to board composition; four such proposals have been submitted to date in 2023, matching the total from 2022. The year-to-date level of support from shareholders is over 31%. These proposals seek to require companies to incorporate a skills and/or diversity matrix as part of a company's director-related disclosures.

A related trend we have noticed in revisions to shareholder proxy voting and investment stewardship policies for 2023 is a recommendation for companies to include more robust disclosure regarding a company's board and director qualifications and processes. We believe these changes may inform investor support of such proposals. A growing proportion of institutional shareholders are supporting shareholder-friendly measures such as proposals to separate the chair and CEO roles, appointment of an independent chair, and enhancement to board and director-related disclosures such as skills and/or diversity matrices. Other common governance proposals include the adoption of a right to call a special meeting (44% average support), a simple majority voting standard (55% average support), and a majority voting standard for director elections (44% average support), each garnering a strong level of support thus far in 2023.

SHAREHOLDER PROPOSALS

GOVERNANCE

MAJORITY SUPPORTED PROPOSALS BY COMPANY

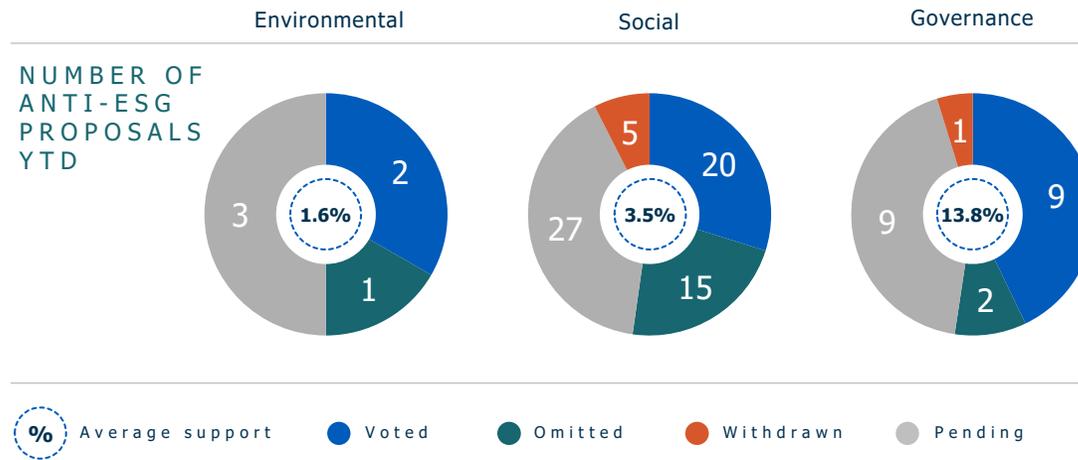
COMPANY	PROPOSAL TEXT
AbbVie Inc.	Adopt Simple Majority Vote
American Airlines Group Inc.	Adopt Simple Majority Vote
Applied Materials, Inc.	Reduce Ownership Threshold for Shareholders to Call Special Meeting
Becton, Dickinson and Company	Submit Severance Agreement (Change-in-Control) to Shareholder Vote
Bloomin' Brands, Inc.	Provide Right to Call a Special Meeting at a 10 Percent Ownership Threshold
Capital One Financial Corporation	Adopt Simple Majority Vote
Duke Energy Corporation	Adopt Simple Majority Vote
Expeditors International of Washington, Inc.	Submit Severance Agreement (Change-in-Control) to Shareholder Vote
Linde Plc	Adopt Simple Majority Vote
Marathon Petroleum Corporation	Adopt Simple Majority Vote
Paycom Software Inc.	Require a Majority Vote for the Election of Directors
Rite Aid Corporation	Reduce Supermajority Vote Requirement
Skyworks Solutions, Inc.	Adopt Simple Majority Vote
Synopsys, Inc.	Reduce Ownership Threshold for Shareholders to Call Special Meeting
Tesla, Inc.	Adopt Proxy Access Right
Texas Pacific Land Corp.	Provide Right to Act by Written Consent
U-Haul Holding Co. (fka AMERCO)	Ratify and Affirm Decisions and Actions Taken by the Board and Executive Officers for Fiscal 2022
Wells Fargo & Company	Adopt Simple Majority Vote

Finally, another governance-related shareholder proposal topic to consider is the increase in compensation-related proposals in 2023. This is driven largely by the substantial increase in the number of proposals related to executive severance pay, up from 17 to 47 proposals, an increase of 176% from 2022. Proposals relating to the adoption of ESG performance criteria are up from a single proposal received in 2022 to 5 proposals presented in 2023 to date. Severance pay proposals are averaging a higher percentage of approximately 28% support in comparison to ESG pay-related proposals which are averaging over 16% support. However, the results of both of these types of proposals are noteworthy; there has been a significant increase in the number of such measures presented to date in 2023. Additionally, there is potential for these proposals to increase further due to updates in pay-related disclosure regulations and ongoing changes in corporate strategy and leadership for many companies, particularly those which have been affected by recent shifts in the economic, political, and financial environment.



SHAREHOLDER PROPOSALS

ANTI - ESG



The percentage of anti-ESG proposals have significantly increased in the 2023 season from 5% of all proposals in 2022 to over 9% of proposals so far in 2023, with 94 proposals submitted at the time of writing for this season. As has been the case in prior years, the vast majority of these proposals are focused on social issues, although there has also been an increase in the number of both governance and environmental proposals from anti-ESG proponents in the 2023 season. A total of 31 proposals of this type have been voted on so far this season: 20 social, 9 governance and 2 environmental. None of these 31 proposals have passed or received majority support. In general, these proposals receive significantly lower support (average 6%) than proposals from all other proponents. Following the declining support across all proposals this year, support for anti-ESG proposals has declined from an average of 9.3% in 2022 to 6.3% in 2023. These voting results provide no indication that investor perspective on ESG as a material risk has shifted as a result of these anti-ESG proposals. 18 proposals from these proponents have been omitted this season and 6 withdrawn, with votes still pending on several more.



SHAREHOLDER PROPOSALS

ANTI-ESG

Governance proposals in this category continued to receive the highest average support, at 13.8% YTD in 2023 (compared to 32% from all other proponents), down from 16.2% average support in 2022. Of these, independent chair proposals from anti-ESG proponents were the most successful, receiving an average of 19.6% support (down from 23.6% in 2022) compared to 31% support on average for all other proponents in 2023.

Of the 20 social proposals, average support was around 3.5% in 2023, down from 7.7% in 2022. A variety of proposals focused on human rights and China have been brought this proxy season, with those from anti-ESG proponents receiving markedly lower support than other China-related proposals from other proponents. Human rights proposals from all other proponents received average support of 21%.

Only two anti-ESG proposals focused on environmental issues have been voted on so far this season, receiving only 1-2% of the vote, similar to 2022 support levels. These proposals focused on reporting on the relevance of decarbonization were overwhelmingly rejected by shareholders.

So far in 2023, 27 anti-ESG proposals have been filed related to DEI issues, a number that we continue to see grow each year. This includes Civil Rights Audits, Racial Equality and Justice, and Racial Equity Audits, as well as general DEI and EEO data reporting. This number is almost double the 14 anti-ESG DEI proposals filed in 2022. Two other anti-ESG proposals of note seem to be in direct response to current political events – one on reproductive rights and a second on gun violence.

A new type of proposal has surfaced from anti-ESG proponents in 2023 that we have categorized as “Business and Society”. The 11 proposals of this type so far in 2023 ask companies to report on the risks of company involvement with “non-core” political issues, and the congruency of partnerships with “globalist organizations”.

Simultaneously, we see a drop in proposals requesting reporting on “charitable contributions”, which we see as a change in tactic away from this request towards the focus on Business and Society proposals. In addition, the anti-ESG proponents are beginning to utilize Board Oversight proposals requesting committees focused on social and environmental issues including decarbonization risk, discrimination risk and general corporate sustainability from an anti-ESG perspective.

Beyond proposal types, it is worth noting that the number of proponents filing proposals of anti-ESG nature has increased from 3 main proponents in 2022 to 12 in 2023, with a majority of proposals still filed by the National Center for Public Policy Research and the National Legal and Policy Center or individuals associated with these organizations. These proponents have also started filing exempt solicitations with 26 filed so far this year, including 7 against ESG proposals, 4 against directors and 16 for anti-ESG proposals.

CONCLUSION

With more voting results still remaining, the 2023 season has already proved historic in a number of ways. Given the fundamental shift in investors' consideration of ESG risks and opportunities in proxy voting decisions, companies would be well-served to better understand their specific investors' ESG expectations generally, and particularly those relating to climate change, diversity equity and inclusion, and board structure.

An interactive version of data presented in this report is available at <https://www.georgeson.com/us/insights/2023-proxy-season-early-look> and will be updated following the availability of full 2023 proxy season annual meeting results post-June 30, 2023.

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