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AN EARLY LOOK AT THE 2024

# PROXY SEASON

CERTAINTY | INGENUITY | ADVANTAGE

**Georgeson**

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# INTRO & EXECUTIVE SUMMARY

## INTRODUCTION

Georgeson is pleased to publish its 4<sup>th</sup> Early Proxy Season Report for US annual shareholder meetings. Over the past four proxy seasons ([2021](#), [2022](#), [2023](#), 2024) our early examination 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 (SOP) and shareholder-sponsored proposals. New this year is an early examination of contested situations and activism. This additional analysis is provided by Georgeson's Shareholder Intelligence team, which supports our clients with deeper analysis and data on shareholder and stock movements.

The report uses available annual meeting results year-to-date (YTD) for meetings occurring July 1, 2023 through May 17, 2024, for companies within the Russell 3000 Index. When comparing 2024 results YTD to previous seasons, we used full year data for 2023 and 2022 unless otherwise stated. Based on our firm's experience, proxy season trends do not meaningfully shift after our early season analysis is complete. All data provided herein is preliminary and subject to change as additional information regarding the 2023 proxy season becomes available.

We have categorized shareholder-sponsored proposals based on what we believe to be the primary focus of the proponent in submitting the proposal, considering their relevance to Environmental, Social and Governance (ESG) considerations. There is inherently some subjectivity in categorizing the focus and subject matter of shareholder proposals. This categorization includes separating proposals that oppose corporate efforts and reporting on ESG into their own category, referred to as "anti-ESG" proposals. Therefore, where vote results are discussed, we have separated anti-ESG proposals from other proposals. Further details on our methodology, including data collection methods and categorization of shareholder proposals, can be found in the report appendix.

## 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.

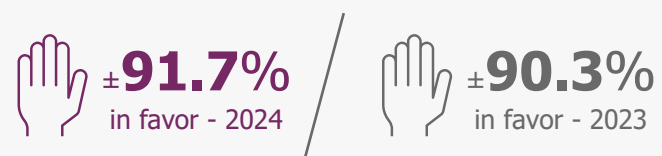
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# EXECUTIVE SUMMARY

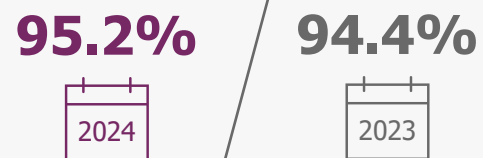
Early examination of the 2024 proxy season uncovers a number of notable trends:

## CORPORATE GOVERNANCE

### SAY-ON-PAY AND DIRECTOR ELECTION



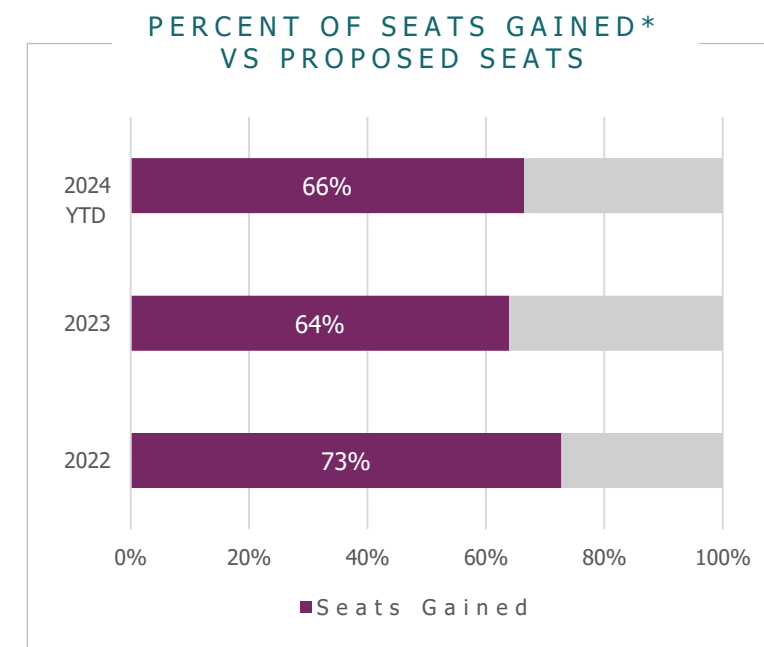
Say-on-pay (SOP) vote results for the **2024 proxy season YTD** have increased in average support for Russell 3000 companies, with approximately **91.7% of votes cast in favor** (excluding abstentions), **compared to 90.3% support in the 2023 proxy season.**



Director election support at Russell 3000 companies continues to be strong, **averaging 95.2% for the 2024 proxy season YTD**, slightly higher than average support of **94.4% for the full 2023 proxy season.**

### CONTESTED SITUATIONS

2024 marked the second full season in which the University Proxy Card ("UPC") rule was in effect. One unforeseen consequence of UPC has been how issuers consider engaging or settling with shareholder activists. Comparing meetings from 2024 YTD against the full 2022 and 2023 proxy season data **shows that activists have been receiving more seats through settlements** because of the UPC. However, the proportion of **seats received per contest has declined from 2022.**



\*seats gained through settlements

# EXECUTIVE SUMMARY

## SHAREHOLDER PROPOSAL

2024 was **another record-breaking season for filed shareholder proposals with**

# 998 proposals identified to date

This exceeds the record-breaking number of submissions in the 2023 season (947) and 2022 season (941).

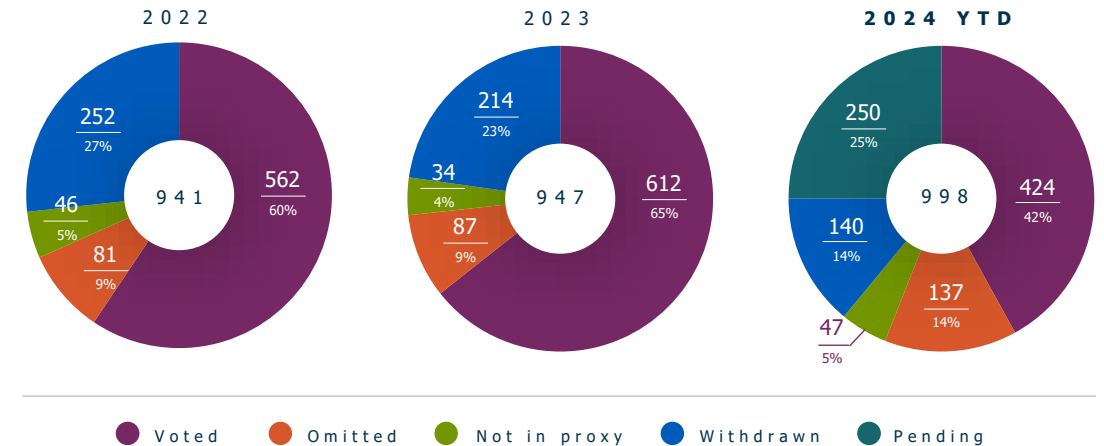


### VOLUME OF GOVERNANCE AND ANTI-ESG PROPOSALS CONTRIBUTED MOST TO VOLUME INCREASE

	2022	2023	2024 YTD	Change in volume
Environmental	176	180	170	▼ 6%
Social	363	354	338	▼ 5%
Governance	345	319	378	▲ 18%
Anti-ESG	57	94	112	▲ 19%

At the time of writing, 25% (250 out of 998) of shareholder proposals remain pending. Of the 42% (424 out of 998) proposals that have been voted on in 2024 YTD, more have received majority support (37 in 2024 YTD vs 33 in 2023), yet all but one of the proposals that have passed are governance proposals. So far this season **fewer proposals have been withdrawn (14%) compared to last year (23%)**. The SEC has also granted more no-action relief, which contributes to an increase in omitted proposals YTD at 14% (137 out of 998) compared to 9% (87 out of 947) omitted for the 2023 season. 17 of the granted no-action reliefs relate to director resignation policy proposals.

### SHP ACTIVITY SURPASSED PREVIOUS YEARS' RECORD

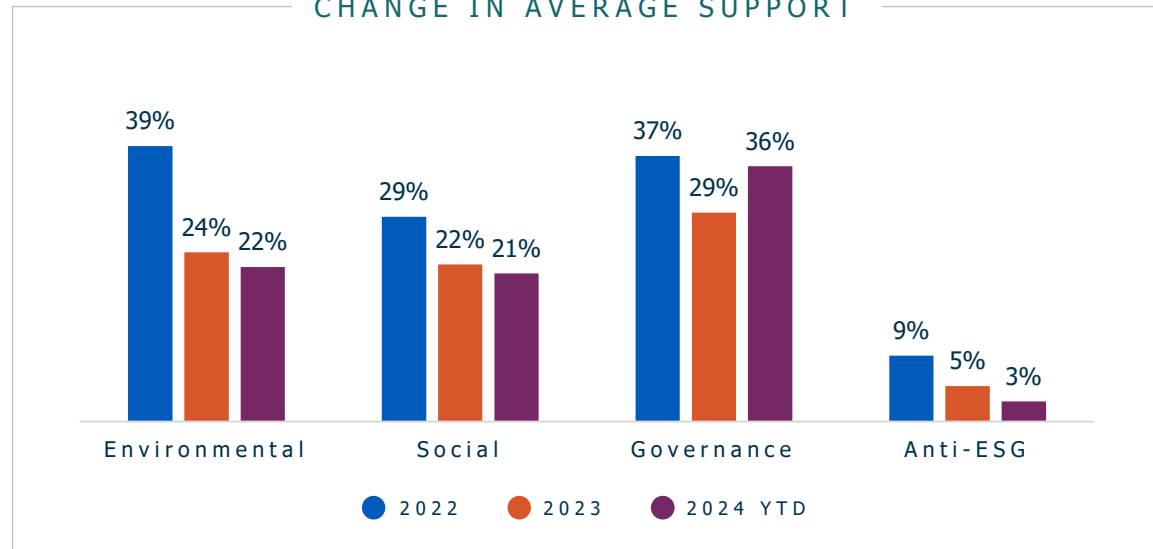


# EXECUTIVE SUMMARY

## SHAREHOLDER PROPOSAL

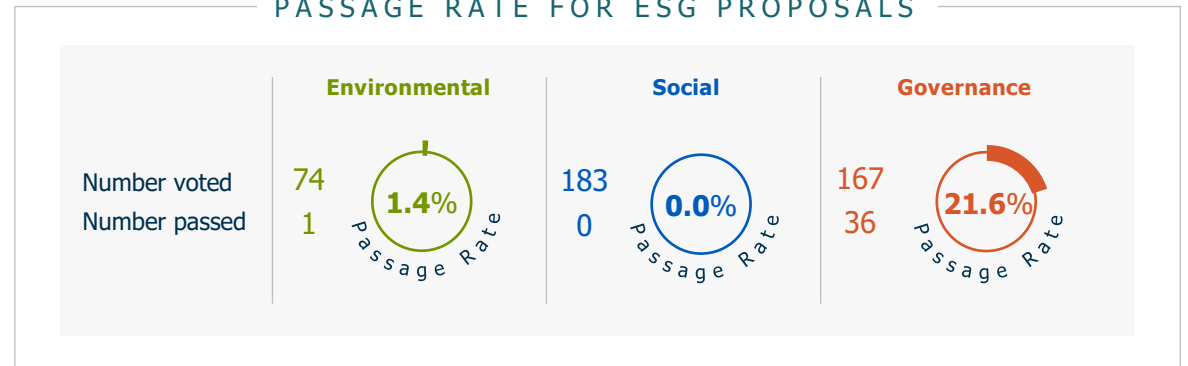
**Average support for voted environmental & social proposals has remained consistent with the decline seen in 2023.** However, early indication is that support and passage rate for governance proposals has **rebounced from uncharacteristically weak support during the 2023 season.** Support for anti-ESG proposals has consistently remained in the low single digits and has declined each year.

CHANGE IN AVERAGE SUPPORT



Passage rates for environmental and social proposals in the 2024 season have continued to decline with just one environmental proposal passing and zero social proposals passing in 2024 YTD compared to three of each passing in the 2023 early season report.\* 36 governance proposals have passed in 2024 YTD, which has already surpassed the 24 governance proposals that passed in the full 2023 season.

PASSAGE RATE FOR ESG PROPOSALS

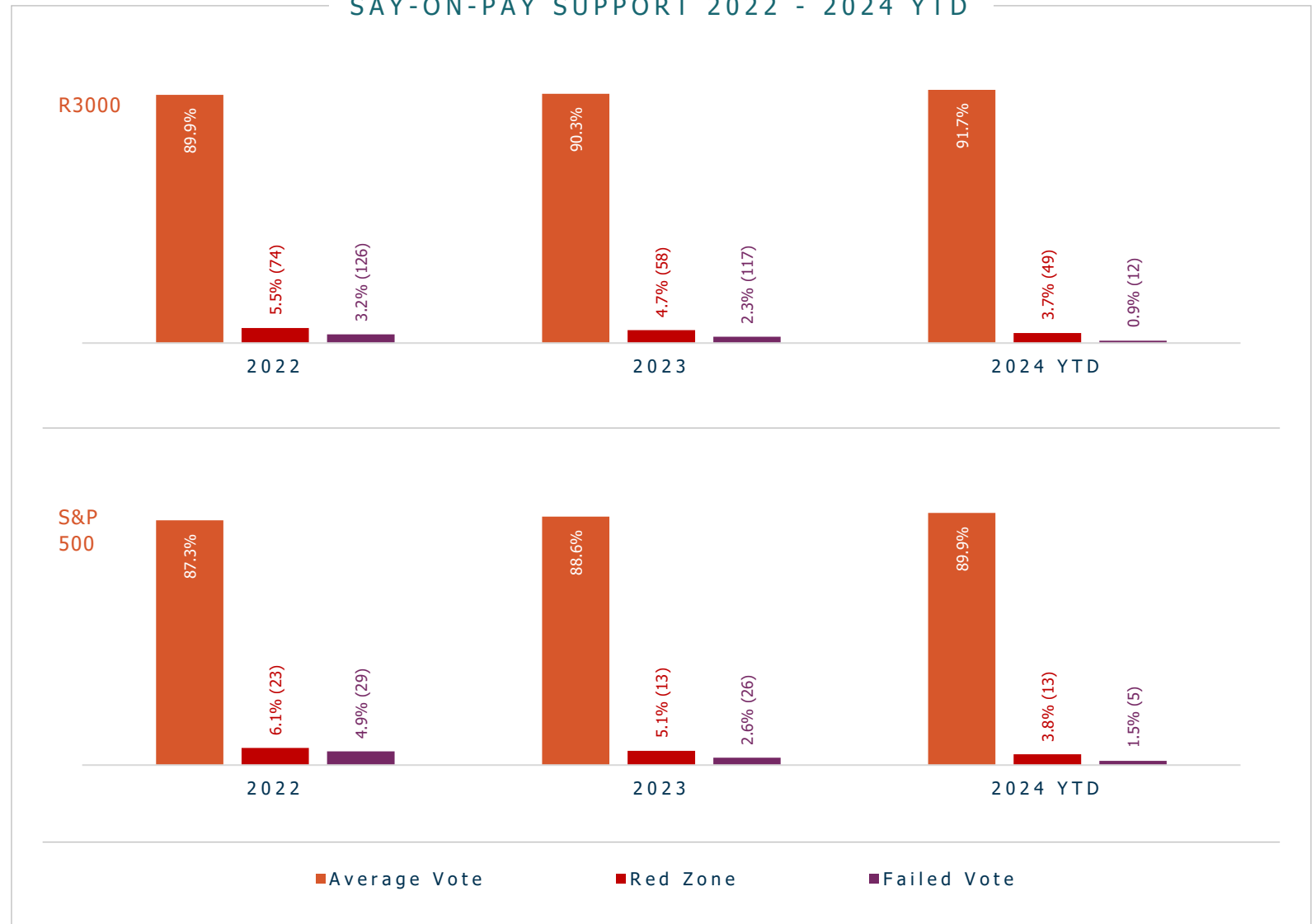


\*the 2023 early season report had proposals for the proxy season from July 1st 2022 through May 12th 2023.

# CORPORATE GOVERNANCE

## SAY-ON-PAY

### SAY-ON-PAY SUPPORT 2022 - 2024 YTD



# CORPORATE GOVERNANCE

# SAY-ON-PAY

**SOP vote results** for the 2024 proxy season YTD have **increased in average support** for Russell 3000 companies, with approximately 91.7% of votes cast in favor (excluding abstentions), compared to 90.3% support in the 2023 proxy season. As we have been seeing in recent years, **S&P 500** companies have **garnered slightly lower support**, with approximately 89.9% of votes cast in favor YTD, but are similarly up from 2023 when they received about 88.6% favorable support.

12 Russell 3000 companies have failed to receive majority support for their SOP proposals so far in the 2024 season, with seven failed votes occurring since January 1, 2024. Five of these companies are in the S&P 500 index with three failed votes since January 1, 2024. The three S&P 500 companies that failed to receive majority support are Norfolk Southern Corporation, Zebra Technologies Corporation and 3M Company. Additionally, 3.7% of Russell 3000 companies in the 2024 proxy season YTD have had SOP “red zone” voting results - i.e., vote support falling between 50% and 70%. By comparison, 3.8% 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 the 2024 calendar year. It has opposed 6.7% of the proposals during the period from January 1 through May 17, 2024, compared to 7.4% during the same period in 2023. Negative ISS vote recommendations may have reduced shareholder support by as much as 27% of votes cast at such companies during this period in 2024, similar to the impact seen in 2023. ISS has similarly recommended AGAINST a slightly lower percentage of S&P 500 companies during this time period with 7.0% of SOP proposals garnering a negative recommendation, compared to 7.3% for the same period in 2023. The impact of ISS’s negative versus favorable recommendation for S&P 500 companies has been 31% in 2024 compared to 35% in 2023.

In instances where there was a quantitative pay-for-performance misalignment, ISS recommended against the SOP proposal if there were qualitative concerns relating to goal rigor of the incentive metrics or lack of disclosure of performance targets, upward discretion exercised under the annual incentive plan which provided for above target level payouts despite below target actual performance, predominantly time-based nature of the long-term incentive plan (LTIP) and/or LTIP period being less than 3-years long. ISS opposed the SOP proposals where there was an increase in pay opportunity or supplemental pay provided to the CEO with non-quantitative goals with ongoing misalignment between pay and performance. Problematic pay provisions at the time of hiring of the CEO or in relation to the retirement of an NEO also resulted in negative recommendations from ISS.

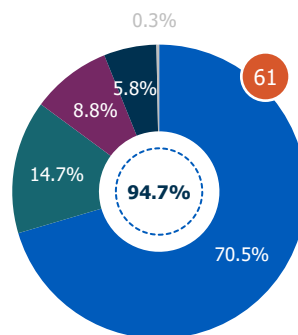


# CORPORATE GOVERNANCE

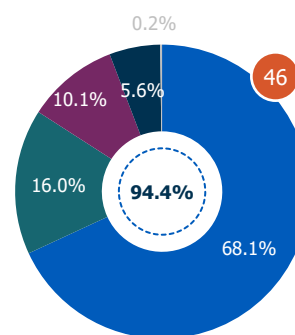
## DIRECTOR ELECTIONS

### AVERAGE DIRECTOR SUPPORT 2022 - 2024 YTD

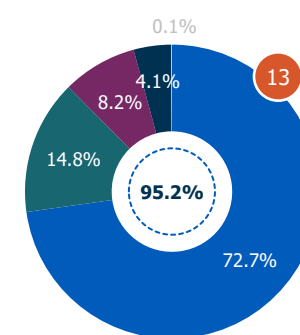
R3000



2022

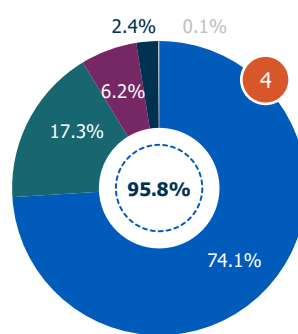


2023

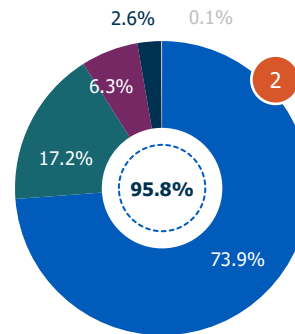


2024 YTD

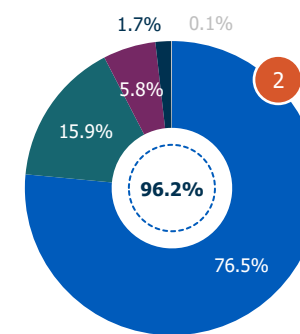
S&P 500



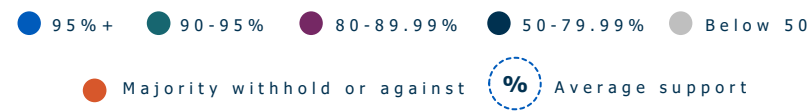
2022



2023



2024 YTD



## CORPORATE GOVERNANCE

# DIRECTOR ELECTIONS

**Director election support at Russell 3000 companies continues to be strong**, averaging 95.2% for the 2024 proxy season YTD, slightly higher than average support of 94.4% for the full 2023 proxy season. When looking at director election results for calendar year 2024 YTD (January 1 through May 17) and comparing it to the same period from last year, average support is 95.6% in 2024, similar to the 95.0% support in 2023. While average support has stayed the same, there has been a decline in the number of directors receiving less than 90% support for their (re)election. In the period from January 1 through May 17 of the calendar year, 10.7% of directors in 2024 received less than 90% vote support compared to 13.5% in 2023. Directors at S&P 500 companies, who tend to fare better, have been averaging 96.2% support for the 2024 proxy season YTD, compared to 95.8% for the full 2023 proxy season.

For the 2024 proxy season YTD, **13 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 1 of these 13 directors failed to get elected due to the existence of a majority vote standard at her company, with the rest getting elected as they served on boards with a plurality vote standard. There are three companies where more than one director received less than majority support – Ingles Market, Inc., A.O. Smith Corporation and The Boston Beer Company, Inc. each with two directors facing majority opposition. The two directors at S&P 500 companies that received a majority withhold sit on the board of A.O. Smith Corporation.

There were no major policy changes relating to election of directors by the proxy advisory firms or the major investors for the 2024 calendar year. Hence, there hasn't been any specific new policy that is affecting director elections this year. The issues of board composition and board accountability continue to receive proxy advisory firms' and investors' attention. Relating to board composition, several companies have failed Glass Lewis' 30% board gender diversity requirement and as a result faced the proxy advisory firm's negative recommendation on nominating committee chair. A common reason for ISS' negative recommendation has been the issue of board accountability - existence of supermajority vote requirement and/or classified board structure adopted by the companies at the time of their public offering. In the absence of a sunset requirement for these provisions, ISS has recommended against election of governance committee members at these companies. Among other reasons, the issue of over boarding continues to raise concern and result in investor opposition against the concerned directors.

# CORPORATE GOVERNANCE CONTESTED SITUATIONS

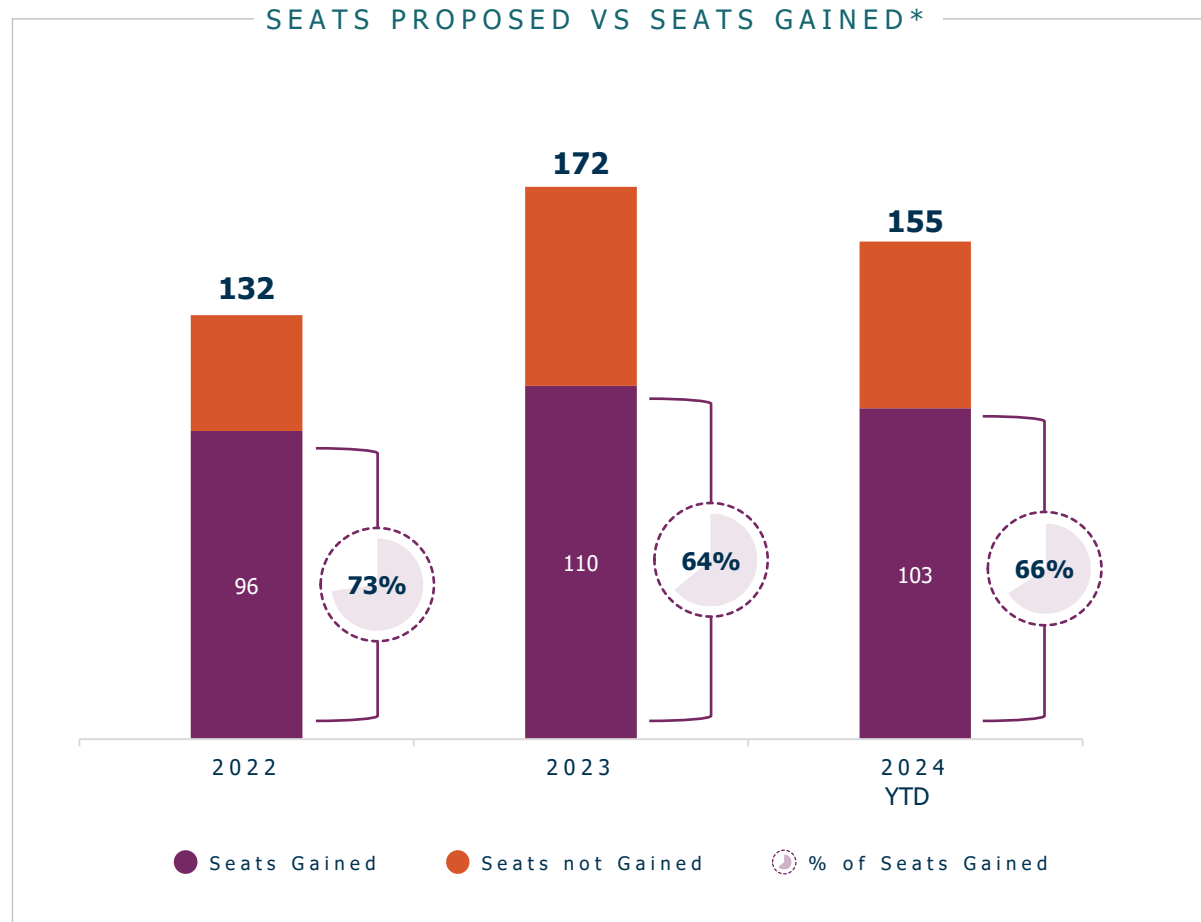
2024 marked the second full season in which the University Proxy Card (“UPC”) rule was in effect. We observed that one of the early unintended consequences of the adoption of the UPC was the impact on issuers settling with shareholder activists. As a backdrop, in September 2022, the SEC’s rule amendments requiring the use of UPC in contested director elections for issuers became effective at annual meetings. The UPC system now 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.

While there was an increase in shareholder activism because of the UPC and settlements became a bit more prominent, it perhaps did not provide the robust proxy fight results that many had expected.

In 2022, there were 50 settlements between activists and issuers. In 2023, the first year with adoption of the UPC, **there was a jump to 68 settlements, which represented a 36% increase of such agreements.** When comparing prior results to the 2024 proxy season, while the year-over-year percentage change may not match 2023, the 65 settlements (using July 1 through May 17 for 2024) shows that settlements are being maintained at a similar, sustainable level.

# CORPORATE GOVERNANCE

## CONTESTED SITUATIONS



\*seats gained through settlements

In absolute terms, **activists have been receiving more seats through settlements after the adoption of the UPC; however, activists in the 2022 proxy season received a greater percentage of seats versus the two proxy seasons in the UPC era.** This decreased percentage of seats received in 2023 and 2024 YTD may have been impacted due to several campaigns where the activist proposed multiple seats and either received a small proportion of those seats through a settlement or did not receive any seats because of the settlements.

Of the 183 settlements researched from 2022 through 2024 YTD, **it was very rare that the activist withdrew its demands.** In 2024 YTD, there were five instances where the settlement included an activist withdrawing its demands, of which four of them were closed-end funds. In 2023, there were six instances where the activist settled and withdrew their nominees and only two instances in 2022. All of these were usually in the form of some type of standstill agreement or cooperation agreement.

# SHAREHOLDER PROPOSALS PROPONENT TRENDS

This year we observed 76 subtypes of proposals across ESG, inclusive of Anti-ESG proposals. **45% of all proposals submitted were within 12 specific subtypes.** Aside from one novel proposal subtype, Director Resignation, the 11 other subtypes have been a top proposal by volume the past two years. The volume of proposal subtypes and analysis of who is filing such proposals typically reflect the current social and political discourse surrounding corporate America. **The steep increase in anti-ESG proposals since the 2022 season, along with the continued focus of pro-ESG proponents filing proposals on similar topics year over year, is indicative of the increased polarization of ESG more broadly.**

RANK	TYPE	SUBTYPE	2024 VOLUME	VOLUME CHANGE
1	DEI	Social	55	▲ 13
2	Simple Majority Vote	Governance	51	▲ 31
3	Independent chair	Governance	48	▼ -43
4	Political Lobbying	Social	45	▼ -1
5	Director Resignation	Governance	40	▲ 40
6	GHG Reduction - Scope 3	Environmental	40	▼ -11
7	Political Contributions	Social	38	0
8	Severance Pay	Governance	37	▼ -10
9	Animal Rights	Social	27	▲ 11
10	Human Rights	Social	25	▼ -16
11	Plastic / Sustainable Packaging	Environmental	25	▲ 12
12	GHG Reduction	Environmental	23	▲ 7

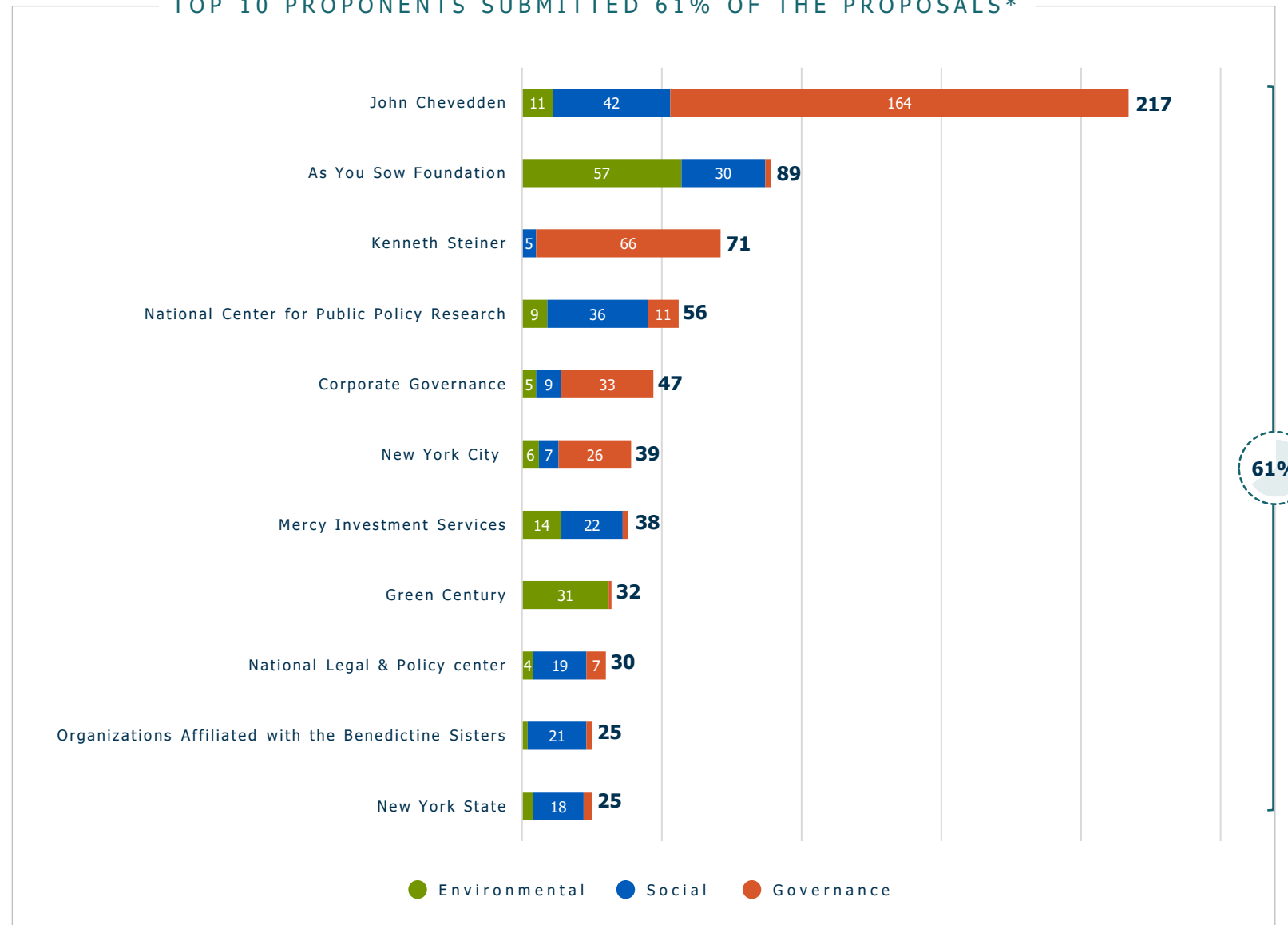
45%

# SHAREHOLDER PROPOSALS PROPONENT TRENDS

Consistent with previous years, there were many distinct proponents (283 filers) that filed or co-filed proposals. However, **the majority, 61%, of all proposals were filed by the top 10 shareholders or affiliated shareholder groups.**

In the past few years, we have seen an increase in the volume of proposals opposing corporate action on ESG, the majority of which (73%) relate to social issues. We also observed this season **some issuers receiving both pro-ESG and anti-ESG proposals on the same social topic** but from opposite perspectives. To ensure comparison on how investors are responding to shareholder proposals we have separated anti-ESG and pro-ESG proposals in our analysis.

## TOP 10 PROPONENTS SUBMITTED 61% OF THE PROPOSALS\*

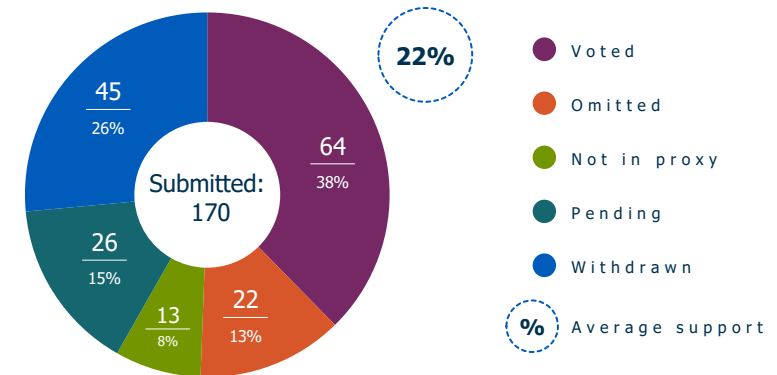


\*Two proponents, New York City and Organizations Affiliated with the Benedictine Sisters, filed the same number of proposals and are both ranked 10<sup>th</sup> **Georgeson**

# SHAREHOLDER PROPOSALS

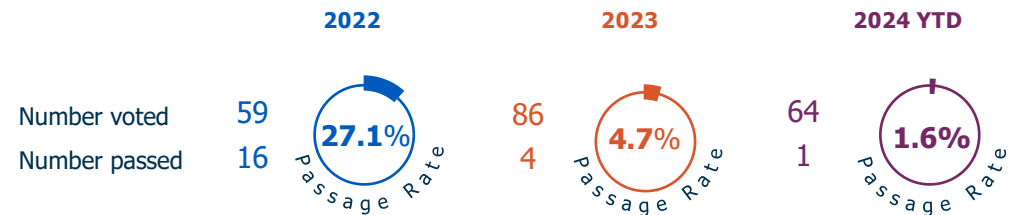
## ENVIRONMENTAL

### ENVIRONMENTAL PROPOSAL STATUS YTD 2024



Environmental topics remain a key focus of shareholder-sponsored proposals in the 2024 proxy season. The total volume of environmental proposals has slightly decreased from last year, with 170 proposals in 2024 YTD compared to 180 in the 2023 proxy season. The percentage of environmental proposals of the total has also slightly decreased, but has stayed relatively consistent year-over-year, with 17% YTD (170 out of 998) and 19% (180 out of 947) for the 2023 season. This similarity in environmental proposals submitted year over year indicates to us that **environmental topics continue to be important to shareholders.**

### ENVIRONMENTAL PROPOSALS WITH MAJORITY SUPPORT YOY



# SHAREHOLDER PROPOSALS

## ENVIRONMENTAL

Of the 170 proposals (not including an additional 15 anti-ESG environmental proposals), 38% (64) of them have gone to a vote and 26% (45) of them have been withdrawn as of May 17, 2024. This season there has been a decrease in the number of proposals withdrawn, coinciding with the significant drop in environmental proposal support for the 2023 season.

**Withdrawals have continued to decrease over the past few seasons,** starting with 59% (103 out of 176) withdrawn in the 2022 season, decreasing to 42% (76 out of 180) in 2023 and down to 26% (45 out of 170) in 2024 YTD. The lower number of withdrawals may be an indication that as issuers see decreasing support for these proposals, they are allowing more proposals to go to a vote rather than negotiating for withdrawals.

Overall, proponents this proxy season are showing interest in similar topics as last season. **The top three topics by number of submissions for 2024 are greenhouse gas (GHG) reduction (scope 1 and 2 only), plastic/sustainable packaging, and GHG reduction that includes scope 3.**

A new and notable environmental topic in 2024 has been biodiversity (12 proposals) which we believe is a reflection of investors' growing interest on this issue, also demonstrated by the September 2023 release of final recommendations from the Taskforce for Nature-related Financial Disclosures (TNFD). Note that environmental proposals submitted by anti-ESG proponents are further explored in the anti-ESG section of this report.

### TOP 10 ENVIRONMENTAL PROPOSALS SUBMISSIONS BY TYPE

RANK	TYPE	2024 VOLUME	YoY VOLUME CHANGE
1	<b>GHG Reduction – Scope 3</b>	<b>40</b>	<b>▲ 10</b>
2	<b>Plastic / Sustainable Packaging</b>	<b>25</b>	<b>▲ 12</b>
3	<b>GHG Reduction</b>	<b>22</b>	<b>▲ 6</b>
4	Emissions Financing	17	▼ 2
5	Climate Change - Lobbying	13	▼ -6
6	Biodiversity	12	▲ 12
7	Climate Change - Risk/Opportunity	10	▼ -1
8	Climate Change - Report	9	▲ 5
9	Plant-Based Alternatives / Healthy Eating	9	▲ 9
10	Environment - Deforestation	4	▼ -5

51% of 170

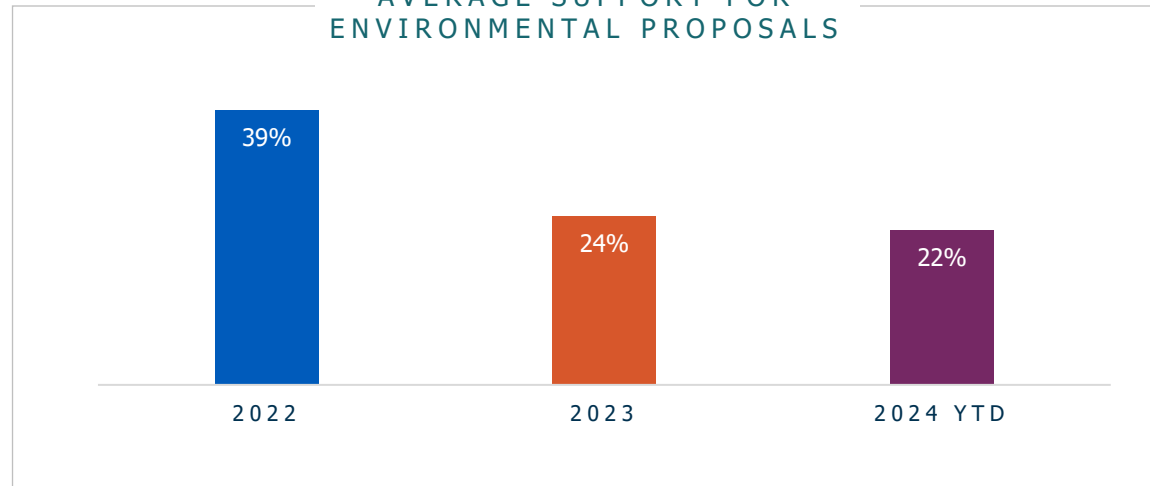
95% of 170



# SHAREHOLDER PROPOSALS

## ENVIRONMENTAL

AVERAGE SUPPORT FOR ENVIRONMENTAL PROPOSALS



### VOTED PROPOSALS

**Average support for environmental proposals so far in the 2024 proxy season is similar to last season,** with average support at 22% this season compared to 24% in 2023. Interestingly, average support in both 2023 and 2024 YTD has dropped significantly from the high of 39% in the 2022 proxy season, potentially signaling that 2022 was a standout year for environmental proposal support.

We suspect one reason for the decrease in support is due to shareholders focusing more on acute environmental impacts relevant to specific firms, which is echoed by a new proposal topic of biodiversity and an increased volume of proposals on plastics and plant-based alternatives.

PASSING ENVIRONMENTAL PROPOSALS



**So far, 64 environmental proposals of the 170 submitted went to a vote, with only one passing in 2024 YTD** compared to three proposals passed by this time in the 2023 season and four environmental proposals passing in the full 2023 season. The proposal that received majority support received 55% at Jack in the Box, which requested that the company disclose scope 1 and 2 GHG emissions annually and set GHG reduction targets.

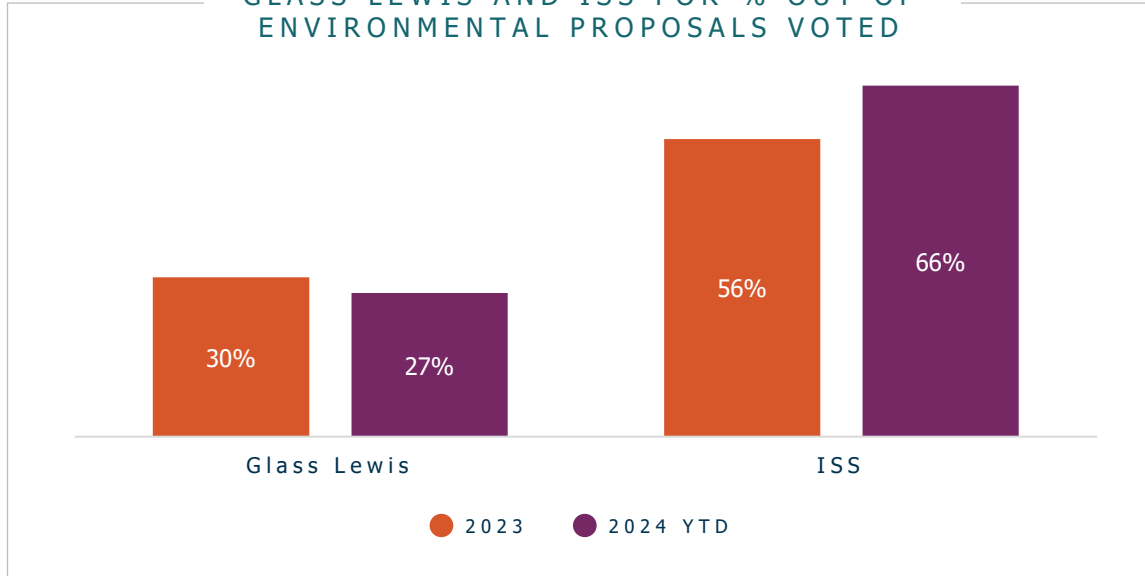
### Resolve Text For Passing Environmental Proposal

“Shareholders ask Jack in the Box (JACK) to determine and disclose its current greenhouse gas (“GHG”) emissions (for at least Scopes 1 and 2) as well as short-, medium- and long-term goals for reducing its emissions. Progress meeting the goals should then be disclosed annually.”

# SHAREHOLDER PROPOSALS

## ENVIRONMENTAL

GLASS LEWIS AND ISS FOR % OUT OF ENVIRONMENTAL PROPOSALS VOTED



### PROXY ADVISOR INFLUENCE

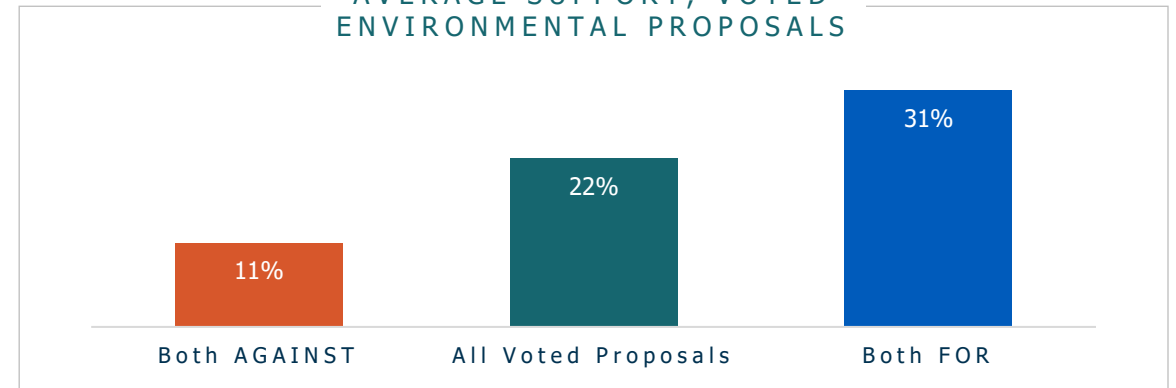
Vote recommendations from proxy advisors on environmental proposals have changed when compared to the 2023 season. **ISS has increased its support for environmental proposals**, recommending FOR 66% of environmental proposals voted in 2024 YTD, compared to 56% for the 2023 season. On the other hand, **Glass Lewis has slightly decreased its support**, recommending FOR 27% of environmental proposals in 2024 YTD, compared to 30% FOR recommendations in the 2023 season.

Proposals voted YTD that received FOR recommendations from both proxy advisors garnered an average support of 31%, which is roughly 9 percentage points higher than the 22% average support for all voted environmental proposals. When both proxy advisors recommend AGAINST, average support drops to 11%.

It is interesting to note that **67% (10 out of 15) of proposals which received FOR recommendations from both advisors are related to GHG reduction** (with one that included scope 3). 19 proposals received AGAINST recommendations from both advisors. These proposals tended to focus on more detailed asks related to environmental topics such as GHG reduction – scope 3 (5), climate change – risk/opportunity (4), plastic / sustainable packaging (3), biodiversity (2), emissions financing (1), deforestation (1), plant-based alternatives / healthy eating (1), sustainable agriculture (1), and methane (1).

Out of the 64 proposals that went to a vote, 45% (29) of proposals had misaligned vote recommendations from the proxy advisors. Of the proposals that are misaligned, the notable topics are climate change lobbying and plastic/sustainable packaging, which have a higher rate of misalignment than other types of proposals. This decrease in alignment from the proxy advisors may have led to decrease overall support for environmental proposals as shareholders can not default to the advisors.

AVERAGE SUPPORT, VOTED ENVIRONMENTAL PROPOSALS



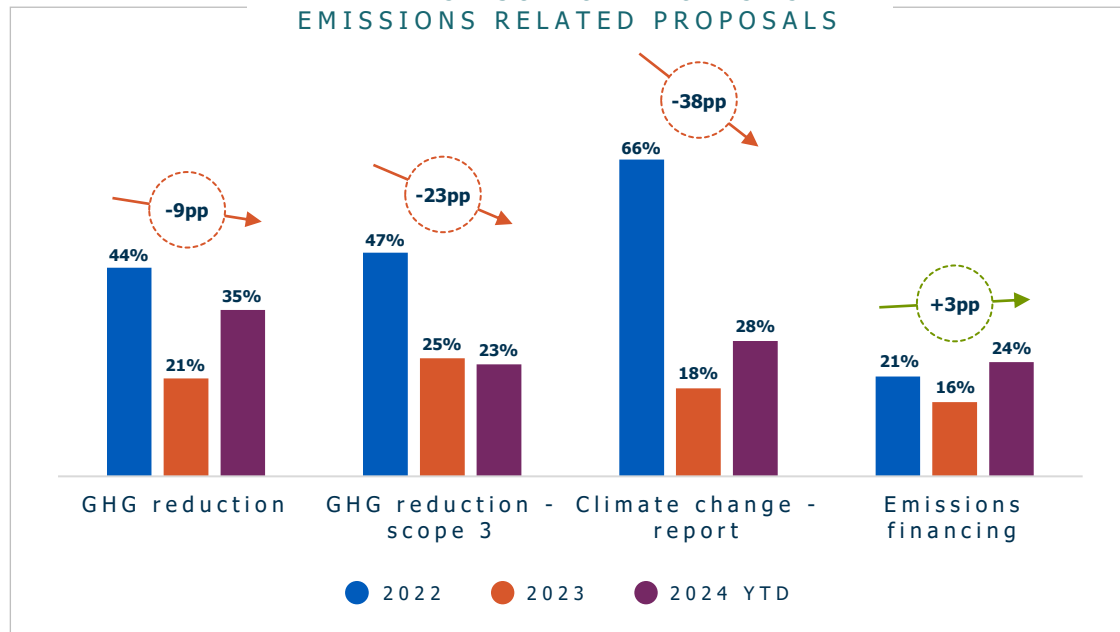
# SHAREHOLDER PROPOSALS

## ENVIRONMENTAL

### GHG EMISSIONS PROPOSALS

GHG emissions continue to be a prominent topic in the 2024 season, with **52% (88 out of 170) of environmental proposals submitted related to GHG emissions** (which includes GHG reduction targets for scope 1, 2, and scope 3/value chain, reporting on climate change, and emissions financing). After low support levels in 2023 compared to the highs of 2022, **support has rebounded slightly in 2024** with three of the four GHG emissions proposals assessed here receiving higher average support in 2024 YTD compared to 2023.

AVERAGE SUPPORT FOR GHG EMISSIONS RELATED PROPOSALS



The majority of proposals related to setting emissions reduction targets have proponents including scope 3 or value chain emissions in the proposals. The number of GHG reduction proposals that included scope 3 remains relatively steady when compared to total environmental submissions, with 24% (40 out of 170) in 2024 YTD, compared to 28% (50 out of 180) in the 2023 season. 22 proposals focused on just scope 1 and 2 in 2024 YTD, compared to 16 in the 2023 proxy season. Of the 17 emissions financing proposals submitted in 2024 YTD, roughly half (eight out of 17) explicitly mention emissions reduction targets.

Similar to prior seasons, scope 1 and 2 GHG reduction proposals that do not include scope 3 or value chain emissions garner higher average support than those that do include it. **Average support for scope 1 and 2 GHG reduction proposals has increased 14 percentage points to 35% in 2024 YTD from 21% for the 2023 season** but is still below the highest average support seen in 2022 at 44%. In contrast, **GHG reduction proposals that include scope 3 receive lower support, with 23% average support in 2024 YTD**, which is similar to the 25% average support in 2023 and again significantly below the high of 2022, which was 47% average support.

88% of GHG reduction proposals (15 out of 17) that include scope 3 received an AGAINST recommendation from at least one proxy advisor, compared to AGAINST recommendations for 33% of proposals (four out of 12) focused on Scope 1 and 2. The high percentage of AGAINST recommendations for scope 3 proposals may be driving the lower average support as compared to proposals that only include scope 1 and 2.

Like last season, GHG emissions proposals related to the banking and insurance industries were categorized as emissions financing. Submissions for this topic have slightly decreased, with 17 submitted in 2024 YTD compared to 19 for the 2023 season. Average support for these proposals is 24% for 2024 YTD, which is higher than the previous years of 16% for 2023 and 21% for 2022.

# SHAREHOLDER PROPOSALS

## ENVIRONMENTAL

Notably, despite the finalization of climate regulations in 2024 such as the California climate bills, the SEC’s final climate disclosure rule, as well as CSRD (which has climate requirements for US-listed issuers meeting certain thresholds), there was no mention of regulatory preparedness within the resolved text for the proposals. It is our assessment that after many years of pushing for better regulation on ESG topics, including climate, investors are now focusing on topics not yet regulated, and defaulting to the regulators to oversee the implementation of these new requirements.

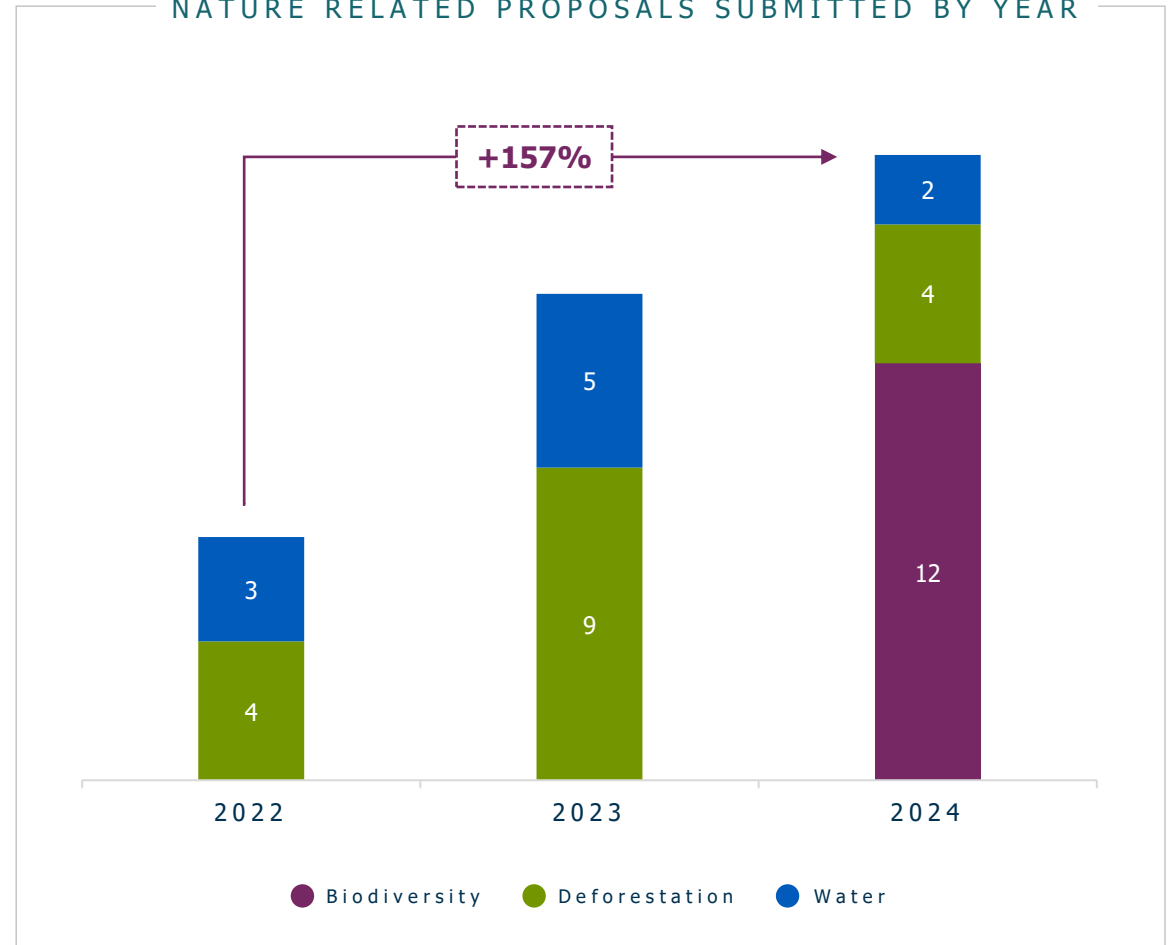
### NATURE RELATED PROPOSALS

The total volume of nature related proposals (which includes proposals that relate to the topics of biodiversity, deforestation, and water) **have increased**, with the submission of 18 this proxy season compared to 14 in the 2023 season.

**Biodiversity proposals are new in the 2024 season**, which focus on a company’s impacts and dependencies on biodiversity. There were 12 proposals submitted, with 25% (four out of 12) of them mentioning a biodiversity impact assessment. Two of these proposals have gone to a vote (PepsiCo, garnering 18.4% support and Home Depot at 16.1%) and four have been withdrawn, illustrating that proponents and companies are willing to negotiate on this novel topic.

On the other hand, deforestation and water proposals have not been as popular, with four and two proposals submitted respectively. This represents a decline from the 2023 season, as this time last year, there were nine deforestation and five water related proposals. The decline in volume for these topics combined with the new biodiversity proposals may signal a shift in priorities for shareholders. Additionally, as noted earlier in the report, this further aligns with the broader market as nature related topics have recently been spotlighted with the release of the TNFD.

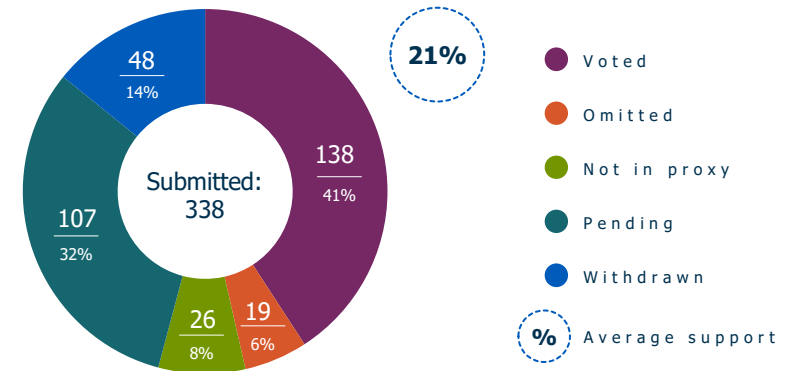
NATURE RELATED PROPOSALS SUBMITTED BY YEAR



# SHAREHOLDER PROPOSALS

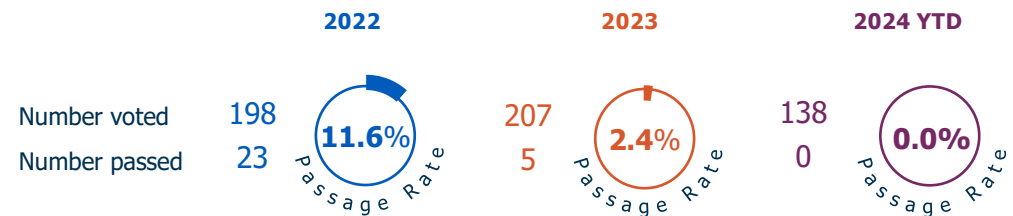
## SOCIAL

### SOCIAL PROPOSAL STATUS YTD 2024



34% (338 of 998) of all proposals filed in 2024 YTD are social proposals, **a slight decrease from the 37% (354 of 947) of all proposals in the 2023 season**. Significantly, out of the 138 social proposals voted so far this season, **zero have received majority support compared to five in the 2023 season** and 23 receiving majority support in the 2022 season. Considering no proposals have passed, it is interesting to see **average support for social proposals YTD is fairly consistent with last season**, at 21% YTD in 2024 compared 22% for the full 2023 season.

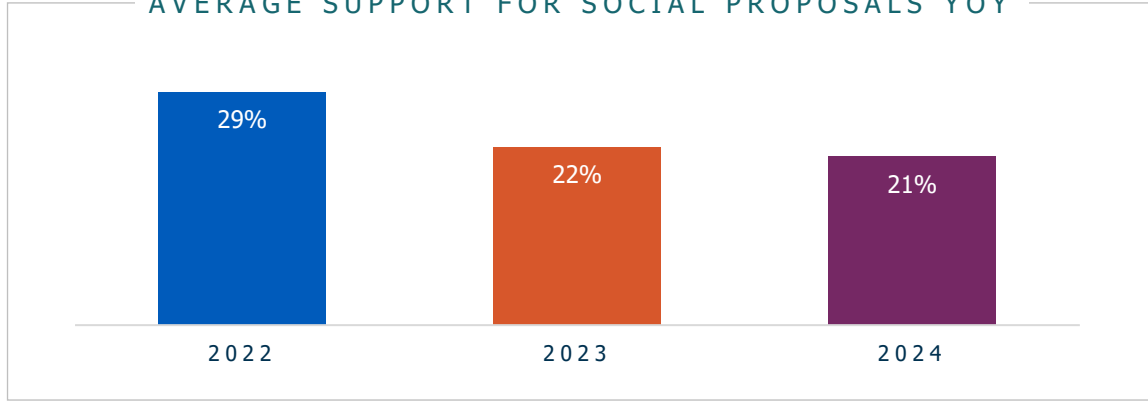
### SOCIAL PROPOSALS WITH MAJORITY SUPPORT YOY



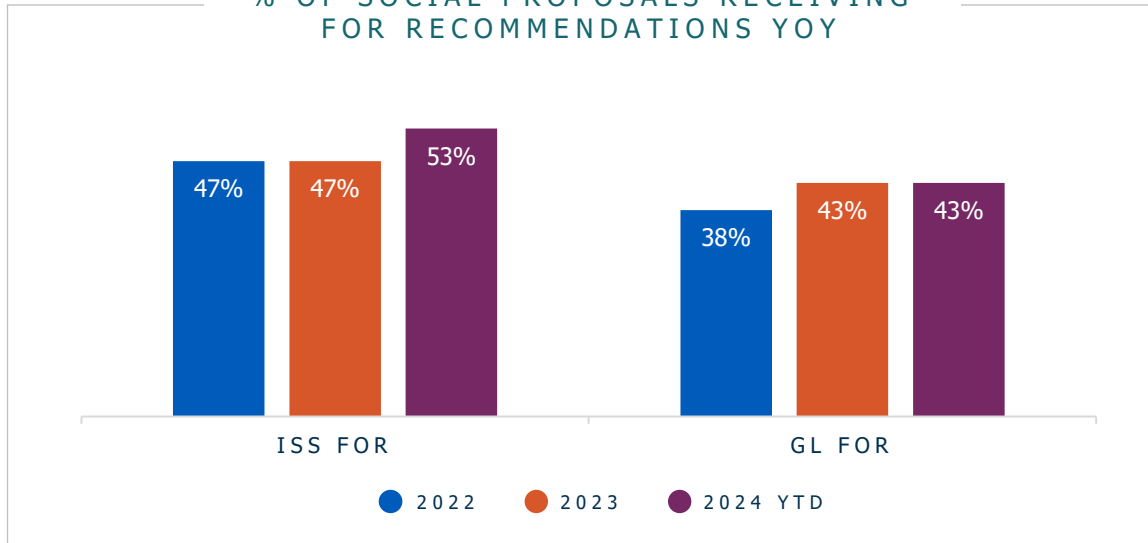
# SHAREHOLDER PROPOSALS

## SOCIAL

AVERAGE SUPPORT FOR SOCIAL PROPOSALS YOY

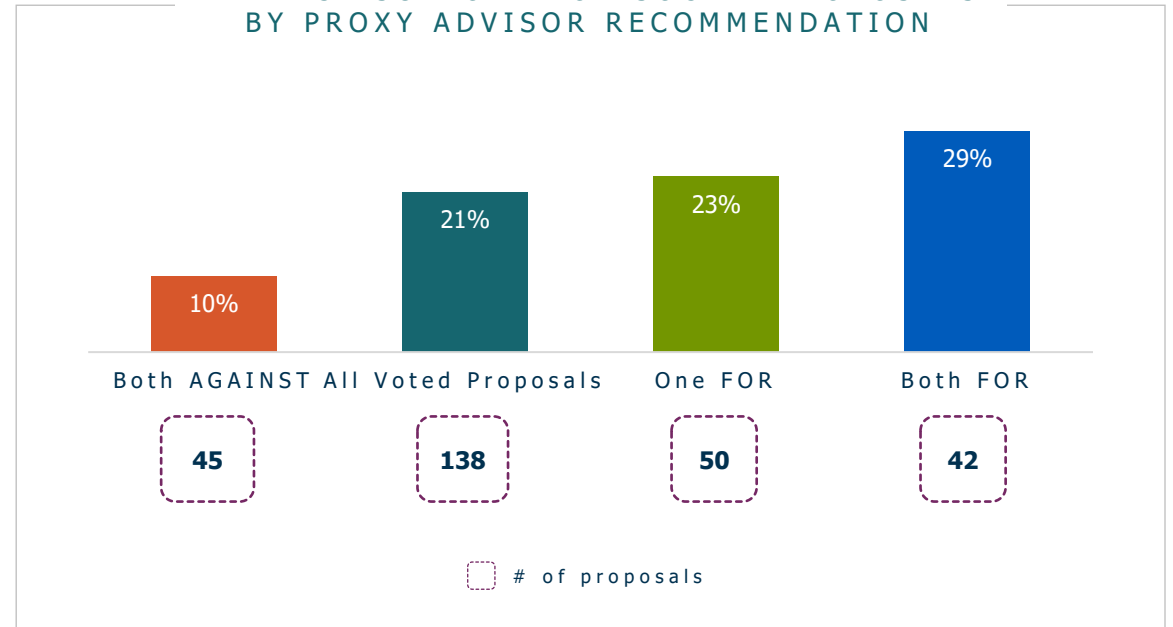


% OF SOCIAL PROPOSALS RECEIVING FOR RECOMMENDATIONS YOY



One potential reason support has remained at a similar level to 2023, despite no proposals passing, is that ISS recommended FOR more social proposals this season. This may be due to the movement away from the more prescriptive proposals submitted in 2022 and 2023, with 2024 proposals focusing on more general topics. In 2024 YTD, ISS recommended FOR 53% (73 of 138) versus 47% of voted social proposals in both the 2023 and 2022 seasons. Glass Lewis recommended FOR less social proposals than ISS, but has stayed consistent year over year, with 43% FOR recommendations in 2023 and 2024 YTD.

AVERAGE SUPPORT FOR SOCIAL PROPOSALS BY PROXY ADVISOR RECOMMENDATION



**Average support for proposals is strongly correlated with recommendations FOR/AGAINST**, shown by 29% average support when both proxy advisors recommend FOR a proposal, and only 10% when both advisors recommend AGAINST.

# SHAREHOLDER PROPOSALS

## SOCIAL

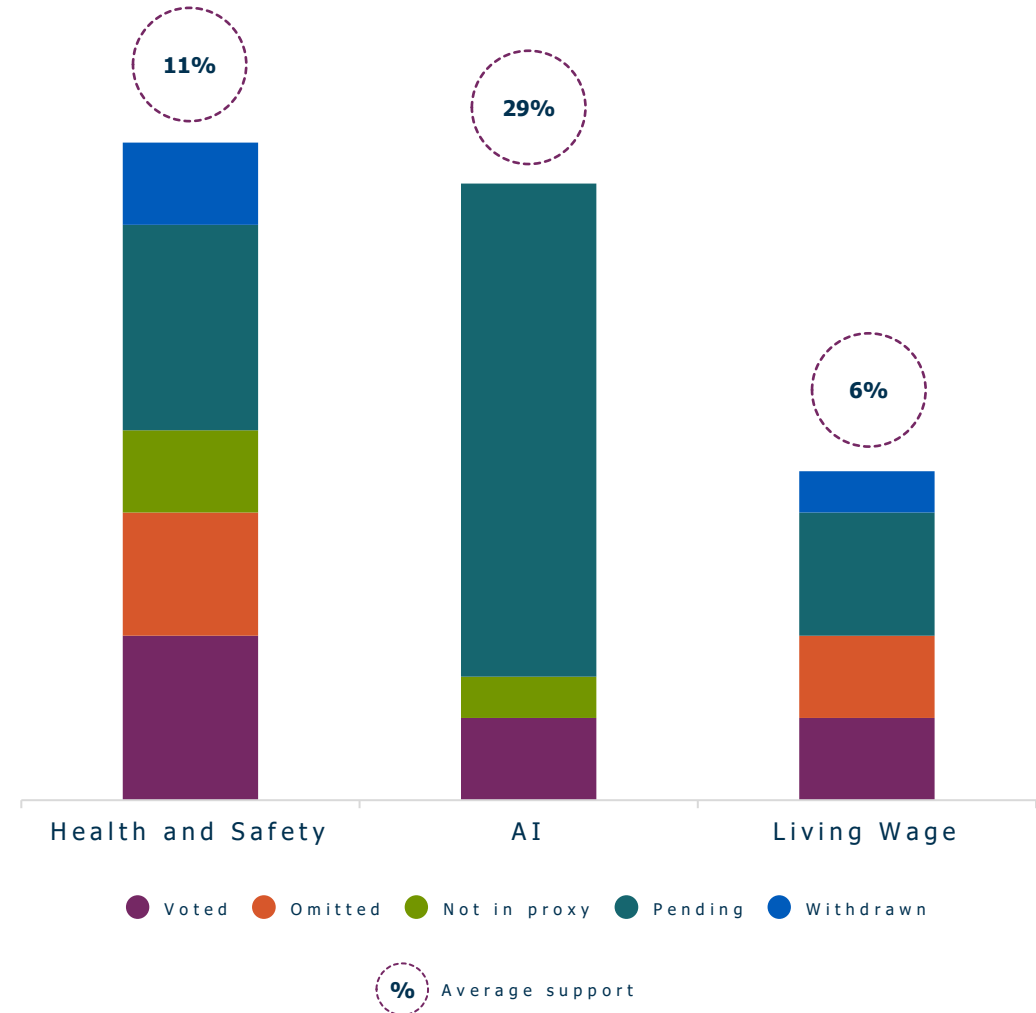
### NEW AND NOTABLE PROPOSAL TYPES

**AI** has emerged as novel proposal and a key focus of proponents this year with 15 proposals in 2024. Notably, although only two of these proposals have been voted at the time of writing (Apple and Microsoft), these proposals have received the highest average support of all social proposals YTD (29%). These proposals are primarily in the technology and media industries and have coincided with the development of generative AI throughout 2023 and 2024. The remaining proposals will be voted after the time of writing in the end of May and throughout June, and we anticipate strong average support in line with the above.

**Health and safety** has also emerged as a novel proposal this season, with 16 proposals submitted in 2024 YTD across several different industries including telecom services, transportation, real estate, manufacturing, restaurants, retail and technology. 63% (10 out of 16) of these proposals have been filed by organized labor groups. Average support for the four health and safety proposals voted in 2024 YTD is 11%. Not reflected by average support is one outlier proposal receiving over 25% support at Sempra, while the rest of the proposals received single digit support.

**Living wage** language has begun to appear more frequently in pay practices proposals in the 2024 season, appearing as a focus of eight proposals so far in 2024 compared to only one in 2023. Average support for living wage proposals (6%) is lower than pay practices proposals (11%) so far this season. Interestingly, the majority of these proposals have been filed at companies with large domestic workforces, whereas the discussion about living wage has historically been applied to workers in low-income countries.

### STATUS OF NEW AND NOTABLE PROPOSALS 2024 YTD



# SHAREHOLDER PROPOSALS

## SOCIAL

### TRENDS IN 2024

**Political lobbying and political contributions are once again two of the most common proposals so far this season**, with nearly the same volume of proposals year over year (80 in 2024 vs 82 in 2023).

**Average support for these proposals is slightly down** at 25% in 2024 (45 voted so far this season) vs 27% average support (50 voted) in 2023. Despite speculation about increased support for or submissions of political lobbying and contributions proposals in an election year, this does not seem to be the case.

### SOCIAL PROPOSALS WITH INCREASED SUBMISSIONS

**Animal rights proposals have increased in submission volume** by 69% in 2024 from 2023 (27 proposals in 2024 vs. 16 in 2023). The majority of these proposals have been filed at companies in food-related industries. The Humane Society has almost doubled the number of proposal submissions since 2023 and The Accountability Board has filed 8 proposals on this topic for the first time this season.

**Environmental justice proposals focused on the social impacts of the energy transition continue to increase**, with 16 proposals YTD in 2024 compared to 10 proposals in 2023 and 5 in 2022. 44% of these proposals have been filed by organized labor groups, and most are in the industrials sector.

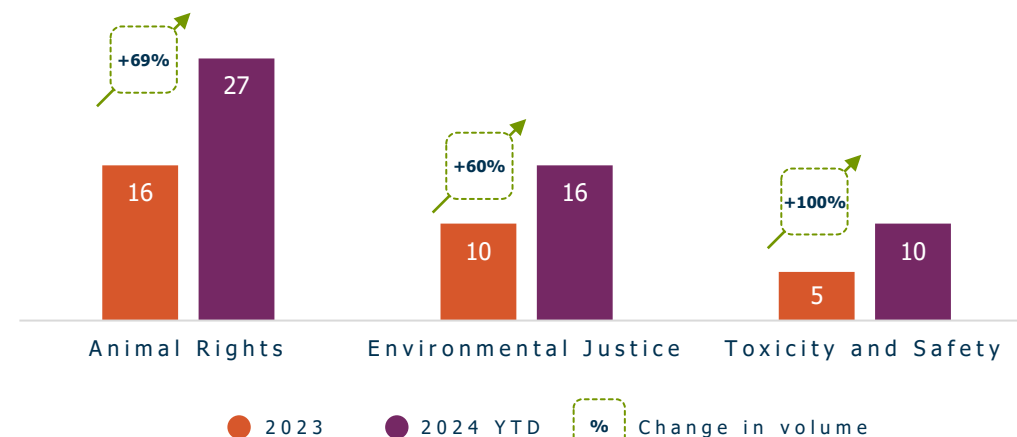
Toxicity and Safety proposals are focused on topics such as antibiotics, GMOs, and other public health issues. These have increased twofold since the 2023 season. The majority of these proposals have been filed in consumer sectors.

### DECREASED NUMBER OF SUBMISSIONS

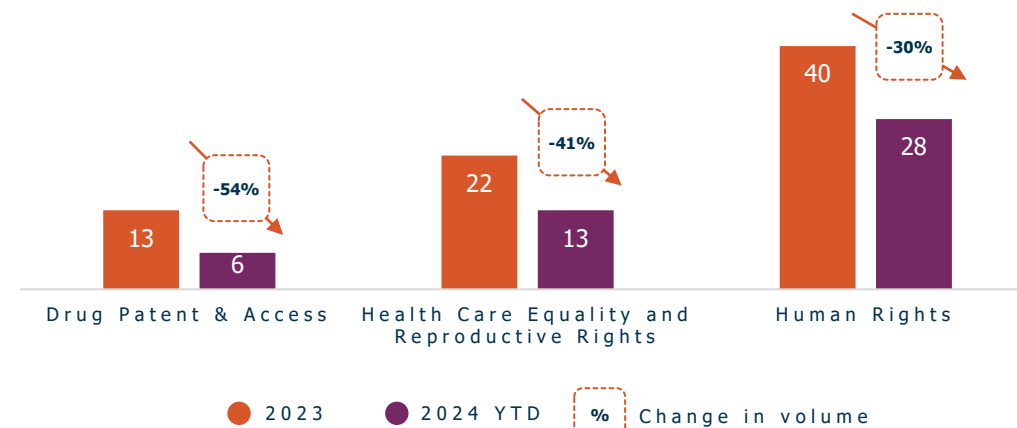
Conversely, proposals that have decreased in 2024 YTD compared to 2023 include health care equality proposals<sup>1</sup> (down 41%), drug patent and access proposals (down 54%) and human rights proposals (down 30%).

<sup>1</sup> In 2023, we had a category called reproductive rights proposals, but these have expanded in the 2024 season to include additional types of health care access such as maternal mortality and gender affirming care, so this year we are referring to these proposals as "health care equality" to capture the wider universe of these proposals.

### SOCIAL PROPOSALS WITH MORE SUBMISSION VOLUME YOY (2023 VS 2024 YTD)



### SOCIAL PROPOSALS WITH DECREASED SUBMISSION VOLUME YOY (2023 VS 2024 YTD)

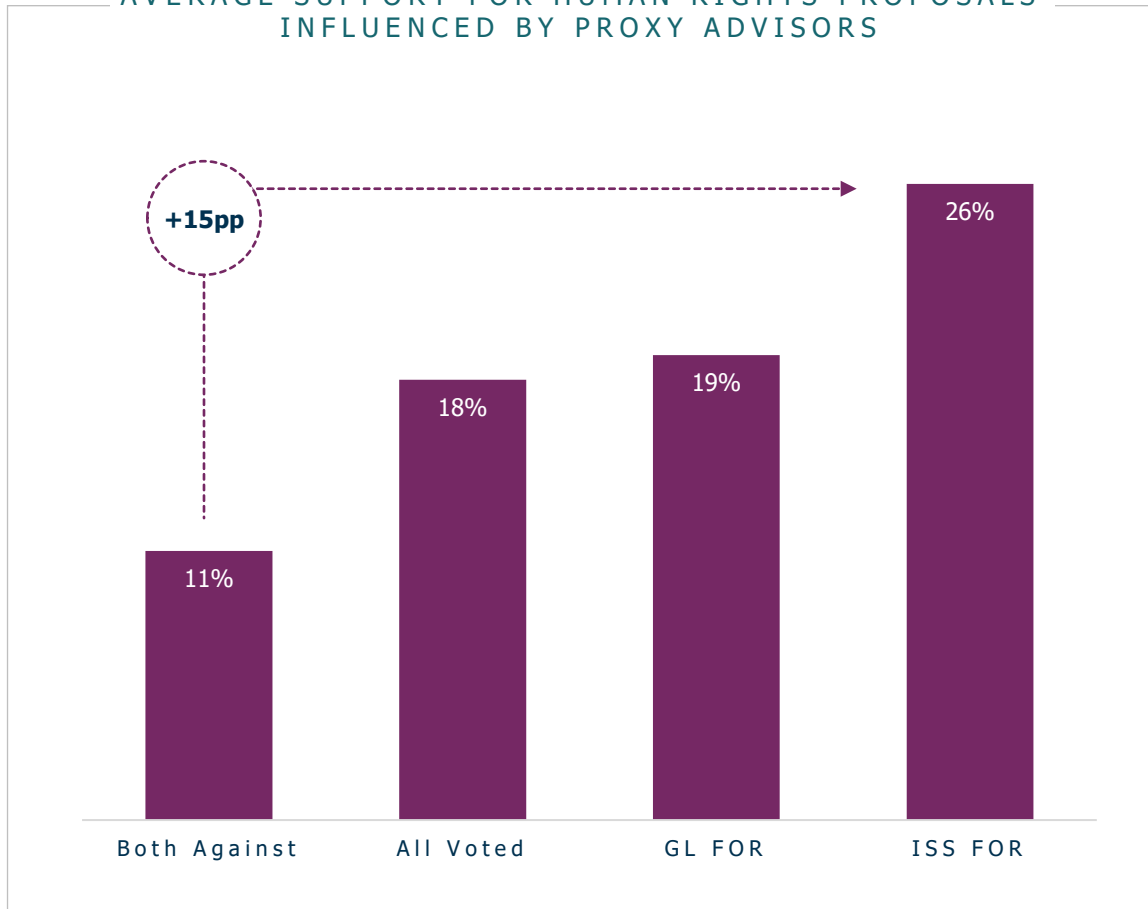




# SHAREHOLDER PROPOSALS

## SOCIAL

AVERAGE SUPPORT FOR HUMAN RIGHTS PROPOSALS INFLUENCED BY PROXY ADVISORS



### HUMAN RIGHTS

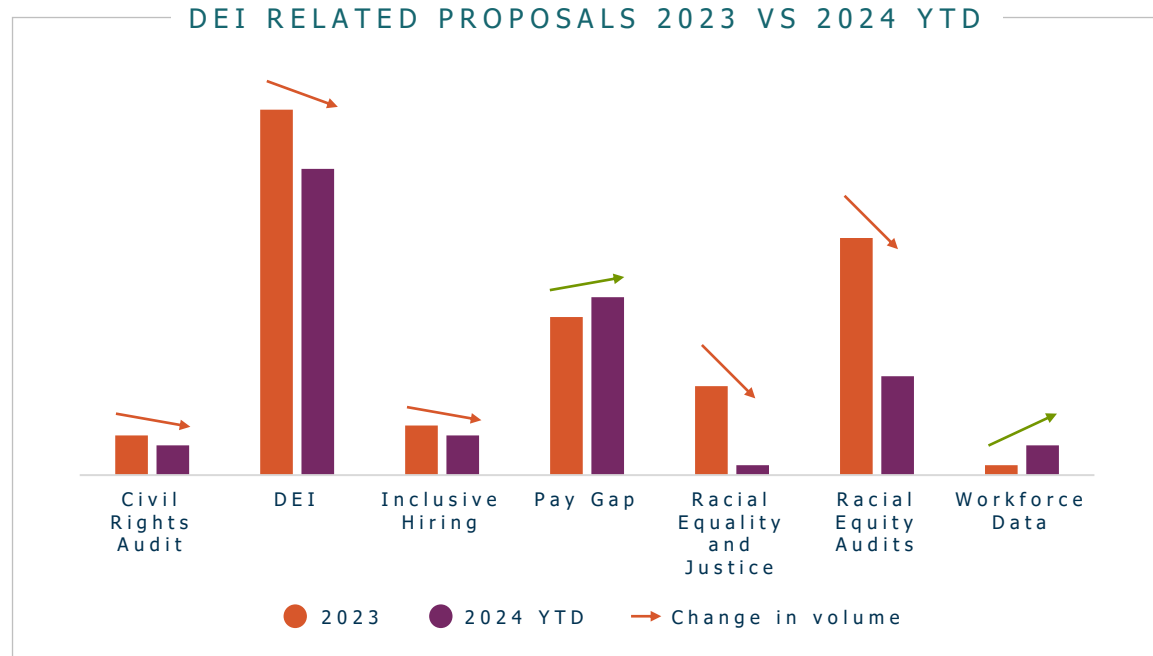
There have been 11 human rights proposals voted in 2024 YTD, receiving 45% (5 out of 11) FOR recommendations from ISS and 27% (3 out of 11) from Glass Lewis. Human rights proposals that have been voted have received average support of 18% so far this season, slightly down from the 20% average support in 2023. In 2024 YTD, proposals that received a FOR recommendation from ISS received an average of 26% support whereas proposals that received against recommendations from both advisors received an average of 11% support.

# SHAREHOLDER PROPOSALS

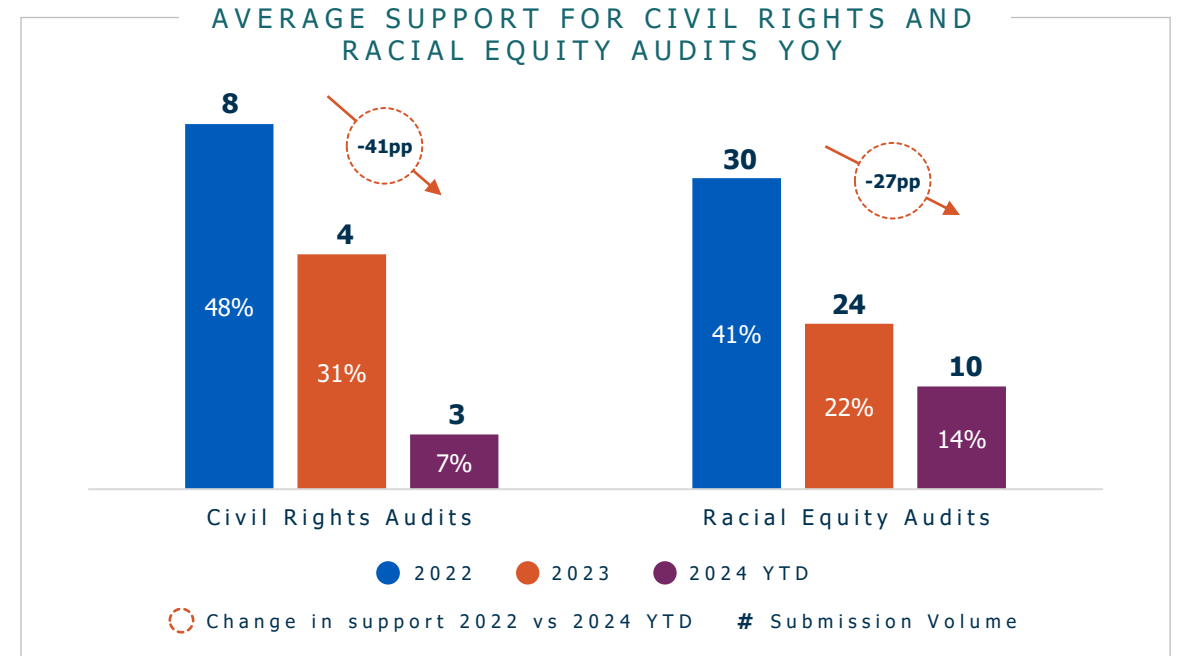
## SOCIAL

### DEI

After a few years of what many investors have described as more “prescriptive” proposals that requested specific courses of action, there has been a renewed focus on general disclosure and reporting on outcomes. Diversity, equity and inclusion or “DEI” proposals in 2024 tend to focus mainly on disclosure. These disclosure requests include quantitative metrics and workforce demographics and human capital outcomes for topics such as hiring, promotion and retention.



In contrast, submissions of more specific DEI proposals have decreased significantly after a high in 2022. For example, **racial equality and justice proposals dropped by nearly 90%** (one in 2024 YTD vs nine in 2023) and **racial equity audit proposals dropped by nearly 60%** (10 in 2024 YTD vs 24 in 2023) as compared to 2023. Civil rights audits and inclusive hiring remain a small portion of overall DEI related proposals but have been filed at similar rates in 2024 YTD as in 2023. One of the most notable trends for DEI-related proposals is **the severe drop in support for audits – both civil rights audits and racial equity audits.**



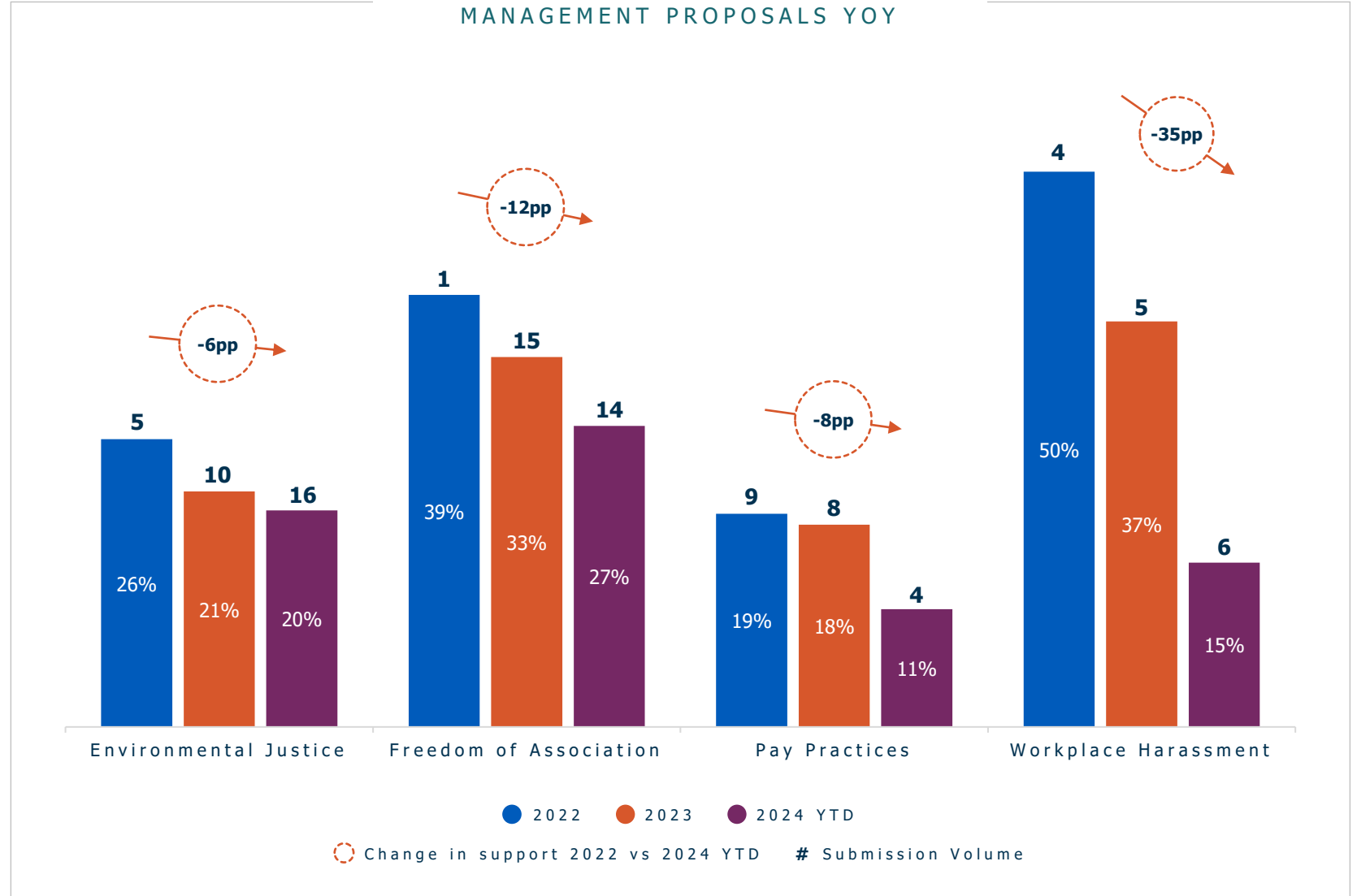
# SHAREHOLDER PROPOSALS

## SOCIAL

### HUMAN CAPITAL MANAGEMENT PROPOSALS

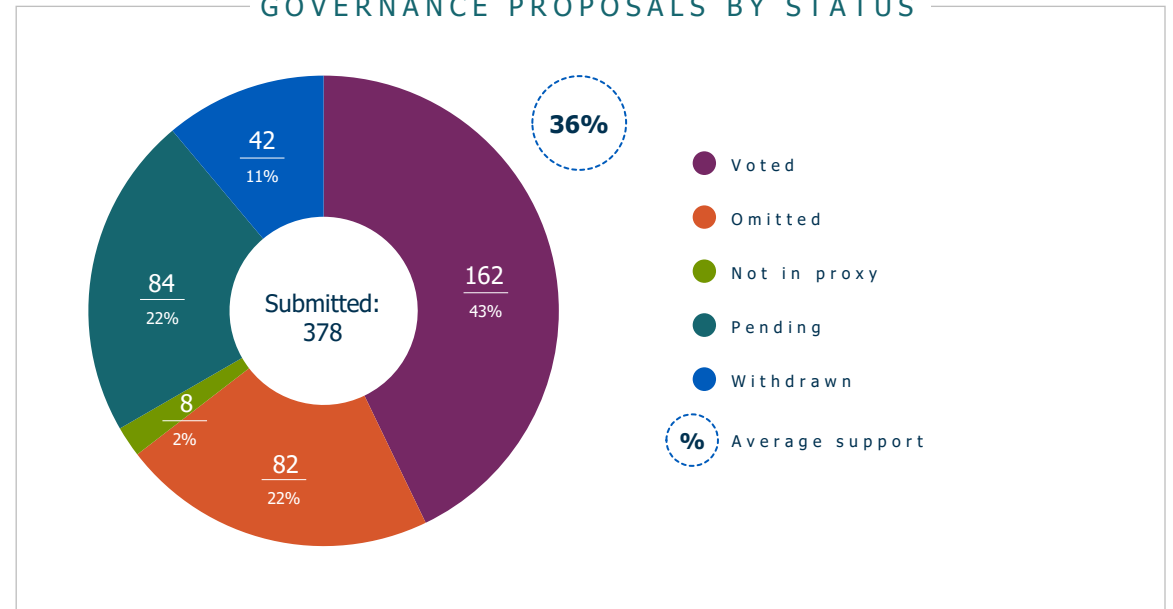
Human capital management proposals continue to be a focus this year, with a consistent volume of freedom of association and workplace harassment proposals. Average support for all human capital management proposals has fallen in 2024 as compared to previous years, **with the biggest drop in support for workplace harassment**, driven by an extremely low vote at Coca Cola. Notably, no mandatory employee arbitration proposals have been submitted or voted in the 2024 season.

AVERAGE SUPPORT FOR HUMAN CAPITAL MANAGEMENT PROPOSALS YOY



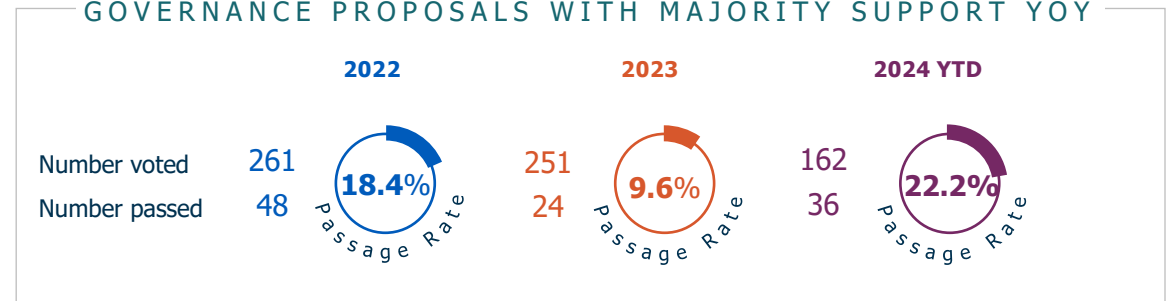
# SHAREHOLDER PROPOSALS GOVERNANCE

## GOVERNANCE PROPOSALS BY STATUS



**The volume of governance proposals increased in 2024** to 38% of all proposals filed (378 out of 998) compared to 34% (319 out of 947) in 2023. Of the 378 total governance proposals, 82 were omitted, 42 were withdrawn, and 162 have gone to a vote.

## GOVERNANCE PROPOSALS WITH MAJORITY SUPPORT YOY



# SHAREHOLDER PROPOSALS

## GOVERNANCE

So far this season, **more governance proposals have passed than in the full season last year** (36 YTD compared to 24 in 2023). The significant increase in passing governance proposals is **driven largely by simple majority proposals**. 23 out of 30 simple majority proposals voted this season have received majority support, representing over 60% of all passing proposals so far this year.

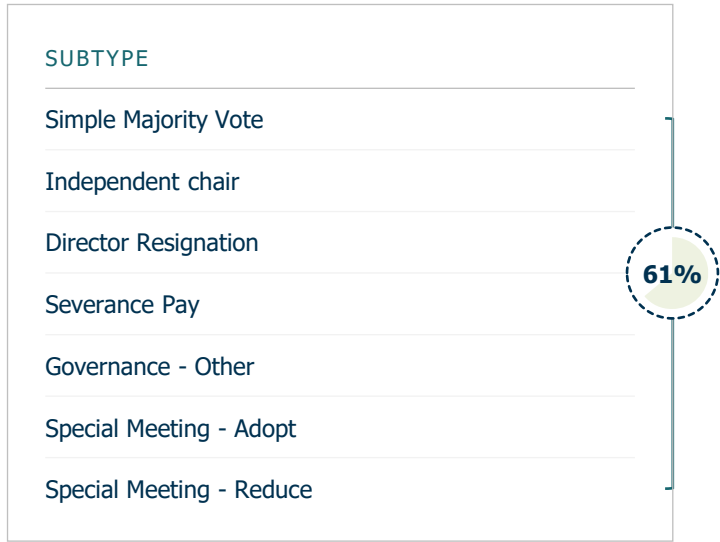
### PASSING PROPOSALS

SUBTYPE	PASSING NUMBER	AVERAGE SUPPORT
Adopt Proxy Access Right*	1	99%
Simple Majority Vote	23	74%
Declassify Board	2	51%
Special Meeting - Adopt	3	48%
Amend Bylaws	2	46%
Dual Class Elimination	1	46%
Special Meeting - Reduce	2	44%
Written Consent	1	41%
Governance - Other	1	32%
<b>GRAND TOTAL</b>	<b>36</b>	

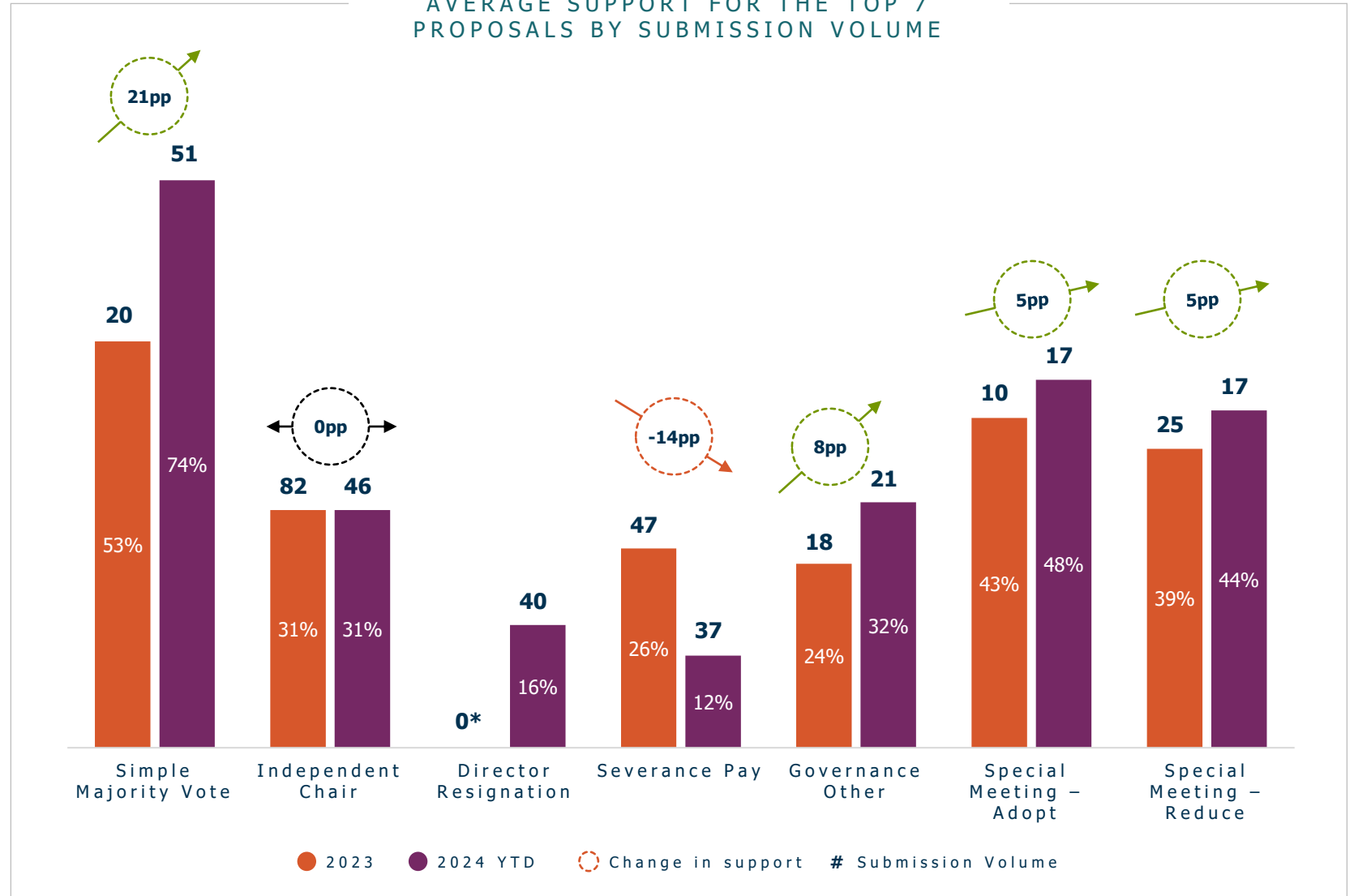
\*Management supported proposal.

# SHAREHOLDER PROPOSALS GOVERNANCE

Seven governance proposals subtypes account for over 61% of all governance proposals submitted.



AVERAGE SUPPORT FOR THE TOP 7 PROPOSALS BY SUBMISSION VOLUME



\*New proposal type in 2024 season, so no comparison available for prior season support

# SHAREHOLDER PROPOSALS GOVERNANCE

## NEW & NOTABLE INCREASES

Two topics, director resignation and simple majority voting, are notable subtypes for this year.

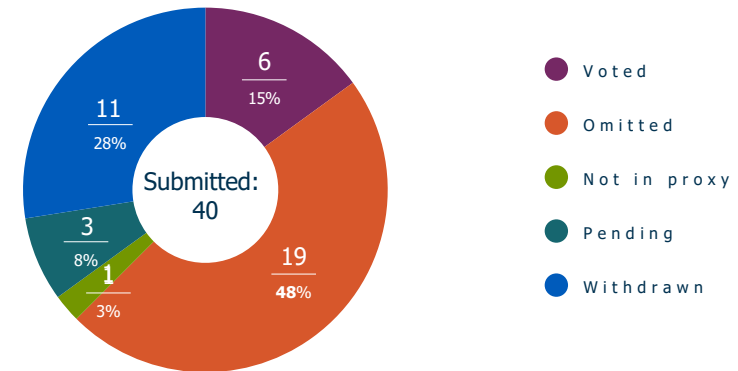
## DIRECTOR RESIGNATION PROPOSALS

Increased focus by The Carpenters Union on board accountability this season has led to 40 proposals relating to enhanced director resignation policies. No such proposals were filed in the previous two seasons. These proposals request adoption of an enhanced director election resignation policy, requiring director nominees to submit an irrevocable conditional resignation to the company effective upon the director's failure to receive the required shareholder majority vote support in an uncontested election. To date, none of these proposals have received majority support, averaging support of 16% for the six that have been voted. It's notable that 48% (19 of 40) of submitted proposals were omitted, as the SEC has [ruled in-favor of issuers](#) seeking no-action relief.

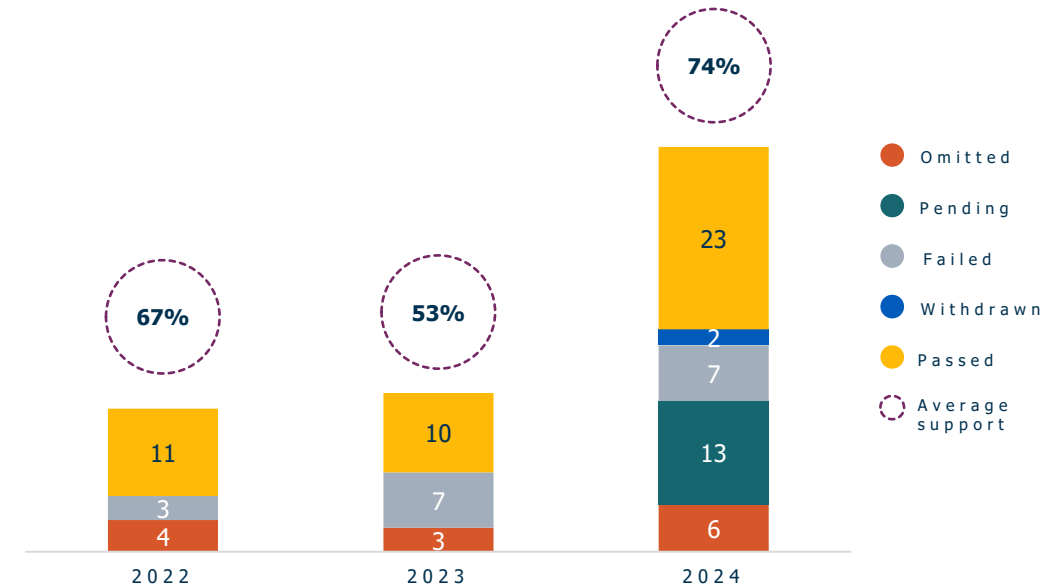
## SIMPLE MAJORITY PROPOSALS

There were **51 super majority proposals submitted to date in 2024, far surpassing the 20 proposals received in 2023**. The YTD level of average support received from shareholders has also been **significant (74%)** driven by the majority of the proposals passing with well over majority support. These proposals typically seek to change each voting requirement in a company's charter and bylaws calling for a greater than simple majority vote, to be replaced by a requirement for a majority of the votes cast for and against applicable proposals.

### DIRECTOR RESIGNATION POLICY BY STATUS



### MAJORITY VOTE STANDARD PROPOSAL BY STATUS



# SHAREHOLDER PROPOSALS

## GOVERNANCE

### SEVERANCE & COMPENSATION

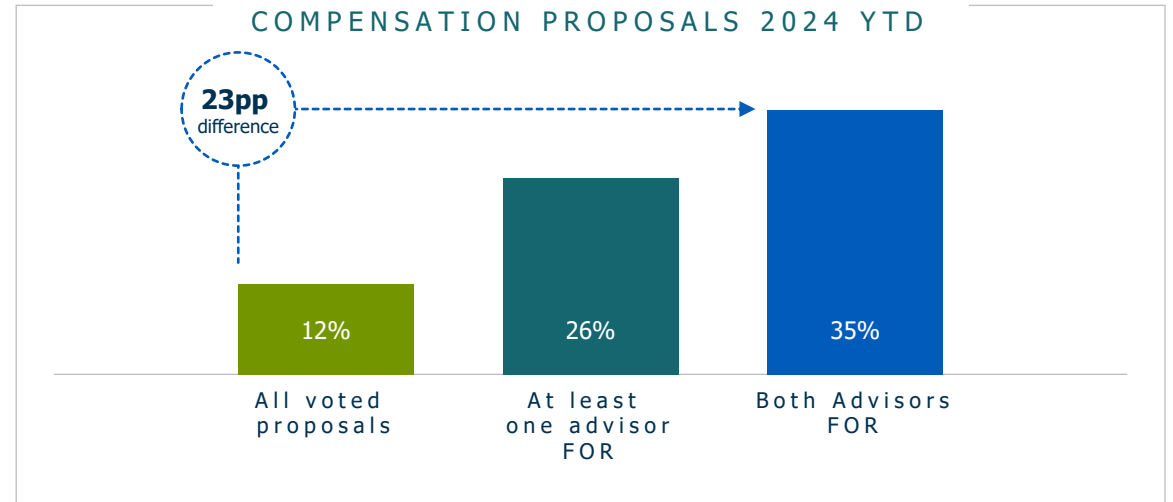
There were 81 proposals filed this year that related to executive and director severance and compensation (i.e. severance, clawbacks, binding vote on director compensation, ESG metrics, pay ratio, & retention). Of those 81 proposals, 37 relate to executive severance payment policy and approach. Average support for 24 proposals voted to date is 12%, which has **declined significantly since 2022 where average support for such proposals was 48%**. This decline in average support **correlates with the trend on recommendation FOR such proposals by ISS and Glass Lewis**. During the 2022 and 2023 season both advisors recommended FOR roughly half of voted proposals. In 2024, support decreased significantly as ISS recommended FOR 17% and Glass Lewis FOR 21% of proposals. For the proposals where at least one advisor recommended FOR the proposal average support increased to 26%. Where both recommended FOR the proposal average support was 35%.

Notable this year was a new type of proposal to amend company bylaws to require shareholder approval of director compensation. 11 such proposals were filed this year. Just one has gone to a vote, receiving 2% support.

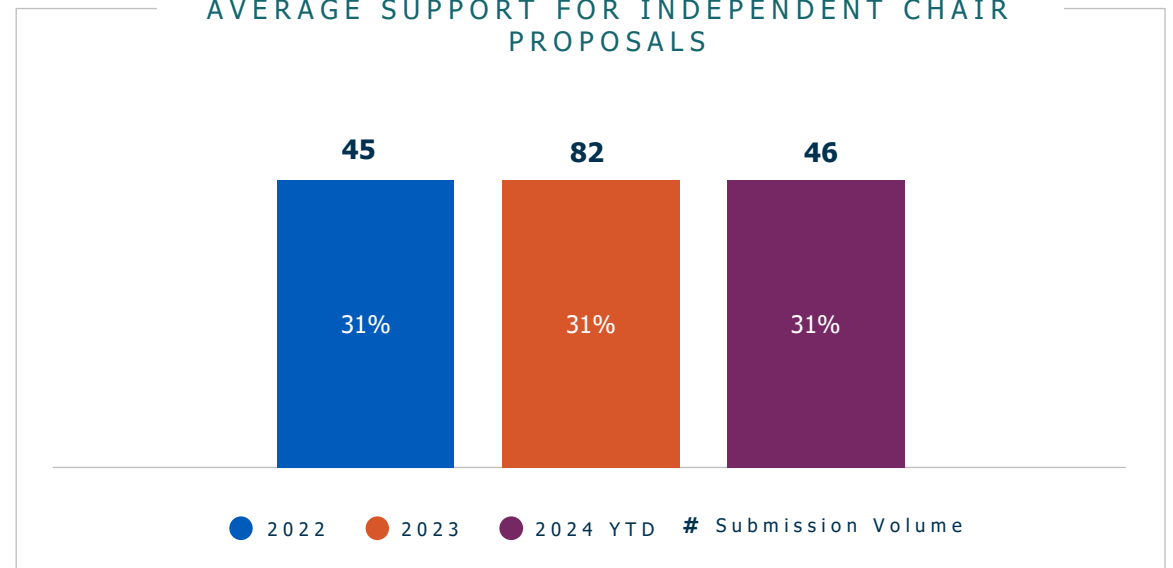
### INDEPENDENT CHAIR

The 2023 season had a noticeable increase in independent chair proposals (82). However, the total observed this year (46) aligns with the volume in 2022 (45). Average support for independent chair proposals has remained consistent over the past three years, at 31%. It's likely that the increase in focus on simple majority this season was related to the decrease in focus on independent chair, as the same proponents file both types of proposals.

AVERAGE SUPPORT FOR SEVERANCE & COMPENSATION PROPOSALS 2024 YTD



AVERAGE SUPPORT FOR INDEPENDENT CHAIR PROPOSALS



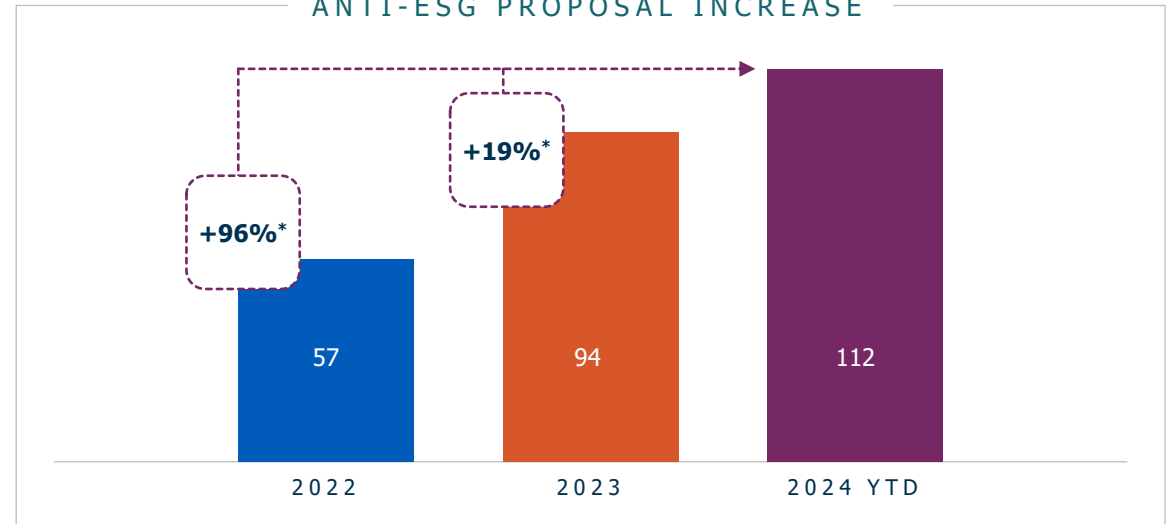


# SHAREHOLDER PROPOSALS

## ANTI-ESG

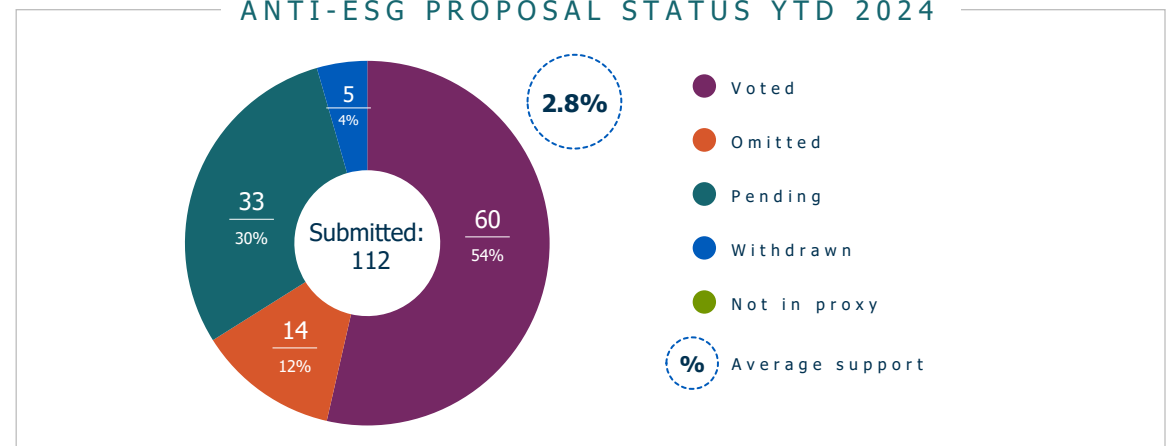
Similar to the overall increase in proposals so far this season, **anti-ESG proposals have increased by 19% in 2024 (112 proposals) from 2023** (94 proposals) and have increased by almost 96% compared to 2022 (57 proposals).

### ANTI-ESG PROPOSAL INCREASE



\*Compared to 2024 YTD

### ANTI-ESG PROPOSAL STATUS YTD 2024



# SHAREHOLDER PROPOSALS

## ANTI-ESG

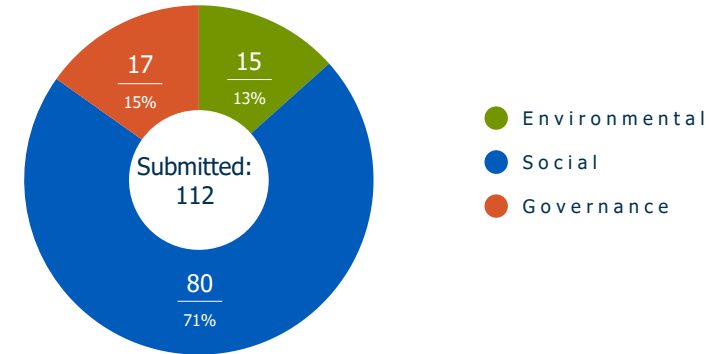
The National Center for Public Policy and National Legal and Policy Center continue to be the top proponents of anti-ESG proposals. Additionally, like last season, there are a number of new proponents for anti-ESG proposals this season.

In previous years, 72% (68 out of 94) of anti-ESG proposals have been voted, and this season appears to be trending in that same direction with 54% (60 out of 112) voted so far in 2024, with 33 proposals still pending. As in previous seasons, none of these proposals have received majority support, and average support for all anti-ESG proposals YTD continues to be low at 2.8%. Also like previous seasons, governance proposals, specifically independent chair proposals, from anti-ESG proponents tend to get higher support than other anti-ESG proposals. Given this context, it is not surprising that the anti-ESG proposal that received the highest support in 2024 YTD is an independent chair proposal (at Goldman Sachs).

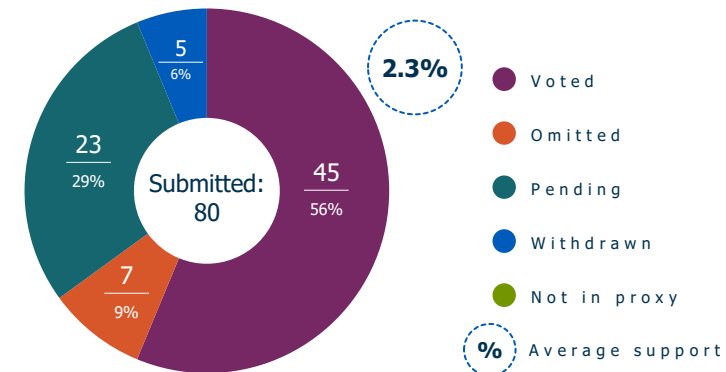
**Social proposals make up the vast majority, 71% (80 out of 112), of anti-ESG proposals YTD**, similar to previous seasons. Such proposal submissions have increased by 19% in 2024 compared to 2023, rising from 67 in 2023 to 80 YTD in 2024.

Average support for anti-ESG social proposals has decreased slightly this season, with 2.3% average support YTD in 2024, compared to 2.7% average support in the 2023 season and 7.7% in the 2022 season.

### ANTI-ESG PROPOSAL TYPES 2024 YTD



### ANTI-ESG SOCIAL PROPOSAL VOTE STATUS



# SHAREHOLDER PROPOSALS

## ANTI-ESG

**Civil Rights Audits and DEI** comprise 38% (42 out of 112) of anti-ESG proposals this season and are by far the **most prevalent types of anti-ESG proposals**, similar to the 2023 season. Such proposals typically focus on the alleged risks associated with racial and gender equality efforts and “viewpoint discrimination” which is defined as denying or restricting services due to “hate speech” or “misinformation”. These proposals tend to take language from pro-ESG proponents and change the meaning to focus on potential risks of anti-discrimination or DEI efforts. They are in direct contrast to the focus on DEI and anti-discrimination efforts being put forth by other proponents. Beyond the concentrated focus on diversity, other disparate social topics included pay gaps, healthcare access, the role of business in society, charitable contributions, and businesses dealing with authoritarian regimes.

**Environmental anti-ESG proposals have increased by more than 2X** (15 YTD in 2024 vs. 6 in 2023), although they are still only 13% (15 out of 112) of all anti-ESG proposals YTD in 2024. The majority of these proposals focus on financial risks associated with decarbonization efforts. Notably, there is a new angle this season from proponents on what is being called “greenwashing risk”, or the risks to companies from misrepresentation or fraud associated with setting voluntary carbon reduction targets that are “potentially unfulfillable”.

**Governance focused anti-ESG proposals have decreased as a percentage of anti-ESG proposals** so far this season, comprising 15% (17 out of 112) YTD of anti-ESG proposals in 2024, down from 22% (21 out of 94) of proposals in 2023. One proposal that has decreased significantly in submission volume this season is independent chair proposals filed by anti-ESG proponents (2 YTD in 2024 vs 9 in 2023), which is especially interesting given average support for these proposals has historically been among the highest for anti-ESG proposals. Perhaps in place of these, there is a new focus from the National Center for Public Policy Center on over boarding of directors with five proposals YTD in 2024. None of these over boarding proposals have been voted, and three have been omitted so far this season.

# CONCLUSION & METHODOLOGY

# CONCLUSION & LOOKING AHEAD

**Early results from the 2024 season largely reinforce the corporate governance and shareholder proposal trends from the previous year.** While the UPC era and heightened attention on ESG have not resulted in a substantial increase in contests, nor greater support for shareholder proposals, there has been increased attention and media coverage of shareholder rights and methods for advocating for change to corporate governance.

This increased attention has correlated with greater emphasis by institutional asset managers and leading proxy advisors on customized options for their clients. While such tools do create more optionality for asset owners, we have observed limited behavior change amongst those these tools have been designed for. We have, however, observed that shareholders have expanded their activity in corporate governance beyond shareholder proposals. In the 2024 season, this has included organized labor groups engaging in two director contests and leveraging the 14a-4 process to file multiple proposals with a single issuer. Similarly, since 2021, both pro and anti-ESG proponents have increased their utilization of the exempt solicitation process filing statements in support of or in opposition to directors or shareholder proposals.

The sustained level of engagement in the proxy process indicates the trends identified in this report will continue, unless there are structural changes caused through regulatory reform or current legal challenges. As we head into the offseason, attention will shift towards the implications resulting from the outcome of the 2024 Election, [legal challenges to shareholder rights](#) and to the SEC's climate rule, and a Supreme Court Decision that could [impact SEC authority](#) to determine rules. Each of these events independently and jointly will likely inform how corporate governance and shareholder rights develop over the next few years.

# CONCLUSION & METHODOLOGY

## METHODOLOGY

### PERIOD PRESENTED & DATA SOURCES

For the 2024 proxy season, this report is based upon available annual meeting results year-to-date (YTD) for meetings occurring July 1, 2023 through May 17, 2024, 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, the 2022 proxy season data is for the period from July 1, 2021 – June 30, 2022. If we refer to 2022, it can be assumed that this is referring to the 2022 proxy season outlined above unless otherwise specified. Similarly, if we refer to 2024 YTD, it can be assumed that this is referring to the period from July 1, 2023 to May 17, 2024 unless otherwise specified. 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.

Contested situation data was provided by Diligent Market Intelligence. 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 best efforts at classifying, confirming, and consolidating multiple sources of data into one aggregated dataset; as a result, this data is preliminary and subject to change.

# CONCLUSION & METHODOLOGY

## METHODOLOGY

### VOTE OUTCOMES REPORTED

For results reported, we use each company's vote standard applicable to each proposal analyzed to determine proposal passage, failure or 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 (i.e., FOR/FOR + AGAINST). Our data represents our best efforts to capture all relevant measures voted on at Russell 3000 companies at annual meetings occurring through till May 17, 2024 for the 2024 season; in the event that a company's 2024 8-K filing was unavailable at the time we wrote our report, we made the determination to exclude such proposals.

At the end of the 2024 proxy season, we will revisit all voted proposals from the 2024 season and report final data, inclusive of any 8-K filings originally unavailable at the time we wrote our report

### SHAREHOLDER PROPOSAL CATEGORIZATION

There is inherently some subjectivity in categorizing the focus and subject matter of shareholder proposals. Where proposals address multiple topics, we have aimed to categorize them based on what we believe to be the primary focus of the proponent in submitting the proposal through review of resolved texts and supporting statements.

For purposes of this report, environmental proposals address topics, including biodiversity, chemicals, climate change – lobbying, climate change – report, climate change – risk/opportunity, emissions financing, deforestation, water, GHG reduction, greenwashing, methane, plant-based alternatives/healthy eating, plastic/sustainable packaging, and right to repair.

Social proposals address a broad set of topics, including board and employee diversity, equity and inclusion matters; workforce demographic data; discrimination and sexual harassment; freedom of association; health care equality and reproductive rights; civil rights and racial equity audits; inclusive hiring; health and safety; toxicity and safety; tobacco-related; mandatory arbitration policies; pay gaps and disparity; pay practices; living wages; operations in conflict zones and/or development of weapons; gun violence; public health and welfare; human rights; employee welfare and workplace matters; animal welfare/rights; just transition; artificial intelligence; tax transparency; role of business in society; 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; director resignation policy; executive compensation matters, including proposals concerning compensation linked to ESG topics; and shareholder approval of bylaw amendments.

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