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2020 PROXY SEASON PREVIEW
By Shirley Westcott **April 2020**

Overview

In only a few months' time, the worldwide outbreak of the COVID-19 coronavirus has upended the global economy, sending stock markets tumbling, disrupting supply chains and bringing many key sectors of business activity to a near standstill. The sudden emergence of the pandemic and full-scale mitigation response will shift the tone of spring annual meetings to near-term imperatives: business continuity plans; financial resource needs; measures to protect employees, customers and supply chains; and preparedness for the anticipated recovery.

With most shareholder gatherings relegated to cyberspace, it will be a quieter proxy season, lacking in protests and in-person face-offs. However, the environmental, social and governance (ESG) issues raised by shareholders will extend well beyond the current crisis to companies' positioning for long-term sustainability. Among the trends to watch:

Ascendancy of social issues: Consistent with the past three years, environmental and social (E&S) issues will dominate the 2020 shareholder proposal lineup, constituting over a majority of all resolutions filed. Social issues remain the core focus, bolstered by last year's record 12 majority votes (Table 1) and the high proportion of environmental proposals that reach settlements, which stands at about half to date, on pace with 2019. Some notable shifts (Table 2) include a steep drop in requests for sustainability reports to about a half dozen as proponents redirect their attention to ESG executive pay links.[1] Submissions of political activity resolutions have also declined from a year ago when there was an unusually high volume of calls for election spending disclosure.

Election year themes are undergirding some shareholder campaigns, ranging from stakeholder capitalism and worker representation on boards to revivals on opioid abuse, prescription drug pricing and gun control, which have been solid vote-getters in the past. Several new efforts on abortion rights, slavery reparations and employee civic engagement were short-lived due to productive dialogues and omissions.

Shifting governance priorities: Corporate gadflies John Chevedden, James McRitchie, Myra Young and Kenneth Steiner (the "Chevedden group") continue to be active with their proxy season mainstays—special meeting and written consent rights, the elimination of supermajority voting and proxy access "fix-it" proposals—but have scaled back their requests for independent board chairs. Last year, they accounted for two-thirds of all independent chair resolutions filed, compared to a little over half this year. Their new endeavor for 2020 is granting shareholders a non-binding vote on any board-adopted bylaw amendments.

Board declassification got a brief uplift this year by long-time activist Herbert Denton (Pro Cap NYC llc) who submitted a dozen proposals at small- and mid-cap firms. While all were scuttled for missing filing deadlines, they could be a harbinger of more to come next year.

Standardized sustainability reporting: Sustainability will be a prominent theme in the years ahead following BlackRock's declaration in January that sustainability is its new standard for investing and the Business Roundtable's (BRT) renewed commitment to stakeholders and social responsibility. BlackRock's stated preference for the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TFCD) guidelines will likely catalyze a convergence around these reporting frameworks by issuers and investors.

[1] A new study by Willis Towers Watson found that 51% of S&P 500 companies use ESG metrics in their incentive programs--primarily in their annual bonus plans—and 44% include human capital measurements in their plans. See https://higherlogicdownload.s3.amazonaws.com/GOVERNANCEPROFESSIONALS/a8892c7c-6297-4149-b9fc-378577d0b150/UploadedImages/ESG-Metrics-S-P500-March2020-for-download.pdf.

More aggressive action on climate change: Activists are ramping up their demands for corporate accountability on climate change, particularly in regards to lobbying, the funding of fossil fuel companies and the establishment of firm goals to become carbon neutral. Large asset managers that have come under fire for their proxy voting records may be disposed to increasing their support for climate-related resolutions and to incorporate climate risk into their voting policies, including voting against boards of laggard companies.

Acceleration in board gender diversity: 2020 could see an uptick in the number of women joining corporate boards, spurred by the roll out of Institutional Shareholder Services' (ISS) new board diversity policy, California's quota law, and the New York City Retirement Systems' (NYCRS) launch of its Boardroom Accountability Project 3.0. At the current pace, Russell 3000 boards are forecast to reach gender parity by 2030, according to Equilar. In view of these advances, shareholders are widening the scope of their diversity initiatives to include CEOs and C-Suite executives and the representation of diverse racial and ethnic groups.

These and other highlights of the upcoming proxy season are discussed in more detail below.

Sustainability Disclosure

In their annual letters to portfolio companies, BlackRock and State Street Global Advisors (SSGA) put CEOs and boards on notice that they expect companies to produce robust sustainability disclosures and will start wielding their proxy votes against boards that are viewed as not adequately managing material risks.[2] By year-end, BlackRock wants companies to conform their sustainability reporting to SASB's industry-specific guidelines and to align their climate risk disclosures to the TFCD recommendations.[3] SSGA will evaluate companies' ESG disclosure and performance using its proprietary R-Factor scoring system, introduced in 2019.[4] Beginning this proxy season, SSGA will take "appropriate voting action" against board members at S&P 500 firms that are laggards on their scores and by 2022 it will expand its voting action to companies that have consistently underperformed their peers on their R-Factor scores for multiple years.

At the end of 2018, 92% of S&P 500 companies provided sustainability disclosures on their websites and 78% of them produced standalone sustainability reports, according to the Sustainable Investment Institute (Si2). However, nearly all of the companies followed or referenced multiple reporting standards rather than adhering to a single one. Given BlackRock's considerable influence in the marketplace, its reliance on the SASB and TFCD guidelines will likely forge more reporting conformity around those frameworks and encourage other investors to incorporate climate risk into their proxy voting policies.[5]

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[2] See BlackRock's letter to CEOs at https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter and SSGA's letter to boards at https://www.ssga.com/us/en/institutional/ic/insights/informing-better-decisions-with-esg. For more information on BlackRock's 2020 engagement priorities as well as its approach to engaging on climate risk and SASB- and TFCD-aligned reporting, see https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf?mod=article_inline, https://www.blackrock.com/corporate/literature/publication/blk-commentary-engaging-on-climate-risk.pdf, and https://www.blackrock.com/corporate/literature/publication/blk-commentary-engaging-on-climate-risk.pdf.

[3] As of March 2020, 139 companies worldwide reported their environmental and societal impacts in accordance with SASB's guidelines. SASB expects this to rise to as many as 300 next year in view of BlackRock's endorsement. A 2019 TFCD survey of 198 companies found that 91% plan to fully or partially implement the TFCD reporting recommendations.

[4] For information on SSGA's R-Factor scoring, see https://www.ssga.com/us/en/institutional/ic/strategies-capabilities/esg/data-scoring/r-factor-transparent-esg-scoring and https://www.ssga.com/investment-topics/environmental-social-governance/2019/04/inst-r-factor-reinventing-esg-through-scoring-system.pdf.

[5] In early March, ISS introduced a new custom climate voting policy to allow clients to integrate climate-related factors into their voting decisions. It will initially cover 3,700 companies globally, including S&P 500 and Russell 1000 firms in the U.S. See https://www.issgovernance.com/iss-launches-climate-voting-policy/ and https://www.issgovernance.com/file/policy/active/specialty/Climate-US-Voting-Guidelines.pdf.

Climate Change

Activists are intensifying their calls for action on climate change, not only at fossil fuel producers but the institutions that fund them, the companies that use their products and the organizations that lobby on their behalf.

Climate Voting

BlackRock's heightened attention to climate risk disclosure follows harsh public criticism and protests over its investments in fossil fuels and its proxy voting on climate-related shareholder proposals. Various reviews of fund voting in 2019 singled out BlackRock, along with Vanguard Group, JPMorgan Asset Management and T. Rowe Price Group, as among the worst performers in supporting climate change resolutions.[6] Activists also question whether the funds' engagement strategies have led to meaningful corporate action on climate risk.

All four firms are facing renewed calls from Boston Trust Walden, Mercy Investment Services and Zevin Asset Management to review their proxy voting records and policies on climate change. The resolutions have since been withdrawn at BlackRock and JPMorgan Chase, both of which joined Climate Action 100+, a global investor coalition which is engaging over 100 companies on reducing their carbon emissions. In a letter to clients, BlackRock also announced that it will improve transparency around its company engagements in its annual stewardship reports and it will move from annual to quarterly voting disclosures, with more frequent reporting of high-profile votes.[7]

This proxy season will be the first indicator if the pressure exerted on large asset managers translates into higher support for climate resolutions—to the extent they even appear on ballots. Of those planned, only slightly over half are expected to go to a vote. According to Ceres, 131 climate-linked resolutions have been filed this year, of which 32% have been withdrawn—compared to 39% for all of 2019—and 14% have been omitted.[8]

Those withdrawn largely dealt with greenhouse gas (GHG) emissions management, transition planning to a low-carbon economy and climate risk mitigation through increased energy efficiency and use of renewables. Among the exclusions were key vote proposals at Chevron and Exxon Mobil to describe if and how they plan to reduce their total carbon footprint in alignment with the 2015 Paris Agreement goal of limiting global warming to well below 2° Celsius. In both cases the measures were deemed to have been substantially implemented. Indeed, Exxon has been able to exclude almost all of this year's climate-linked resolutions, though its board faces a second-year "vote no" campaign by the New York State Common Retirement Fund (NYSCRF) and the Church of England for its "recalcitrant" approach to climate change.

Are More Lawsuits Coming?

In view of the SEC's guidance last fall in Staff Legal Bulletin (SLB) 14K, proponents are exercising care in formulating less prescriptive resolutions.[9] However, some have mounted legal challenges to keep their proposals on ballots. Last year, NYCRS sued TransDigm for trying to omit its carbon reduction resolution and the company opted to back down. This year, individual investor Thomas Tosdal filed suit against utility NorthWestern on similar grounds, which was ultimately decided in the company's favor. Si2 expects this litigation trend to continue as a way of establishing a legal precedent in the courts on major issues.

[6] See the proxy voting reports by Majority Action, ShareAction and Ceres/Morningstar at https://static1.squarespace.com/static/5d4df99c531b6d0001b48264/t/5d8006692e5b035cf0d2b17f/1568674165939/assetmanagerreport2019.pdf, https://shareaction.org/wp-content/uploads/2019/11/Voting-Matters.pdf, and https://www.ceres.org/news-center/blog/climate-risk-sweeps-mainstream-some-asset-managers-still-vote-against-most-climate, respectively.

[7] See BlackRock's 2020 letter to clients at https://www.blackrock.com/corporate/investor-relations/blackrock-client-letter.

[8] Included in Ceres' count are resolutions on broader environmental topics such as sustainable agriculture, waste management, water use, food waste, deforestation and lobbying.

[9] SLB 14K clarified that proposals prescribing specific timeframes or methods for implementing complex policies—such as adopting Paris-compliant GHG reduction targets—would run afoul of micromanagement. See https://www.sec.gov/corpfin/staff-legal-bulletin-14k-shareholder-proposals.

Defunding and Divestment

Campaigns to defund fossil fuel companies are also gathering steam. In January, a coalition of climate activists organized by 350.org mobilized a series of rallies and protests—dubbed "Stop the Money Pipeline"—demanding that "banks, asset managers and insurance companies stop funding, insuring and investing in climate destruction."[10] The divestment movement has already taken hold at a number of sovereign wealth funds, university endowments and public pension plans, including NYCRS which announced in 2018 that three of the city funds would exit from fossil fuels by 2022.

Shareholders are turning their attention to the role of banks in transitioning to a low-carbon economy. U.K.-based Barclays—Europe's biggest financier of fossil fuels—is facing a first-of-its-kind resolution this spring from ShareAction to abandon fossil fuel finance altogether. Barclays recently pledged to align its financing activities to the temperature reduction goals and timeline of the Paris accord, but it stopped short of committing to phase out all fossil fuel lending. It is putting its plan to a shareholder vote at the annual meeting alongside the ShareAction proposal.

Less extreme proposals have been filed at a half dozen major U.S. banks by an investor coalition led by As You Sow. To avoid micromanagement omissions as occurred last year, the resolutions have been framed as requests for reports on the banks' plans to measure, disclose and reduce the carbon emissions associated with their lending activities. Although most are getting withdrawn, the banks' commitments appear to be limited to restricting funding of new coal-fired plants and ending financing of new oil and gas exploration in the Arctic National Wildlife Refuge.

Climate Lobbying

In a two-year progress report, Climate Action 100+ indicated that it will make preventing "obstructive, negative or evasive lobbying" a cornerstone of its corporate engagement campaigns going forward. According to the report, only 8% of the coalition's 161 focus companies—representing the world's largest carbon emitters—have policies to align their lobbying with climate commitments.[11]

In line with this, 200 institutional investors sent letters to 47 large-cap U.S. companies last September to conform their climate lobbying to the objectives of the Paris Agreement. Among their demands: Persuade industry organizations that lobby against the Paris accord to change their positions or take steps to disassociate from them.[12] At least four of the letter recipients—Chevron, Delta Air Lines, Exxon Mobil and United Continental Holdings—have received 2020 proposals from BNP Paribas Asset Management and the Needmor Fund to report on how their lobbying activities—both direct and through trade associations—align with the Paris goals. Last fall, a more explicit version of the proposal asked mining conglomerate BHP to completely suspend its memberships in industry groups whose lobbying activities run counter to the Paris accord. The resolution received 22.2% support at the company's U.K. annual meeting and 27.1% support at its Australia annual meeting.

Two trade groups frequently criticized in lobbying proposals—the U.S. Chamber of Commerce and BRT—shifted their positions last year on climate change and social responsibility. The Chamber now supports U.S. participation in the Paris Agreement, acknowledging that human activity is contributing to climate change and that "inaction is simply not an option."[13] The BRT also modernized its Statement on

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[10] For more on "Stop the Money Pipeline" and 350.org, see https://www.stopthemoneypipeline.com/ and https://www.influencewatch.org/non-profit/350-org/.

[11] See the Climate Action 100+ report at https://climateaction100.files.wordpress.com/2019/10/progressreport2019.pdf.

[12] See the investors' press release, letter and list of recipients at https://www.ceres.org/news-center/press-releases/200-investors-call-us-companies-align-climate-lobbying-paris-agreement, https://www.ceres.org/sites/default/files/Final%20Generic%20SIGN-ON%20PACKET%20Investor%20Expectations%20on%20Climate%20Lobbying%20sign-on%20packet%20September%202019.pdf and https://www.ceres.org/sites/default/files/US%20Companies%20receiving%20the%20Investor%20Letter%20on%20Corporate%20Lobbying%20on%20Climate%20Change%209.19.pdf.

[13] See the Chamber's revised approach to climate change at https://www.uschamber.com/climate-change-position and https://www.uschamber.com/addressing-climate-change.

the Purpose of a Corporation, seemingly pivoting from its longstanding principle of shareholder primacy to one that advances the interests of all stakeholders, including customers, employees, suppliers and communities. [14] While lauded by some observers as a watershed, the new statement essentially echoes back to a more forceful commitment the BRT made in October 1981 to corporate social responsibility.

The BRT's action has sparked a new proposal from Harrington Investments and As You Sow, which asks a number of the corporate signatories—primarily major banks and BlackRock—to put teeth into their pledge by reporting on how they plan to alter their governance and management systems to implement the BRT statement. Although one of the targeted companies—JPMorgan Chase—successfully challenged the proposal as substantially implemented, others have been unable to block it on ordinary business grounds.

Votes on the corporate purpose proposals could be disappointing. Institutional investors surveyed by Morrow Sodali overwhelmingly signaled that proactive and regular engagement with the board and management informs their evaluation of a company's corporate purpose and culture, not what a company says on paper.[15]

The Net-Zero Agenda

In conjunction with the Climate Majority Project launched in 2019, NYCRS is stepping up pressure on the 20 largest U.S. publicly traded electric utilities to commit to achieving net-zero carbon emissions by 2050 in order to stay within the 1.5° Celsius global warming limit recommended by the U.N. Intergovernmental Panel on Climate Change (IPCC).[16] Although many utilities have established ambitious carbon reduction goals—including net-zero targets in some cases—a sticking point for the proponent has been their shift from coal generation to increased reliance on lower carbon natural gas, another fossil fuel. This year NYCRS is asking three of the utilities—Dominion Energy, Duke Energy and Southern—to name independent board chairs to provide stronger oversight to spur their decarbonization process.[17]

As You Sow separately reached agreements with Duke Energy and Southern to report on their risk of having stranded natural gas assets as the global response to climate change intensifies. Similar proposals at Dominion Energy, PNM Resources and Sempra Energy were omitted as substantially implemented.

Board Diversity

2019 saw a record number of women and minorities joining corporate boards, accounting for 45% and 15%, respectively, of newly appointed Russell 3000 directors, according to ISS.[18] The momentum will likely build in 2020 and beyond as a result of investor engagement and voting, shareholder campaigns and state legal requirements.

This year, ISS will join Glass Lewis in recommending against nominating committee chairs at S&P 1500 and Russell 3000 firms with no female directors, absent certain mitigating factors. For 2020 only, ISS will make an exception for companies that commit to adding a woman to the board within a year.

Meanwhile, some investors are raising the bar further. Since 2018, BlackRock has called for a minimum of two women on its portfolio company boards, and in January the Putnam Funds increased their threshold to two women on boards with 10 or more members. Also beginning this year, Canada's RBC Global Asset Management (RBC GAM) will vote against nominating/governance committee members on boards that are less than 25% female. The U.K.'s Legal & General Investment Management (LGIM) has adopted a similar policy for the largest 100 S&P 500 firms,

[14] See the BRT's Statement on the Purpose of a Corporation at https://opportunity.businessroundtable.org/ourcommitment/.

[15] See Morrow Sodali's 2020 Institutional Investor Survey at https://morrowsodali.com/uploads/insights/attachments/83713c2789adc52b596dda1ae1a79fc2.pdf.

[16] For more on the Climate Majority Project—formerly the 50/50 Climate Project—see https://www.climatemajority.us/about-full.

[17] See the New York City Comptroller's press release at https://comptroller.nyc.gov/newsroom/to-tackle-climate-crisis-and-decarbonize-the-countrys-polluting-power-utilities-comptroller-stringer-and-the-nyc-retirement-systems-call-for-independent-board-leadership/.

[18] Equilar reported that women held 21.5% of Russell 3000 board seats as of Q4 2019 and only 7.7% of companies in the index had no female directors. See https://corpgov.law.harvard.edu/2020/03/30/q4-2019-equilar-gender-diversity-index/.

which will expand to the full index in 2021. LGIM expects North American companies to attain at least 30% female board and senior management representation by 2023.[19]

The impact of investors' board diversity policies will be increasingly felt in proxy votes. In its 2019 post-season review, the EY Center for Board Matters reported that votes against nominating/governance committee chairs at all-male S&P 1500 boards have tripled since 2016, averaging 24% in 2019. Similarly, votes against all of the nominating/governance committee members on male-only S&P 1500 boards reached an average of 18% last year. Typically, director opposition votes only average 4%-5%.[20]

Additional Pressures: Startups and States

Shareholders aren't the only catalysts for boardroom overhauls. The Goldman Sachs Group, the top underwriter of initial public offerings (IPOs) in 2019, is joining the diversity crusade by refusing to take companies public in the U.S. and Europe after June 2020 unless they have at least one diverse director—meaning a director from a traditionally underrepresented group based on gender, race, ethnicity, sexual orientation or gender identity. It plans to up the number to two diverse directors in 2021.

Various state legislators are also considering board diversity laws patterned after California's Senate Bill No. 826 (SB 826), which required companies headquartered in the state to have a minimum of one female director by the end of 2019 and two to three female directors, depending on board size, by the end of 2021. So far, the legislation enacted by other states—Illinois, Maryland and New York—stops short of quota mandates in favor of board diversity reporting requirements. In addition to the prospect of legal challenges—SB 826 has sparked two lawsuits on equal protection grounds—there are economic costs to forced quotas. Economists at Clemson University found that most California firms complied with the law by expanding their boards rather than replace a male director with a female. While the costs of board expansion were negligible for large corporations, they were substantial for small firms—averaging 0.76% of market value and 13.2% of sales—far outweighing the financial penalties for non-compliance.[21]

Boardroom Makeovers from the Left and Right

The conservative National Center for Public Policy Research (NCPPR) contends that diversity policies that focus on gender and race are misguided, since directors' personal attributes don't define how they think. True board diversity arises from differences in viewpoint, including political/policy beliefs. Because companies often project a monoculture that eschews conservative views and values, NCPPR has returned for a third year with a resolution to disclose director nominees' skills, experience and ideological perspectives in a chart or matrix.

This year, several companies were able to omit NCPPR's resolutions as substantially implemented by arguing that shareholders can discern from directors' biographical data whether there is sufficient viewpoint diversity on the board. The proposals that have gone to a vote continue to muster only single-digit support.

Nevertheless, the proponent raises a valid point regarding the potential for political bias in the boardroom. Baron Public Affairs reported in 2019 that every director of a Fortune 10 company who has held political office or worked for an administration or on

[19] See the 2020 policies of the Putnam Funds, RBC GAM and LGIM at https://www.putnam.com/static/pdf/proxy/proxy_voting_guidelines-585a981a5b1e817e9ed8c95ea85a6487.pdf, https://www.rbcgam.com/documents/en/other/rbc-gam-proxy-voting-guidelines.pdf, and https://www.lgim.com/files/_document-library/capabilities/lgim-north-america-corporate-governance-and-responsible-investment-policy.pdf, respectively.

[20] See EY's 2019 post-season report at https://assets.ey.com/content/dam/ey-sites/ey-com/en_us/topics/cbm/ey-cbm-2019-proxy-season-preview.pdf.

[21] See the Clemson University study at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3463844. According to a recent KPMG report, 96% of California-based companies met the law's mandate at the end of 2019. Of those that still had all-male boards, 74% were microcap companies and over one-third were in the health, pharmaceutical or biotechnology sectors. See https://boardleadership.kpmg.us/content/dam/boardleadership/en/pdf/2020/the-women-changing-california-boardrooms.pdf. Beginning in 2020, Glass Lewis will recommend against the nominating committee chair at any California-headquartered company that does not have at least one woman on the board unless it has disclosed a clear plan for addressing the issue.

campaigns did so for a Democrat. In the Fortune 100 the ratio shifts to two Democrats for every Republican, and among financial and technology firms the ratio rises to five to one.[22] In these polarized times, a politically diverse board can help steer companies through political controversies and public perceptions of board decision-making.

For their part, activists on the left are aiming to "democratize" corporate boards by giving employees a seat at the table. The concept of employee representation on boards—known as "co-determination"—is popular Europe and featured in the presidential platforms of Senators Bernie Sanders and Elizabeth Warren who want workers to have the right to elect 40%-45% of large-cap company board members.

Shareholder resolutions on the topic averaged only 2.5% support last year, but the proponents clearly want to keep the issue alive in the runup to the 2020 elections. This year's proposals are also more varied in form and rationale than in the past. NorthStar Asset Management's resolutions—to report on opportunities to encourage the inclusion of non-management employees on the board—reference the BRT's recent commitment to stakeholders. A repeat proposal at Alphabet to nominate a non-executive employee to the board by 2021 reflects a demand made by employees who staged mass protests and walkouts over the company's handling of sexual harassment allegations, climate change and contracts with the Pentagon and U.S. immigration authorities. And once again, Walmart employees seeking higher wages want the company to adopt a policy to include hourly associates in the initial list of board candidates.

From the Boardroom to C-Suite

Shareholder campaigns are increasingly shifting towards expanding racial and ethnic diversity on boards as well as female and minority representation in senior management, which have occurred at a slower pace, in part due to limited disclosure.

For a second year, Trillium Asset Management has filed a half dozen resolutions asking how companies plan to increase the diversity of their management teams in terms of gender, race and ethnicity. In 2019, all of the resolutions were withdrawn except at Newell Brands where it received majority support.

Last fall, NYCRS launched the third phase of its Boardroom Accountability Project by writing to 56 S&P 500 companies to adopt policies patterned after the National Football League's "Rooney Rule" to consider women and minorities for every open board seat as well as for CEO appointments.[23] NYCRS has followed up with shareholder resolutions at 17 focus list companies that have no disclosed board and CEO search policies and lack any apparent racial diversity at these levels. As a result of successful negotiations, NYCRS expects only three of the resolutions to go to a vote.

While requests for expansive board searches are not new—the 11-member Midwest Investors' Diversity Initiative has been conducting a similar outreach since 2016—the NYCRS campaign marks the first time a large institutional investor has called for this type of structural reform for CEO searches.[24] To date, one company—PACCAR—has been able to omit the NYCRS proposal as substantially implemented by arguing that adopting a Rooney Rule in its guidelines for board membership satisfied the essential objective of the resolution. The portion of the request addressing outside CEO searches was essentially irrelevant because the company cultivates and promotes executives from within the organization for the CEO position.

[22] See the Baron Public Affairs report at https://www.baronpa.com/prb/the-political-isolation-of-corporate-america/.

[23] For more on NYCRS' Boardroom Accountability Project 3.0, see https://comptroller.nyc.gov/newsroom/comptroller-stringer-launches-boardroom-accountability-project-3-0-a-first-in-the-nation-initiative-to-bring-diversity-to-board-and-ceo-recruitment/.

[24] For more on the Midwest Investors' Diversity Initiative and the newly launched Northeast Investors' Diversity Initiative see http://www.uawtrust.org/midi and https://portal.ct.gov/-/media/OTT/Press-Room/Press-Releases/2019/PR102319_RELEASE_NORTHEAST-INVESTORS-DIVERSITY-INITIATIVE-LAUNCH_.pdf.

Overboarded Directors

Following the trend of the past two years, institutional investors are adopting or revising their policies on directors' outside board commitments. Beginning in 2020, SSGA will vote against named executive officers (NEOs) of public companies who sit on more than two total public company boards (down from three), board chairs and lead directors who sit on more than three public company boards, and other directors who sit on more than four public company boards (down from six). T. Rowe Price has similarly reduced its acceptable number of board seats for public company CEOS from a total of three to two, but is maintaining its five-board limit for other directors.

In other changes, AllianceBernstein has adopted a formal board capacity policy which restricts CEOs to two total board seats and other directors to three total board seats. Boston Partners Global Investors has bifurcated its prior policy to oppose any director who served on more than three public company boards. Going forward, its three-board limit will apply only to CEOs and a more liberal four-board limit will apply to other directors.[25]

Stricter overboarding policies by major investors such as BlackRock, Vanguard and LGIM have been contributing to higher director opposition votes. In the first half of 2019, 57% of non-CEO Russell 3000 directors who served on more than five boards received less than 80% support, up from 36% of such directors in 2018, according to ISS. Similarly, 36% of Russell 3000 CEOs who served on more than three boards received less than 80% support, up from 32% in 2018.[26]

As investors tighten their parameters on excessive board service, ISS and Glass Lewis may become more disposed to altering their voting policies in the future. Currently, ISS restricts CEOs to three public company board seats and Glass Lewis restricts all NEOs to two public company board seats. Both proxy advisors have established a five-board limit for other directors.

Human Capital Management

Investors have been expressing a keener interest in human capital management (HCM) in recent years to better understand how companies are managing their most valuable asset—their workforce. In its latest survey of over 60 institutional investors, the EY Center for Board Matters found that talent management—including board oversight of human capital, workforce diversity and pay equity—ranked as one of the top three investor engagement priorities for 2020.[27]

In view of growing investor demand for transparency around HCM—including a 2017 rulemaking petition from the Human Capital Management Coalition—the SEC proposed amendments to Item 101 of Regulation S-K last August.[28] Rather than mandate explicit standards or metrics applicable to all publicly traded companies, which even investors can't agree on, the SEC proposal would replace the current requirement to disclose the employee headcount with a principles-based disclosure of material HCM resources, including any human capital measures or objectives that management focuses on in managing the business.[29]

Workplace Diversity

While the SEC develops a final HCM disclosure rule, shareholder proponents are introducing new resolutions this year with a broader scope than their standard workplace diversity proposals, which ask companies to publish their EEO-1 data—a breakdown of the workforce by race and gender across 10 job categories.

[25] See the 2020 policies of SSGA, T. Rowe Price, AllianceBernstein and Boston Partners at https://www.ssga.com/library-content/pdfs/ic/proxy-voting-and-engagement-guidelines-us-canada.pdf, https://www.troweprice.com/content/dam/trowecorp/Pdfs/51326_TRP_Proxy_Voting_Guide_EN_PE_0220_HI_NC.pdf, https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/AB-Proxy-Voting-and-Governance-Policy.pdf, and https://www.boston-partners.com/wp-content/uploads/2020/03/2020-proxy-voting-policy.pdf, respectively.

[26] See ISS's review of director overboarding trends, definitions and impacts at https://corpgov.law.harvard.edu/2019/08/05/director-overboarding-global-trends-definitions-and-impact/.

[27] See EY's investor survey at https://assets.ey.com/content/dam/ey-sites/ey-com/en_us/topics/cbm/cbm-2020-proxy-season-preview.pdf.

[28] See the Human Capital Management Coalition's rulemaking petition at https://www.sec.gov/rules/petitions/2017/petn4-711.pdf.

[29] See the SEC's proposed amendments to Regulation S-K at https://www.sec.gov/news/press-release/2019-148 and https://www.sec.gov/rules/proposed/2019/33-10668.pdf.

As You Sow is requesting several retailers and automotive wholesalers to report on company policies, performance and improvement targets related to material human capital risks and opportunities using SASB's industry-specific standards. Another variation seeks an assessment of companies' diversity and inclusion efforts, including goals, metrics and trends related to the promotion, recruitment and retention of protected classes of employees. Workplace diversity proposals overall have experienced a steady increase in average support—from 20.5% in 2014 to 42.6% in 2019, including two majority votes during those years.

Gender Pay Equity

For a sixth year, Arjuna Capital is urging companies to rectify gender and racial/ethnic pay disparities. Since the onset of its campaign in 2015, 22 technology, financial and retail firms have committed to disclosing and reducing gender pay gaps on an adjusted equal-pay-for-equal-work basis. Last year, the resolutions evolved into a new request for unadjusted median pay gap data based on gender and race. These figures purportedly show the "promotion gap"—namely, the extent that women and minorities are underrepresented in higher paying jobs. Companies, however, argue that the figure is misleading because it does not account for differences in pay practices across different geographic locations, such as the cost of living, job functions and labor force participation rates.

To date, only Citigroup, Mastercard, Starbucks and Wyndham Hotels & Resorts have published or committed to publish median pay ratios, and Arjuna Capital and Proxy Impact have targeted 13 other firms for 2020.[30] NYCRS has separately reached agreements with five major healthcare and insurance companies to address gender pay disparities, bringing to 30 the number of firms that have responded to its campaign since 2017. Votes on pay gap proposals averaged 25.6% in 2019 and were almost uniformly supported by ISS and opposed by Glass Lewis.[31]

In a related angle, an undisclosed proponent is asking Amazon.com to disclose employee promotion velocity rates by gender, race and job title. Promotion velocity rates are the time it takes from the date of hire to promotion or between one promotion and the next.

Mandatory Arbitration

An emerging employment-related initiative deals with how companies' mandatory arbitration policies impact employee claims of sexual harassment. Arbitration typically results in less favorable outcomes for employees than litigation and can conceal misconduct and a toxic workplace culture.

To date, Clean Yield Asset Management has withdrawn two resolutions, including at Wells Fargo which scrapped compulsory arbitration for sexual misconduct complaints. Other proposals in the pipeline have been successfully challenged on ordinary business grounds. These asked companies to waive their mandatory arbitration requirements or to provide more details on the proportion of the workforce subject to such provisions and the number of employment-related arbitration claims initiated and decided in favor of the employee.

Last year, only one proposal on forced arbitration went to a vote, earning 35.3% at CBRE Group. While many of the 2020 resolutions may not materialize on ballots, this campaign is likely to persist. With the backing of several institutional investors, a coalition of workplace equity organizations launched the "Force the Issue" project last fall to press companies to drop mandatory arbitration for sexual harassment disputes.[32] Through company outreach, the group is compiling a database of 900 firms' arbitration policies.

[30] For more on Arjuna Capital's 2020 campaign and target list see http://arjuna-capital.com/news/press-release-two-down-11-to-go-median-gender-pay-gap-shareholder-proposals-gaining-ground-during-the-2020-proxy-season/ and https://arjuna-capital.com/wp-content/uploads/2020/03/Company-and-Proposals-Chart-by-Arjuna-Capital-for-Shareholder-Engagement-Season-2020.pdf.

[31] In its 2020 policy updates, Glass Lewis clarified that it generally opposes requests to disclose global median gender pay gaps if the company has provided sufficient information about its diversity initiatives and how it is ensuring that men and women are paid equally for equal work.

[32] For more on Force the Issue see https://forcetheissue.org/about-project.

Human Rights

As in recent years, human rights rank the third most popular E&S proposal category after environmental issues and political activities. Although they cover a multitude of topics—gun violence, prison and forced labor, trafficking and illegal immigrant detention—the vast majority ask for human rights risk assessments or for the adoption of policies that conform to the U.N. Guiding Principles (UNGP) on Business and Human Rights.

Technology companies pose a unique set of concerns for activists, ranging from content governance to data privacy and surveillance. As such, Amazon.com, Alphabet and Facebook are among the top recipients of this year's shareholder proposals, almost half of which are related to human rights.

An early standout of the season was a new proposal at Apple by Harrington Investments and consumer activist group SumOfUs to report on its policies on freedom of expression and access to information, specifically its compliance with the Chinese government's censorship demands. Apple has come under fire for removing hundreds of apps from its Chinese App Store—including Western news services, virtual private networks and, most recently, a crowdsourced map used by Hong Kong protesters to monitor police activity—at the behest of Beijing. The resolution scored a remarkable 40.5% support.

Alphabet is facing a similar type of proposal in June from Azzad Asset Management dealing with censorship in Russia. The proponent wants the company to annually disclose government-mandated content removal requests, including delisted, censored, downgraded or blacklisted terms, queries or sites.

Health Topics

Now entering its third year, the shareholder campaign against opioid abuse—redubbed the Investors for Opioid and Pharmaceutical Accountability (IOPA)—has widened its focus to both opioids and the rising cost of prescription drugs.[33] In addition to its recurring initiatives—board risk reports, clawback policies and independent board chairs—the 58-member coalition has a new advocacy for 2020 on bonus deferrals. It is asking drug manufacturers, distributors and retailers to delay the full payout of senior executives' annual cash bonuses to allow for adjustments for risky behavior and to facilitate recoupment under the company's clawback policy.

IOPA members have withdrawn or chosen not to file resolutions at a dozen companies that agreed to participate in a working group on the topic of bonus deferrals. Several others—including at Johnson & Johnson and Walmart—were omitted as micromanagement. In the first vote of the season at AmerisourceBergen, the proposal commanded 34.8% support and the backing of ISS and Glass Lewis. Although defeated, the proponents point out that excluding Walgreens Boots Alliance's 28% stake in the company, the resolution received majority support from investors.

Corporate Gadfly Activities

In addition to their perennial favorites, the Chevedden group is branching out this season with some new variations of governance resolutions.[34] One proposal submitted at over a dozen firms would require a shareholder advisory vote on all bylaw amendments adopted by the board—whether substantive or non-substantive—other than those already subject to a binding shareholder vote. To date, none of the targeted companies have been successful in arguing for exclusion other than on technical grounds.

Initial votes on the bylaw proposal came up weak at Hewlett Packard Enterprise (1.9%) and Goodyear Tire & Rubber (3.8%) and were opposed by ISS and Glass Lewis. Perhaps anticipating an unfavorable reaction from investors, the proponents filed a less prescriptive version at companies with later meetings (Cummins and Fastenal) that would apply the shareholder advisory

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[33] See the IOPA's two-year progress report at https://www.iccr.org/sites/default/files/page_attachments/ioa_two_year_summary_report.pdf.

[34] A listing of McRitchie's 2020 resolutions can be found on his website at https://www.corpgov.net/2020/03/2020-shareholder-resolutions-find-them/.

vote only to bylaw amendments made by the board that it deems to be material.

Members of the Chevedden group are also thinking through the practical effect of companies' written consent and special meeting rights. In a number of cases, they want to ease procedural hurdles such as one-year shareholder periods or, in the case of written consent, ownership requirements to request a record date. They are additionally asking a number of non-Delaware companies to take steps to permit shareholder removal of directors with or without cause. Because shareholders typically call special meetings to remove and replace directors, "for cause only" removal provisions can render this right useless.[35] So far, the targeted firms have been amenable to complying with the request through bylaw amendments or upcoming management proposals.

A longstanding pursuit of James McRitchie may be gaining adherents despite being excluded from ballots. Echoing his 2019 SEC rulemaking petition, McRitchie filed proposals at Legg Mason, Northern Trust and T. Rowe Price Group to report on the feasibility of announcing their proxy votes in advance of annual meetings to allow for easy comparison of funds' voting records. In early April, Neuberger Berman became the first major asset manager to provide advance proxy vote disclosure, which will initially cover 25 key annual meetings.[36]

McRitchie is wading deeper into the E&S realm as well. In addition to political spending resolutions, which he has been filing since 2018, he is sponsoring his first climate-focused proposal—a carbon transition plan at Union Pacific.[37] His past forays into climate change have largely centered on BlackRock's proxy voting practices, which he ultimately withdrew.

SEC Rulemaking

In the coming months, the SEC is expected to finalize updated rules on the shareholder proposal process and the regulations governing proxy advisory firms. The amendments would require proxy advisors to enhance their disclosures of potential conflicts of interest and give issuers two opportunities to pre-review their voting recommendations. A companion rule would tighten the eligibility requirements for submitting and resubmitting shareholder resolutions.[38]

While a welcome development for the business community, the proposed revisions are viewed as draconian by a number of investors. According to research by Si2, many shareholder resolutions on political spending, environmental issues and human rights would effectively be shut out. Investor groups have indicated that they are preparing themselves for legal challenges.

ISS has already filed a lawsuit against the SEC to overturn interpretive guidance issued last fall that categorizes proxy voting advice as a solicitation under the federal proxy rules. The litigation has been held in abeyance until the earlier of Jan. 1, 2021 or completion of the proxy advisory firm rulemaking. In the meantime, the SEC is considering revisions to the proposed rule. To address concerns over the timely delivery of proxy advisor reports to their clients, SEC Commissioner Elad Roisman is floating the idea of a contemporaneous review period so that issuers and investors could examine the proxy advisor report at the same time. If a company raises objections to the report, the proxy advisor would be required to notify its clients. He also suggested a "speed bump" whereby the proxy advisor would disable any automatic "robo-voting" by clients during the review period.

[35] In Delaware, director removal with or without cause is the default rule, as confirmed in *In re VAALCO Energy Shareholder Litigation* in 2015. Only companies with classified boards or cumulative voting may limit shareholder removal of directors to cases of cause.

[36] See more on Neuberger Berman's NB25+ initiative at https://www.nb.com/en/global/esg/engagement. McRitchie's rulemaking petition for real-time proxy vote disclosure can be found at https://www.sec.gov/rules/petitions/2019/petn4-748.pdf.

[37] The Chevedden group accounted for one-third of all political contribution proposals submitted in 2019. The proportion has risen to about 44% in 2020 because only about half as many election spending resolutions have been filed this year.

[38] See the SEC's press releases on the proposed rules on proxy voting advice at https://www.sec.gov/news/press-release/2019-231 and on modernizing the shareholder proposal process at https://www.sec.gov/news/press-release/2019-232. Comment letters on each can be found at https://www.sec.gov/comments/s7-22-19/s72219.htm and https://www.sec.gov/comments/s7-23-19/s72319.htm.

Glass Lewis has come up with a similar solution though at a cost. It is giving issuers and shareholder proponents the ability to include their unedited feedback on its research reports through its Report Feedback Service (RFS), which operated on a pilot basis in 2019. Participants must purchase the report—which by some estimates is $6,000 for an S&P 500 report—and submit their comments within seven days after publication of the report but no later than 14 days before the shareholders' meeting. Glass Lewis clients will be notified when the updated report with feedback is available.[39]

COVID-19 Response

As companies navigate the economic fallout arising from the coronavirus pandemic, ongoing communication with shareholders regarding the expected impact on their business, customers, suppliers and workforce is of paramount importance to maintain investor confidence. In addition to the progression of SEC guidance, various organizations are tracking companies' COVID-19-related disclosures to enable issuers and investors to draw upon peer-to-peer comparisons.[40]

To help frame corporate reporting and engagement, investors themselves are laying out their expectations of the business community regarding the conduct of annual meetings, preserving capital, maintaining the integrity of their workforce and adapting their 2020 executive compensation to current conditions. The proxy advisors have similarly provided guidance on their application of specific voting policies within the context of the coronavirus crisis.[41]

Social Distancing Meetings

By now, companies with spring annual meetings have invoked their contingency plans for staging their events in light of health and travel concerns related to COVID-19, taking into account recent SEC guidance.[42] Most issuers are moving their annual meetings completely online if permitted by state law and their governing documents.[43] Others are taking a hybrid approach combining a webcast with a physical gathering, often in a smaller venue such as the company's headquarters, but discouraging in-person attendance. As of March 31, ISS counted 298 U.S. companies that are switching to virtual-only formats and 10 companies that are postponing their meetings.

While shareholders are sympathetic to these unprecedented circumstances, some worry that purely remote annual meetings could become the new normal. A number of organizations that ordinarily oppose cyber-only events, such as Glass Lewis and NYCRS, have issued statements that they will not take voting action against board members if they publicly disclose that the switch to a virtual meeting is due to the coronavirus outbreak and commit to resuming in-person meetings in the future. The Council of Institutional Investors (CII) advises issuers to conduct their virtual meetings in line with best practice, ensuring that investors have the same opportunities to

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[39] For more on Glass Lewis's RFS, see https://www.glasslewis.com/report-feedback-statement/.

[40] See the SEC's latest guidance on COVID-19 disclosures at https://www.sec.gov/news/public-statement/statement-clayton-hinman. Compensation Advisory Partners is compiling company disclosures related to workforce furloughs, compensation and the suspension of dividends and share buybacks at https://www.capartners.com/covid-19-compensation-trends/. Semler Brossy is posting periodic surveys of how companies are managing executive, director and employee compensation at https://www.semlerbrossy.com/covid-19/. JUST Capital is monitoring actions taken by America's 100 largest employers to support employees and customers at https://justcapital.com/reports/the-covid-19-corporate-response-tracker-how-americas-largest-employers-are-treating-stakeholders-amid-the-coronavirus-crisis/.

[41] See ISS's and Glass Lewis's policy approach to the coronavirus pandemic at https://www.issgovernance.com/file/policy/active/americas/ISS-Policy-Guidance-for-Impacts-of-the-Coronavirus-Pandemic.pdf and https://www.glasslewis.com/everything-in-governance-is-affected-by-the-coronavirus-pandemic/, respectively. Also see SSGA's Stewardship Engagement Guidance to Companies in Response to COVID-19 at https://www.ssga.com/us/en/institutional/ic/insights/stewardship-engagement-guidance-to-companies-in-response-to-covid-19.

[42] See the SEC staff's guidance on conducting annual meetings in light of COVID-19 concerns at https://www.sec.gov/ocr/staff-guidance-conducting-annual-meetings-light-covid-19-concerns.

[43] In recent weeks, state governors in Connecticut, Georgia, New York and North Carolina issued executive orders temporarily permitting companies incorporated in their states to hold virtual-only annual meetings in light of the COVID-19 pandemic. The New Jersey legislature approved a similar measure and Massachusetts may follow suit.

participate, ask questions and present shareholder proposals as they would have at a physical meeting.[44] ISS has not adopted a formal policy on virtual-only shareholder meetings but has indicated that the way in which companies manage them this year will inform its position on them in the future.

Workforce Protections

Many companies are undertaking measures to address hardships faced by their employees due to business shut-downs and potentially hazardous working conditions. A group of 251 institutional investors echoed these concerns in a March statement, which urged the business community to prioritize the health, safety and stability of their workforce.[45] In particular, they asked companies to make every effort to retain employees and provide them with emergency paid leave so they can comply with social distancing and self-isolation mandates. If financially feasible, they also recommend offering additional benefits such as childcare assistance, hazard pay and employer-paid health insurance to laid-off workers.

Within this context, shareholders and proxy advisors are eyeing companies' capital allocation decisions. ISS has advised that dividend cuts may be appropriate if companies disclose their intent to use the preserved cash to support the business and employees. However, stock buybacks will be viewed harshly, particularly in cases where the workforce has been reduced.[46]

Executive Compensation

With business forecasts downgraded for the year, companies are reevaluating their compensation programs to ensure they continue to appropriately motivate and retain executives and employees. A near-term concern is whether annual incentive programs warrant adjustment since the economic downturn has rendered 2020 performance goals unattainable. Compensation consultants recommend that companies defer recalibrating targets until there is a clearer sign of market stability and to avoid the need for multiple resets. As an alternative to revising existing goals, companies may prefer to incorporate additional metrics into their plans using relative rather than absolute measures or based on current priorities related to COVID-19 response and recovery. Steep share price declines may also necessitate revisiting equity plans to ensure there is adequate share capacity to cover grants with pre-determined cash values.

Whatever modifications are made, investors will be looking for evidence that executives are sharing the pain felt by shareholders and employees. To be sure, many CEOs and executives have already taken voluntary salary cuts or even foregone their base salaries for the remainder of the year. However, Glass Lewis cautions that when current year compensation decisions are evaluated in 2021, there will be a marked increase in shareholder scrutiny over adjustments to performance-based features, including changes to hurdles and vesting periods, equity grant dilution and burn rates, option repricing and the quality of disclosures around compensation committee discretion. For its part, ISS encourages boards to provide contemporaneous disclosure to shareholders of their rationale for making such changes.

Defensive Measures

The extreme stock market volatility and economic uncertainty brought on by both the coronavirus pandemic and oil price war between Russia and Saudi Arabia is expected to dampen proxy fight activity in the near term. But with cash-rich hedge funds and private equity firms waiting on the sidelines, companies are already bracing for the aftermath of the crisis. Firms in particularly vulnerable sectors are rapidly arming themselves with poison pills—or at least drafting on-the-shelf versions—to fend off the reemergence of activist investors and hostile acquirers. Activist Insight is reporting a rate of pill adoption not seen since the 2008-2009 financial crisis, with 23 announced so far

[44] See the Glass Lewis and CII guidance at https://www.glasslewis.com/immediate-glass-lewis-guidelines-update-on-virtual-only-meetings-due-to-covid-19-coronavirus/ and https://www.cii.org/files/about_us/press_releases/2020/20200316presser_virtual_meetings.pdf, respectively.

[45] See the Investor Statement on Coronavirus Response at https://www.iccr.org/sites/default/files/page_attachments/investor_statement_on_coronavirus_response_03.26.20.pdf.

[46] Companies that receive federal loans under the $2.3 trillion Coronavirus Aid, Relief and Economic Security Act of 2020 (CARES Act) are automatically subject to restrictions on dividend payments and stock repurchases, as well as caps on executive compensation.

this year—including 17 in March alone—compared to 18 introduced in all of 2019.

Because shareholders and proxy advisors view poison pills as an entrenchment device, companies should exercise care in how they structure their rights plans and clearly explain their rationale for adoption. To make them more palatable, most companies are implementing limited duration pills with lifespans of one year or less. And although almost half of the pills tracked by Activist Insight have low 10% triggers, some provide a higher trigger point—typically 20%—for passive investors. ISS has recently clarified that its benchmark policy provides companies with latitude in adopting short-term pills with reasonable triggers in response to active threats, which in most cases will include a severe stock price decline as a result of the coronavirus pandemic.

Looking Ahead

With the worst of the public health emergency showing signs of abating, investors will shift their focus in the coming months to how companies are positioning for recovery and bringing economic and consumer activity back online. How these circumstances evolve, coupled with the trends emerging from the 2020 proxy season, will shape post-season engagements and lay the groundwork for next year's shareholder campaigns. During these dynamic times, Alliance Advisors will keep issuers apprised of key developments as they materialize.

Table 1: 2019 E&S Majority Votes

Proposal	Company	Vote*
Board diversity	Gaming & Leisure Properties**	78.3%
Board diversity	Waste Connections	64.5%
Executive diversity	Newell Brands	56.6%
Workplace diversity	Travelers Companies	50.9%
Opioid risk report	Mallinckrodt	78.9%
Opioid risk report	Walgreens Boots Alliance	60.5%
Human rights report	GEO Group**	87.9%
Human rights report	Microchip Technology	51.3%
Lobbying disclosure	Mallinckrodt**	79.7%
Political spending disclosure	Alliant Energy	54.3%
Political spending disclosure	Cognizant Technology Solutions	53.6%
Political spending disclosure	Macy's	53.1%

*Vote results are calculated as "for" votes as a percentage of "for" and "against" votes.
**The board did not oppose the proposal.
Source: SEC filings

Table 2: Most Numerous 2020 and 2019 Shareholder Proposal Filings

Proposal	2020 (as of April 10)	Proposal	2019 (full year)
Written consent	60	Independent chairman	67
Special meetings	46	Political spending*	63
Independent chairman	41	Proxy access	52
Grassroots lobbying	40	Supermajority voting	46
Political spending*	35	Written consent	41
Board diversity - liberal version	35	Grassroots lobbying	35
Declassify board	24	Board diversity - liberal version	33
Supermajority voting	23	Special meetings	31
Human rights due diligence	23	Gender/racial pay equity	29
Gender/racial pay equity	22	Majority voting	28
Link pay to social issues	20	Sustainability report	22
Proxy access	17	Human rights due diligence	22
Approve bylaw amendments	17	Link pay to social issues	19
Mandatory arbitration/sexual harassment	16	GHG emissions reduction	19

*Includes hybrid proposals that cover election spending and lobbying.
Source: SEC filings, proponent websites and media reports.