

Schwab Asset Management (SAM) is an investment management firm with more than **\$645 billion in AUM** (as of September 2022). SAM released its 2022 Investment Stewardship Report in December 2022, detailing its stewardship and proxy voting activities for the year ended June 30, 2022.

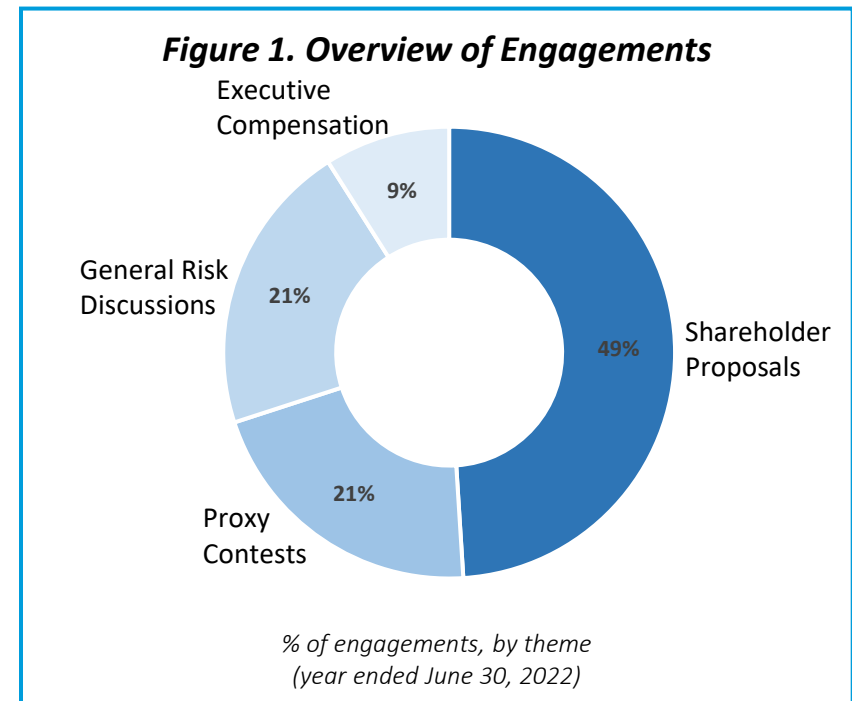
Strategic Engagement Program

For the year ended June 30, 2022, proxy season engagements comprised of discussions around Shareholder Proposals and Proxy Contests, which made up approximately 70% of total engagements for the period.

In the off-season, SAM focusses on engaging with companies where a significant number of shares are held by the firm and potential material risks have been identified. Topics of engagement in the off-season for 2022 included Executive Compensation and General Risk. These discussions made up approximately 30% of total engagements for the period.

Proxy Season Engagement Priorities:

- Nearly half of total engagements centered around environmental, social and/or politically-focused shareholder proposals due to the significant uptick in shareholder resolutions for the year.
- Specific topics included requests for reporting related to climate change targets and lobbying, plastic packaging, water management, civil rights audits, human rights due diligence, and political spending.



Off-Season Engagement Priorities:

- Topics included board refreshment, diversity and culture, board oversight of risk, workforce diversity, inclusion, retention/promotion efforts, and pay practices.
- SAM's engagement goals include:
 - Gaining insight into how directors work together to encourage/incorporate different points of view;
 - Understanding the board's oversight role in setting direction and achieving strategic objectives; and
 - Assessing the extent to which directors are empowered to challenge management.

Proxy Voting Overview

SAM voted on **114,459** management proposals and **1,162** shareholder proposals for the year ended June 30, 2022. During the 2022 proxy voting season, SAM supported 90% of the directors up for elections.

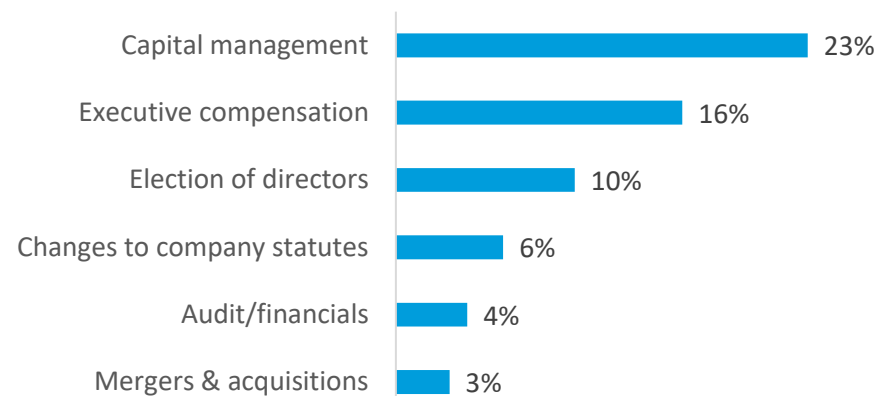
Reasons for **votes against management**:

- **Board Diversity** – SAM voted **AGAINST** the nominating committee chairs in the U.S. where less than two women served on the board at large-cap companies, or no women served on the board at mid- and small-cap companies, and there were no disclosed plans to increase gender diversity
- **Shareholder Rights** – Most common reason for votes **AGAINST** directors was because companies’ post-IPO charters placed substantial restrictions on the rights of shareholders
- **Compensation** – Voted **AGAINST** Compensation Committee members if pay structures don’t reflect strategy, or uses strict Named Executive Officer rules

Reasons for **shareholder proposals support**:

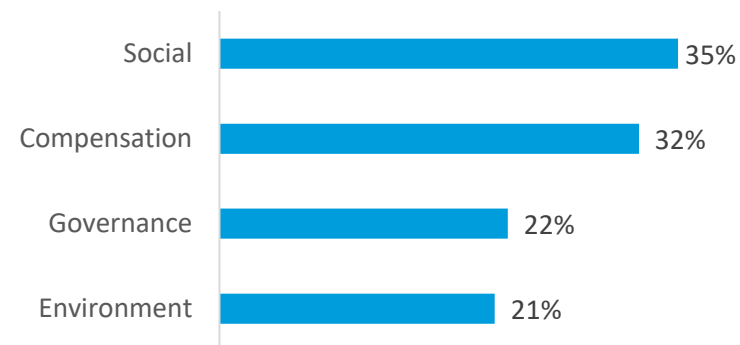
- **Environmental Reporting** – Supported **41%** of proposals requesting additional reporting on greenhouse gas emissions and climate change impacts
- **Diversity & Inclusion** – Supported **47%** of proposals requesting additional diversity & inclusion data
- **Political Spending** – Supported requests for political spending/lobbying disclosure when disclosure is lagging or if there is no evidence of board oversight
- **Simple Majority Standards** – Supported **90%** of proposals to reduce/eliminate supermajority thresholds
- **One Share, One Vote** – Supported all proposals seeking equal voting rights for outstanding stock

Figure 2. Votes Against Management



% of votes against Management for year ended June 30, 2022

Figure 3. Shareholder Proposal Support



% of votes for Shareholder Proposals against Management for year ended June 30, 2022



Understand How ESG Weighs into Investor Considerations to Make Your Next Engagement More Successful.

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What ZMH Can Do for You

*Our Proprietary **ESG Engagement Dashboard™** allows you to leverage technology and data to optimize your shareholder interactions.*

ZMH Advisors LLC. is a technology-based shareholder and ESG advisory firm. We combine two decades of corporate governance and investor engagement experience with next-gen data analytics to deliver customized solutions for clients ranging from pre-IPO to S&P 500 companies. Our data-driven approach is powered by a proprietary **ESG Engagement Dashboard™**, which provides unique insights on investors with \$50T AUM.

Know what could be asked during an engagement

Stay up to date on investor's ESG priorities

Access to 1000+ case studies & detailed analysis

Understand how investors will vote on your ballot

Gain access to 7M NPX voting records & governance policies

Contact information & key players at each firm

CONTACT US TO SCHEDULE A DEMO

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