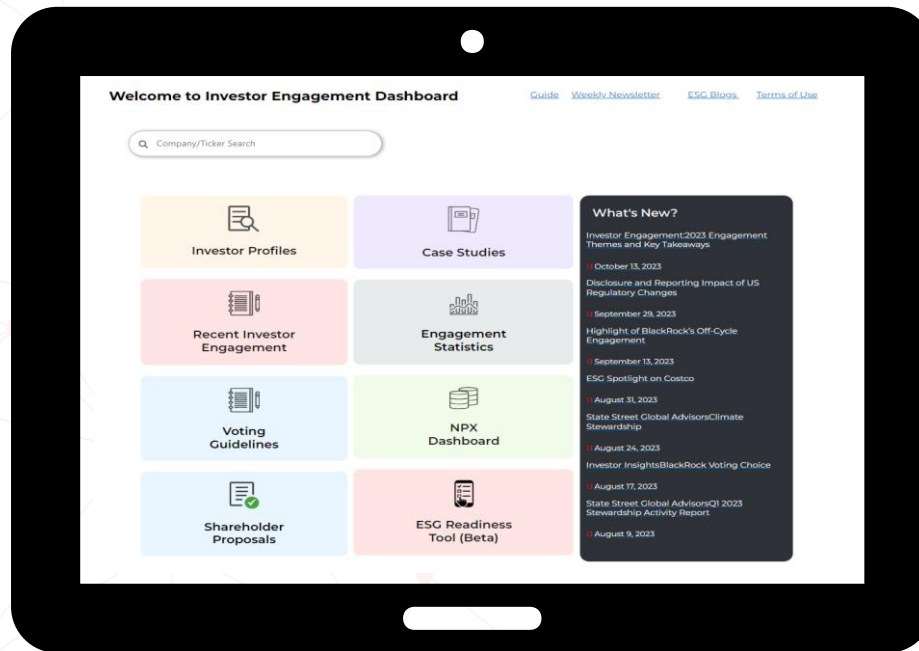




# ZMH Insights

*Powered by our Investor Engagement Dashboard*

## Shareholder Proposal Trends in 2023



*Engagement Simplified.*



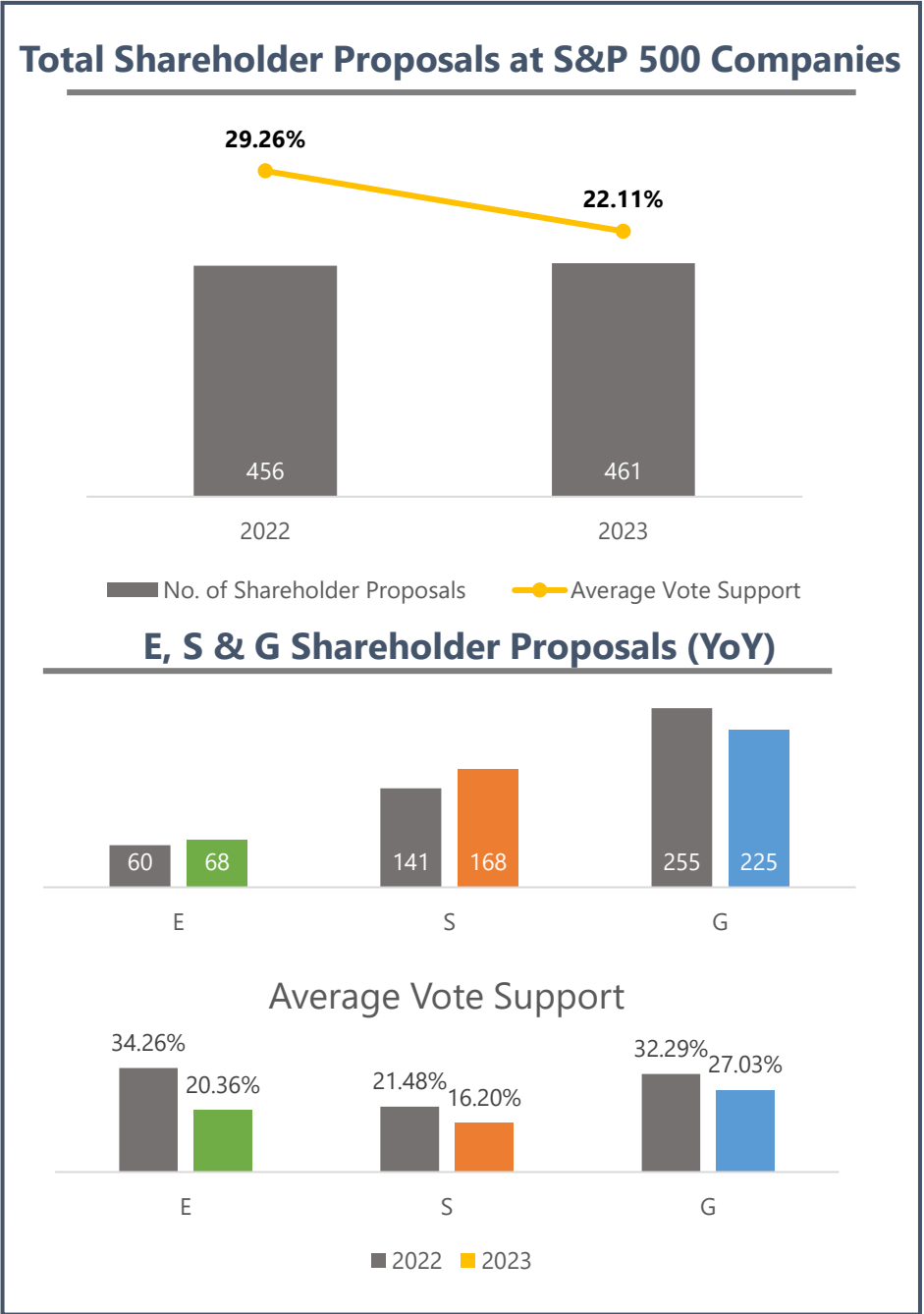
# Shareholder Proposals Trends for S&P 500 Companies

Through the first three quarters of 2023, the total number of shareholder proposals has already eclipsed the year-end totals for 2022 by 1.1%. As of September 30, 2023, 461 shareholder proposals have been voted upon at S&P 500 companies year to date, whereas 456 such proposals were registered at those companies for the entire 2022 calendar year.

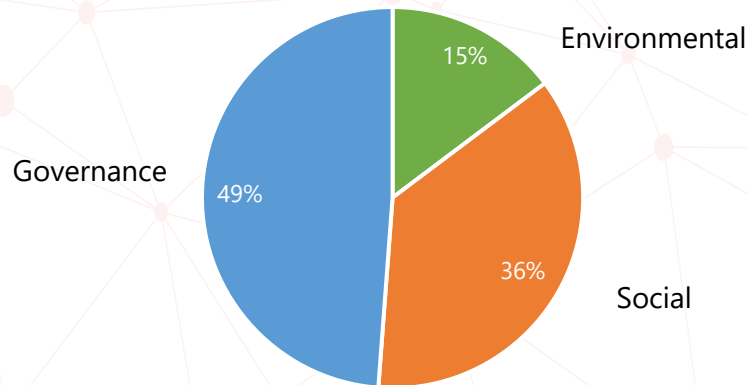
Despite the increase in volume, average support for shareholder proposals has waned, falling from 29.3% to 22.1%. This has impacted the success rate of shareholder resolutions as 43 passed in 2022 whereas only 20 has passed in 2023 year to date.

When examining proposals by theme, Environmental (E) & Social (S) resolutions saw comparable increases in quantity at 13.3% and 19.9% respectively, with year-over-year declines in average support levels of 13.9% and 5.3%, respectively.

Governance (G) proposals were the only resolutions to decline in quantity, falling from 255 in 2022 to 225 in 2023, with average support levels remaining relatively high declining from 32.29% to 27.03%.



## Shareholder Proposals by Theme



All Data is sourced from ZMH's Investor Engagement Dashboard®, which houses shareholder proposal data, insights and resources. Data is based on S&P 500 companies only and their AGM date. 2023 data includes January 1 – September 30<sup>th</sup>, 2023.

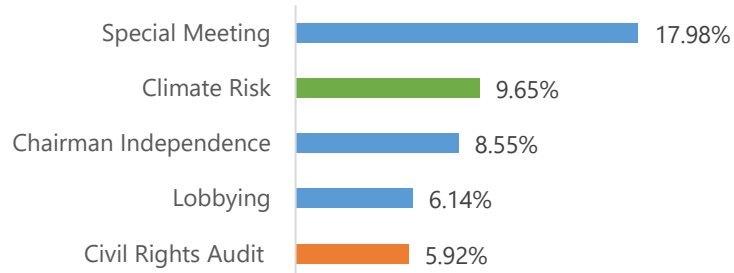


# Shareholder Proposals Trends and Key Takeaways for S&P 500 Companies

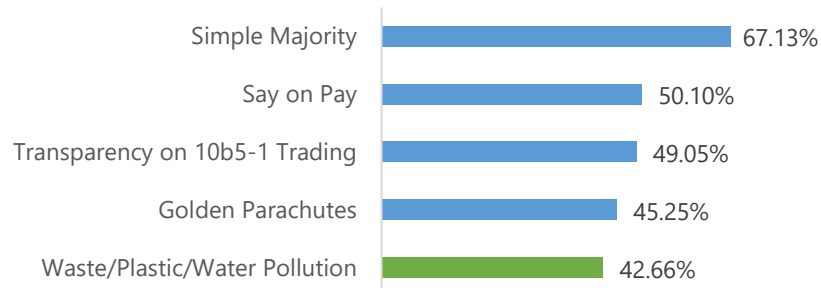
In 2023, none of the Environmental resolutions passed, and only 5 Social proposals and 15 Governance proposals passed at S&P 500 Companies. In 2022, a total of 43 shareholder proposals passed.

## 2022

### Most Common Themes



### Highest Average Vote Support by Theme

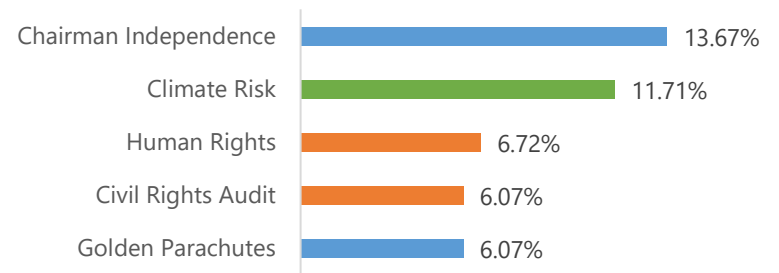


### Top Shareholder Proposal Themes that Passed

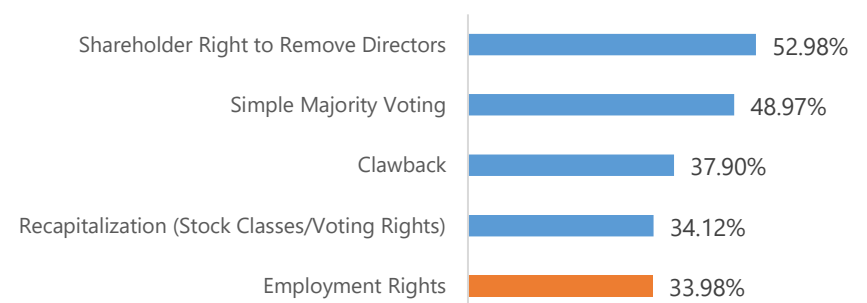
Number of Proposals Passed	Top 3 Most Common Themes Passed
<b>Governance (21)</b> <b>Environmental (12)</b> <b>Social (10)</b>	Climate Risk (9)
	Simple Majority (7)
	Special Meetings (6)

## 2023

### Most Common Themes



### Highest Average Vote Support by Theme





### Top Shareholder Proposal Themes that Passed

Number of Proposals Passed	Top 3 Most Common Themes Passed
<b>Governance (15)</b> <b>Social (5)</b>	Simple Majority (7)
	Special Meetings (6)
	Lobbying (2)



# Shareholder Proposals: 2023 Notable Case Studies

Voting disparities at three S&P 500 companies on shareholder proposals that received high levels of overall support in 2023

Company	Theme	Proposal	Vote Support	BlackRock	T.RowePrice 	 ALLIANCEBERNSTEIN	Vanguard
American Airlines	G	Enable Bylaws to be Updated by Simple Majority Vote	97.8%	<b>FOR</b> – We agree with the board's recommendation to vote FOR this proposal	<b>FOR</b> – We support the board undertaking a reasonable, cost-aware process to lower its supermajority provisions.	<b>FOR</b> – Based on AB's Shareholder Proposal Assessment Framework, the proposal appears to be value-additive.	<b>FOR</b> – Determined the proposal was aligned with Vanguard-advised funds' voting policy
Wells Fargo	S	Annual Report on Prevention of Workplace Harassment and Discrimination	52.3%	<b>AGAINST</b> – The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures	<b>AGAINST</b> – In our assessment, the company's existing level of disclosure on this topic is sufficient. Therefore, a vote with management is appropriate	<b>FOR</b> – The proposal requests specific information from the Company that could be value additive for shareholders, while allowing a degree of discretion for the Company to select the appropriate metrics for disclosure.	<b>FOR</b> – Determined the proposal addressed material risk(s), a gap in oversight or disclosure, and supported long-term investment returns. Proposal not determined to be overly prescriptive.
Starbucks	S	Assessment of Worker Rights Commitments	52.0%	<b>AGAINST</b> – Proposal is not in shareholders' best interests	<b>AGAINST</b> – A vote with management is appropriate as the company has already committed to provide the requested disclosure. The relevant labor rights issues are within the scope of the company's pending human rights review.	<b>FOR</b> – Although Starbucks provided an update that its human rights impact assessment will be conducted by independent third parties as requested by the proponent group, support for the proposal is warranted in light of the ongoing controversies around the Company's anti-unionization activities and to further encourage that the Company fulfills its commitment.	<b>AGAINST</b> – Did not support the shareholder proposal because of the company's commitment to engage independent third parties to conduct a human rights impact assessment, inclusive of workers' rights. That combined with our assessment that the board appeared to be taking appropriate steps to remediate and address the risks.



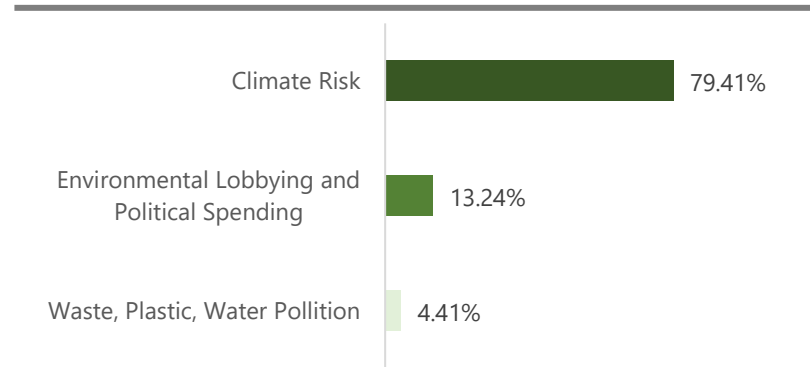
# Appendix: Environmental Shareholder Proposals

Climate Risk related proposals was No. 1 among Environmental proposals and No. 2 among all shareholder proposal themes on the ballot in 2023

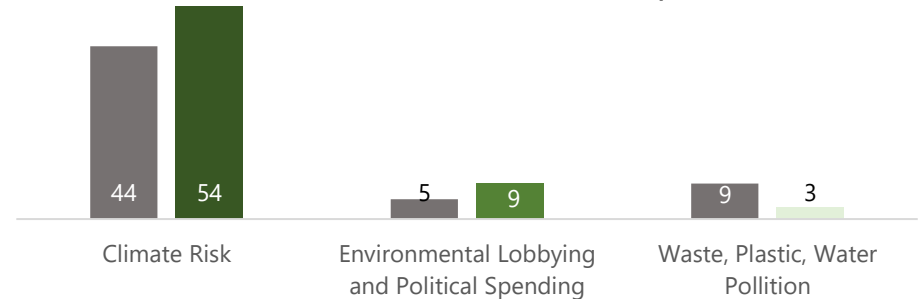
## Top Environmental Proposal Themes in 2023:

- 1. Climate Risk (average support received 19.94%)** - Typically include requests related to climate transition plans, GHG emissions (Scope 1, 2 & 3), policies, strategies, along with net zero reduction goals and alignment with the Science Based Targets initiative (SBTi).
- 2. Environmental Lobbying & Political Spending (average support received 23.26%)** - Increased disclosure and reporting around a company's lobbying practices related to climate and environmental political spending.
- 3. Waste, Plastic & Water Pollution (average support received 25.78%)** - Most often pertaining to a company's contribution to plastic pollution and use of sustainable packaging, recycling initiatives and pollution prevention capabilities.

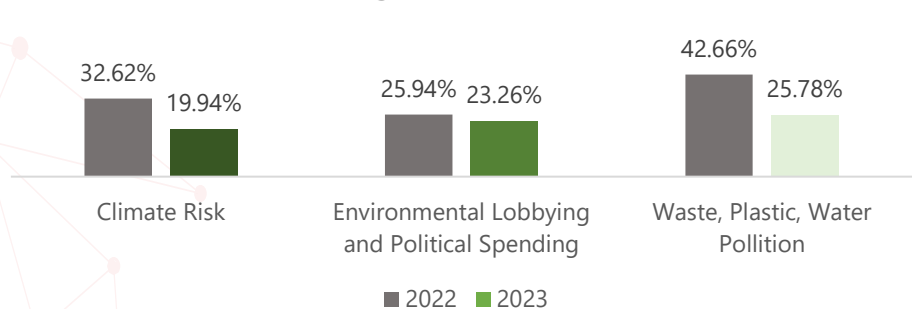
## Top Environmental Proposals



## No. of Shareholder Proposals (YoY)



## Average Vote Support



## Primary proponents of environmental related proposals in 2023 included:

- As You Sow
- Green Century Capital Management
- John Chevedden
- Mercy Investment Services



# Appendix: Social Shareholder Proposals

Social Proposals related to both Human Rights and Civil Rights Audit appeared in the top 5 overall proposal themes for 2023

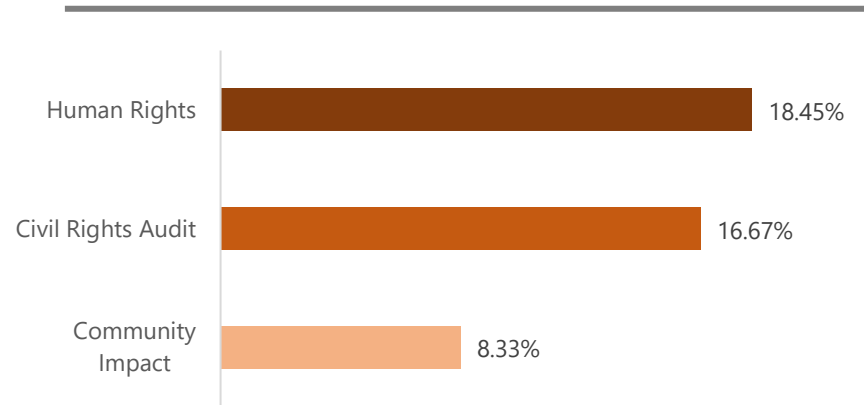
## Top Social Proposal Themes in 2023:

- 1. Human Rights (average support received 10.60%)** - Disclosure regarding to the impact assessment of the risks of doing business in countries with significant human rights concerns (most commonly China) and human rights impacts pertaining to specific products and industry operations.
- 2. Civil Rights Audit (average support received 11.86%)** - Topics typically include workplace discrimination and audits of workplace practices and policies. This year we also saw proposals included by "anti-ESG" proponents pertaining to discrimination against non-diverse employees, religious and/or political views.
- 3. Community Impact (average support received 14.25%)** - Reporting transparency and disclosure around community provisions and employee services related to a company's social license to operate

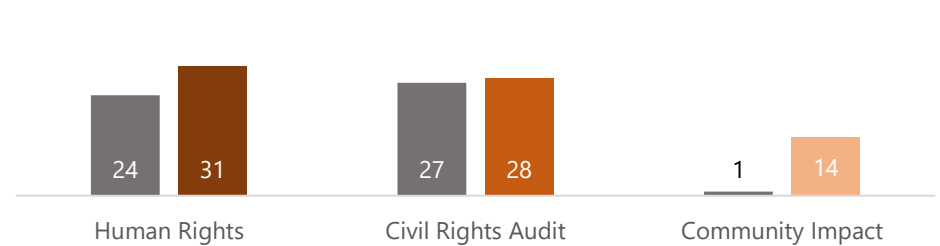
## Primary proponents of social related proposals in 2023 included:

- The New York State Comptroller
- Trillium Asset Management
- As You Sow
- The National Center for Public Policy Research
- The National Legal and Policy Center
- Arjuna Capital
- James McRitchie

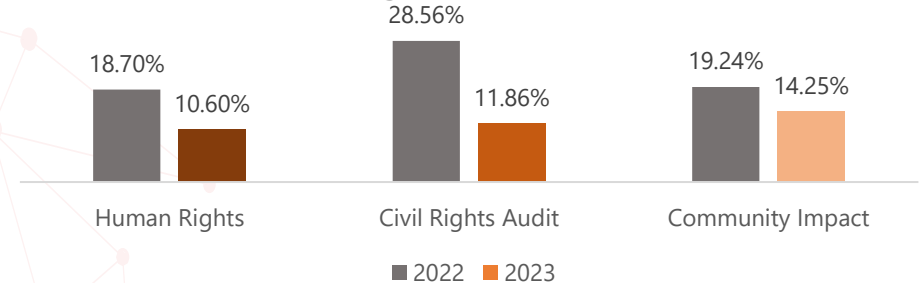
## Top Social Proposals in 2023



## No. of Shareholder Proposals (YoY)



## Average Vote Support



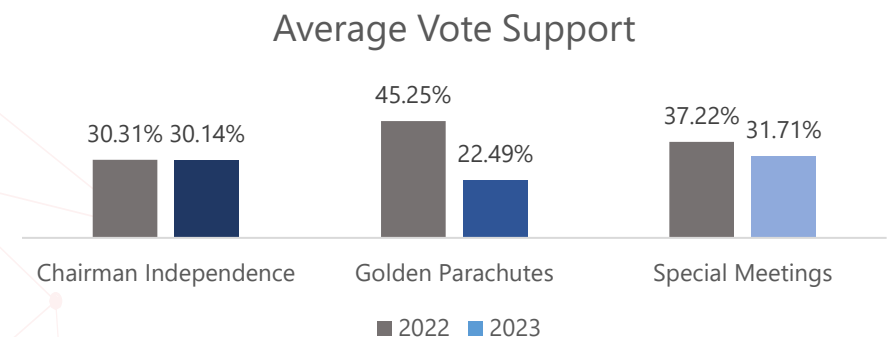
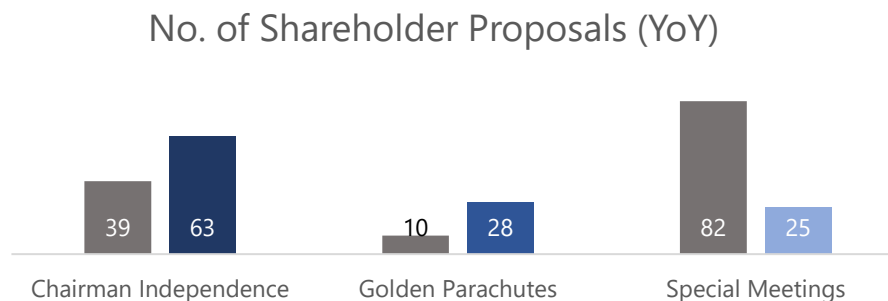
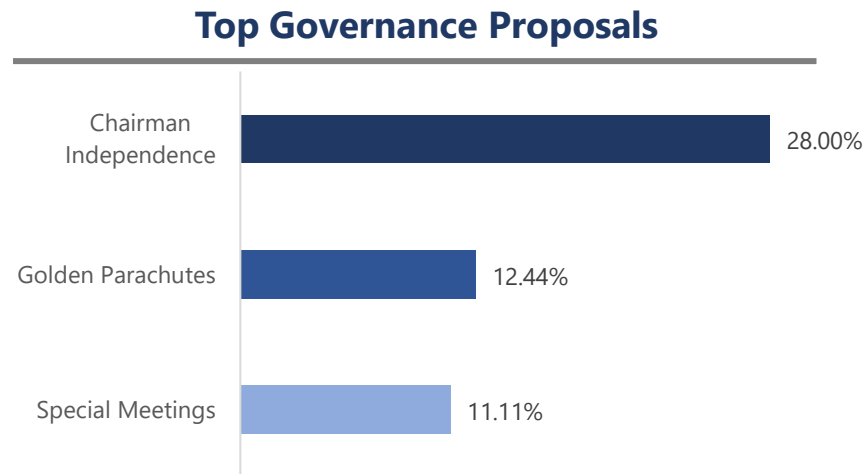


# Appendix: Governance Shareholder Proposals

Governance Proposals related to Chairman Independence was the No.1 most common proposal theme in 2023

**Top Governance Proposal Themes in 2023:**

- 1. Chairman Independence (average support received 30.14%)** - Typically relating to separation of the position of CEO & Chairperson of the board.
- 2. Golden Parachutes (average support received 22.49%)** - Ratification of excessive termination pay, and related equity awards.
- 3. Special Meetings (average support received 31.71%)** - Shareholder right to call a special meeting and/or improve current threshold requirements regarding such a right.



### Primary proponents of governance related proposals in 2023 included:

- John Chevedden
- Kenneth Steiner
- National Legal and Policy Center
- Myra K. Young
- James McRitchie





# What ZMH Can Do for You

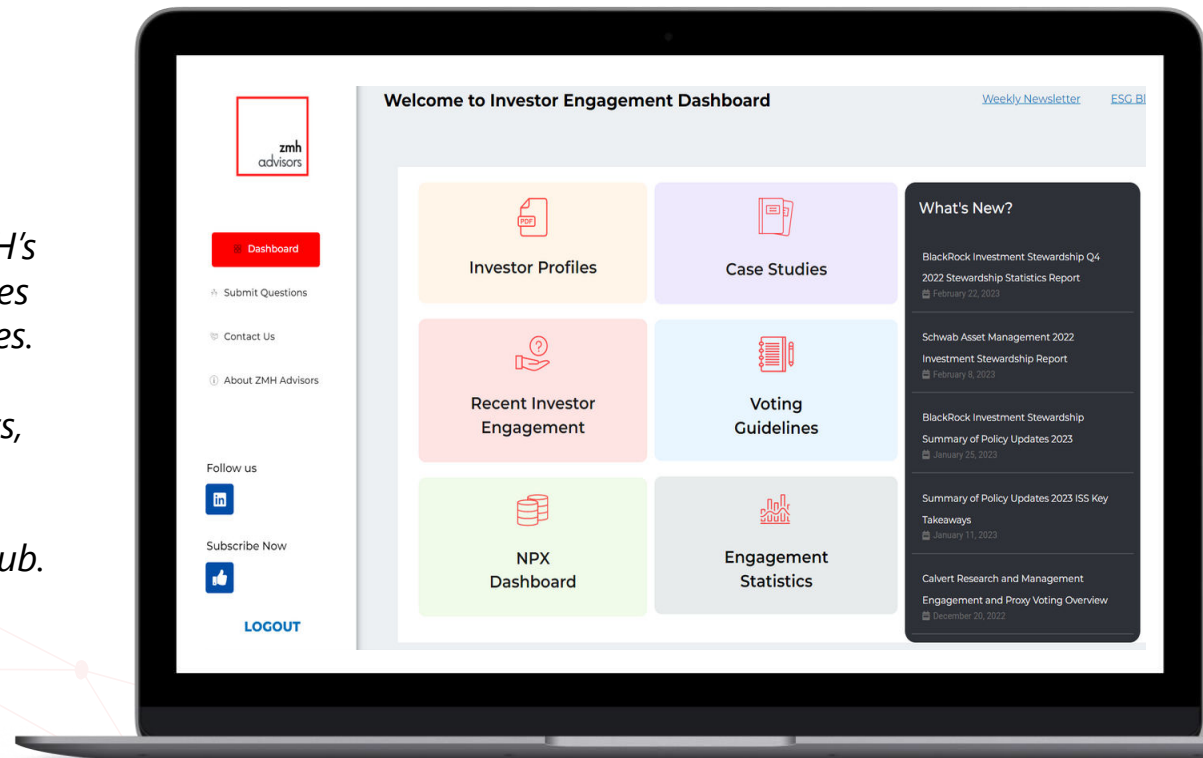
[ZMH Advisors](#) is a technology-based shareholder and ESG advisory firm revolutionizing how companies approach corporate governance and investor engagement. Our mission is simple yet transformative: to make ESG strategy and shareholder engagement more impactful, efficient, and effective through the application of AI and Big Data.

## Learn More about ZMH's Investor Engagement Dashboard

*All data in this document was sourced from ZMH's Investor Engagement Dashboard®, which houses shareholder proposal data, insights and resources.*

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## SHAREHOLDER PROPOSALS

Company Name	Ticker	Year	Proposal	Proponent	Percentage For	Vote Outcome
<b>3M Company</b>						
MMM	2022	Report on environmental costs	John Montgomery as trustee of The John Bishop Montgomery Trust	13.16%	Fail	<a href="#">View Details</a>
MMM	2022	Communist China Audit	Steven J. Milloy	3.24%	Fail	<a href="#">View Details</a>
<b>A. O. Smith Corporation</b>						
AOS	2023	Assessing Inclusion in the Workplace	NorthStar Asset Management, Inc. Funded Pension Plan	8.98%	Fail	<a href="#">View Details</a>
<b>Abbott Laboratories</b>						
ABT	2023	Special Shareholder Meeting Improvement	John Chevedden	4.29%	Fail	<a href="#">View Details</a>
ABT	2023	Independent Board Chairman	Kenneth Steiner	30.45%	Fail	<a href="#">View Details</a>
ABT	2023	Shareholder Proposal on Lobbying Disclosure	The Province of Saint Joseph of the Capuchin Order and Proxy Impact on behalf of Henry E. Van	22.97%	Fail	<a href="#">View Details</a>
ABT	2023	Shareholder Proposal on Incentive Compensation	The Shareholder Association for Research & Education, on behalf of HLB Investments LLC	14.44%	Fail	<a href="#">View Details</a>

## SEC NO-ACTION LETTERS

Company	Shareholder Proponent	Submission Date	Initial submission	Basis for Exclusion
Oracle Corporation	Change Finance, P.B.C.	8/18/2023	<a href="#">Link</a>	Rule 14a-8(i)(3) Rule 14a-8(i)(7)
Fox Corporation	Anne Butterfield	8/15/2023	<a href="#">Link</a>	14a-8(i)(10)
Fox Corporation	Kenneth Steiner	8/14/2023	<a href="#">Link</a>	14a-8(i)(3) 14a-8(i)(7)
Cisco Systems	Kenneth Steiner	7/21/2023	<a href="#">Link</a>	Incoming. To be determined.
Texas Pacific Land Corporation	Gabriel Glikberg	7/21/2023	<a href="#">Link</a>	Incoming. To be determined.
Texas Pacific Land Corporation	Jason Hubert	7/21/2023	<a href="#">Link</a>	Incoming. To be determined.
Texas Pacific Land Corporation	Lion Long Term Partners LP	7/21/2023	<a href="#">Link</a>	Incoming. To be determined.
Texas Pacific Land Corporation	Special Opportunities Fund	7/21/2023	<a href="#">Link</a>	Incoming. To be determined.

- Shareholder Proposals for S&P500 companies
- Smart Search Feature: Search by Proponent, Resolved Statement, Vote Result (Pass/Fail), and link to proxy statement
- Proposal text searchable by ESG categories and keywords

- Real-time repository of SEC No-Action Letters
- Smart Search Feature: Search proposal text, request for no-action, and SEC staff response by keywords and themes
- Links to underlying proposal, request for no-action, and SEC's response