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Environmental, Social Policy & Related Corporate Governance Issues in Proxy Season 2023

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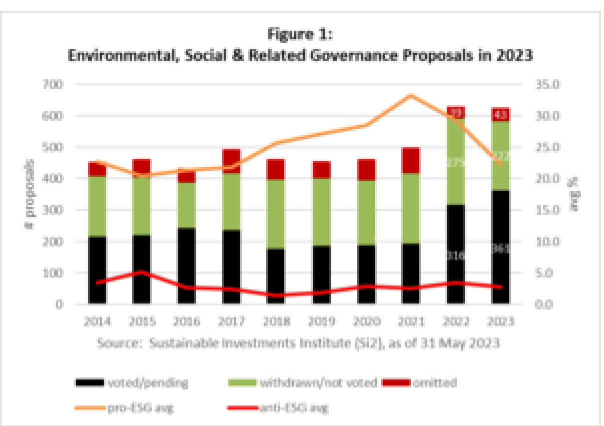
As of mid-February, shareholder proponents had filed at least 542 shareholder resolutions on environmental, social and related sustainable governance issues for the 2023 proxy season, about the same as in 2022; by the end of May this rose to 626—clearly on track to exceed last year's unprecedented final total of 627. A shift at the Securities and Exchange Commission (SEC) dramatically cut the number of proposals omitted in 2022 and far fewer companies submitted challenges in 2023. As of May 31, 2023, 43 proposals had been omitted, compared with 39 in all of 2022. The lower number of withdrawals apparent in February has continued and as of May 31, only 222 have been withdrawn or were not voted for other reasons, compared to 275 in all of 2022. Addition negotiations in engagements continued, but overall agreements seem less likely in 2023.

Record high votes on many issues in 2021 appear to have prompted both more filings in 2022 and — to some extent — more expansive proposals. After the average vote then fell, though, proponents reframed some 2023 requests to be less specific, but what appears to be an anti-ESG contagion nonetheless appears to have persuaded a number of big investors not to support shareholder proposals this year. While the war in Ukraine and a tumultuous energy market might have affected climate change proposals, the impact seems broader even though the fundamental risks and opportunities posed by ESG issues remain unchanged and have even grown more urgent in the intervening year.

Key shifts for 2023: The two biggest changes for 2023 are a continued increase in climate change proposals and a significant expansion of resolutions about reproductive health, in response to the U.S. Supreme Court Dobbs decision last June that is prompting a wave of restrictions nationwide. Also new are proposals pressing companies to commit (or recommit) to international standards that protect the right to organize unions. Corporate political influence resolutions are now split in three roughly equal buckets: lobbying, election spending and values congruency (between company policies and the viewpoints of recipients). As discussed elsewhere, anti-ESG resolutions continue to proliferate even though they have not earned any more support; their topics closely match right-wing politicians' political talking...



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