

Shareholder Proposals



GLASS LEWIS

Proxy Season Review 2021

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About Glass Lewis

Glass Lewis is the world's choice for governance solutions. We enable institutional investors and publicly listed companies to make sustainable decisions based on research and data. We cover 30,000+ meetings each year, across approximately 100 global markets. Our team has been providing in-depth analysis of companies since 2003, relying solely on publicly available information to inform its policies, research, and voting recommendations.

Our customers include the majority of the world's largest pension plans, mutual funds, and asset managers, collectively managing over \$40 trillion in assets. We have teams located across the United States, Europe, and Asia-Pacific giving us global reach with a local perspective on the important governance issues.

Investors around the world depend on Glass Lewis' [Viewpoint](#) platform to manage their proxy voting, policy implementation, recordkeeping, and reporting. Our industry leading [Proxy Paper](#) product provides comprehensive environmental, social, and governance research and voting recommendations weeks ahead of voting deadlines. Public companies can also use our innovative [Report Feedback Statement](#) to deliver their opinion on our proxy research directly to the voting decision makers at every investor client in time for voting decisions to be made or changed.

The research team engages extensively with public companies, investors, regulators, and other industry stakeholders to gain relevant context into the realities surrounding companies, sectors, and the market in general. This enables us to provide the most comprehensive and pragmatic insights to our customers.

Join the Conversation

Glass Lewis is committed to ongoing engagement with all market participants.

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Report Methodology

In this analysis, which covers shareholder proposals that went to a vote at U.S. companies with meetings between January 1 and June 30, 2021, all calculations regarding shareholder support for both management and shareholder proposals represent the total votes “for” a given proposal over the total votes “against” the proposal and exclude abstentions and broker non-votes. We have also excluded shareholder proposals at certain special and contested meetings, as those proposals are often duplicated or are highly specific to firm operations and management.

We have also excluded certain proposals related to specific business transactions (e.g., self- tender offers and termination of management and advisory agreements) as they are commonly transactional in nature and do not specifically relate to environmental, social, compensation or governance issues.

Lastly, we recognize that environmental, social, compensation and governance-related shareholder proposals are not always mutually exclusive. As such, we have attempted to classify proposals suitably, while acknowledging the existence of crossover classifications.

If you have any comments or feedback regarding this review, [please get in touch](#).

Executive Summary

Dear clients, customers, and shareholders,

The events of 2020 sent a shock wave through the global system and disrupted many patterns and assumptions. As the world struggles to find its “new normal,” it is unclear what ultimate impact the COVID-19 pandemic, social justice movements, and a changing climate will have on companies and investors. However, one thing is clear: ESG is an integral part of the new normal.

Looking back over the last two years, it is evident that there has been a significant paradigm shift in the expectations of investors on matters related to ESG. No longer the sole purview of NGOs or activist investors, ESG has now evolved into a mainstream consideration. It is further clear that matters related to ESG can no longer simply be classified as a trend, given the important role they play in nearly every aspect of investors’ decision making. This evolution has arguably been furthered as a result of a growing understanding that environmental and social issues can have a real and devastating impact on companies’ bottom lines if they are not properly managed.

One of the areas where we have seen the fastest growth is with respect to climate change. It no longer elicits images of polar bears on ice drifts. Rather, many investors view this as a systematic risk and are grappling with the devastating impacts of fires, floods and other severe weather effects that have consistently disrupted the normal course of business for many individuals and companies. Although many investors have chosen to divest from companies that they view as particularly problematic, others have chosen a more active approach and are looking to mitigate risks through engagement, which includes proxy voting. Glass Lewis has sought to assist our clients in this regard by releasing in late 2020 an innovative thematic voting policy based on climate-related issues and using elements of our research in order to help clients customize voting policies such that they better are able to incorporate climate-related considerations.

As the world settles into its post-COVID new normal, it’s clear that issues related to ESG will continue be a driving force for many companies and investors. The dire forecasts related to a changing climate and movements, including those fighting for racial equity, have undoubtedly shaped the world we are all living in and are very likely to continue to play a leading role in investment decisions.

Glass Lewis understands the value of these considerations and it looks to support its clients with pioneering solutions that allow them to more effectively integrate ESG considerations into their proxy voting and engagement activities. We offer voting policies, engagement services, and research that allow clients to understand and take action to mitigate environmental and social risks in their portfolios and we are eager to partner with our clients to help them meet their ESG-related goals.

Kind Regards,



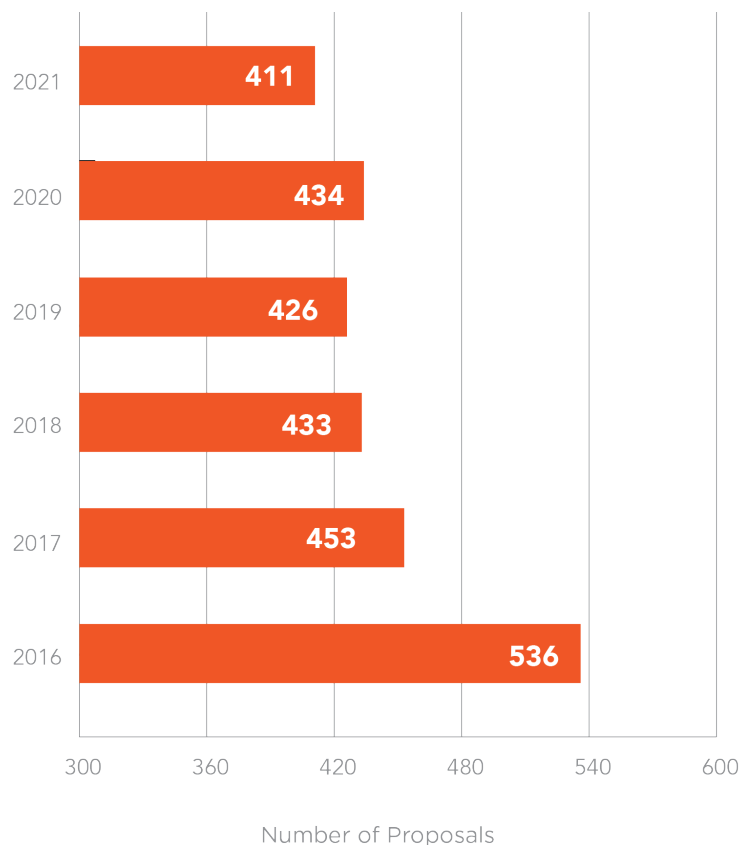
Courteney Keatinge

Senior Director, Environmental, Social & Governance Research

Overview

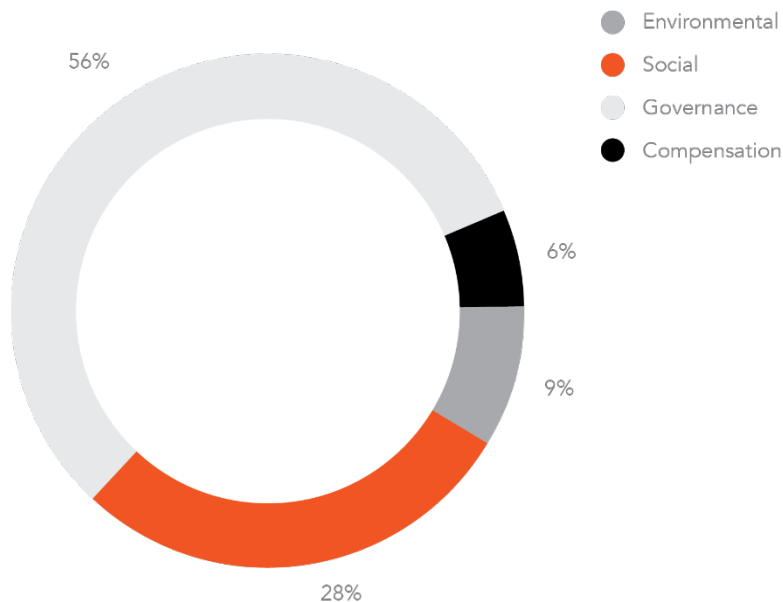
There has been a sea change in how investors engage with and view the responsibilities of public companies. In just the last four years, ESG has gone from a fringe issue that was largely the realm of socially-responsible or activist investors to one that is incorporated in the investment philosophies of most major, mainstream investors. Although ESG issues are considered by investors in every step of the investment decision-making process, the effects of investors' embrace of ESG-related issues is arguably most apparent through how these investors are voting on these issues at companies' annual and extraordinary general meetings (AGMs and EGMs).

Number of Shareholder Proposals



During the 2021 proxy season, issues related to climate change, human capital management, and racial equity were highlighted, with proposals on many of these topics frequently receiving strong, if not majority, shareholder support. Shareholders are clearly communicating to companies that a single focus on the bottom line with an exclusion to other considerations is no longer sufficient. Instead, investors have signaled to the market that they expect companies to be good corporate citizens, with a view to their environmental and social impacts and a focus on their impacts on stakeholders. At a number of different companies, investors were

strongly behind proposals asking for reporting on employee diversity, climate preparedness, and companies' impacts on communities of color. Shareholders also supported a number of proposals asking companies to adopt GHG emission reduction targets and to consider the impacts of their use of mandatory arbitration on employees. Moreover, companies are increasingly agreeing to these investor demands on a more proactive basis, with boards recommending support for shareholder proposals on topics including climate reporting and deforestation.



More evidence that ESG issues are being considered more thoroughly and holistically by companies and investors alike is the migration of ESG-related issues to management proposals. Shareholder proposals have long been the exclusive realm of voting on environmental and social issues. However, issuers are more commonly proactively addressing these topics through management proposals. The most notable example of this is the adoption of advisory votes on companies' climate transition strategies, or Say on Climate votes. Though largely a European phenomenon, several U.S. companies adopted the mechanism in 2021, and others faced shareholder proposals asking them to. Although investors have decidedly mixed views on these proposals, as discussed later in this report, it seems clear that the global proliferation of Say on Climate is promoting better and more thorough reporting from companies on their climate-related risks and opportunities.

Even more evidence that environmental and social issues have gone mainstream was the contested meeting at **Exxon Mobil Corporation** in 2021. Spearheaded by a new activist fund, Engine No. 1, and supported by pension funds including the California State Teachers' Retirement System, Exxon was challenged to appoint new directors to its board on account of investor concerns regarding the oil major's climate transition strategies and assumptions. In addition to several longstanding governance concerns, the dissident campaign was largely focused on Exxon's potential overreliance on carbon capture and storage to ease it into a low-carbon future. This campaign resonated with many shareholders and resulted in three of the dissident's four proposed directors being appointed to the board.

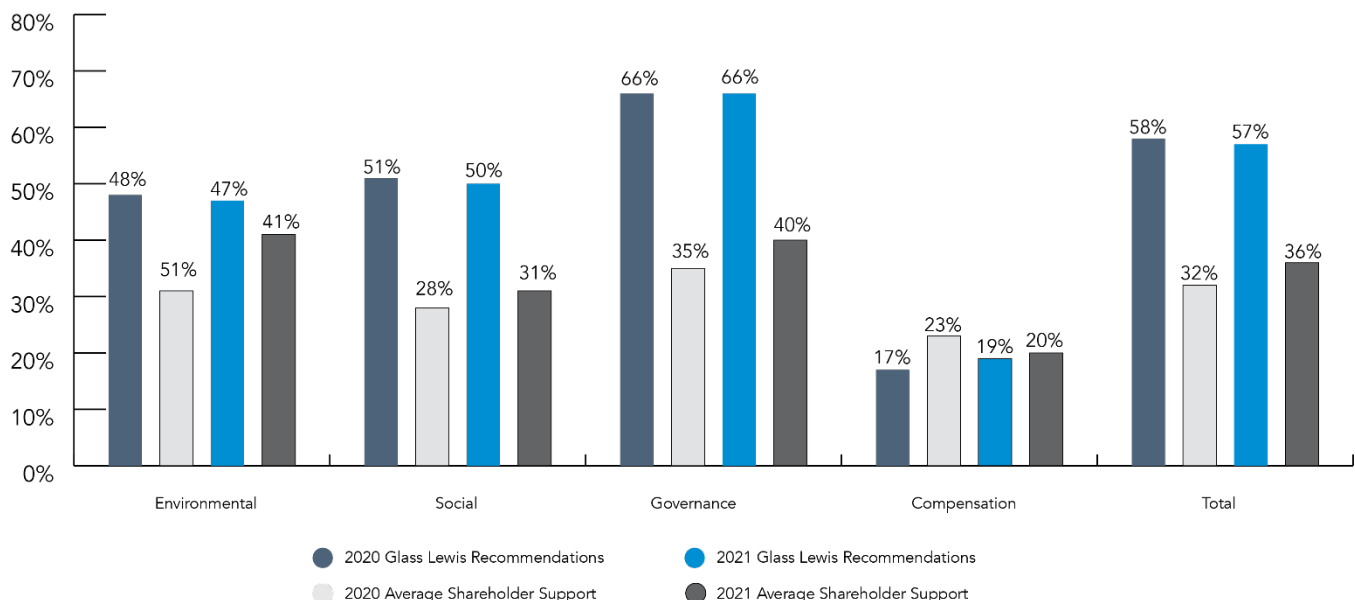
The argument that investors are more engaged on environmental and social issues is also supported on a more macro level. Average shareholder support for environmental proposals jumped from 31% to 42% in the course of a single year, and support for social proposals rose from 28% to 31%. There also was a higher proportion of majority-supported environmental and social proposals in 2021 than in previous years. Although anywhere between 12-18% of proposals that go to a vote have received majority shareholder support from year to year, the proportion of those proposals that are environmental and social in nature has grown significantly; these proposals have comprised 16%, 35%, and 46% of majority-supported proposals over the last three years, respectively.

Given this movement, it is clear that issues related to ESG are not just a passing trend, but viewed as integral to many shareholders' investment decisions. A growing number of companies are also embracing environmental and social issues, as a result of demand from stakeholders and shareholders, and in order to drive more sustainable returns. As will be discussed throughout the rest of this report, we have witnessed changing views with respect to a variety of important issues and an increasing emphasis on materiality, employment practices, and companies' responses to climate change, among other important ESG-related issues. It is our view that these proposals will increasingly play a crucial role in investors' engagement with companies on important environmental, social, and governance issues.

Shareholder Support

Shareholders' understanding of the importance of many ESG-related issues has continued to mature and their commitment to ensuring that companies are performing in a financially, socially, and environmentally responsible manner has continued to grow and evolve. In recent years, this trend has correlated with increasing support for a number of types of shareholder resolutions. Therefore, it was somewhat unsurprising that average support for shareholder resolutions rose from 31.7% in 2020 to 36% in 2021.

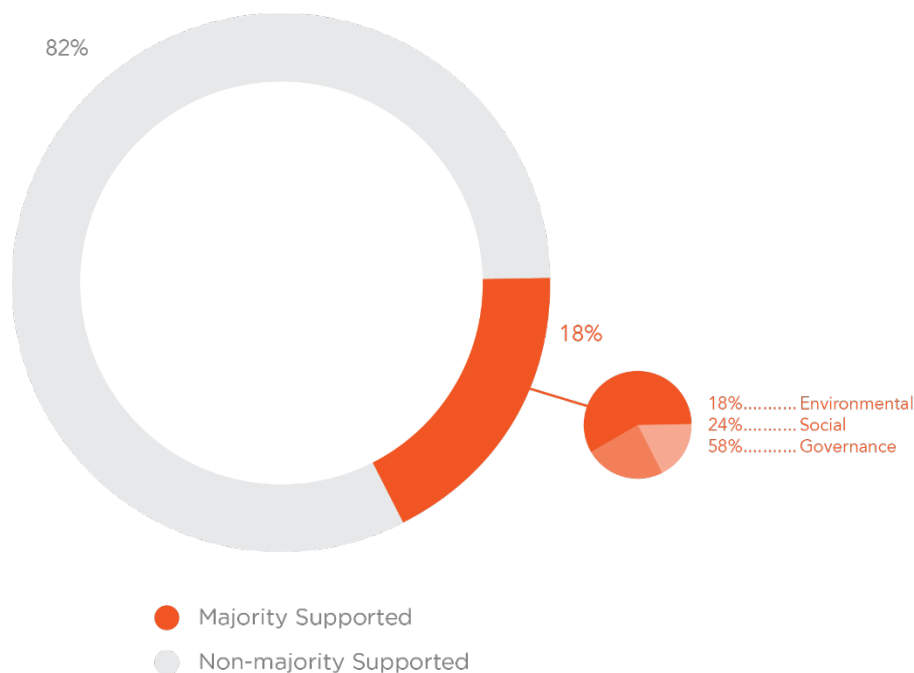
Shareholder Support vs GL Recommendations



This rise in shareholder support for shareholder resolutions occurred for many different types of proposals. The most dramatic increase was in support for environmental proposals, which received 10% higher average support in 2021 than in the prior year (31% versus 41%). While less dramatic, every other category, except for compensation-related proposals, also saw an increase in year-over-year average support.

However, compensation proposals tend to be outliers, in that the number of these proposals has been on a fairly consistent decline, and support levels have remained consistently lower than other types of proposals for the last five years. For example, since 2017, average support for environmental proposals has ranged from 25% (2019) to 41% (2021) and governance proposals have ranged from 37% (in both 2018 and 2019) to 40.5%. Moreover, when looked at together, average support for environmental and social proposals has been growing consistently since at least 2015, with the exception of a slight decrease in support in 2020 (27% average support in 2019 vs. 26% in 2020). By contrast, average shareholder support for compensation proposals has never risen above 23% (2020), with the lowest average shareholder support of 17% (2017).

Majority-Supported Shareholder Proposals



This rise in support is accompanied by an increasing number of majority-supported shareholder proposals; 2021 saw more shareholder proposals receiving over 50% support than any of the last five years. Moreover, the year-over-year growth in the number of these proposals is notable, as is the proportion of those proposals that dealt with environmental and social topics; the number of majority-supported proposals rose from 54 in 2020 to 74 in 2021, with environmental and social proposals representing 19 and 34 of those proposals, respectively. To compare, in 2015, only one environmental and social shareholder proposal received majority shareholder support. This further demonstrates the shifting landscape and investors' increasing focus on environmental and social issues.

To further put this shift in context, in 2019, governance proposals comprised 81% of majority-supported proposals, which is fairly unsurprising given the fact that governance has become a fairly uncontroversial issue. Proposals seeking best practice governance changes, for example to declassify the board, implement a majority voting standard for director elections, or eliminate supermajority voting requirements, often enjoy high support. Furthermore, in 2019, no shareholder proposals on environmental issues received over 50% shareholder support.

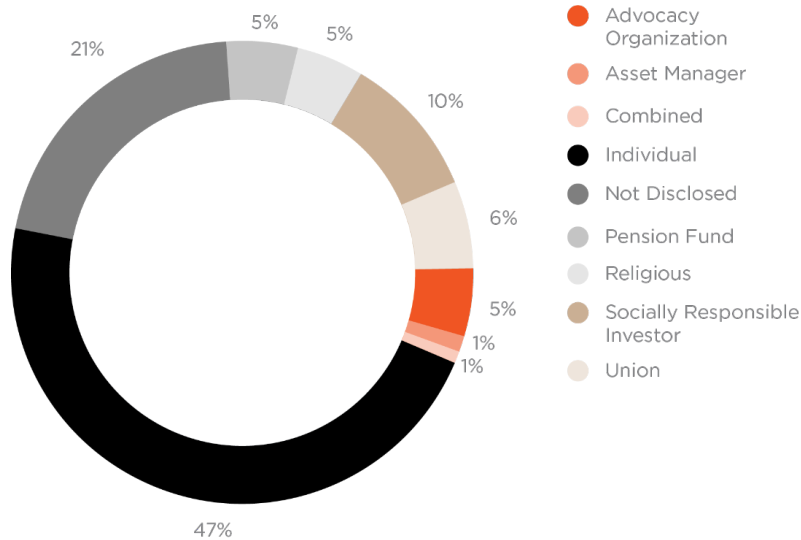
In 2021, however, the composition of majority supported proposals shifted significantly; only 58% of these proposals were governance-related (down from 66% in 2020), and the remaining 42% of majority-supported proposals touched on environmental and social issues (up from 33% the prior year). No compensation-related proposals received majority shareholder support in 2021.

Although overall support for shareholder proposals rose on a year-over-year basis, the proportion of shareholder resolutions for which Glass Lewis recommended in favor decreased slightly from 58% in 2020 to 57% in 2021. However, when broken down by category, while our support for all other categories declined on a year-over-year basis, the only types of proposals for which Glass Lewis recommended a higher proportion were those dealing with compensation issues, which increased slightly. In all other categories, our recommended support for proposals either remained consistent or decreased very slightly. However, it should be noted that we have seen a dramatic shift in our support for environmental proposals over the last three years. In 2019, we recommended support for approximately 20% of these proposals, whereas in 2020 and 2021, we recommended in favor of 48% and 47% of environmental proposals, respectively. As we will discuss later in the report, this is largely a function of the types and targeting of the proposals that have gone to a vote in recent years, as opposed to any significant shift in our policies or approaches.

Proponents

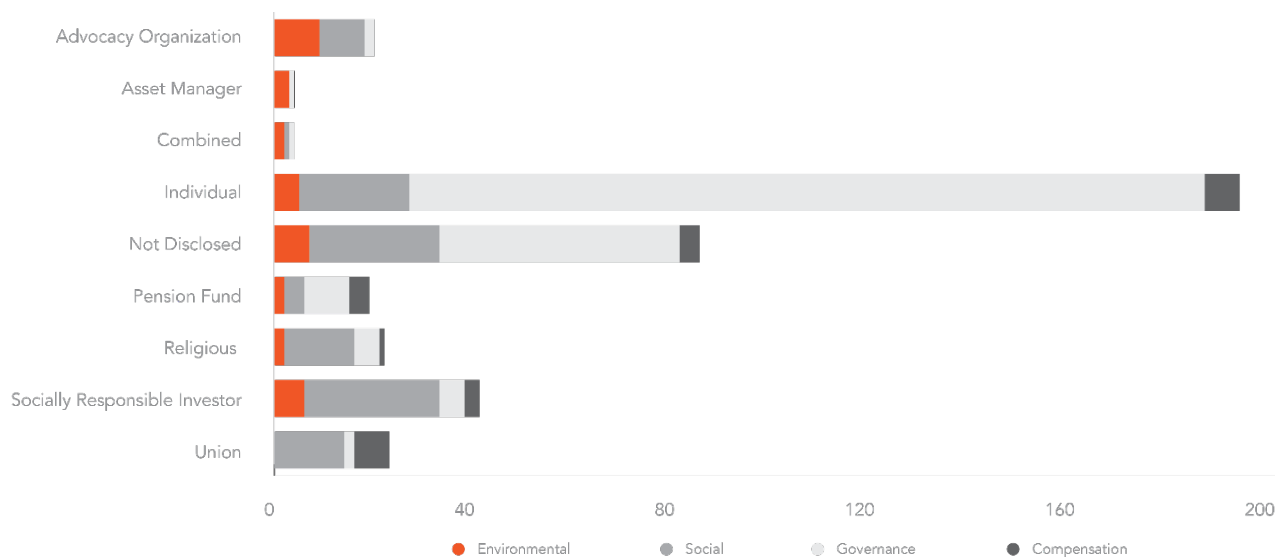
As with previous proxy seasons, individual investors submitted the most shareholder proposals. In fact, the number and proportion of proposals submitted by individual investors has increased fairly substantially over the past several years; in 2017 individual investors submitted just 128 proposals, while in 2021, this number grew to 193, up from 164 the prior year. Support for these proposals increased on a year-over-year basis, from 35% to 38% in 2021. This increase may be largely explained by the fact that, in 2020, individual investors started submitting a new type of proposal requesting that companies receive shareholder approval for all bylaw amendments, which appeared 18 times in 2020 and received very little support. In 2021, none of these proposals went to a vote and were instead replaced by more traditional shareholder proposals such as those requesting the elimination of supermajority votes, adoption of written consent, or the appointment of an independent chair, all of which typically receive relatively strong support.

Types of Shareholder Proponents



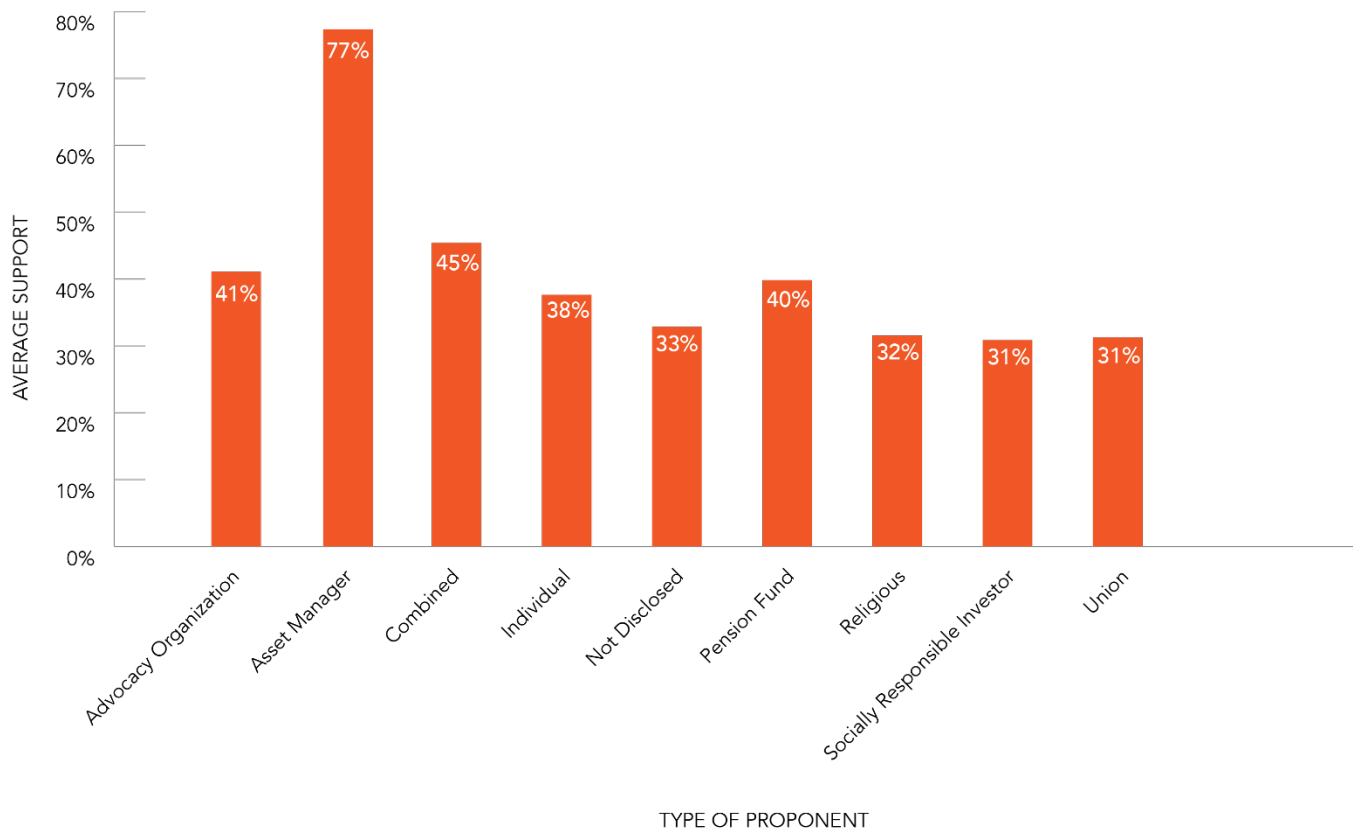
We also saw a welcome decrease in the number and proportion of undisclosed shareholder proponents. However, despite this decrease over 20% of proposals were submitted by proponents for which companies failed to provide any identifying information. While some companies argue that, by identifying shareholder proponents, they satisfy proponents who would like to “see their names in lights,” we believe that disclosing the identity of the proponent provides investors with crucial information as to the nature and ultimate intention of the proposal being submitted to a vote. Accordingly, we view this lack of transparency to be somewhat concerning, particularly given the increasing importance of the role of shareholder proposals in investor communication and engagement with portfolio companies.

Types of Proposal by Proponent



For the second year in a row, asset manager proponents had the highest support of any of the groups. However, this group also submitted the fewest proposals, and their proposals are often governance-related and come in the form of an activist campaign. For example, asset managers have traditionally submitted proposals requesting that directors stand for annual election and that they adopt a majority voting standard. These proposals often receive significant support, especially in the context of a contested situation.

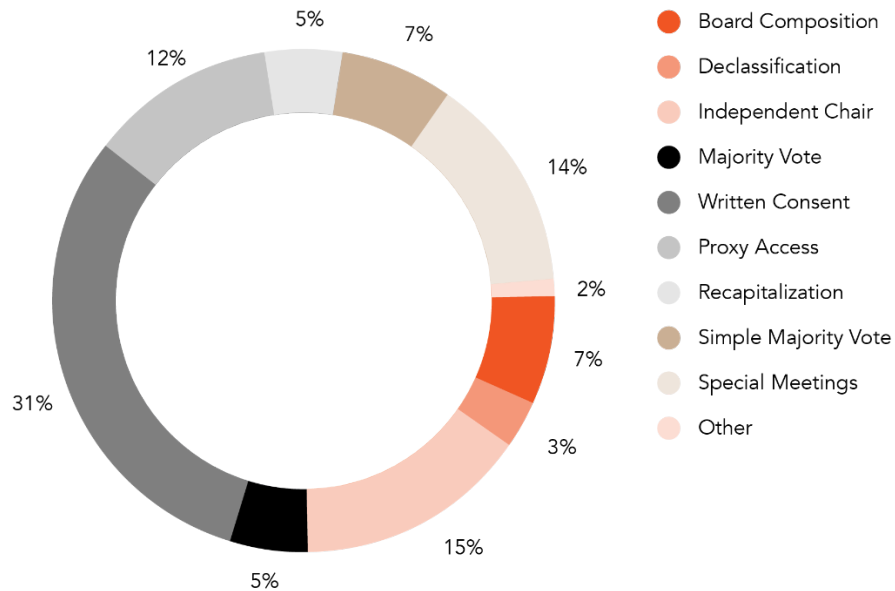
Shareholder Support, by Proponent



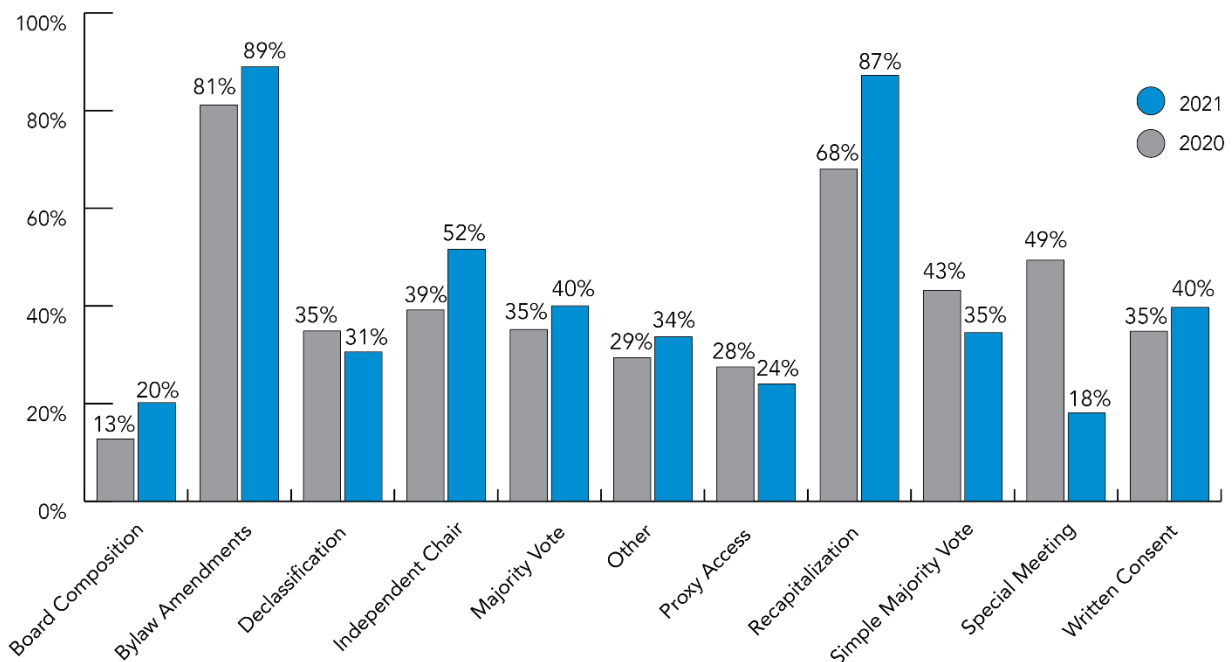
Notably, there were also a number of proposals submitted by this group on environmental and social issues. For example, BNP Paribas targeted two companies (**Delta Air Lines, Inc.** and **Exxon Mobil Corporation**) with a request for more information on how their lobbying activities are aligned with the Paris Agreement, receiving majority shareholder support in both instances. Further, Storebrand Asset Management, alongside Green Century Fund, submitted a management-supported shareholder proposal at **Bunge Limited** requesting additional disclosure on its soy supply chain. Given management's support for this initiative, it received 98.9% support, which also drove the average for this group up significantly.

Governance

Governance Shareholder Proposals



Average Support for Governance Proposals



Board Composition

Over the past several years, investors have increasingly focused on board composition. This focus has expanded from board gender diversity to include issues of tenure, age, diversity of thought and experience, and outside director commitments. This issue has also become a primary concern of investors looking to ensure that boards adequately represent the diversity that has been shown through academic research to promote shareholder returns. In addition, many investors also contend that advancing women and minorities, in particular, in positions of corporate leadership is a welcome additional societal benefit.

The focus on board diversity has also resulted in a focus on director skills matrices. Beginning in 2018, there was a proliferation of corporate disclosure concerning director skills and experiences, much of which was presented in a skills matrix. Although there has been some reluctance on behalf of companies and investors in placing race and gender next to skills and expertise, under the premise that gender and race are not “skills,” many investors have embraced enhanced disclosure on the issue of how directors’ skills, background, and attributes are assessed and considered in the context of a company’s strategic goals and priorities.

Despite this focus on board skills and diversity, there have only been a handful of shareholder proposals addressing this topic. In 2018 and 2019, the New York City Comptroller filed a shareholder proposal requesting that **Exxon Mobil Corporation** provide a board skills matrix, which received 16.5% and 29.8% support, respectively. However, this proposal was co-opted in recent years by a group typically known for its Trojan Horse proposals, the National Center for Public Policy Research (NCPPR). In 2019, the NCPPR submitted a proposal that mimicked the NYC Comptroller’s by requesting a board skills matrix setting out the minimum board qualifications – but one which would also include the nominees’ ideological perspectives, along with skills and experience. The attempt to insert ideology into board composition was submitted at seven companies in 2019, four in 2020, and one in 2021. It has not been strongly embraced. While it received 13.2% support in 2020 at **The Boeing Company**, this likely reflected overall investor discontent as a result of controversies surrounding safety issues with its 737-MAX planes; the remaining proposals submitted since 2019 have all received under 2.7%. (For more information on the NCPPR please see Trojan Horse Proposals).

Board Diversity

Despite the significant focus from investors on board diversity, there have typically been only a handful of shareholder proposals on the topic, and 2021 was no exception. Since 2018, Glass Lewis has reviewed four proposals each year that address issues of diversity on the board. In 2021, three of these proposals, submitted at **First Solar, Inc.**, **Badger Meter, Inc.**, and **First Community Bankshares, Inc.** received strong majority support (with support levels between 71%-91%). The remaining proposal, at **Where Food Comes From, Inc.**, however, received only 3% support. However, this low support is unsurprising given the company’s significant inside ownership and the fact that its common stock had only begun listing on the Nasdaq Capital Market on April 12, 2021, just a little over a month before its annual meeting.

These proposals all requested that the companies disclose information concerning their efforts to enhance board diversity, and most requested that companies provide additional disclosure, such as: (i) embedding a commitment to diversity in governance documents; (ii) committing to publicly include women and people of

color in each candidate pool for board and senior leadership; or (iii) disclosing in its proxy statements the gender, racial, and ethnic composition of the board.

In 2020, two of the four proposals that went to a vote received majority shareholder support. However, of the eight total proposals submitted over 2019 and 2018, just one, submitted in 2019 at **Gaming and Leisure Properties Inc.**, received majority shareholder support. Support for these proposals has varied significantly, largely as a result of the targeting of these proposals; nearly half of the proposals in the last three years have been submitted at companies with either large inside ownership (such as Where Food Comes From) or multi-class share structures, both of which have the effect of depressing support levels for shareholder resolutions. In 2019, average support for these proposals was 43%, up significantly from the year prior when they received 25% average support. In 2020, however, average support for these proposals again declined to 37.2%. In 2021, average support increased significantly to 63%, reflecting the three proposals that received strong majority support.

Given the events of recent years, diversity, particularly with respect to race and ethnicity, will likely continue to be a topic at the forefront of issuers and investors minds. Moreover, the number of companies without women on their boards has dropped significantly in the past several years, thanks in part to large asset managers such as BlackRock and State Street, which have implemented voting policies targeting boards that are not sufficiently gender diverse. However, given the relative dearth of proposals on this topic going to a vote, it may be that issues of diversity are being more effectively addressed through engagement and voting on director elections than through the shareholder proposal process.

Employee Representation on Boards

In recent years, investors have taken an increased interest in ensuring that boards are adequately considering employee perspectives and experiences in their decision-making. For example, alongside a push from several groups to increase the minimum wage paid to employees, U.S. companies are now required disclose how the CEO's compensation stacks up against median employee wages.

It is not surprising that there has been enhanced interest in ensuring boards are provided with input from employees, including by placing employee representatives on boards. These issues have become heightened in the wake of the COVID-19 pandemic, particularly given allegations that some companies have failed to provide sufficient safety precautions for certain front line and essential workers. Already the subject of increased focus in the UK and other European markets, these ideas are also gaining purchase within U.S. politics, where progressive politicians have made board-level employee representation part of their policy platforms. For example, Elizabeth Warren has proposed that corporate boards be required to ensure employee representation, akin to the board structure of German companies. Further, Bernie Sanders introduced one of the shareholder proposals on this topic at **Walmart Inc.'s** 2020 annual meeting.

Consistent with 2020, we reviewed eight proposals regarding employee representation on boards in 2021. In both years, the requests varied from company to company. For example, some proposals requested that boards reserve a seat for an employee representative director, while others requested that companies provide a report describing opportunities for the company to encourage the inclusion of non-management employee representation on their boards. Despite the varied requests and the significant attention paid to this issue, these

proposals did not generally receive significant shareholder support; average support for these initiatives was 7% (up from 4% in 2020), with support levels ranging from 4% at **Stryker Corporation** to 17.5% at **Amazon.com, Inc.**

Director Expertise, Oversight and the Creation of a Committee

Some proposals related to board composition have requested the formation of a board committee (typically focused on issues such as human rights or climate change), or the appointment of a director to the board with specific expertise. These proposals have not fared well with shareholders, receiving 5% and 10%, respectively, in 2021 (compared to 11% and 8%, respectively, in 2020).

Glass Lewis generally has not supported shareholder proposals concerning the specific composition of the board. In most cases, we do not believe that companies should be required to appoint a director who may not have a holistic understanding of a company or industry and its attendant risks based on a potentially deep but narrow area of experience. Further, we recognize that there are a variety of potential oversight structures, and generally believe that the construction of board committees is a task better exercised by the board. Accordingly, we typically give boards wide latitude with respect to this issue.

However, there are certain instances when we will recommend shareholders vote in favor of these proposals. For example, in 2019, Glass Lewis recommended in favor of one of the six proposals on these topics, requesting that **Tesla Inc.** establish a public policy committee of the board. In 2020, we recommended in favor of half of the six proposals that went to a vote and in 2021 we recommended in favor of two of the seven proposals. In 2021, we recommended in favor of proposals submitted to **Twitter, Inc.** and **Facebook, Inc.** (which was resubmitted from 2020, when we also recommended in favor of the resolution), requesting that the board appoint a director candidate who has a high level of human and/or civil rights expertise and is widely recognized as such. When making our recommendation on both proposals, we considered these companies' wide reach and the myriad controversies that have plagued them both in recent years, many of which have resulted in regulatory threats and legal action.

Because of these significant concerns, we recommended support despite certain problematic aspects of the proposal submitted to Facebook. Specifically, it requested that the individual appointed to the board, as well as being a civil and/or human rights expert, be independent according to NYSE listing standards (Twitter's proposal had no such provision). However, Facebook is listed on NASDAQ, meaning that NYSE rules are moot for its purposes. We viewed this as a significant enough flaw to recommend against the same proposal in 2020 and 2021 at **Alphabet Inc.** (which is also listed on NASDAQ). However, given Facebook's aforementioned controversies as well as other board independence concerns, we believed that appointing any qualified and independent director, regardless of area of expertise, would benefit the company.

Director Accountability for Environmental and Social Oversight

Shareholders have been under increasing pressure to incorporate aspects of ESG-related risks into their voting policies. Shareholder proposals are generally the most logical extension of these risk considerations, given that, unlike more routine voting items, they often explicitly address ESG issues. However, many investors have looked beyond simply relying on the submission of suitable and well-targeted shareholder proposals, and have instead set their sights on the board of directors. While voting against the board is common for many governance, compensation, and board diversity-related issues, it is sometimes harder for investors to determine which companies and directors to hold accountable for pressing ESG-related risks, most notably, those related to climate change. It was therefore somewhat unsurprising that, in order to fill this need, there were a number of vote no campaigns targeted at companies that were identified as not providing sufficient oversight of climate-related risks.

During the 2021 proxy season, Majority Action, an NGO focused on shareholder advocacy, released exempt solicitations urging shareholders to vote against directors at nearly 20 different companies, generally operating in the energy or finance sectors, on account of what they deemed as insufficient oversight of this matter. At these companies' AGMs, Majority Action identified 27 directors that it urged shareholders to vote against, including those that served on companies such as **Phillips 66**, **Duke Energy Corp** and **Kinder Morgan, Inc.** With relatively rare exceptions, directors tend to receive fairly significant shareholder support when they stand for election; in 2021, directors at U.S. companies received an average of 93.8% support, down from 94.5% in 2020. However, on average, the directors targeted by Majority Action received 90.1% shareholder support, with lowest support for directors at **Chevron Corporation**, **Marathon Petroleum Corporation**, and **PPL Corporation**, which all received under 80% support.

Glass Lewis recommended against a number of directors on account of what we viewed as mismanagement of environmental and social risks. Specifically with regard to climate risk, Glass Lewis recommended that shareholders vote against directors at **Berkshire Hathaway Inc.** and **Reliance Steel & Aluminum Co.** because of our concerns regarding these companies' acknowledgement of climate-related risks and their preparedness for such risks. In both cases, the companies were clear laggards concerning their disclosure and oversight of climate-related issues and both operated in industries that had significant exposure to attendant risks.

At Reliance Steel, we recommended that shareholders vote against the re-election of Douglas Stotlar, who served as the chair of the nominating and governance committee, which had oversight of its corporate social responsibility and sustainability programs. Mr. Stotlar ultimately received 90.3% support, the lowest of any director up for election at its AGM.

At Berkshire Hathaway, we recommended against the nomination of Thomas Murphy, who had recently stepped down as the chair of the audit committee, as we believed that it was the responsibility of that committee to oversee the company's policies with respect to risk assessment and risk management. Mr. Murphy ultimately received 95% support, though it should be noted that Berkshire Hathaway has a multi-class share structure where voting rights are disproportionate to equity ownership, and, in such situations, shareholder dissent is typically artificially depressed. We also note that Walter Scott, who serves as Berkshire Hathaway's nomination and governance committee chair, received the lowest support of all the directors (90.1% support).

However, given the myriad governance concerns at the company, including those dealing with diversity, shareholder engagement, and disclosure of ESG-related issues, it is difficult to pinpoint the exact cause of shareholders' concern in this regard.

Case Study

Activist Campaign's Climate Focus Heats Up 2021 Proxy Season

Exxon Mobil Corporation's 2021 contested annual meeting was one of the most divisive and headline-grabbing meetings during the 2021 proxy season. Upstart investment firm Engine No. 1 nominated a short slate of director candidates intended to address a perceived dearth of successful and transformative energy experience on the board, which in the eyes of some investors had left Exxon unprepared for the future energy industry and economic environment, threatening long-term shareholder value.

Exxon, in defense, claimed it had the right strategy for the inevitable global energy transition and that it was uniquely positioned to meet the world's energy needs in a lower-carbon future. The oil major believed it should continue to grow and improve its core business, not allocating significant capital toward diversification strategies until they were in sufficient demand and economically viable. At the same time, Exxon hoped to appease its more progressive critics and investors by touting its recently-launched Low Carbon Solutions business and the potential opportunities Exxon sees for itself in carbon capture and storage, hydrogen and biofuels.

In the months preceding the shareholder meeting, Exxon expanded the size of the board to 12 directors and appointed three new individuals, including a respected climate-focused investor. The new appointments were meant to enhance the board's experience in oil and gas, energy transition, and capital allocation, but also served as an acknowledgment of the board's shortcomings. In contest to the company's slate of director nominees, Engine No. 1 nominated four alternative candidates with the goal of further enhancing the board's experience in oil and gas, renewable energy, carbon capture, and business transitions.

Several key themes emerged over the course of the months-long campaign. Among other points of contention, Engine No. 1 and Exxon debated over the future of fossil fuel demand, long-term risks in a decarbonizing world, viability of carbon capture technologies, executive incentivization, and setting emissions reduction targets aligned with the Paris goals. To be sure, Engine No. 1's case against Exxon wasn't only focused on environmental or governance concerns. The first-time activist also emphasized the company's operational and stock price underperformance versus oil major peers and the erosion of Exxon's historical leadership on metrics crucial to investors, such as return on capital, over the last decade.

Following extensive analysis and engagement meetings with several interested parties, we determined incremental changes to the board were needed in order to better position Exxon for the evolving industry and economic environment and the oncoming energy transition. We recommended for the election of two of Engine No. 1's nominees and for all of the "non-excluded" Exxon nominees on the dissident proxy card, including CEO Darren Woods.

Despite our favorable view of two of Exxon's own new appointments, we determined the board needed more oil and gas experience, regulatory experience, and scientific expertise to enable the company to devise and implement a more cohesive and sustainable strategy -- for both the company's core business as well as the

energy transition. Ultimately, following a close vote, three dissident candidates were elected to the board, displacing two longer-tenured board members and one of the company's new appointees.

While the proxy contest led the news cycle for the first half of 2021, Exxon's annual meeting was also noteworthy for the seven shareholder proposals that went to a vote, including two on governance issues, two on political spending, and three on climate change. Of the three climate-related proposals, one was submitted by a Trojan Horse proponent, one concerned climate-related lobbying, and one was a novel proposal.

Submitted by Christian Brothers Investment Services as lead proponent of a filing group, the novel climate proposal requested that Exxon's board issue an audited report on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions. This climate scenario, data for which was released in full in May 2021, corresponds to the global energy sector reaching net-zero emissions by 2050. The proponents also recommended that the report be supported by reasonable assurance from an independent auditor, which reflects an emerging interest in ensuring that companies are disseminating high-quality, properly vetted climate data as investor demand continues to grow.

In our analysis, we recognized the speculative nature of many of the assumptions on which companies must rely in order to conduct scenario analysis. We also understood that auditing this information is a relatively nascent practice. However, we held that it would be an important step in the incorporation of such information into companies' financial statements. Further, given investor concern regarding Exxon's management of climate issues, as evidenced by Engine No. 1's campaign, we also believed that the production of such information would help to provide shareholders with some assurance that Exxon was considering various scenarios and providing shareholders with meaningful disclosure concerning those considerations.

For a new proposal type, it was somewhat remarkable that it received support from nearly 49% of Exxon's shareholders. The lobbying and Paris-aligned lobbying proposals were more successful, garnering 56% and 64% support, respectively. Overall, it was clear that the proxy contest led to a significant focus on Exxon's climate and political transparency, as demonstrated by these significant vote outcomes.

Board Declassification

Over the last decade, the boards of most large companies have moved from a classified structure to one where every director stands for election on an annual basis. Companies that have not adopted a declassified board structure are often viewed as outliers in this regard, and shareholders are often very willing to support proposals that call for a move to an annual election structure.

Given the dwindling number of classified boards, there are generally only a handful proposals seeking declassification in any given year, and it is typical for these proposals to receive overwhelming majority support from shareholders. In fact, since 2018, every board declassification proposal that went to a vote has received at least 50% favorable votes.

Some of this strong support is because it is increasingly common for boards to either recommend that shareholders vote in favor of the resolutions or that boards provide no vote recommendation as to how shareholders should vote. Whereas in 2018, only two of the seven board declassification proposals were not

explicitly opposed by management, the next year, all but one of these proposals either received no recommendation or a favorable recommendation from the board. The trend is not ubiquitous -- in 2020 only one of the nine declassification proposals, at **Daseke, Inc.**, was not explicitly opposed by the board. However, in 2021, only two of the six proposals seeking to declassify boards were opposed by management, while in three cases, management made no vote recommendation and in one case (**Centene Corporation**), management recommended that shareholders vote in favor of the resolution. Unsurprisingly, the proposal at Centene Corporation received the strongest support (98.7%), while the proposal at **The Charles Schwab Corporation**, which had been opposed by management, received the lowest shareholder support, 68.2%.

Elimination of Supermajority Vote Provisions

Glass Lewis is of the belief that most proposals should be subject to a simple majority vote standard. We find that supermajority vote requirements can prevent shareholders from implementing important governance measures that are in their best interests. Shareholders generally agree with this sentiment; proposals requesting that companies eliminate their supermajority vote standards commonly receive significant shareholder support.

These proposals are generally popular with shareholders, but it's notable that average support had decreased in the past four years, from 75% in 2017 to 64% in 2018 to 60% in 2019. Average support in 2020, however, increased to 68% and this trend continued in 2021 when average support skyrocketed to 87%. The likely reason for the somewhat depressed vote results in the past had little to do with investor sentiment concerning this issue, and largely rested on the targeting of these proposals: in a number of instances, these proposals have been submitted at companies that either did not have problematic supermajority voting provisions, were simultaneously eliminating their supermajority vote provisions with management proposals, or had multi-class voting structures (where support is usually depressed by insiders with significant voting power). 2019 saw the lowest average support level, along with a spike in the number of proposals submitted, to 25. In 2021, 17 such proposals went to a vote, up slightly from 13 in 2020.

Another potential reason for the increasing support for these proposals was that in several instances the board either recommended in favor of or did not provide a vote recommendation on the resolution. This generally acts as implicit approval from the board, significantly driving up shareholder support. While only 12% of companies made such a recommendation in 2019, over 30% of these proposals were not board-opposed in 2020. In 2021, only 3 of these proposals (17%) were unopposed by management. However, board opposition did little to minimize shareholder support for these proposals, all of which received between 66-99% support at **PACCAR Inc** and **ConocoPhillips**, respectively.

In instances where a multi-class voting structure is present, or where companies have a controlling shareholder, Glass Lewis has not recommend in favor of eliminating supermajority vote requirements. We are concerned that allowing these companies' governance documents to be amended by a majority of votes or shares outstanding would give outside control to insiders and could allow insiders to effect important changes to these documents with little or no outside support. Accordingly, in 2020, we recommended that shareholders vote against proposals at three companies. In 2021, however, we only recommended that shareholders vote against one of these resolutions at **Ferro Corporation** on account of the company already having removed supermajority vote provisions in its Code of Regulations and Articles of Incorporation.

Independent Chair

For the past several years, shareholder proposals requesting that companies appoint an independent chair have been among the most frequent governance-related proposals voted on at annual meetings, and 2020 was no exception.

Evidence that the appointment of an independent chair leads to increased firm value is inconclusive. Accordingly, shareholders have various views on the issue, and typically consider a variety of factors when looking at these proposals. Average shareholder support for these proposals has remained around 30% for the past several years but increased slightly to 35% in 2020 from 29% in 2019. In 2021, average support crept back down to 31% in 2021. Similarly, Glass Lewis recommended in favor of an increased proportion of these proposals in 2020 (91%) than in 2019 (80%) or 2021 (82%).

Glass Lewis will generally recommend in favor of these proposals unless the company has appointed (or has committed to appoint) an independent chair. For example, we recommended against proposals at **Citigroup Inc.**, **The Greenbrier Companies, Inc.**, **AmerisourceBergen Corporation**, and **Applied Materials, Inc.** on that basis. This proposal was also resubmitted to **Baxter International** in 2021, which was one of two companies that received majority shareholder support on proposals on this topic in 2020 (the other being **The Boeing Company**). However, in response to the prior year's vote, Baxter had adopted a policy whereby during the next CEO transition, the board would appoint an independent director. We believed that this satisfactorily addressed the request of the proposal, and thus recommended against the proposal 2021. Likely as a result of the adoption of this policy, support for the proposal was nearly halved between 2020 and 2021 (with 55% and 27.6% support, respectively). Consistent with previous years, when none of these proposals received majority support between 2017 and 2020, no independent chair resolutions were approved by shareholders in 2021. The highest support was for resolutions at **Colgate-Palmolive Company** and **JPMorgan Chase & Co.**, which each received approximately 48% shareholder support in 2021.

Majority Vote for Director Elections

Majority voting in director elections is a shareholder right supported by the vast majority of investors, and shareholder proposals on this topic often receive significant shareholder support. Glass Lewis strongly supports majority voting in director elections and, as was the case in 2019 and 2020, recommended in favor of all such proposals in 2021. Further, it is common for companies to either recommend in favor of these proposals or for companies to provide no vote recommendation to investors, contributing to shareholder support for these measures. Yet average support declined significantly after 2018, when these proposals received 78% average support. In 2019 and 2020, this support dropped to 49% and 39%, respectively. In 2021, however, support for these measures again rose to 52%, still significantly lower than 2018 levels.

The reduced average support for proposals requesting majority voting for director elections largely reflects the disproportionate number of these proposals being submitted to companies with multi-class share structures. Further, in many of the cases where the targeted companies didn't have multi-class share structures, there was often significant inside ownership. This had a dramatic impact on the proportion of majority-supported proposals. In 2018, only one proposal did not receive majority shareholder support (the only proposal to receive less than 71% support). However, in 2019, 14 of the 26 majority vote proposals failed to receive majority

support; and in 2020, only 4 of the 18 proposals were approved by shareholders. In 2021, 5 of the 12 majority voting proposals were approved by shareholders.

Proxy Access

In 2015 and 2016, shareholder proposals requesting that companies adopt a mechanism for large, long-term investors to nominate director candidates to management's proxy (proxy access) were the most popular shareholder proposals submitted to a vote. However, in the past five years the number of these proposals has dropped precipitously: in 2016 we reviewed 81 proxy access shareholder proposals, and only 13 such proposals in 2020. Similarly, shareholder support for these proposals has declined significantly. While 65% of all proxy access proposals received majority support in 2017, only 33% and 13% of such proposals received majority support in 2018 and 2019, respectively, and none in 2020, no proxy access proposals received majority support. In 2021, only one proposal, at **Impinj, Inc.** (which was also the only to be unopposed by management), received majority support.

This decline in support is largely a result of the types of proposals that have been submitted to a vote. These proposals have generally taken two forms: (i) those requesting that companies adopt a proxy access right for shareholders; and (ii) those requesting that companies amend their existing proxy access bylaws to conform more closely with the original SEC rule on the topic ("fix it" proposals). The vast majority of companies who have adopted proxy access have coalesced around a standard "3/3/20/20" bylaw amendment, whereby these companies would allow a group of up to 20 investors owning 3% of shares for 3 years to nominate up to 20% of the board. In comparison, the original SEC rule would have allowed an unspecified (thus presumably unlimited) number of shareholders owning 3% of shares for 3 years the ability to nominate 25% of the board.

However, perhaps as evidence of the widespread adoption of proxy access, no proposals that went to a vote in 2020 requested that companies adopt proxy access. Rather, they all requested adjustments to existing bylaws. Consistent with 2019, these "fix it" proposals received 29% average support, with none receiving majority shareholder support (the highest was 37.1% at **Citigroup Inc.**).

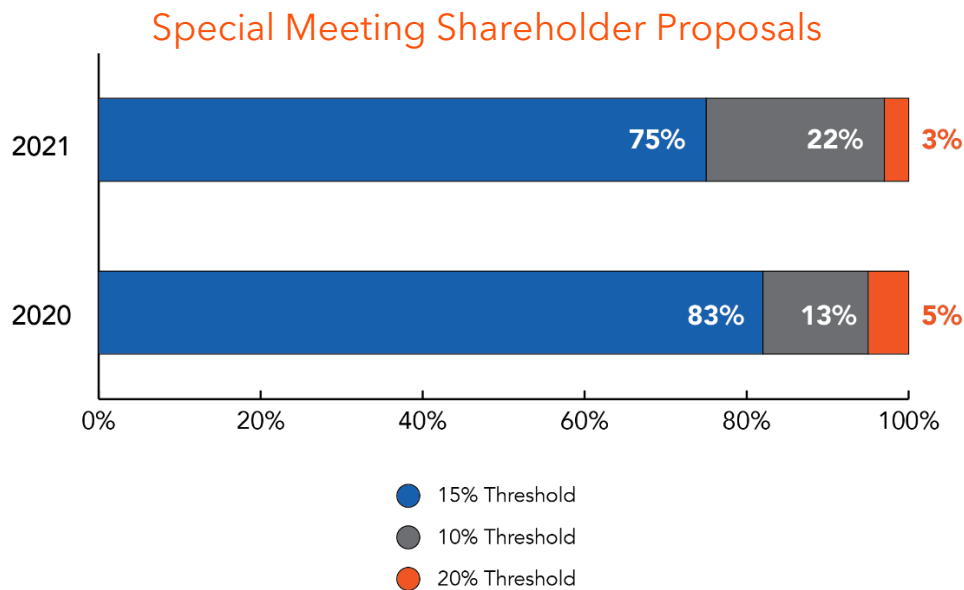
Although it differs from the proposed rule, it appears that investors are generally comfortable with the 3/3/20/20 bylaws adopted by most companies. This is evidenced by the significantly lower support for "fix it" proposals. For example, proposals requesting that companies adopt proxy access received average support of 55% in 2019 and 41% in 2021. However, "fix it" proposals received average support of only 29% and 33% in the same years.

Glass Lewis is generally supportive of proposals requesting that companies adopt proxy access. However, we did not recommend support for any of the "fix it" proposals that went to a vote in 2021, as we found that the targeted companies had all adopted reasonable proxy access bylaws which, in our view, did not unnecessarily restrict shareholders' ability to exercise this right. However, given our support for the proxy access mechanism, we did recommend in favor of each of the three proposals requesting that companies adopt proxy access in 2021.

As the proposals have shifted in the past several years, so too has the profile of the proponents. While pension funds historically submitted proxy access resolutions, the "fix it" proposals have been exclusively submitted by individual shareholder proponents, mostly John Chevedden or Kenneth Steiner.

Special Meetings

Since 2018, there has been a particular emphasis on shareholder proposals requesting that companies either provide shareholders the right to call special meetings, or (where that right already exists) lower the ownership threshold required to do so. In 2018, 62 shareholder proposals on this topic went to a vote, and in 2019 the number dropped significantly, to 23. In 2020 and 2021, we reviewed 40 and 32 of these proposals, respectively.



The vast majority of these proposals requested that companies either adopt a threshold of, or lower their existing special meeting thresholds to, 10%. However, a handful of these proposals requested a 15% threshold, and one of these proposals requested that companies adopt a 20% threshold, a similar composition as the year prior.

The companies targeted with these proposals had a wide variety of existing special meeting provisions. The vast majority of companies had existing 25% special meeting ownership requirements, and only three of the companies had no existing or proposed special meeting rights. Glass Lewis prefers to see a 10-15% special meeting threshold. In most cases, when companies have no special meeting rights or a special meeting above the desired levels, we will recommend support for the resolution. Despite our general support for these measures, Glass Lewis only supported approximately 80% of these proposals in both 2020 and 2021, down from 87% in 2019.

There were a wide variety of reasons why we recommended that shareholders vote against certain of these resolutions. For example, we recommended against proposals at **UnitedHealth Group Incorporated**, **Chevron Corporation**, and **Exxon Mobil Corporation** that were requesting the adoption of a 10% special meeting threshold, as all of these companies had already adopted a 15% special meeting threshold; we recommended against a similar proposal at **Bristol-Myers Squibb Company**, as the board was introducing a management proposal to lower the special meeting threshold to 15%.

In both 2020 and 2021, **Lincoln National Corporation** also faced a proposal requesting that it adopt a 10% special meeting threshold with no holding period requirements. Lincoln National had already adopted a 10%

special meeting threshold, though it did require those shares to be held for one year. We viewed this as a reasonable protection against unnecessary abuse and, thus, recommended against the resolution both years. We also recommended against a proposal asking for a reduction in **Kaman Corporation's** 25% special meeting ownership requirement, as we were concerned that a shareholder-proposed 10% threshold could be too low for the company, given that GAMCO Asset Management owned 10.9% of its shares. In consideration of GAMCO's history of activism and the totality of the company's circumstances, we believed that in this case a higher threshold may be warranted.

Written Consent

Glass Lewis strongly supports the right of shareholders to act by written consent, provided the provision specifies that a majority of outstanding shares must support the requested action. We believe that this is a reasonable threshold that will prevent abuse and the waste of corporate resources while enabling shareholders to take action on important matters that arise between annual meetings. Glass Lewis typically supports measures that protect shareholder interest and that make boards more accountable to shareholders, and, thus, will generally recommend in favor of these proposals.

That said, written consent is not the only mechanism to empower shareholders to act outside of an annual meeting. In advance of the 2019 proxy season, we revised our policy concerning written consent shareholder proposals so that, in instances where companies had adopted both (i) a 15% or lower special meeting threshold; and (ii) proxy access, we would generally recommend against such proposals. This change in our policy resulted in a fairly significant drop in our recommended support for these proposals. Prior to 2019, we had generally recommended in favor of approximately 95% of these proposals in any given year. However, in 2019 we recommended in favor of only 78% of these proposals, consistent with what our support levels would have been in 2018 under our new policy. In 2020, this recommended support level dropped to 72% and in 2021 it dropped even further to 59%, as a growing number of the targeted companies already have robust mechanisms for shareholders to act between annual meetings.

Shareholder support for many of these proposals has been relatively strong over the past several years. Just two written consent shareholder proposals received majority shareholder support in 2015, and no such proposals passed in either 2016 or 2017. However, in 2018 and 2019, six and seven proposals, respectively, received majority shareholder approval. A further four resolutions, out of the 56 proposals reviewed, received majority support in 2020. Finally, in 2021, we saw the number of majority supported written consent proposals again rise to 7. Despite this support for certain written consent proposals, average shareholder support declined from 45% in 2017 to only 35% in 2020. In 2021, we saw this tide shifting, with average support for these proposals rising to nearly 40%.

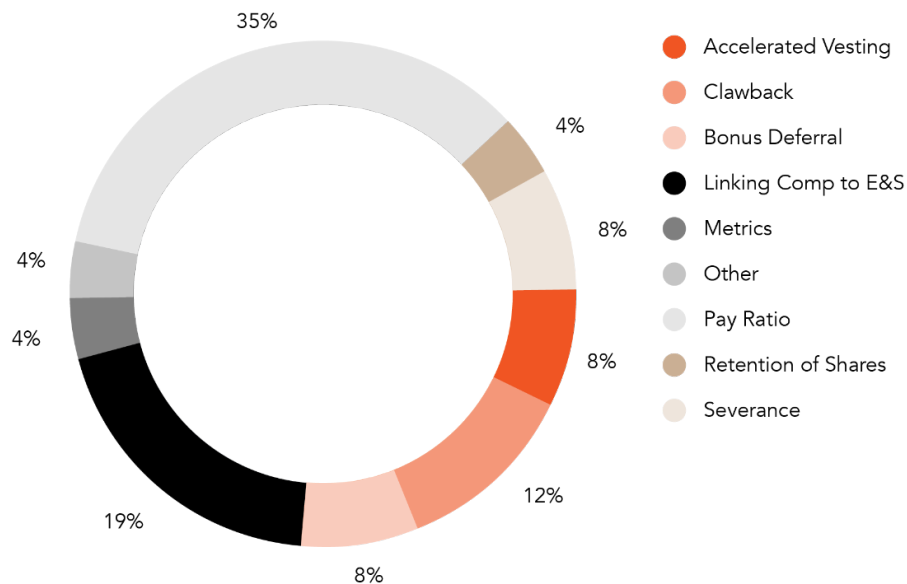
In 2020, we also reviewed a new iteration on written consent proposals. These proposals, 5 of which were submitted in 2020 and 12 of which went to a vote in 2021, requested that these companies reduce the ownership threshold required to act by written consent. Specifically, in 2021, these proposals requested that the targeted companies reduce the ownership threshold for initiating written consent, which generally was between 20-25%, to instead allow a 10% ownership threshold. Given the novelty and complexity of these proposals, it was somewhat surprising that shareholders supported these resolutions at a higher rate than traditional written consent proposals. While traditional proposals received 39.5% average support, the 12 proposals seeking to

amend companies existing written consent provisions received 42.8% average support, with only one of these proposals, at **BorgWarner Inc.**, receiving majority support.

When reviewing these proposals, we aimed to take a similar approach to how we recommend on traditional written consent proposals. Accordingly, in instances where companies already maintained proxy access and a 15% or lower special meeting right, we generally did not recommend that shareholders support a lowered threshold for initiating written consent. However, in instances where we did not believe that shareholders had been provided with sufficient means to act outside the annual meeting cycle, we recommended that shareholders vote in favor of the proposals. Given this relatively consistent approach, our support levels were similar for both types of proposals; in 2021 we recommended in favor of 59% of traditional written consent proposals and 58% of proposals seeking to amend companies' existing written consent provisions.

Compensation

Compensation Shareholder Proposals

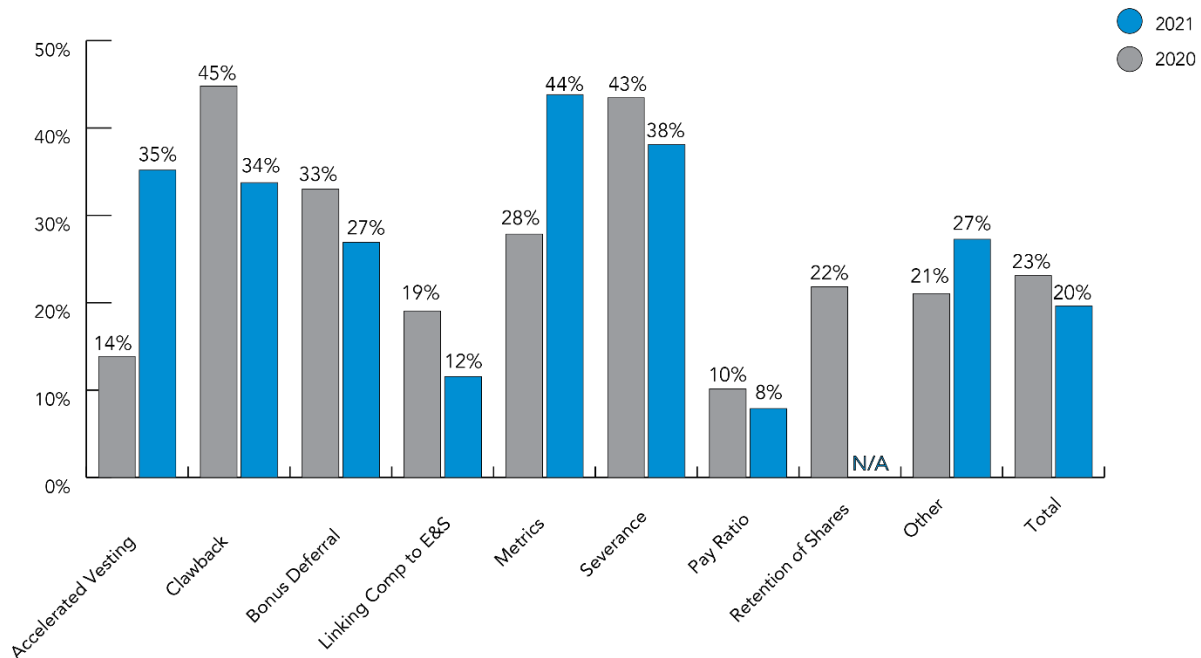


For the past several years, compensation-related shareholder proposals have been on the decline. Between 2015 and 2021, the number of compensation-related shareholder proposals we reviewed has dropped from 86 to just 26. This could signal a broad move away from the shareholder proposal process as a means of effecting change in companies' compensation plans and is likely as a result of the combination of two factors: (i) the 2011 introduction of shareholders' ability to vote on say-on-pay proposals; and (ii) the significant rise in shareholder engagement. It appears that many of the issues that were once addressed by shareholders through the shareholder proposal process are now being addressed through these forms of engagement.

Another notable trend in compensation-related shareholder proposals is that they are increasingly related to environmental or social issues. While the majority of compensation-related shareholder proposals have historically addressed issues such as stock retention requirements or change in control policies, these proposals are now encouraging companies to establish a link between compensation and environmental and social issues, or are seeking to ensure that companies' compensation policies have socially responsible considerations. This appears to follow a broader trend of investors' growing interest in environmental and social issues.

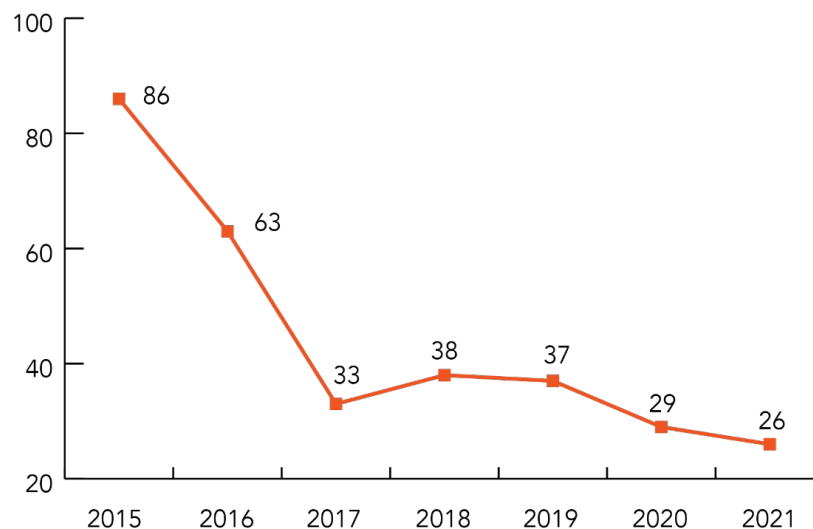
Compensation is still a pressing issue to which investors pay close attention. However, as a result of say-on-pay proposals, shareholders have grown more comfortable evaluating companies' compensation programs, and companies have enhanced policies to conform with investors' expectations. As such, it appears that the new frontier in compensation-related activism is how companies are incentivizing and rewarding sustainable corporate performance.

Average Support for Compensation Proposals



This trend is likely to only intensify in coming years, as issues related to the COVID-19 pandemic have significant negative impacts on companies' employee bases and financial performance. Although this issue was not highlighted in the form of shareholder proposals in 2021, it will undoubtedly be an issue raised by investors in corporate engagements and will likely result in shareholder proposals at companies who are not sufficiently linking pay with performance and whose executive compensation levels are not adequately linked to potentially severely negative outcomes for the broader employee base.

Number of Compensation Shareholder Proposals



Accelerated Vesting of Shares Following a Change in Control

Traditionally one of the more popular compensation-related shareholder proposals has requested that companies prohibit the accelerated vesting of equity awards upon a change in control. As with other types of compensation-related shareholder proposals, we have seen a steep decline in the number of these proposals: from 29 in 2015 to just 30 proposals in all of the past five years, including 2 proposals in each of the last three years.

Glass Lewis generally recommends in favor of these proposals if a company has a single-trigger change in control provision, whereby shares automatically vest upon a change in control even if executives retain their jobs. Conversely, if a company has adopted a double-trigger change in control policy (requiring executives to lose their jobs as a result of a change in control for payouts to occur), we will often refrain from recommending in support of these proposals.

We recommended in favor of 40% these proposals in 2014, and 20% in 2017. However, between 2018 and 2020, we have did not recommend in favor of any proposals requesting that companies prohibit the accelerated vesting of shares upon a change in control. This significant reduction in recommended support follows a broader trend of companies adopting more comprehensive change in control provisions, and, in particular, the growth of double-trigger policies. In 2021, however, we did recommend in favor of one of these proposals, submitted to a vote at **XPO Logistics, Inc.**

XPO's equity plan provided for award replacement rather than single-trigger by default, but prior equity award agreements had included single-trigger vesting conditions. We also noted the significant potential single-trigger payouts possible under the cash long-term incentive award granted during the year in review, which appeared to apply to tranches of the award for which the performance period had not even begun. Given the size and cash-based denomination of these awards and the upfront multiyear nature of certain grants, we believed that this feature merited particular concern, and, thus, believed that support for the resolution was warranted. The proposal received 33% support.

The other accelerated vesting proposal submitted to a vote of shareholders was at **Marathon Petroleum Corporation**, which, like a growing number of companies, maintained a double trigger change in control policy, whereby an executive must also experience an involuntary termination in connection with that change in control in order for their award vesting to accelerate. Given this policy, we did not recommend in favor of the proposal, which ultimately received 37% support.

The growing best practice of companies adopting a double trigger change in control policy has likely had an impact on the vote results for these proposals. While average support for these measures had consistently remained between 31% and 35% from 2013 to 2017, support for these proposals was only 24% in 2018 and 2019 and average support continued to drop in 2020, when it was just 14%. However, in 2021, average support rose significantly to 35%. Given the incredibly small sample size for these proposals, it is difficult to say if this could be part of a larger trend.

Bonus Deferral

During the 2021 proxy season, we reviewed two shareholder proposals requesting that any annual cash incentive bonus program that is measured for under one year and that is based on financial measurements will not be paid in full for a period of time following the award (bonus deferral), down slightly from three such proposals that were submitted to a vote in 2020. We believed that these bonus deferral policies, which are popular in other markets, could help to protect shareholder interests by servicing as a deterrent to excessive risk taking. We believed that this consideration was especially important given the companies that were targeted with this proposal, **Eli Lilly and Company** and **Johnson & Johnson**, had both experienced controversies related to issues such as drug pricing, opioid distribution, and product safety. Further, we believed that adoption of this policy could serve to enhance and increase the efficacy of these companies' clawback policies.

We did have some reservations concerning the proposals, as the proposed policy was relatively novel for the U.S. market and could thus potentially result in certain employee attraction and retention risks. However, we ultimately believed that the request was sufficiently broad to allow significant discretion in its implementation, and thus that support was warranted. The proposal at Eli Lilly, which also went to a vote at its 2020 annual meeting, received 31% support in both years, while the proposal at Johnson & Johnson received 23%.

Clawbacks

Following the high-profile sales practices controversy at Wells Fargo Corporation, and with the #MeToo movement rattling companies such as Wynn Resorts, Limited and CBS Corporation, issues related to clawback policies have become increasingly relevant to companies and shareholders. Clawback policies allow the compensation committee to review and determine whether to seek recoupment of incentive compensation that has already been paid, typically in cases of misconduct. Despite the increased attention placed on this issue, like other types of compensation-related proposals, the number of proposals on this topic has dropped quite significantly over the past two years. In 2018, we reviewed nine of these proposals. In all of the following three years, ten such proposals went to a vote, including three in 2021.

One of the proposals, submitted in both 2020 and 2021 to **Eli Lilly and Company**, requested that it adopt a policy that it will disclose annually whether it recouped any incentive compensation from any senior executive or caused a senior executive to forfeit all or part of an incentive compensation award as a result of applying its clawback policies. Glass Lewis supported this proposal, as it is our belief that clawback policies are only meaningful and effective when used, and that shareholders generally benefit from increased disclosure with respect to the actions that companies have taken in connection with their clawback policies. The proposal gained support on a year-over-year basis, growing to 41% in 2021 from 35% the prior year.

Another clawback-related proposal, which also was resubmitted from 2020, was at **Stericycle, Inc.**, requesting that it amend the scope of its clawback policy to potentially apply if a senior executive: (i) engaged in conduct that resulted in a violation of law or company policy and that caused financial or reputational harm to the company; or (ii) failed in their responsibility to manage conduct or risks, and such failure contributed to financial or reputational harm to the company. We also recommended support for this resolution. As has been seen with other corporate scandals, companies and their shareholders can face material losses as a result of many forms of executive misconduct. When reviewing this proposal in advance of Stericycle's 2020 AGM, we noted that its

clawback policy, like that of many U.S. companies, was limited to instances of knowing and intentional fraudulent conduct or illegal conduct resulting in a restatement. Accordingly, we believed that expanding its policies to include financial and reputational harm was warranted, as did a majority of shareholders. The proposal received 55% support and resulted in fairly significant changes by the time of Stericycle's 2021 annual meeting.

When reviewing the resolution in advance of its most recent meeting, we noted fairly significant changes to its policy, including: an expansion of the categories of employees to which it applies; the removal of a requirement that a financial restatement must have occurred in order to trigger the policy; the removal of the requirement that there must have been misconduct in the event of a restatement in order for the policy to be applied; the addition of supervisory or oversight failures as additional recoupment triggers; and requiring public disclosure of recouped compensation. We believed that these amendments showed sufficient responsiveness, and we thus reversed our recommendation. Further, presumably as a result of these relatively significant changes, the vote was nearly halved in 2021, with the proposal receiving 23.5% support.

The final proposal that went to a vote in 2021 was submitted at **Verizon Communications, Inc.** and requested that the company amend its clawback policy to state that "conduct," and not "willful misconduct" would trigger application of the clawback policy and that the board report to shareholders on the results of any deliberations about whether to cancel or seek recoupment of compensation paid, granted, or awarded to senior executives. Verizon had a fairly robust clawback policy, which allowed senior executives to be held accountable for willful misconduct that results in significant reputational or financial harm to the firm.

We had concerns that adoption of this policy had the potential to place legitimate business decisions under scrutiny and that it could result in executives taking an overly conservative approach, which could ultimately be to the detriment of shareholders. Further, the proposal did not grant the board any discretion in what it deemed appropriate to disclose with regard to its determinations in this regard. We were concerned that the additional disclosure could result in the board being required to report reputationally harmful or personally sensitive details, a concern that was exacerbated by the significantly lower standard to which clawbacks would apply under the terms of this proposal. Given these concerns and Verizon's existing clawback policy, we did not recommend in favor of the resolution, which ultimately received 37% shareholder support.

Environmental and Social Criteria in Executive Compensation

As has been the case over the past several years, a significant proportion of compensation-related proposals dealt with tying executive compensation to certain environmental or social factors. However, none of these proposals received significant shareholder support and average shareholder support dropped from 22% in 2019 to 17% in 2020 to just 12% in 2021. The lowest support (5.1%) was for a proposal at **Pilgrim's Pride Corporation**, requesting that it link executive compensation to ESG metrics. The highest support (16.3%) was for a proposal at **General Motors Company** requesting that it issue a report evaluating and disclosing if and how it has met the criteria of the Executive Remuneration Indicator of the Net Zero Company Benchmark issued by the Climate Action 100+.

Glass Lewis reviews proposals requesting that companies establish a link between compensation and environmental or social factors on a case-by-case basis. When making a vote recommendation, we consider a number of factors, including the target company's current executive compensation plan, the specific request of the proposal, and the company's exposure to environmental or social risks.

Giving consideration to all of these factors, we did not recommend in favor of any shareholder proposals requesting that companies amend the metrics they employ in executive compensation determinations. However, we did recommend in favor of the aforementioned proposal at General Motors. We believed that, given its existing policies, plans and disclosures, the requested disclosure would not be overly burdensome, particularly given that it appeared to already have certain climate-related considerations included in its compensation program, including a goal for its CEO related to achieving carbon neutrality in its operations by 2040 and working to eliminating tailpipe emissions from new light-duty vehicles by 2035. It was our view that the additional disclosure would allow shareholders to better understand how executives were being incentivized to achieve climate-related targets and ambitions.

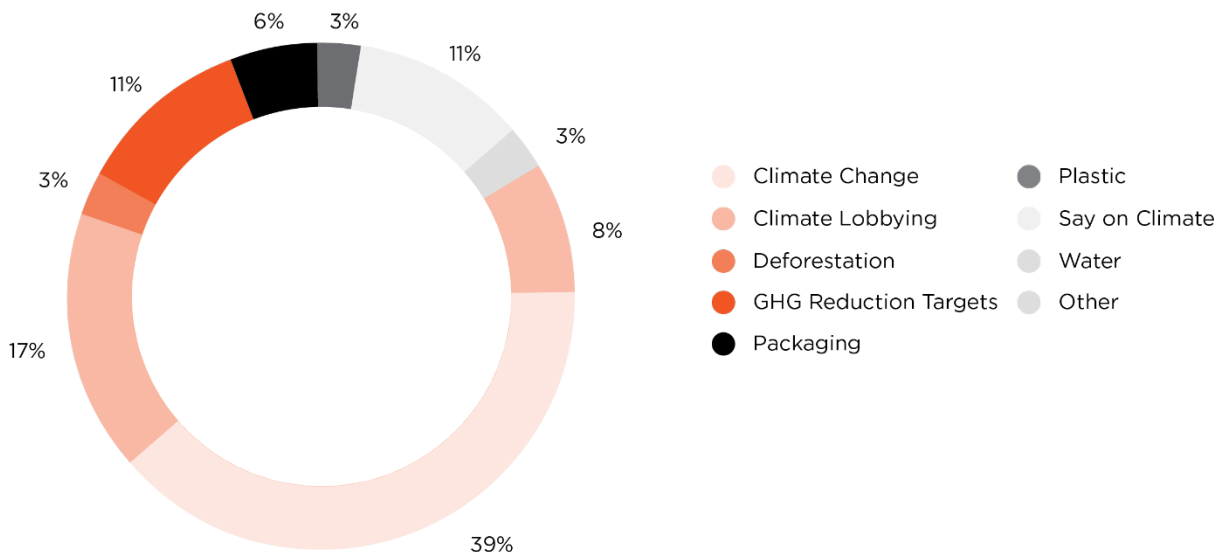
Pay Ratio

Another aspect of incorporating environmental and social considerations in executive compensation matters is with respect to companies' consideration of the salaries of its broader workforce. In August 2015, the SEC adopted a rule for pay ratio disclosure and in September 2017 released interpretive guidance on how companies can prepare their disclosures in compliance with the rule. Under this rule, companies are required to provide disclosure of their pay ratios for the first fiscal year beginning on or after January 1, 2017. As such, companies began to disclose this information in 2018. Specifically, companies are required to disclose: (i) the median of the annual total compensation of all its employees, except the CEO; (ii) the annual total compensation of its CEO; and (iii) the ratio of those two amounts.

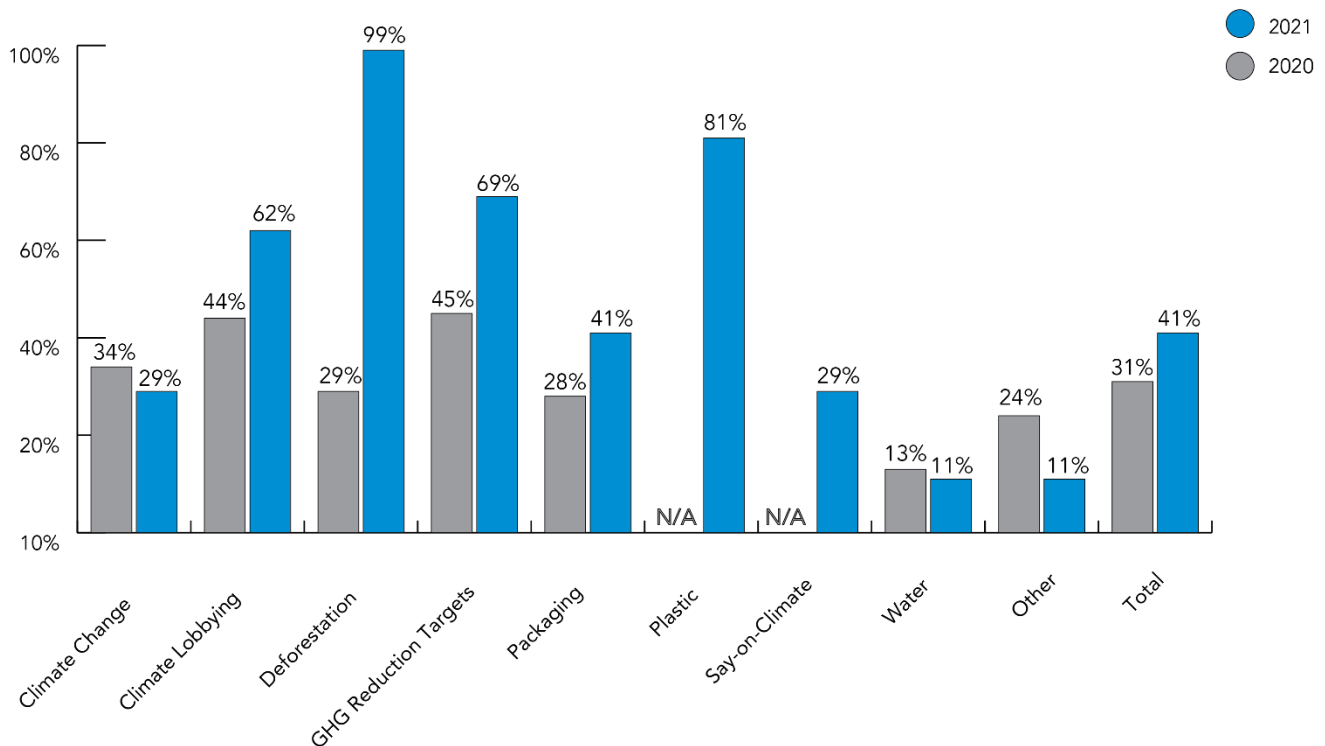
In the last year, we reviewed nine proposals requesting that this ratio be considered in executive compensation decisions. Specifically, these proposals requested that the companies: (i) "improve...[the] principles of executive compensation to include CEO pay ratio and other factors;" or (ii) take into consideration the pay grades and/or salary ranges of all classifications of company employees when setting target amounts for CEO compensation. This represents a fairly significant rise in the number of these proposals put to a shareholder vote. For example, in 2019 and 2020 we reviewed four and three proposals on this topic, respectively. Historically, these proposals have failed to receive significant shareholder support. In each of the last three years, average support has been below 10%. In 2021, support ranged from 5.6% (**Apple Inc.**) to 10.7% (**The TJX Companies**).

Environmental & Social

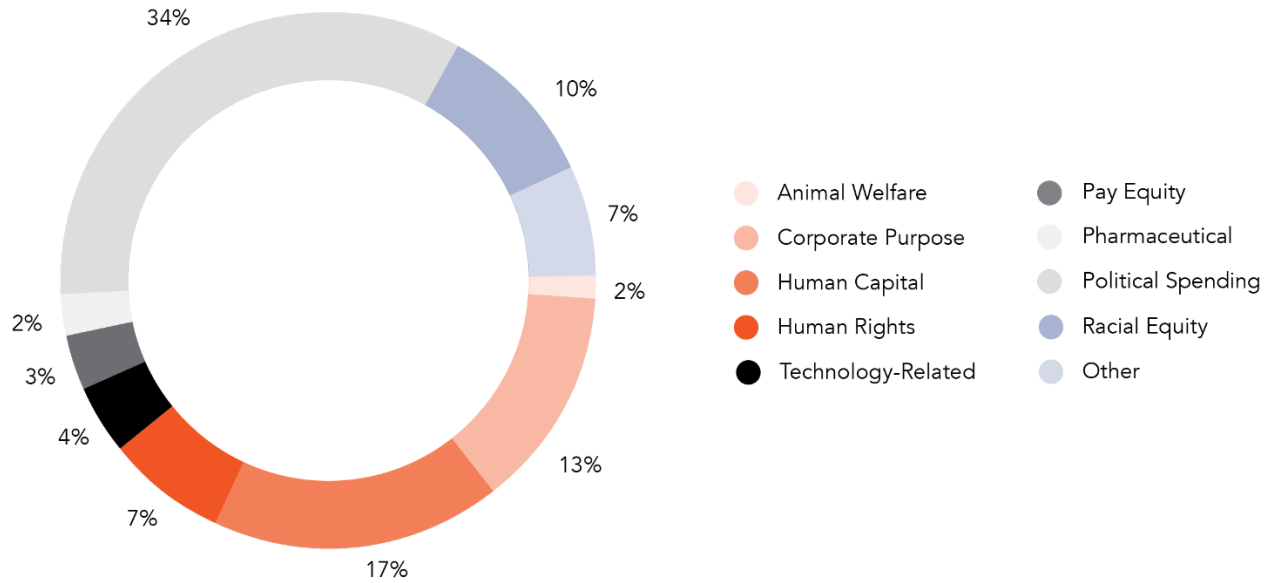
Environmental Proposals



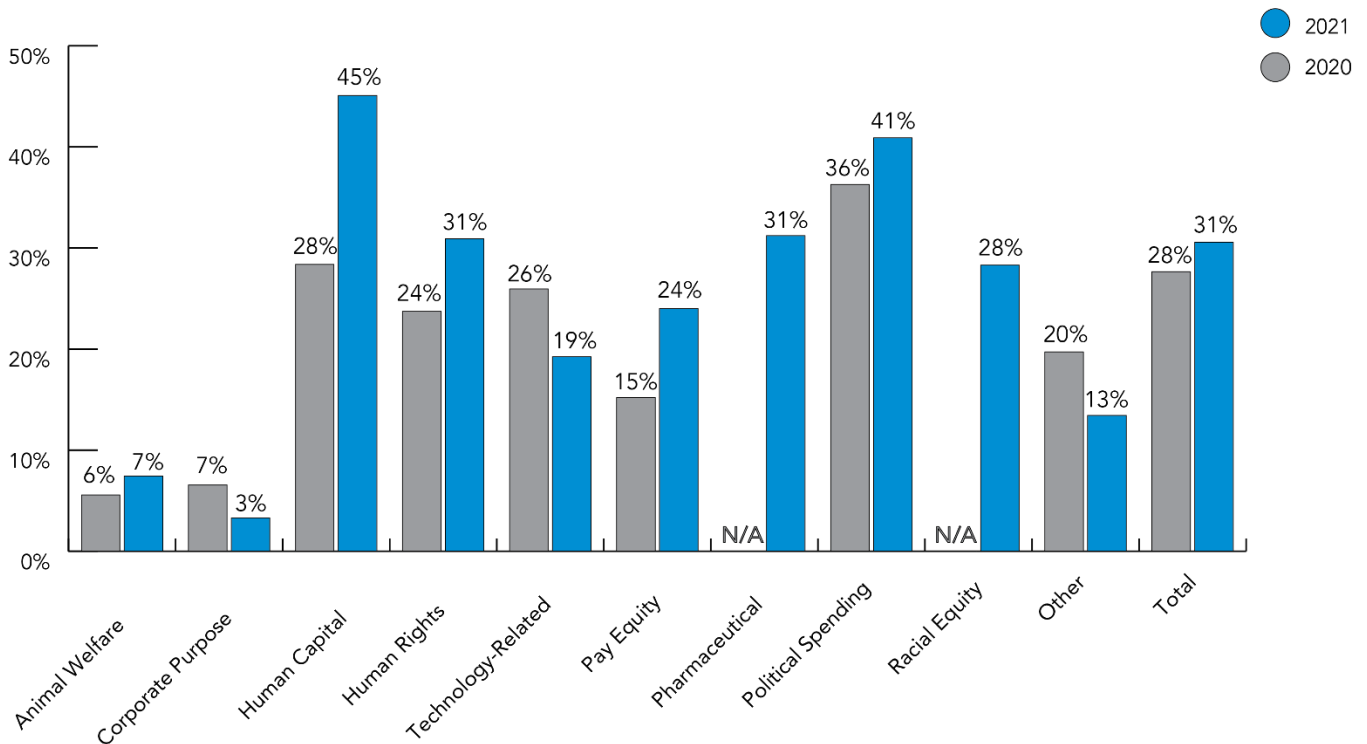
Average Support for Environmental Proposals



Social Proposals



Average Support for Social Proposals



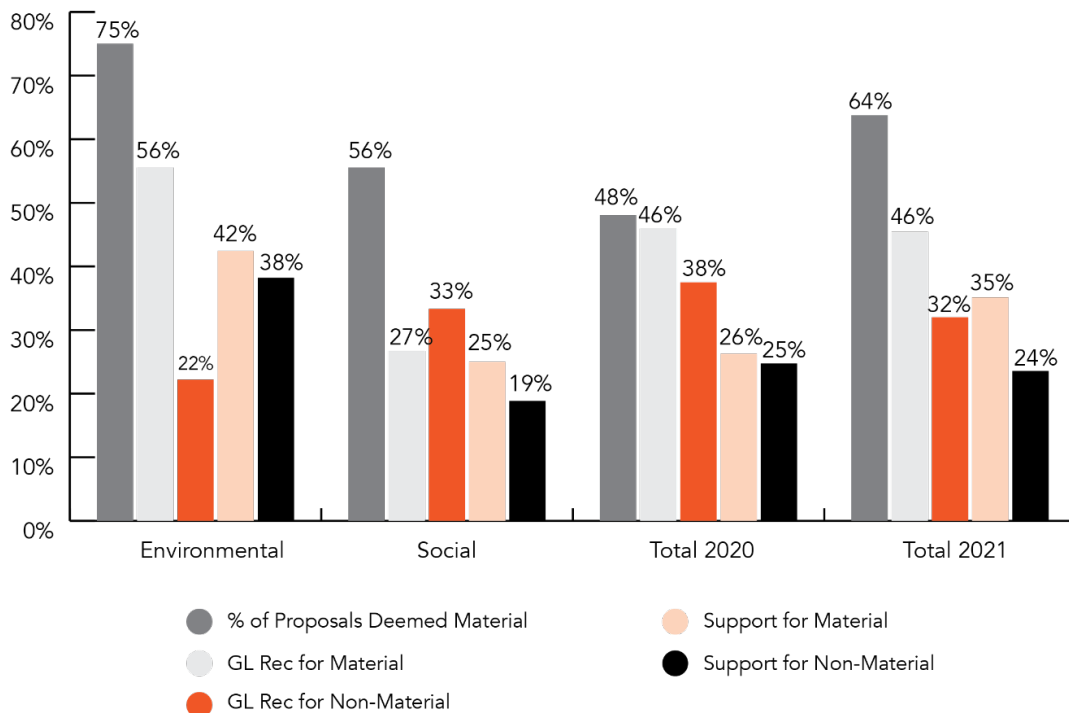
SASB Materiality

In advance of the 2019 proxy season, Glass Lewis announced a partnership with the Sustainability Accounting Standards Board (“SASB”), whereby we would be formally considering their definitions of materiality when conducting our analysis on certain environmental and social shareholder proposals.

We looked to include information on the SASB-defined topics that are financially material to companies in our analysis of proposals that had specific reference to environmental and social issues. For example, we would include this information for proposals asking for reporting on a company’s management of coal ash, but we would not include this information for our analysis of a proposal asking a company to produce a sustainability report. In the former instance, there is or is not a clear link to SASB’s defined material aspects, whereas a broader interpretation of sustainability does not lend itself to these metrics. When applying these metrics, we looked at SASB’s materiality considerations more narrowly and literally than broadly. For example, if we were reviewing a proposal on a company’s GHG emissions, we did not include the topic of “energy management” as encompassing GHG emissions. Therefore, we would have concluded that GHG emissions were not a material topic for that industry.

In total, we applied SASB’s materiality map to 69 shareholder proposals in 2021, down from 85 and 77 in 2019 and 2020, respectively. The largest proportion of these proposals were environmental, followed by social, governance then compensation. Compensation-related proposals would include proposals to link compensation to specific environmental or social criteria, such as climate, cybersecurity, or diversity. Governance-related proposals typically requested that companies create a specific committee of the board or appoint directors with a specific expertise, such as human rights or climate change.

SASB Materiality



In total, we found that 64% of shareholder proposals touched on a SASB-defined material topic, up from 43% and 48% in 2019 and 2020, respectively. However, there were certain instances where our views of what constitutes a material topic varied from those identified by SASB. For example, companies such as **Facebook, Inc.** and **Twitter, Inc.** have Internet Media & Services as their primary SASB industry. According to SASB, the following topics are financially material for this industry: (i) environmental footprint of hardware infrastructure; (ii) data security; (iii) intellectual property & competitive behavior; (iv) data privacy, advertising standards & freedom of expression; and (v) employee recruitment, inclusion & performance. However, for both of the aforementioned companies, we believed that issues related to human and civil rights were material to their operations, as evidenced by, for example, the use of Facebook's platform in the genocide in Myanmar or the hate speech-related controversies that have consistently faced Twitter. As a result, we recommended in favor of a shareholder proposal submitted to both companies asking that a civil rights or human rights expert be appointed to their boards.

We find SASB to be an invaluable tool in assessing companies' material risk exposure – but in light of the above, our vote recommendations and shareholder support for proposals were not always aligned with issues that SASB had deemed material. In 2021, Glass Lewis recommended in favor of approximately 45% of the proposals that dealt with a SASB-defined material topic, consistent with support levels in 2020, but up significantly from 27% in 2019. However, we recommended in favor of fewer non-material proposals. In both 2019 and 2020, we recommended in favor of approximately 38% of all non-material proposals, whereas in 2021, that figure dropped to 32%.

It should also be noted that shareholder support for material proposals increased significantly, and deviated from support levels for non-material proposals. In both 2019 and 2020, shareholder support for these proposals was relatively consistent regardless of whether the proposal was dealing with a material or non-material topic (26% and 25%, respectively). However, while average shareholder support for non-material proposals remained relatively consistent with previous years (24%), the average support for material proposals increased significantly to 35%.

The discrepancy between materiality and our vote recommendations can be explained by a variety of reasons. One of the most significant is as a result of nuances in companies' operations that could not be addressed in a broadly applicable materiality standard. For example, most technology companies do not have the business model, popularity, ubiquity, or reach of Facebook that results in its having potential human rights-related impacts. In addition, a notable reason why these support levels were depressed was the impact of climate-related Trojan Horse proposals at utility and energy companies. Given the relatively significant proportion of these proposals, and the fact that climate is material to companies in those industries, it played a somewhat meaningful role in this figure. Further, it is also reasonable to assume that the discrepancy between materiality and our vote recommendations could also reflect the impact of increased engagement, as companies are hearing more about material topics earlier in their conversations with shareholders – and in some cases, taking action that may make shareholder proposals less necessary.

We recognize that issues of materiality are incredibly complex and require shareholders to look closely at companies' operations. That being said, we find SASB to be an extremely helpful tool in assessing how companies' operations are exposed to environmental and social factors. As such, we will continue to review SASB's materiality considerations when assessing shareholder proposals and other social and environmental

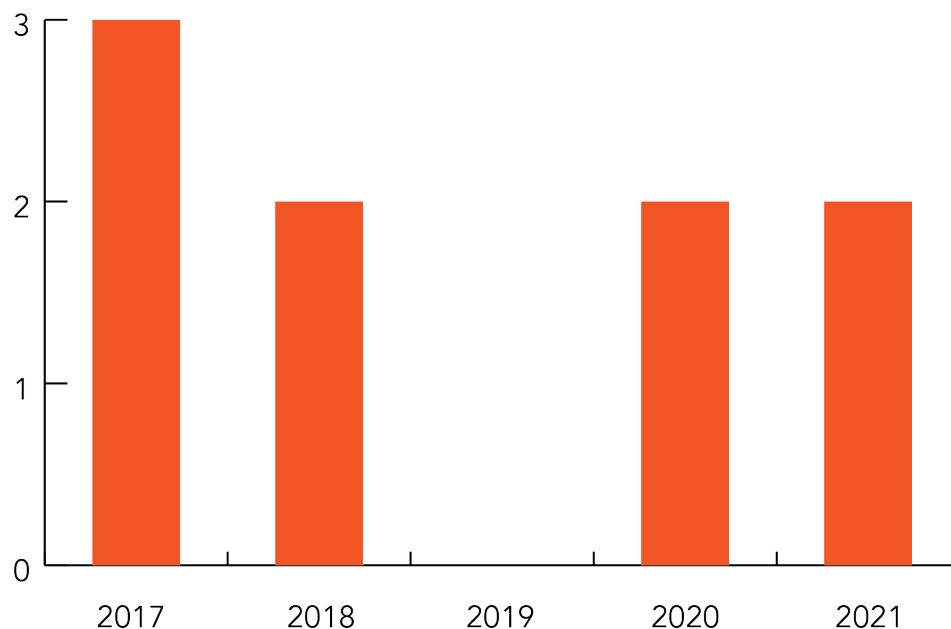
factors. However, we will also continue to also provide contextual, company-specific considerations and analysis in our research and recommendations.

Climate Change

Climate Reporting

For a number of years, shareholders have proposed resolutions requesting additional disclosure and actions with respect to companies' contributions to and the impacts of climate change. In 2015, Glass Lewis reviewed 14 shareholder proposals requesting additional reporting on climate-related issues. By 2017, 21 such shareholder proposals went to a vote, receiving average shareholder support of 40%. Moreover, prior to 2017, no climate change-related shareholder proposal had ever received majority support, but that year three such proposals received over 50% approval. Since this time, an additional six proposals, including two in 2021, have received majority shareholder support. This increased support is indicative of the interest and support behind a number of these initiatives and the growing realization that issues related to climate change pose significant risks to investors and the companies in which they invest.

Number of Majority Supported Climate Proposals



The increase in investor interest in climate-related issues has been supported by the rapid adoption of the reporting recommendations produced by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). These recommendations, which were finalized in July 2017, provide a framework for voluntary, consistent, climate-related financial risk disclosure for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The recommendations center around four areas: (i) disclosure of an organization's governance of climate-related risks and opportunities; (ii) disclosure of the actual

and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material; (iii) disclosure of how the organization identifies, assesses, and manages climate-related risks; and (iv) disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Given the support for TCFD reporting and the overwhelming success of many climate change initiatives since 2017, many companies have taken note and have begun producing climate reporting, thus negating the necessity of submitting proposals on this topic. In 2018, only eight climate proposals made it to corporate ballots, two of which (submitted at **The AES Corporation** and **Chesapeake Energy Corporation**) were withdrawn prior to going to a vote. In 2019, the number of proposals going to a vote dropped to seven. Further, only one of these proposals, at **Continental Resources, Inc.**, requested that the company perform a two-degree scenario analysis. Although we did see a rise in the overall number of climate resolutions that went to a vote in 2020 (17 proposals), we also only saw one two-degree scenario analysis resolution, submitted to **Cheniere Energy, Inc.**, which only received 28% support, likely as a result of Cheniere's significant climate-related commitments.

Although the proposal at Cheniere received moderately low support, two of four climate reporting proposals submitted in 2020, at **Dollar Tree, Inc.** and **J.B. Hunt Transport Services, Inc.**, received shareholder approval. In 2021, the total number of climate reporting proposals that went to a vote rose to six and, consistent with 2020, two such proposals received majority shareholder support.

Some of these proposals differed in their requests from previous years. For example, one of the majority-supported proposals that was submitted to **General Electric Company** requested that the company evaluate and disclose if and how it has met the criteria of the Net Zero Indicator. This indicator is a part of the Net Zero Company Benchmark which was developed by the Climate Action 100+ as a framework for capturing and structuring the data needed to gauge company performance on climate transition. The indicator requested by the resolution asked if the company had established an ambition to have net zero GHG emissions by 2050 or sooner, measured by whether (i) the company has made a qualitative net zero GHG emissions ambition statement that explicitly includes at least 95% of Scope 1 and 2 emissions; and (ii) the company's net zero GHG emissions ambition covers the most relevant Scope 3 GHG emissions categories for the company's sector. This proposal, which management had recommended that shareholders support, received 98% favorable votes. A similar proposal was also submitted to **Twitter, Inc.** However, it was withdrawn by the proponent prior to going to a vote.

The other majority-supported proposal was at **Booking Holdings Inc.** and represented one-half of a request that the company adopt a Say on Climate vote for shareholders. For more details, please see the Say on Climate section of this report.

Another type of new proposal also received significant, though not majority, support at two companies. Shareholders at both **Chevron Corporation** and **Exxon Mobil Corporation** voted on proposals requesting that they provide a scenario analysis using the IEA Net Zero 2050 scenario. The proposal also requested in its supporting statement that this scenario analysis be supported by reasonable assurance from a third-party auditor. This newly-developed scenario, which was still under development at the time of the companies' annual meetings, represented a much more stringent set of parameters than those employed by other scenarios. While understanding the relatively nascent state of this scenario, Glass Lewis recommended in favor of both proposals, as we believed it would broaden shareholders' understanding of how the companies would fare in a significantly demand-constrained scenario. We also believed that the independent auditing requested by the proposal would

become increasingly valuable for shareholders looking to extract actionable information from these companies' climate-related disclosures. The proposals at Exxon and Chevron received 48.9% and 47.8% support, respectively, representing significant support, particularly in light of the fact that this was the first year this type of proposal had been submitted to a shareholder vote.

Glass Lewis recommended in favor of 100% of climate reporting proposals, up from 59% in 2020 and 43% in 2019. Average shareholder support was 52%, significantly buoyed by the management-supported proposal at General Electric. However, these figures exclude proposals that we deemed to be Trojan Horse proposals, submitted by the leader of a group called Burn More Coal (for more information see the Trojan Horse Proposals section of this report). Glass Lewis did not recommend supporting any of these seven proposals, which made up half of the total climate-related proposals. If you include the Trojan Horse proposals, Glass Lewis recommended supporting 50% of total climate-related proposals, and average shareholder support was 29% (2019: 26%; 2020: 34%).

These increases in shareholder support are largely explained by the composition of the proposals that went to a vote in each year. It is our view that these proposals, for the most part, have been consistently improving with respect to their requests and targeting. Although investor interest in issues related to climate change has undoubtedly grown, the quality of related shareholder proposals is an extremely important voting consideration on these resolutions.

Case Study

Land of the Rising Shareholder Activism

One year after strong support for Japan's first climate shareholder resolution at **Mizuho Financial**, two new climate-related shareholder proposals went to a vote at Japanese companies, one at **Mitsubishi UFJ Financial Group (MUFG)**, and the other at **Sumitomo Corporation**. The language of these proposals was quite similar, differing primarily to account for the types of companies they were targeting. Both proposals requested that the companies amend their articles to adopt and disclose in annual reporting a plan outlining their "business strategy, including metrics and short-, medium-, and long-term targets, to align its business exposure to coal, oil and gas assets with the goals of the Paris Agreement." For Sumitomo, a trading company, the proposal related to its business exposure to coal, oil, and gas assets. For MUFG, the largest Japanese bank, it focused on the firm's financing and investments.

Australian NGO Market Forces was involved with both proposals; the group was the proponent of the Sumitomo proposal and one of three co-filers of the MUFG proposal, with Japanese NGO Kiko Network. The proposals came at a time of quickly-evolving Japanese climate policy, during which the country's dependence on coal has been a source of controversy for environmental groups.

Sumitomo faced criticism over its involvement in coal-fired power generation and thermal coal mining. Specifically, Sumitomo had been linked to several controversial projects, including the Van Phong 1 plant in Vietnam and the Matarbari coal plant in Bangladesh. As one of the largest Japanese trading companies, Sumitomo is exposed in many different ways to risks related to coal-fired power. For each of these two controversial projects, the firm's risks differed based on whether it was involved in power purchase agreements or engineering services contracting. However, it was our view that Sumitomo's existing disclosure and policies

had already largely addressed the proponent's concerns, and we viewed the firm's responsiveness favorably to the degree that, on balance, we did not believe shareholder support was warranted.

MUFG, meanwhile, had been criticized by environmental NGOs as one of the top banks financing coal while also being named Asia's "worst funder" of fracking, tar sands, and fossil fuels overall since the Paris Agreement. Likely in response to such critiques, and with a potential shareholder proposal on the horizon, the bank made major revisions to its coal financing policy. While the proponents welcomed the bank's progress, they were ultimately still concerned that MUFG was not providing sufficient assurance that its portfolio would be aligned with the Paris Agreement. On the whole, we were of the view that MUFG had demonstrated significant responsiveness to shareholder concerns and had made significant progress with respect to its climate considerations and policies. Accordingly, we did not believe support for the proposal was necessary.

Neither proposal received majority support. At Sumitomo, the proposal received 20% support, and at MUFG, the proposal received 22.8% support. However, they clearly represent growing momentum for climate-related shareholder proposals in Japan.

Climate Lobbying

How companies are spending treasury funds for electioneering or lobbying purposes have been one of the most popular topics of shareholder resolutions that have gone to a vote over the past decade (see Political Contributions and Lobbying Expenditures). Investors have increasingly been concerned with and engaging companies on how their money is being spent, and whether or not it is being used to further stated corporate goals. For example, one concern that has arisen in recent years is that companies may be outwardly proclaiming their environmental sustainability, while at the same time indirectly funding lobbying efforts aimed at curbing climate regulations through their membership in trade associations.

There have been several attempts to ensure companies' values are aligned with their political spending. In particular, investors have sought to learn about companies' indirect spending, namely that conducted through companies' trade association memberships. Proponents often state in supporting statements that they are concerned about how the target company's money is being spent to lobby against progressive climate legislation, and even the Climate Action 100+ has taken on the issue of engaging with companies on this issue. However, the actual asks of the lobbying resolutions have not substantially changed to address this issue.

The issue of how companies are indirectly lobbying on climate-related issues has been a popular topic of shareholder proposals in Australia since 2017. However, prior to 2020, climate-related lobbying concerns have merely been implicit in the shareholder proposals submitted to U.S. companies. This year, six proposals went to a vote that requested the targeted companies produce reports describing if, and how, their lobbying activities (both direct and through trade associations) align with the goals of the Paris Agreement. The proposals also asked that the requested report address the risks presented by any misaligned lobbying and the companies' plans, if any, to mitigate these risks.

We ultimately recommended support for all three proposals in 2020 and all six proposals in 2021, as we believed that production of the requested reports would ensure the companies was transparent in their policy objectives and would provide shareholders assurance that these companies' funds were being spent in a manner that furthered their stated objectives. We were also concerned with other risks attendant with these companies' lobbying activities. Given that many industries, airlines included, had recently received taxpayer bailouts on

account of the global pandemic, we believed that these companies' spending, on lobbying or otherwise, would come under increased scrutiny. Accordingly, we believed that an accounting of how that money was being spent could help mitigate reputational risks for the companies.

In 2020, all three proposals that went to a vote received significant support, with resolutions at **Delta Air Lines, Inc.** and **United Airlines Holdings, Inc.** receiving 46% and 32%, respectively. A proposal at **Chevron Corporation** ended up receiving majority shareholder support, 54%, which is a relatively uncommon occurrence for a first-time proposal. In 2021 all but one proposal, submitted to **Sempra Energy** (which received 38%), were approved by shareholders, with support levels ranging from 76.4% (**Norfolk Southern Corporation**) to 62.5% (**Phillips 66**). Given investors' strong support for both lobbying and climate resolutions, the support garnered by these proposals is somewhat unsurprising, despite their relative novelty.

Emissions Reduction Targets

For many years, shareholders have proposed resolutions requesting that companies adopt GHG reduction targets. Particularly given the increased focus on issues related to the environment and climate change, it is unsurprising that shareholders are continuing to press companies to take steps to minimize their environmental impacts. However, there has been a shift in how shareholders are approaching this issue, the most notable of which is the targeting of these proposals. Several years ago, these proposals had been targeted almost exclusively at companies operating in the oil and gas industry or in heavily emitting industries, such as utilities. More recently, however, proponents have begun submitting proposals at less emissions-intensive companies. In fact, in 2019 only one of the proposals was targeted at a company where SASB had deemed GHG emissions to be a financially material topic.

Although we generally recommend support for shareholder requests to improve disclosure on material sustainability issues, Glass Lewis typically believes that shareholders should not be involved in the day-to-day management of a company's business. Given this belief, we often find that shareholder proposals requesting that companies set emissions reductions goals overstep the boundary between the purview of shareholders and that of the board. However, Glass Lewis reviews these proposals on a case-by-case basis, taking into account the materiality of emissions to the company in question, as well as the specific wording of the resolution and what it requests. In certain circumstances, particularly when emissions present a material issue for a company, setting GHG emissions reduction targets can significantly affect the way it operates.

We reviewed five of these proposals in 2019, but only one in 2020. The sole 2020 proposal was a repeat from the prior year, at **TransDigm Group Incorporated**. In 2021, however, the profile of the four proposals on this topic significantly changed. These proposals were submitted at largely emissions-intensive companies and most dealt with Scope 3 emissions, or emissions that are outside of the companies' direct control. Furthermore, support for these proposals skyrocketed. After the Transdigm proposal received 45% shareholder support in 2020, all four proposals that went to a vote in 2021 received shareholder approval, averaging 69% shareholder support. Support for these measures, all of which were board-opposed, ranged from 59.3% (**ConocoPhillips**) to 80.3% (**Phillips 66**).

Glass Lewis recommended in favor of one of these four proposals, at Phillips 66. This proposal requested that the company, which had no existing GHG emissions reduction targets, set emissions reductions targets covering the GHG emissions of its operations and energy products. We had some concerns regarding the implicit request

that it set Scope 3 emissions reduction targets, but believed that such concerns could be overlooked given the precatory nature of the proposal and the significant deficiencies in Phillips 66's existing policies.

Glass Lewis has generally opposed shareholder proposals requesting that energy companies set Scope 3 emissions reduction targets as, given the nature of energy companies' operations, they likely necessitate scaling back operations. Given our reluctance to support these initiatives, we recommended that shareholders oppose a proposal at ConocoPhillips requesting that it set emissions reductions targets covering Scope 1, 2, and 3 emissions. Given that ConocoPhillips had already set a net zero ambition and that it had relatively robust Scope 1 and 2 emissions reduction targets, we did not believe that setting Scope 3 targets (the only ones not currently established by the company) would necessarily benefit shareholders. A proposal at **Chevron Corporation**, on the other hand, only addressed Scope 3 emissions, requesting that such targets be set. Although we believed that its Scope 1 and 2 emissions reductions targets could reasonably be strengthened, the proposal was silent on those targets. Accordingly, we were not convinced that adoption of the resolution would necessarily address our concerns. However, the proposal passed with nearly 61% shareholder approval.

Finally, we recommended shareholders vote against a proposal at **Bloomin' Brands Inc.** requesting that it report on if and how it could increase the scale, page and rigor of its efforts to reduce its total contribution to climate change, including emissions from its supply chain. Bloomin', which owns a number of restaurant brands, represented the only company to be targeted with a GHG resolution that did not have such emissions as a financially material topic, as defined by SASB. We were concerned that the proposal represented a request that would not have a direct benefit on shareholders and that its adoption could, to some extent, detract from far more pressing demands, which were myriad given the COVID-19 pandemic and its adverse impact on companies operating in the restaurant industry. Despite these concerns, shareholders overwhelmingly approved the measure, with support for the proposal reaching 76%, up significantly from 2020 when only 26% of Bloomin's shareholders supported the resolution.

Case Study

Target Practice

Given the threat of climate change, companies have faced increasingly more frequent and nuanced proposals regarding climate-risk management in recent years. At its 2021 AGM, **Imperial Oil Limited** received a shareholder proposal requesting that it adopt a corporate-wide ambition to achieve net-zero carbon emissions at or before 2050. If adopted, the proposal would have pertained to Scope 1 and 2 emissions.

Proponents acknowledged Imperial Oil's goal to achieve a 10% decrease in GHG emissions intensity by 2023 but remained concerned that it had not committed to longer-term targets in line with the Paris Agreement, particularly in light of net-zero by 2050 targets adopted by peer companies. The proponents also pointed to net-zero by 2050 targets held by 28 countries, including Canada, which had also committed to reducing GHG emissions by 30% by 2030.

The board opposed the proposal, stating that until the company could successfully identify clear, achievable steps to net-zero, such a commitment would be premature. Instead, Imperial Oil stated that its preference was to set a series of concrete targets with specific action plans. It stated its support for the goals of the Paris Agreement and maintained that Imperial Oil was developing pathways to reduce GHG emissions intensity in

support of a net-zero future. It also stated that it was supporting customers in reducing their emissions and asserted the potential viability of CCS technology.

We found Imperial Oil's climate-related disclosure to be deficient in some respects in comparison to peers; for example, the company did not appear to have received external assurance for its GHG emissions disclosure and did not provide a comprehensive index of TCFD disclosures, though it did state that its disclosure was guided by TCFD recommendations. Imperial Oil also had not set a long-term GHG emissions reduction target. Additionally, given the board's response that it was developing pathways to reduce its GHG emissions intensity in support of a net-zero future, we felt that shareholder support for the proposal would serve to further encourage Imperial Oil in the development of these pathways and its preference to set concrete targets. As such, we recommended support for this proposal.

The proposal failed to pass with majority approval as only 14% of shareholders voted in favor.

Say on Climate

Shareholder Proposals

Companies' adoption of an annual shareholder vote on their climate strategies, or Say on Climate, was arguably the most dominant issue of the 2021 proxy season. While the vast majority of management proposals on this topic were put to a vote outside of the United States, shareholders of U.S. companies were among the first to propose via the shareholder resolution process that these companies follow suit by adopting a Say on Climate vote.

One of the frustrations expressed by shareholders about companies' adoption of Say on Climate was that there is very little standardization of the management-proposed resolutions being put to a vote or the disclosures supporting that vote. Shareholder proposals similarly lacked any kind of standardization, varying significantly at the companies where it was proposed, as detailed below:

- **Booking Holdings:** Two proposals were put to a vote, one requesting disclosure and the other requesting that Booking adopt a Say on Climate vote. Although the proposal that requested Booking provide an annually-updated climate transition report received shareholder approval (56.4% support), the proposal asking that shareholders be able to vote on this climate transition plan did not, receiving only 37.5% support.
- **Charter Communications, Inc. and Union Pacific Corporation:** These two companies received similar proposals, requesting that they both provide an annual climate transition plan and a shareholder vote on said plan. Although both companies opposed the resolution, Union Pacific's two Canadian peers both adopted a Say on Climate vote more willingly, with **Canadian National Railway Company** placing a management proposal up for a vote that would establish a Say on Climate vote and **Canadian Pacific Railway Limited** placing an identical proposal up for a vote as a board-supported shareholder proposal. The two Canadian proposals were notable in that the identical proposals included resolutions with two separate resolved clauses, which is a relatively uncommon format for either shareholder or management proposals. The proposals at Charter and Union Pacific received 39% and 32% support, respectively.

- **Monster Beverage Corporation:** Shareholders submitted what appeared to be a binding proposal up for a vote that would amend Monster's bylaws to establish a Say on Climate vote. This proposal received the lowest proportion of votes of all of the shareholder proposals submitted on this topic, with only 7% of shareholders voting in favor of the resolution.

Management Proposals

In addition to the aforementioned shareholder proposals, a number of companies proactively adopted a Say on Climate vote. In the United States, both **S&P Global Inc.** and **Moody's Corporation** asked shareholders to vote on their climate transition plans. Both of these proposals received approximately 99% support, excluding abstentions. However, the significant level of support does not tell the whole story, and the number of abstentions on these proposals may indicate underlying shareholder opposition to the vote. The proposal at S&P Global received more than 23 million abstentions (compared to 2.4 million for a shareholder proposal and 1.1 million for the ratification of its auditor). The proposal at Moody's also had a very high abstention rate, with more than 9.4 million votes abstaining (relative to 1.8 million votes against the proposal, and under 630,000 abstentions for both the company's auditor ratification and its say on pay vote).

With the exception of Moody's, S&P, and the aforementioned proposal at Canadian National Railway, the remaining 17 proposals were all at European companies, largely those domiciled in Great Britain, France, and Spain. Given broader European mandates aimed at mitigating climate change and in promoting responsible investment, it is unsurprising that these proposals have gained the most momentum in this region. It is also relatively unsurprising that the vast majority of these proposals received strong shareholder support, with the lowest support for a proposal asking shareholders to approve **Royal Dutch Shell plc's** energy transition strategy (83.2% support).

These proposals took two main forms: (i) a request that shareholders approve a policy that would create the framework for the adoption of a Say on Climate vote; and (ii) a request that shareholders approve a company's climate transition plan. Most companies fell into the latter category, bypassing the mechanism that would formally establish a Say on Climate vote. We noted no significant difference in the votes for these types of proposals.

Although we are extremely supportive of companies providing consistent and transparent reporting on their climate-related risks and opportunities, we are concerned regarding the potential unintended consequences from companies asking shareholders to weigh in on their long-term business strategies. Accordingly, we recommended against each instance when companies sought shareholder approval to establish a Say on Climate vote (at **Gestamp Automocion S.A.**, Canadian National Railway, and **Ferrovial SA**).

Glass Lewis took a case-by-case approach to the remaining 17 proposals, all of which were asking for approval of climate strategies. Given the nascent stage occupied by these proposals, there have been no best practice principles established regarding companies' disclosures on this matter. However, we did look to companies to provide shareholders with context as to how they view the roles of the board and shareholders in executing their strategies. We also evaluated what the proposal was asking shareholders to approve, looking more favorably at proposals asking for shareholders to approve disclosure as opposed to corporate strategies or plans. After making these evaluations, we recommended in favor of approximately 47% of companies' Say on Climate proposals. We recommended that shareholders abstain from a further 41% of proposals. In these instances, we

may have found the disclosure of the companies' climate strategies to be sufficient but took issue with what the company was requesting shareholders approve, or the lack of information provided concerning how they intended to interpret the vote. In the instances of Moody's and S&P, they did provide information concerning their plans if the vote failed to receive low shareholder support. However, these plans did not include engagement with shareholders, which triggered significant concerns.

Glass Lewis recommended shareholders vote against two companies' climate plans on account of what we believed to be problematic aspects of their transition plans. In the case of **Aena S.M.E. S.A.**, we did not believe that the Spanish airport company provided sufficient disclosure of its Scope 3 emissions and attendant reduction strategies. Given that Scope 3 emissions represented approximately 96% of its total emissions, we believed that shareholders should have more information concerning the company's strategies in that regard. We also recommended against a proposal at **Ninety One plc**. In this case, the investment manager failed to provide any quantitative, forward-looking goals or targets. Accordingly, we did not believe that sufficient information was available to allow shareholders to fully understand, and thus approve, its climate action plan.

Say on Climate Proposals

Company	Ticker	Market	GL Rec	% For	% Against	% Abstain
Aena S.M.E. S.A.	AENA	ESP	Against	95.7%	3.6%	0.7%
Atos SE	ATO	FRA	Abstain	84.2%	2.5%	13.3%
Aviva plc	AV	GBR	For	99.6%	0.1%	38.0%
Canadian National Railway Company	CNR	CAN	Against	92.1%	7.9%	0.0%
Ferrovial SA (Approval of Climate Transition Plan)	FER	ESP	Abstain	96.6%	0.7%	2.8%
Ferrovial SA (Adoption of Say on Climate Vote)	FER	ESP	Against	96.8%	1.9%	1.4%
Gestamp Automocion S.A.	GEST	ESP	Against	99.6%	0.4%	0.1%
Glencore plc	GLEN	JEY	For	89.3%	5.3%	5.4%
Iberdrola	IBE	ESP	For	97.3%	0.0%	2.6%
Moody's Corporation	MCO	USA	Abstain	93.3%	1.1%	5.6%
National Grid plc	NG.	GBR	Abstain	93.9%	1.0%	5.1%
Nestlé S.A.	NESN	CHE	Abstain	95.0%	0.1%	4.4%
Ninety One plc	N91	GBR	Against	90.5%	2.4%	7.1%
Royal Dutch Shell plc	RDSB	NLD	For	83.2%	10.6%	6.3%
S&P Global	SPGI	USA	Abstain	87.8%	0.4%	11.8%
Severn Trent plc	SVT	GBR	Abstain	95.1%	0.5%	4.4%
SSE plc	SSE	GBR	For	98.6%	0.0%	1.3%
Total SE	FP	FRA	For	91.9%	8.1%	0.0%
Unilever plc	ULVR	GBR	For	97.4%	0.0%	2.2%
Vinci	DG	FRA	For	96.6%	0.0%	1.6%

Case Study

Canadian Railways All Aboard Say on Climate Train

The 2021 proxy season saw a number of Say on Climate proposals offering shareholders the opportunity to vote annually on companies' climate plans. **Canadian Pacific Railway** received a shareholder proposal at its 2021 AGM requesting that it annually present shareholders with a climate action plan disclosing GHG emission levels consistent with TCFD recommendations and its strategy for future emissions reductions, as well as progress year-over-year. Meanwhile, **Canadian National Railway's** board presented a similar proposal for shareholder approval, upon which the plans of both companies would be subject to an annual non-binding advisory vote.

Proponents of the Canadian Pacific Railway shareholder proposal stated that the requested plan was an important means of assuring shareholders that management takes seriously the physical and transition risks associated with climate change. Canadian Pacific Railway's board recommended in favor of the proposal, stating its commitment to transparency regarding GHG reduction targets and its climate strategy, and maintaining that its strategy is aligned with TCFD recommendations and overseen by the board. Meanwhile, Canadian National Railway's board stated that its climate action plan describes the extent of board oversight, GHG emission levels consistent with TCFD recommendations, and its reduction strategy. It also stated that if the proposal did not receive majority shareholder support, it would engage with shareholders to solicit their specific concerns regarding the company's climate action plan and review said plan accordingly.

Upon review, we noted some concerns regarding the companies' disclosures. Canadian Pacific Railway lacked emissions reduction targets and comprehensive TCFD reporting; and Canadian National Railway lacked Scope 3 emissions reduction targets and did not appear to maintain a net-zero ambition. Ultimately, we recommended against both proposals due to concerns regarding the terms of the proposals themselves. Though we were supportive of both companies developing and presenting to shareholders a climate action plan consistent with TCFD recommendations, we were concerned with the prospect of the companies seeking non-binding shareholder approval of those climate action plans. Ultimately, we were concerned that this mechanism would allow boards to delegate oversight responsibilities for the setting of corporate strategy to shareholders by allowing them to effectively approve this strategy through an up/down vote. Further, companies might view providing a vote on their climate strategies as a substitute for robust shareholder engagement. We also expressed concern that, though non-binding in nature, the legal structure and implications of casting a vote on Say on Climate resolutions are unknown and untested. Therefore, our overall opposition to the proposals stemmed entirely from their mechanics, and we maintained that this opposition should not be interpreted by the companies as reason not to provide the requested reporting to shareholders.

Largely due to management support, both proposals received majority shareholder support, with the shareholder proposal at Canadian Pacific Railway receiving 85% support and the management proposal at Canadian National Railway receiving 92% support.

Corporate Purpose

In August 2019, the Business Roundtable (BRT) amended its Statement on the Purpose of a Corporation to reflect an enhanced focus on stakeholders, rather than just shareholders. The document was signed by 181 CEOs, with additional signatures in the following months. These signatories, which comprised some of the largest U.S. companies, committed to, among other things: (i) deliver value to customers; (ii) invest in employees; (iii) support communities in which they work; and (v) generate long-term value for shareholders.

While many lauded the statement, others took a more skeptical view and raised fears that the acceptance of stakeholderism would insulate corporate leaders from shareholder pressures and make them less accountable.

During the 2020 proxy season, **Bank of America Corporation**, **BlackRock, Inc.**, **Citigroup Inc.**, and **The Goldman Sachs Group, Inc.** received shareholder proposals asking them to defend their support of the BRT statement. While each proposal varied slightly, the four large financial institutions were essentially asked to conduct a comprehensive review of their governance documents, making recommendations to the shareholders on specifically how the “Purpose of a Corporation” could be fully implemented by board and management, and recommending amendments to governance documents.

Glass Lewis did not recommend in favor of any of these resolutions in 2020. It was our view that the proponent had failed to demonstrate that any of the companies had acted with disregard to the BRT statement or that the companies’ current programs and initiatives were deficient or presented a risk to shareholder value. Shareholders were similarly unsupportive of these measures. The proposals received between 3.9% and 9.3% support.

During the 2021 proxy season, these proposals changed significantly. During the first half of the year, one company, **Walmart Inc.**, received the aforementioned corporate purpose proposal, while another 15 companies were targeted with a proposal requesting that the board amend the governing documents to turn the company into a public benefit corporation, a form of entity that is intended to produce one or more public benefits and to operate in a responsible and sustainable manner. This relatively nascent choice of entity has only been employed in a handful of occasions, and never for a company with the size and scope of those targeted in 2021. Accordingly, and in light of the fact that the companies were able to maintain stakeholder considerations in their current form, Glass Lewis did not recommend in favor of any of these proposals. Shareholders generally agreed, with proposals receiving average support of roughly 3%. In fact, only one proposal, at Yelp Inc. (which received 11.8% support), received over 4% support in 2021.

Human Capital Management

Issues related to human capital management were at the forefront of the last several proxy seasons. In the last three years, we have seen an increased focus on how companies are managing and capitalizing on their workforces. With the momentum of the #MeToo movement and the urgency of the COVID-19 pandemic behind them, proponents challenged companies on the diversity of their workforces, their sexual harassment mitigation initiatives, and their workforce policies. On average these proposals received 45% support (up from 28% in 2020), which further indicates strong shareholder support and a significant continued investor interest in this issue.

Pay Equity

In 2016, a relatively novel shareholder proposal requesting additional information on how **eBay Inc.** was closing its gender pay gap received majority shareholder support. This result was all the more notable given that the proposal was first submitted at eBay just one year prior and received much lower support. It is fairly common for shareholder proposals to receive low support in the first years after they are introduced. Even the SEC has recognized this fact, and has lower resubmission guidelines for shareholder proposals in the first and second years they are presented at companies. Moreover, prior to 2015, the issue of gender pay equity had not been raised by a shareholder proposal since 2007. As such, it was a surprise when support for the eBay shareholder resolution shot up from 8.5% in 2014 to 51.2% just one year later.

In the subsequent three years, the proposal was submitted to several other companies in the tech industry as well as several large financial institutions. Although Glass Lewis was generally supportive of all of the proposals requesting that companies disclose their adjusted pay gaps, in 2019 proponents took a different approach. Since that time, the vast majority of proposals on this topic have requested that companies disclose their median pay gaps. These proposals requested reporting on the percentage global median gap between male and female employees, rather than the adjusted gap. Many proposals also asked for the same information with respect to the racial pay gap.

Because of the critical difference in median versus adjusted pay gaps in the request of the proposal, we did not recommend in favor of any of these resolutions. Each of the companies where this proposal was submitted had provided information concerning how they were calculating and managing their adjusted pay gap, along with thorough disclosure about how they were working to advance women and minorities within their organizations. We were concerned that disclosure of the requested information could provide potentially misleading information and lead current and potential employees to assume the company maintained a pay gap that, once adjusted for title and location, was negligible. While adjusted pay equity information allows stakeholders and shareholders to ensure that equal work is receiving equal pay, a median pay gap could be influenced by the proportion of one gender in a specific type of role, and thus could paint a misleading picture of a company's pay policies such that employee morale, retention, and recruitment are negatively (and inappropriately) impacted.

In 2020, we reviewed 13 of these proposals, and in 2021 this figure dropped to just four proposals. Although we did recommend for one of these proposals in 2020 at **Facebook, Inc.** on account of insufficient disclosure on this issue, we did not recommend in favor of any of the proposals in 2021.

Although median gender pay gap proposals received relatively strong support in 2019, with 25% on average, average support dropped to just 15% in 2020. Further, only two of these proposals, at **Pfizer Inc.** and **Cigna Corporation**, received over 20% support. Moreover, in instances where the proposal was resubmitted, at **Adobe Inc.** and **The Bank of New York Mellon Corporation**, support levels dropped precipitously (from 33% to 13% and 25% to 8%, respectively). In 2021, however, support for these proposals was again relatively strong, averaging 24%. Further, only one of the four proposals in 2021, submitted at **Intel Corporation**, received under 20% and in each instance that the proposal was resubmitted, support levels rose significantly between 2020 and 2021; at **Cigna Corporation** and **Amazon.com, Inc.**, support rose from 21% to 32% and 15% to 26%, respectively.

It is possible that this increased support comes as part of the larger wave of support for environmental and social proposals, or as human capital management continues to grow in importance to many investors.

Regardless, this issue has been incredibly dynamic and likely will continue to be an area of focus for shareholders.

Diversity Reporting

In 2021, Glass Lewis reviewed 11 proposals related to employee diversity, up from 7 in 2020. Most of these proposals requested that the targeted companies provide more information concerning their workforce demographics, with the exception of a proposal at **Paycom Software Inc.** which requested additional disclosure concerning the board's assessment of the current state of its management leadership team diversity and if and how it plans to make the company's executive team more diverse in terms of race, ethnicity, and gender.

On average, these proposals received 61% support, up from 55%, 43% and 39% in 2020, 2019 and 2018, respectively. Further, while only one such proposal, at **The Travelers Companies, Inc.**, received majority shareholder support in 2019, more than half of the proposals submitted to a vote in 2020 received more than 50% approval. In 2021, two-thirds of the diversity reporting proposals were approved by shareholders, underscoring the importance of this issue to shareholders.

Two of these proposals, submitted at Paycom and **International Business Machines Corporation**, were not opposed by the companies' respective boards, which resulted in these proposals each receiving approximately 94% support. Moreover a board-opposed proposal at **DuPont de Nemours, Inc.** requesting that it disclose its EEO-1 Report, received nearly 84% support. Two other proposals, both submitted at **Union Pacific Corporation**, requesting that it (i) disclose its EEO-1 report; and (ii) report on the process the board follows for assessing the effectiveness of its diversity, equity and inclusion programs, each received above 80% support (86% and 81%, respectively).

Prior to the 2019 season, Glass Lewis revised its policy approach to these proposals in the context of increased investor stewardship obligations and expectations regarding board composition. In 2018, we had recommended in support of two of the seven proposals submitted to a vote. However, in 2019 and 2020, we recommended in favor of all but one of these proposals and in 2021, we recommended in favor of every proposal requesting additional disclosure on companies' diversity initiatives.

A notable deviation to the more traditional diversity reporting proposals are those requesting more information on the current state of companies' management team diversity and their plans to make their management teams more diverse in terms of race, ethnicity, and gender. In each of the last three years, one proposal with the aforementioned request has gone to a vote, receiving notable shareholder support.

Glass Lewis has recommended in favor of each of these resolutions, at Paycom (2021), **IPG Photonics Corporation** (2020), and **Newell Brands Inc.** (2019). Given the potential benefits of ensuring diversity within IPG's leadership, we believed that the requested disclosure could benefit shareholders by allowing them to gain more insight as to how the company approached the issue of diversity in relation to both the current leadership team and the pipeline for future talent. In 2021, this proposal was endorsed by management and, as mentioned above, received approximately 94% support. In 2020, the IPG Photonics resolution received 45% support and the 2019 proposal at Newell Brands was approved with 56.6% support.

This significant support could indicate that shareholders are moving beyond the board and the broader employee base to more closely examine the composition of companies' management teams, and that they are

increasingly placing emphasis on that cohort of employees. Considering the concerns regarding women and minorities in executive and board positions, it is likely that shareholders will continue to examine and target companies where they believe that the pipeline of talent is not sufficiently diverse.

Employment Practices

Given the continued focus on human capital management, which has only been exacerbated by the COVID-19 pandemic, it is somewhat counterintuitive that the proportion of proposals dealing with companies' employment practices dropped from 2020 to 2021. For example, over the last two years, issues related to sexual harassment represented a significant portion of human capital management proposals. However, in 2021, we only saw one such proposal at **Comcast Corporation**, which was resubmitted from the previous year.

This proposal requested that the company undertake an independent investigation on sexual harassment within its organization. Comcast, which owns NBC Universal, had experienced significant controversy on account of the actions of several of its employees, most notably Matt Lauer, who had been accused of sexual assault by several employees. We recommended in favor of this proposal in both years, despite the fact that Comcast had undertaken an internal investigation into these matters. We were concerned about inherent conflicts of interest that may manifest from such an investigation and believed that bringing in an independent party to conduct the requested investigation would allow for a more thorough accounting of the issues raised by the proposal. We also believed that this investigation was of particular importance, as it could signal the seriousness with which the company takes this issue to the company's employees, and could ultimately help the company to foster a more open, diverse, and engaged workforce. This proposal ended up receiving only 13% support in 2020, but support rose significantly to 22% in 2021. Further, it should also be noted that support for this measure was artificially depressed given Comcast's dual-class share structure.

Two proposals on employment practices, both with similar requests, received majority shareholder support. In 2021, proposals at both **Sunrun Inc.** and **The Goldman Sachs Group, Inc.** received 59% and 53%, respectively. These proposals requested that the companies prepare a report on the use of contractual provisions requiring employees to arbitrate employment-related claims. Glass Lewis recommended in favor of both proposals, as we believed that the requested reports would help shareholders ensure that the issues were being thoroughly addressed by the board and management. We also believed that adoption of the proposal would present the additional benefit of providing reassurance to current and potential employees who may have concerns regarding how these companies' policies affected any of their employment-related claims.

For the second year in a row, we also recommended in favor of a proposal at **Amazon.com, Inc.** requesting more information on promotion data within its organization. Specifically, it asked for public reporting on its promotion velocity rates, defined as the time it takes from the date of hire to promotion, or between one promotion and the next. The proponent also requested that this information be broken down by title and level for different gender and racial identities. Although we acknowledged that the requested report would show only a narrow aspect of how issues related to advancing women and racial minorities within the organization are being managed, we believed that such information could paint an important picture for shareholders, particularly when viewed on a year-over-year basis. We also believed that, by reporting on the issue, shareholders would have some assurance that, at some level, the issue was being monitored and managed. This proposal received 12% and 18% support in 2020 and 2021, respectively.

Human Rights

In recent years, investors have increasingly been raising concerns regarding companies' human rights-related risks and considerations, particularly with regard to supply chains. However, despite increased investor attention to these issues, only a handful of companies have faced shareholder proposals concerning human rights issues in the past several years. In 2021, we reviewed 9 proposals dealing with human rights-related issues, compared with 13 in 2020, 12 in 2019, 9 in 2018, and 10 in both 2016 and 2017.

Historically, these shareholder proposals have received very low shareholder support. In 2018, the highest support (19.9%) was for a proposal at Monster Beverage Corporation requesting that it report on the criteria and analytical methodology to determine its conclusion of "minimal risk" of slavery and human trafficking in its sugarcane supply chain. Further, of the eight other human rights-related proposals submitted to a vote in 2018, only two received over 10% shareholder support. In 2019, however, average support for these proposals increased to 28%; four proposals received between 30%-49% support, and one proposal, submitted at **The GEO Group, Inc.**, received 87.9% support. It should be noted, however, that the proposal at GEO Group was ultimately unopposed by management.

It does appear that these resolutions are continuing to gain in popularity with investors. Although all proposals were opposed by management, in 2020, average support for these resolutions was 24% and, again, four proposals received between 30-49% support. In the last year, average support rose to 31%, though it was largely buoyed by a management-supported proposal at **The Wendy's Company** requesting that it report on the effectiveness of supply chain audits and third-party reviews, which received 95% support as a result of management's encouragement. Other proposals ranged between 5% at **Exelon Corporation** for a proposal on child labor (see *Trojan Horse Proposals*) and 35% for a proposal at **Amazon.com, Inc.** concerning the due diligence it employs for its customers.

Glass Lewis recommended in favor of more than half of the human-rights related proposals in 2021, up from 23% in 2020 and 42%, in 2019. The reason for the higher levels of support on behalf of Glass Lewis, and shareholders more broadly over the last two years, is likely due to the improved construction and targeting of these proposals. In 2018, these proposals were often asking for very narrow reporting, on issues such as Indigenous People's Rights (at **PayPal Holdings, Inc.**) and genocide-free investing (at **JPMorgan Chase & Co.**). However, in the past three years, many of the proposals have been asking for broader, more applicable reporting at companies that had faced controversy on account of their operations or their industry.

Political Contributions and Lobbying Expenditures

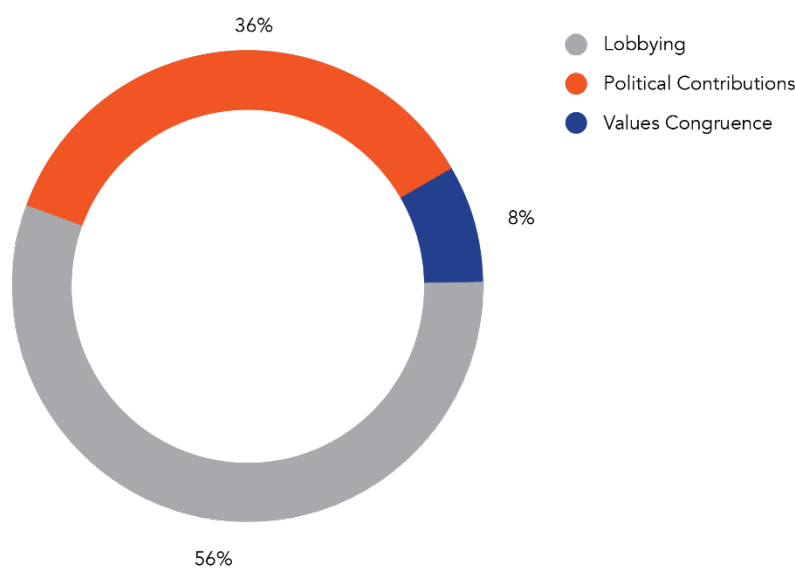
For the past decade, resolutions related to corporate political spending have been among the most frequent type of proposals to go to a vote. Given the attention paid to elections and corporate influence in politics, it is unsurprising that disclosure of companies' political spending has been a significant focus of investors in recent years. Accordingly, shareholders have been consistently engaging companies on this issue and filing shareholder proposals requesting additional disclosure of their corporate political spending. The majority of the proposals filed on this topic request that companies produce a report on either their electioneering expenditures or their lobbying activities. In previous years, proponents had submitted Trojan Horse proposals on political contributions (see *Trojan Horse Proposals* for more details), but no such proposals were submitted during the 2021 proxy season.

In 2021, 36% of all political spending proposals requested that companies provide a semi-annually updated report disclosing a specific accounting of political contributions and the policies and procedures related thereto (down from 60% in 2019 and 44% in 2020). The majority of these proposals requested that companies disclose monetary and non-monetary direct and indirect political contributions and expenditures, the identity of the recipient of such expenditures, the title of individuals responsible for decision-making, and any related policies and procedures that govern such contributions.

Approximately 56% of all 2021 political spending proposals requested that companies provide semi-annual reporting regarding their lobbying activities and expenditures (up from 34% in 2019 and 52% in 2020). Lobbying proposals generally request that companies disclose: (i) policies and procedures governing direct and indirect lobbying and grassroots lobbying communications; (ii) payments made for the purpose of direct or indirect lobbying or grassroots lobbying communications and the recipients of such payments; (iii) memberships in and payments to any tax-exempt organization that writes and endorses model legislation; and (iv) a description of the board and management oversight of lobbying expenditures.

Glass Lewis generally believes that increased disclosure of corporate political spending benefits shareholders by allowing them to weigh the risks and benefits of such spending. Further, we believe that companies should generally disclose information regarding the policies and procedures employed when they make these spending decisions, and believe that the board should maintain an active role in the oversight of the spending process. In a slight reversal from an upward trend in recommending support for these proposals, we recommended shareholders vote in favor of 72% of these proposals in 2021 (compared to 37% in 2013, 55% in 2017, 58% in 2018, 75% in 2019 and 79% in 2020).

Corporate Political Spending Proposals



The general trend in increased Glass Lewis support over the last decade is in line with a larger trend of companies' enhanced disclosure of their corporate political spending, which further highlights outliers that have not provided clear disclosure on this issue. Given the dynamic environment surrounding political contributions disclosure, companies must carefully monitor their own disclosure relative to that provided by others in the industry in order to ensure that they are not lagging their peers.

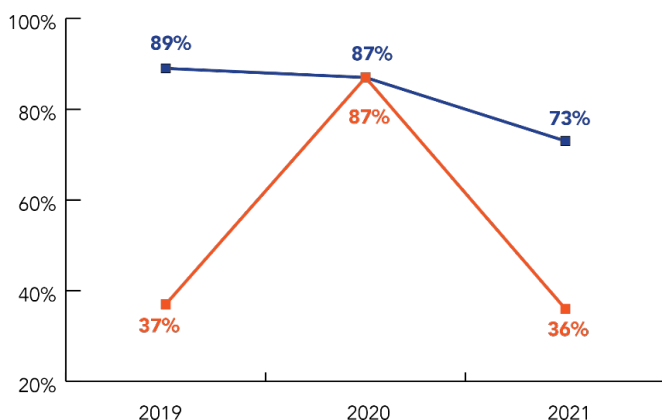
We take a case-by-case approach in analyzing each proposal, resulting in varied voting recommendations. When evaluating these proposals, Glass Lewis considers, among other things: (i) the level of oversight afforded to corporate political spending; (ii) the disclosure currently provided by the target company; and (iii) the level of disclosure and oversight of political spending provided by a company's peers. For example, we would recommend support for a proposal if a company did not maintain explicit board oversight of its political spending. Conversely, we may have recommended voting against such a proposal if a company had disclosure that was in line with or superior to that provided by its peers.

Overall, in 2021 these proposals received an average of 41% support (36% in 2020, 34% in 2019 and 29% in 2018). Historically, on average, those proposals requesting a report on a company's electioneering expenditures have fared better with shareholders than those requesting reports on lobbying, and 2021 was no exception. Proposals requesting political contributions disclosure received 48% average shareholder support, and those requesting lobbying disclosure received 36% (42% and 32%, respectively, in 2020).

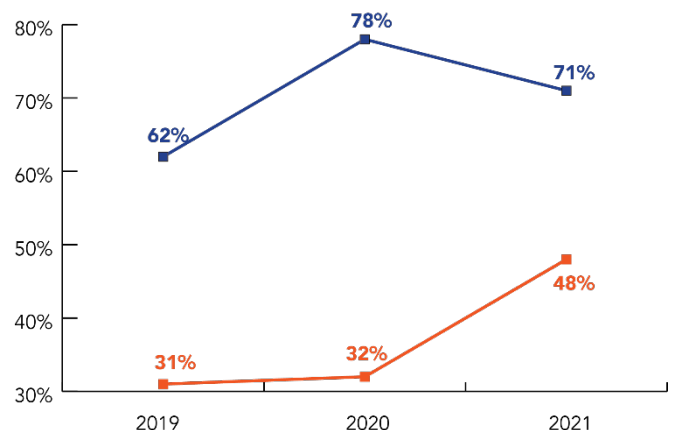
Typically, a handful of these proposals receive majority shareholder support. In 2019 and 2020, four and six proposals, respectively, received majority shareholder support. In 2021, nine of these proposals received majority approval, with proposals at **Netflix, Inc.** and **Chemed Corporation** receiving especially notable shareholder support (approximately 80% at each company).

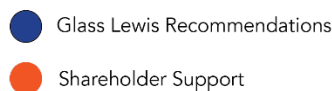
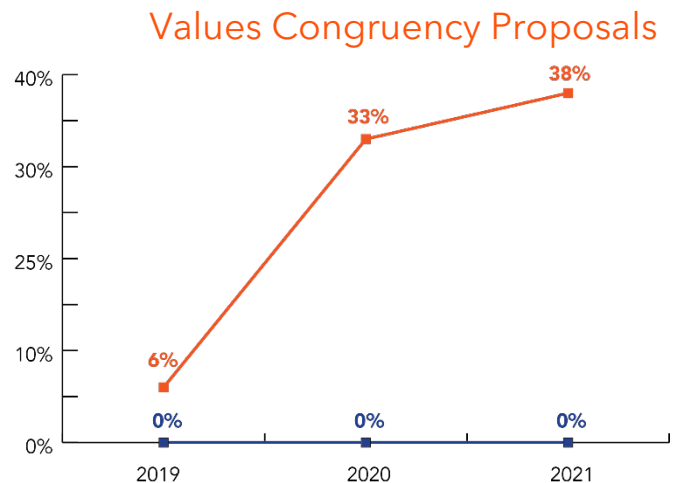
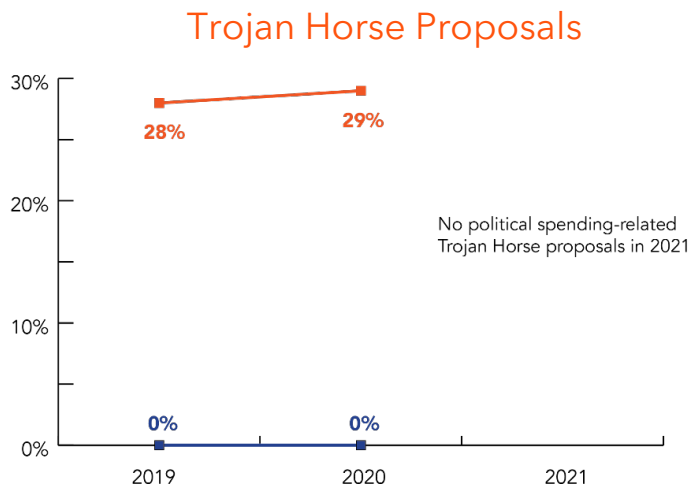
Support for Political Spending Proposals

Electioneering Expense Proposals



Lobbying Proposals





Racial Equity

In the wake of the murder of George Floyd, the focus on racial equity intensified significantly. As part of this focus, shareholders submitted a new type of proposal to a vote during the 2021 season focused on how companies were assessing their impacts on racial and ethnic minority communities. In total, shareholders voted on 12 different proposals dealing with these impacts. The vast majority of these proposals, which were mostly submitted at financial institutions, requested that the target companies undertake a racial equity audit analyzing their adverse “impacts on nonwhite stakeholders and communities of color.” The proposal also specified that boards should seek input from civil rights organizations, employees and customers when determining the specific matters to be analyzed.

Glass Lewis recommended in favor of nearly all of the proposals, which ranged in support levels from 13% (**Wells Fargo & Company**) to 44% (**Amazon.com, Inc.**). We believed that, in light of the events of 2020, it was particularly important for companies to address issues of racial equity, and that a concerted and proactive effort to ensure that these companies have thoroughly addressed the potential adverse impacts on various stakeholder groups would benefit shareholders. However, we did refrain from recommending shareholders support the proposal at Wells Fargo, which was in the process of conducting a human rights impact assessment, overseen at the board level, to assess and determine its human right risks, including a specific focus on racial equity. Accordingly, we believed that adoption of the proposal would be largely duplicative of the company’s efforts in this regard.

Several other proposals also went to a vote that dealt with companies’ impacts on communities of color. For example, proposals put forth at **PayPal Holdings, Inc.** and **Intel Corporation** requested that the board report to shareholders on whether written policies or unwritten norms at the companies reinforce racism in company culture. In addition, shareholders requested that **Abbott Laboratories** disclose its plan, if any, to promote racial justice. Finally, a proposal at **Walmart Inc.** requested that it report on whether and how its racial justice goals and commitments align with the starting pay for all classifications of associates.

Although many of these proposals received relatively strong support, none were approved by shareholders. However, given the continued focus on this issue from companies, stakeholders, and shareholders, it is likely that we will continue to see this issue evolve in the coming years.

Case Study

Banks Being Held to Account on Social Justice Commitments

Particularly in light of broad societal changes in recent years, companies have faced increased pressure from investors to meaningfully address issues of racial injustice in their communities and workforces. During the 2021 proxy season, a number of banks faced shareholder proposals at their AGMs requesting that their boards oversee a racial equity audit analyzing the companies' "impacts on nonwhite stakeholders and communities of color." Specifically, the proposals, submitted to a vote at several large financial institutions including State Street, Goldman Sachs, JP Morgan, Wells Fargo, and Citigroup, requested that input from civil rights organizations, employees, and clients be considered in determining the specific matters to be analyzed and that the audits appear publicly on the companies' websites.

Proponents mainly appeared concerned with what they identified as discrepancies between the companies' public statements in support of racial justice and the history of systemic racial discrimination in the banking industry generally and at some of the companies specifically. State Street, Goldman Sachs, and JP Morgan have faced racial discrimination lawsuits, among other issues, while Wells Fargo and Citigroup have faced accusations of discriminatory hiring and lending practices.

All six banks' boards opposed the proposal, citing existing company disclosures, diversity initiatives, and related public recognition. In addition, each company had announced new goals, initiatives, or financial contributions to racial equity causes in 2020. In particular, Wells Fargo stated that it was conducting a third-party human rights impact assessment including a focus on racial equity and that it intended to provide a summary of the assessment to shareholders.

A number of companies have previously undertaken civil rights audits similar to those requested by the proposal, including Airbnb, Starbucks, Facebook, and BlackRock, though most did so as the result of a significant crisis related to issues of race. Still, given broad societal changes, we maintained that it was particularly important for companies whose operations rely heavily on their employees' and customers' trust and loyalty to address issues of racial equity. Further, given the companies' public statements with respect to management of related issues, we believed that scandals involving these issues could pose an even more significant reputational risk and call into question the authenticity of the companies' efforts. Accordingly, we recommended that shareholders vote in favor of the proposals at all but Wells Fargo, where we considered its third-party human rights impact assessment to sufficiently address the request of the proposal.

Ultimately, the proposal failed to receive majority support at any of the six banks, though it did receive relatively strong support at support at State Street (37%), Goldman Sachs (31%), JP Morgan (40%), and Citigroup (39%).

Technology-Related Proposals

For the last three years, the companies that received the highest number of shareholder proposals have been the large tech companies, namely, **Facebook Inc.**, **Alphabet, Inc.**, and **Amazon.com, Inc.** Between just these three firms, shareholders voted on a total of 104 shareholder proposals over the last four years, with 25 of these proposals going to a vote in 2021 (down from 30 in 2020). The topics of these proposals have varied widely, underscoring the scope of these companies and their pervasiveness in society.

A number of these proposals have requested traditional governance reforms, such as implementing a majority vote standard for the election of directors, or the appointment of an independent chair. However, there have been a number of topics that are unique to these companies' operations. For example, Alphabet faced a shareholder proposal requesting a report on the feasibility of disclosing, by jurisdiction, a list of delisted, censored, downgraded, proactively penalized, or blacklisted terms, queries, or sites that the company implements in response to government requests. In addition, Facebook shareholders voted on a proposal asking it to report on the benefits and drawbacks to maintaining or restoring the type of enhanced actions put in place during the 2020 election cycle to reduce the platform's amplification of false and divisive information.

Both Facebook and Alphabet faced proposals dealing with the oversight of and director expertise in human and civil rights (see *Board Composition*), which is reflective of how intertwined these companies' operations are in society. Facebook shareholders voted on an additional proposal concerning how it is mitigating risks associated with increased sexual exploitation of children as it develops and offers additional privacy tools, such as end-to-end encryption. Amazon was also targeted for its involvement in facial recognition technology, Rekognition, and the social implications of its video doorbell, Ring. Amazon also faced a proposal regarding the environmental impacts of its plastic packaging.

Overall, the proposals at these three companies received average shareholder support of 19.5% (up from 18% the previous year), with the highest support (44%) for a first-time proposal at Amazon requesting that it undertake a racial equity audit (for more information see *Racial Equity*). To compare, in 2020, the highest support was also for a proposal at Amazon, but this was a commonly seen, and often highly-supported, proposal requesting that it lower its special meeting threshold (37% support). The lowest support (0.6%) was for a Trojan Horse proposal at Alphabet requesting that it provide more information concerning its charitable contributions (for more information see *Trojan Horse Proposals*).

It should be noted that both Facebook and Alphabet have multi-class share structures, thus depressing shareholder support for these measures. When we calculated support for these proposals without the impact of the multi-class share structure, three of these proposals received over 50% shareholder approval (down from five such proposals in 2020). For the second year in a row, at both Facebook and Alphabet, proposals regarding eliminating the companies' multi-class share structure would have received majority shareholder support on a normalized "one share, one vote" basis. In addition, a proposal at Facebook requesting that it report on the benefits and drawbacks of maintaining or restoring the type of enhanced actions put in place during the 2020 election cycle to reduce the platform's amplification of false and divisive information would have received 52% normalized shareholder support.

Case Study

Delivering on Human Capital Management

Given their position, size, and reach, tech companies have faced increased regulatory and investor scrutiny in recent years, particularly over their handling of human rights-related issues such as use of company technology and allowing the propagation of disinformation, hate speech, violence, and extremism on their platforms. They have also faced investor concern regarding human capital management issues such as those related to pay and racial equity. At its 2021 AGM, Amazon saw 11 shareholder proposals go to a vote, three of which pertained to human capital management.

One such proposal, a repeat from the 2020 proxy season, requested that Amazon disclose a median gender and racial pay equity report. Amazon also received a repeat proposal requesting a report on promotion velocity rates for different gender and racial identities, defined as the time it takes from the date of hire to promotion, or between one promotion and the next. Amazon was one of several companies to receive a new proposal this year requesting a third-party racial equity audit analyzing its impacts on civil rights, equity, diversity, and inclusion.

Proponents stated that institutionalized sexism and racism have become pervasive in the tech industry, with peer companies experiencing high-profile lawsuits regarding gender and/or racial discrimination. They further noted the disproportionate number of male managers and executives compared to Amazon's overall workforce. Further, though Amazon publicly stated its solidarity with the fight against systemic racism, proponents argued that some of its actions had been criticized as being inconsistent with that pledge. Concurrent with the 2021 proxy season, Amazon faced criticism in the news for its stance on worker unions and purported anti-unionization activities, facing allegations of employee intimidation and manipulation. Ultimately, though labor unions have organized some of Amazon's European workforce, no U.S. facility has successfully formed or joined a union.

In its response to these proposals, Amazon stated that it pays employees comparably when analyzing the work of people performing the same jobs. Further, it maintained that it had increased the percentage of women and U.S. employees from underrepresented racial/ethnic groups across its tech and non-tech corporate roles and in manager roles in each of the past three years and that, in particular, it had achieved its 2020 goal to double the number of Black directors and vice presidents and would double representation again in 2021. Amazon also stated that it had recently initiated a human rights saliency assessment.

We recommended against the proposal requesting a median gender and racial pay equity report, as we considered Amazon's current disclosures to be sufficient and that disclosure of a potentially misleading figure could present significant risks. However, we recommended in favor of the proposals pertaining to promotion data and a racial equity audit in light of serious controversies Amazon has faced in recent years related to discriminatory employment practices.

Ultimately, none of the 11 shareholder proposals voted on at Amazon's AGM passed, including those discussed above. The proposal regarding a report on median gender and racial pay equity received 26% support, and the proposal regarding a report on promotion data received 18% support. The proposal regarding a racial equity report received the highest level of shareholder support at 44%.

Trojan Horse Proposals

In recent years, shareholders have voted on a handful of “Trojan Horse” or “antisocial” shareholder proposals. These proposals can often mimic the form of traditional resolutions on a variety of topics, but often implicitly or explicitly promote an agenda that is often at odds with that of the traditional resolutions. Generally, proponents of Trojan Horse proposals are critical of companies’ progressive efforts with respect to environmental and social issues. As such, these proposals are generally aimed at curbing those efforts.

Previously, the most frequent proponent of these proposals was the National Center for Public Policy Research (NCPPr), a “conservative think tank and public policy institute covering Congress, insider political information, global warming and the environment, legal reform, Social Security, and campaign reform.” However, in 2021, this group was not named as the proponent of any shareholder proposals. Instead, the sole disclosed proponent of these types of proposals was Steven Milloy, who is one of the leaders of Burn More Coal, a pro-coal electric utility shareholder activist group dedicated to promoting the increased use of coal as a fuel for energy generation, which began filing shareholder resolutions in 2020.

In 2020, Milloy, a former tobacco lobbyist and Fox News contributor, filed two proposals at **Xcel Energy Inc.** and **Exxon Mobil Corporation** requesting that they annually report on the “actually incurred corporate costs and associated actual and significant benefits accruing to shareholders and the climate from [their] global climate-related activities that are voluntary and exceed government regulatory requirements.” In 2021, Milloy resubmitted both proposals and targeted an additional four companies with the resolution. He also submitted a proposal to utility company **Exelon Corporation** requesting that it report to shareholders on the extent to which its business plans with respect to electric vehicles and their charging stations may involve, rely, or depend on child labor outside of the United States.

In 2021, nine Trojan Horse proposals went to vote, down from 2020 and 2019 when shareholders voted on twelve such proposals. Historically, these proposals have received minimal shareholder support. For example, the vast majority of the proposals submitted in 2017 did not even reach 3%, the support threshold required for a first-year proposal to be resubmitted the following year, and the most popular only received 4.7% support. However, in each of 2018 and 2019, two of these proposals received over 21% support and in 2020, one proposal, which was modeled after a traditional lobbying proposal, received 29% shareholder support. However, in 2021, shareholder support for these proposals plummeted, with average support of 3%, and an overall range from 0.6% to 5.2%.

Appendix

Majority Supported Shareholder Proposals

Ticker	Company Name	Proposal Type	Recommendations GL	Mgmt	Support 2021	2020	Proponent
ENVIRONMENTAL PROPOSALS							
BG	Bunge Limited	Soy Supply Chain Report	For	For	98.9%		Storebrand Asset Management AS and Green Century Fund
BKNG	Booking Holdings Inc.	Climate Transition Report	For	Against	56.4%		As You Sow, on behalf of the Thornhill Company
BLMN	Bloomin' Brands, Inc.	GHG Emissions Targets	Against	Against	76.2%	26.5%	Green Century Capital Management Inc.
COP	ConocoPhillips	GHG Emissions Targets	Against	Against	59.3%		Follow This
CVX	Chevron Corporation	GHG Emissions Targets	Against	Against	60.7%		Not disclosed
DAL	Delta Air Lines, Inc.	Climate Lobbying	For	Against	63.0%	45.9%	BNP Paribas Asset Management
DD	DuPont de Nemours, Inc.	Plastic Pollution	For	Against	81.2%		As You Sow on behalf of John B & Linda C Mason Comm Prop
GE	General Electric Company	Climate Reporting	For	For	98.0%		As You Sow on behalf of Long View Funds and Putney School Inc Endowment Inv Mgr (S), with co-filer
NSC	Norfolk Southern Corporation	Climate Lobbying	For	Against	76.4%		Friends Fiduciary Corporation
PSX	Phillips 66	GHG Emissions Targets	For	Against	80.3%		Not disclosed
PSX	Phillips 66	Climate Lobbying	For	Against	62.5%		California State Teachers' Retirement System
UAL	United Airlines Holdings, Inc.	Climate Lobbying	For	Against	67.9%	31.5%	The Presbyterian Church (U.S.A.) and Portico Benefit Services
XOM	Exxon Mobil Corporation	Climate Lobbying	For	Against	63.8%		BNP Paribas Asset Management as lead proponent of a filing group
GOVERNANCE PROPOSALS							
ALRM	Alarm.com Holdings, Inc.	Majority Vote (Director Elections)	For	Against	89.0%		James McRitchie and Myra K. Young
ANSS	ANSYS, Inc.	Simple Majority Vote	For	Against	87.2%		Not disclosed
AXON	Axon Enterprise, Inc.	Majority Vote (Director Elections)	For	Against	90.1%		James McRitchie
BAX	Baxter International Inc.	Written Consent	For	Against	53.9%	38.6%	John Chevedden
BG	Bunge Limited	Simple Majority Vote	For	Against	89.5%		Kenneth Steiner, through his proxy John Chevedden
BLMN	Bloomin' Brands, Inc.	Simple Majority Vote	For	Against	91.9%		Kenneth Steiner
BMI	Badger Meter, Inc.	Board Diversity	For	Against	85.3%		Not disclosed
BWA	BorgWarner Inc.	Ownership Threshold (Written Consent)	For	Against	50.1%		John Chevedden
CERN	Cerner Corporation	Simple Majority Vote	For	Against	91.7%		John Chevedden
CL	Colgate-Palmolive Company	Special Meetings	For	Against	50.8%	45.4%	John Chevedden
CNC	Centene Corporation	Board Declassification	For	For	98.7%		John Chevedden
COP	ConocoPhillips	Simple Majority Vote	For	For	99.3%		Kenneth Steiner
COWN	Cowen, Inc.	Written Consent	For	Against	54.5%		Kenneth Steiner
CSGP	CoStar Group, Inc.	Simple Majority Vote	For	Against	82.1%		Not disclosed
CTXS	Citrix Systems, Inc.	Simple Majority Vote	For	Undetermined	98.1%		John Chevedden
DG	Dollar General Corporation	Special Meetings	For	Against	53.2%		John Chevedden
DGX	Quest Diagnostics Incorporated	Written Consent	For	Against	51.0%		John Chevedden
FCBC	First Community Bankshares, Inc.	Board Diversity	For	Undetermined	70.6%		The New York Common Retirement Fund,
FLT	FLEETCOR Technologies, Inc.	Written Consent	For	Against	58.0%		Not disclosed
FOE	Ferro Corporation	Simple Majority Vote	Against	Against	77.2%		Kenneth Steiner
FSLR	First Solar, Inc.	Board Diversity	For	Against	91.2%		Not disclosed
HFC	HollyFrontier Corporation	Simple Majority Vote	For	Against	84.1%		Mr. Kenneth Steiner
ICE	Intercontinental Exchange, Inc.	Simple Majority Vote	For	Against	92.4%		John Chevedden
K	Kellogg Company	Special Meetings	For	Undetermined	63.2%		Not disclosed
KNX	Knight-Swift Transportation Hldgs Inc.	Simple Majority Vote	For	Against	85.5%		Not disclosed
NFLX	Netflix, Inc.	Simple Majority Vote	For	Against	90.1%	73.5%	John Chevedden
NYCB	New York Community Bancorp, Inc.	Written Consent	For	Against	79.1%		Kenneth Steiner
OGE	OGE Energy Corp.	Simple Majority Vote	For	Against	86.2%		John Chevedden
PCAR	PACCAR Inc	Simple Majority Vote	For	Against	65.5%		Not disclosed
PI	Impinj, Inc.	Proxy Access	For	Undetermined	83.6%		James McRitchie
RDFN	Redfin Corporation	Majority Vote (Director Elections)	For	Against	98.1%		Not disclosed
SCHW	The Charles Schwab Corporation	Board Declassification	For	Against	68.2%		John Chevedden, on behalf of James McRitchie
SON	Sonoco Products Company	Majority Vote (Director Elections)	For	Against	61.2%		Not disclosed
SVMK	SVMK Inc.	Board Declassification	For	Undetermined	83.8%		Legion Partners
SWKS	Skyworks Solutions, Inc.	Simple Majority Vote	For	Undetermined	96.9%		John Chevedden
TFX	Teleflex Incorporated	Board Declassification	For	Undetermined	96.4%		Not disclosed
TMO	Thermo Fisher Scientific Inc.	Special Meetings	For	Against	56.1%		John Chevedden, on behalf of Myra Young
TWOU	2U, Inc.	Board Declassification	For	Undetermined	97.7%		John Chevedden on behalf of James McRitchie
TXN	Texas Instruments Incorporated	Written Consent	For	Against	78.0%	N/A	John Chevedden
VGR	Vector Group Ltd.	Majority Vote (Director Elections)	For	Against	73.9%		Kenneth Steiner
XRX	Xerox Holdings Corporation	Written Consent	For	Against	79.2%		Kenneth Steiner
ZTS	Zoetis Inc.	Simple Majority Vote	For	Against	90.3%		John Chevedden

Ticker	Company Name	Proposal Type	Recommendations		Support		Proponent
			GL	Mgmt	2021	2020	
SOCIAL PROPOSALS							
ACM	AECOM	Lobbying Report	For	Against	54.6%		John Chevedden
AXP	American Express Company	Diversity and Inclusion Reporting	For	Against	59.7%		As You Sow, representing Betsy Krieger, and undisclosed co-filers
CHE	Chemed Corporation	Political Spending Reporting	For	Against	80.1%	48.2%	John Chevedden
DD	DuPont de Nemours, Inc.	Diversity and Inclusion Reporting	For	Against	83.8%		Mr. Scott M. Stringer, Comptroller of the City of New York, on behalf of the New York City Teachers' Retirement System, and co-filer
DUK	Duke Energy Corporation	Political Spending Reporting	For	Against	51.9%	38.9%	State of New York, Office of The State Comptroller, on behalf of the New York State Common Retirement Fund
GEO	The GEO Group, Inc.	Lobbying Report	For	Against	66.3%	42.5%	Service Employees International Union Pension Plans Master Trust and co-filer
GS	The Goldman Sachs Group, Inc.	Report on Impact of Mandatory Arbitration	For	Against	53.2%		The Nathan Cummings Foundation
IBM	International Business Machines Corp.	Diversity and Inclusion Reporting	For	For	94.3%		Nia Impact Capital
NFLX	Netflix, Inc.	Political Spending Reporting	For	Against	80.7%	41.9%	Myra K. Young
OMC	Omnicom Group Inc.	Political Spending Reporting	For	Against	51.0%		John Chevedden
PAYC	Paycom Software, Inc.	Management Diversity Report	For	Undetermined	93.8%		Trillium Asset Management LLC, on behalf of Sundance Family Foundation
RCL	Royal Caribbean Group	Political Spending Reporting	For	Against	52.9%	31.6%	The Comptroller of the State of New York, Thomas P. DiNapoli, on behalf of the New York State Common Retirement Fund
RUN	Sunrun Inc.	Report on Impact of Mandatory Arbitration	For	Against	59.4%		Nia Impact Capital
UAL	United Airlines Holdings, Inc.	Political Spending Reporting	For	Against	67.9%		John Chevedden
UNP	Union Pacific Corporation	Diversity and Inclusion Reporting	For	Against	81.4%		As You Sow on behalf of Betsy L Kreiger CRUT (S), Samajak LP (S), and Julie Kreiger Tr (S)
UNP	Union Pacific Corporation	EEO-1 Reporting	For	Against	86.4%		New York City Comptroller, custodian and trustee of the New York Teachers' Retirement System and the Board of Education Retirement System
WEN	The Wendy's Company	Supply Chain Audits	For	For	95.3%		The Franciscan Sisters of Allegany, NY
XOM	Exxon Mobil Corporation	Lobbying Report	For	Against	55.6%	37.5%	The United Steelworkers as lead proponent of a filing group

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