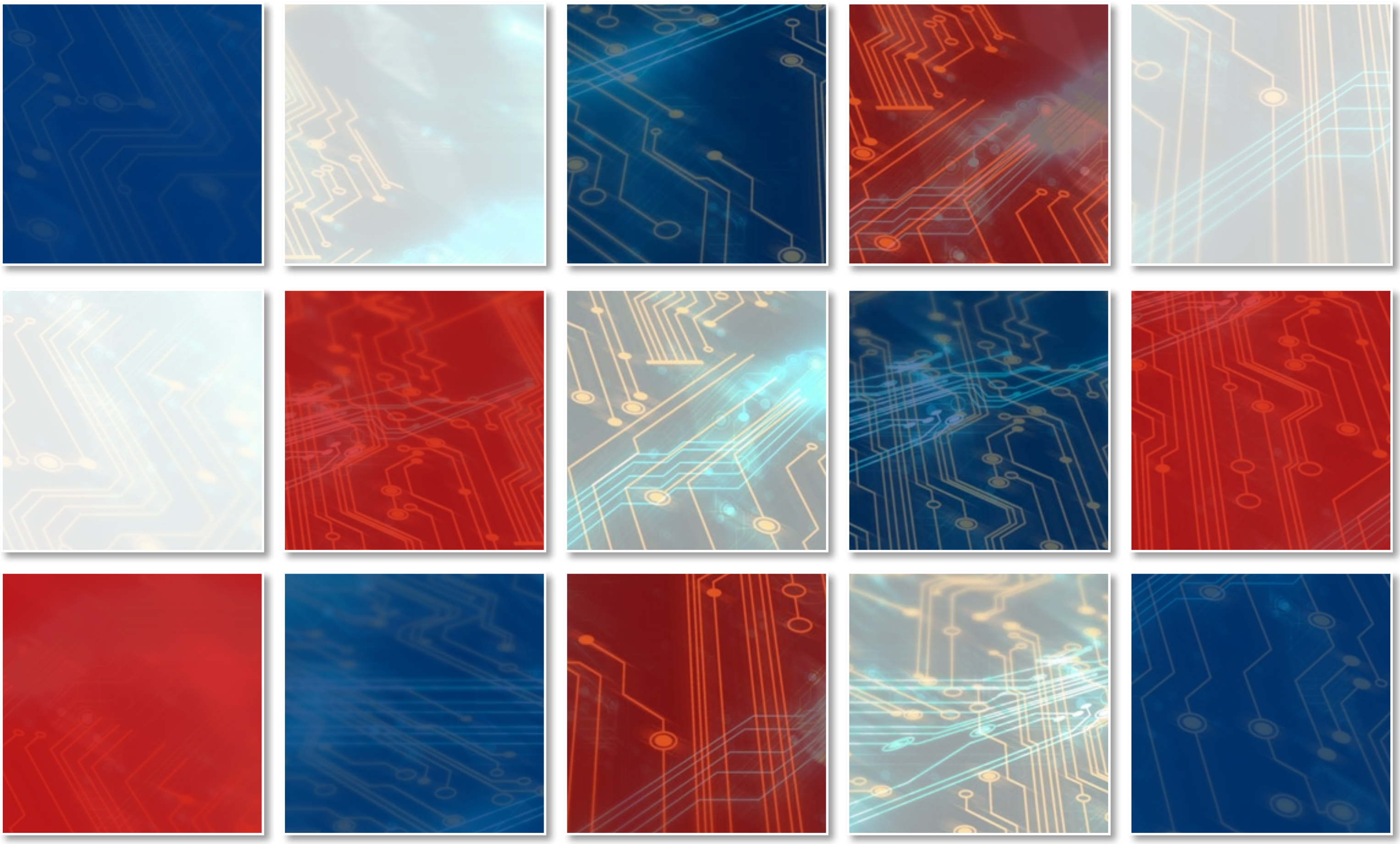
THE PROXY VOTING ANNUAL REVIEW

The definitive review of investor voting trends of the 2022 proxy season.



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CONTENTS

The Proxy Voting Annual Review 2022

FOREWORD

Rebecca Sherratt, publications editor, Diligent.

The 2022 proxy season experienced its fair share of highs and lows, with surging energy prices, rising interest rates, and an anti-ESG backlash meaning that both issuers and shareholders were forced to operate in a significantly different environment than even a year ago.

And yet, despite the unexpected circumstances presented this season, shareholders were more determined than ever to hold companies to account on their ESG commitments. In the second edition of our *Proxy Voting Annual Review*, we explore the rapid uptake of the racial equity audit, rising opposition toward auditors, and why votes against directors are now being used to signal broader ESG discontent.

ESG hits a roadblock

Following the significant support ESG proposals won in the previous proxy season, 2022 proved to be a season of uncertainty and instability. Climate-related shareholder proposals were more often "overly prescriptive" and "constraining," according to BlackRock, after Securities and Exchange Commission (SEC) no-action amendments revealed last November reduced the number of ESG proposals omitted from U.S. proxy ballots.

The anti-ESG movement also operated with renewed vigor. In recent months, West Virginia, Texas, and Florida are just a handful of the states that have taken steps to limit the ability of fund managers to take ESG considerations into account when making investments and shareholder proposals by groups such as the National Center for Public Policy Research (NCPPR) have asked issuers to abandon the use of ESG policies relating to the appointment of diverse employees.

As a result, the 30 proposals seeking climate change reporting at U.S.-listed companies that were subject to a vote won 30.8% average support, almost half the 50.1% average one season prior, according to Insightia's *Voting* module. Social shareholder proposals suffered a similar fate.

Changing tack

Shareholder support for ESG resolutions may have dwindled but that didn't mean that investors failed to hold companies to account on their environmental and social commitments. Votes against directors became more widespread this season to avoid investors relying on shareholder proposals as a way of expressing their views on ESG risk.

Declining support was especially evident among the Russell 3000, where 65 directors failed to receive majority support, up from 53 and 62 both seasons prior.

Boards felt the scrutinous eyes of shareholders much more this season not just for directors, but also for company auditors. As our report examines, a record number of auditor reappointment proposals received less than 80% support during the 2022 proxy season.

Activist investors had a similarly tough time this season, winning at least one board seat at only 29% of fights that went to a vote or settled this proxy season, compared to at 54% and 34% of proxy fights throughout the 2020 and 2021 proxy seasons, respectively.

This report draws on more than 24.9 million votes imported into Insightia's database for the 2022 proxy season, alongside our comprehensive voting records for more than 1,700 investors and 28,000 issuer profiles.

We are very grateful for the support of Alliance Advisors, ShareAction, and Diligent for contributing to this report. Alliance's Emmanuelle Palikuca shares with us the ways in which environmental shareholder proposals have evolved to target financed emissions and science-based targets, while ShareAction's Isabelle Monnickendam analyzes how environmental and social shareholder engagements are becoming "increasingly intertwined." In addition, Diligent's Amanda Carty takes us through how modern governance technologies can revolutionize how issuers assess risks.

We also wish to thank the many interviewees who shared with us their perspectives on investor voting. If readers are wondering where to find our analysis of executive compensation, they needn't look far. Insightia will shortly be publishing a dedicated compensation report, examining the latest trends in CEO pay, investor voting, and remuneration structures, so watch this space!

Rebecca Sherratt
rsherratt@diligent.com

TOO MUCH OF A GOOD THING

Drowning in a sea of ESG proposals, the Big Three directed their attention toward board directors, writes Rebecca Sherratt, Diligent.

After lending their support to a record number of ESG shareholder proposals in the 2021 proxy season, BlackRock, Vanguard, and State Street Global Advisors (SSGA) turned their attention to directors this year, sending clear warning shots that directors who fail to maintain sufficient oversight of ESG issues face the risk of being unseated.

That followed a sharp rise in the number of ESG proposals, leading to concerns that shareholder requests for enhanced emissions reporting or diversity-related disclosure were overly prescriptive and constraining on management.

Quality over quantity

The U.S. experienced a 133% increase in the number of environmental and social (E&S) shareholder proposals filed with companies this season after the Securities and Exchange Commission (SEC) amended its no-action letter guidance in November 2021 to prevent the exclusion of proposals that concern "material" ESG factors.

The rising number of proposals making their way onto ballots called into question the quality of their targeting, with BlackRock predicting in a May whitepaper that it would lend its support to fewer ESG resolutions, on the grounds that many are becoming "unduly prescriptive and constraining on the decision-making of the board."

BlackRock's prediction proved true for all of the Big Three. Its support for E&S proposals fell from 31% in 2021 to 20% in 2022, albeit still above the level of 2020. Vanguard supported 11.5% of E&S proposals this season, compared to 7.4% and 20.9%, respectively, the two seasons prior, according to Insightia's *Voting* module.

"Not all shareholder proposals are created equal," Benjamin Colton, global head of asset stewardship at SSGA, told Insightia in an interview. "While volume has increased, the quality of targeting of these proposals has become more dispersed."

All eyes on directors

With the quality of shareholder proposals in question, leading fund managers instead opted to use votes against management to make their concerns known, particularly votes against relevant nominating, climate, and compensation committee members. BlackRock supported 88.5% of director elections globally this season, compared to 90.5% and 88.5% the previous two seasons, respectively.

Diversity remained a focal point for the Big Three this season, in line with the broader shareholder focus on racial equity. BlackRock engaged with 2,330 companies on board quality and effectiveness this season, compared to 2,150 one season prior, according to its voting spotlight report.

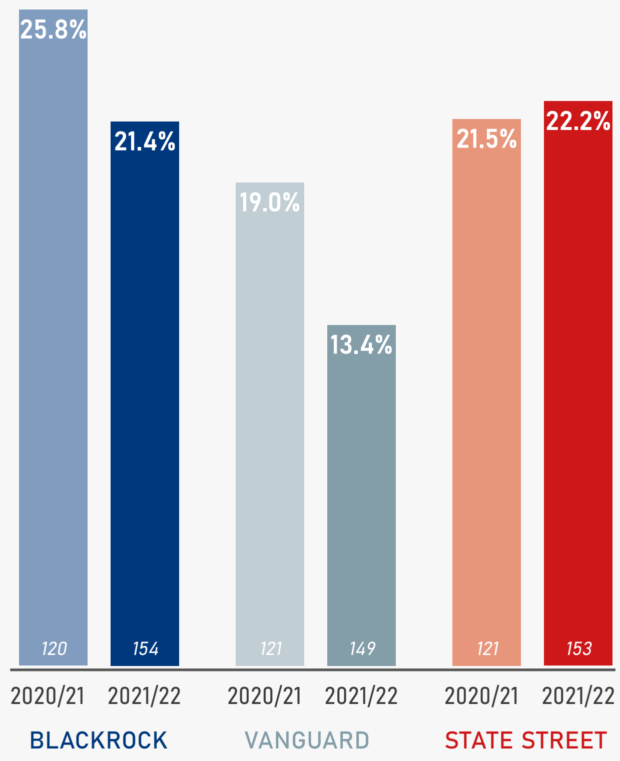
"A qualified, well-structured, and engaged board is going to be better able to oversee management in addressing risks and opportunities in the business, including those related to sustainability issues. That's why our engagements start and end with board quality," Michelle Edkins, managing director at BlackRock Investment Stewardship (BIS) told Insightia in an interview.

"While volume has increased, the quality of targeting of these proposals has become more dispersed."

For the first time this year, Vanguard expected U.S., U.K., and European issuers to make annual statements outlining year-on-year board diversity progress, targets, and expectations, while SSGA began to vote against nominating and governance committee chairs where an S&P 500- or FTSE 100-listed company failed to feature at least one director from an underrepresented community on its board.

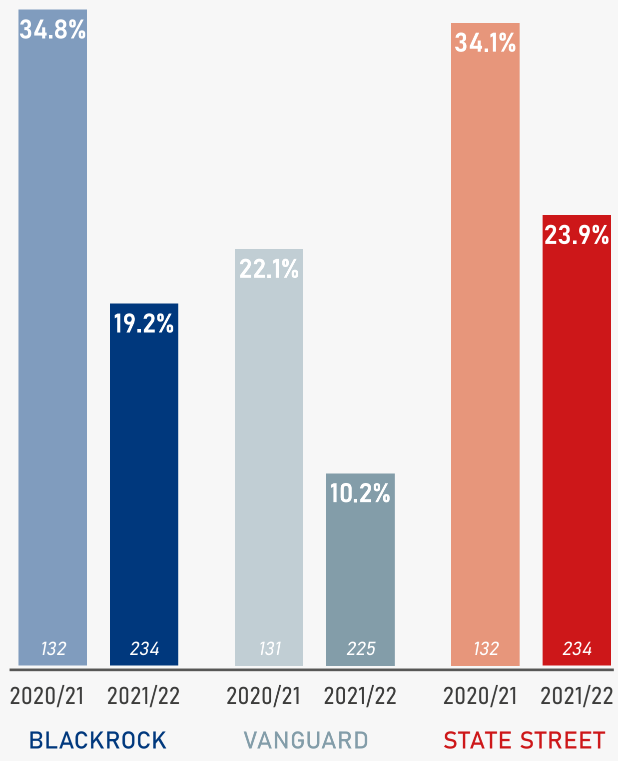
More directors may find themselves at risk of heightened opposition next season, with the Big Three establishing increasingly stringent diversity expectations ahead of the coming season.

SUPPORT FOR ENVIRONMENTAL PROPOSALS



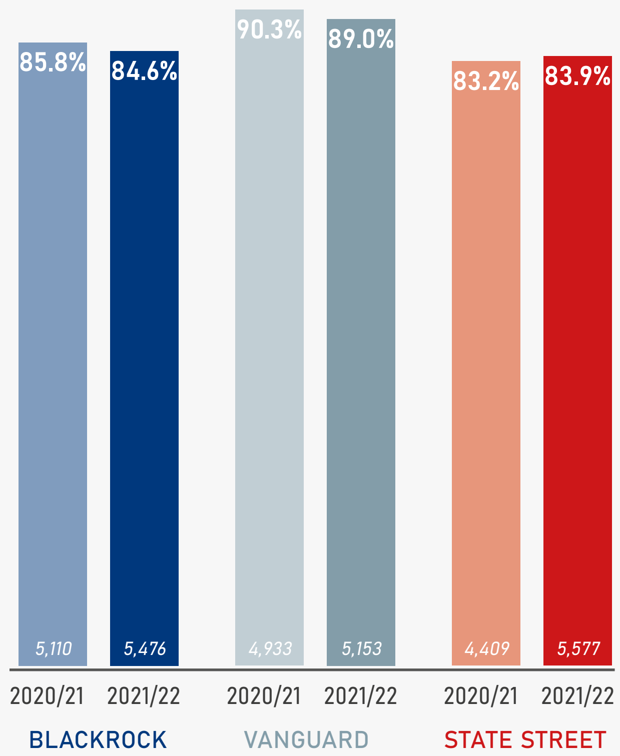
Number and average global support for (%) environmental shareholder proposals, by proxy season.
SOURCE: INSIGHTIA

SUPPORT FOR SOCIAL PROPOSALS



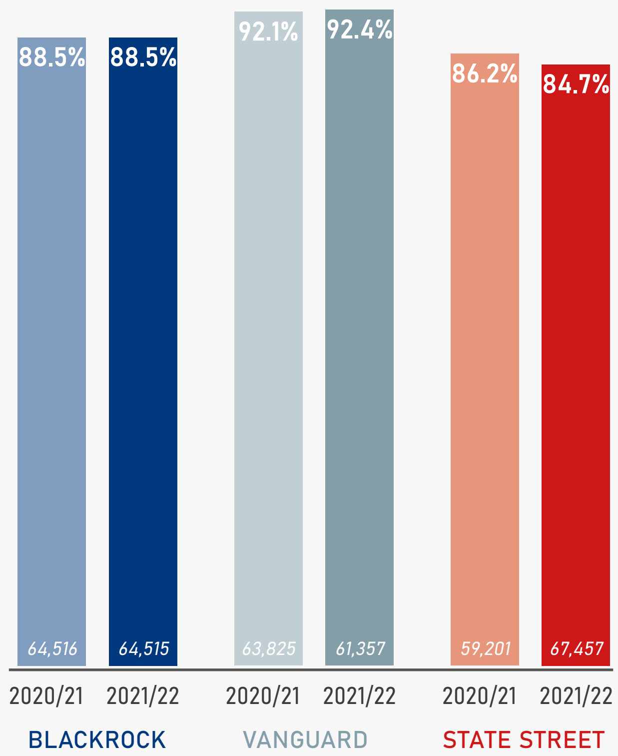
Number and average global support for (%) social shareholder proposals, by proxy season.
SOURCE: INSIGHTIA

SUPPORT FOR “SAY ON PAY” PROPOSALS



Number and average global support for (%) advisory “say on pay” proposals, by proxy season.
SOURCE: INSIGHTIA

SUPPORT FOR DIRECTOR ELECTION PROPOSALS

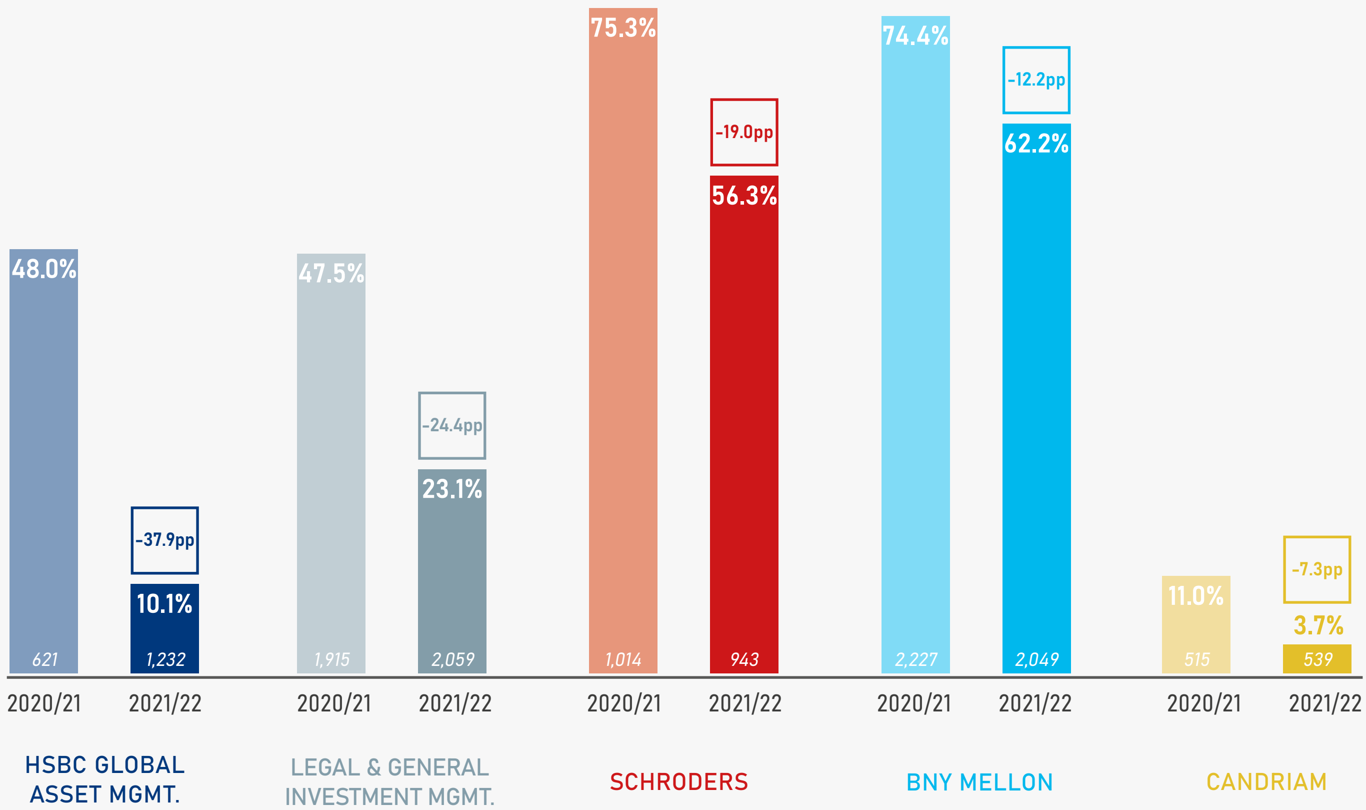


Number and average global support for (%) director re/election proposals, by proxy season.
SOURCE: INSIGHTIA

BY THE NUMBERS

Data from Insightia.

INVESTORS WITH THE BIGGEST DECREASE IN SUPPORT FOR US "SAY ON PAY" PROPOSALS



Investors exhibiting the biggest decrease in support for (%) "say on pay" proposals at U.S.-based companies between the 2020/21 and 2021/22 proxy seasons. Limited to investors that voted at a minimum of 500 meetings.
SOURCE: INSIGHTIA

SUPPORT FOR US ESG SHAREHOLDER PROPOSALS

	2017/18		2018/19		2019/20		2020/21		2021/22		2017/18 – 2021/22 trend
	No. proposals	Average support (%)	*No. proposals*	Average support (%)	*No. proposals*	Average support (%)	*No. proposals*	Average support (%)	No. proposals	Average support (%)	Average support (%)
Environmental	*57*	28.0	*37*	26.5	*34*	28.9	*42*	39.1	65	34.9	
Social	*124*	24.4	*122*	29.1	*114*	30.9	*106*	35.9	208	25.4	
Governance	*189*	41.1	*163*	43.2	*164*	41.4	*200*	44.1	169	40.5	

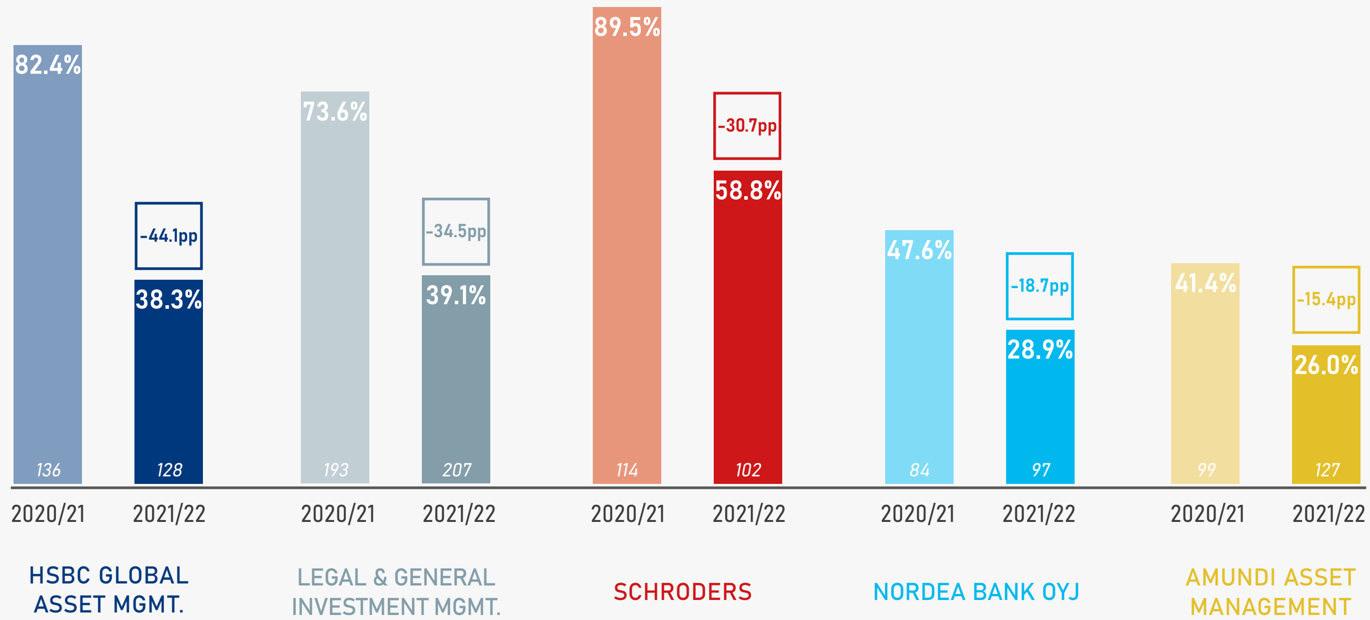
Number and average support for ESG-related shareholder proposals made at U.S.-based companies by proxy season.
SOURCE: INSIGHTIA

NORTH AMERICAN REMUNERATION REVOLTS

	2017/18		2018/19		2019/20		2020/21		2021/22		2017/18 - 2021/22 trend
	Remuneration revolts	Proportion (%)	*Remuneration revolts*	Proportion (%)	*Remuneration revolts*	Proportion (%)	*Remuneration revolts*	Proportion (%)	*Remuneration revolts*	Proportion (%)	Proportion (%)
U.S.	*379*	13.3	*410*	14.4	*402*	13.8	*348*	11.7	424	14.2	
Canada	*21*	9.6	*29*	12.9	*17*	8.1	*26*	10.0	24	9.7	

Number of remuneration revolts (<80% support) and proportion of all remuneration proposals by company HQ and proxy season.
SOURCE: INSIGHTIA

INVESTORS WITH THE BIGGEST DECREASE IN SUPPORT FOR CANADA "SAY ON PAY" PROPOSALS



Investors exhibiting the biggest decrease in support for (%) "say on pay" proposals at Canada-based companies between the 2020/21 and 2021/22 proxy seasons. Limited to investors that voted at a minimum of 50 meetings.
SOURCE: INSIGHTIA

SUPPORT FOR CANADA ESG SHAREHOLDER PROPOSALS

	2017/18		2018/19		2019/20		2020/21		2021/22		2017/18 - 2021/22 trend
	No. proposals	Average support (%)	*No. proposals*	Average support (%)	*No. proposals*	Average support (%)	*No. proposals*	Average support (%)	*No. proposals*	Average support (%)	Average support (%)
Environmental	*5*	38.1	*9*	17.1	*9*	50.0	*4*	37.3	15	19.5	
Social	*8*	13.1	*8*	23.3	*10*	7.6	*9*	22.2	15	16.7	
Governance	*10*	11.4	*4*	20.7	*2*	18.4	*0*	-	0	-	

Number and average support for ESG-related shareholder proposals made at Canada-based companies by proxy season.
SOURCE: INSIGHTIA

TURNING UP THE HEAT

This proxy season, investors stepped up their efforts to hold companies to account on managing climate-related risk, writes Emmanuelle Palikuca, managing director, head of sustainability advisory, Alliance Advisors.

Corporate climate action is falling short of the requirements to limit global temperature increase to 1.5°C, making the threat of global warming an all-too real risk. In response, issuers are facing heightened action from shareholders to develop credible and ambitious climate transition plans.

In 2022, 146 environmental shareholder proposals were subject to a vote globally, a 21.7% increase compared 2021 levels, according to Insightia's *Voting* module. Of these proposals, 55.5% explicitly mentioned climate-related policies, strategies, targets, and/or reporting. Among the broad selection of environmental proposals companies faced this year, several unique trends emerged.

Mitigating climate-related risks

Across the U.S., U.K., and Japan, as well as Canada, Denmark, Pakistan, and Switzerland, shareholders called on companies to establish policies and strategies to manage risk associated with fossil fuel assets this season. One such proposal at U.S.-based Dominion Energy, seeking reporting on the risk of stranded natural gas assets, won 80.1% support from shareholders at its May 11 annual meeting.

Several other energy companies, including Australian-based Santos, faced pressure from shareholders to shift their capital allocation strategies to align with decarbonization efforts, while Chevron was asked to report on the risks of its methane emissions. Asset managers recognize the potential negative impacts that physical and transition risks pose to companies' financial and operational performance, making this a key focus for many investors.

Financed emissions

For financial institutions, emissions associated with lending, underwriting, and investment activities are significantly higher than emissions from direct operations. As such, now more than ever shareholders are pushing companies to manage these emissions by establishing and strengthening their lending and investment policies to align with low-carbon pathways. Shareholder proposals calling on financial institutions to measure, disclose, and reduce emissions associated with underwriting received majority support at both Swiss-based Chubb and U.S.-based The Travelers Cos. this year.

Net-zero and science-based targets

Across the globe, ambitious emission reduction targets have been a key focus of shareholder engagements. Proposals seeking these targets have become more nuanced, as investors are becoming well-versed in the technicalities and intricacies of corporate net-zero commitments and Paris Agreement goals.

Investor coalitions, such as the UN-convened Net-zero Asset Owner Alliance (NZAOA), have also helped educate investors on the importance of decarbonization, helping proposals of this kind gain significant backing. Two of the highest supported environmental shareholder proposals this season were proposals seeking emissions reduction targets at Caterpillar and Boeing, which received 96.5% and 91.4% support, respectively, after management opted to endorse both proposals.

"Say on climate" scrutiny

In Europe and Australia, "say on climate" is also gaining traction. Earlier this year, Legal & General Investment Management (LGIM) discussed plans to file shareholder proposals at companies that fail to establish strong climate transition plans and put them forward to a shareholder vote at their 2023 annual meetings.

Proxy advisers will also be stepping up their efforts on the climate front. To date, both Glass Lewis and Institutional Shareholder Services (ISS) have been applying more scrutiny in their analyses of companies' climate plans, resulting in an increase of adverse recommendations toward management-sponsored "say on climate" proposals this season. To win the favor of investors, management decarbonization plans will need to demonstrate clear board oversight and accountability for climate risk and the potential impacts on the long-term financial performance of companies.

Emmanuelle Palikuca
epalikuca@allianceadvisors.com

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(301) 974-9930 | epalikuca@allianceadvisors.com

TRACKING THE "G" IN ESG

The adoption of modern governance technologies is revolutionizing how investors engage with boards, as well as how issuers assess risks, writes Amanda Carty, general manager, ESG & data intelligence, Diligent.

As activism concerning companies' environmental and social impact continues to dominate headlines, it's easy to overlook governance, or the "G" in ESG.

For a company in the energy sector, a chief operating officer succession plan can feel less immediately impactful — and frankly a bit less exciting — than climate change strategies. Rules in areas such as board classification, proxy access, voting thresholds, and how shareholders are allowed to call a special meeting can, to the uninitiated, seem arcane.

But investors overlook governance at their peril. New board members, proposals reaching proxy ballots, and requisitioning special meetings are all governance developments that can result in significant changes in a company's future direction and value. Tesla's board recently approved a proposal allowing investors to nominate directors, for instance. Imagine the potential impact this could have on board composition, board decisions, and votes.

Insightia, a Diligent brand, has noticed a divergence in recent annual governance meetings. Several proposals related to governance received below-average support this proxy season (see Vertex Energy or Universal Health Services), while others swung in the polar opposite direction (such as Goodyear Tire and Rubber or Tesla).

Stay ahead of procedural activism

Governance represents the structure, oversight, code, values, transparency, and reporting of a company's operations at the highest level. At the same time, many of the topics that fall under the category of governance have immediate, urgent implications.

Missing real-time alerts on developments relating to voting results, poison pills, activist engagements, and short selling campaigns can have substantial implications on corporate strategy and the bottom line.

Until recently, governance data, such as director overboarding and open board roles, were difficult to track. Sometimes the data is out there but it requires hours, if not days, of staff time manually searching public records, shareholder data, media outlets, and third-party systems. Other information is not in the public domain at all or requires complex calculations beyond staff bandwidth, resources, or expertise.

As activists increasingly seek a say in the intricacies of company governance, investors need to keep abreast of what's going on. How are investors and proposals seeking to shape board rules and operations? Even more importantly, where can you find opportunities to enact positive change of your own?

Quantifiable insights at your fingertips

In today's age of digital transformation, there's no good reason, or excuse, to remain uninformed. Today's governance technology makes it easier than ever to uncover data on how a company measures up. For example, what's a company's "health score" for reputational risk? How does a company compare with others in areas such as executive compensation and governance benchmarks?

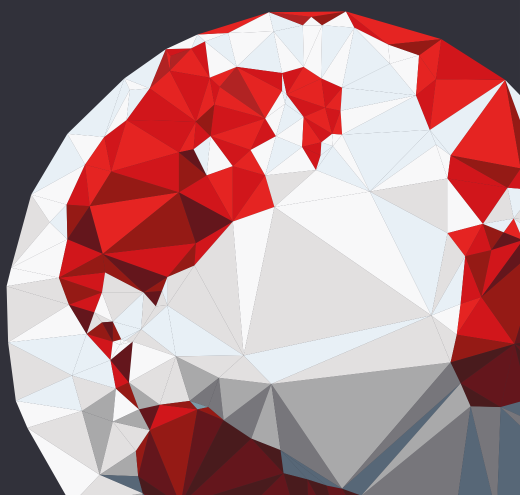
Automated disclosure searches streamline the process, filtering through thousands of databases and forms for targeted information. Governance calendars, voting results, executive profiles, Glass Lewis proxy grades — they're all now at your fingertips, ready to be used for more informed decision-making. Sophisticated analytics deepen the view even more.

Vulnerability and risk scores streamline complex data into "need to know" snapshots. Voting and media presence analytics bring trends to light. Multidimensional benchmarking analyses chart the connections, as do customized reports and forecasts by specialized market intelligence providers.

In short, poor governance can lead to poor decisions and this is something investors, as well as corporate boards, need to watch. Modern governance tools both streamline and sharpen the intelligence-gathering process and help investors treat governance as the core component of ESG that it is.

Learn more about modern governance solutions from Diligent.

Amanda Carty
acarty@diligent.com



CONNECT THE DOTS

Environmental and social considerations became increasingly intertwined this proxy season, paving the way for intriguing new investor engagements, writes Isabelle Monnickendam, financial sector research officer, ShareAction.

The 2022 proxy season revealed an exciting new trend, wherein shareholders filed resolutions simultaneously addressing environmental and social (E&S) issues. Historically, shareholder proposals have tended to firmly distinguish the environmental from the social. This is holding back meaningful progress. We need integrated solutions to address integrated problems. The growing trend of intersectional resolutions is an opportunity to create these integrated solutions and may prove to be a highlight of the 2023 proxy voting season.

"Intersectional proposals reflect a broader shift to more demanding, forward-looking shareholder proposals."

Intersectional E&S resolutions have not come out of nowhere. A select few were subject to a vote in previous seasons. Between 2017 and 2021, shareholders persistently filed resolutions on water pollution at Pilgrim's Pride Corp., highlighting that the meat producer's chicken rearing process is not only bad for the environment due to fertilizer run-off, but that the risk of antibiotic resistance is a public health concern. Although the resolution failed to win majority support, combining these E&S issues made a stronger case for disclosure on water pollution.

In previous seasons, intersectional E&S proposals have been filed at different companies irregularly and without consistent language. In a change of pace this season, we saw more consistently written resolutions, as well as proposals touching on novel topics.

Environmental justice audits were one of these novel topics, asking companies to assess the disproportionate impacts of their environmental policies on communities of color. One such resolution won a striking 36% support at Republic Services' May 16 annual meeting, according to Insightia's *Voting* module. Several large asset managers, including BlackRock and Legal & General Investment Management (LGIM), lent their support. There is clearly investor demand for companies to act on issues spanning the E&S spectrum. Following in the path of racial equity audits, environmental justice audits may play a much more prominent role in the coming season.

Other intersectional proposals drill down to more specific issues, such as requests for enhanced reporting surrounding climate change mitigation and Indigenous rights. Three proposals on climate change and Indigenous rights were voted on this proxy season at Citigroup, Wells Fargo, and Royal Bank of Canada. They requested that each financial institution cease fossil fuel financing to avoid creating stranded assets and to simultaneously protect Indigenous rights. Citigroup's reputation was already damaged by public attention to their financing of new fossil fuel projects in the Amazon, which no doubt attributed to the 34% support the proposal received at its April 26 annual meeting.

Shareholder proposals are now a familiar tool for driving companies to act on E&S issues. Over the many years that shareholders have been filing proposals, we have successfully made companies act where it is easier for them to do so, such as disclosing diversity data. Intersectional proposals reflect a broader shift to more demanding, forward-looking shareholder proposals.

There is also a growing salience of the intersectionality of E&S issues. In developing countries specifically, we are witnessing seemingly impossible trade-offs between exploiting natural capital and economic development, but there are pathways to socioeconomic development that revitalizes, rather than destroys, environmental assets. With investor support, companies can help set us on these pathways.

Intersectional proposals reflect these global trends within and beyond the financial sector. These proposals have powerful potential to drive effective change through holistic action and investors have a clear role in supporting the passage of these resolutions. Whether they do or don't may prove to be crucial to overcoming E&S challenges and securing a wealthy future for all.

Isabelle Monnickendam
Isabelle.Monnickendam@shareaction.org

CLIMATE COMPLICATIONS

Oil & gas companies were given an easier ride this season as investors struggled to navigate the global energy shortage and overly prescriptive disclosure requests, writes Miles Rogerson, Diligent.

Despite the impressive backing climate change reporting shareholder proposals garnered in 2021, support significantly declined this season, in part due to the global energy shortage and overly prescriptive disclosure requests.

This proxy season, the 30 proposals seeking climate change reporting at U.S.-listed companies that were subject to a vote won 30.8% average support, almost half the 50.1% average one season prior, according to Insightia's *Voting* module.

A different environment

Investors were hesitant to push oil & gas companies to strengthen climate commitments, in light of the global energy shortage. This was especially evident at ConocoPhillips, where a climate reporting proposal won 41.7% support this season, compared to 80.3% support a year prior. Similar circumstances presented themselves at fellow oil majors ExxonMobil and Chevron.

Despite the declining support for climate change proposals, investors did not hesitate to take voting action where companies were severely lagging behind peers in their sustainability commitments. Proposals asking Dominion Energy and Boeing to report on the risks of stranded natural gas assets and their alignment with net-zero targets won 80.1% and 91.4% support, respectively.

Shareholders this season also cited concerns with poorly targeted and overly prescriptive environmental shareholder proposals, a byproduct of the Securities and Exchange Commission (SEC) no longer permitting the exclusion of proposals that explore "material" ESG factors.

BlackRock was among the first to flag the influx of constraining proposals, warning in a May whitepaper that it would not support environmental proposals that are "unduly prescriptive and constraining on the decision-making of the board or address matters that are not material to how a company delivers long-term value."

"We were clearly in a different operating environment for companies this past proxy season than we were in prior years," Michelle Edkins, managing director of BlackRock Investment Stewardship (BIS) told Insightia in an interview. "There's certainly appetite from some stakeholders for more directive shareholder proposals, meaning ones that look for specific actions or outcomes."

The fight against plastic

While climate change reporting proposals received a mixed reception this proxy season, broader sustainability concerns remained popular among investors, especially engagements concerning pollution and waste.

The six shareholder proposals seeking plastic pollution reporting that were subject to a vote at U.S.-listed companies this proxy season won 43.2% average support, with three exceeding 50%. Proposals of this kind won 29.9% and 39.7% average support, respectively, throughout 2020 and 2021, according to Insightia's *Voting* module.

> **"While climate change reporting proposals received a mixed reception this proxy season, broader sustainability concerns remained popular among investors."**

As You Sow and Green Century Capital Management both led the charge, with proposals concerning waste management at Jack in the Box and Phillips 66 receiving 95.4% and 50.4% support, respectively.

Proposals on this topic also scored multiple withdrawal agreements so far this year, with Mattel, Dell Technologies, CVS Health, and Choice Hotels committing to plastic and waste reduction targets, following investor engagement.

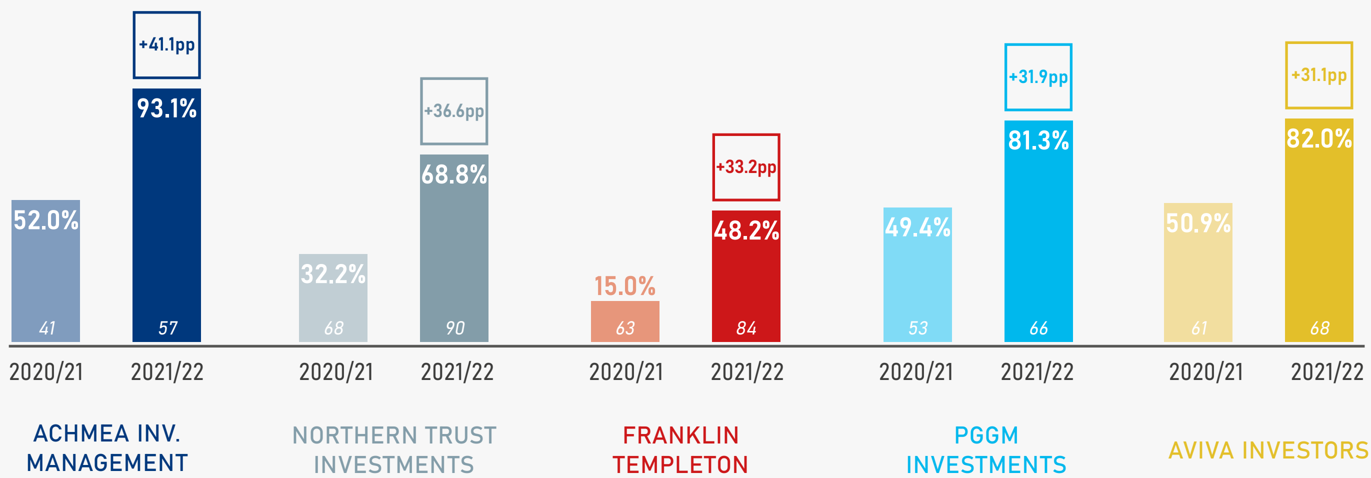
"Companies need to take action on several levels but the most important is to redesign products ad systems to innovate with circular solutions," Conrad MacKerron, senior vice-president at As You Sow, said in an interview. "We will continue to press consumer goods companies to set goals for reduction of their use of plastic for packaging and to challenge petrochemical companies to prepare for likely reductions in plastic demand."

SUPPORT FOR ENVIRONMENTAL SHAREHOLDER PROPOSALS BY SECTOR AND HQ

	U.S.		U.K.		Canada		Japan		Australia		Global	
	No. proposals	Average support (%)	No. proposals	Average support (%)	No. proposals	Average support (%)	No. proposals	Average support (%)	No. proposals	Average support (%)	No. proposals	Average support (%)
Basic materials	1	40.9	2	98.9	0	-	1	16.4	5	56.6	10	45.1
Communication services	2	21.8	0	-	0	-	0	-	0	-	2	21.8
Consumer cyclical	11	43.5	0	-	0	-	0	-	0	-	13	43.5
Consumer defensive	10	47.7	0	-	2	33.2	0	-	0	-	12	45.3
Energy	13	38.7	2	17.6	2	12.1	0	-	8	0.0	31	24.7
Financial services	13	16.6	1	11.8	10	18.5	2	18.8	5	19.2	41	25.4
Funds	0	-	0	-	0	-	0	-	0	-	1	19.3
Industrials	8	42.0	1	20.3	0	-	2	18.6	0	-	11	35.7
Real estate	0	-	0	-	1	17.4	0	-	0	-	1	17.4
Technology	3	19.8	0	-	0	-	0	-	0	-	3	19.8
Utilities	5	33.6	0	-	0	-	43	7.4	1	0.0	49	9.6
Total	*66*	*35.2*	*6*	*33.24*	*15*	*3.8*	*48*	*8.5*	*19*	*44.1*	*174*	*24.6*

Number and average support for environmental shareholder proposals in the 2021/22 proxy season by company sector and HQ
SOURCE: INSIGHTIA

INVESTORS WITH THE BIGGEST INCREASE IN SUPPORT FOR ENVIRONMENTAL SHAREHOLDER PROPOSALS



Investors exhibiting the biggest increase in support for (%) environmental shareholder proposals between the 2020/21 and 2021/22 proxy seasons.
SOURCE: INSIGHTIA

DRIVING SOCIAL EQUITY

Diversity continued to dominate shareholder engagements in the 2022 proxy season, with U.S. issuers facing sustained pressure to disclose their social equity policies and programs, writes Will Arnot, Diligent.

Investors gleefully wielded a new tool this proxy season as the racial equity audit shone a light on corporate social equity programs. These shareholder proposals, which seek analyses of a company's impacts on nonwhite stakeholders and communities of color, were first introduced in the 2021 proxy season by the Service Employees' International Union (SEI) and SOC Investment Group before being adopted more widely this season.

According to Insightia's *Voting* module, the number of proposals seeking a racial equity audit in the 2022 proxy season increased almost three-fold, with 23 resolutions submitted, compared to eight one season prior. Not only has the number of proposals submitted increased, but average support has increased too, with racial audit proposals receiving 44.3% average support and eight getting over 50%.

The proposals were helped by the assessment of the Securities and Exchange Commission (SEC). As was also the case last season, every request for the U.S. regulator to omit a racial equity audit from a company's proxy statement was declined by the regulator.

Johnson & Johnson's (J&J) racial audit no-action request was denied by the SEC for the second consecutive year and the proposal went on to win majority support, with Ziegler Capital Management citing in its voting rationale that J&J's future success "depends on its ability to embrace the community it serves."

The hard sell

Other social shareholder proposals have failed to stand up to the success of the racial equity audit. This proxy season, average support for resolutions seeking to create board diversity reports declined to 14.1%, compared to 61.9% average support one year prior.

While, on the face of it, board diversity reporting may appear to be less of a priority, Brian Valerio, senior vice-president at Alliance Advisors, shared with Insightia that the issue has benefitted from advanced regulatory action, making shareholder proposals on this topic somewhat redundant.

One such example is the SEC's decision in late 2021 to approve Nasdaq's new board diversity reporting requirements. Under the new rule, companies listed on the Nasdaq exchange must feature a minimum of two diverse directors on a "comply or explain" basis, as of August. The New York Stock Exchange (NYSE) will likely face pressure to adopt similar reporting requirements.

The next steps

With board-level diversity disclosure becoming increasingly accessible to shareholders, investors will likely focus on obtaining broader, company-wide diversity data in the coming season.

> **"The number of proposals seeking a racial equity audit in the 2022 proxy season increased almost three-fold, with 23 resolutions submitted."**

Shareholders are now directing their attention toward disclosure of the "retention, recruitment, and promotion of traditionally underrepresented groups" in U.S. businesses, Valerio said, in order to understand what companies are doing to "provide opportunities to those that traditionally have been left out of senior management roles."

The nine proposals seeking reporting on diversity and inclusion efforts this season won 32.7% average support, with one proposal at Tesla winning 56.9% support.

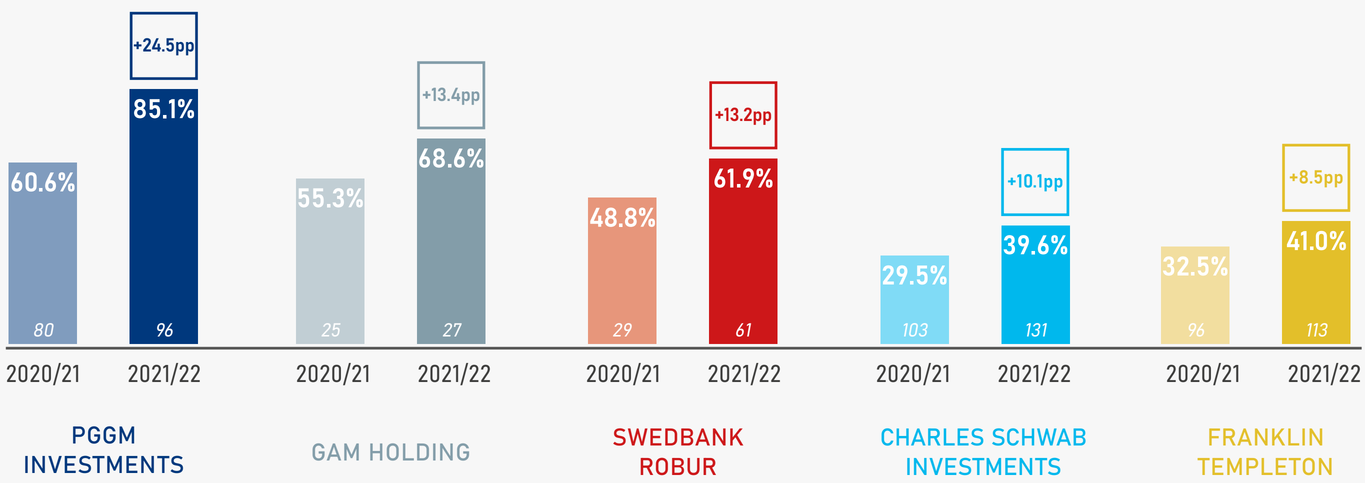
Responsible advocacy group As You Sow has already launched such an initiative, filing proposals asking S&P 500 companies to report on the recruitment, retention, and promotion rates of diverse employees. Companies such as Nike have already succumbed to public pressure, agreeing to disclose this data after engagement with investors.

SUPPORT FOR SOCIAL SHAREHOLDER PROPOSALS BY SECTOR AND HQ

	U.S.		U.K.		Canada		Japan		Australia		Global	
	No. proposals	Average support (%)	*No. proposals*	Average support (%)	*No. proposals*	Average support (%)	*No. proposals*	Average support (%)	*No. proposals*	Average support (%)	*No. proposals*	Average support (%)
Basic materials	*0*	-	*0*	-	*1*	11.3	*0*	-	1	0.0	3	6.9
Communication services	*13*	24.6	*0*	-	*1*	3.2	*0*	-	0	-	14	23.1
Consumer cyclical	*44*	27.0	*0*	-	*3*	11.4	*0*	-	0	-	49	25.9
Consumer defensive	*28*	17.7	*0*	-	*3*	17.9	*3*	4.8	0	-	34	16.5
Energy	*4*	26.6	*0*	-	*0*	-	*0*	-	3	0.0	8	21.6
Financial services	*17*	20.2	*1*	6.0	*2*	15.4	*3*	3.9	0	-	24	17.0
Funds	*1*	0.0	*0*	-	*0*	-	*0*	-	0	-	1	0.0
Industrials	*33*	26.4	*0*	-	*0*	-	*0*	-	0	-	33	26.4
Real estate	*28*	32.9	*0*	-	*4*	12.8	*0*	-	0	-	33	30.1
Technology	*37*	24.9	*0*	-	*1*	62.8	*0*	-	0	-	39	27.8
Utilities	*4*	25.6	*0*	-	*0*	-	*5*	14.8	0	-	9	17.9
Total	*209*	*25.3*	*1*	*6.6*	*15*	*16.7*	*11*	*9.1*	*4*	*0.0*	*247*	*24.1*

Number and average support for environmental shareholder proposals in the 2021/22 proxy season by company sector and HQ
SOURCE: INSIGHTIA

INVESTORS WITH THE BIGGEST INCREASE IN SUPPORT FOR SOCIAL SHAREHOLDER PROPOSALS



Investors exhibiting the biggest increase in support for (%) social shareholder proposals between the 2020/21 and 2021/22 proxy seasons.
SOURCE: INSIGHTIA

THE KEY PLAYERS

A select few fund managers and shareholder advocacy organizations helped to change the terms of engagement this proxy season. Here are our top trendsetters, as selected by the Insightia team.

1. AS YOU SOW

FOUNDED: 1992 **INSIGHTIA ONE NEWS STORIES: 111**

As You Sow is no stranger to holding companies accountable for their ESG shortcomings but had an especially successful 2022 proxy season. In what the advocacy organization rightly described as a "historic year," the fund manager garnered 10 majority votes from U.S. issuers relating to fossil fuel financing, Paris Agreement goals, and emissions reporting this year.

Of the 99 proposals As You Sow filed this season, 56 proposals were withdrawn after companies "agreed to take responsive actions" and 32 went to a vote, achieving an impressive average 41.4% support.

In a unique turn of events, multiple companies, including the likes of Boeing and Caterpillar, even elected to endorse As You Sow's proposals this year, despite having been historically resistant to engagements of this kind. As Andrew Behar highlighted in the organization's proxy season review, these successes reflect how "shareholder advocacy has moved to center stage."

As You Sow has an exciting 2023 ahead of it, turning its attention toward the retail investor base. In June, the advocacy organization revealed that a new partnership with U.K.-based fintech Tulipshare will empower retail investors to engage in shareholder advocacy by having the option to vote for As You Sow shareholder resolutions.

SUPPORT FOR AS YOU SOW PROPOSALS

	2017/18	2018/19	2019/20	2020/21	2021/22
BlackRock	7.1	14.3	10.0	41.2	72.2
Fidelity Management	28.6	7.7	55.6	75.0	41.2
JPMorgan	28.6	0.0	60.0	47.1	61.1
State Street	7.1	0.0	30.0	37.5	77.8
Vanguard	7.1	0.0	10.0	31.3	47.1

Support for (%) As You Sow shareholder proposals by investor and proxy season.
SOURCE: INSIGHTIA

2. GREEN CENTURY CAPITAL MANAGEMENT

FOUNDED: 1991 **INSIGHTIA ONE NEWS STORIES: 56**

It is impossible to discuss the many successes of this proxy season without paying homage to Green Century. With investors everywhere focused on corporate emissions and decarbonization plans, the environmental nonprofit dedicated its efforts towards lesser-known but equally as important sustainability-related endeavors.

Green Century filed proposals in abundance this season, urging companies to enhance their oversight on plastic pollution, deforestation, and right-to-repair legislation. The fund manager was evidently very persuasive in its engagements, reaching no less than seven withdrawal agreements this year with U.S. issuers on plastic pollution, and three on both right-to-repair and deforestation.

Green Century even made the history books for receiving the highest level of support for any plastic-related shareholder proposal in history, after its resolution calling on Jack in the Box to report on sustainable packaging endeavors won 95.4% support, despite facing management opposition. In fact, the fund won more majority votes on environmental proposals than any other firm, according to its 2022 shareholder season highlights report.

> **"The fund won more majority votes on environmental proposals than any other firm."**

3. SHAREACTION

FOUNDED: 2005 **INSIGHTIA ONE NEWS STORIES: 32**

U.K.-based non-profit ShareAction fought its way through another intense proxy season, holding financial institutions to account on sustainability and board diversity, as well as engaging with retailers on a myriad of human rights concerns.

The shareholder advocate subjected U.K. financial institutions to sustained pressure to enhance their climate credentials, which ultimately led to HSBC revising its "disappointing" decarbonization targets in both March and September. In July, ShareAction also launched a new program aimed at enhancing ethnicity pay gap disclosure among FTSE 100 financial institutions, amid concerns of nonexistent disclosure among U.K. banks and fund managers.

ShareAction also made the history books by filing the first-ever shareholder proposal calling for a company to pay its workers the real living wage. The resolution, which was subject to a vote at Sainsbury's' July 7 annual meeting, won 16% support, an impressive feat for a brand new proposal.

The advocacy organization held investors equally to account this season. Alongside its continued campaigning for shareholders to lend their support to ESG shareholder proposals, in September it called on the Net-Zero Banking Alliance to set increasingly stringent fossil fuel financing targets for signatories, to avoid an "ultimately fatal" loss of credibility.

4. NEW YORK STATE COMPTROLLER/COMMON RETIREMENT FUND

FOUNDED: 1983 **INSIGHTIA ONE NEWS STORIES: 43**

New York State (NYS) Comptroller Thomas DiNapoli made clear to U.S. issuers that employee welfare continues to be a priority concern for investors in the 2022 proxy season. Of the six shareholder proposals filed by the state fund manager and subject to vote this season, two won majority support and a further three won upwards of 20% support, exceeding average support for human rights and employee welfare resolutions.

In an environment where ESG proposals faced criticism for being poorly targeted, the Comptroller's engagements were carefully crafted. Proposals seeking enhanced harassment and discrimination reporting won 67.3% and 32% support, respectively, at Activision Blizzard's and Starbucks' annual meetings, shortly after both companies faced criticism for alleged gender discrimination and anti-unionization efforts.

Outside of the state fund manager's focus on social issues, DiNapoli continued to hold companies accountable on their net-zero goals. In August, the Comptroller warned that oil and gas companies that "do not have viable plans" to adapt to a low-carbon economy will face divestment. Issuers would be wise to take note of the fund manager's demands, the Comptroller selling $238 million worth of stock across 21 shale and oil companies in February due to them being "unprepared" to decarbonize.

5. MARKET FORCES

FOUNDED: 2013 **INSIGHTIA ONE NEWS STORIES: 45**

Market Forces continued to push Australian-listed energy firms to make good on their climate commitment this season, while also expanding its scope to Japanese and U.K. issuers.

The responsible investment organization's 16 shareholder proposals subject to a vote this season won 13.5% average support, according to Insightia's *Voting* module. Among its notable targets, Whitehaven Coal, Santos, and Woodside Energy Group all faced sustained pressure to wind down coal production.

In part due to Market Forces' public criticism of Woodside's decarbonization strategy, the company's "say on climate" plan faced 49% opposition, the largest vote against any "say on climate" proposal globally to date. At fellow ASX 200 energy giant Santos, Market Forces even went as far as to submit a complaint with the Australian Securities and Investments Commission (ASIC), accusing the company of producing "misleading" statements on gas expansion that amount to greenwashing.

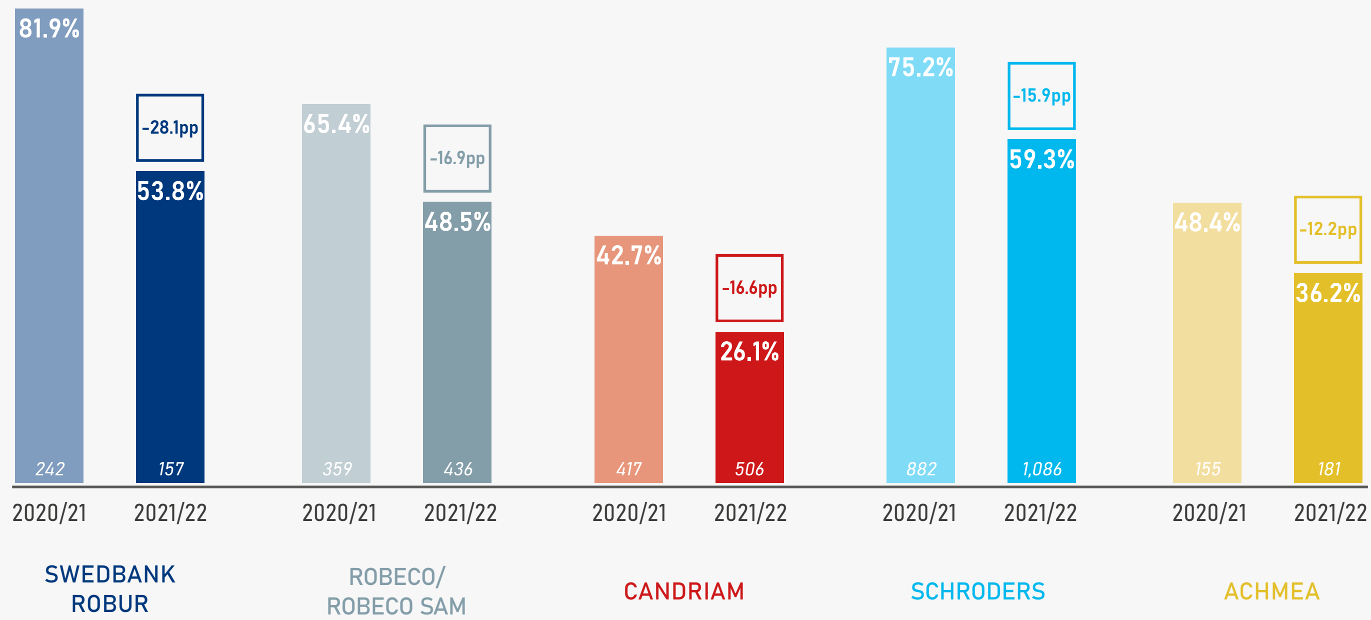
Campaigns calling on Japanese issuers to strengthen their climate disclosure also won above-average support this season. Market Forces' proposals calling on Sumitomo Mitsui Financial Group and Mitsubishi Corp. to disclose their net-zero strategies both won upwards of 20% support, a stark contrast to the 8.6% average support that environmental shareholder proposals won at Japanese-listed companies this proxy season.

"Campaigns calling on Japanese issuers to strengthen their climate disclosure also won above-average support this season."

BY THE NUMBERS

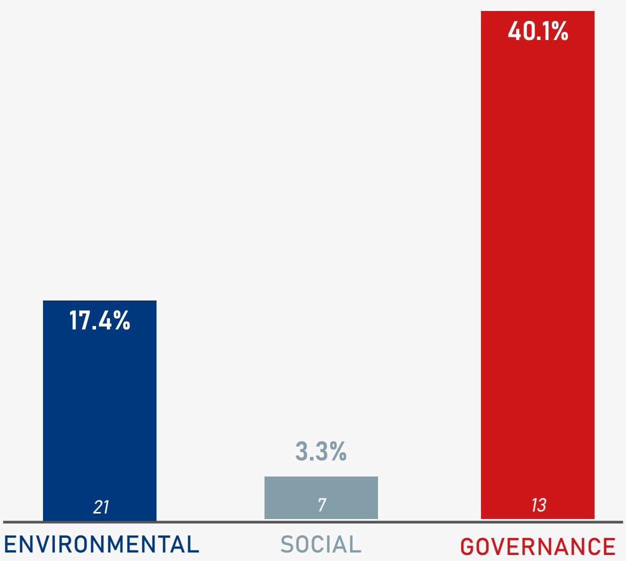
Data from Insightia.

INVESTORS WITH THE BIGGEST DECREASE IN SUPPORT FOR "SAY ON PAY" PROPOSALS IN EUROPE



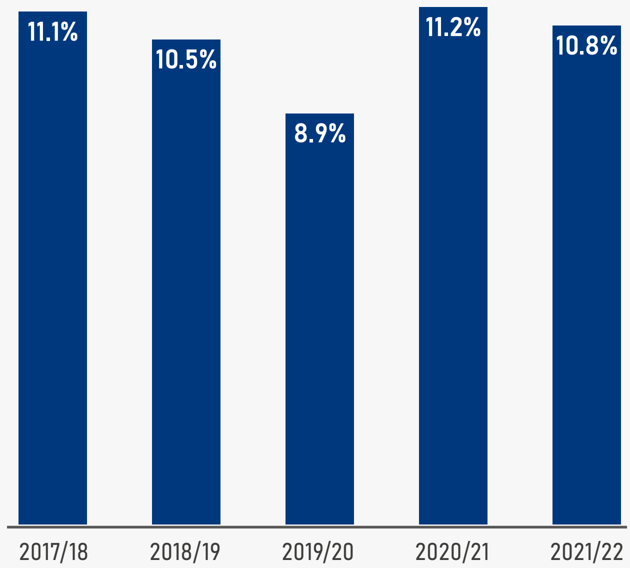
Investors exhibiting the biggest decrease in support for (%) advisory "say on pay" proposals at Europe-based companies between the 2020/21 and 2021/22 proxy seasons. Limited to investors that voted at a minimum of 100 meetings, and with a minimum of $100B AUM.
SOURCE: INSIGHTIA

SUPPORT FOR ESG SHAREHOLDER PROPOSALS IN EUROPE



Number and average support for (%) ESG-related shareholder proposals made at Europe-based companies in the 2021/22 proxy season.
SOURCE: INSIGHTIA

REMUNERATION REVOLTS IN EUROPE

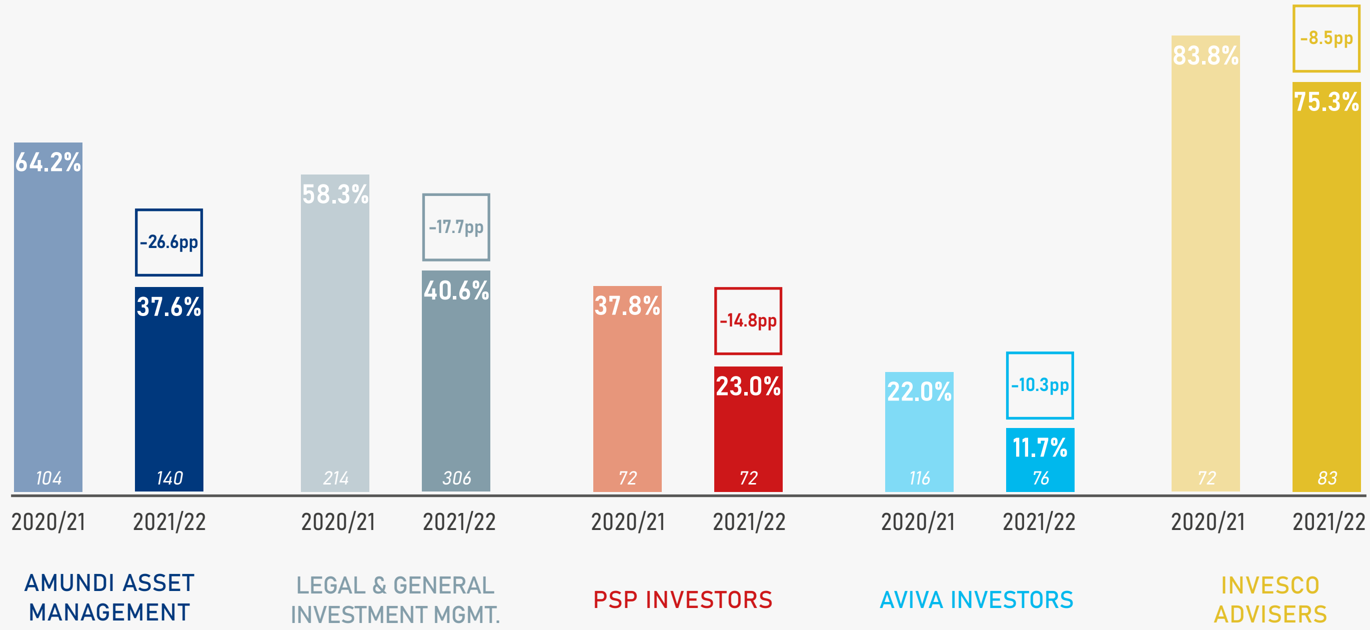


Remuneration revolts (<80% support) as a proportion of all remuneration proposals at Europe-based companies by proxy season.
SOURCE: INSIGHTIA

BY THE NUMBERS

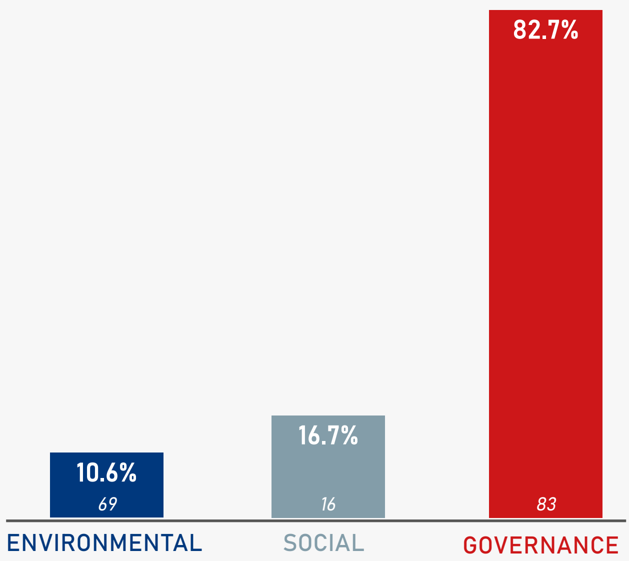
Data from Insightia.

INVESTORS WITH THE BIGGEST DECREASE IN SUPPORT FOR "SAY ON PAY" PROPOSALS IN ASIA-PACIFIC



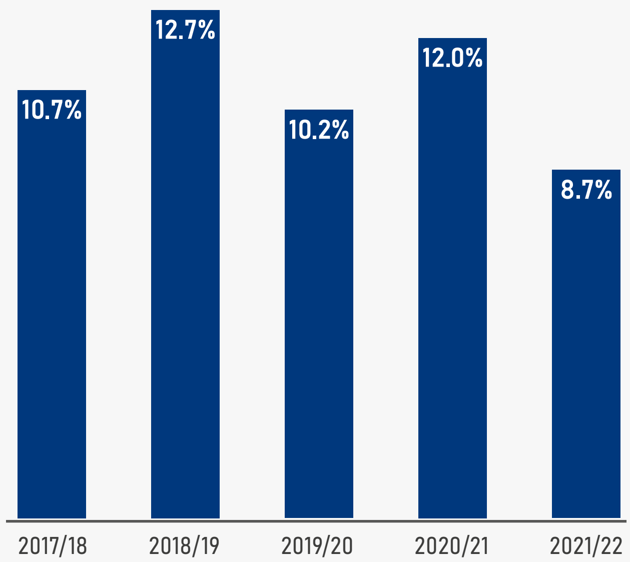
Investors exhibiting the biggest decrease in support for (%) advisory "say on pay" proposals at APAC-based companies between the 2020/21 and 2021/22 proxy seasons. Limited to investors that voted at a minimum of 50 meetings, and with a minimum of $100B AUM.
SOURCE: INSIGHTIA

SUPPORT FOR ESG SHAREHOLDER PROPOSALS IN ASIA-PACIFIC



Number and average support for (%) ESG-related shareholder proposals made at APAC-based companies in the 2021/22 proxy season.
SOURCE: INSIGHTIA

REMUNERATION REVOLTS IN ASIA-PACIFIC



Remuneration revolts (<80% support) as a proportion of all remuneration proposals at APAC-based companies by proxy season.
SOURCE: INSIGHTIA

NO ACCOUNTING FOR TASTE

Investors have shown their votes on auditor appointments and audit committee reelection resolutions cannot be taken for granted but it remains regulators that investors should worry about, writes Josh Black, Diligent.

U.S. issuers saw a recent record number of auditor reappointment proposals receiving less than 80% support during the 2022 proxy season, according to Insightia's *Voting* module. But while investor scrutiny is increasing, regulators are pushing the broadest reform agenda.

Investors dare to meddle

Five years after investors delivered a shock assessment on General Electric's retention of KPMG, with less than 35% of votes cast in favor of its continued work for the troubled industrial giant, rebellions on auditor proposals globally have failed to take off. A total of 24 U.S. auditor ratification proposals fell below the 80% threshold and 74 worldwide, compared to an average of 18 and 92, respectively, over the past five years.

Erin Dwyer, a partner at Tapestry Networks who focuses on audit, says that context is important. "Support for auditor reappointment is still, typically, very high," she told Insightia by email.

"Votes against auditors may have increased but it's still only a few percentage points or less when looking at average shareholder support," says Aaron Wendt, director of U.S. governance policy at proxy advisory firm Glass Lewis. "It's fairly rare for us to vote against the ratification of auditors."

Indeed, while investors appear to be increasing their scrutiny of auditors, the number of failed resolutions is low. Just three companies worldwide received less than 50% support during the 2022 proxy season and the average vote "for" remained above 98% worldwide.

Common reasons for investors to vote against auditor appointments include concerns over their independence, including excessive fees for non-audit activities, or contracts that limit the issuer's recourse to the audit firm in cases of flawed audits, says Wendt. Investors may also vote against or abstain from voting on auditor appointments if an audit fee breakdown is not disclosed.

Behind the curtain

Investors have directed a higher level of scrutiny toward audit committee chairs, with 10 in the U.S. alone failing to receive 50% support in 2022 and 223 receiving less than 80% support.

"I think the best thing an audit committee can do – both to minimize votes against its members, but more importantly, as a good governance practice – is to provide as much detail as is practical in the proxy statement related to their decision to ratify the external auditor and how they are executing their oversight responsibilities," Dwyer told Insightia. "Investors appreciate this disclosure and tend to give credit to audit committees who try to pull back the curtain on how they are discharging their oversight duties."

According to Wendt, many situations involving material weaknesses or restatements have already led to the auditor's dismissal by the next shareholder vote, so audit committee members are expected to provide quarterly progress reports on their remediation efforts or be held accountable. "We afford the audit committee some leeway to resolve those issues when they first arise," he told Insightia.

"If a company hasn't dealt with it appropriately in sufficient time or made progress to do so, we would consider recommending against audit committee members."

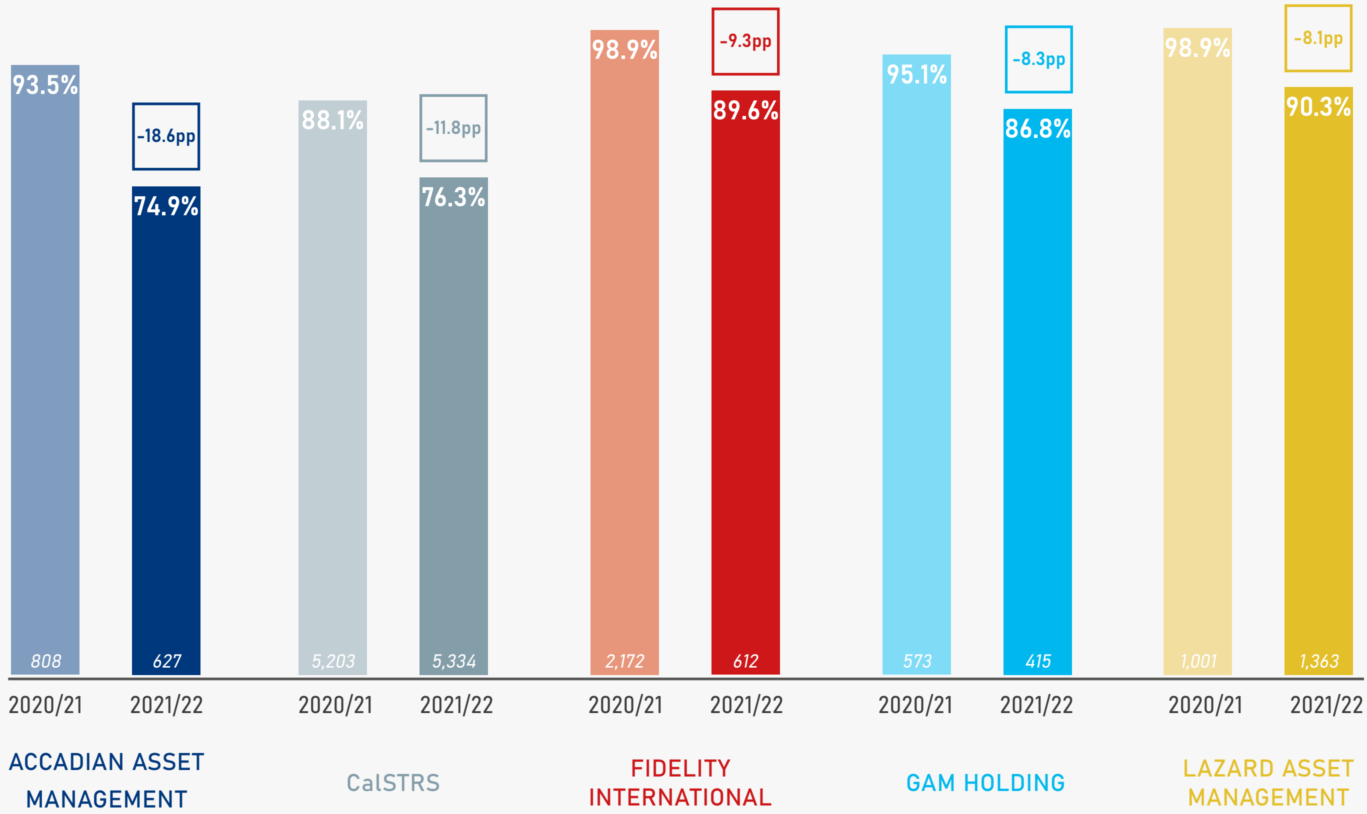
Reform beckons

The sense of increasing scrutiny, combined with proposals in August from America's Public Company Accounting Oversight Board (PCAOB) to "enhance inspections" and "strengthen enforcement" is keeping companies on their toes. The U.K. also announced plans to introduce audit reforms over the summer following scandals at construction company Carillion and retailer BHS, and the EU has come under pressure to do the same following the collapse of German payments company Wirecard.

In the U.K., legislation is due to follow an independent report and public consultation, with a new regulator holding new powers to sanction directors, and companies required to create roles for smaller auditors outside of the traditional "big four" of KPMG, EY, PwC, and Deloitte.

The European Commission closed a public consultation in February with the aim of improving reporting across multiple jurisdictions, safeguarding supply chains, and bolstering its sustainability agenda "by contributing to making sustainability information more reliable and to tackling greenwashing." It plans to adopt the proposals in the fourth quarter.

INVESTORS WITH THE BIGGEST DECREASE IN SUPPORT FOR AUDITORS



Investors exhibiting the biggest decrease in support for auditor ratification proposals between the 2020/21 and 2021/22 proxy seasons.
SOURCE: INSIGHTIA

HOLDING DIRECTORS TO ACCOUNT

Institutional investors are adopting voting policies that hold directors to account for a company's shortcomings to avoid relying on shareholder proposals as a way of expressing their views on ESG oversight, writes Rebecca Sherratt, Diligent.

Votes against directors, especially ESG committee members responsible for oversight of sustainability, human capital management, and diversity, are on the rise as investors look for new ways to signal discontent. Historically reserved for repeat offenders, votes against management nominees are becoming more widespread as a result of new voting policies.

> **"While precatory shareholder proposals are important for raising awareness, the director vote is... the single most effective tool that we have in our proxy voting toolbox."**

"Shareholders elect directors as their representative to set and oversee strategy," Benjamin Colton, global head of asset stewardship at State Street Global Advisors (SSGA) told Insightia in an interview. "While precatory shareholder proposals are important for raising awareness, the director vote is, therefore, the single most effective tool that we have in our proxy voting toolbox."

ESG oversight

Average support for global director elections declined to 95.9% this season, compared to 96.4% and 96.3% average support in the 2020 and 2021 proxy seasons, respectively, as investors voted against management instead of supporting the hefty number of ESG proposals on company ballots.

More than 65 director reelections failed to muster majority support this season, compared to 53 and 62 throughout the two prior seasons, according to Insightia's *Voting* module.

Committee members are facing the brunt of investor dissent. Nominating committee chairs and members at Russell 3000 companies won 90.6% and 92.8% average support, respectively, in the seven months to July 31, 2022, while compensation committee chairs and members have each won 92.6% and 93.4% average support.

Vector Group's compensation committee chair and nominating committee member Stanley Arkin faced 68.9% opposition at the U.S. tobacco company's June 28 annual meeting due to what Calvert Research and Management described as both the board's lack of racial diversity and its "limited response" to ongoing compensation concerns.

Aviva Investors similarly voted against sustainability committee members at Chevron and Shell for "insufficient policies and targets" relating to sustainability and biodiversity.

Evolving expectations

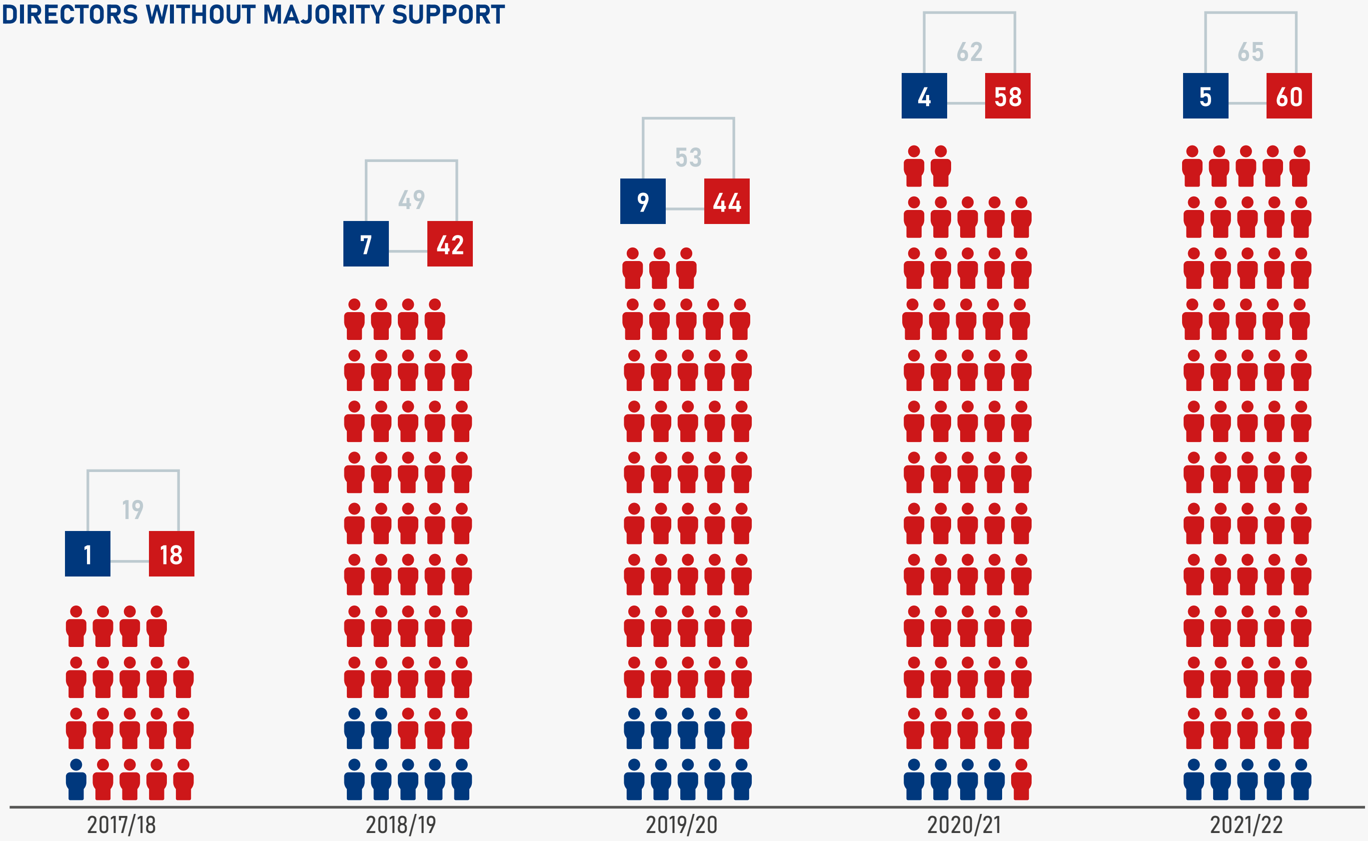
Significant updates to investor voting policies are largely to thank for the increasing opposition toward director elections. The latest round of policy updates saw especially robust changes after the success of ESG-related engagements in the 2021 proxy season.

In its latest proxy season review, BlackRock revealed that it voted against 1,035 director nominees at 589 U.S. companies after extending its policy on board gender diversity to small- and medium-sized companies, "and at S&P 500 companies for lack of diversity beyond gender."

Colton of SSGA told Insightia that the $4-trillion fund manager has also "rapidly increased the circumstances in which we utilize the director vote for concerns directly tied to ESG-related disclosure and oversight," thanks to its newly-established ESG Committee, responsible for facilitating discussion on ESG issues emerging from engagements and voting.

In August, Norges Bank Investment Management (NBIM) revealed that it expects issuers to disclose "core information" about their workforces, employee turnover, diversity data, and relevant industry-specific metrics, warning that directors at boards which fail to make good on these commitments will be held "accountable." Opposition toward directors will likely increase as investors update their policies ahead of the 2023 proxy season, especially if there is limited progress from boards on ESG-related risks.

DIRECTORS WITHOUT MAJORITY SUPPORT



Number of directors failing to gain majority support in re-elections, by index and proxy season.
SOURCE: INSIGHTIA

DIRECTOR REVOLTS BY HQ

	2018/19		2019/20		2020/21		2021/22		2018/19 – 2021/22 trend
	*Director revolts**	Proportion (%)	*Director revolts**	Proportion (%)	*Director revolts**	Proportion (%)	*Director revolts**	Proportion (%)	Proportion (%)
U.S.	*1,618*	7.1	*1,505*	6.7	*1,705*	7.1	*1,839*	7.3	
U.K.	*142*	2.6	*114*	2.2	*104*	1.9	*85*	1.5	
Canada	*278*	4.6	*162*	3.2	*304*	4.6	*308*	4.8	
Australia	*79*	6.4	*87*	6.7	*84*	5.3	*79*	4.5	
Europe (excluding U.K.)	*107*	3.5	*77*	2.8	*134*	3.5	*151*	4.1	
Asia	*560*	2.0	*544*	1.5	*666*	1.8	*652*	1.8	
Other	*75*	5.0	*40*	3.7	*51*	4.7	*49*	6.0	
Global	*2,859*	*4.2*	*2,529*	*3.4*	*3,048*	*3.8*	*3,163*	*4.0*	

Number and proportion of *directors receiving less than 80% support, by company HQ and proxy season.
SOURCE: INSIGHTIA

ACTIVISTS FACE UPHILL BATTLE

The recent proxy season was a challenging one for shareholder activists, despite institutional investors and proxy voting advisers backing more dissident nominees, writes Jason Booth, Diligent.

Activists won at least one board seat at 29% of campaigns that went to a vote or settled this proxy season, according to Insightia's *Activism* module, compared to at 54% and 34% of campaigns throughout the 2020 and 2021 proxy seasons, respectively. Most of the wins were at smaller companies, while activists had less luck against bigger companies with resources to mount a vigorous defensive.

Besides stronger defenses, other reasons for the continued slowdown in activism include stock market volatility and growing economic uncertainty that has made valuing and targeting companies more difficult, according to industry players who spoke with Insightia.

Lending support

The lower success rate is surprising, given the notable increase in institutional support for dissident nominees, especially by BlackRock and proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis.

> **"We're seeing now post-pandemic that activism is very much back to 'normal.'"**

BlackRock supported dissidents in nearly 29% of the situations where they voted at contested situations this season, up from around 14% in the 2020 proxy season, respectively. While Vanguard's voting record was roughly the same as the prior year, State Street Global Advisors (SSGA), Fidelity International, and JPMorgan were all more favorable towards activist slates this season.

"2020 and 2021 remained mired in the thick of the COVID-19 pandemic, which forced activists to act with finesse because proxy advisory firms and investors were more likely to give incumbents a hall pass," Jim Chadwick of Ancora Advisers told Insightia in an interview. "We're seeing now post-pandemic that activism is very much back to 'normal.'"

Activist shareholders were also back in favor with the leading proxy advisory firms. ISS supported activist slates in 42% of the contested situations it voted on over the 12 months ending June 30, versus 30.8% in the same period a year earlier, though down from 60% in the 2019-2020 period. Glass Lewis supported activists in 32% of cases this season, up slightly from 31% in the 2021 season and 27% one season prior.

That support was undeniably important. In no cases this season did an activist win board seats without at least partial support from both proxy advisers.

The winners

Cruiser Capital won three board seats at agrochemical company American Vanguard after winning support from both ISS and Glass Lewis while Voss Capital nominee Charles Diao was elected to Griffon's board after the former investment banker won the support of both the leading proxy advisors.

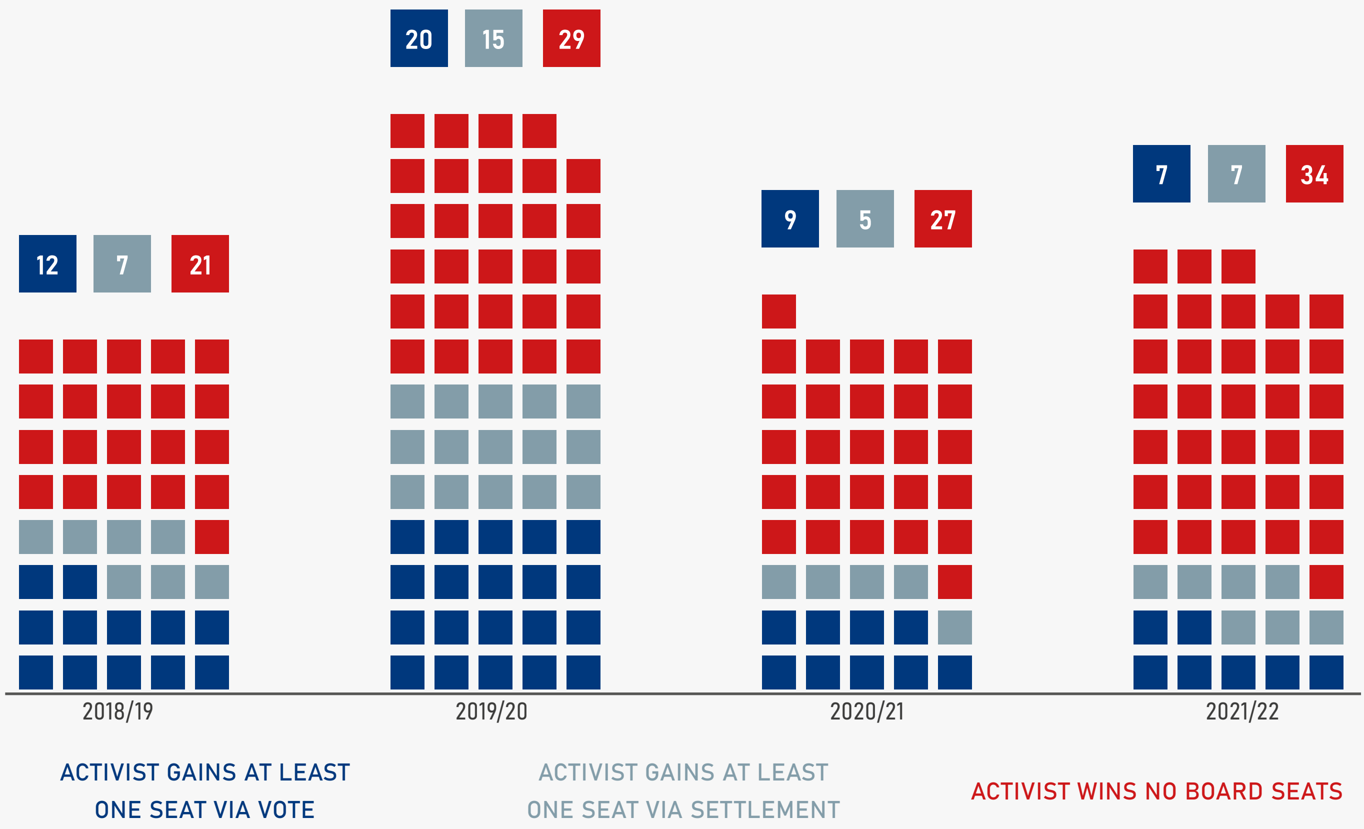
U.S. activist hedge fund Donerail Group gained three board seats at Turtle Beach, with a fourth to be named after four months if the gaming headset maker does not sell itself by then, after gaining support from both ISS and Glass Lewis. While Griffon is a small cap with a market capitalization of around $1.6 billion, both American Vanguard and Turtle Beach are micro-caps with less than $500 million in capitalization.

And the losers

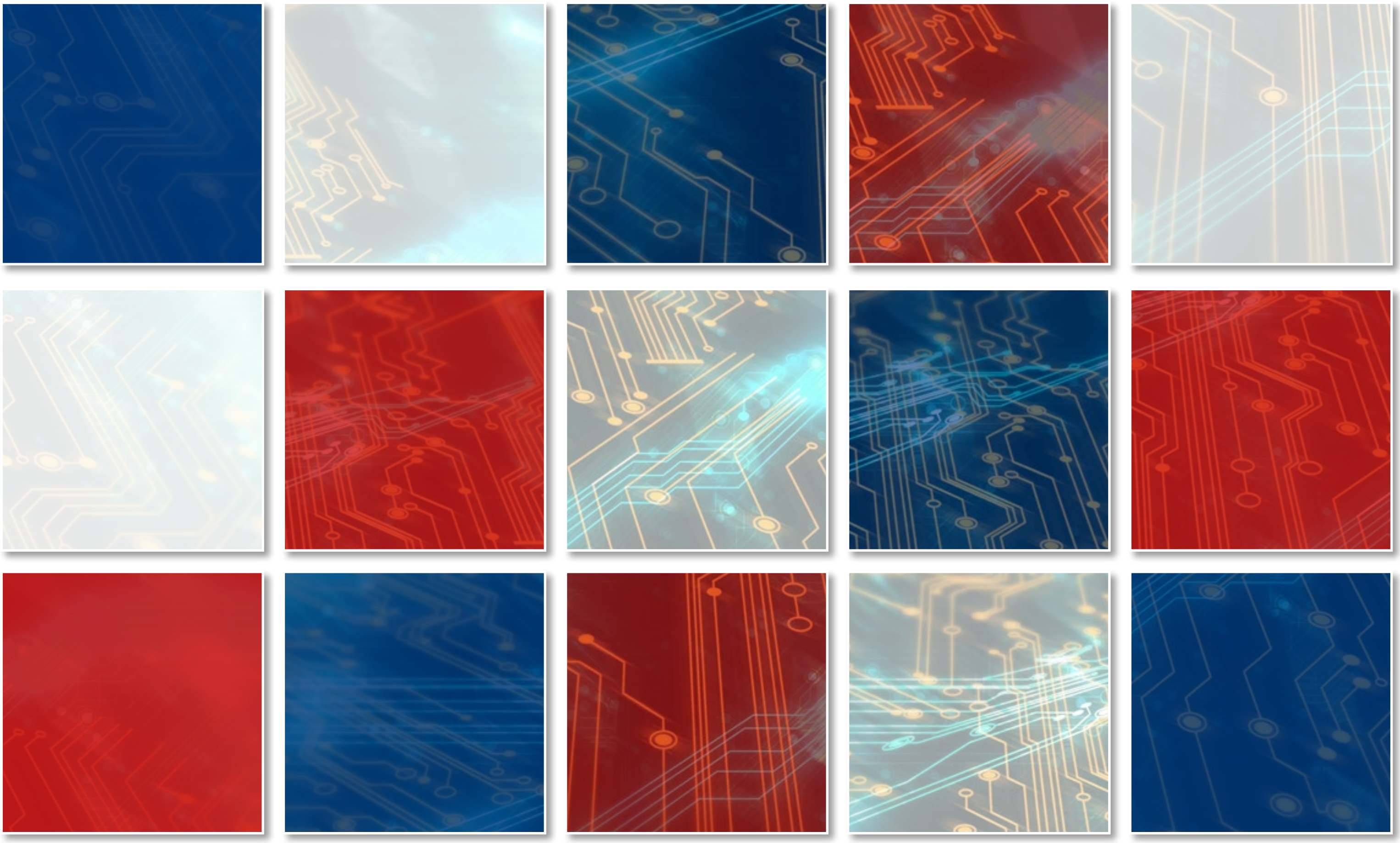
Winning at bigger companies was harder, especially if the activist gained only partial support from proxy advisers. Starboard Value won the backing of ISS in its campaign against $5-billion market cap Huntsman. Yet Glass Lewis didn't agree, which was enough to help management defeat all four activist nominees.

Ancora similarly lost its bid for three seats at Spartan Nash with partial support from ISS and none from Glass Lewis, while Kohl's was able to fend off a bid for 10 seats by near-5% shareholder Macellum Advisors, despite the activist winning partial support from ISS. Unsurprisingly, some of the bigger fights that might have ended in activist victories settled, including Sachem Head at US Foods Holding and Carl Icahn at Southwest Gas. Both companies replaced their CEOs in the process, showing that votes aren't everything.

PROXY CONTEST OUTCOMES IN THE US



Outcomes of proxy contests at U.S.-based companies by proxy season.
SOURCE: INSIGHTIA



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