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Voting Matters 2021

Are asset managers using their proxy votes for action on environmental and social issues?

ShareAction»

About ShareAction

ShareAction is a non-profit working to build a global investment sector that takes responsibility for its impacts on people and planet. We mobilise investors to take action to improve labour standards, tackle the climate crisis, and address pressing global health issues, such as childhood obesity. Over the last 15 years, ShareAction has used its powerful toolkit of research, corporate campaigns, policy advocacy and public mobilisation to drive responsibility into the heart of mainstream investment. We want a future where all finance powers social progress.

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Introduction and summary

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Introduction and summary

The Covid-19 pandemic has deepened the already growing social inequality crisis[1] and, despite a temporary reduction in emissions caused by lockdowns, greenhouse gas concentrations are at record levels[2]. Even assuming new climate pledges submitted by governments at the latest round of UN climate talks (COP26) will all be met, we remain on track for more than 2C of warming[3].

The asset management sector has a vital role to play in helping society solve these existential challenges by allocating capital sustainably and influencing corporate behaviour. Due to rising recognition of the sector's influence and a boom in demand for sustainable investment products, asset managers are increasingly in the spotlight.

In this 2021 edition of our Voting Matters series[4], we examine how 65 of the world's largest asset managers voted this year across 146 social and environmental resolutions. Proxy voting is a core part of an asset manager's fiduciary duty and a key way in which the sector can influence companies on social and environmental issues. This report is part of a wider programme of work, which aims to raise standards in the asset management sector around fit-for-purpose stewardship. It sits alongside our Point of No Returns series and surveys of the industry[5].

Overall findings:

The world's largest asset managers continue to block efforts to make progress on environmental and social issues.

- Despite some asset managers demonstrating that it is possible to make a large year-on-year improvement, voting performance of the industry overall has remained stagnant, with a mere four percentage point increase in 'for' votes.

- The very largest asset managers' voting records provide particular cause for concern. Eighteen additional resolutions would have received majority support if one or more of the world's three largest asset managers had switched to vote in favour of them. The six largest asset managers also vote more conservatively than the recommendations of their proxy advisors.

- Many asset managers are not exercising their voting rights, with seven assessed managers voting on fewer than 60 per cent of resolutions. Five of these are members of Climate Action 100+ (CA100+). Not voting sends a signal to these companies that their behaviour on environmental and social issues is not of interest to their shareholders.

Findings on environmental resolutions:

Around one in three environmental resolutions received majority support, with resolutions on lobbying receiving more votes than those on corporate strategy.

- CA100+ and NZAM initiative members voted against almost a third of environmental resolutions.
- Members of the NZAM initiative who are not also members of CA100+ do not outperform to those who are members of neither coalition, raising questions over the value of the NZAM initiative when it comes to voting.
- The gap between CA100+ members and non-members on voting for climate resolutions is closing.

Findings on social resolutions:

The asset management sector is failing to support the vast majority of resolutions focused on social issues, with considerably lower levels of support compared to environmental resolutions.

- Only 15 per cent of all social resolutions received majority support (13 out of 89). Disclosure-related resolutions on diversity received significantly higher levels of support than resolutions on other social issues. Resolutions with a stronger focus on action or changing corporate behaviour struggled to achieve more than 30 per cent shareholder support.
- 18 per cent of shareholder resolutions in out sample focused on social issues were filed at tech companies, a further 18 per cent at finance companies, and 13 per cent of resolutions were focused on public health. Only five of these resolutions (10 per cent) received majority support.
- Eleven assessed asset managers voted against human rights-related shareholder proposals at companies supplying weapons to states engaged in conflict with a record of alleged human rights violations.

Recommendations

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Recommendations

Recommendations for asset managers

The findings of this report are relevant to all asset managers (those covered as well as those not featured in this report) for assessing their own voting performance and identifying areas for improvement.

We recommend that asset managers:

1. Use this analysis to assess their performance relative to peers and to identify areas for improvement;
2. Develop and strengthen their voting policies by explicitly committing to support shareholder resolutions on Environmental, Social and Governance (ESG) issues on a 'comply or explain' basis;
3. Improve transparency on proxy voting by publishing voting policies and voting rationales in a manner that is timely and user-friendly;
4. Commit to voting at all AGMs, regardless of geography or the level of holdings;
5. Pre-declare voting intentions for particularly key ESG resolutions;
6. Consider filing shareholder resolutions at companies failing to make sufficient progress on ESG issues.

Recommendations for asset owners

As stewards of capital for millions of beneficiaries, asset owners have a duty to monitor the engagement activities and proxy voting records of their asset managers.
We recommend that asset owners:

1. Use this research to inform their selection, monitoring and review of asset managers;
2. Engage with asset managers where they are falling short of expectations;
3. Engage with asset managers more generally to strengthen voting priorities and expectations.

Recommendations for investment consultants

In addition to delegating to asset managers, asset owners also draw on their investment consultants' time and expertise to support their responsible investment activity. In this light, the following recommendations were designed to be complementary to those for asset owners.

We recommend that investment consultants:

1. Develop a system to monitor asset managers' votes and provide feedback to clients;

2. Engage with asset managers on voting decisions on controversial ESG issues to ensure voting is aligned with leading practice in the sector;

3. Engage with asset managers ahead of important ESG resolutions, with the expectation that they support these resolutions on a 'comply or explain' basis.

Summary methodology

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Summary methodology

Asset managers in this assessment were selected from the 2021 Investment and Pensions Europe (IPE) ranking of the top 500 asset managers. The asset managers included in this study met one or more of the following criteria:

1. The world's largest 19 asset managers based on assets under management (AUM);
2. The next largest 36 European asset managers based on AUM;
3. The next largest 10 UK asset managers based on AUM.

In total, 65 asset managers were selected for this analysis.

The analysis considers how asset managers voted on shareholder proposals covering:

- Environment: climate change, climate-related lobbying, environmental impacts;
- Social: human and labour rights, decent work, diversity, public health;
- Linking sustainability to executive pay.

In total, 169 shareholder proposals were selected. 146 of these resolutions fed into asset managers' scores and ranking. The report also analyses 23 shareholder- and management-proposed resolutions on Say on Climate, though these were treated separately and not included in overall percentages. The reasons for this are discussed in the Say on Climate section of this report.

Alongside voting data, asset managers were asked for their rationales to explain their voting decisions. These rationales have informed our analysis, providing narrative and background to arguments. All the rationales in the report have been anonymised.

When calculating the percentage of votes 'for', only votes in favour were counted. Votes 'against', abstentions and Did Not Vote (DNV) were treated equally. Where data was available, split votes were counted as votes in favour only when it could be established that over 75 per cent of the assets had voted in favour of the resolution.

▸ **Note:** The full methodology can be found in Appendix 1 on page 61.

Overall findings

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Chapter 1: Overall findings

Finding 1: European asset managers continue to dominate the ranking, while no US manager voted for over 60 per cent of resolutions.

European asset managers continue to outperform their US peers when it comes to proxy voting on environmental and social shareholder resolutions. No US manager voted in favour of more than 60 per cent of resolutions. The highest scoring US manager is Northern Trust Asset Management, placed 34th in the ranking.

Meanwhile, almost every asset manager in the top half of the ranking (32 of the 65 assessed) is European. The top five performers, Impax Asset Management Group, BNP Paribas Asset Management, Achmea Investment Management, and Robeco, all voted in favour of over 95 per cent of assessed resolutions where they had holdings.

On average, European asset managers voted in favour of environmental and social resolutions 25 percentage points more often than their US counterparts (64 and 39 per cent respectively).

The relative strength of European managers was noted in both our 2020 and 2019 assessments of asset manager voting behaviour, where European asset managers similarly dominated the leaderboard[6,7]. Our separate 2020 ranking of asset managers' policies and practices found a similar trend[8]. The positive legislative environment in Europe has been suggested as a driver of the observed stronger performance from European asset managers.

A number of notable developments have taken place across the last proxy season that may impact how these managers perform in the future. Legislation in Europe has strengthened, with the Shareholder Rights Directive (SRD II) coming into force in September 2020. This directive requires asset managers to develop and publicly disclose an engagement policy that explains how they integrate social and environmental factors into their investment strategy.

More interesting, however, are the developments in the US. In January, the US signed the "Executive Order on Tackling the Climate Crisis at Home and Abroad", which commits it to economy-wide net-zero emissions by 2050. In April, US climate envoy John Kerry said that the nation would likely join Europe in mandating financial institutions and companies to disclose climate change risks. He also stated intentions to work with European leaders to harmonize disclosure standards[9].

These policy signals from the administration do not yet appear to have translated into tougher voting by US asset managers, who on the whole continue to lag behind European peers.

Figure 1 – Ranking of asset managers

Key: percentage scores

- 81–100
- 61–80
- 41–60
- 21–40
- 0–20

Key: bar chart percentages

- For
- Abstain
- Did not vote
- Against
- Split
- No holding
- No Data

Rank	Asset manager	Country	AUM (million US$)	Overall	Environment	Social	Voting split
1	Impax Asset Management Group	UK	34,491	99%	100%	98%	68 77
2	BNP Paribas Asset Management	France	755,518	98%	96%	99%	127 17
3	Achmea Investment Management	Netherlands	247,877	96%	92%	97%	108 33
4	Robeco	Netherlands	215,295	95%	92%	96%	127 12
5	Amundi	France	2,113,963	93%	97%	90%	107 31
6	MN	Netherlands	213,992	92%	86%	100%	22 122
7	Aviva Investors	UK	499,690	91%	94%	90%	118 11 17
8	Nordea Asset Management	Sweden	310,383	91%	100%	85%	116 12 18

Rank	Asset manager	Country	AUM (million US$)	Overall	Environment	Social	Voting split
9	NN Investment Partners	Netherlands	366,860	90%	98%	85%	105 12 27
10	Man Group	UK/ Switzerland	123,681	90%	98%	84%	121 13 11
11	Candriam	Luxembourg	171,493	87%	91%	84%	105 16 25
12	Federated Hermes	UK	53,936	86%	100%	81%	24 118
13	Pictet Asset Management	Switzerland	252,002	85%	94%	80%	114 19 12
14	Aegon Asset Management	Netherlands	474,977	85%	98%	76%	111 19 15
15	DWS Group	Germany	969,115	85%	92%	80%	121 5 8 9
16	Generali Insurance Asset Management	Italy	574,457	80%	78%	80%	98 18 23
17	HSBC Global Asset Management	UK	611,776	79%	83%	78%	112 27
18	Legal & General Investment Management	UK	1,749,965	77%	87%	73%	113 31

Rank	Asset manager	Country	AUM (million US$)	Overall	Environment	Social	Voting split
19	Credit Suisse Asset Management	Switzerland	497,153	77%	87%	71%	104 13 16 7
20	Allianz Global Investors	Germany	711,676	77%	81%	76%	110 27
21	EFG Asset Management	UK	29,863	76%	88%	71%	31 10 105
22	UBS Asset Management	Switzerland	1,087,204	75%	72%	75%	109 36
23	Newton Investment Management	UK	62,614	74%	75%	70%	44 17 85
24	Schroder Investment Management	UK	723,001	73%	78%	70%	97 34 13
25	Royal London Asset Management	UK	202,752	73%	80%	70%	90 26 8 22
26	Swisscanto Invest	Switzerland	215,969	72%	80%	69%	102 30 9
27	American Century Investments	UK	212,964	69%	81%	63%	101 21 23
28	Fidelity International	US/UK	409,721	64%	80%	53%	86 44 11

Rank	Asset manager	Country	AUM (million US$)	Overall	Environment	Social	Voting split
29	Vontobel	Switzerland	274,277	63%	67%	62%	15 / 9 / 122
30	Swiss Life Asset Managers	Switzerland	304,725	62%	76%	53%	74 / 45 / 27
31	Coronation Fund Managers	South Africa/UK	40,536	62%	75%	59%	21 / 13 / 112
32	M&G Investment Management	UK	387,334	61%	69%	56%	78 / 8 / 40 / 20
33	Ninety One	South Africa/UK	160,424	60%	78%	52%	43 / 29 / 73
34	Northern Trust Asset Management	US	1,164,571	60%	68%	57%	87 / 59
35	APG Asset Management	Netherlands	700,331	59%	65%	56%	74 / 47 / 20
36	Nuveen	US	1,150,882	56%	76%	48%	54 / 42 / 50
37	AXA Investment Managers	France	1,049,018	55%	72%	45%	72 / 57 / 16
38	Morgan Stanley Investment Management	US	1,458,325	55%	59%	53%	73 / 58 / 14

Rank	Asset manager	Country	AUM (million US$)	Overall	Environment	Social	Voting split
39	Aberdeen Standard Investments	UK	624,093	55%	60%	52%	75 61 9
40	PGGM	Netherlands	327,713	54%	66%	48%	64 52 27
41	Union Investment	Germany	471,926	53%	58%	52%	78 45 23
42	Nikko Asset Management	Japan	283,796	51%	60%	46%	69 66 10
43	Liontrust Asset Management	UK	38,036	50%	50%	49%	24 24 98
44	Mondrian Investment Partners	UK	58,938	48%	38%	50%	11 12 123
45	Goldman Sachs Asset Management International	US	1,954,137	47%	57%	40%	68 76
46	Wellington Management International	US	1,290,633	44%	60%	37%	52 59 5 29
47	Janus Henderson Investors	US/UK	401,402	44%	57%	37%	58 75 13
48	Lyxor Asset Management	France	194,794	42%	52%	36%	56 10 62 6 11

Rank	Asset manager	Country	AUM (million US$)	Overall	Environment	Social	Voting split
49	BlackRock	US	8,671,441	40%	53%	34%	58 / 87
50	J.P. Morgan Asset Management	US	2,380,873	37%	50%	31%	54 / 82 / 8
51	Invesco	US/UK	1,349,221	37%	51%	28%	54 / 5 / 74 / 12
52	Baillie Gifford & Co.	UK	445,070	33%	60%	24%	12 / 21 / 110
53	Eurizon Asset Management	Italy	422,486	32%	42%	28%	35 / 72 / 38
54	State Street Global Advisors	US	3,465,372	32%	42%	27%	47 / 8 / 90
55	T. Rowe Price	US	1,469,612	31%	44%	25%	45 / 96
56	Fidelity Investments	US	3,782,718	29%	23%	33%	39 / 92 / 12
57	Capital Group	US	2,382,269	28%	26%	31%	34 / 11 / 62 / 18 / 20
58	Vanguard Asset Management	US	7,252,909	26%	38%	20%	38 / 108

Rank	Asset manager	Country	AUM (million US$)	Overall	Environment	Social	Voting split
59	SEB	Sweden	255,927	26%	50%	15%	28 / 43 / 37 / 38
60	Franklin Templeton	US	1,499,319	25%	25%	27%	35 / 63 / 39 / 8
61	Swedbank Robur	Sweden	203,915	25%	15%	29%	25 / 52 / 22 / 47
62	DekaBank	Germany	375,750	14%	22%	10%	19 / 112 / 11
63	Santander Asset Management	Spain	221,329	1%	5%	0%	70 / 75
64	Walter Scott & Partners	UK	93,175	0%	0%	0%	16 / 130
65	MEAG	Germany	410,470	0%	0%	0%	146

Finding 2: The world's six largest asset managers vote more conservatively than their proxy advisors recommend.

The six largest asset managers in the world, with combined AUM of US$6 trillion, back fewer shareholder proposals than their proxy advisors – ISS and Glass Lewis – recommend. ISS and Glass Lewis hold an estimated 97 per cent of the US market share in proxy voting advice. Of the two, ISS is the larger, controlling 61 per cent of the market[10]. Both firms operate globally.

BlackRock, Vanguard, Fidelity Investments, State Street Global Advisors, Capital Group, and J.P. Morgan Asset Management, tended to vote more conservatively than both these firms' recommendations. ISS recommended that investors support 75 per cent of assessed shareholder resolutions, and Glass Lewis recommended that investors support 44 per cent[i]. Each of these six asset managers supported fewer than 40 per cent of resolutions that they voted on.

Given the size of assets and degree of influence these managers have over corporate behaviour, their failure to adequately use their voting rights to tackle environmental and social issues should raise serious questions for their clients.

It is clear that these asset managers routinely ignore the advice of their proxy voting advisors in order to vote against action on environmental and social issues.

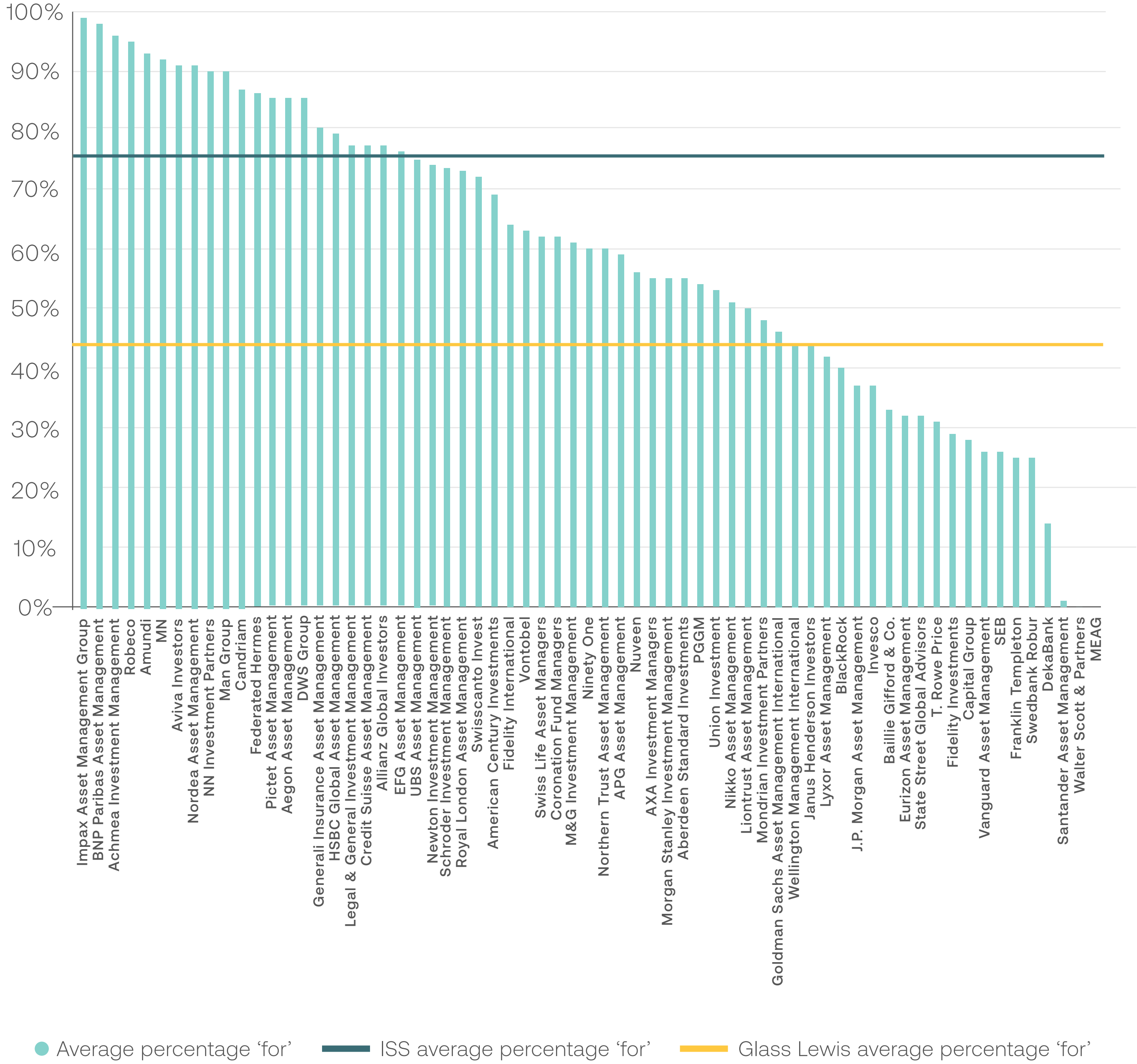
Figure 2 – The world's six largest asset managers and their proxy advisors

Asset Manager	AUM (million US$)	Percentage of 'for' votes	Proxy voting advisor(s)
BlackRock	8,671,44	40	ISS, Glass Lewis
Vanguard Asset Management	7,252,90	26	ISS, Glass Lewis
Fidelity Investments	3,782,71	29	ISS, Glass Lewis
State Street Global Advisors	3,465,37	32	ISS
Capital Group	2,382,26	28	ISS, Glass Lewis
J.P. Morgan Asset Management	2,380,87	37	ISS

i It is our view that even these proxy voting advisors' recommendations are not ambitious enough and we believe asset managers should have voted in favour of all the resolutions included in our assessment.

Voting more conservatively than proxy voting advisors is not just limited to the six largest managers. As can be seen in Figure 3, 44 of the 65 assessed managers (68 per cent) follow this trend of voting in favour of fewer shareholder proposals than recommended by ISS.

Figure 3 – Asset managers' percentage of 'for' votes cast relative to the percentage of 'for' recommendations by ISS and Glass Lewis



Finding 3: The size and investment approach of an asset manager does not preclude it from showing strong performance on proxy voting.

Despite the poor performance of the world's six largest managers, the size of an asset manager does not in itself preclude a strong approach to proxy voting. Amundi is the seventh largest asset manager in this analysis, yet it voted in favour of 93 per cent of assessed resolutions, placing fifth in our ranking. Relatively small asset managers also showed leading approaches. For example, Impax Asset Management came top of our ranking and was the second smallest manager by AUM analysed.

Asset managers that predominantly offer 'passive' investment products can also have leading approaches to voting. Legal & General is the eighth largest asset manager in this analysis and also has a 'passive' focus[ii]. Yet, it voted in favour of 77 per cent of shareholder proposals. This demonstrates that being a passive manager is no excuse for an asset manager having a weak approach to proxy voting. This should be a lesson to other managers with a 'passive' focus – including BlackRock, State Street Global Advisors, and Vanguard – who continue to vote more conservatively than their proxy voting advisors.

Finding 4: 18 additional resolutions would have received majority support if one or more of the Big Three had switched to vote in favour of them.

The three largest asset managers in the world, Blackrock, Vanguard Group and State Street Global Advisors, are commonly referred to as the Big Three[iii,11]. They account for US$20 trillion in AUM. That's roughly equivalent to the AUM of the 30 largest European asset managers. Their ownership in S&P 500 companies has almost quadrupled in the past two decades and they are now responsible for 25 per cent of all shareholder votes cast. As such, they have unprecedented influence over corporate behaviour. The Big Three also own a significant proportion of the companies we examined.

ii Defined here as passively managing over 60 per cent of AUM

iii In IPE's 2021 list of largest asset managers, upon which our selection in this report is based, Fidelity Investments is listed as having the third largest in assets under management ahead of State Street Global Advisors (SSGA). However, given that SSGA's holdings in the companies we assessed were often found to be significantly larger, and that the Big Three is an established term to refer to specific managers, we chose to analyse BlackRock, Vanguard and SSGA here.

Figure 4 – The volume of assets managed by the Big Three relative to the 30 largest asset managers in Europe

Looking at the percentage shareholdings of the Big Three in the companies we examined, we found that 18 additional resolutions would have achieved majority support if one or more of the Big Three had voted in favour instead of against[iv]. These resolutions included:

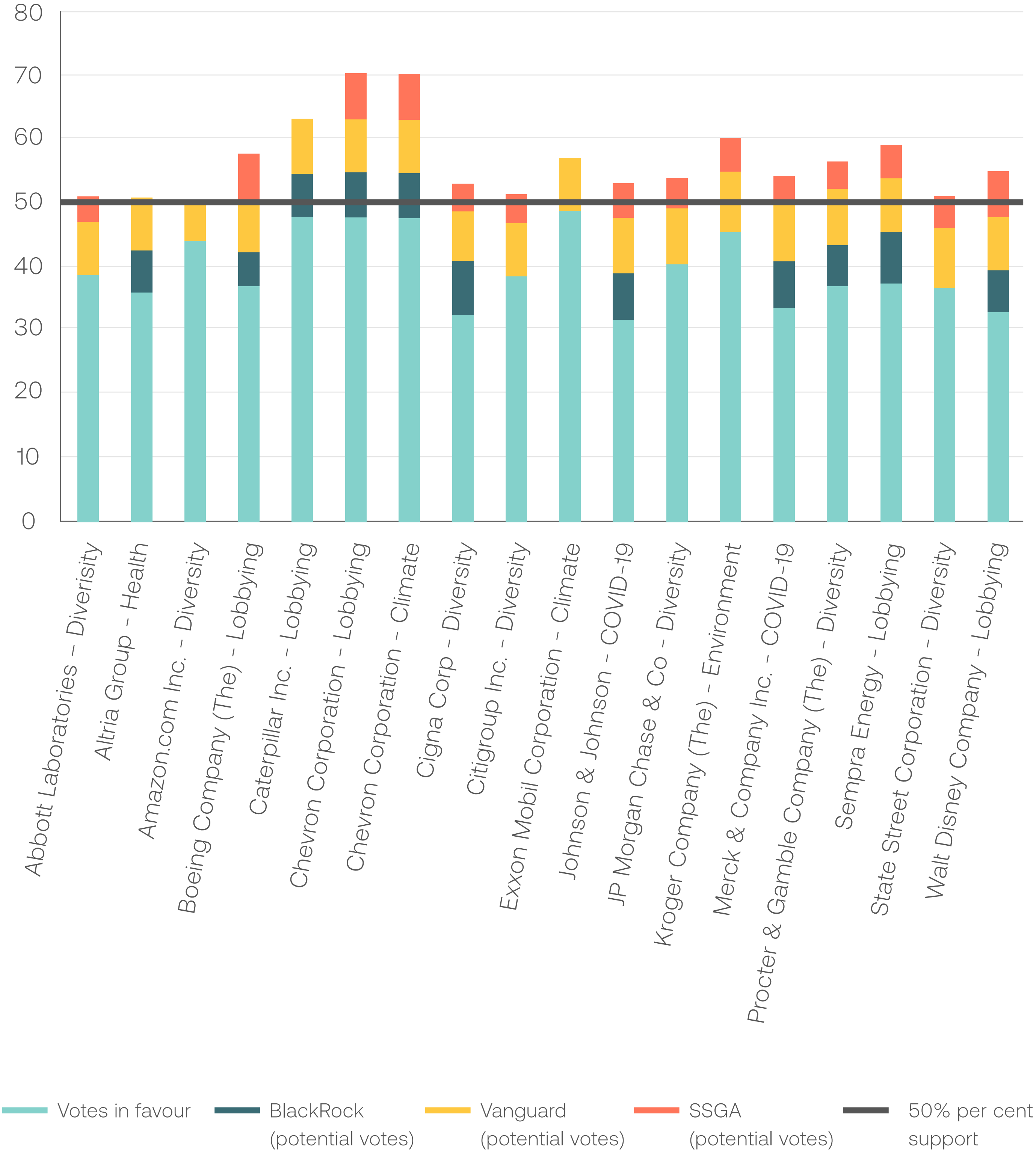
- One on tobacco marketing to underage consumers;
- One on environmental pollution;
- Two relating to Covid-19;
- Two on climate change policy/strategy;
- Five on climate-related lobbying; and
- Seven on diversity and inclusion.

It is interesting to note that State Street Global Advisors voted down a shareholder resolution filed at its own company, proposing that it conduct a racial equity audit. The resolution noted that the company, at the date of filing, had no black directors on its board and that none of the company's Executive Leaders were black[12].

Just 21 per cent of resolutions we assessed (30 out of 146) received majority support. The passage of these 18 resolutions would have raised that figure to 33 per cent. While majority support does not legally compel companies to act in line with a resolution, analysis by BlackRock shows that companies do meet the asks of these proposals in 94 per cent of cases[13]. As such, stronger voting from the Big Three could have resulted in substantial improvements in corporate behaviour on ESG issues.

iv Vanguard voted against all 18 resolutions, Blackrock voted against 10, State Street Global Advisors voted against 13.

Figure 5 – Resolutions that would have received majority support had one or more of the Big Three switched to vote in favour of them



These findings demonstrate the extent to which the Big Three continue to block efforts to improve corporate behaviour on environmental and social issues.

They also highlight a trend: our analysis of the 2020 proxy voting season found that 17 resolutions would have received majority support had the Big Three voted in favour of them. In their rationales for why they voted against these resolutions, the investors often cited their belief that the company in question was making sufficient progress. But this was often at odds with the views of their own proxy voting advisors[v]. ISS, which provides proxy voting advice for all three managers, recommended they vote in favour of 14 of the resolutions, and against just one. We had no data in three instances. Glass Lewis who provides proxy voting advice for BlackRock and Vanguard, recommended they vote in favour of eight of the resolutions and against eight. We had no data in two instances.

Finding 5: The voting performance of the industry overall appears to be stagnant.

The asset management industry's voting performance is not improving at the rate required to address the environmental and social crises we face. The 51 asset managers assessed in both 2021 and 2020 increased their proportion of 'for' votes by just 4 per cent on a similar set of resolutions.

While some asset managers did show a large increase or decrease in voting performance, the vast majority showed minimal movement. Eighty-two per cent of the asset managers common to our 2020 and 2021 assessments showed a change of less than 20 percentage points. Despite a professed increase in ambition, most asset managers are not demonstrating concrete action on voting.

Finding 6: Some asset managers show it is possible to make large year-on-year improvements.

Figure 6 – Asset managers who saw the largest increase in votes 'for' between 2020 and 2021

Asset manager	Average percentage 'for' in 2020	Average percentage 'for' in 2021	Change in percentage points
Credit Suisse Asset Management	16%	77%	61
Nordea Asset Management	30%	91%	61
Lyxor Asset Management	1%	42%	41
Achmea Investment Management	58%	96%	38
BlackRock	12%	40%	28
BNP Paribas Asset Management	72%	98%	26
Capital Group	8%	28%	20

v According to proxy voting advisors' benchmark policy recommendations

In 2020, Credit Suisse Asset Management and Nordea Asset Management voted for less than half of environmental and social shareholder proposals. This year they voted in favour of over three quarters[vi]. This shows that large improvements are possible in the space of a year.

Among those who saw over an increase of more than 20 percentage points in votes for shareholder proposals are BlackRock, the world's largest asset manager, and Capital Group, the fifth largest manager. BlackRock moved from voting for 12 per cent of resolutions in 2020 to 40 per cent of resolutions in 2021. Capital Group, meanwhile, moved from voting for eight per cent to 28 per cent.

While this is a positive development, it is important to note that the voting approaches of these managers remain inadequate to meet the urgency of the ecological crisis or to mitigate salient social impacts.

Finding 7: Only six asset managers filed or co-filed a shareholder resolution at any of the companies we assessed.

Filing a shareholder resolution at a company is a key tactic that investors can use to escalate engagement on a particular issue. Doing so puts the issue firmly on the company and shareholders' agenda and forces the company to publicly respond to the investors' asks.

Yet, despite the wealth of resource controlled by the world's largest asset managers, we find the vast majority remain reluctant to file resolutions. Only six managers filed any of the resolutions assessed (where data was available).

ShareAction led a coalition of 15 institutional investors to file a resolution at HSBC calling on the company to publish a strategy and targets to reduce its exposure to fossil fuel assets. Among the investors in our sample Amundi was a co-filer. ShareAction also led a coalition of investors to file a resolution at Tesco alongside seven institutional investors on the provision of healthy products. Among the investors in our sample Robeco was a co-filer. Both resolutions were withdrawn after negotiations with the companies to make commitments to that effect.

Our analysis shows that the burden of filing of filing resolutions is being left to smaller organisations, with much greater resource constraints than the world's largest asset managers. This includes civil society organisations, smaller impact-focused asset managers, local governmental pension funds or occupational pension funds, and charitable or faith based investors.

vi Please note that, while many of the companies and specific issues covered are the same, ShareAction's 2020 sample of companies and specific proposals examined did differ slightly. The resolution selection process and scoring methodology remains the same. The sample size is slightly larger this year: 102 last year compared to 146 shareholder proposals respectively. The numbers therefore represent an approximation of trend however do not materially affect the conclusions of the finding.

Finding 8: Many asset managers are not exercising their voting rights, with seven assessed managers voting on fewer than 60 per cent of resolutions.

Figure 7 – Asset managers with over 40 per cent Did Not Votes (DNVs)

Asset manager	PRI membership	CA100+ membership	% DNVs[vii]
MEAG	✓	✓	100%
Santander Asset Management	✓	✓	99%
DekaBank	✓	✕	83%
Eurizon Asset Management	✓	✕	67%
Swedbank Robur	✓	✓	53%
Lyxor Asset Management	✓	✓	46%
SEB	✓	✓	40%

Our analysis shows that a number of asset managers are failing to exercise their voting rights. MEAG, Santander and DekaBank are among the worst offenders. They did not vote at over 80 per cent of the resolutions at companies in which they had shareholdings.

As can be seen in Figure 7, many of the asset managers failing to use their votes are members of CA100+ and all of them are signatories to the Principles of Responsible Investment (PRI), either directly or under a parent company. But by failing to vote on shareholder proposals, these managers send a signal to companies that their behaviour on environmental and social issues is not of interest to them.

vii The Did Not Vote (DNV) percentages are relative to each asset manager's voting universe, i.e. excluding "no holding" and "missing data" from the denominator.

We found that several of the above asset managers have policies not to vote on proposals where their share in a company falls below a certain threshold. This can be an absolute monetary value or a relative measure of their share of the company. Others exclude voting at companies based in specific parts of the world. Many of these managers cite the cost associated with voting as the reason for not doing so.

Clients of these asset managers should be alarmed that the voting rights they have delegated to them are not being adequately exercised. Exercising voting rights is a core part of the responsibility an asset manager has to its clients to ensure the long-term financial stability of their investments and to manage their real-world impacts. We therefore believe proxy voting should be considered an integral part of an asset manager's fiduciary duty.

Findings on environmental resolutions

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Chapter 2: Findings on environmental resolutions

Finding 9: 17 of 53 environmental resolutions received majority support, with motions on climate-related lobbying receiving higher levels of support than those on corporate strategy.

53 environmental resolutions featured in this analysis, including 41 related to climate change and 12 on other issues, including pollution, waste management, and deforestation. Only 17 (32 per cent) of these received majority support: 14 of the 41 climate resolutions (34 per cent) and three of the 12 others (25 per cent).

While these votes are generally non-binding, analysis conducted by BlackRock[14] suggests that majority support can strongly steer company behaviour. As such, the investor community is missing many opportunities to effect positive environmental change[viii].

Examining Figure 8, it is clear that resolutions focused on climate-related lobbying generally received a higher degree of support than other environmental resolutions. Lobbying resolutions received 6 percentage points more 'for' votes than strategy resolutions, and asset managers in our analysis were roughly one sixth (10 percentage points) more likely to support lobbying than strategy resolutions.

This discrepancy likely reflects the fact that lobbying resolutions are usually disclosure-oriented, while strategy resolutions usually require more concerted action. Investors are generally cautious when it comes to recommending a specific course of action, a theme we see repeated when it comes to social resolutions.

The available information – these results and the qualitative rationales – suggest that investors often believe lobbying disclosures are more in line with shareholders' interests than changes to corporate strategy related to climate change. It is worth noting that both ISS and Glass Lewis recommended supporting climate lobbying resolutions more often than strategy resolutions (see Figure 9). The discrepancy between Glass Lewis' recommendations on climate strategy and all other themes is particularly striking.

viii From the source: "Our findings show that: • For shareholder proposals that received 30-50% support, 67% resulted in companies fully or partially meeting the ask of the proposal • For shareholder proposals that received over 50% support, 94% resulted in companies fully meeting the ask of the proposal"

Figure 8 – A breakdown of environmental resolutions in our sample[ix]

Theme	Number of resolutions in our sample	Average overall shareholder votes 'for' (per cent)	Average proportion of asset managers in our analysis that voted 'for' (per cent)
Climate-related lobbying	16	47	70
Climate change - reporting	11	41	70
Climate change - strategy	14	41	60
Other environmental motions	12	36	63
OVERALL	53	42	66

Figure 9 – How often ISS and Glass Lewis recommended supporting environmental resolutions by theme, where data was available

	Average percentage across theme	
Theme	ISS recommended voting 'for'	Glass Lewis recommended voting 'for'
Climate-related lobbying	86	62
Climate change - reporting	100	60
Climate change - strategy	73	23
Other environmental motions	89	40
OVERALL	86	46

Common justifications for opposing strategy-focused resolutions included concerns that resolutions would be too strongly binding, were overly prescriptive, or that the company had already shown progress in the relevant area, making the resolution unnecessary.

However, given the severity of the threat posed by climate change, it is inappropriate for asset managers to use existing progress by companies as an excuse for opposing further action. In particular, investors should support resolutions that call for companies to set targets aligned with limiting warming to 1.5C, in line with international consensus on climate change.

ix Note that the asset manager proportion is not weighted by holdings, so a greater number of asset managers voting for a resolution can still imply fewer overall shareholder votes.

Case study: AGL Energy

Ask: Approve Coal Closure Dates
Resolution number: 7b
AGM date: 7 October 2020
Result: 21.1 per cent for / 78.9 per cent against

One key example of a "Climate change – strategy" motion that failed to reach majority support in the 2020-21 AGM cycle was this motion at AGL Energy. AGL has three coal-fired power stations, one of which is slated for closure in 2022-23, while the other two are currently planned to continue operating until "the end of their operating lives" in 2035 and 2048[15]. The motion asks that AGL brings forward these dates, such that coal operations would cease entirely by 2036.

On the face of it, this motion should be relatively uncontroversial. A consensus is developing that coal use must plummet in the coming years[16], many asset managers now have coal exclusion policies[17], and plans for new coal plants are increasingly being shelved worldwide[18].

Against this backdrop, it is surprising that this motion only received 21.1 per cent votes in favour (and support - not weighted by holdings - from around a quarter of asset managers in our analysis). The rationales that we examined offered various explanations for opposing this motion, including that the resolution is too restrictive; that the concept of alignment to a 1.5C warming target "may be considered too prescriptive"; and that the modelling underlying the resolution assumes "global concerted effort on climate change".

These objections are surprising, not least because the analysis on which the resolution is based comes from AGL itself[19], but also, because any reasonable climate scenario that would limit warming depends on concerted global action. Indeed, there is also growing evidence that such international coordination is in motion, as wording on coal reduction has been agreed at the Glasgow COP[20].

As with other strategy-focused resolutions, asset managers that opposed the motion also stated that they hoped for more disclosure on scenario alignment instead of this more concrete action, and lauded the company's performance to date. As in those other cases, we would reinforce that disclosure is not a substitute for action, and that partial progress should not be given as a reason to oppose further action, particularly when this further action is necessary to bring corporate behaviour into alignment with internationally agreed standards.

disclosure is not a substitute for action, and partial progress should not be given as a reason to oppose further action

Somewhat more compelling were those rationales that referenced a lack of government support as a reason to oppose the resolution. One stated that “forcing the closure given the lack of supportive government policies may ultimately have negative implications on shareholders.” This alone should not have precluded support for this resolution for all the reasons already stated. Government and the private sector may blame each other for inaction, but this does not get us closer to positive climate action. Nonetheless, these sorts of justifications do indicate that motions of this nature might be more successful in a political climate more conducive to their passage. This is something for which actors in this space – asset managers, asset owners, companies – should advocate if they want to see real change.

Incidentally, this motion’s passage was contingent on a related special resolution; a separate vote which must pass so that the ordinary shareholder resolution can take effect. This ancillary resolution received a vanishingly low level of support – only 5.6 per cent - when it would have required 75 per cent to pass. Some asset managers (e.g. BlackRock) who supported the coal closure resolution opposed this one, citing a preference for regulatory solutions or saying that it doesn’t add value. This would seem inconsistent, and highlights that unless the prevailing mood among asset managers, or the legal framework for filing resolutions in Australia (or similar jurisdictions) changes, it will be challenging for resolutions of this nature to succeed.

Case study: Canadian Banks – Circular Economy resolutions

Ask: Produce a Report on Loans Made by the Bank in Support of the Circular Economy

Submitted at: Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Laurentian Bank of Canada, Royal Bank of Canada, Toronto Dominion Bank

Result: Varied (see table), though no proposal received over 23 per cent 'for' votes

Of the 12 environmental resolutions filtered according to our methodology which were not directly related to climate change, five were very similar motions filed at Canadian banks by MEDAC – Le Mouvement d'éducation et de défense des actionnaires (The Shareholder Education and Defence Movement).

Bank	Average overall shareholder votes 'for' (per cent)	Average proportion of asset managers in our analysis that voted 'for' (per cent)
Bank of Nova Scotia	16	41
Canadian Imperial Bank of Commerce (CIBC)	23	43
Laurentian Bank of Canada	12	19
Royal Bank of Canada	16	38
Toronto Dominion Bank	9	33

These resolutions called for reporting on loans made in support of business models where "circular economy" principles – recycling, repair, reuse, refurbishment – are at the core, based on a thesis that circularity is essential to reduce waste and greenhouse gas emissions. Management opposed these motions in all cases. Each company went to great lengths to describe their existing work on climate change issues or ESG, including the circular economy, in their AGM Management Proxy Circulars. However, Toronto Dominion Bank[21], the Royal Bank of Canada[22], and Laurentian Bank[23] merely listed these bona fides without explaining directly why the resolution itself was undesirable. This is frustrating, since, as already discussed, good prior work on sustainability issues should not automatically mean that fresh resolutions don't merit support.

CIBC[24] provided a more direct response, conveying that the circular economy does not yet meet their definition of materiality, on which they base their reporting. The Bank of Nova Scotia[25] ("Scotia Bank") also gave a clearer rationale, critiquing the level of detail in the proposal and stating that they "generally do not track [their] lending and financing according to specific outcomes."

We may not necessarily agree with these rationales, but that they have been provided is an important and useful step. They can provide insight into how pressure groups aiming to positively influence corporate behaviour could shape resolutions for the coming season; for example, CIBC's comment on materiality could influence the wording of subsequent proposals on a range of similar topics.

Asset managers supportive of these motions cited their importance in reinforcing sustainability commitments and the utility of additional disclosure to shareholders. Those against cited their belief that the benefits would not outweigh the operational costs and the sufficiency, in their view, of existing disclosures.

In cases where data were available, ISS always recommended voting for these resolutions, and Glass Lewis against, an interesting case study in the discrepancy of views between these two major proxy advisors.

Finding 10: CA100+ and NZAM initiative members voted against almost a third of environmental resolutions.

Climate Action 100+ (CA100+) is an investor initiative, comprising over 600 asset managers, aiming "to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change"[26]. The Net Zero Asset Managers (NZAM) initiative is an investor coalition aimed at supporting "global efforts to limit warming to 1.5C" as part of the wider Glasgow Financial Alliance for Net Zero (GFANZ)[27]. At the time of writing, it has 220[28] signatories[x]. These organisations thus have a good deal of overlap in purpose, and investors may be members of both. We looked at how investors in each coalition voted across the 146 resolutions in our analysis and, given the strategic focus of the coalitions, at the subset of 41 resolutions that were explicitly climate focused.

Figure 10 – Comparing the voting behaviour CA100+ and NZAM initiative members and non-members

	Average percentage of 'for' votes			
	CA100+		NZAM initiative	
Resolution type	Members	Non-members	Members	Non-members
ALL	62	49	61	53
Climate	72	54	70	61

Figure 10 shows that members of each group support more resolutions on average than non-members. But it is important to note that both groups contain substantial laggards. Figure 12 shows that Eurizon Asset Management, SSGA, Vanguard Asset Management, Swedbank Robur, Franklin Templeton, DekaBank, Santander Asset Management, and MEAG all supported fewer than half of the environmental resolutions in our sample[xi].

As a result, members of each of these coalitions on average fail to back almost a third of climate resolutions. Greater engagement by asset owners and coalition secretariats with these laggard members is therefore needed to increase the impact of these investor coalitions at AGMs.

It is also notable that the difference between the NZAM initiative members and non-members is less pronounced than the gap between CA100+ members and non-members.

x Described as "members" in the remainder of this analysis for the sake of brevity

xi Note that the figures throughout this section only include asset managers who had relevant holdings, and for whom we had data, for at least ten per cent of the environmental resolutions in our sample

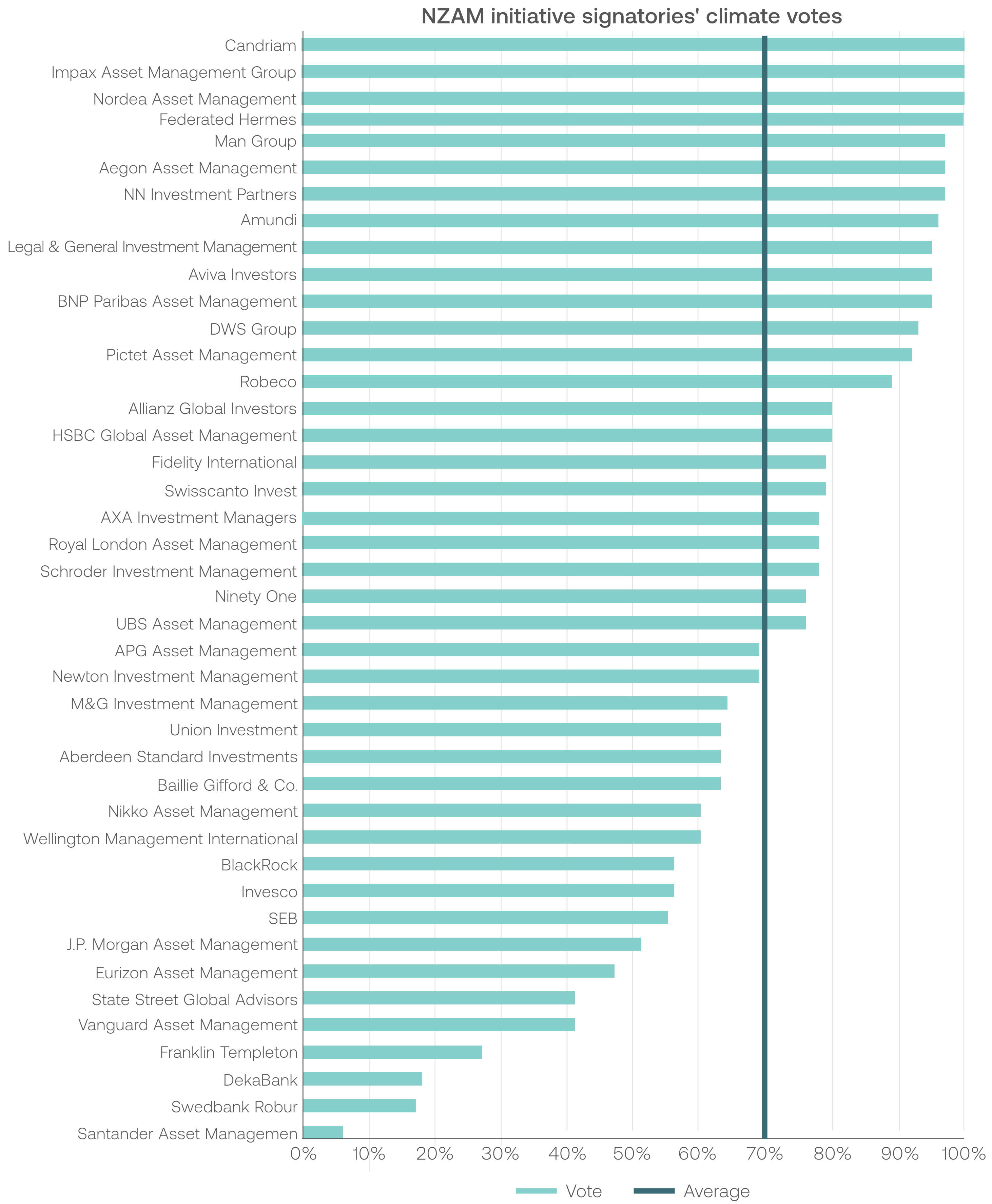
Finally, Figure 11 shows that the latter gap is 14 points closer than it was in last year's analysis, which covered a similar (though naturally not identical) set of climate resolutions. This is somewhat encouraging, as it implies that non-CA100+ members are beginning to take climate issues more seriously, and that a consensus on supporting some climate resolutions is building.

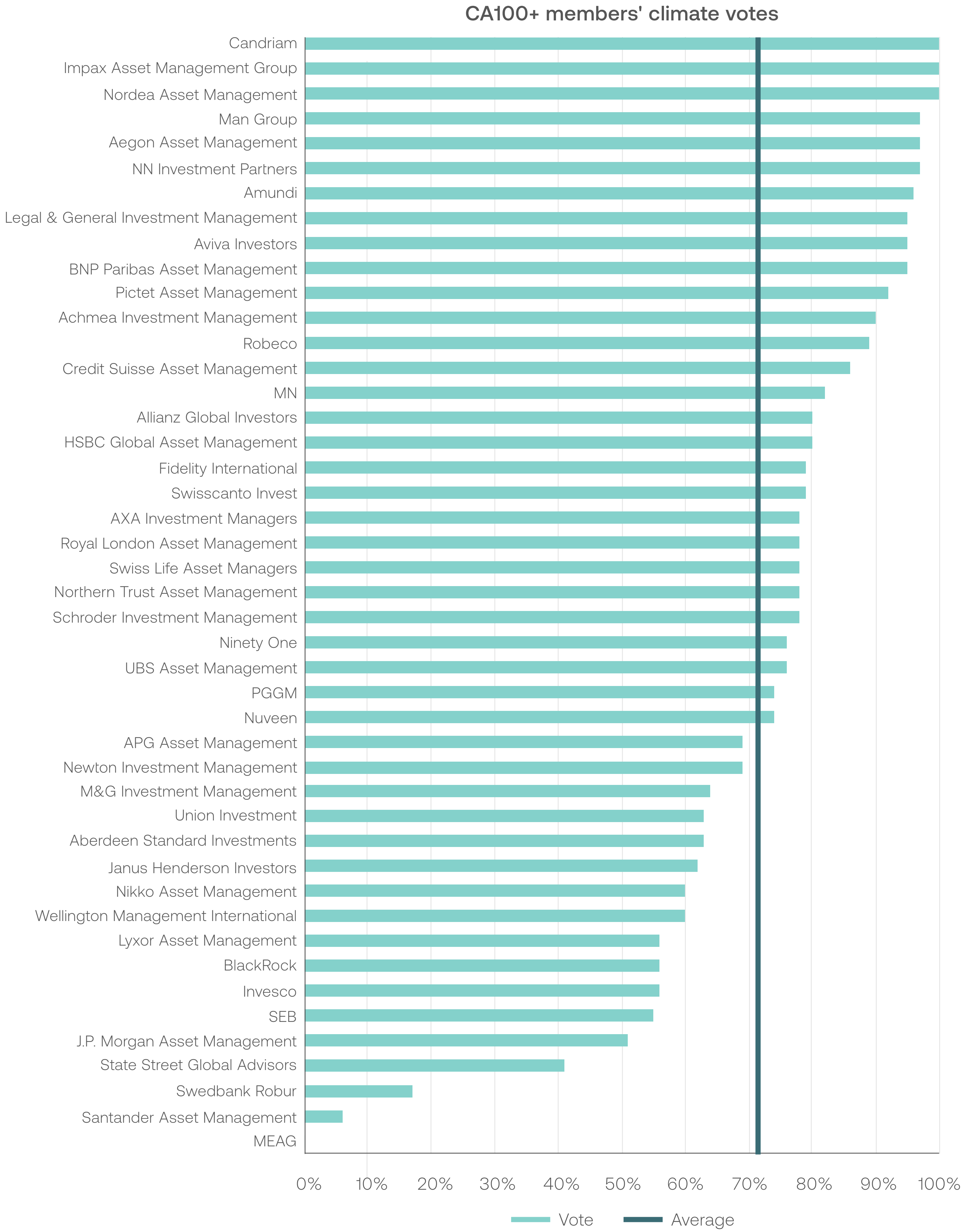
The figure shows that while the proportion of 'for' votes among CA100+ members has remained roughly constant, the proportion among non-members has increased by about a third.

Figure 11 – Voting behaviour on climate resolutions among CA100+ members and non-members, last year and this year

	Average percentage of 'for' votes	
Climate resolutions	**CA100+ members**	**Non-CA100+ members**
2019-20	69	39
2020-21	72	53

Figure 12 – The proportion of 'for' votes on climate resolutions by each asset manager who is a member of CA100+ or the NZAM initiative

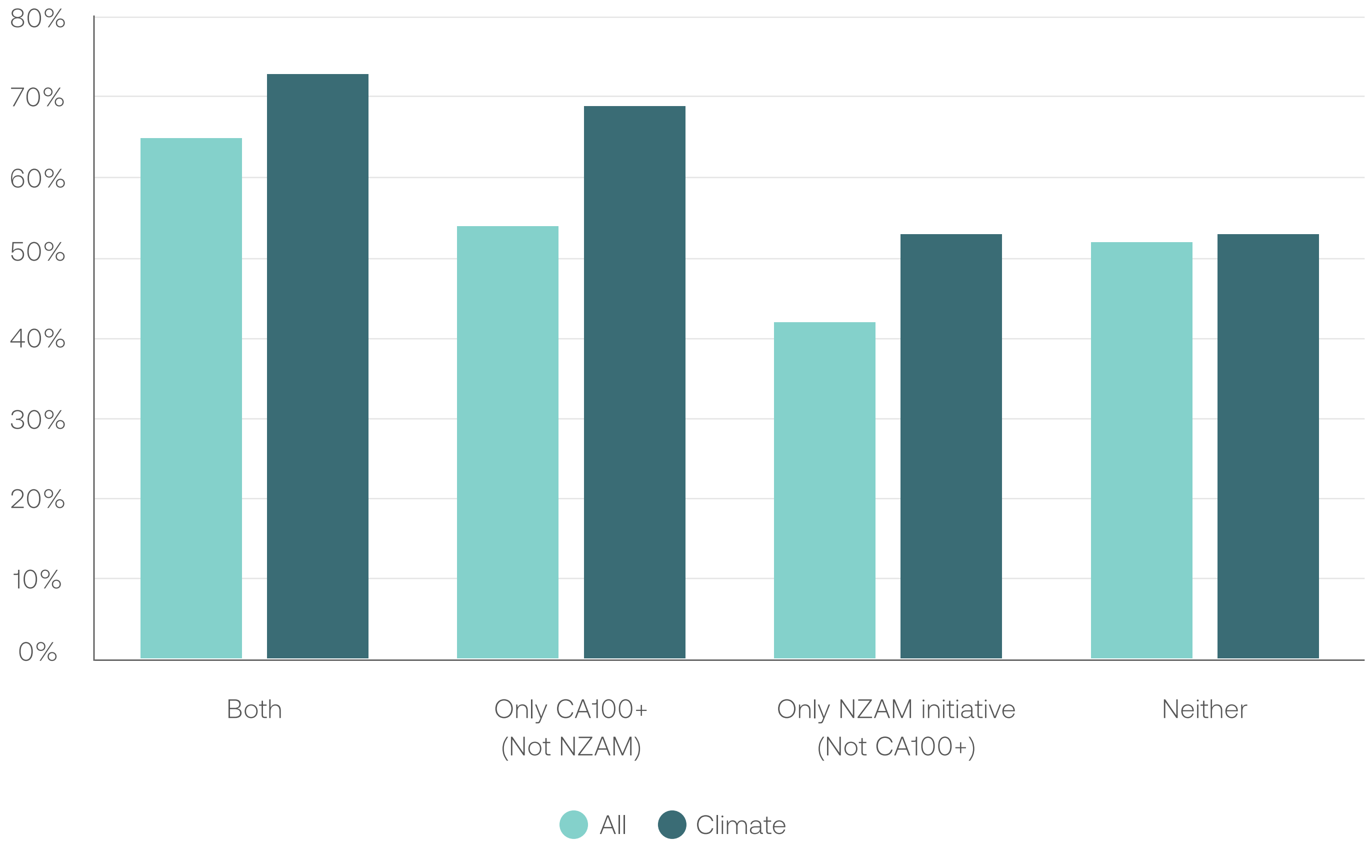



CA100+ members' climate votes
Candriam
Impax Asset Management Group
Nordea Asset Management
Man Group
Aegon Asset Management
NN Investment Partners
Amundi
Legal & General Investment Management
Aviva Investors
BNP Paribas Asset Management
Pictet Asset Management
Achmea Investment Management
Robeco
Credit Suisse Asset Management
MN
Allianz Global Investors
HSBC Global Asset Management
Fidelity International
Swisscanto Invest
AXA Investment Managers
Royal London Asset Management
Swiss Life Asset Managers
Northern Trust Asset Management
Schroder Investment Management
Ninety One
UBS Asset Management
PGGM
Nuveen
APG Asset Management
Newton Investment Management
M&G Investment Management
Union Investment
Aberdeen Standard Investments
Janus Henderson Investors
Nikko Asset Management
Wellington Management International
Lyxor Asset Management
BlackRock
Invesco
SEB
J.P. Morgan Asset Management
State Street Global Advisors
Swedbank Robur
Santander Asset Management
MEAG
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Vote
Average

Finding 11: Members of the NZAM initiative who are not members of CA100+ vote for fewer resolutions than investors who are members of neither alliance.

A cursory examination of the data in Figure 13 would suggest that members of either coalition vote more progressively than non-members, implying that both initiatives are helpful in terms of improving voting, though CA100+ might be more so than the NZAM initiative. Delving into this data in more detail leads to a more nuanced picture, however.

Figure 13 – Average support for resolutions in our analysis among investors who are members of both coalitions, only one, or neither



While it is true that asset managers signed up to both coalitions tend to be the most progressive, we also see in Figure 13 that investors who are only members of the NZAM initiative vote for the same number or fewer resolutions than those who are not signed up to either.

This indicates that the NZAM initiative is not doing enough to drive positive action on voting among its members.

This finding is even more striking when you consider that the two asset managers who failed to support a single resolution in our analysis are not NZAM members, weighing down the average for the other categories significantly.

Finding 12: Resolutions flagged by CA100+ received an above average level of support, although around half still failed to reach majority support.

Fourteen resolutions in the 2020-21 AGM season were flagged as being particularly crucial by CA100+[29]. Of these, 11 were in scope for our analysis (see Appendix 2). All of these were related to climate change lobbying, reporting, or strategy, bar one, which was focused on deforestation and received the highest ever recorded vote share for any deforestation-related shareholder proposal[30].

Overall, these resolutions received an extremely high degree of support from investors in our analysis. This was somewhat higher among CA100+ members than non-members, as shown in Figure 14.

Figure 14 – Level of support for CA100+ flagged resolutions by CA100+ membership

	Average percentage of ‘for’ votes given by asset managers in this analysis		
	All investors	CA100+ members	Non-members
CA100+ flagged resolutions	83	85	78
All other environmental resolutions	61	67	45

The significant degree of support seen for these resolutions should not be overlooked. It might indicate that their being flagged for noteworthiness by CA100+ helped compel more asset managers to support them, particularly CA100+ members.

However, there are three caveats. First, it is possible that these resolutions were flagged precisely because they were more likely to receive majority support. Second, and related to this, it is noteworthy that only one of the resolutions fell under our “Climate Change – Strategy” subcategory. Most of the flagged resolutions instead focused on reporting or lobbying, issues which generally receive support from a greater number of asset managers.

Third, although most of the asset managers in scope for our analysis supported these resolutions, five of the 11 in the analysis (and eight of the 14 overall flagged by CA100+) still failed to achieve majority support. This was because particularly significant investors voted against them, a large number of other shareholders failed to support them, or both.

Say on Climate votes

Say on Climate is an initiative supported by Chris Hohn's Children's Investment Fund Foundation (CIFF). These resolutions are disclosure-oriented, calling for an annual emissions report and reduction strategy[xii]. In most cases, they also give an opportunity for an annual (non-binding) AGM vote, where investors can express their approval or disapproval of the company's climate plan.

Our initial sample included seven shareholder proposals to adopt Say on Climate votes, and a further 16 management-backed resolutions comprising standing votes seeking approval of transition plans related to Say on Climate. All of the latter passed with large margins, with an average of 97 per cent support. Of the former, only three passed, overcoming the objections of management in one instance. For full results, see Appendix 3.

These votes are not straightforward to interpret on aggregate. A robust climate plan should be supported, but investors might reasonably oppose weak plans; CIFF itself encourages this[31], as does the Australasian Centre for Corporate Responsibility (ACCR), a supporting partner of Say on Climate[32].

ACCR ran a consultation this year on shareholder guidelines for these votes, centring the question: "Does the company's climate transition plan show a credible, detailed, Paris-aligned pathway to zero emissions by 2050 (or sooner)?" This is a reasonable yardstick, which is not always attained. As such, it is not simple to score these votes applying the methodology we have used for several iterations of this report: ranking investors according to their proportion of 'for' votes[xiii]. We therefore elected to exclude the data we collected on this issue from our core ranking this year.

The position of the two key proxy advisors on Say on Climate has been mixed. Both support requests for analysis and disclosure, but are less comfortable with strategy-style resolutions which would demand asset divestiture and annual shareholder votes. Glass Lewis adopted a more conservative line than ISS[33], taking a case-by-case policy that expressed concern about "potential unintended consequences from offering a shareholder vote on a climate plan", which could lead to "a rubber stamp for climate strategies that are out of alignment with broader climate goals"[34]. For 2022, these reservations mean they are recommending against new shareholder proposals for Say on Climate votes to be adopted by companies, though they will continue to assess recurring resolutions, and the climate transition plans therein, on their individual merits[35].

xii The Children's Investment Fund Foundation (CIFF) is one of the philanthropic foundations from which ShareAction seeks funding.

xiii A vote for a resolution here may not be an obvious marker of progress; indeed, high levels of support for insufficient plans signal inertia in the industry on appropriately addressing climate risks.

ISS, meanwhile, has adopted a set of criteria on which it will base its recommendations in the coming AGM season for both shareholder proposals to introduce Say on Climate and standing votes on management backed "Say on Climate" transition plans[36].

Asset managers should be wary of voting in favour of management-proposed Say on Climate resolutions unless there is clear evidence that the company's action plan is Paris-aligned and methodologically robust. A company plan showing incremental progress that is not Paris-aligned is not sufficient to warrant approval. Moreover, asset managers should continue to vote in favour of shareholder proposals that push companies for Paris-alignment.

Case study: Royal Dutch Shell

Ask: Approve the Shell Energy Transition Strategy
Resolution number: 20
AGM date: 18 May 21
Result: 88.7 per cent for / 11.3 per cent against

A good example of a relatively controversial Say on Climate resolution was this year's resolution at Shell, where management sought support for its energy transition plan, which it proposed to update every three years.

Although the resolution passed with a high level of support (89 per cent), it received a lower level of support than any other similar resolution by a significant margin (see Appendix 3). It was also criticised widely in the media[37] and by civil society groups[38] for its weak decarbonisation targets (not aligned to any Paris pathway), lack of detail on key elements of strategy, and, perhaps most crucially, complete misalignment of its capital allocation plans with the Paris agreement.

Some asset managers cited the "clear steps" in the plan, the perceived strength of Shell's climate strategy relative to other actors in the oil and gas sector, and the fact that the plan offered transparency to shareholders as reasons to support the resolution. Others, who opposed the plan, raised its lack of granularity, especially on capital expenditure, the absence of absolute emissions reduction targets, and its failure to align with Paris temperature goals.

The written rationales also demonstrated a high degree of reluctance in voting either way by some asset managers. A large fraction of supportive rationales referenced supporting the plan "at this stage" or "on this occasion," with some even going as far as to intimate that they may in future vote against both transition plans and director re-elections “should [they] not see sufficient/tangible progress. Conversely, some of the asset managers who opposed the resolution did so with “reservations”, citing “substantial progress” made by the company. Abstention adds another layer of complication; it is clear from written rationales that some investors chose to abstain to signal support for action on climate change, but dissatisfaction with Shell’s actual plan.

In many cases, investors backed an alternate – much more thorough - resolution proposed by Follow This, which features as part of our core ranking. This resolution demanded the setting and publication of concrete targets on Greenhouse Gas emissions in alignment with the Paris agreement. It received the backing of ISS’s “sustainable” (though not its standard) advice[39].

The resolution from Follow This received support from almost two fifths of the asset managers in our sample (with relevant data/holdings), and 31 per cent ‘for’ votes at the AGM overall (factoring in the holdings of each asset manager). While the majority of asset managers thus opposed this resolution and supported Shell’s plan, some supported both, such as SwissCanto, Nordea, American Century, and Schroders. Others who abstained or opposed on the vote on Shell’s plan supported the resolution filed by Follow This, citing the former’s insufficiency.

This spectrum of opinion and possible positions highlights some of the difficulty in determining whether supporting or opposing a particular annual climate plan is desirable for progress towards climate goals. It is worth noting that in this case, we recommended voting against Shell’s plan ourselves[40].

Findings on social resolutions

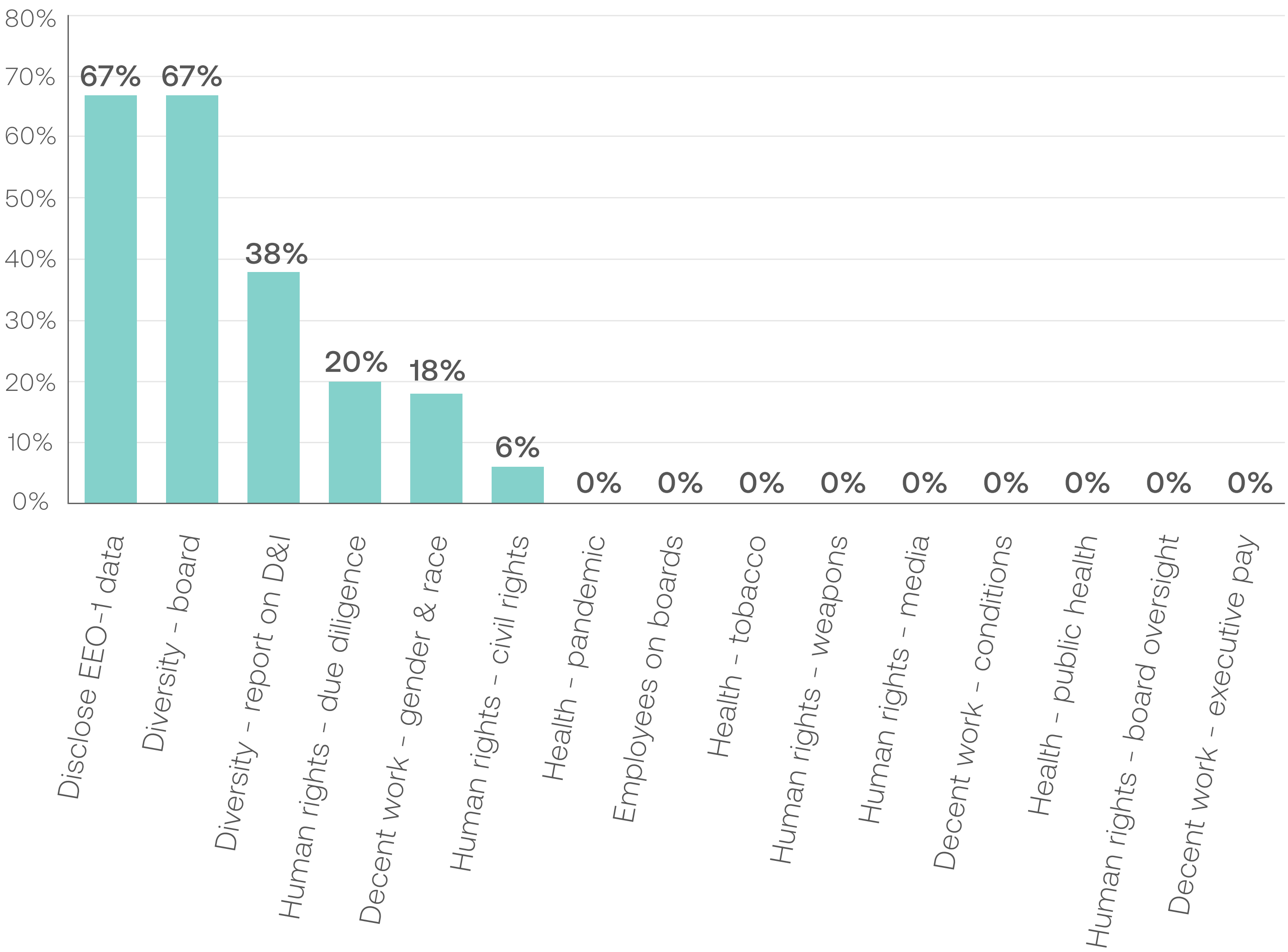
6

Chapter 3: Findings on social resolutions

Finding 13: Just 15 per cent of social resolutions received majority support, compared to 32 per cent of environmental resolutions.

Only 15 per cent (13 of 89) of social resolutions analysed received more than 50 per cent of shareholder votes. All of these resolutions were filed in the US or Canada, and the outcome of the vote is therefore not legally binding for companies. However, these votes still have the potential to send a strong, unified message to company boards. They could underline shareholders' desire to invest in companies that respect human rights and treat workers across supply chains fairly. But so far, investors have missed this opportunity in most cases.

Figure 15: Percentage of resolutions with majority support by sub-topic



Thirteen disclosure-focused resolutions on social issues did gain majority support by shareholders in 2021, most of them asking companies for improved reporting on diversity-related issues:

- Four of these resolutions asked for increased reporting on board-level diversity;
- Three requested annual reporting on diversity and inclusion efforts;
- Two were about the impact of mandatory arbitration on employees;
- Two asked companies to disclose EEO-1 data on employee demographics;
- One asked for a report on policies and practices regarding indigenous community relations;
- One asked the company to report on human rights risks in its operations and supply chain, particularly in light of the additional challenges caused by Covid-19. More information on this resolution can be found in the case study below.

Case study: The Wendy's Company

Ask: Report on Human Rights Risks in Operations and Supply Chain
Resolution number: 4
AGM date: 18 May 2021
Result: 95.3 per cent for / 4.7 per cent against

The Wendy's Company is a major American fast-food chain. This resolution requested it to develop a report "*addressing Wendy's Supplier Code of Conduct and the extent to which Wendy's Quality Assurance audits and third-party reviews effectively protect workers in its food supply chain from human rights violations, including harms associated with COVID-19*". The resolution requested the report to include information on whether it requires food suppliers to implement Covid-19 worker safety protocols, the number of times the company has suspended one of its suppliers for failing to meet protocols, as well as detailed lists of audits carried out.

In the supporting statement, the co-filers of the resolution noted that there is a "*well-documented history of human rights violations in the U.S. agricultural industry, including slavery, sexual assault, and workplace safety violations. Essential workers* *in food supply chains—especially on farms and in meatpacking facilities—are now also at heightened risk of exposure to, and death from, COVID-19*". The co-filers highlighted that Wendy's meat suppliers have had widely publicised Covid-19 outbreaks, disrupting the company's beef supply.

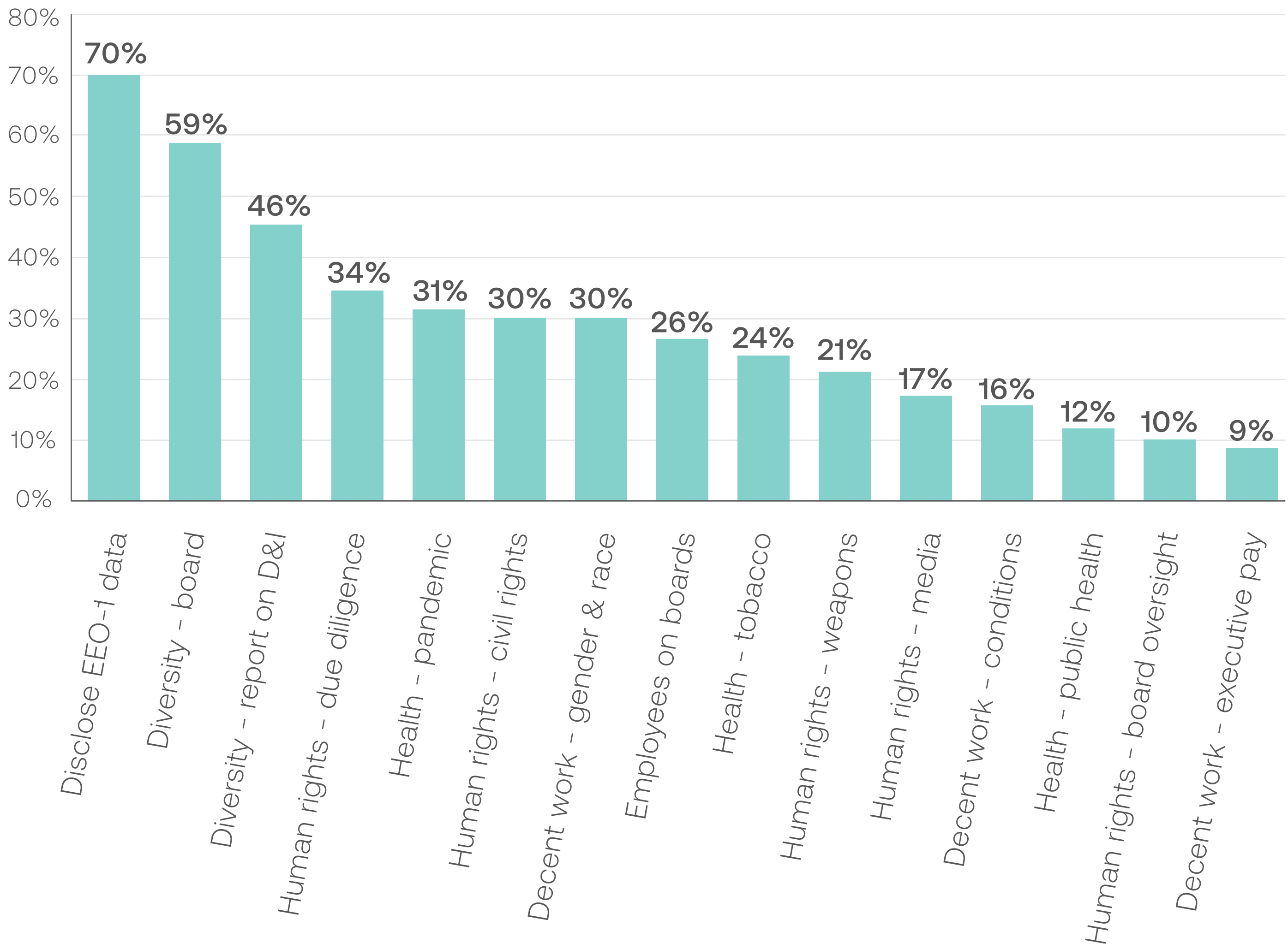
This resolution was included on ShareAction's list of 2021 Resolutions to Watch[41], and was the only one with a social focus to receive majority support. It did so with an exceptionally high 'for' vote, due to the recommendation of the company's board of directors to vote in favour. In its recommendation, the board noted its commitment to protect workers in its supply chain. It also listed a series of measures already taken to achieve this aim and confirmed that it intended to provide the disclosures requested in the resolution whether it is approved or not.

All investors in scope for this report voted for this resolution, with the exception of DekaBank and Union Investment, who decided not to vote.

Finding 14: Disclosure-related resolutions on diversity received significantly more support than other social resolutions, where support remains minimal.

Asset managers failed to support resolutions on a range of important social issues. Instead, they focused largely on improving company disclosure on diversity, continuing the trend our analysis already pointed to last year[42]. The highest level of support was seen for resolutions requesting companies to publicly disclose EEO-1 data on employee demographics. Companies based in the US are already legally required to disclose this information to the US Equal Employment Opportunity Commission. The next two most supported resolution topics were also focused on diversity disclosure, requesting information on board-level diversity, and general diversity and inclusion efforts.

Figure 16 – Average percentage 'for' votes by sub-topic[xiv]



Resolutions with a stronger focus on action or changing corporate behaviour generally struggled to achieve more than 30 per cent shareholder support. Shareholders appear to be most reluctant when it comes to resolutions that might affect executive pay, with very low levels of support for linking CEO pay to the salary bands for other employees.

Resolutions asking companies to appoint directors with human rights-related expertise, as well as those focused on public health, also failed to garner support by asset managers this proxy season. None of the resolutions focused on decent working conditions, which covered topics like assessing the feasibility of paying employees a living wage and protecting them from pay cuts, received majority support.

xiv Based on all votes, not just those of investors in our sample

While access to better information and more detailed disclosures is desirable, it should not come at the expense of actual changes in corporate behaviour. The inequality crisis is worsening across the globe[43] and investors already have a wealth of data to influence investee companies and ensure this trend is halted and reversed. This includes ensuring companies pay living wages and reduce the negative health impacts they have, particularly on vulnerable communities.

Finding 15: 18 per cent of all social resolutions were filed at tech companies, but asset managers often have limited influence over their outcome.

Eighteen per cent of resolutions filed on social topics within our sample were filed at tech and software companies (including social media companies) in 2021. Of these 16 resolutions, six focused on issues directly related to the tech industry's products. These included resolutions asking:

- Alphabet Inc., the parent company of Google, to report on its whistleblower policies and practices. This came amid reports of illegal firing of staff who highlighted risks related to Google's technology and to content takedown requests received by governments;

- Amazon.com Inc. to report on the potential human rights impact of its facial recognition software (Rekognition), as well as its products with surveillance and computer vision capabilities or cloud products, which present material privacy and data security risks;

- Facebook Inc. (now Meta Platforms Inc.) to report on online child sexual exploitation and on the misuse of its platform to spread false and divisive information.

A further eight of these resolutions focused on diversity levels within the tech industry. Two also requested board members with human rights-related expertise.

Only two of the resolutions filed at tech and software companies received majority support – both on diversity-related reporting. This partly indicates a continued lack of investor awareness about the serious human rights implications the sector can have. These range from the spread of misinformation and online sexual exploitation to surveillance and violation of privacy rights. Some of these issues are explored further in ShareAction's 2020 report *Do Androids Dream of Responsible Investment?*[44].

However, it is also worth noting that at several of these companies, the founders and/or CEOs have maintained considerable voting power. For example, Mark Zuckerberg is the controlling shareholder of Meta Platforms Inc and owns around 58 per cent of voting shares[45]. As such, it is not possible for a resolution at this company to receive more than 50 per cent of votes without his support, regardless of asset managers' voting behaviour. BlackRock has criticised this practice, arguing that "*investors need sufficient rights to sanction poor practices or performance by managers*"[46].

Case study: Facebook Inc. (now Meta Platforms Inc.)

Ask: Report on Platform Misuse
Resolution number: 8
AGM date: 26 May 2021
Result: 19.5 per cent for / 80.5 per cent against

This resolution requested that the board of Facebook prepare "a report to assess 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".

The supporting statement referenced a number of scandals of which the company has been at the heart. These include the Cambridge Analytica scandal; allowing posts by the Myanmar military junta that incited genocide; and enabling Russian hackers to influence the outcome of the 2016 US presidential election. It also cited the increasing legal and regulatory risk faced by Facebook, as governments start to implement stricter restrictions.

Facebook recommended shareholders oppose this resolution. The company agreed that the amplification of false and divisive content is harmful, but argued that its transparency efforts and other progress are sufficient to address the issue. It did not respond directly to any of the specific instances raised by the filers of the resolution. In terms of the enhanced actions the company took during the US 2020 elections, Facebook merely stated that it is working with external researchers to evaluate the effect it had on the elections. It did not specify whether the enhanced actions it took would remain in place.

Among the investors in our sample, only BlackRock, Vanguard Asset Management, JP Morgan Asset Management, and Invesco Advisors (split vote, but mostly against) voted against this resolution. One of these asset managers said that the company already provides sufficient disclosure in this area, while none of the other investors provided a rationale.

Finding 16: A further 18 per cent of social resolutions targeted the finance sector, largely due to concerns about the lack of diversity in the sector.

All of the resolutions at banks, as well as all but one at other financial services companies, were related to diversity. Six of the resolutions ask for the company to publish a racial equity audit, two demand that the company set a target for representation of each gender on its board, while other resolutions include requests for a report on the impact of mandatory arbitration on employees and workplace culture and reporting on board-level diversity.

The focus on diversity-related resolutions in the finance sector does not come as a surprise, considering the sector's notoriously poor record in this area. For example, in the UK, women make up just 20 per cent of authorised positions in the banking sector, and only 9.7 per cent of CEOs[47]. This is despite most of the conversation about diversity so far having focused on gender; other aspects of diversity are likely even further behind.

Just three (20 per cent) of these diversity-related resolutions in the finance sector received majority support, indicating there is much more investors can do to promote greater diversity in this industry.

Case study: Citigroup

Ask: Report on Racial Equity Audit
Resolution number: 9
AGM date: 27 April 2021
Result: 38.6 per cent for / 61.4 per cent against

This resolution asks the board of Citigroup to *"oversee a racial equity audit analyzing Citi's adverse impacts on nonwhite stakeholders and communities of color. Input from civil rights organizations, employees, and customers should be considered in determining the specific matters to be analyzed. A report on the audit […] should be publicly disclosed on Citi's website"*.
The supporting statement references a number of instances when Citigroup's actions had adverse impacts on communities of colour. These include the bank's minimum fee and balance requirements, which disproportionately impact people of colour and can inhibit wealth creation, and its failure to offer all eligible customers mortgage discounts and credits, for which it was fined.

In its comment, Citigroup's management reiterated the bank's commitment to racial equity and referred to the Action for Racial Equity Initiative, through which it has pledged more than US$1 billion for strategic initiatives that help close the racial wealth gap and increase economic mobility in the US. It did not specifically comment on the instances of concern raised by the filers of the resolution. Nevertheless, management argued that sufficient action was already being taken to address the intent of the shareholder proposal, and therefore recommended that shareholders vote against it.

This resolution was included on ShareAction's list of resolutions to watch. Vanguard, State Street and Fidelity all voted against the resolution. Had they supported it, it would have received majority support. None of them provided a rationale for voting against. Overall, a third of investors in our sample voted against this resolution.

Finding 17: 10 asset managers voted against human rights-related resolutions at weapons companies.

It is common for investors to exclude weapons companies from their investment universe due to the nature of their business. 24 of the 65 asset managers in our assessment do not have holdings in these companies, potentially as a result of such exclusions. However, we found 10 investors who not only remain invested in some of the world's largest weapons companies, but who also voted against at least one of the shareholder proposals aimed at tackling human right abuses linked to these companies. This included the six largest asset managers in the world.

Figure 17: List of 10 asset managers who voted against resolutions at weapons companies

Asset manager	Lockheed Martin Corporation	Northrop Grumman Corporation
BlackRock	Against	Against
Capital Group	Against	Against
Fidelity Investments	For	Against
Franklin Templeton	Against	Split
J.P. Morgan Asset Management	Against	Against
State Street Global Advisors	For	Against
T. Rowe Price	Against	Against
Vanguard Asset Management	Against	Against
Vontobel	No Data	Against
Wellington Management International	Against	Against

Lockheed Martin is the world's largest defence company and Northrop Grumman is the fourth largest. Both companies have contracts with or supply weapons to multiple states engaged in conflict with a record of alleged human rights violations. These include Saudi Arabia, Israel, and the United Arab Emirates (UAE). Indeed, Northrop Grumman is one of the Saudi Arabian Armed Forces' partners, and is heavily involved in military training.[48]

Human rights organisations have recorded consistent and indiscriminate use of Lockheed Martin weaponry against civilians. They have also linked its weaponry to war crimes and violations of international humanitarian law in Yemen.[49,50]

The shareholder proposals at these two companies requested them to conduct a report on human rights due diligence and an impact assessment, examining potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas.

Both resolutions would have received majority support had these 10 managers voted in favour of the proposals. The proposal at Lockheed Martin received 32.2 per cent support at the annual meeting. If the 10 managers listed had all voted for it, it would have received around 30 percentage points more support, taking the total to 61 per cent. Northrop Grumman received 22.4 per cent support and would have received at least 30 percentage points more, had the 11 asset managers listed voted in favour. This would have taken the total up to 52 per cent.

In their voting rationales, these asset managers said they believed there to be sufficient disclosure already. However, an analysis of the companies' reporting reveals that while Lockheed Martin has a company code of ethics[51] and Northrop Grumman has a human rights policy[52], both companies lack reporting on both their historical and potential impacts linked to the use of their products. Furthermore, ISS, the larger and more progressive of the two largest proxy advisory firms, recommended shareholders vote in favour of the resolutions.

Finding 18: Health was the focus of 12 resolutions this proxy season, but none received majority support.

Health was another prominent topic this year – perhaps unsurprisingly, considering the global impact of Covid-19. Six resolutions specifically focused on the pandemic, and over 40 investor voting rationales available to us referred to it. The case study below looks at a resolution filed at Johnson & Johnson, one of the companies that developed a Covid-19 vaccine. Beyond resolutions filed at the manufacturers of vaccines, other pandemic-related resolutions asked companies to report on the health risks of tobacco in the age of Covid-19, establish a pandemic workforce advisory council, and report on capital and risk management practices during the pandemic. However, none of these resolutions received majority support, with only 21 per cent 'for' votes on average.

Health more generally was also a big focus, with nine resolutions in our sample filed at companies in the healthcare industry and 12 resolutions in our sample where health was the main topic. Beyond Covid-19, this included resolutions requesting additional reporting on sugar and public health by large food & beverage companies like McDonald's and PepsiCo. We also saw resolutions on the use of antibiotics in food supply chains as well as the health risks linked to selling tobacco. However, none of these resolutions received majority support, with 'for' votes at 18 per cent on average.

Case study: Johnson & Johnson (JNJ)

Ask: Report on Government Financial Support and Access to COVID-19 Vaccines and Therapeutics
Resolution number: 4
AGM date: 22 April 2021
Result: 31.8 per cent for / 68.2 per cent against

This resolution asked for a report *"on whether and how JNJ subsidiary Janssen's receipt of government financial support for development and manufacture of vaccines and therapeutics for COVID-19 is being, or will be, taken into account when engaging in conduct that affects access to such products, such as setting prices"*.

The supporting statement highlights concerns about patents, as *"JNJ will face enormous pressure to share intellectual property [...] over the COVID-19 vaccines or therapeutics to which public entities such as BARDA are contributing. Already, Janssen's agreements with BARDA have been criticized for limiting the government's intellectual property rights, which could place a chokehold on mass production commensurate with global need"*.

In its statement, the board of Johnson & Johnson stated that it is committed to bringing an affordable Covid-19 vaccine to the public on a not-for-profit basis for emergency pandemic use. However, it noted that some of the information requested in the proposal could potentially damage the company's competitive position by disclosing its commercial strategy for the Covid-19 vaccine. As such, it recommended that shareholders should vote against the proposal.

BlackRock, Vanguard Asset Management, SSGA and Fidelity Investments all voted against this resolution. Only one asset manager provided a rationale, saying it voted against this shareholder proposal as it deems the company already leads on transparency with regard to access to medicine and believes the company will continue to provide disclosure as the distribution of the vaccines continues. Had these investors supported the resolution, it would have received majority support.

Appendices

7

Appendix 1 – Methodology

This section outlines the methodology used to select asset managers and shareholder resolutions.

Selection of asset managers

The 2021 Investment and Pensions Europe (IPE) ranking of the top 500 asset managers was used to provide an initial list from which we selected asset managers[53]. The asset managers that were initially selected met one or more of the following criteria:

1. The world's largest 20 asset managers based on AUM
2. The next largest 40 European asset managers based on AUM
3. The next largest 15 UK asset managers based on AUM[xv]

Names in the list were excluded for the following criteria:

- Predominantly acting as investment consultants
- Wholly or predominantly focused on fixed income
- Predominantly providing currency management/advisory solutions
- Predominantly focused on alternative asset classes
- Parent company of independent investment affiliates that are already included

In total, 75 asset managers were initially selected for this analysis. Once data was collected from the Proxy Insight database on managers' voting record and verified with the managers themselves, the list of managers was further reduced: asset managers were excluded where more than 90 per cent of voting data points were not useable (where the manager had no holdings or where we did not have any data for that vote). This resulted in 65 asset managers being included split regionally across the following lines:

1. The world's largest 19 asset managers based on assets under management (AUM).
2. The next largest 36 European asset managers based on AUM.

xv Nikko Asset Management was listed as UK-based in our original list taken from IPE. The asset manager later requested this to be changed to Japan. Note that this change is not reflected in the methodology for asset manager selection.

3 The next largest 10 UK asset managers based on AUM.

Alongside voting data, asset managers were asked for their rationales for voting a certain way. Only some asset managers provided these explanations, and therefore rationales discussed in this report have been anonymised for the sake of fairness.

Selection of shareholder resolutions

Shareholder resolutions on environmental issues

Fifty-three resolutions were selected, based on the Proxy Insight database and the ICCR 2021 list of resolutions (cross-checked with Ceres and Proxy Preview) from an initial sample of 88.

Criteria for selection:

1. Resolutions relating to climate change, climate-related lobbying and environmental impacts were included. Note that resolutions on lobbying were only included if referring to climate change in core wording or supporting statement.
2. Resolutions that did not have readily accessible information on the filer and wording were excluded.
3. Resolutions that received less than 5 per cent support were excluded.

Shareholder resolutions on social issues

89 resolutions were selected based on the Proxy Insight database and the ICCR 2021 list of resolutions (cross-checked with Proxy Preview) from an initial sample of 112.

Criteria for selection:

1. Resolutions relating to human/labour rights, decent work, diversity and public health were included.
2. Resolutions that did not have readily accessible information on the filer and wording were excluded.
3. Resolutions that received less than 5 per cent support were excluded.

Shareholder resolutions on linking sustainability to executive pay

Four resolutions were selected based on the Proxy Insight database and the ICCR 2021 list of resolutions from an initial sample of six.

Criteria for selection:

1 Resolutions that received less than 5 per cent support were excluded.

Say on Climate resolutions

23 resolutions were selected based on the Proxy Insight database. 16 of these were management-proposed resolutions, seven were shareholder-proposed. Both management-proposed and shareholder-proposed Say on Climate votes were removed from the overall percentage of 'for' votes calculated.

Estimating support percentages

To calculate the overall percentage of 'for' votes in the ranking, only votes for a shareholder resolution are considered votes in support of it. Abstentions and 'Did Not Vote' (DNV) were both treated as 'against' for the reasons outlined below. Split votes that were mixed (i.e. fewer than 75 per cent of funds within a fund family voting for or against) were excluded from the calculation. The support percentage was thus calculated: (votes in support / (votes in support + votes against + abstentions + DNV). Asset managers were not penalised for not holding shares in a company, or where we had no data.

Both management-proposed and shareholder-proposed Say on Climate votes were removed from the overall percentage of 'for' votes calculated and were treated separately as a case study in the environment section of the report.

Did not vote (DNV)

Some asset managers prioritise their voting activity depending on what percentage a company takes up in their portfolio overall. The asset managers included in the study are the largest globally and are therefore a significant enough size that they should be voting across all shares they own. Not voting sends a signal to companies that there is disinterest from investors. The methodology, therefore, considers DNV as equal to a vote against the resolution.

Split votes

Where data was available, split votes were counted as 'for' where over 75 per cent of the assets held in the company voted in favour of the resolution. Due to data limitations we were unable to weight each individual split vote based on the number of shares an investor owned.

Asset owners regularly delegate voting to their asset managers. Delegation is especially true of asset owners who invest via pooled funds. There has been significant attention to the lack of agency asset owners have on the shares which are ultimately theirs. The Association of Member Nominated Trustees has analysed and recommended ways the industry could improve through its Red Line Voting Initiative.

ShareAction supports Red Line Voting and giving asset owners more control over voting their shares. We would like to encourage asset managers to allow their clients to vote how they wish. However, some asset managers allow for different portfolio managers, within the firm, to vote differently. ShareAction recommends that asset managers establish house views with regards to voting, with policies that cover a range of ESG topics. A house view does not stop individual resolutions from being discussed but establishes a process and approach for ESG resolutions.

Data gathering

Initial data was sourced from the Proxy Insight database. All the managers assessed were contacted and invited to review and amend the sourced data, or where data was missing or incomplete asked to provide data. In total, 49 assessed managers reviewed and/or provided us with data.

Appendix 2 – List of shareholder resolutions

Company	Year	Country	Resolution topic	Resolution number	Type	Sponsor	Vote result 'for' (%)	Vote result 'against' (%)	CA100+ flagged resolutions
3M Company	2021	US	Consider Pay Disparity Between Executives and Other Employees	5	Social	Shareholder	11	89	
Abbott Laboratories	2021	US	Report on Racial Justice	6	Social	Shareholder	38.8	61.2	
Aena SME SA	2020	Spain	Add New Article 50 bis	12	Environment	Shareholder	96.6	3.4	
Aena SME SA	2021	Spain	Advisory Vote on Company's Climate Action Plan	10	Say on Climate	Management	96.4	3.6	
Aena SME SA	2020	Spain	Approve Climate Action Plan	11	Say on Climate	Shareholder	98.2	1.8	
AGL Energy Ltd.	2020	Australia	Approve Coal Closure Dates	7b	Environment	Shareholder	21.1	78.9	
Alphabet Inc	2021	US	Assess Feasibility of Including Sustainability as a Performance Measure for Senior Executive Compensation	6	Governance	Shareholder	12.2	87.8	
Alphabet Inc	2021	US	Report on Takedown Requests	7	Social	Shareholder	13.3	86.7	
Alphabet Inc	2021	US	Report on Whistleblower Policies and Practices	8	Social	Shareholder	10.4	89.6	
Alphabet Inc	2021	US	Require Independent Director Nominee with Human and/or Civil Rights Experience	5	Social	Shareholder	10.3	89.7	
Altria Group	2021	US	Report on Underage Tobacco Prevention Policies and Marketing Practices	4	Social	Shareholder	36.1	63.9	
Amazon.com Inc.	2021	US	Adopt a Policy to Include Hourly Employees as Director Candidates	10	Social	Shareholder	17.5	82.5	
Amazon.com Inc.	2021	US	Oversee and Report on a Civil Rights, Equity, Diversity and Inclusion Audit	9	Social	Shareholder	44.2	55.8	
Amazon.com Inc.	2021	US	Report on Customers' Use of its Surveillance and Computer Vision Products Capabilities or Cloud Products Contribute to Human Rights Violations	4	Social	Shareholder	35.3	64.7	
Amazon.com Inc.	2021	US	Report on Gender/Racial Pay Gap	6	Social	Shareholder	25.9	74.1	
Amazon.com Inc.	2021	US	Report on Potential Human Rights Impacts of Customers' Use of Rekognition	14	Social	Shareholder	34.3	65.7	
Amazon.com Inc.	2021	US	Report on Promotion Data	7	Social	Shareholder	18	82	
Amazon.com Inc.	2021	US	Report on the Impacts of Plastic Packaging	8	Environment	Shareholder	35.5	64.5	
American Express Company	2021	US	Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts	5	Social	Shareholder	59.7	40.3	
American Tower Corporation	2021	US	Establish Human Rights Oversight Committee	5	Social	Shareholder	5	95	
Apple Inc.	2021	US	Improve Principles of Executive Compensation Program	5	Social	Shareholder	5.6	94.4	
Applied Materials Inc.	2021	US	Improve Executive Compensation Program and Policy	7	Social	Shareholder	8.3	91.7	
Atos SE	2021	France	Opinion on the Company Ambition in Terms of Decarbonisation	15	Say on Climate	Management	97.1	2.9	
Automatic Data Processing Inc	2020	US	Report on Non-Management Employee Representation on the Board of Directors	4	Social	Shareholder	6.9	93.1	
Aviva PLC	2021	UK	Approve Climate-Related Financial Disclosure	4	Say on Climate	Management	100	0	
Badger Meter Inc.	2021	US	Report on Board Diversity	5	Social	Shareholder	85.3	14.7	
Bank of America Corporation	2021	US	Request on Racial Equity Audit	8	Social	Shareholder	26.5	73.5	
Bank of Montreal	2021	Canada	Issue a Report Describing a Clear Plan to Make the Greenhouse Gas Footprint of the Company, Including the Portfolio on Lending Practices	A	Environment	Shareholder	18.6	81.4	
Bank of Nova Scotia (The)	2021	Canada	Produce a Report on Loans Made by the Bank in Support of the Circular Economy	4.4	Environment	Shareholder	16.1	83.9	
Bank of Nova Scotia (The)	2021	Canada	Set a Diversity Target of More than 40% of the Board Members for the Next Five Years	4.6	Social	Shareholder	6.7	93.3	
Barclays PLC	2021	UK	Approve Market Forces Requisitioned Resolution	29	Environment	Shareholder	14	86	
Berkshire Hathaway Inc.	2021	US	Report on Board Diversity and Inclusion Efforts	3	Social	Shareholder	27.1	72.9	
Berkshire Hathaway Inc.	2021	US	Report on Climate-Related Risks and Opportunities	2	Environment	Shareholder	28.3	71.7	CA100+ flagged
BHP Group Ltd.	2020	Australia	Approve Suspension of Memberships of Industry Associations where COVID-19 Related Advocacy is Inconsistent with Paris Agreement Goals	25	Environment	Shareholder	22.4	77.6	
Biogen Inc.	2021	US	Report on Gender Pay Gap	6	Social	Shareholder	23	77	
Bloomin' Brands Inc.	2021	US	Report on Climate Change	6	Environment	Shareholder	76.2	23.8	
Boeing Company (The)	2021	US	Report on Lobbying Payments and Policy	4	Environment	Shareholder	37.1	62.9	
Booking Holdings Inc.	2021	US	Annual Investor Advisory Vote on Climate Plan	6	Say on Climate	Shareholder	37.5	62.5	
Booking Holdings Inc.	2021	US	Report on Annual Climate Transition	7	Say on Climate	Shareholder	56.4	43.6	
BP PLC	2021	UK	Approve Shareholder Resolution on Climate Change Targets	13	Environment	Shareholder	20.6	79.4	
Bunge Limited	2021	US	Report on the Soy Supply Chain	5	Environment	Shareholder	98.9	1.1	CA100+ flagged
Burlington Stores Inc.	2021	US	Report on Pay Disparity	4	Social	Shareholder	7.9	92.1	
Canadian Imperial Bank of Commerce	2021	Canada	SP 1: Produce a Report on Loans Made by the Bank in Support of the Circular Economy	4	Environment	Shareholder	22.5	77.5	
Canadian National Railway Company	2021	Canada	Advisory Vote on the Company's Climate Action Plan	4	Say on Climate	Management	92.1	7.9	
Canadian Pacific Railway Limited	2021	Canada	Direct the Board of Directors to Disclose a Climate Action Plan and Annually Report on Progress	5	Say on Climate	Shareholder	85.4	14.6	
Caterpillar Inc.	2021	US	Report on Climate Policy	4	Environment	Shareholder	48	52	CA100+ flagged
Caterpillar Inc.	2021	US	Report on Diversity and Inclusion Efforts	5	Social	Shareholder	33.9	66.1	
Charter Communications Inc.	2021	US	Adopt Policy to Annually Disclose EEO-1 Data	7	Social	Shareholder	40.7	59.3	
Charter Communications Inc.	2021	US	Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts	5	Social	Shareholder	41.4	58.6	
Charter Communications Inc.	2021	US	Report on Greenhouse Gas Emissions Disclosure	6	Say on Climate	Shareholder	39	61	
Chartwell Retirement Residences	2021	Canada	Human Capital Disclosure	8	Social	Shareholder	31.4	68.6	
Chartwell Retirement Residences	2021	Canada	Living Wage	9	Social	Shareholder	7.5	92.5	
Chevron Corporation	2021	US	Reduce Scope 3 Emissions	4	Environment	Shareholder	60.7	39.3	
Chevron Corporation	2021	US	Report on Impacts of Net Zero 2050 Scenario	5	Environment	Shareholder	47.8	52.2	CA100+ flagged
Chevron Corporation	2021	US	Report on Lobbying Payments and Policy	7	Environment	Shareholder	47.9	52.1	
Chr.Hansen Holdings AS	2020	Denmark	Shareholder Proposal Regarding TCFD Reporting	9.01	Environment	Shareholder	22.7	77.3	
Cigna Corp	2021	US	Report on Gender Pay Gap	6	Social	Shareholder	32.6	67.4	
Citigroup Inc.	2021	US	Adopt a Policy to Include Non-Management Employees as Prospective Director Candidates	7	Social	Shareholder	5.9	94.1	
Citigroup Inc.	2021	US	Report on Lobbying Payments and Policy	8	Environment	Shareholder	23.2	76.8	
Citigroup Inc.	2021	US	Report on Racial Equity Audit	9	Social	Shareholder	38.6	61.4	
Coca-Cola Company (The)	2021	US	Report on Sugar and Public Health	4	Social	Shareholder	9.3	90.7	
Comcast Corporation	2021	US	Report on Risks Posed by the Failing to Prevent Workplace Sexual Harassment	4	Social	Shareholder	22	78	
ConocoPhillips	2021	US	Emission Reduction Targets	5	Environment	Shareholder	59.3	40.7	
Delta Air Lines Inc.	2021	US	Report on Climate Lobbying	5	Environment	Shareholder	63	37	CA100+ flagged
Dollarama Inc.	2021	Canada	Production of an Annual Report on Risks to Human Rights Arising Out of the Use of Third-Party Employment Agencies	4	Social	Shareholder	21.1	78.9	
Dominion Energy Inc	2021	US	Report on Lobbying Payments and Policy	4	Environment	Shareholder	15.6	84.4	
DuPont de Nemours Inc.	2021	US	Adopt Policy to Annually Disclose EEO-1 Data	6	Social	Shareholder	83.8	16.2	
DuPont de Nemours Inc.	2021	US	Report on Plastic Pollution	7	Environment	Shareholder	81.2	18.8	
Edwards Lifesciences Corporation	2021	US	Adopt a Policy to Include Non-Management Employees as Prospective Director Candidates	7	Social	Shareholder	6	94	
Equinor ASA	2021	Norway	Instruct Company to Set Short, Medium, and Long-Term Targets for Greenhouse Gas (GHG) Emissions of the Companys Operations and the Use of Energy Products	8	Environment	Shareholder	5.6	94.4	
Exelon Corporation	2021	US	Report on Child Labor Audit	4	Social	Shareholder	5.2	94.8	
Exxon Mobil Corporation	2021	US	Report on Climate Lobbying	10	Environment	Shareholder	63.8	36.2	CA100+ flagged
Exxon Mobil Corporation	2021	US	Report on Lobbying Payments and Policy	9	Environment	Shareholder	55.6	44.4	
Exxon Mobil Corporation	2021	US	Report on the Effect of Reduction of Fossil Demand in FiNo datacial Position and Underlying Assumptions	6	Environment		48.9	51.1	CA100+ flagged
Facebook Inc.	2021	US	Report on Online Child Sexual Exploitation	6	Social	Shareholder	17.3	82.7	
Facebook Inc.	2021	US	Report on Platform Misuse	8	Social	Shareholder	19.5	80.5	
FedEx Corporation	2020	US	Report on Integrating ESG Metrics Into Executive Compensation Program	8	Governance	Shareholder	9.6	90.4	
Ferrovial SA	2021	Spain	Advisory Vote on Company's Greenhouse Gas Emissions Reduction Plan	7.1	Say on Climate	Management	99.3	0.7	
Ferrovial SA	2021	Spain	Advisory Vote, as from the 2022 AGM, on the Company's Climate Strategy Report	7.2	Say on Climate	Management	98.1	1.9	
First Community Bancshares Inc.	2021	US	Report on Board Diversity	4	Social	Shareholder	70.6	29.4	
First Solar Inc.	2021	US	Report on Board Diversity	3	Social	Shareholder	91.2	8.8	
General Electric Company	2021	US	Report on Meeting the Criteria of the Net Zero Indicator	7	Environment	Shareholder	98	2	CA100+ flagged
General Motors Company	2021	US	Report on GHG Emissions Targets as a Performance Element of Executive Compensation	5	Environment	Shareholder	16.3	83.7	
Glencore PLC	2021	UK	Advisory Vote on Climate Action Transition Plan	14	Say on Climate	Management	94.4	5.6	
Goldman Sachs Group Inc. (The)	2021	US	Report on Racial Equity Audit	8	Social	Shareholder	31.3	68.7	
Goldman Sachs Group Inc. (The)	2021	US	Report on the Impact of the Use of Mandatory Arbitration on Employees and Workplace Culture	6	Social	Shareholder	53.2	46.8	
Home Depot Inc. (The)	2021	US	Report on Prison Labor in the Supply Chain	6	Social	Shareholder	13.3	86.7	
Iberdrola SA	2021	Spain	Advisory Vote on Company's Climate Action Plan	27	Say on Climate	Management	100	0	
Imperial Oil Limited	2021	Canada	Adopt a Corporate Wide Ambition to Achieve Net Zero Carbon Emissions	3	Environment	Shareholder	14	86	CA100+ flagged
Intel Corporation	2021	US	Report on Global Median Gender/Racial Pay Gap	5	Social	Shareholder	14.5	85.5	
Intel Corporation	2021	US	Report on Whether Written Policies or Unwritten Norms Reinforce Racism in Company Culture	6	Social	Shareholder	11.1	88.9	
International Business Machines Corporation (IBM)	2021	US	Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts	6	Social	Shareholder	94.3	5.7	
Johnson & Johnson	2021	US	Report on Civil Rights Audit	6	Social	Shareholder	33.9	66.1	
Johnson & Johnson	2021	US	Report on Government FiNo datacial Support and Access to COVID-19 Vaccines and Therapeutics	4	Social	Shareholder	31.8	68.2	
JP Morgan Chase & Co	2021	US	Report on Racial Equity Audit	6	Social	Shareholder	40.5	59.5	
Kroger Company (The)	2021	US	Assess Environmental Impact of Non-Recyclable Packaging	4	Environment	Shareholder	45.6	54.4	
Laurentian Bank of Canada	2021	Canada	Report the Loans Granted in the Last Few Years in Support of the Circular Economy	5	Environment	Shareholder	12.4	87.6	
Loblaw Companies Limited	2021	Canada	Report Examining Capital and Risk Management Practices during the Pandemic	4	Social	Shareholder	6.3	93.7	
Lockheed Martin Corporation	2021	US	Report on Human Rights Due Diligence	5	Social	Shareholder	32.2	67.8	
McDonald's Corporation	2021	US	Report on Antibiotics and Public Health Costs	5	Social	Shareholder	11.9	88.1	
McDonald's Corporation	2021	US	Report on Sugar and Public Health	4	Social	Shareholder	10.7	89.3	
Merck & Company Inc.	2021	US	Report on Access to COVID-19 Products	5	Social	Shareholder	33.6	66.4	
Microsoft Corporation	2020	US	Report on Employee Representation on the Board of Directors	4	Social	Shareholder	5.1	94.9	
Mitsubishi UFJ Financial Group	2021	Japan	Shareholder Proposal Regarding Aligning Business Strategy to the Paris Agreement	3	Environment	Shareholder	22.8	77.2	
Mondelez International Inc.	2021	US	Consider Pay Disparity Between Executives and Other Employees	4	Social	Shareholder	9.4	90.6	
Monster Beverage Corporation	2021	US	Shareholder Proposal Regarding Bylaw Amendment for Annual Proxy Vote and Report on Climate Change	4	Say on Climate	Shareholder	7	93	
Moody's Corporation	2021	US	Approve 2020 Decarbonization Plan	4	Say on Climate	Management	98.8	1.2	
Nestle SA	2021	Switzerland	Approve Climate Action Plan	7	Say on Climate	Management	99.4	0.6	
Norfolk Southern Corporation	2021	US	Report on Lobbying Payments and Policy with the Paris Agreement	5	Environment	Shareholder	76.4	23.6	
Northrop Grumman Corporation	2021	US	Report on Human Rights Impact Assessment	4	Social	Shareholder	22.4	77.6	
Oracle Corporation	2020	US	Report on Gender Pay Gap	5	Social	Shareholder	46	54	
Origin Energy Ltd.	2020	Australia	Approve Consent and Fracking	5b	Social	Shareholder	11.9	88.1	
Origin Energy Ltd.	2020	Australia	Approve Lobbying and COVID-19 Recovery	5c	Environment	Shareholder	25.5	74.5	
Paycom Software Inc	2021	US	Report on Plans to Increase Board Diversity	4	Social	Shareholder	93.8	6.2	
PayPal Holdings Inc	2021	US	Report on Whether Written Policies or Unwritten Norms Reinforce Racism in Company Culture	5	Social	Shareholder	11.9	88.1	
PepsiCo Inc.	2021	US	Report on External Public Health Costs	6	Social	Shareholder	12.2	87.8	
PepsiCo Inc.	2021	US	Report on Sugar and Public Health	5	Social	Shareholder	13.6	86.4	
Pfizer Inc.	2021	US	Report on Access to COVID-19 Products	6	Social	Shareholder	28.3	71.7	
Phillips 66	2021	US	Adopt GHG Emissions Reduction Targets	5	Environment	Shareholder	80.3	19.7	
Phillips 66	2021	US	Report on Climate Lobbying	6	Environment	Shareholder	62.5	37.5	CA100+ flagged
Pilgrim's Pride Corporation	2021	US	Shareholder Proposal Regarding Report on Linking Executive Compensation to ESG Metrics	7	Governance	Shareholder	5.1	94.9	
Pilgrim's Pride Corporation	2021	US	Shareholder Proposal Regarding Report on Reduction of Water Pollution	6	Environment	Shareholder	11	89	
PNC FiNo datacial Services Group Inc. (The)	2021	US	Report on Risk and Management and Nuclear Weapon Industry	4	Social	Shareholder	8	92	
Procter & Gamble Company (The)	2020	US	Publish Annually a Report Assessing Diversity and Inclusion Efforts	6	Social	Shareholder	37.1	62.9	
Procter & Gamble Company (The)	2020	US	Report on Efforts to Eliminate Deforestation	5	Environment	Shareholder	67.7	32.3	
Republic Services Inc.	2021	US	Report on Integrating ESG Metrics Into Executive Compensation Program	4	Governance	Shareholder	14.3	85.7	
Rio Tinto Ltd.	2021	Australia	Approve Climate-Related Lobbying	20	Environment	Shareholder	99	1	
Rio Tinto Ltd.	2021	Australia	Approve Emissions Targets	19	Environment	Shareholder	99	1	
Royal Bank of Canada	2021	Canada	Adopt Company-Wide, Quantitative, Time-bound Greenhouse Gas (GHG) Emissions Reduction Targets and Issue an Annual Report Discussing the Plans and Progress of Achieving Such Targerts	4	Environment	Shareholder	31.1	68.9	
Royal Bank of Canada	2021	Canada	Produce a Report on Loans Made by the Bank in Support of the Circular Economy	6	Environment	Shareholder	16.2	83.8	
Royal Dutch Shell PLC (A)	2021	Netherlands	Approve the Shell Energy Transition Strategy	20	Say on Climate	Management	88.7	11.3	
Royal Dutch Shell PLC (A)	2021	Netherlands	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions	21	Environment	Shareholder	30.5	69.5	
Royal Dutch Shell PLC (B)	2021	UK	Approve the Shell Energy Transition Strategy	20	Say on Climate	Management	88.7	11.3	
S&P Global Inc	2021	US	Approve Greenhouse Gas (GHG) Emissions Reduction Plan	4	Say on Climate	Management	99.5	0.5	
Sanderson Farms Inc.	2021	US	Report on Human Rights Due Diligence Process	4	Social	Shareholder	27.2	72.8	
Sempra Energy	2021	US	Report on Lobbying Payments and Policy with the Paris Agreement	5	Environment	Shareholder	37.5	62.5	
Severn Trent PLC	2021	UK	Advisory Vote on Climate Change Action Plan	5	Say on Climate	Management	99.4	0.6	
Starbucks Corporation	2021	US	Adopt a Policy to Include Non-Management Employees as Prospective Director Candidates	4	Social	Shareholder	7.2	92.8	
State Street Corporation	2021	US	Report on Racial Equity Audit	4	Social	Shareholder	36.8	63.2	
Sumitomo Corporation	2021	Japan	Shareholder Proposal Regarding Reporting on Paris-aligned Targets for Coal, Oil, and Gas Assets	5	Environment		20	79.9	
Sunrun Inc	2021	US	Report on the Impact of the Use of Mandatory Arbitration on Employees and Workplace Culture	4	Social	Shareholder	59.4	40.6	
T. Rowe Price Group Inc.	2021	US	Report on and Assess Proxy Voting Policies in Relation to Climate Change Position	4	Environment	Shareholder	16.8	83.2	
Tesla Inc	2020	US	Additional Reporting on Human Rights	7	Social	Shareholder	24.8	75.2	
Tesla Inc	2020	US	Report on Employee Arbitration	6	Social	Shareholder	26.8	73.2	
Thomson Reuters Corp	2021	Canada	Produce a Human Rights Risk Report	4	Social	Shareholder	18.8	81.2	
TJX Companies Inc. (The)	2021	US	Report on Pay Disparity	5	Social	Shareholder	10.7	89.3	
TMX Group Limited	2021	Canada	Report on Policies and Practices Regarding Indigenous Community Relations	4	Social	Shareholder	98	2	
Toronto Dominion Bank (The)	2021	Canada	Produce a Report on Loans Made by the Bank in Support of the Circular Economy	4	Environment	Shareholder	8.5	91.5	
Toronto Dominion Bank (The)	2021	Canada	Adopt a Diversity Target Higher than 40% for the Composition of the Board of Directors for the Next Five Years	5	Social	Shareholder	7.7	92.3	
TotalEnergies SE	2021	France	Report on Sustainability	14	Say on Climate	Management	91.9	8.1	
Twitter Inc.	2021	US	Require Independent Director Nominee with Human and/or Civil Rights Experience	7	Social	Shareholder	14.3	85.7	
Tyson Foods Inc.	2021	US	Report on Human Rights Due Diligence	4	Social	Shareholder	18.4	81.6	
Unilever PLC	2021	UK	Approve Climate Transition Action Plan	4	Say on Climate	Management	99.6	0.4	
Union Pacific Corporation	2021	US	Publish Annually a Report Assessing Diversity and Inclusion Efforts	7	Social	Shareholder	81.4	18.6	
Union Pacific Corporation	2021	US	Report on Annual Emissions Reduction Plan	8	Say on Climate	Shareholder	31.6	68.4	
Union Pacific Corporation	2021	US	Report on EEO	6	Social	Shareholder	86.4	13.6	
United Airlines Holdings Inc.	2021	US	Report on Global Warming-Related Lobbying Activities	8	Environment	Shareholder	65.4	34.6	CA100+ flagged
United Parcel Service Inc.	2021	US	Publish Annually a Report Assessing Diversity and Inclusion Efforts	9	Social	Shareholder	33.7	66.3	
United Parcel Service Inc.	2021	US	Report on Climate Change	7	Environment	Shareholder	36.7	63.3	
United Parcel Service Inc.	2021	US	Report on Lobbying Payments and Policy	5	Environment	Shareholder	25.8	74.2	
Vinci SA	2021	France	Approve Company's Environmental Transition Plan	11	Say on Climate	Management	98.1	1.9	
Walgreens Boots Alliance Inc	2021	US	Report on Health Risks of Continued In-Store Tobacco Sales in the Age of COVID 2021	6	Social	Shareholder	11.6	88.4	
Walmart Inc	2021	US	Approve Creation of a Pandemic Workforce Advisory Council	7	Social	Shareholder	11.5	88.5	
Walmart Inc	2021	US	Report on Alignment of Racial Justice Goals and Starting Wages	6	Social	Shareholder	12.7	87.3	
Walmart Inc	2021	US	Report on Refrigerants Released from Operations	4	Environment	Shareholder	5.5	94.5	
Walt Disney Company	2021	US	Adopt a Policy to Include Non-Management Employees as Prospective Director Candidates	5	Social	Shareholder	6.2	93.8	
Walt Disney Company	2021	US	Report on Lobbying Payments and Policy	4	Environment	Shareholder	33	67	
Wells Fargo & Company	2021	US	Conduct a Racial Equity Audit	7	Social	Shareholder	13.1	86.9	
Wendy's Company (The)	2021	US	Report on Human Rights Risks in Operations and Supply Chain	4	Social	Shareholder	95.3	4.7	
Woodward Inc.	2021	US	Adopt a Policy to Include Non-Management Employees as Prospective Director Candidates	5	Social	Shareholder	7.1	92.9	

Appendix 3 – Say on Climate data

The table below shows the vote outcomes for proposals to adopt Say on Climate resolutions at six companies. Two resolutions were brought to Booking Holdings Inc. by As You Sow, each with a slightly different scope[54].

Company	Votes for (%)	Votes against (%)	Management-backed?
Aena SME SA	98.2	1.8	Yes
Booking Holdings Inc. (7)	56.4	43.6	No
Booking Holdings Inc. (8)	37.5	62.5	No
Canadian Pacific Railway Limited	85.4	14.6	Yes
Charter Communications Inc.	39	61	No
Monster Beverage Corporation	7	93	No
Union Pacific Corporation	31.6	68.4	No

The table below shows vote outcomes for standing Say on Climate votes, all of which were backed by management, and not coincidentally, received a much higher level of support on average. The two votes at Ferrovial SA are for separate sub-items covering the company's greenhouse gas (GHG) emissions reduction plan and their broader climate plan respectively. Here, the relatively low level of support for Shell's resolution is very clear, though the resolution did receive a high degree of support in absolute terms. Finally, it is worth noting that Aviva, which voted for the vast majority of resolutions we analysed, received unanimous support for its own plan.

Company	Votes for (%)	Votes against (%)
Aena SME SA	96.4	3.6
Atos SE	97.1	2.9
Aviva PLC	100	0
Canadian National Railway Company	92.1	7.9
Ferrovial SA (7.1)	99.3	0.7
Ferrovial SA (7.2)	98.1	1.9
Glencore PLC	94.4	5.6
Iberdrola SA	100	0
Moody's Corporation	98.8	1.2
Nestle SA	99.4	0.6
Royal Dutch Shell PLC	88.7	11.3
S&P Global Inc	99.5	0.5
Severn Trent PLC	99.4	0.6
TotalEnergies SE	91.9	8.1
Unilever PLC	99.6	0.4
Vinci SA	98.1	1.9

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