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Institutional Investor Support for Corporate Political Disclosure Dips But Remains Strong

BlackRock, Vanguard Show Mixed Support

2022 PROXY SEASON ANALYSIS

WASHINGTON -- Support by the largest institutional investors for the Center for Political Accountability's corporate political disclosure resolution dropped to 75.4 percent in 2022, down from 2021's record support of 82.5 percent from this group of investors, according to analysis based on shareholder voting data from Insightia.¹ After years of increasing levels of support, which had accelerated from 2019 to 2021, this is the lowest level of support for CPA's corporate political disclosure resolution since 2019 (66.9 percent support in 2019²).

This result was not unexpected. Overall average shareholder support for CPA's model resolution decreased to 33.9 percent, from 48.1 percent in 2021. As more of the S&P 500 companies rated in the [CPA-Zicklin Index](#) have adopted political disclosure and begun reporting regularly, there are fewer repeat proposal recipients and fewer companies that have little or no political disclosure. As a result, proposals that went to a vote in 2022 overwhelmingly included companies with high levels of inside ownership and companies that have partial but not full disclosure and accountability, both factors that tend to suppress investor support for CPA's proposal compared to companies with low inside ownership and no disclosure.

¹ Insightia, a Diligent brand.

² This figure reflects the level of support in 2019 from the sixty-four largest asset managers that voted on the CPA proposal at least 5 times each proxy season 2019-2021. All other figures in this report reflect 2020-2022 levels of support from the sixty-two largest asset managers that voted on the CPA proposal at least 5 times each proxy season 2020-2022.

BlackRock and Vanguard, the two largest investment managers globally, which both backed the CPA model proposal for the first time in the 2021 Proxy Season³, once again supported the CPA proposal in 2022, albeit at lower levels. In 2022, Blackrock cast its proxies in support at 2 of 8 companies (25 percent support) but in 2021 it supported the proposal at 6 of 12 opportunities (50 percent). Vanguard in 2022 voted in support at 1 of 8 (12.5 percent) companies where the proposal went to a vote; in 2021 Vanguard voted for the proposal at 3 of 12 opportunities (25 percent).

State Street, the only member of the “Big Three” to support the CPA model proposal prior to 2021, supported the proposal 50 percent of the time, a decrease from 75 percent support in 2021.

Of the 12 investment managers with at least \$1 trillion assets under management, three increased support from 2021 to 2022, including Franklin Templeton (25 percentage point increase), Fidelity Management & Research Co. (FMR) (18.6 percentage point increase), and Legal & General Investment Management (8.3 percentage point increase). *See data/graphics tables below for the levels of support for the CPA resolution.*

Of the 62 large investors, 20 supported 100 percent of the political spending resolutions while only two supported none (Goldman Sachs Asset Management and Dimensional Fund Advisors). Twelve of the 62 investors increased their support from 2021 to 2022, while 33 decreased support. Of the 17 investors that had no change in support from 2021 to 2022, 13 supported the proposal at every opportunity in both 2021 and 2022, two continued their mixed support, and the other two managers voted against the proposal at every opportunity in both proxy seasons. Since 2020, 20 of the funds increased their support for the political disclosure resolution while 27 decreased their support.

“The decrease in support from institutional investors comes as no surprise as overall average shareholder support declined this year,” said Dan Carroll, CPA’s vice president for programs and counsel. “What it highlights though is just how strong the support from institutional investors for the CPA proposal has become when a notable decrease in support this year still leaves the biggest institutional investors supporting the proposal 75.4 percent of the time. And the 12 asset managers with \$1 trillion or more in assets under management were

³ BlackRock supported a corporate election-related spending disclosure proposal at Cintas Corp. at an off-cycle October 2020 AGM; this report only covers proxy votes cast at AGMs through June 30 of each of the proxy seasons 2020-2022.

significantly stronger supporters of the proposal than the other 50 investors included in the report.”

“Continued high levels of support from institutional investors for political disclosure and accountability resolutions sends a very strong message that they consider political disclosure to be material,” said CPA president Bruce Freed. “Political disclosure and accountability policies are essential for ensuring that companies are not undercutting their core values and policies – and putting them at risk – through their direct and indirect political spending.”

Five investors— Delaware Management Company (Macquarie), Franklin Templeton, Charles Schwab Investment Management, Inc., Fidelity Management & Research Co. (FMR), and PGGM Investments—increased their support by 10 percentage points or more from 2021. Managers with the largest increases in support were led by Delaware Management Company, where support increased from 40 percent in 2021 to 80.0 percent in 2022; Franklin Templeton support increased from 58.3 percent in 2021 to 83.3 percent support in 2022; and Charles Schwab Investment Management increased its support from 41.7 percent in 2021 to 62.5 percent in 2022.

CPA examined 62 investors’ votes across the 2021-2022 proxy seasons. The investors identified were those in the Insightia database that had cast votes on at least five CPA model-resolutions in each of the last three proxy seasons and were among the 100 largest investors by global assets under management. Their total global assets under management amount to over \$61 trillion.

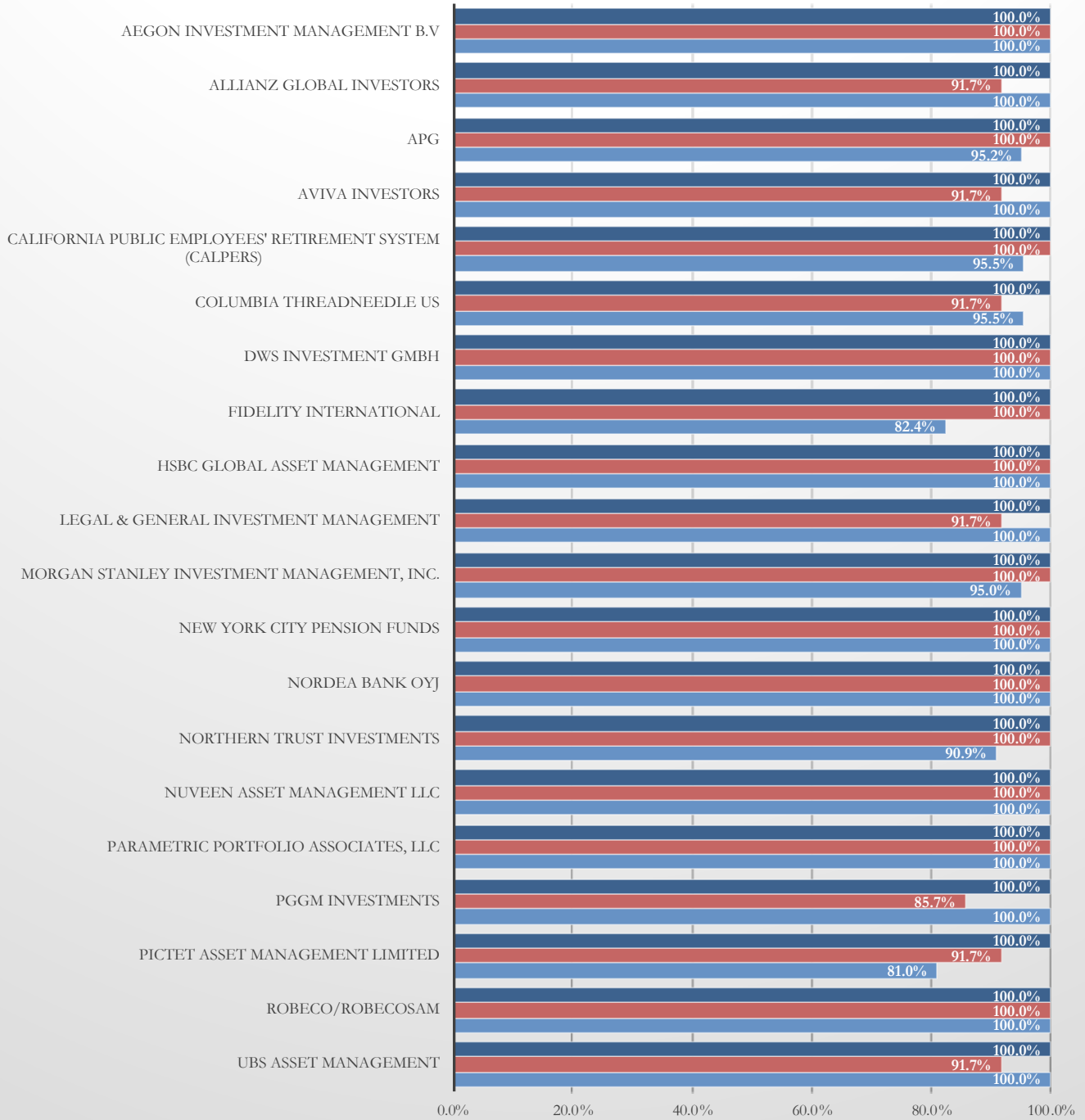
With the [2022 CPA-Zicklin Index expanded](#) to cover the entire Russell 1000 Index, CPA’s shareholder partners will be initiating engagements with an expanded universe of companies new to corporate political disclosure in the 2023 proxy season and going forward.

Other notable findings include the following:

- Average support among the 12 investment managers with at least \$1 trillion in assets under management in 2022 was 79.4 percent, which is notably higher than the average support of 75.4 percent from all 62 investment managers included in this report.
- In a repeat of 2021, Goldman Sachs Asset Management and Dimensional Fund Advisors were the only two investors included in the report to vote against the CPA proposal at every opportunity in 2022. Seven institutional investors opposed the CPA proposal at every opportunity in 2020 and 12 did so in 2019.

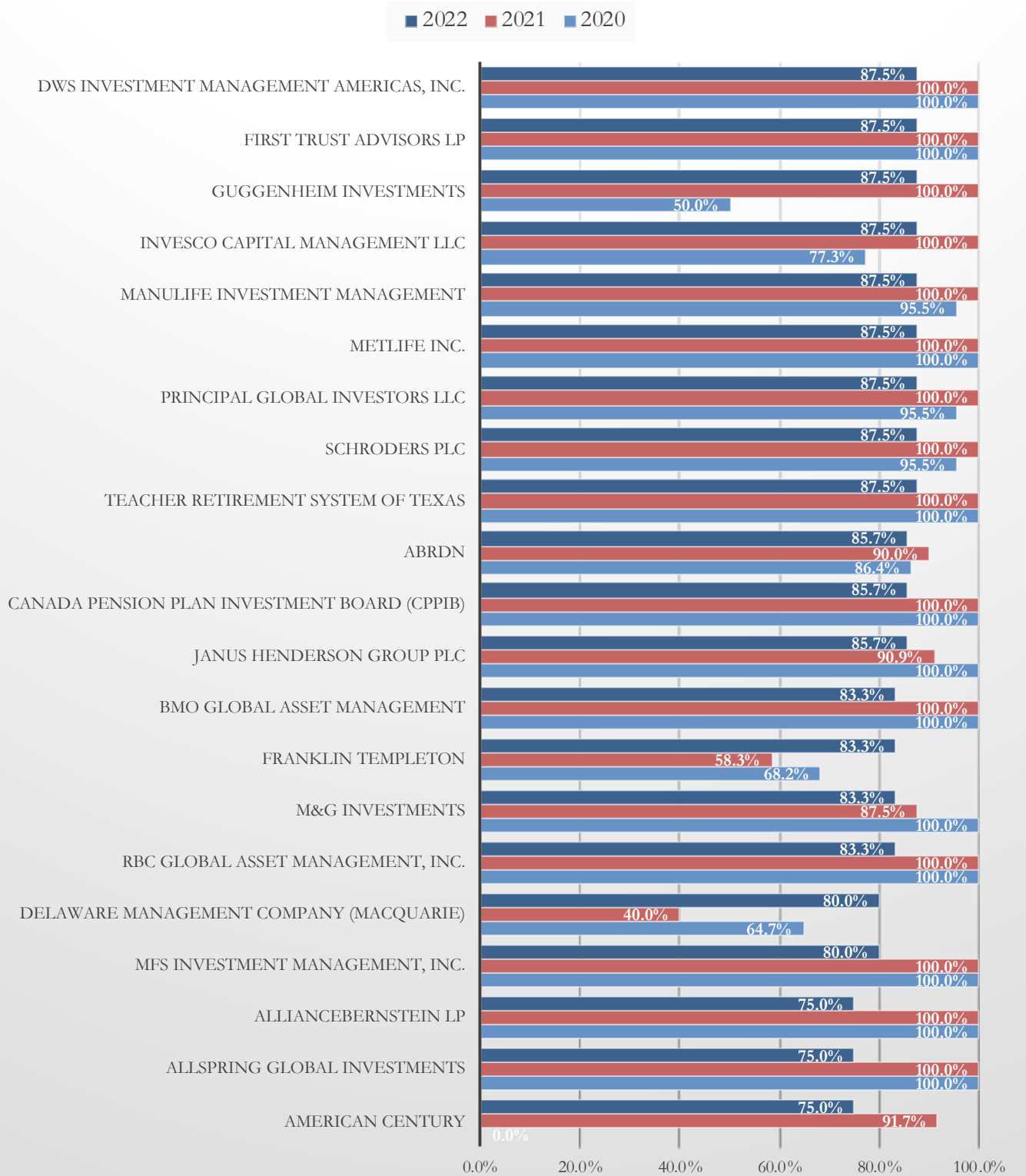
Largest Investor Support for CPA Model Resolution 2020-2022 (most to least supportive in 2022)

■ 2022 ■ 2021 ■ 2020



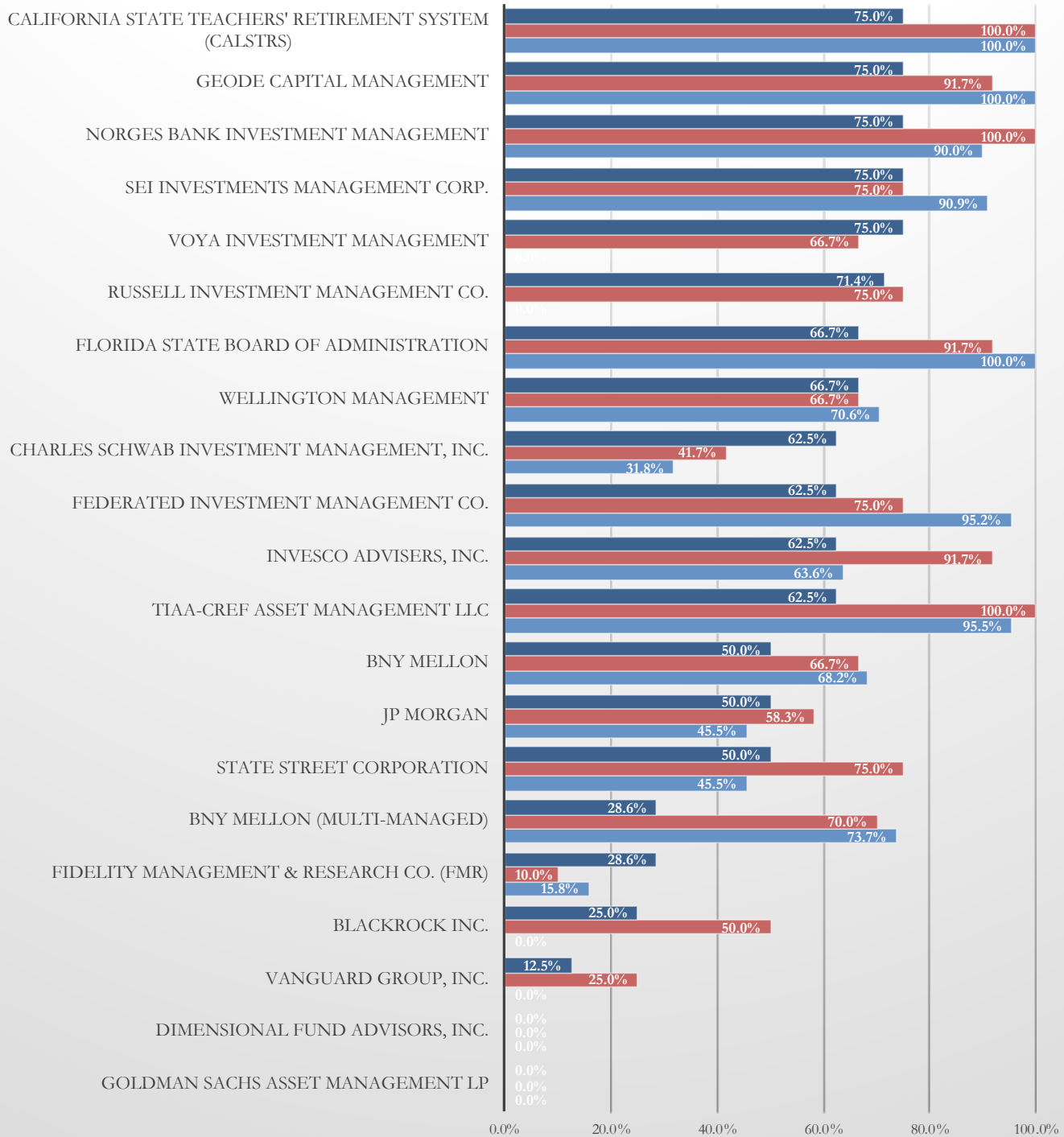
Largest Investor Support for CPA Model Resolution 2020-2022

(most to least supportive in 2022)



Largest Investor Support for CPA Model Resolution 2020-2022 (most to least supportive in 2022)

■ 2022 ■ 2021 ■ 2020



Largest Investor Change in Support 2021-2022
(percentage point change)

Investor		Increase/Decrease
abrdn	-4.3%	
AEGON Investment Management B.V.	0.0%	
AllianceBernstein LP	-25.0%	
Allianz Global Investors	8.3%	
Allspring Global Investments	-25.0%	
American Century	-16.7%	
APG	0.0%	
Aviva Investors	8.3%	
BlackRock Inc.	-25.0%	
BMO Global Asset Management	-16.7%	
BNY Mellon	-16.7%	
BNY Mellon (Multi-Managed)	-41.4%	
California Public Employees' Retirement System (CalPERS)	0.0%	
California State Teachers' Retirement System (CalSTRS)	-25.0%	
Canada Pension Plan Investment Board (CPPIB)	-14.3%	
Charles Schwab Investment Management, Inc.	20.8%	
Columbia Threadneedle US	8.3%	
Delaware Management Company (Macquarie)	40.0%	
Dimensional Fund Advisors, Inc.	0.0%	
DWS Investment GmbH	0.0%	
DWS Investment Management Americas, Inc.	-12.5%	
Federated Investment Management Co.	-12.5%	
Fidelity International	0.0%	
Fidelity Management & Research Co. (FMR)	18.6%	
First Trust Advisors LP	-12.5%	
Florida State Board of Administration	-25.0%	
Franklin Templeton	25.0%	
Geode Capital Management	-16.7%	
Goldman Sachs Asset Management LP	0.0%	
Guggenheim Investments	-12.5%	
HSBC Global Asset Management	0.0%	

Largest Investor Change in Support 2021-2022
(percentage point change)

Investor	Increase/Decrease	
Invesco Advisers, Inc.	-29.2%	
Invesco Capital Management LLC	-12.5%	
Janus Henderson Group PLC	-5.2%	
JP Morgan	-8.3%	
Legal & General Investment Management	8.3%	
M&G Investments	-4.2%	
Manulife Investment Management	-12.5%	
MetLife Inc.	-12.5%	
MFS Investment Management, Inc.	-20.0%	
Morgan Stanley Investment Management, Inc.	0.0%	
New York City Pension Funds	0.0%	
Nordea Bank Oyj	0.0%	
Norges Bank Investment Management	-25.0%	
Northern Trust Investments	0.0%	
Nuveen Asset Management LLC	0.0%	
Parametric Portfolio Associates, LLC	0.0%	
PGGM Investments	14.3%	
Pictet Asset Management Limited	8.3%	
Principal Global Investors LLC	-12.5%	
RBC Global Asset Management, Inc.	-16.7%	
Robeco/RobecoSAM	0.0%	
Russell Investment Management Co.	-3.6%	
Schroders PLC	-12.5%	
SEI Investments Management Corp.	0.0%	
State Street Corporation	-25.0%	
Teacher Retirement System of Texas	-12.5%	
TIAA-CREF Asset Management LLC	-37.5%	
UBS Asset Management	8.3%	
Vanguard Group, Inc.	-12.5%	
Voya Investment Management	8.3%	
Wellington Management	0.0%	

BACKGROUND

This year's survey considered votes cast by the 62 investors among Insightia's 100 largest investors that voted at least five times on the CPA Model-Resolution in each of the 2020, 2021, and 2022 Proxy Seasons. There were 8 shareholder-sponsored CPA model-resolutions up for a vote during the 2022 proxy season, 12 in the 2021 proxy season, and 22 in the 2020 season.

The Appendix lists all the shareholder proposals based on the CPA model resolution that came to a vote in the 2022 proxy season. A typical CPA model resolution asks companies to report on and semiannually update the following:

1. *Policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to (a) participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum.*
2. *Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including:*
 - a. *The identity of the recipient as well as the amount paid to each; and*
 - b. *The title(s) of the person(s) in the Company responsible for decision-making*

Mutual funds looking to update their proxy voting policies with more specific guidance on disclosure and oversight of corporate election spending may draw on Appendix E of The Conference Board's [Handbook on Corporate Political Activity](#), in which sample proxy voting guidelines are provided.

The [CPA Model Resolution Information Packet](#) contains further information about the disclosures and oversight requested in the model proposal, which may be of particular use to proxy voters as they try to determine where the gaps may exist in a company's policies and disclosure.

APPENDIX

Shareholder-Sponsored Resolutions Based on the CPA Model Resolution Voted Upon in 2022

Company	AGM Date	CPA Shareholder Partner	Support
HCA Healthcare, Inc.	April 21, 2022	John Chevedden	31.7%
DISH Network Corporation	April 29, 2022	Office of the New York State Comptroller	4.2%
Expeditors International of Washington Inc.	May 3, 2022	John Chevedden	25.6%
Dollar General Corporation	May 25, 2022	John Chevedden	57.0%
Twitter, Inc.	May 25, 2022	Office of the New York State Comptroller	53.4%
Exxon Mobil Corporation	May 25, 2022	Unitarian Universalist Association	26.7%
Flowers Foods Inc.	May 26, 2022	International Brotherhood of Teamsters	48.3%
DaVita Inc	June 9, 2022	Friends Fiduciary	24.0%

Proposals Withdrawn After Disclosure Agreement Reached in 2022

Company	CPA Shareholder Partner
Advance Auto Parts Inc.	Boston Common Asset Management
Analog Devices Inc.	Boston Common Asset Management
Chemed	John Chevedden
Coterra Energy	Nathan Cummings Foundation
HanesBrands	Office of the New York State Comptroller
Las Vegas Sands	Office of the New York State Comptroller
Old Dominion Freight Line	International Brotherhood of Teamsters
PPG Industries Inc.	Nathan Cummings Foundation
Progressive Corp.	Office of the New York State Comptroller
Roper Technologies	Nathan Cummings Foundation
Royal Caribbean	Office of the New York State Comptroller
Ulta Beauty	Office of the New York State Comptroller
Verisign	Office of the New York State Comptroller
Waters Corp.	Boston Common Asset Management