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January 2026

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Abstract

We examine why and when institutional investors disclose the rationales behind their voting decisions, a transparency practice that has expanded rapidly over the past decade. Using novel data on over 33 million votes cast at U.S. firms by institutional investors worldwide, together with survey evidence, we show that the decision to disclose rationales is mainly an institution-level policy that is highly persistent, driven by stewardship incentives, client demands, and institutional norms. The implementation of this policy, however, is context-driven and triggered by uncertainty: using machine learning, we document that disclosure is more likely when voting against management or when deviating from expectations. This suggests that rationales convey information beyond investors' general voting policies. Our study documents that voting rationales serve as a mechanism for enhancing transparency and accountability in corporate governance.

Keywords: corporate governance, disclosure, institutional investors, voting rationales

JEL Classifications: G11, G23, G30

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January 26, 2026

Abstract

We examine why and when institutional investors disclose the rationales behind their voting decisions, a transparency practice that has expanded rapidly over the past decade. Using novel data on over 33 million votes cast at U.S. firms by institutional investors worldwide, together with survey evidence, we show that the decision to disclose rationales is mainly an institution-level policy that is highly persistent, driven by stewardship incentives, client demands, and institutional norms. The implementation of this policy, however, is context-driven and triggered by uncertainty: using machine learning, we document that disclosure is more likely when voting against management or when deviating from expectations. This suggests that rationales convey information beyond investors' general voting policies. Our study documents that voting rationales serve as a mechanism for enhancing transparency and accountability in corporate governance.

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1. Introduction

Proxy voting is a key monitoring mechanism through which shareholders influence corporate governance (Hirschman, 1970; Easterbrook and Fischel, 1983; McCahery, Sautner, and Starks, 2016). Given its central role, institutional investors face increasing pressure to make their voting practices more transparent and to be more accountable for their voting.[1] While SEC regulations have mandated the disclosure of votes since 2003, these disclosures are limited to binary outcomes that reveal little about the reasoning behind them (SEC, 2021), possibly leaving companies and institutional investors' clients uncertain about the motivations behind these decisions. This lack of transparency limits the effectiveness of shareholder oversight and weakens investors' accountability to clients.[2] However, a new disclosure practice has recently emerged: a growing number of investors are voluntarily providing the rationales behind their voting decisions, typically after shareholder meetings. These statements, such as "*The magnitude of CEO pay exceeds the 75th percentile of the company's peer group*" or "*We are not supportive of this shareholder proposal, as it is overly prescriptive*," offer a unique window into the motives underlying investors' voting behavior.

In this paper, we investigate why and when institutional investors provide voting rationales, examining the incentives driving this shift toward greater governance transparency. We assume that investors are rational agents who disclose rationales when the marginal benefits outweigh the costs, and identify three key drivers of this decision, each associated with a distinct audience.

First, stewardship incentives motivate investors to communicate concerns to firm management in order to enhance corporate governance and firm value (e.g., Shleifer and Vishny, 1986; Maug, 1998), thereby increasing the value of investors' holdings (Lewellen and Lewellen, 2022). Second, client demand encourages disclosure as a way to signal active monitoring to current and

[1]This pressure has recently intensified as policymakers seek to curb the influence of proxy advisors and stress that asset managers must exercise and demonstrate independent judgment in voting (e.g., White House, 2025).

[2]Throughout the paper, "clients" refers to the ultimate beneficiaries of institutional investors, such as mutual fund shareholders or pension beneficiaries. "Investors" denote the institutional asset managers themselves.

prospective clients. This helps institutions differentiate their brand, and compete for capital (Fisch, Hamdani, and Solomon, 2019). Third, the institutional context influences disclosure, as stronger regulatory oversight increases the costs of non-disclosure (Coffee, 1998; Leuz and Verrecchia, 2000; Stulz, 2022); national stewardship codes explicitly encourage transparency (Bonacchi, Klein, Longo, and Strampelli, 2022), while informal norms and peer practices create reputational pressures. Disclosure of voting rationales, therefore, serves as a public signal of responsible stewardship to both formal and informal institutions.

To address our research questions, we combine archival evidence—derived from machine learning (ML) and regression analyses of over 33 million votes—with direct insights from a survey of stewardship professionals. We begin by using ML to identify the investor-, firm-, proposal-, and vote-level characteristics that most strongly predict the disclosure of voting rationales, without imposing functional form assumptions. We implement a Random Forest trained on a subset of the data and evaluated on a held-out test sample, and document two novel facts. First, regarding feature importance, the algorithm ranks investor attributes and votes against management as the most important predictors, far outweighing firm- or proposal-specific traits, like performance or contentious proposals. Second, we find that the decision to disclose is highly predictable. Our ML model predicts the presence of a rationale with more than 90% accuracy (and its absence with 99% accuracy). Together, these findings reveal that the decision to provide rationales is not an *ad hoc* vote-by-vote decision; rather, it follows an institution's overarching disclosure policy.

We next employ linear regressions to formally test the three drivers outlined above. We begin by investigating which type of investors provide voting rationales. Linking the disclosure decision to investor traits allows us to isolate the economic incentives driving the decision, thereby shedding light on *why* investors choose to disclose. Consistent with stewardship incentives, we find that institutions with greater resources (e.g., larger institutions) are more likely to provide voting rationales. By contrast, institutions with fewer resources in stewardship (e.g.,

robo-voters) are less likely to provide a voting rationale. Supporting the client demand channel, we observe that institutions with strong fiduciary duties and higher transparency demands (e.g., pension and mutual funds, Schanzenbach and Sitkoff, 2020) are more likely to provide rationales. Finally, we find that formal and informal institutional norms play a role. For instance, investors who commit to responsible investment principles or operate in jurisdictions with stewardship codes are significantly more likely to provide rationales.

Shedding light on possible benefits from disclosing rationales, we examine the change in assets under management (AUM) for funds switching from not disclosing rationales, to disclosing them. Although we avoid causal statements given the endogenous nature of disclosure and the low statistical power resulting from the limited number of 'switching' events, our data show that investors' AUM increase following the initiation of voting rationale disclosure, relative to non-disclosers. The pattern we observe is consistent with both stewardship incentives, where greater engagement in voting enhances portfolio firms' value and thus fund AUM, as well as with client demand, which increases fund flows.

We next investigate *when* investors choose to disclose rationales, comparing disclosure decisions within the same investor's portfolio. While investor characteristics drive the adoption of disclosure policies, investors typically do not provide rationales for every vote. Consistent with stewardship incentives, we find that the likelihood of providing a rationale increases with the size of the institution's stake, both as a fraction of the firm's equity and as a share of the institution's own portfolio, but only up to a point, exhibiting an inverted U-shape. The context of the meeting also matters: investors provide more rationales during the busy proxy season as they serve as an *ex post* cost-effective communication tool. However, they provide fewer rationales for proxy contests, where stakes are typically higher and *ex ante* direct engagement may be preferable. We also find evidence consistent with the role of formal and informal institutions: investors are more likely to provide rationales for firms with which they have business ties, where conflicts of interest heighten regulatory scrutiny and reputational risk, increasing

the need for transparency.

To gain finer insight into *when* institutional investors choose to disclose, we examine which specific votes within a meeting prompt a rationale. We find that investors are more likely to provide rationales in situations characterized by greater uncertainty and visibility: when voting against management, diverging from proxy advisor recommendations, facing close-call proposals, or voting on shareholder-sponsored proposals. In these scenarios, the need to explain a stance to firm management (stewardship incentives), meet beneficiary expectations (client demand), and comply with institutional norms is greater, and these motives often overlap.[3]

To triangulate our ML and regression findings, we conduct a survey of stewardship professionals. Survey responses broadly corroborate our archival results on the drivers and circumstances of disclosure, while highlighting client demand as a particularly strong motive. Respondents indicate that disclosure is often driven by the need to meet client expectations and demonstrate independent judgment rather than reliance on proxy advisors, and that providing voting rationales can strengthen relationships both with portfolio firms and with investor clients. Importantly, the survey also clarifies the underlying cost–benefit trade-off: although respondents cite resource and time constraints as the primary challenges, followed by reputational and legal risks, the vast majority of investors who disclose view the practice as yielding net benefits.

Finally, we examine whether voting rationales provide information incremental to investors' general voting policies and stewardship priorities (e.g., Couvert, 2025; Pawliczek, Skinner, and Wellman, 2021). To evaluate this, we train investor-specific ML models using uncontested director elections.[4] This approach recovers each investor's *de facto* voting policy—the systematic patterns reflected in their actual voting behavior, which may capture nuances not explicitly articulated in general guidelines or other available documents. Then, in a linear regression

[3]In a further analysis, we read rationales and remove those providing only boilerplate language. The results are unchanged, indicating that our findings are not driven by mechanical or non-informative disclosures.

[4]We focus on director elections because they represent over 70% of votes and offer reliable, observable proxies necessary for ML prediction (Cai, Garner, and Walkling, 2009; Ertimur, Ferri, and Oesch, 2018).

framework, we examine whether investors are more likely to disclose voting rationales when they vote in a way that is inconsistent with their policy.

We find that our ML model predicts director election votes with high accuracy and, more importantly, that investors are significantly more likely to provide a rationale precisely when their actual vote *deviates* from the prediction. For instance, the likelihood of disclosure nearly doubles when an investor votes for a director, despite their usual voting behavior predicted a vote against. Such votes are often accompanied by statements like: "*Under normal circumstances we would have voted against the re-election of this director to reflect our concerns that, in aggregate, they have too many board commitments. However, we have exceptionally supported their re-election, given that they are the executive director of this company.*" This pattern indicates that investors disclose rationales to explain deviations from their usual voting behavior, providing meaningful information that cannot be inferred from general voting policies alone.

This paper makes several contributions to the literature. First, it builds on the literature on investor *voice*. Providing voting rationales represents a distinct form of voice, separate from, but related to, voting (e.g., Iliev and Lowry, 2015; Ertimur et al., 2018; Heath, Macciocchi, Michaely, and Ringgenberg, 2022; Brav, Jiang, Li, and Pinnington, 2024), direct engagement (Lewellen and Lewellen, 2022; Dimson, Karakaş, and Li, 2015; Heath, Macciocchi, and Ringgenberg, 2024) or governance research efforts (Iliev, Kalodimos, and Lowry, 2021). Our analysis shows that rationales operate as a complementary mechanism to both voting and other low-cost activism tools, such as expectation documents (Aguilera, Bermejo, Capapé, and Cuñat, 2025) or voting guidelines (Couvert, 2025).

Our analysis offers a comprehensive account of *why* and *when* institutional investors choose to speak, by positioning disclosure within a broader framework of incentives, contexts, and functions, and by combining large-sample archival evidence and survey data. Importantly, we differ from Michaely, Rubio, and Yi (2025) in several important dimensions. First, we move beyond the *content of disclosed rationales* to examine the *disclosure decision* itself. This shift

in focus is critical because any interpretation of the disclosure content must account for the incentives driving the disclosure decision in the first place. Second, our analysis broadens the scope from director elections to all proposal types, revealing that the drivers of disclosure vary fundamentally across proposals. In director elections, disclosure is primarily triggered by dissent, reflecting stewardship motives. In contrast, shareholder proposals trigger disclosure even when investors support management, reflecting the pressure from institutional norms and clients. This broader lens documents that disclosure is context-dependent rather than a blanket policy. Third, we uncover a distinct role for rationales when votes deviate from the investor's predicted policy. Our evidence suggests that rationales substantiate votes by providing information above and beyond what can be inferred from voting patterns or stated policies. This offers a window into the judgments investors make when departing from their usual stance.

Our paper also advances the literature on institutional investor transparency. While prior studies largely focus on mandatory portfolio disclosure (e.g., Agarwal, Vashishtha, and Venkatachalam, 2018; Bourveau, Li, Macciocchi, and Sun, 2023; Sani, Shroff, and White, 2023), we examine a distinct and understudied channel of voluntary disclosure.[5] We show that rationales are not routine and procedural formalities but instruments of transparency and accountability shaped by the broader context in which disclosure occurs. While recent studies document that investors may obscure unfavorable information in other contexts, such as through complex fee structures (DeHaan, Song, Xie, and Zhu, 2021), our setting highlights strong incentives to enhance transparency in stewardship practices.

Finally, our study offers a novel perspective on the growing pressure for closer alignment with beneficiary preferences. While pass-through voting addresses this pressure by transferring authority back to clients (Brav, Li, Lund, and Pan, 2025), we identify voting rationales

[5]Related work on investors' voluntary disclosures includes Ceccarelli, Glossner, and Homanen (2023), Fahlenbrach, Rudolf, and Wegerich (2024), Carter, Pawliczek, Tuna, and Underwood (2025), and Chiu, Li, Nandy, and Traini (2025).

as a mechanism to ensure accountability. By explaining their stewardship actions, institutions can address beneficiary demands while retaining their voting authority. This emerging practice marks a broader shift toward greater transparency and accountability, reshaping how institutional investors engage with portfolio firms, clients, and other stakeholders.

2. Background

2.1. Institutional Setting

Institutional investors have faced growing obligations to ensure that shareholder voice is exercised transparently and without conflicts of interest, such as those arising from business relationships with portfolio firms (Davis and Kim, 2007; Cvijanović, Dasgupta, and Zachariadis, 2016; Dasgupta, Fos, and Sautner, 2021), or proxy advisors (Ertimur, Ferri, and Oesch, 2013; Larcker, McCall, and Ormazabal, 2015; Li, 2018; Hayne and Vance, 2019). For example, since 2003, U.S. mutual funds have been required to disclose their proxy voting policies (Form N-PX), actual votes, and procedures for managing conflicts of interest. This pressure has recently intensified as policymakers seek to curb the influence of proxy advisors and emphasize that asset managers must exercise and demonstrate independent judgment in voting, alongside growing calls for closer alignment with beneficiary preferences through mechanisms such as pass-through voting. Outside the U.S., governance obligations vary significantly, but most developed countries require some type of disclosure, particularly for voting policies and voting records (Li and Yoon, 2024).[6]

In contrast to these mandated disclosures, voting rationales are voluntarily provided by institutional investors. Some prominent international organizations, such as the United Nations (UN) Principles for Responsible Investment (PRI), recommend the disclosure of voting rationales. Although not explicitly required by most stewardship codes, such disclosure may help

[6] 43 out of the 49 jurisdictions surveyed in the 2023 Corporate Governance Factbook (OECD, 2023) require or recommend the disclosure of institutional investors' voting policies. The disclosure of actual voting records is less common, although it has increased over time: 67% of jurisdictions now require it, up from 34% in 2015.

institutional investors meet certain expectations outlined in those codes. For instance, the UK code requires institutional investors to *constructively engage* with firms (Dasgupta et al., 2021). Voting rationales can be a way in which such engagement is documented.

However, there is no expectation that disclosure would happen for every single vote, as such disclosure can be costly. This cost is significant not only for the disclosing institutions (Vanguard, for example, votes on over 150,000 proposals in a typical year) but also for the clients and firms that must digest this large volume of information. Accordingly, the UN PRI recommends that signatories prioritize disclosure in the following cases: (i) when voting against management or abstaining; (ii) when a vote may appear inconsistent with the investor's stated principles; and (iii) when opposing a shareholder proposal, particularly one submitted by another PRI signatory (PRI, 2021).[7]

Given the voluntary nature of disclosure, investors determine both the content and timing of their reporting. While the vast majority of disclosures occur *ex-post*, the specific *timing* varies: most investors disclose shortly after the meeting (e.g., Legal & General,[8] Calvert, Florida State Board of Administration, British Columbia Investment Management), while some take considerably longer (e.g., BlackRock). Only a few investors (e.g., Norges Bank) report before the shareholder meeting. However, there is no systematic record of when disclosures occur. By contrast, the *where* is clearer: most institutional investors disclose their rationales on their websites, typically in the stewardship section, and often using the same platforms used to disclose their votes (e.g., Proxy Voting Dashboard by ISS, View Point by Glass Lewis).[9] Others report them in stewardship reports (e.g., State Street, see here).

[7]The Vote Reporting Group consultation in the UK makes similar recommendations. See here.

[8]Legal & General publishes some voting intentions in advance, but only for a very small subset of votes.

[9]BlackRock, for example, provides both a Global Vote Disclosure portal (available here) and publishes separate, in-depth "Vote Bulletins" for certain high-profile votes along with voting rationales, such as its votes at ExxonMobil in May 2023 (available here).

2.2. Theoretical Foundation and Empirical Predictions

Voting rationales are a tool institutional investors can use to publicly communicate their views and decision-making processes to firms, clients, and other stakeholders, including regulators and the media. One can view the disclosure of voting rationales as a form of engagement: investors investigate the issue at hand, exercise their voting authority, and choose whether or not to explain how the decision was made. As with other types of voluntary disclosure, whether investors choose to provide voting rationales depends on the perceived costs and benefits.

On the benefits side, Lewellen and Lewellen (2022) provide a clear framework for understanding institutional investors' incentives to engage (within a partial equilibrium setting). The benefits of engagement can be broken down into two components. The first is the *direct* benefit an investor receives through management fees when engagement increases a company's value. This component depends on the investor's fee rate, AUM, and the firm's weight in the portfolio. The second is the *indirect* benefit an investor receives through increased fund flows when engagement improves fund performance. This component depends on the investor's fee rate, the sensitivity of flows to performance, and the difference between the firm's weight in the investor's portfolio and its weight in the benchmark index.

On the costs side, providing voting rationales requires casting an informed vote, which comes with the costs of acquiring the necessary information (Blankespoor, deHaan, and Marinovic, 2020; Iliev et al., 2021). This cost can be substantial given the size of institutional investors' portfolios and the busy proxy season. Providing voting rationales also involves direct disclosure costs, including the labor required to draft the rationale and the costs of legal compliance review (though the platform dissemination cost is assumed low for investors already subscribing to proxy advisors). It also comes with indirect disclosure costs such as reputational costs and alienation from firm management (Cvijanović et al., 2016), and even the potential cost of creating an implicit commitment to provide similar disclosures in the future (Einhorn and Ziv, 2008). Finally, if investors use monitoring to compete for fund flows (Friedman and Mahieux,

2025), then disclosing voting rationales may create proprietary costs (Verrecchia, 1983), by revealing portfolio-specific information to competitors about which firms the investor prioritizes for governance improvement.

Taken together, the decision to provide voting rationales reflects a trade-off between the benefits of providing informative signals to firms and clients and the costs of acquiring and disclosing information. Institutional investors may adopt a policy to be a discloser or a non-discloser, which shapes incentives to invest in information acquisition. Conditional on this policy, disclosure is selective and more likely when investors possess informative signals, while silence is preferred when information is limited, costly, or when free-riding is severe.

Building on this discussion, we identify three distinct motivations for disclosing voting rationales, each aligned with a different target audience. First, institutional investors with greater *stewardship incentives* are more likely to provide voting rationales to enhance corporate governance and firm value (e.g., Demsetz and Lehn, 1985; Shleifer and Vishny, 1986; Maug, 1998). Consistent with this view, Michaely et al. (2025) show that companies receiving rationales on specific issues—such as board diversity, director busyness, or CEO duality—are more likely to experience subsequent changes in those areas. Hence, investors with the intent and ability to analyze proposals and improve firm governance can disclose voting rationales to communicate to firm management their specific concern, thereby increasing the likelihood of corrective action.

Empirically, the benefits are expected to be larger when ownership stakes are higher, as the investor retains a greater share of any increase in firm value (consistent with the direct benefits of engagement in Lewellen and Lewellen, 2022). The costs are expected to be lower for larger institutions, who benefit from economies of scale that lower the costs of acquiring and processing voting information (Blankespoor et al., 2020). By contrast, funds that delegate voting decisions to robo-voters or firm management may be uninformed about the proxy ballot (Bebchuk, Cohen, and Hirst, 2017), and thus have lower incentives to provide rationales.

Second, institutional investors may disclose voting rationales in response to *client demand*

for transparency, a pressure rooted in their fiduciary duty. Anecdotally, clients are considered an important component of the decision to disclose: *"There is growing demand from the investor community to understand the rationale for directing proxy votes cast by asset managers on behalf of their clients. We recognize the importance of this information for our clients and are supportive of voluntary disclosure."*[10] In theory, while clients expect full disclosure when disclosure is costless and verifiable (Grossman and Hart, 1980; Grossman, 1981; Milgrom, 1981), this will not happen if information is costly to acquire and therefore institutions differ in their information endowment (Dye, 1985). By voluntarily providing information (voting rationales in our context), institutions can signal their diligence to current and prospective clients, strengthen their brand reputation (Brav, Dasgupta, and Mathews, 2022; Fisch et al., 2019), and attract capital (consistent with the indirect benefits of engagement in Lewellen and Lewellen, 2022). Public disclosure thus serves not only as a stewardship action but also as a public signal of stewardship, helping institutions differentiate themselves.

A potential concern relates to disclosure verifiability, which could give rise to cheap talk: in principle, uninformed or low-effort investors might mimic informed peers by issuing rationales that do not reflect genuine voting considerations, leading to a pooling equilibrium in which all investors appear equally informed. Yet theory shows that voluntary disclosure can remain informative even in the absence of verifiability (Crawford and Sobel, 1982; Gigler, 1994; Stocken, 2000). In practice, voting rationales remain far from ubiquitous, suggesting the absence of a pooling equilibrium and that countervailing forces—such as regulatory scrutiny, reputational costs, and the threat of regulatory sanctions (e.g., Watts and Zimmerman, 1983; Karpoff, Lee, and Martin, 2008)—help sustain the credibility of disclosed rationales.

Empirically, the client demand channel predicts that institutions with stronger fiduciary duties, such as pension funds and mutual funds (Schanzenbach and Sitkoff, 2020), face greater pressure for transparency and therefore exhibit a higher propensity to provide rationales. As

[10]State Street Global Advisors, UK Vote Reporting Group Consultation and Discussion Paper (London: State Street Global Advisors, 21 September 2023), available here.

fiduciaries, these institutional investors may disclose rationales to demonstrate to clients that they are actively monitoring firms and voting in their best interests, especially in situations of heightened uncertainty about their actions, such as when voting against management or when voting against their stated objectives. By contrast, other investors, such as banks and insurance companies, experience weaker demand pressures, as they are not fiduciaries and are often not required to disclose how they voted, making them less likely to provide voting rationales.

Third, external factors, such as *formal and informal institutions*, will also alter the cost and benefits of disclosure (Coffee, 1998; Leuz and Verrecchia, 2000; Doidge, Karolyi, and Stulz, 2007; Stulz, 2022). Disclosure is more likely in settings with stronger stewardship practices, as the costs of non-disclosure are higher for institutional investors. These costs may stem from explicit regulatory requirements or from normative pressures. For example, the European Union's Shareholder Rights Directive II (SRD II) requires that asset managers provide an explanation of the most significant votes (see Directive (EU) 2017/828).

Empirically, we expect that UN PRI signatories align their practices with the principles they have endorsed, including the disclosure of voting rationales. This implies disclosing voting rationales when voting against management, when a vote may appear inconsistent with the investor's stated principles, or when opposing a shareholder proposal (PRI, 2021). Similarly, widespread disclosure among peers can generate reputational risks for those who refrain, as non-disclosure may be perceived as a deviation from established national norms and undermine an investor's legitimacy or reputation. We capture these effects by examining the adoption of investor stewardship codes within a given country.

Finally, another possible driver is peer effects, where one investor's disclosed rationale influences the voting decisions of others, thereby increasing the potential impact on firm governance. For example, Fahlenbrach et al. (2024) and Carter et al. (2025) find that investors align their votes with Norges Bank after it begins disclosing votes prior to shareholder meetings. This channel is likely less pronounced in our sample for two reasons. First, the coordination is facil-

itated by disclosure *before* the meeting. As we note in Section 2.1, nearly all institutions in our sample disclose their rationales *after* the shareholder meeting. Second, institutional investors in the U.S. are sensitive to regulatory scrutiny and seek to avoid any appearance of coordination that could trigger investigation or prosecution.[11]

3. Data and Descriptive Evidence

3.1. Data

We collect data on votes, proxy advisor and management recommendations, meeting characteristics, and proposal characteristics for meetings at publicly traded U.S. companies between July 2013 and June 2023 from Diligent. Crucially, Diligent also gathers institutional investors' voting rationales from the investors' websites (through their vote bulletins, quarterly and annual Stewardship Reports) or from voting intermediaries like Broadridge, ISS, and Glass Lewis. Voting rationales are reported at the voting-manager level (see Michaely et al., 2025). Since many institutional investors have only one voting manager (e.g., Dimensional Fund Advisors), while some have distinct voting managers (e.g., BlackRock versus BlackRock Sustainability Funds), we refer to these distinct voting managers in our data as 'institutional investor.'

We obtain financial information from Compustat and institutional investors' ownership data from LSEG (formerly Thomson Reuters), while each investor's portfolio information is obtained from the SEC Analytics Suite by WRDS, which includes SEC 13F Holdings Data.[12] Governance characteristics are collected from the ISS Governance database. We retrieve stock returns data from CRSP. Finally, we draw on business-ties data from Yi (2025), which relies on Forms 5500 filed with the Department of Labor, allowing us to identify when an investor voting on a proposal also maintains a business relationship with the firm in question, covering up to 2020. Our final sample includes 33,551,149 votes cast by 1,675 institutional investors across 30,150

[11] At the margin, persistent patterns in voting rationales may influence future proxy seasons by signaling an investor's stance on specific issues, but only to the extent that similar proposals arise again.

[12] Diligent provided the CIK necessary to merge ownership data with voting data.

meetings and 248,433 proposals.[13]

We complement the archival data with survey responses from stewardship professionals working at institutional investors in our sample. The survey was distributed to both disclosers and non-disclosers to better understand the benefits and costs associated with selection into disclosure versus non-disclosure. The survey asked institutional investors about their disclosure practices for voting rationales, including whether and when they disclose, the motivations and audiences for disclosure, the perceived effects on stewardship and client relationships, the types of clients and companies requiring disclosure, the benefits and burdens of doing so, and the main challenges associated with providing rationales. The full survey, details of its administration, and the results are presented in Internet Appendix A and Figure 2.

We contacted 202 stewardship professionals and obtained 22 responses (10.9%). Respondents are predominantly affiliated with mutual fund institutions (45%) and pension funds (23%), typically managing USD 100–500 billion in AUM and located in North America (64%) or Europe (36%). Although the sample size is nominally small, it captures a meaningful cross-section of the industry given the specialized and limited population of stewardship professionals globally. Moreover, our response rate of 10.9% is comparable to that of influential surveys in the field (e.g., Graham, Harvey, and Rajgopal, 2005, with a response rate of 10.4%).

3.2. Voting Rationales

Table 1 presents illustrative examples of voting rationales across different types of proposals. In Panel A, we provide examples of voting rationales categorized by vote direction (For/Against) and proposal type. These examples indicate that while some voting rationales relate to institutional investors' proxy voting guidelines—such as opposing a director who *"serves on more than 3 boards"* or supporting a proposal because *"Large, long-term shareholders should be able to nominate a director"*—others are more case-specific. For instance, rationales may reflect

[13]The sample size in the tests presented below varies depending on the level of data aggregation and the availability of information on key variables.

firm-specific concerns, such as voting against an auditor because *"The company has engaged the same audit firm for more than 20 years"* or supporting an environmental proposal to assess risks related to *"the use of antibiotics in its supply chain"*. This suggests that rationales often reflect a degree of governance engagement in evaluating proposals and deciding on the vote, rather than a simple, mechanical application of voting rules.

One might still question whether these rationales provide genuine, company-specific justifications or if they instead rely on generic or boilerplate language. We address this question by classifying potentially uninformative rationales using two definitions: (1) rationales that are used "too often" (those that appear with high frequency across votes) and (2) rationales that are "too short" to contain meaningful information (one or two words). We refine our boilerplate classification by manually reviewing all rationales appearing 500 times or more, as well as all one- or two-word rationales. Table 1, Panel B provides illustrative examples. For the first definition based on frequency, the most widely used rationale, *"A vote for the director nominees is warranted"* looks like boilerplate, but the second most common rationale *"A vote for the director nominees is warranted as a majority of the board comprises independent directors, the key board committees are independent and there is both gender and racial diversity on the board"* does not seem boilerplate, but rather reflects dimensions that investors consider desirable across all boards.[14] Similarly, for the second definition based on length we observe that while phrases like *"Supportive"* or *"No objections"* seem boilerplate, stating that a proposal is *"Overly prescriptive"* can be informative about proposal quality.

We provide additional evidence to shed light on whether institutional investors provide informative, company-specific rationales or rely on generic, boilerplate statements repeated for all portfolio firms. In Table 1, Panel C we present all rationales issued by BlackRock for proposals to "Adopt Majority Vote as Standard" during the 2023 proxy season. In a sample of 8 such proposals, BlackRock voted in favor 3 times and against 5 times. The rationales were

[14]Some rationales appear frequently because investors vote in many companies on similar concerns.

not uniform across these votes. For example, votes in favor were justified with rationales like, *"Supermajority vote requirement serves as an entrenchment device for management,"* while votes against received different explanations, such as, *"Company already has policies in place to address these issues"* or *"Proposal is not in shareholders best interests"*. While these statements might sound like boilerplate, its selective application is what provides information. The fact that BlackRock applied this rationale to one specific firm, while citing that another firm *"already has policies in place"* demonstrates that the specific rationale chosen for a given vote provides distinct and meaningful information, a finding echoed in Michaely et al. (2025) and Yi (2025).

3.3. Descriptive Evidence

Figure 1 shows the percentage of votes with a rationale by proxy season. Panel A shows the trend for all votes (continuous line), votes with management (dotted line), and votes against management (dashed line). We observe an increasing fraction of votes with rationales. Notably, despite the voluntary nature of this disclosure, as of 2023, 25% of votes against management had a rationale. Panel B shows that the fraction is 83% if we omit institutional investors that do not provide any rationales during the proxy season. Finally, Panel C of Figure 1 presents the proportion of votes with a rationale by institutional investor type: fund manager (continuous line), pension fund (dotted line), and other investors (dashed line). The increasing trend in disclosure is shared among all investor types, but it is most pronounced for pension funds.

Next, Table 2 presents summary statistics for the full sample and for the subsample of disclosers. Panel A details the proportion of votes with a rationale categorized by meeting type (annual, special, and proxy fight). We see that while only 3.9% of the votes at the annual meetings include a rationale (column (2)), rationales are significantly more frequent for votes against management (17.1%, column (4)) compared to votes in favor (1.9%, column (3)). Importantly, these figures are influenced by the large share of investors that never disclose. When we restrict the sample to investors that provided at least one rationale during the proxy season, 23.5% of votes at annual meetings include a rationale (column (6)), and the rate rises

to 74% for votes against management (column (8)). A similar pattern emerges across other meeting types. Interestingly, the gap in the proportion of votes with a rationale narrows in more contested meetings (special meetings and proxy fights), driven primarily by a decrease in rationales for votes against management. This pattern suggests that as the stakes of a vote increase, investors may shift their engagement strategy, substituting a voting rationale for more resource-intensive, direct engagement with the firm. Moreover, in proxy fights, voting for either side inherently reveals the rationale behind the decision, as each position (management or dissidents) explicitly conveys its stance.

Table 2, Panel B reports the proportion of votes with a rationale by proposal type. The broad patterns observed in Panel A persist: voting rationales are substantially more common for votes against management and among investors that disclosed at least once. However, Panel B highlights important heterogeneity across proposal types. Management proposals are markedly less likely to receive a rationale than shareholder proposals, consistent with the latter being more contested. However, within management proposals, we see that Say on Pay items are the most likely to be accompanied by a rationale. This pattern likely reflects the salience of Say on Pay votes (Ertimur et al., 2013), which are among the most scrutinized management proposals and therefore call for an explanation when investors choose to oppose them.

Table 2, Panel C presents summary statistics of institutional investor, meeting, and vote characteristics that we use in our multivariate analyses. The mean for *Discloser*, which identifies whether an institutional investor provides at least one rationale in a proxy season across all firms, is 10%. A quarter of investor–proxy seasons involve UN PRI signatories. ISS robo-voters and pro-management investors, both typically associated with minimal effort in voting, account for 18% and 13%, respectively. Most institutional investors in our sample are fund managers (68%), followed by pension funds (10%). Investors classified as *Other_investors* are a heterogeneous group, including banks, labor unions, and non-investment companies, among others, and in aggregate represent 23%. U.S. investors account for 71% of investor–proxy

seasons, and 61% of investors are 13F filers. We observe substantial variation in institutional investor size, proxied by the number of meetings in which they vote in a given proxy season. We restrict the sample to investor–proxy seasons where the investor voted in at least 20 meetings. However, the largest investors participate in over 20,000 meetings in a single proxy season, imposing substantial stewardship costs. Finally, the majority of investor–proxy seasons in our sample are associated with countries that have adopted investor stewardship codes (ISCs).

Our sample consists of U.S. publicly traded firms that are commonly examined in prior research. In our sample, 7.6% of investor-meetings and 4% of votes include at least one rationale. The mean investor ownership is 0.7% of shares outstanding (*Own_SO*), lower than previously documented (e.g., 1.12% in Iliev et al., 2021). This reflects the inclusion of very small institutions in our sample. The mean ownership relative to an investor's total net assets (*Own_TNA*) is 0.2%, indicating a high degree of diversification. Consistent with previous literature, we find that most votes are not contested (*Against_Mgmt* = 0.13, *Contested_10* = 0.01) and they typically align with ISS recommendations (*Against_ISS* = 0.10).

Lastly, when we compare these figures with those for investors that disclosed at least once during the proxy season, we observe that disclosers tend to be larger, more likely to be PRI signatories, and less likely to be passive voters (robo-voters or pro-management funds). They are also more often pension funds or non-U.S. institutions; they oppose management more, and follow ISS less. By contrast, the characteristics of their portfolio firms are broadly similar.

4. Results

4.1. Determinants of Disclosure: A Machine Learning Approach

To explore the factors driving disclosure, we begin with machine learning (ML) analysis. ML approaches can capture complex interactions and non-linear relationships among predictors without imposing strong assumptions on their functional form, providing insights into which variables are most influential. This contrasts with traditional econometric models, which can

struggle to identify key drivers when predictors are correlated or when relationships are not strictly linear. By starting with ML, we gain a clearer understanding of the relative importance of different predictors before examining them through conventional methods.

In our main analyses, we employ Random Forest (Breiman, 2001).[15] This method relies on ensembles of decision trees, which are built and combined to improve predictive performance. Random Forest fits 100 trees in parallel on bootstrap samples of the data and averages their predictions. We tune hyperparameters via five-fold cross-validation, repeatedly splitting the data into training and validation subsets to measure out-of-sample performance and mitigate overfitting. Unlike OLS, which typically relies on a single estimation sample, cross-validation provides a more robust assessment of predictive accuracy.

We apply the ML framework at the vote level, where the dependent variable is an indicator for whether a rationale is disclosed. We include all relevant explanatory variables that capture the potential incentives to disclose into a single model: stewardship incentives, client demand, and formal and informal institutions. This includes investor-level characteristics, firm and governance characteristics, and proposal or meeting characteristics, along with vote characteristics (see Appendix A for detailed definitions of the variables). We also include proxy season, proposal-type, investor, and firm fixed effects.

Table 3 presents our findings. We provide accuracy, precision, recall, and F1-scores, both as weighted averages and disaggregated by class (*disclosure* = 0 vs. 1). Random Forest achieves 99.7% accuracy and a weighted-average F1-score of 99.7%. Although this figure may seem unusually high, the cross-validation procedure—where each model is repeatedly evaluated on data not used for training—suggests that these models capture genuine patterns in the data rather than simply memorizing patterns. Notably, performance in the minority class (*disclosure*=1) is also strong, with an accuracy of 95.5% and F1-score of 93.8%. This indicates that the algorithm effectively identifies which votes receive a rationale despite the low frequency of

[15]In Internet Appendix B we present the results for Gradient Boosting (Friedman, 2001), implemented via XGBoost (Chen and Guestrin, 2016).

disclosures. Importantly, these results suggest that rationales are highly predictable because they typically follow a disclosure policy.

Two additional pieces of evidence corroborate this view. First, our survey results show that investors rely on internal guidelines to determine when to disclose (Questions 6 and 7 in Internet Appendix A). Second, we document high persistence in disclosure behavior: in Internet Appendix C, we show that institutional investors that do not provide rationales in year t are 98% likely to remain non-disclosers in year t+1, while disclosers are 85% likely to continue disclosing.

Turning to feature importance in column (1), investor attributes and voting against management emerge as the top predictors. *Investor_id* alone explains about 15% of the overall importance, indicating that unobserved, investor-specific characteristics or policies strongly influence the decision to provide a voting rationale. *Institution_Size* follows at 13%, reinforcing the relevance of investor characteristics,[16] while *Against_Mgmt* explains about 11%. These results indicate that investor-level characteristics and vote against management as the strongest predictors of disclosure.

Because many institutional investors opt not to provide rationales at all, it is also important to examine the disclosure decision of investors who have disclosed at least once in a proxy season (disclosers) and see what distinguishes the votes on which disclosers provide a rationale from those on which they remain silent. Columns (2)–(4) therefore, restrict the sample to disclosers only. We observe that model performance remains consistently high in this subsample. Importantly, once we exclude non-disclosers, we find that *Against_Mgmt* emerges as the most important feature.

This result is intuitive: in the full sample of disclosers and non-disclosers, investor-level policies largely explain the decision to provide rationales. However, once we control for that policy choice—by removing investors who categorically rule out disclosure for any of the cost–benefit

[16]Consistently, in Internet Appendix C we show that a model containing only investor fixed effects attains an adjusted R^2 of 41%.

reasons discussed in Section 2—the main determinant becomes how the investor voted on the proposal itself, particularly when opposing management. This pattern is consistent with stronger stewardship incentives (i.e., explaining opposition to management in order to influence corporate policies), greater client demand for transparency (i.e., clients seeking to understand the rationale behind opposition), and institutional context (i.e., formal and informal pressures promoting greater transparency).

Finally, the decision to disclose rationales may also depend on whether proposals are sponsored by management or shareholders; thus we next separately examine the patterns for management and shareholder proposals in columns (3)–(4). For management proposals in column (3), the overall performance and conclusions closely mirror those in column (2), likely because management proposals constitute most votes. In column (4), the performance for shareholder proposals declines slightly, potentially due to the smaller sample, but still exceeds 90% across the reported metrics. Even in this subsample, *Against_Mgmt* and investor-level characteristics maintain a prominent role.

4.2. Why Do Institutional Investors Disclose Voting Rationales?

Our ML findings underscore the importance of certain investor attributes in shaping the decision to provide voting rationales. However, they do not speak to the specific incentives driving investors' disclosure behavior or the conditions under which disclosure is most beneficial. That is, they remain silent about *why* and *when* investors choose to disclose. In this section, we address the first question (*why*) by examining investor-level characteristics associated with disclosure (and the consequences of initiating this policy), using linear probability models with fixed effects. Then, in Section 4.3, we turn to the second question (*when*), identifying meeting- and proposal-level circumstances that make disclosure more likely.

We begin by analyzing investors' characteristics related to the decision to disclose voting rationales, defined as providing an explanation for at least one proposal in a given proxy season. We examine variables that proxy for the three incentives we identified in the framework

outlined in Section 2.2. Variables that capture *stewardship incentives* include institution size and indicators for ISS robo-voters (those following ISS recommendations at least 99% of the time) and pro-management voters (those aligning with management recommendations at least 99% of the time). Variables that capture *client demand for transparency* are based on investor type. We distinguish between fund managers, pension funds, and other investors (omitted category). Variables that capture *formal and informal institutional norms* include country-level indicators, the presence of investor stewardship codes (ISCs), whether the investor is a UN PRI signatory, and the strength of investor protection. Appendix A provides definitions and maps each variable to its associated incentive. All specifications control for proxy season fixed effects, and some additionally account for country fixed effects.

Table 4 presents the results. We find that robo-voters and pro-management investors are 31% and 35% less likely to provide a rationale (relative to their sample means), consistent with substantially less transparency in voting for investors that devote less resources to stewardship.[17] We also find that larger institutions, which arguably have more resources for stewardship given economies of scale in collecting and processing governance-related information (Brav, Malenko, and Malenko, 2023), are more likely to communicate their voting rationales.

Consistent with client demand for transparency playing a role in the investor's decision to disclose, we find that both fund managers and pension funds are more likely to provide rationales than other investors (which are the omitted category). Similar to Figure 1, Panel C, pension funds exhibit the strongest propensity to disclose even after controlling for other determinants, aligning with our prediction that their heightened fiduciary duties increase the incentives to provide rationales (Geczy, Jeffers, Musto, and Tucker, 2015).

Client demand for transparency emerges as a major driver of disclosure also in our survey.

[17]In principle, robo-voters may either remain silent, since they delegate voting to proxy advisors and therefore are not informed voters, or simply reproduce the proxy advisor's rationale. Our survey confirms this mechanism, with respondents citing resource and time constraints as the main challenges to disclosure (Question 14 in Internet Appendix A). Consistent with this, we observe that they disclose infrequently, and when they do, their rationales mirror those of other robo voters (see also Michaely et al., 2025), suggesting that they are relying on proxy advisors' rationales.

Respondents indicate that disclosing voting rationales strengthens relationships with clients by enhancing transparency and accountability (see Panel B of Figure 2). The survey further reveals which clients value this information most: ESG-focused or socially responsible investors, public pension funds, and endowments and foundations are cited by approximately 50% or more respondents (see Question 9 in Internet Appendix A).

The last set of variables captures formal and informal institutions. First, we find that UN PRI signatories are more likely to provide voting rationales. This is consistent with the UN PRI framework, which explicitly promotes active ownership, transparency, and responsible investment practices. In this sense, disclosure reflects signatories' commitment to uphold the standards they have voluntarily endorsed, consistent with transparency driven by both formal and informal institutional pressures.[18] We also find that investors based in countries with investor stewardship codes (ISCs) are more likely to provide rationales, consistent with the idea that they follow country-specific practices. The coefficient on *Legal*, instead, is negative and significant, suggesting that investors located in countries with stronger legal environments are less likely to provide rationales, possibly due to concerns about legal retaliation (Baginski, Hassell, and Kimbrough, 2002). We also include investor's country fixed effects in column (1). While we suppress the coefficients for each country for convenience, we observe that country fixed effects are both economically and statistically significant in explaining institutional investors' disclosure of voting rationales. Most notably, investors in the UK and the Netherlands are significantly more likely to disclose rationales than those in the US.

In columns (3) and (4), we re-estimate our baseline specifications for the subsample of 13-F filers. This step is important for two reasons: it aligns our study with the broader institutional monitoring literature, which predominantly focuses on 13-F institutions, and it validates the sample used in our subsequent tests where ownership data is required. We find

[18]This result is also consistent with the view that UN PRI signatories tend to attract clients who are more ESG-oriented and may place a higher value on transparency and accountability in stewardship practices (Ceccarelli et al., 2023). As such, the positive association also reflects a response to client demand for transparency.

that the coefficients remain economically and statistically similar to those in the full sample, confirming that our findings are not driven by sample composition.

In sum, we find that the decision to disclose rationales is explained by stewardship incentives (larger investors disclose more, while robo-voters and pro-management funds disclose less), client demand (institutional investors with clear fiduciary duties, like pension and mutual funds, disclose more than others), and formal and informal institutional norms (UN PRI signatories and investors in countries with stewardship codes disclose more). These findings confirm that disclosure is a deliberate choice driven by clear economic and reputational incentives.

4.2.1. AUM Growth Following Disclosure Initiation

To further validate the economic rationale behind *why* institutions disclose rationales, we next examine whether disclosure is associated with measurable consequences. Given the voluntary nature of the practice, the decision to disclose is clearly endogenous, so rational agents should self-select into disclosure only when the expected benefits exceed the costs. In this case, disclosers should, on average, exhibit economic gains, either through higher portfolio returns (if stewardship enhances firm value) or through fund inflows (if current and prospective clients reward the increased transparency and alignment with their preferences). Both mechanisms ultimately translate into growth in AUM.

To address this question, we focus on institutional investors that became permanent disclosers during our sample period (i.e., *switchers*) and for which AUM data is available (i.e., 13F filers). We match each switcher to the three closest non-disclosers from the same country in terms of AUM in the year before the switch. For instance, T. Rowe Price started disclosing in 2020, and we match it with U.S. investors with similar AUM as of December 2019 that are non-disclosers during the whole sample period: Fidelity, Morgan Stanley, and Geode Capital Management.

In Figure 3, we report simple plots of mean AUM. Without imposing any research-design structure on the data, we observe that the trend in AUM before the switch is similar for both

groups of institutional investors (switchers and non-disclosers), but the gap widens after the switch, with switchers exhibiting a clear increase in their AUM. Results are similar for investors worldwide (Panel A) and U.S. investors only (Panel B). While this analysis is not intended to establish causality, the data indicate that initiating disclosure is associated with subsequent economic gains, offering further insight into the incentives underlying institutions' decisions to adopt this policy. We test this more formally by estimating regressions of the log of AUM around the time of the switch from non-discloser to discloser. Although the estimates are somewhat noisy due to the limited number of switching events, they are consistent with the graphical evidence: AUM is higher for switchers after the switch (Internet Appendix D).

4.3. When Do Institutional Investors Disclose Voting Rationales?

We now turn to the question of *when* institutional investors choose to disclose voting rationales. We conduct two complementary analyses: first, we examine variation in disclosure at the investor–firm–meeting level, identifying the firm and meeting attributes that make rationales more likely. Second, we zoom in on the vote level to study which specific proposals within a meeting elicit explanations. Together, these analyses shed light on how contextual factors shape investors' selective disclosure decisions.

We begin with Table 5, where the dependent variable is an indicator equal to one if the institutional investor provides rationales on at least one proposal in a given meeting, and zero otherwise.[19] We limit this analysis to disclosers, as there is no variation to analyze among investors who remain silent. Importantly, we include investor times proxy season fixed effects to exploit within-investor variation, effectively absorbing any time-varying investor characteristics that might drive disclosure.

We find that institutional investors' ownership in a given firm—measured by both portfolio weight (Own_TNA) and shares outstanding (Own_SO)—matters for the decision to provide

[19]Most firms will only have an annual meeting, but others might have special meetings and proxy fights. Hence, the dependent variable varies at the firm-meeting level rather than at the firm-year level.

voting rationales but not in a linear fashion. We observe an inverted U-shape, which suggests that investors are most likely to provide rationales for mid-sized positions. This pattern offers clear evidence of the underlying cost–benefit tradeoff associated with voting-rationale disclosure and is economically intuitive: for small holdings, stewardship incentives are limited by minimal portfolio impact, while for large holdings, investors substitute public rationales with direct engagement (Heath et al., 2024), as they yield greater net benefits and reduces the need to communicate dissent through voting rationales.

In columns (3) and (4), we include an indicator variable that captures whether the institutional investor maintains business ties with the portfolio firm. We find a positive association between business ties and the likelihood of providing voting rationales. This is consistent with stewardship incentives enabling more informed voting decisions and lowering the cost of providing a rationale. Additionally, in untabulated analyses, we find that investors with business ties are equally likely to disclose voting rationales when they support or oppose management. This pattern suggests distinct disclosure motives: when voting against management, investors may be particularly motivated to communicate their rationale to firm managers in order to clarify their position and avoid reputational damage; whereas when voting in favor of management, the positive association documented in Table 5 may reflect heightened transparency needs in situations where the media or regulators might perceive conflicts of interest.

Next, we find that the presence of a shareholder proposal and a negative recommendation from ISS are positively associated with the probability of providing a rationale. These factors likely draw greater institutional investor attention, prompting the allocation of additional resources to meetings that are typically more contested. Such settings tend to elicit stronger stewardship efforts (Brochet, Ferri, and Miller, 2021), increasing the probability of disclosure.[20]

The type of meeting can also shape institutional investors' incentives to disclose voting rationales. For instance, in proxy contests, voting for either side inherently reveals the rationale

[20]The large coefficient on the shareholder proposal (ShP) dummy might capture the fact that shareholder proposals themselves receive more rationales. We investigate variation in disclosure within the meeting below.

behind the decision, as each position (management or dissidents) explicitly conveys its stance, making additional explanation largely redundant. Consistent with this, we find that proxy contests feature fewer rationales than annual meetings. By contrast, during the busy proxy season, investors have less time to engage directly with companies. In this context, rationales can become a cost effective substitute to communicate with management, and facilitate future engagements (a result generally confirmed in our survey). This finding is particularly salient given recent evidence that governance attention declines during the busy season (Iliev et al., 2021), suggesting that voting rationales may serve an important stewardship function when resource constraints are most binding.

To gain finer insight into *when* investors choose to disclose, we examine the decision at its most granular level: within a single meeting, which specific votes prompt a rationale? Using data at the vote level, our dependent variable is an indicator equal to one if a vote includes a rationale, and zero otherwise. As in Table 5, we restrict the sample to disclosers. Importantly, we include investor times meeting fixed effects. This specification absorbs all unobserved heterogeneity at the meeting level, including time-varying investor or firm traits and the meeting environment, allowing us to isolate factors that vary *within* a meeting.

We present the results in Table 6. In column (1), we report the results for all proposals and include dummies for the type of proposal, using director elections as the omitted category: Say on Pay, other management proposals, shareholder proposals related to environmental and social issues (ES), and related to governance issues (Gov). We find that both types of shareholder proposals (ES and Gov) receive more rationales than director elections, reflecting the higher scrutiny and controversy associated with these votes.

Importantly, we find that votes against management are more likely to have a rationale in the full sample (column (1)), and this appears to be the main determinant of disclosure, increasing the probability of observing voting rationales between 36% (in shareholder proposals, column (4)) and 62% (in director elections, column (2)). This difference reflects that shareholder

proposals are unconditionally more likely to include a voting rationale even when investors support management (consistent with the UN PRI framework), whereas director elections rarely feature a rationale in such cases, as indicated by the significantly lower constant in column (2).

Votes against ISS recommendations also explain voting rationales, but only for management-sponsored proposals (the coefficient is insignificant in column (4) when considering shareholder proposals only). Finally, while the indicator for close-call proposals (*Contested_10*) is positively related to the probability of disclosure, this effect is, perhaps surprisingly, statistically significant only in the subsample of shareholder proposals. A likely explanation for this asymmetry lies in the dominant role of votes against management. For management proposals (e.g., director elections), a close-call vote is, by definition, a situation with high dissent, and its explanatory power is likely already captured by the indicator for votes against management, thus making the *Contested_10* variable largely redundant. For shareholder proposals, which typically fail, a close-call proposal has the opposite meaning: it signals unusually high shareholder support. This indicates the proposal is highly contentious and has gained significant traction, creating a two-sided debate. This heightened scrutiny pressures investors on both sides of the vote to justify their position, thus increasing the likelihood of a rationale.

Survey evidence largely confirms our empirical findings: respondents report that rationales are most likely to be disclosed when voting against management or on shareholder proposals, and none report disclosing rationales when voting against proxy advisor recommendations or in close votes (Question 6 in Internet Appendix A). Importantly, from the survey we learn that many respondents consider disclosure a key channel to demonstrate independent judgment rather than reliance on proxy advisors (Panel A of Figure 2).

Finally, while rationales typically provide useful information about the reasoning for a vote, it is important to consider whether our results might be influenced by boilerplate statements that some institutional investors occasionally use. Therefore, we repeat the Table 6 analyses, recoding boilerplate rationales as zeros (i.e, we do not consider them as rationales). In Table

7, we see that our results remain unchanged. The main change is in column (1), where we now find that Say on Pay proposals and other management proposals are more likely to have rationales relative to director elections. This is largely a feature of the sample composition: since director elections account for over 70% of all votes, they naturally capture the majority of recurring, standardized language.

Taken together, our results indicate that investors are most likely to provide rationales in controversial cases—situations marked by disagreement and uncertainty where the need to justify decisions is highest. Voting against management, voting against ISS, and (to some extent) contested votes capture these different dimensions of controversy. In these contexts, disclosure allows investors to justify their positions to clients, media, and regulators. Voting against management, in particular, may make the communication of rationales even more important as a way to improve firm governance, aligning with the stewardship incentive to disclose.

4.4. Is Disclosure of Voting Rationales Necessary?

Most institutional investors disclose their general voting policies as a way of communicating their approach to voting (Couvert, 2025). Others issue their voting positions prior to shareholder meetings (Carter et al., 2025; Fahlenbrach et al., 2024; Chiu et al., 2025), letters to CEOs (Pawliczek et al., 2021), or similar communications to convey their priorities (Aguilera et al., 2025). In light of these existing communications, a natural question arises: if investors already explain their policies, are vote-specific rationales actually needed? In what ways, if any, do rationales provide information beyond what is contained in general policies and guidance?

In this section, we answer these questions. To do so, we first examine the extent to which institutional investors' votes are predictable *in sample*. In other words, we ask whether voting patterns are internally consistent in ways that could be recognized by investors' clients, firms, or other stakeholders seeking to understand an investor's voting behavior.[21] While we do not

[21]Such consistency may arise if investors apply their stated policies rigidly (e.g., always voting against non-independent directors) or if certain investors exhibit systematic tendencies (e.g., consistently supporting management regardless of context).

directly collect voting policies or related documents, this analysis captures each investor's *de facto* policy: the systematic patterns revealed through their actual voting behavior, which can potentially capture nuances beyond their formal voting guidelines. Then, we compare each investor's actual and predicted vote, which we interpret as a deviation from the investor's *de facto* voting policy, to test whether votes that deviate from investors' (predicted) voting policies are more likely to be accompanied by a rationale.

We use ML and focus on uncontested director elections, since this setting provides a rich set of observable characteristics—such as director independence and board gender diversity—that influence investors' votes (e.g., Cai et al., 2009; Ertimur et al., 2018; Michaely et al., 2025). We run a Random Forest algorithm separately for each investor to account for potential differences in voting policies, ideologies, or preferences that may explain their voting behavior (Bolton, Li, Ravina, and Rosenthal, 2020; Bubb and Catan, 2022).[22] We include all the variables used in previous analyses, as well as director- and board-level characteristics (e.g., tenure, board gender ratio) that may influence support or opposition for a candidate.[23]

Table 8 presents the results. Accuracy is very high, 98% on average, and the median is equal to 1. Note that if an investor's voting behavior closely follows a set of rules or patterns, the accuracy of our predictions will approach 1. Conversely, if the investor's decisions appear less systematic, accuracy will be lower, approaching the level of a random guess. While accuracy is typically high, a subset of votes remains difficult to predict. Specifically, the average F1-scores for votes against are 75%, substantially lower than for votes in favor (98%). This difficulty in prediction suggests that disclosure of voting rationales can be especially useful in these instances, as rationales provide information about the motivation behind an investor's decision

[22]We provide robustness tests using Gradient Boosting in the Internet Appendix E.

[23]We exclude management recommendation and meeting type because we focus only on uncontested director election proposals in annual meetings. We also require a minimum vote threshold of 30 proposals per investor to ensure sufficient data for reliable model training. Of the 1,670 institutional investors in our sample, 652 met the data requirements for this analysis. The remaining 1,018 investors could not be processed due to the following reasons: (i) insufficient observations (859 investors) or (ii) single-class outcome (159 investors)—that is, investors exhibited only one class of voting outcomes (i.e., all vote for or all against), which prevents model training during 5-fold cross-validation.

that observable characteristics alone cannot explain.

Accordingly, in Table 9 we compare each investor's actual vote with the model's predicted vote and define *Incorrect* as an indicator equal to one when the ML model fails to predict the actual outcome. We then test whether votes that deviate from investors' predicted voting policies are more likely to be accompanied by a rationale and find that this is particularly true for votes in favor of management: while investors rarely provide rationales for votes in favor of management, the likelihood nearly doubles when such votes represent a deviation from their voting policy (see columns (1) and (2)). Results are even larger in magnitude when we exclude boilerplate rationales: in this case, incorrect votes are 2.5 times more likely to include a rationale (see columns (3) and (4)).

In cases where the vote is predicted to be against but the actual vote is in favor, the most common rationale is a cautionary vote, whereby the investor explicitly mentions concerns but ultimately supports the candidate. An example of such a rationale is: *"Under normal circumstances we would not have supported this director as we are concerned with the number of board positions they hold and we would question their ability to devote sufficient time to the role. However, we are mindful that this exceeds our guidelines by only one and we do not have further concerns regarding this director. We are supporting the re-election but we will however be keeping this under review."* By comparison, the most common rationale for votes that are both predicted and cast in favor is a *no reason* rationale, such as: *"A vote for the director nominees is warranted"* or *"The nominee merits support per policy guidelines."*

In contrast, when an investor's actual vote is against management, the likelihood of observing a rationale does not significantly change whether the vote was in line with the investor's policy or not (see columns (5)–(8) of Table 9). This is because votes against management are far more likely to be accompanied by a rationale than votes in favor, as indicated by the higher constant in columns (5)–(6) relative to (1)–(2) (70% versus 7.4%), and by our results in Table 6. Moreover, when an investor votes against management, the rationale's content is similar

regardless of the model's prediction: it almost always explains the reason for the opposition. For instance, rationales such as *"The nominee is not diverse and the board is less than 30% diverse"* appear frequently in both cases.

These results suggest that while institutional investors often follow consistent guidelines or principles, they also leave room for discretion, and they are most likely to provide explanations precisely when discretion is exercised and the marginal value of a rationale is highest. These findings are consistent with the survey evidence, which shows that some institutions disclose rationales when they deviate from their voting guidelines, and that investors view rationales as a means to improve transparency and accountability (see Questions 6 and 11 in Internet Appendix A). Taken together, the results in this section document that voting rationales provide valuable insights into the motivations behind investors' decisions: voting rationales provide a layer of nuance that neither voting policies nor binary voting records can capture, bridging the gap between the two and offering the insight necessary to fully understand the investor's decision.

5. Conclusion

This paper examines the drivers and informational content of institutional investors' voluntary disclosure of voting rationales. Combining machine learning, linear regression analyses, and survey evidence, we address three interrelated questions regarding this emerging transparency practice. First, regarding why investors disclose, we investigate whether the decision to adopt a disclosure policy is shaped by specific economic incentives—namely, stewardship motives to influence portfolio firms, client demand for transparency, and adherence to formal and informal institutional norms. Second, regarding when disclosure occurs, we examine whether the implementation of this policy is uniform or conditional on specific vote-level characteristics, such as dissent against management or heightened uncertainty. Finally, we assess whether these disclosures convey incremental information by testing if rationales help explain voting decisions that deviate from an investor's standard policy.

Our study documents a fundamental shift in shareholder voice, where proxy voting is evolving from a binary signal into a more deliberate act of engagement. By providing public justifications for their decisions, institutional investors transform the "black box" of stewardship into a more transparent mechanism for accountability. This practice is particularly relevant given the growing pressure on asset managers to align with beneficiary preferences. While recent trends toward "pass-through" voting address this pressure by transferring voting authority directly to clients, our findings identify voting rationales as an important, perhaps alternative, mechanism. By explaining their stewardship decisions, especially when deviating from standard policies, institutions can address beneficiary demands for accountability while retaining the expertise and influence of aggregated voting power. Future research could explore the dynamic between these two emerging forces: delegating the vote versus explaining the vote, and how their interaction shapes corporate governance.

Appendix A. Variable definitions

This table presents the definitions of the variables. The last three columns indicate which incentive each variable is most closely associated with: stewardship incentives (SI), client demand for transparency (CDT), or formal and informal institutions (F&II).

Variable	Definition	SI	CDT	F&II
Investor-ProxySeason level				
Institution_Size	Natural logarithm of the total number of worldwide meetings where the institutional investor cast votes in a given proxy season. Source: Diligent.	×		
Robo_Voter_ISS	Dummy equal to 1 if the investor votes with ISS 99% of the times or more, and zero otherwise. Source: Diligent.	×		
ProMgmt	Dummy equal to 1 if the investor votes with management 99% of the times or more, and zero otherwise. Source: Diligent.	×		
Pension	Dummy equal to 1 if the investor type is pension fund, and 0 otherwise. Source: Diligent.		×	
Other_investors	A dummy variable equal to 1 if the investor is neither a fund manager nor a pension fund, and 0 otherwise. Source: Diligent.		×	
PRI_Signatory	Dummy equal to 1 if the investor is a signatory at any point during the proxy season. Source: UN PRI website.		×	×
Legal	Interaction between Anti-self-dealing index and Rule of Law. Source: La Porta et al. (1998) and Djankov et al. (2008).			×
ISC	Dummy equal to 1 if the country adopts investor stewardship codes in a given proxy season, and 0 otherwise. Source: Miller et at (2024) and hand collected data.			×
Country fixed effects	A dummy variable equal to 1 for the investor's country (US, UK, Canada, Netherlands, Australia, Switzerland, Norway, Germany, France, or Rest of the World), and 0 otherwise.			×
Investor-Meeting level				
Own_TNA	Ownership of a given institutional investor in the firm, relative to assets reported in 13F file. Source: WRDS, SEC 13F Holdings Data.	×		
Own_TNA × Own_TNA	Squared of ownership of a given institutional investor in the firm, relative to assets reported in 13F file. Source: WRDS, SEC 13F Holdings Data.	×		
Own_SO	Ownership of a given institutional investor in the firm, relative to shares outstanding. Source: WRDS, SEC 13F Holdings Data.	x		
Own_SO × Own_SO	Square of ownership of a given institutional investor in the firm, relative to shares outstanding. Source: WRDS, SEC 13F Holdings Data.	×		
Business_ties (up to 2020)	Dummy equal to 1 if the firm has business ties with the institutional investor, 0 otherwise. Source: Yi (2025)	×		×
Busy	A dummy equal to 1 if the meeting takes place during the busy proxy season. Source: Diligent.	×		

(Continued)

Variable	Definition	SI	CDT	F&II
Investor-Meeting level (cont.)				
ShP	A dummy equal to 1 if the meeting has at least 1 shareholder proposal, and 0 otherwise. Source: Diligent.	×		
Contentious_ISS	A dummy equal to 1 if ISS recommends voting against management in at least 1 proposal in a given meeting, and 0 otherwise. Source: Diligent.	×		
Special	Dummy equal to 1 if the meeting is a special meeting, and 0 otherwise. Source: Diligent.	×		
ProxyContest	Dummy equal to 1 if the meeting is a proxy contest, and 0 otherwise. Source: Diligent.	×		
ln_MktCap	Natural logarithm of market capitalization as of the end of the fiscal year. Source: Compustat			
Loss	A dummy variable equal to one if net income is negative and zero otherwise. Source: Compustat			
Mkt_to_Book	Firm market value divided by common stockholder equity, at the end of the fiscal year before the annual meeting. Source: Compustat			
Dividends	Total dividends paid by the firm relative to the value of equity. Source: Compustat			
Lev	The ratio of long-term debt to total assets. Source: Compustat			
InstOwn_Perc	The percentage of shares outstanding that are held by institutional investors at the end of the fiscal year before the annual meeting. Source: Thomson Reuters.			
mean_Spread	Relative spread [(Ask-Bid)/Midpoint]/2 using end of day quotes, average across 252 days. Source: CRSP.			
E_Index_nm	An index ranging from 0 to 6, increasing by 1 for each of the following provisions the firm has: classified boards, poison pills, golden parachutes, supermajority requirements, limitations on amending bylaws, and limitations on amending the charter. Source: ISS			
E_Index_m	Dummy equal to 1 if information to compute the E Index is missing, and 0 otherwise.			
Vote level				
Against_Mgmt	Dummy equal to 1 if the investors votes against management recommendation, and 0 otherwise. Source: Diligent.	×	×	×
Against_ISS	Dummy equal to 1 if the investors votes against ISS recommendation, and 0 otherwise. Source: Diligent.	×	×	×
Contested_10	Dummy equal to 1 if the voting outcome for the proposal is between 40% and 60%, and 0 otherwise. Source: Diligent.	×	×	×
Say on Pay	Dummy equal to 1 if the proposal refers to Say on Pay, and 0 otherwise. Source: Diligent.	×	×	×
Shareholder proposal (ES)	Dummy equal to 1 if it is a shareholder proposal that is related to environmental and social issues, and 0 otherwise. Source: Diligent.	×	×	×
Shareholder proposal (Gov)	Dummy equal to 1 if it is a shareholder proposal that is related to governance issues, and 0 otherwise. Source: Diligent.	×	×	×
Other management proposals	Dummy equal to 1 if it is a management proposal that is not related to director elections or Say on Pay, and 0 otherwise. Source: Diligent.			

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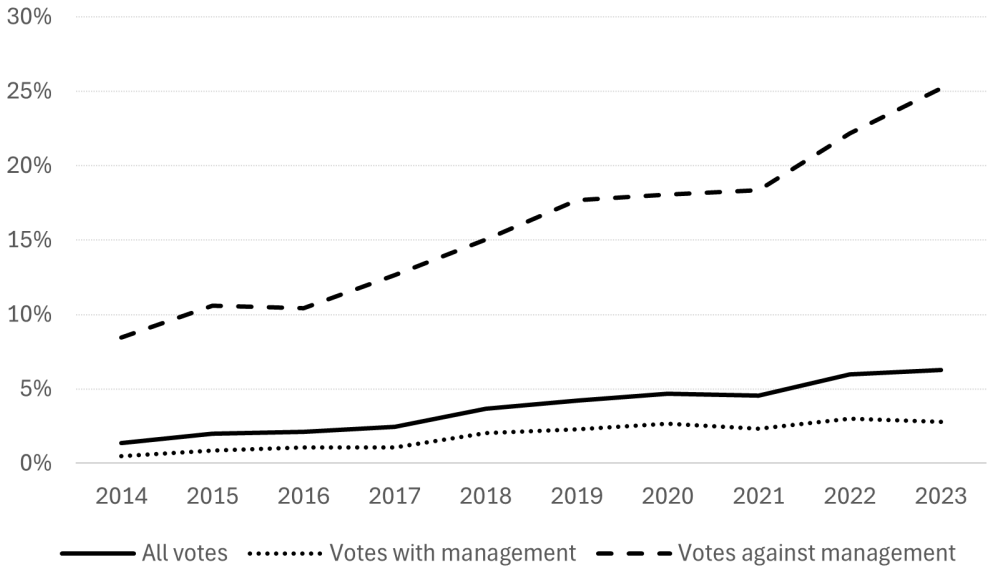
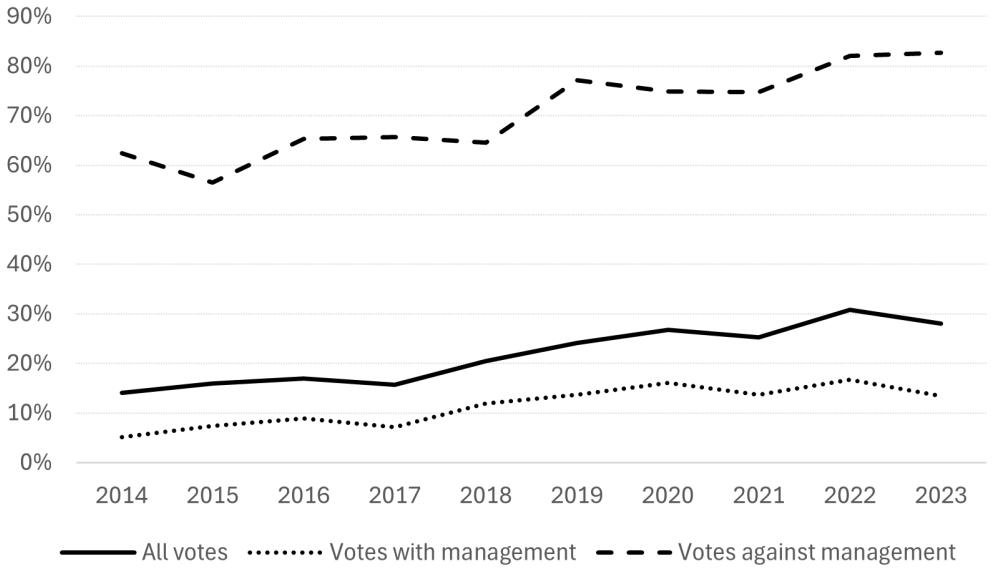
Figure 1. Yearly frequencies of voting rationale disclosure

This plot shows the proportion of votes with a rationale during the full sample period (July 2013 to June 2023). Panel A breaks down this proportion by vote type. Panel B presents similar information, but focuses exclusively on disclosers: institutional investors that disclose at least once in a given proxy season. Panel C presents the breakdown by investor type.

Panel A. Yearly frequency of voting rationale disclosure



Panel B. Yearly frequencies of voting rationale disclosure among disclosers



(*Continued*)

Panel C. Yearly frequencies of voting rationale disclosure by investor type

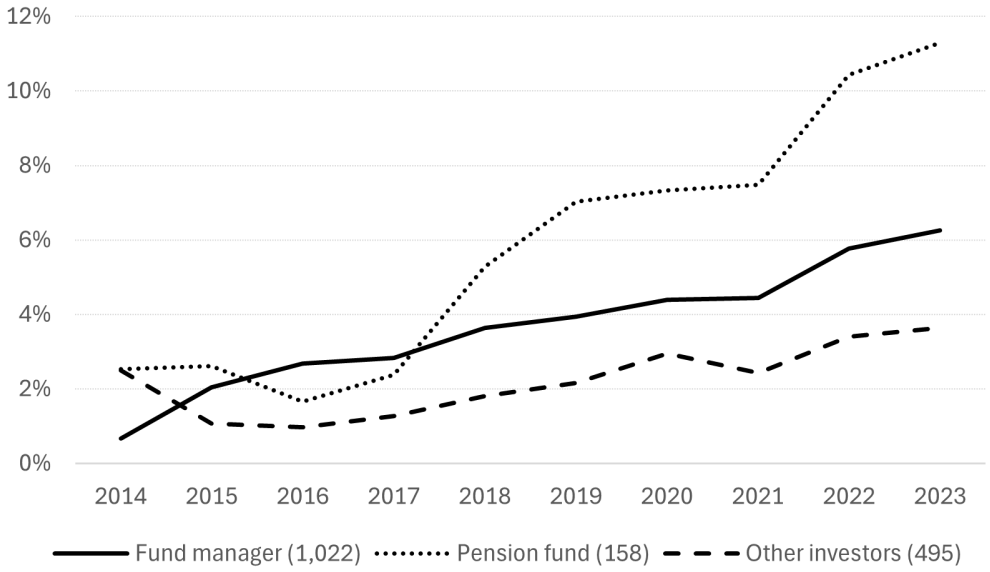
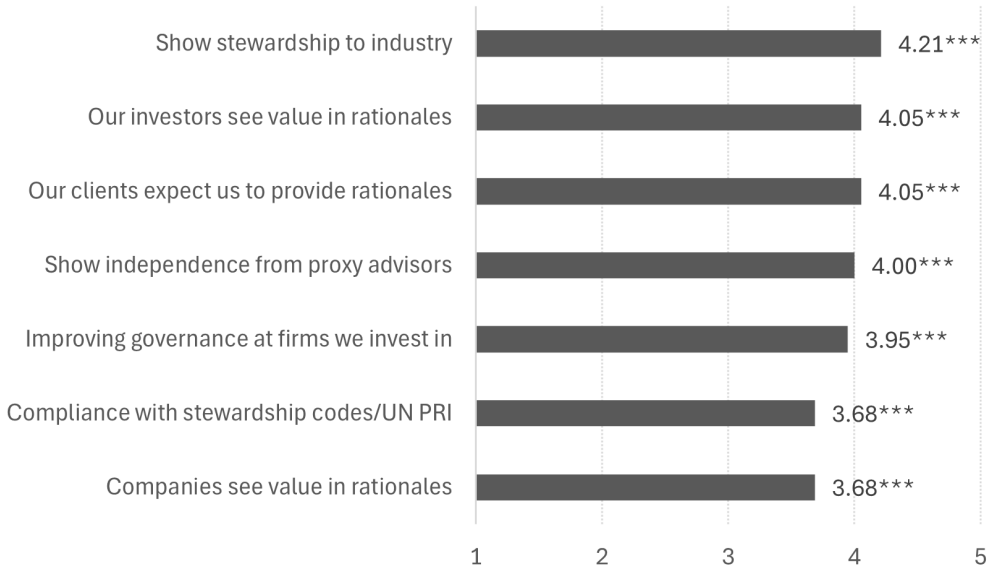


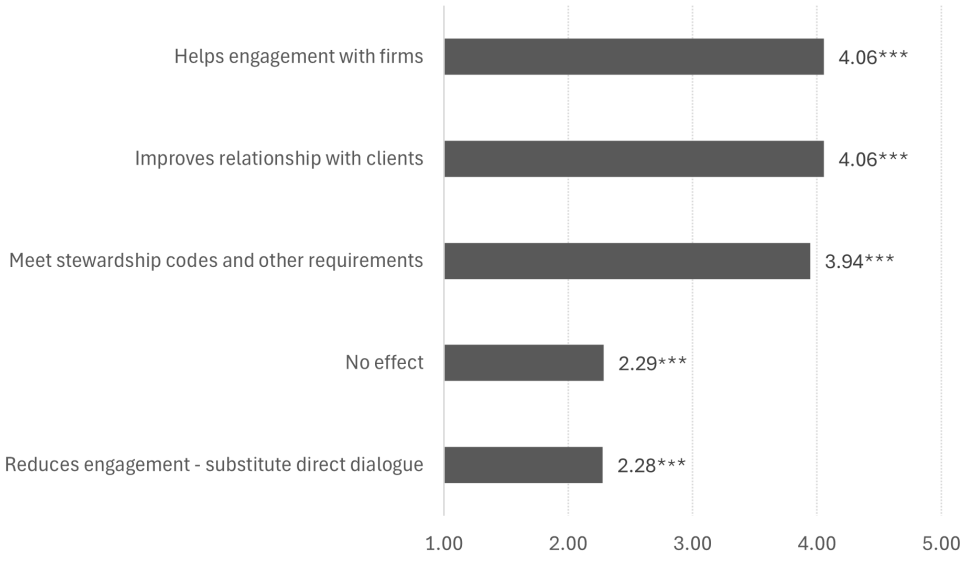
Figure 2. Evidence from the field

These figures show responses for the three main questions in the survey. We report the mean for each question and the results of a t-test of difference from 3 (neutral), where ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively. Panel A corresponds to Question 8, Panel B to Question 11, and Panel C to Question 12. See Internet Appendix A for further detail.

Panel A. Why does your institution disclose voting rationales?



Panel B. How does the practice of disclosing voting rationales affect your institution?



(*Continued*)

Panel C. How, if at all, have disclosures of rationales led to observable changes?

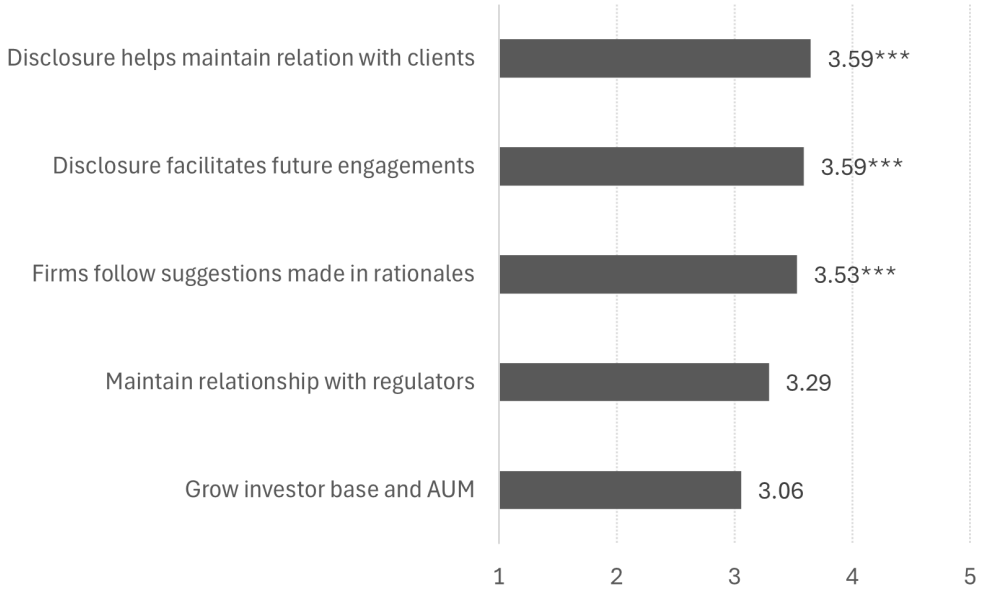
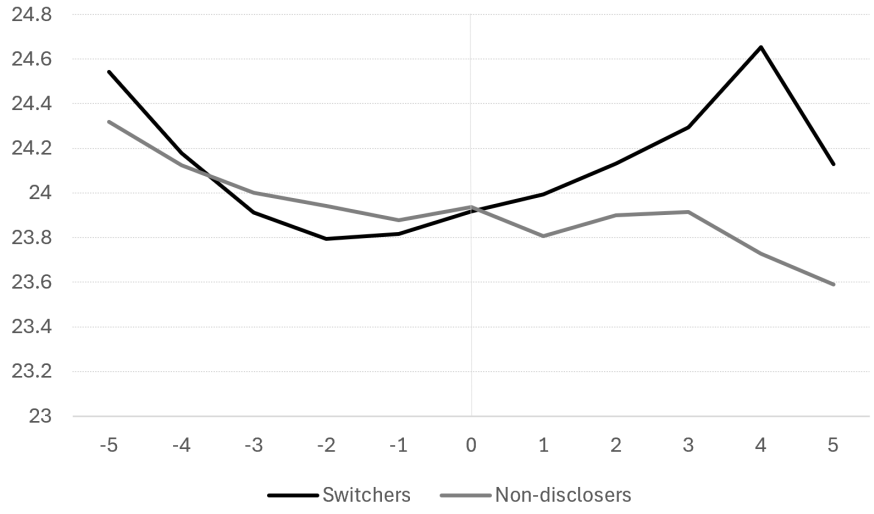


Figure 3. AUM around switching events

These figures show the log of AUM (y-axis) around the time that institutional investors become voting rationale disclosers (switchers), relative to a control group of non-disclosers from the same country with the closest AUM the year before the switch. Panel A shows the results for institutional investors worldwide, and Panel B presents the results for the subsample of U.S. investors. In total, we identify 84 unique investors that became permanent disclosers during the sample period. We exclude investors that initiated disclosure in 2023 because our sample ends shortly thereafter. We further exclude institutional investors exhibiting extreme year-to-year changes in AUM (i.e., those whose assets either double or halve from one year to the next). Such extreme changes may reflect data errors, mergers and acquisitions, or other major restructurings that are likely unrelated to the disclosure of voting rationales. After applying these restrictions, we have AUM data for 24 investors who started disclosing permanently and meet our inclusion criteria.

Panel A. All institutional investors



Panel B. US institutional investors

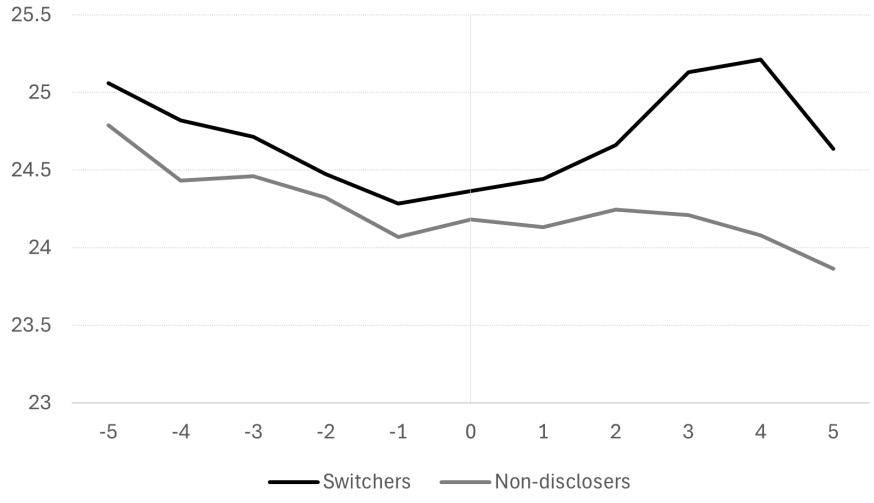


Table 1. Examples of voting rationales

This table reports examples of voting rationales provided by institutional investors, grouped by proposal type and vote direction. Rationales marked with superscript † denote votes from special meetings, and those marked with ‡ denote votes from proxy contests. All other rationales correspond to annual meetings.

Panel A. Examples of voting rationales by proposal type and vote

Vote	Examples of Voting Rationales
A.1. Management Proposals	
Director Elections	
Against	(1) Votes against if director serves on more than 3 boards. (2) The proposed candidate is considered to be a non-independent director and is becoming a member of a board that comprises less than 50 percent independent directors. The proposed candidate is considered to be a non-independent director and is becoming a member of the audit committee. These are not in line with PGGM guidelines, and PGGM will therefore oppose this resolution.
For	(1) A vote for this director nominee is warranted. (2) Support is warranted based on the candidate's experience, independence, and qualifications.‡
Say-on-pay	
Against	(1) The magnitude of CEO pay exceeds the 75th percentile of the company's peer group. (2) We voted against because we consider the overall quantum excessive.
For	A vote for this proposal is warranted, as pay and performance are reasonably aligned at this time.
Other Management Proposals	
Against	The company has engaged the same audit firm for more than 20 years. There is value for investors in gaining new perspectives on finances and controls. Companies that have had the same auditor for a long period of time should consider a plan or tender process for bringing in a new auditing firm, ideally every 10 years.
For	A vote for the proposal is warranted, given the underlying transaction warrants support.†
A.2. Shareholder Proposals	
Environmental & Social	
Against	(1) In our view, it is unclear how the requested report would improve on current practices. (2) We are not supportive of this shareholder proposal, as it is overly prescriptive.
For	A vote for this proposal is warranted, as disclosure of the requested information would enable shareholders to better assess the company's management of operational and reputational risks related to the use of antibiotics in its supply chain.
Governance	
Against	We do not believe the approval of this proposal is in the best interest of shareholders.
For	Large, long-term shareholders should be able to nominate a director.

Table 1. Examples of voting rationales (*—Continued from previous page*)

Panel B. Boilerplate rationales

Definition	Examples of Voting Rationales
Too often	Boilerplate: (1) A vote for the director nominees is warranted. (2) In the absence of further concerns, a vote for is warranted. (3) A vote for this proposal to ratify the auditor is warranted. Not boilerplate: (1) The board does not include at least one minority director after the election. (2) Is a virtual only meeting. (3) Apparent failure to link pay and appropriate performance.
Too short	Boilerplate: (1) Management decision. (2) Supportive. (3) Procedural. (4) No concern. Not boilerplate: (1) TCFD Issues. (2) Duplicative. (3) Overly prescriptive.

Panel C. BlackRock's voting rationales for adopt majority vote as standard proposals (2023)

Vote	Examples of Voting Rationales
Against	(1) The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company. (2) The company already has policies in place to address the request being made by the proposal or is already enhancing its relevant policies. (Used 2 times) (3) Company already has policies in place to address these issues. (4) Proposal is not in shareholders best interests.
For	(1) Supermajority vote requirement serves as an entrenchment device for management. (Used 2 times) (2) Proposal considered to be in the best interests of shareholders.

Table 2. Sample composition

The table reports summary statistics on the fraction of votes with rationales, sorted by meeting type (Panel A) and proposal type (Panel B). The table also presents summary statistics on firm-, meeting-, investor-, and vote-level variables used in the paper (Panel C). Columns (1)–(4) present summary statistics for the full sample, whereas columns (5)–(8) present statistics for the subsample of disclosers.

Panel A. Voting rationales by meeting type

	Votes with a rationale (full sample)				Votes with rationale (disclosers)			
	#Votes	All votes	Vote with management	Vote against management	#Votes	All votes	Vote with management	Vote against management
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Annual	33,135,063	3.92%	1.9%	17.1%	5,545,818	23.45%	12.3%	74.0%
Special	299,685	3.31%	2.1%	10.9%	51,343	19.31%	12.3%	60.5%
Proxy fights	116,401	3.97%	2.9%	9.3%	18,243	25.36%	18.8%	51.5%
Total	33,551,149				5,615,404			

Panel B. Voting rationales by proposal type

	Votes with a rationale (full sample)				Votes with rationale (disclosers)			
	#Votes	All votes	Vote with management	Vote against management	#Votes	All votes	Vote with management	Vote against management
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Mgmt. proposals	**32,229,064**	**3.69%**	**1.9%**	**17.6%**	**5,401,025**	**22.01%**	**12.0%**	**74.1%**
Director elections	24,229,463	3.43%	1.9%	16.4%	4,060,218	20.47%	11.6%	72.6%
Other mgmt. proposals	7,999,601	4.48%	2.2%	17.9%	1,340,807	26.71%	14.6%	75.5%
Say on Pay	2,943,793	5.94%	1.8%	22.9%	493,042	35.45%	13.3%	78.0%
Others	5,055,808	3.63%	2.1%	17.9%	847,765	21.62%	13.4%	76.4%
SH proposals	**1,322,085**	**9.52%**	**4.1%**	**13.9%**	**214,379**	**58.71%**	**33.7%**	**71.7%**
ES proposals	554,667	9.86%	4.3%	15.1%	91,303	59.87%	35.2%	73.5%
G proposals	767,418	9.28%	4.0%	13.1%	123,076	57.85%	32.5%	70.4%

Panel C. Summary statistics

	Full sample				Disclosers			
	N	Mean	Median	SD	N	Mean	Median	SD
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Investor–Proxy season variables								
Discloser	11,073	0.103	0.000	0.305	1,145	1.000	1.000	0.000
Institution size	11,073	5.418	5.257	1.762	1,145	6.538	6.578	1.599
PRI_Signatory	11,073	0.263	0.000	0.440	1,145	0.579	1.000	0.494
Robo_Voter_ISS	11,073	0.180	0.000	0.384	1,145	0.114	0.000	0.317
ProMgmt	11,073	0.125	0.000	0.330	1,145	0.008	0.000	0.088
Pension	11,073	0.098	0.000	0.297	1,145	0.222	0.000	0.416
Fund_manager	11,073	0.677	1.000	0.468	1,145	0.621	1.000	0.485
Other_investors	11,073	0.226	0.000	0.418	1,145	0.157	0.000	0.364
US	11,073	0.714	1.000	0.452	1,145	0.356	0.000	0.479
Filer_13F	11,073	0.611	1.000	0.488	1,145	0.560	1.000	0.497
N_Meetings	11,073	934	192	1925	1,145	1940	719	2892
Legal	10,438	6.377	6.500	1.086	1,086	5.899	6.500	1.970
ISC	11,073	0.607	1.000	0.488	1,145	0.725	1.000	0.447
Meeting level variables								
ln_MktCap	30,020	6.907	6.953	2.151	29,275	6.984	7.020	2.110
Loss	30,150	0.328	0.000	0.469	29,372	0.321	0.000	0.467
Mkt_to_Book	30,007	3.269	1.910	8.150	29,262	3.265	1.931	8.091
Dividends	29,928	0.017	0.003	0.029	29,184	0.016	0.003	0.028
Leverage	30,056	0.275	0.223	0.288	29,278	0.274	0.224	0.276
InstOwn_Perc	30,141	0.637	0.728	0.306	29,365	0.651	0.740	0.297
Contentious ISS	22,821	0.228	0.000	0.420	22,792	0.228	0.000	0.419
Busy	30,150	0.581	1.000	0.493	29,372	0.587	1.000	0.492
Special	30,150	0.058	0.000	0.233	29,372	0.055	0.000	0.229
ProxyContest	30,150	0.005	0.000	0.071	29,372	0.005	0.000	0.071
Mean_Spread	24,090	0.037	0.031	0.019	23,897	0.037	0.031	0.019
SD_Ret	24,087	0.028	0.023	0.019	23,894	0.028	0.023	0.019
E_Index	9,989	1.738	1.000	1.122	9,988	1.738	1.000	1.122
Investor-meeting variables								
Voting Rationale Disclosure	1,640,169	0.076	0.000	0.265	284,956	0.436	0.000	0.496
Own_SO	1,639,294	0.007	0.001	0.015	284,806	0.012	0.002	0.023
Own_TNA	1,640,169	0.002	0.000	0.006	284,956	0.001	0.000	0.004
ln_dollar_value	1,638,684	15.650	15.635	2.402	284,684	16.091	16.066	2.551
Business_ties	1,127,859	0.001	0.000	0.025	165,475	0.001	0.000	0.023
Vote level variables								
Voting Rationale Disclosure	33,551,149	0.040	0.000	0.190	5,615,404	0.230	0.000	0.420
Against_Mgmt	33,526,597	0.130	0.000	0.340	5,610,918	0.180	0.000	0.380
Against_ISS	32,823,569	0.100	0.000	0.300	5,473,607	0.150	0.000	0.350
Contested_10	33,462,778	0.010	0.000	0.110	5,598,157	0.010	0.000	0.110

Table 3. Machine-learning analysis of voting rationales: Random Forest

This table reports classification performance and feature importance estimates for a Random Forest model. The explanatory variables include investor characteristics (*Institution_Size*, *ProMgmt*, *Pension*, *Fund_manager*, *PRI_Signatory*, *Legal*, *ISC*, *Country*, *Robo_Voter_ISS*), firm and governance characteristics (*ln_MktCap*, *Loss*, *Mkt_to_Book*, *Dividends*, *Lev*, *InstOwn_Perc*, *mean_Spread*, *CEO_tenure*, ownership-related variables (*Own_TNA*, *Own_SO*, meeting/proposal characteristics (*Busy*, *ShP*, *Contentious_ISS*, *Special*, *ProxyContest*, *Contested_10*), and vote-level features (*Against_Mgmt*, *Against_ISS*), as well as proxy season, proposal-type, investor, and firm fixed effects. See Appendix A for detailed definitions of the variables. We performed a 5-fold cross-validation to evaluate the performance of each model. In addition to accuracy, we report precision, recall, and F1-scores as weighted averages across the classes, and also broken down by class (disclosure = 0 vs.1). Column (1) reflects the full sample, including disclosers and non-disclosers; Columns (2)–(4) narrow the focus to investors that provide rationales at least once in a proxy season, further distinguishing management proposals (column (3)) and shareholder proposals (column (4)).

Sample:	All	Disclosers Only		
Sponsor:	All	All	Management	Shareholders
	(1)	(2)	(3)	(4)
A. Model Performance				
Accuracy	0.997	0.981	0.983	0.931
Weighted Average				
Precision	0.997	0.981	0.983	0.931
Recall	0.997	0.981	0.983	0.931
F1-score	0.997	0.981	0.983	0.931
Support	13,998,147	2,435,024	2,343,560	92,798
By Class: 0				
Precision	0.998	0.986	0.987	0.931
Recall	0.999	0.991	0.993	0.917
F1-score	0.998	0.989	0.990	0.925
Support	13,610,950	2,047,827	2,006,360	42,228
By Class: 1				
Precision	0.955	0.953	0.956	0.931
Recall	0.921	0.926	0.924	0.943
F1-score	0.938	0.939	0.939	0.937
Support	387,197	387,197	337,200	50,570
B. Top Features				
	Investor_id (0.15)	Against_Mgmt (0.26)	Against_Mgmt (0.26)	Institution_Size (0.14)
	Institution_Size (0.13)	Against_ISS (0.12)	Against_ISS (0.15)	Investor_id (0.12)
	Against_Mgmt (0.11)	Institution_Size (0.08)	Institution_Size (0.08)	Against_Mgmt (0.12)
	Legal (0.07)	Investor_id (0.07)	Investor_id (0.07)	Own_SO (0.08)
	Country (0.07)	Proposal_type (0.06)	Own_SO (0.05)	ProxySeason (0.08)

Table 4. Why do institutional investors provide voting rationales?

This table presents linear probability model regressions examining the likelihood that an investor provides at least one voting rationale in a given proxy season. Columns (1)–(2) present the regressions for the full sample, and columns (3)–(4) for 13-F filers. The dependent variable is a binary indicator capturing whether the investor explains at least one vote in a given proxy season. The explanatory variables proxy for stewardship-related motives (e.g., *Institution_Size*, *Robo_Voter_ISS*, *ProMgmt*), client demand for transparency (e.g., investor type), and formal or informal institutional factors (e.g., *PRI_Signatory*, *Legal*, *ISC*). See Appendix A for detailed definitions of the variables. All specifications include proxy-season fixed effects. Investor's country fixed effects appear in columns (1) and (3). t-statistics are shown in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively.

Dep. Variable:	*Discloser*			
Sample:	All Institutions		13-F filers	
	(1)	(2)	(3)	(4)
Institution_Size	0.018***	0.020***	0.020***	0.028***
	(4.988)	(4.798)	(3.978)	(4.820)
Robo_Voter_ISS	-0.032***	-0.034***	-0.033**	-0.037**
	(-2.655)	(-2.632)	(-2.068)	(-2.257)
ProMgmt	-0.036***	-0.045***	-0.031***	-0.033***
	(-5.108)	(-5.748)	(-3.510)	(-3.430)
Pension	0.093***	0.118***	0.165**	0.142**
	(2.593)	(3.674)	(2.458)	(2.167)
Fund_manager	0.067***	0.049***	0.073***	0.049***
	(4.565)	(3.321)	(4.127)	(3.041)
PRI_Signatory	0.081***	0.121***	0.057***	0.101***
	(4.745)	(6.335)	(2.826)	(4.476)
Legal		-0.029***		-0.028
		(-2.758)		(-1.381)
ISC		0.061**		0.136***
		(2.197)		(3.326)
Observations	11,073	10,438	6,763	6,704
Adjusted R^2	0.158	0.111	0.212	0.124
Proxy Season FE	Y	Y	Y	Y
Investor's Country FE	Y	N	Y	N

Table 5. When do institutional investors provide voting rationales? Meeting-level analysis

This table presents linear probability model regressions examining whether an institutional investor provides at least one voting rationale (*Rationale_if*) for a given portfolio firm's proxy meeting. The sample is restricted to institutions that disclose at least once. Columns (3)–(4) add a dummy for business ties (*Business_ties*). See Appendix A for detailed definitions of the variables. Each specification includes Investor × Proxy Season fixed effects, thus capturing only within-investor variation for a given proxy season. t-statistics appear in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively.

Dep. Variable:	*Voting Rationale Disclosure*			
	(1)	(2)	(3)	(4)
Firm-investor variables				
Own_TNA	3.696**		5.600**	
	(2.021)		(2.121)	
Own_TNA x Own_TNA	-34.125*		-39.628*	
	(-1.778)		(-1.743)	
Own_SO		3.526**		6.706**
		(2.008)		(2.591)
Own_SO x Own_SO		-40.154**		-68.506**
		(-2.160)		(-2.542)
Business_ties (up to 2020)			0.264***	0.243***
			(4.863)	(4.635)
Meeting characteristics				
ShP	0.192***	0.193***	0.178***	0.180***
	(6.089)	(6.155)	(5.105)	(5.189)
Contentious_ISS	0.073***	0.072***	0.068***	0.067***
	(4.476)	(4.526)	(3.818)	(3.788)
Special	-0.035	-0.036	-0.023	-0.029
	(-0.680)	(-0.700)	(-0.297)	(-0.385)
ProxyContest	-0.117***	-0.115***	-0.097***	-0.092***
	(-4.877)	(-4.752)	(-3.760)	(-3.469)
Busy	0.011**	0.011**	0.013**	0.013*
	(2.198)	(2.136)	(2.032)	(1.909)
Firm-level controls				
ln_MktCap	0.011***	0.014***	0.013**	0.019***
	(3.606)	(4.996)	(2.496)	(4.066)
Loss	0.017**	0.017**	0.018*	0.018**
	(2.422)	(2.426)	(1.928)	(1.988)
Mkt_to_Book	-0.000**	-0.000**	-0.000*	-0.000*
	(-2.281)	(-2.187)	(-1.881)	(-1.978)
Dividends	-0.015	0.001	0.006	0.016
	(-0.240)	(0.012)	(0.064)	(0.173)
Lev	0.003	0.003	0.002	0.002
	(0.555)	(0.523)	(0.255)	(0.216)
InstOwn_Perc	-0.045***	-0.050***	-0.007	-0.027*
	(-4.024)	(-4.214)	(-0.485)	(-1.703)
mean_Spread	0.444**	0.510**	0.657***	0.847***
	(2.217)	(2.597)	(3.073)	(3.884)
E_Index_nm	-0.008***	-0.008***	-0.006**	-0.007***
	(-2.867)	(-3.126)	(-2.551)	(-2.877)
E_Index_m	-0.019**	-0.022**	-0.014**	-0.018**
	(-2.414)	(-2.416)	(-2.075)	(-2.269)
Observations	236,920	236,825	137,232	137,184
Adjusted R^2	0.545	0.545	0.514	0.517
Investor × Proxy Season FE	Y	Y	Y	Y

Table 6. When do institutional investors provide voting rationales? Vote-level analysis

This table reports linear probability model regressions at the vote level (proposal–investor observations) for institutions that disclose at least once in a given proxy season. The dependent variable is a dummy equal to 1 if a vote includes a rationale and 0 otherwise. Columns (1)–(4) differ by the type of proposal examined: all proposals, director elections only, other management proposals, and shareholder proposals. In column (1), the director election is the omitted category. See Appendix A for detailed definitions of the variables. All columns include Investor × Meeting fixed effects to absorb all unobserved heterogeneity at the investor–meeting level. t-statistics appear in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively.

Dep. Variable:	*Voting Rationale Disclosure*			
	(1)	(2)	(3)	(4)
Against_Mgmt	0.562***	0.619***	0.587***	0.353***
	(14.132)	(13.474)	(14.244)	(7.888)
Against_ISS	0.124***	0.100***	0.071***	-0.004
	(7.883)	(4.226)	(4.170)	(-0.247)
Contested_10	0.001	0.009	0.009	0.023***
	(0.056)	(0.570)	(0.567)	(2.665)
Say on Pay	-0.009			
	(-0.497)			
Other management proposals	-0.004			
	(-0.186)			
Shareholder proposal (ES)	0.110***			
	(3.276)			
Shareholder proposal (Gov)	0.086***			
	(2.637)			
Constant	0.058***	0.057***	0.055***	0.321***
	(7.478)	(11.143)	(6.417)	(11.689)
Observations	2,698,877	1,923,244	584,112	61,870
Adjusted R^2	0.703	0.826	0.728	0.737
Proposal	All	Director elections	Other mgmt proposals	Shareholder proposals
Investor × Meeting FE	Y	Y	Y	Y

Table 7. Vote-level analysis excluding boilerplate rationales

This table reports linear probability model regressions at the vote level (proposal–investor observations) for institutions that disclose at least once in a given proxy season. The dependent variable is a dummy equal to 1 if a vote includes a rationale and 0 otherwise. Rationales classified as boilerplate are recoded to 0. Columns (1)–(4) differ by the type of proposal examined: all proposals, director elections only, other management proposals, and shareholder proposals. In column (1), the director election is the omitted category. See Appendix A for detailed definitions of the variables. All columns include Investor × Meeting fixed effects to absorb all unobserved heterogeneity at the investor–meeting level. t-statistics appear in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively.

Dep. Variable:	*Voting Rationale Disclosure*			
	(1)	(2)	(3)	(4)
Against_Mgmt	0.560***	0.618***	0.567***	0.352***
	(14.495)	(13.491)	(14.218)	(7.872)
Against_ISS	0.117***	0.099***	0.075***	-0.003
	(8.011)	(4.218)	(4.465)	(-0.232)
Contested_10	-0.004	0.009	0.004	0.023***
	(-0.278)	(0.554)	(0.249)	(2.738)
Say on Pay	0.023***			
	(2.929)			
Other management proposals	0.025**			
	(2.316)			
Shareholder proposal (ES)	0.147***			
	(5.009)			
Shareholder proposal (Gov)	0.128***			
	(4.516)			
Constant	0.023***	0.020***	0.053***	0.320***
	(3.670)	(3.895)	(6.367)	(11.684)
Observations	2,698,877	1,923,244	584,112	61,870
Adjusted R^2	0.697	0.767	0.708	0.737
Proposal	All	Director elections	Other mgmt proposals	Shareholder proposals
Investor × Meeting FE	Y	Y	Y	Y

Table 8. Machine-learning analysis of directors election vote: Random Forest

This table reports classification performance for 652 institutional investors using Random Forest. The explanatory variables include those included in the previous table plus additional board, director, and CEO characteristics (*Dir_Indep*, *Dir_busy*, *Dir_tenure*, *CEO*, *AvTenure*, *Per_Independent*, *AvBusy*, *CEO_Duality*, *Per_female*, *AC_Chair*, *NC_Chair*, *CC_Chair*, *AC_Member*, *NC_Member*, *CC_Member*, *Board_Chair*, *LED*, *Female*, *Director_Age*, *CEO_tenure*, *ab_comp*). We performed a 5-fold cross-validation to evaluate the performance of each model. In addition to accuracy, we report precision, recall, and F1-scores as weighted averages across the classes, and also broken down by class (vote = 0 (against) vs. 1 (for)).

	Mean	SD	Min	P25	Median	P75	Max
Accuracy	0.98	0.03	0.79	0.99	1.00	1.00	1.00
Weighted average							
Precision	0.98	0.03	0.79	0.98	1.00	1.00	1.00
Recall	0.98	0.03	0.79	0.99	1.00	1.00	1.00
F1-score	0.98	0.03	0.77	0.98	1.00	1.00	1.00
Support	5,838	9,284	28	666	1,769	5,629	39,863
By Class: 0							
Precision	0.82	0.3	0.00	0.8	0.93	1.00	1.00
Recall	0.72	0.33	0.00	0.57	0.84	0.99	1.00
F1-score	0.75	0.31	0.00	0.67	0.87	0.98	1.00
Support	398	1,183	0.00	12	49	217	15,436
By Class: 1							
Precision	0.99	0.03	0.74	0.99	1.00	1.00	1.00
Recall	0.99	0.02	0.86	0.99	1.00	1.00	1.00
F1-score	0.99	0.02	0.82	0.99	1.00	1.00	1.00
Support	5,439	8,662	20	625	1,659	5,321	38,999

Table 9. Is disclosure of voting rationales necessary?

This table reports linear probability model regressions examining the likelihood that an institutional investor provides a voting rationale when the vote is incorrectly predicted by the algorithm (Random Forest). The dependent variable is an indicator equal to one if the vote is accompanied by a rationale, and zero otherwise. Columns (1) to (4) present the results when the actual vote is for, and columns (5) to (8) show the results when the actual vote is against. Columns (1), (2), (5) and (6) consider all rationales, while columns (3), (4), (7) and (8) exclude boilerplate rationales. Columns (1), (3), (5), and (7) include Investor × Proxy Season fixed effects. Columns (2), (4), (6), and (8) include Investor × Meeting fixed effects. t-statistics are shown in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively.

	Voting Rationale Disclosure							
	Votes For				Votes Against			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Incorrect	0.070*	0.060**	0.072**	0.060**	0.014	-0.003	0.013	-0.013
	(1.963)	(2.183)	(2.020)	(2.173)	(1.604)	(-1.474)	(1.176)	(-1.161)
Constant	0.075***	0.074***	0.022***	0.022***	0.704***	0.710***	0.692***	0.696***
	(159.979)	(218.081)	(47.353)	(62.489)	(332.479)	(1,777.689)	(268.791)	(336.254)
Observations	544,150	536,819	544,150	536,819	58,275	44,929	58,275	44,929
Adjusted R-squared	0.543	0.922	0.330	0.751	0.635	0.956	0.598	0.925
Boilerplate included?	Y	Y	N	N	Y	Y	N	N
Investor × Proxy Season FE	Y	N	Y	N	Y	N	Y	N
Investor × Meeting FE	N	Y	N	Y	N	Y	N	Y

Internet Appendix

Transparency in Voting: Institutional Investors' Disclosure of Voting Rationales

This internet appendix presents additional results to accompany the paper "Transparency in Voting: Institutional Investors' Disclosure of Voting Rationales" by Daniele Macciocchi, Roni Michaely, Silvina Rubio, and Irene Yi.

A. Survey Evidence

We conducted a survey between December 2025 and January 2026 to elicit institutional investors' views on the disclosure of voting rationales. The objective of the survey was to complement our archival analysis by gaining insight into investors' internal practices, motivations, and perceived costs and benefits associated with voting rationale disclosure.

The target population consisted of professionals involved in stewardship, governance, or proxy voting activities at the institutional investors included in our sample. We sorted investors by size, proxied by the number of votes cast in 2023, the final year of our sample period, and searched for email addresses for the largest 200 investors and a sample of smaller investors. For each institution, we obtained the most relevant contact email from Diligent; when this information was unavailable, we conducted a targeted search of the institution's website. In addition, we obtained contact details for some institutions from Rezonanz. This process yielded a total of 202 emails. This approach was designed to ensure that survey invitations were directed to individuals with direct responsibility for, or expertise in, voting and engagement decisions.

We sent email invitations describing the purpose of the study, emphasizing the academic

nature of the research, and assuring respondents that their answers would be treated confidentially and reported only in aggregate form. The survey was administered online. To increase participation, we sent up to three reminder emails during the survey period. Participation was voluntary, and no monetary incentives were offered.

The survey questions and the distribution of responses are reported below. For questions eliciting agreement levels, we use a 5-point scale where 1 corresponds to Strongly Disagree (SD) and 5 corresponds to Strongly Agree (SA). Respondents who do not disclose voting rationales (answer to Question 5 is *Never* or Don't know) were not shown Questions 6 to 12, as these questions pertain to the practices of disclosing investors.

Question 1: Which best describes your role?

	N	%
Stewardship/proxy voting team member	13	59
ESG/sustainability specialist	7	32
Portfolio manager	1	5
Other (please specify)	1	5
Total	22	

Question 2: What type of institution do you work for?

	N	%
Mutual fund	10	45
Pension fund	5	23
Sovereign wealth fund	1	5
Other (please specify)	6	27
Total	22	

Question 3: Approximate total assets under management (AUM) of your institution:

	N	%
More than $500 billion	4	19
$100-500 billion	12	57
$10-100 billion	3	14
Less than $10 billion	2	10
Total	21	

Question 4: Region of headquarters:

	N	%
North America	14	64
Europe	8	36
Asia-Pacific	0	0
Other	0	0
Total	22	

Question 5: Does your institution disclose voting rationales? How often?

	N	%
Always	7	32
Sometimes	13	59
Never	2	9
Don't know	0	0
Total	22	

Question 6: When does your institution disclose rationales? (you can choose more than one answer)

	N	%
For all votes as a standard policy	6	30
When voting against management	7	35
When deviating from the Institution's stated proxy voting policies	3	15
When voting on shareholder proposals	7	35
Other (please specify)	6	30
When deviating from proxy advisor recommendations	1	5
For close votes (i.e., votes that end near the approval threshold)	0	0
Total respondents	20	

Question 7: To what extent do you agree with the following statements (1 = SD, 5 = SA)

Statement	N	Mean	SD	t-test
Once an institution begins disclosing voting rationales, it effectively commits to continuing the practice on every ballot and every proxy season.	19	3.05	1.13	0.20
Once an institution begins disclosing voting rationales, it effectively commits to continuing the practice on all ballots that require clarification.	19	3.16	1.01	0.68
Once an institution begins disclosing voting rationales, it does not commit to continuing the practice; it will only disclose rationales occasionally, when specific circumstances requiring transparency arise.	19	2.79	0.85	-1.07
We disclose on somewhat important (but not critical) issues to avoid time-consuming conversations, allowing firms to read our rationale instead.	19	2.79	1.03	-0.89
We disclose on critical issues and, when needed, also communicate verbally or in person—these are not substitutes.	19	3.63	1.07	2.58

Question 8: Why does your institution disclose voting rationales? (1 = SD, 5 = SA)

Statement	N	Mean	SD	t-test
Improving corporate governance practices at the firms we invest in.	19	3.95	0.91	4.53
Our clients expect us to provide rationales.	19	4.05	0.62	7.39
Our investors see value in understanding why we vote the way we vote which we do through the rationales.	19	4.05	0.78	5.88
Our portfolio companies see value in understanding why we vote the way we vote which we do through the rationales.	19	3.68	0.89	3.37
To comply with specific rules (e.g., stewardship codes) or with broader guidelines, such as the UN Principles for Responsible Investment.	19	3.68	0.95	3.15
To demonstrate to others in the industry that we take stewardship seriously.	19	4.21	0.71	3.15
To show that our voting decisions are based on our own independent judgment rather than on proxy advisors.	19	4.00	0.75	5.85

Question 9: Which kind of clients are most likely to request or expect disclosure of voting rationales from your institution? (you can choose more than one answer)

	N	%
ESG-focused or socially responsible investors	14	74
Public pension funds	13	68
Endowments and foundations	9	47
Corporate pension plans	5	26
Sovereign wealth funds	4	21
Retail investors	1	5
Total respondents	19	

Question 10: Which types of companies are most likely to request or expect disclosure of voting rationales from your institution? (Select all that apply)

	N	%
Companies with which we have business relationships.	3	16
Companies with which we have no direct communication.	3	16
Companies where we vote against management's recommendation.	15	79
Companies in which we hold a small ownership stake.	4	21
Other (please specify)	4	21
Total respondents	19	

Question 11: How does the practice of disclosing voting rationales affect your institution? (1 = SD, 5 = SA)

Statement	N	Mean	SD	t-test
Disclosing voting rationales helps our engagement with firm management because it makes our expectations clearer.	18	4.06	0.8	5.58
Disclosing voting rationales reduces our engagement with firm management because firms rely on the public rationale instead of direct dialogue.	18	2.28	0.89	-3.42
Disclosing voting rationales improves our relationship with our investors by increasing transparency and accountability.	18	4.06	0.73	6.17
Disclosing voting rationales helps us meet stewardship codes and other official requirements.	18	3.94	0.80	4.99
No effect.	14	2.29	0.73	-3.68

Question 12: How, if at all, have disclosures of rationales led to observable changes? (1 = SD, 5 = SA)

Statement	N	Mean	SD	t-test
Firms are more likely to adjust their practices after receiving voting rationales, and these adjustments typically follow the suggestions made in the rationales.	17	3.53	0.62	3.50
Disclosure of voting rationales has helped us maintain a strong relationship with our clients.	17	3.65	0.79	3.39
Disclosure of voting rationales has helped us grow our investor base and assets under management.	17	3.06	0.75	0.32
Disclosure of voting rationales has made future engagement with portfolio firms easier.	17	3.59	0.80	3.05
Disclosure of voting rationales has helped us maintain a strong relationship with regulators and policy makers.	17	3.29	0.85	1.43

Question 13: Overall, do you view disclosure of voting rationales as more of a benefit or a burden to your institution?

	N	%
More benefit than burden	9	45
Clear benefit	4	20
Neutral	4	20
More burden than benefit	3	15
Clear burden	0	0
Total	20	

Question 14: What do you consider the main challenges to providing voting rationales? (Select all that apply)

	N	%
Resource and time constraints	15	75
Risk of reputational damage or negative publicity	14	70
Legal risks	8	40
Limited client interest	7	35
Risk of harming relationships with company management	5	25
Risk of creating implicit commitment to future disclosure	3	15
Other (please specify)	1	5
Total respondents	20	

B. Machine-learning analysis of voting rationale disclosure: XGBoost

In this section, we present robustness tests of the results in Section 4.1. Specifically, we use an alternative machine learning method, Gradient Boosting implemented via XGBoost, to predict whether votes have a rationale. XGBoost builds 100 trees sequentially, with each iteration correcting the residual errors of the previous one. We tune hyperparameters via five-fold cross-validation, repeatedly splitting the data into training and validation subsets to measure out-of-sample performance and mitigate overfitting.

Table IA.1. Machine-learning analysis of voting rationales: XGBoost

This table reports classification performance and feature importance estimates for a Gradient Boosting model, implemented via XGBoost. The explanatory variables include investor characteristics (*Institution_Size*, *ProMgmt*, *Pension*, *Fund_manager*, *PRI_Signatory*, *Legal*, *ISC*, *Country*, *Robo_Voter_ISS*), firm and governance characteristics (*ln_MktCap*, *Loss*, *Mkt_to_Book*, *Dividends*, *Lev*, *InstOwn_Perc*, *mean_Spread*, *CEO_tenure*, ownership-related variables (*Own_TNA*, *Own_SO*, meeting/proposal characteristics (*Busy*, *ShP*, *Contentious_ISS*, *Special*, *ProxyContest*, *Contested_10*), and vote-level features (*Against_Mgmt*, *Against_ISS*), as well as proxy season, proposal-type, investor, and firm fixed effects. See Appendix A for detailed definitions of the variables. We performed a 5-fold cross-validation to evaluate the performance of each model. In addition to accuracy, we report precision, recall, and F1-scores as weighted averages across the classes, and also broken down by class (disclosure = 0 vs.1). Column (1) reflects the full sample, including disclosers and non-disclosers; Columns (2)–(4) narrow the focus to investors that provide rationales at least once in a proxy season, further distinguishing management proposals (column (3)) and shareholder proposals (column (4)).

Sample:	All	Disclosers Only		
Sponsor:	All	All	Management	Shareholders
	(1)	(2)	(3)	(4)
A. Model Performance				
Accuracy	0.993	0.963	0.966	0.911
Weighted Average				
Precision	0.993	0.962	0.965	0.911
Recall	0.993	0.963	0.966	0.911
F1-score	0.993	0.963	0.965	0.910
Support	13,998,147	2,435,024	2,343,560	92,798
By Class: 0				
Precision	0.995	0.972	0.974	0.919
Recall	0.998	0.985	0.987	0.881
F1-score	0.996	0.978	0.980	0.900
Support	13,610,950	2,047,827	2,063,360	42,228
By Class: 1				
Precision	0.912	0.914	0.917	0.904
Recall	0.819	0.848	0.840	0.935
F1-score	0.863	0.880	0.877	0.919
Support	387,197	387,197	337,200	50,570
B. Top Features				
	Against_Mgmt (0.34)	Against_Mgmt (0.45)	Against_Mgmt (0.46)	Against_Mgmt (0.33)
	Against_ISS (0.16)	Robo_Voter_ISS (0.15)	Robo_Voter_ISS (0.18)	Investor_id (0.14)
	Investor_id (0.11)	Against_ISS (0.10)	Against_ISS (0.10)	Country (0.08)
	Country (0.06)	ShP (0.05)	Investor_id (0.05)	Pension (0.06)
	Pension (0.04)	Investor_id (0.05)	Contentious_ISS (0.03)	ProxySeason (0.05)

C. Which Factors Drive Transparency in Voting?

We quantify how much of the observed variation in voting rationale disclosure can be attributed to investors, firms, meetings, or proposals characteristics. Following the seminal work of Bertrand and Schoar (2003), we regress an indicator for the decision to disclose at the vote level on investor, firm, meeting, and proposal fixed effects.[1]

Table IA.2 presents the results. Panel A shows the results when including one group of fixed effects at a time, while Panel B incrementally adds fixed effects from left to right. We find that institutional investor fixed effects are the primary driver of the decision to provide voting rationales, explaining about 41% of the variation in disclosure. Proposal fixed effects are the second most important determinant, explaining only 2% of the variation.

These findings reflect the voluntary nature of disclosure, with some investors choosing corner solutions (never disclose), while others choose intermediate selective policies: in our sample, only 18% of the investors provide information at some point during our sample period. The predominance of investors who never communicate rationales may then understate the importance of firm-, meeting-, and proposal-level characteristics in the previous regressions. To better understand which factors drive disclosure among those who do publicly communicate rationales, we re-run the above specifications focusing on the subsample of investors that provide rationales at least once during the sample period (i.e., disclosers).

The results are presented in Panels C and D: Panel C includes one set of fixed effects at a time, while Panel D adds them incrementally. In Panel C, we show that investor fixed effects remain the most important determinant of disclosure (adjusted R^2=0.35), indicating significant variation in disclosure behavior even among disclosers. However, the explanatory power of all other fixed effects increases in this subsample, most notably for proposal fixed effects (adjusted $R^2 = 0.10$). This could reflect factors such as the contestedness of the proposal. We examine

[1]To account for the increasing trend in disclosure over time, we also include controls for the proxy season; however, this coefficient is not central to our analysis.

this in detail in Section 4.3.

An additional important consideration is the persistency of disclosure over time. To shed light on this, we present the transition matrix in Table IA.3. In Panel A, we present the results at the investor-proxy season level. We find that institutional investors that do not provide any rationales in year t are 98% likely to remain non-disclosers in year t+1, while disclosers are 85% likely to remain disclosers. These results are consistent with disclosure being in part an institution-level policy rather than only a choice made for each vote.

We further investigate the stickiness of disclosure by the same institutional investor over time for the same firm. Results are similar, but persistency is slightly lower for disclosers (78% vs. 85%). Interestingly, an investor that provides a voting rationale for a given firm in a proxy season is 22% likely not to provide a rationale in t+1. This pattern may reflect investors stopping to provide rationales once the firm has taken action to address their concerns—a behavior consistent with prior work (e.g., Aggarwal, Dahiya, and Prabhala, 2019; Ertimur, Ferri, and Muslu, 2011; Michaely et al., 2025)—or the fact that the same proposal might not be repeated every year at a given firm.

Table IA.2. Fixed effects

This table presents results from fixed effects regressions. The fixed effects included are Proxy Season, Investor, Firm, Meeting, and Proposal. Panels A and C report results from models that include one set of fixed effects at a time, while Panels B and D add fixed effects incrementally from left to right. Panels A and B show results for all investors, whereas Panels C and D restrict the sample to disclosers only.

Panel A. Vote-level regressions including one group of fixed effects each time (all investors)

Dep. Variable:	*Voting Rationale Disclosure*				
	Proxy Season	Investor	Firm	Meeting	Proposal
Adjusted R^2	0.0067	0.4052	0.0037	0.0114	0.0183
# FE	10	1,674	4,734	29,858	245,458
Obs	33,548,173				

Panel B. Vote-level regressions incrementally adding fixed effects (all investors)

Dep. Variable:	*Voting Rationale Disclosure*				
	Proxy Season	Investor	Firm	Meeting	Proposal
Adjusted R^2	0.0067	0.4081	0.4101	0.4117	0.421
# FE	10	1,674	4,734	29,858	245,458
Obs	33,548,173				

Panel C. Vote-level regressions including one group of fixed effects each time (disclosers only)

Dep. Variable:	*Voting Rationale Disclosure*				
	Proxy Season	Investor	Firm	Meeting	Proposal
Adjusted R^2	0.0155	0.3495	0.0192	0.0429	0.0971
# FE	10	298	4,550	27,759	231,155
Obs	5,604,265				

Panel D. Vote-level regressions incrementally adding fixed effects (disclosers only)

Dep. Variable:	*Voting Rationale Disclosure*				
	Proxy Season	Investor	Firm	Meeting	Proposal
Adjusted R^2	0.0155	0.3539	0.3676	0.3761	0.4425
# FE	10	298	4,550	27,759	231,155
Obs	5,604,265				

Table IA.3. Transition matrix

This table presents evidence on the stickiness of voting rationale disclosure. Panel A reports the probability that an institutional investor preserves or changes category (discloser or non-discloser) in the following period. Panel B reports the probability that an institutional investor voting in a given firm preserves or changes category (discloser or non-discloser) in the following period. Rows indicate institutional investor classification at any period t, and columns indicate the classification at period t+1, with the intersection cell reporting the associated probability. The final row in each panel shows the overall, or unconditional, distribution of disclosure statuses in period $t + 1$.

Panel A. Investor-Proxy season level

		t+1		
		0	1	
t	0	97.52	2.48	100
	1	15.39	84.61	100
		89.18	10.82	100

Panel B. Investor-Firm-Proxy season level

		t+1		
		0	1	
t	0	96.75	3.25	100
	1	21.75	78.25	100
		90.48	9.52	100

D. Asset growth following disclosure initiation

In this section, we test whether AUM are higher after investors switch from non-disclosers to disclosers by estimating the following specification:

$$ln\_AUM_{i,t+1} = \beta_0 + \beta_1 Post_{it} \times Switchers_i + \beta_2 Post_{it} + \beta_3 Switchers_i + \varepsilon_{i,t+1} \quad (1)$$

where $ln\_AUM_{i,t+1}$ is the natural logarithm of the assets under management reported in 13F filings. Specifically, we calculate AUM by multiplying the number of shares reported by the corresponding stock price from CRSP to obtain the position value, and then summing across all holdings for a given investor-year (as of December).[2] $Switchers_i$ is a dummy equal to one if the institutional investor permanently switched from non-discloser to discloser during our sample period, and each switcher is matched to three control investors with the closest AUM pre-switch, located in the same region. $Post_{it}$ is a dummy equal to one after the switcher permanently switched to become a discloser (and same for the matched sample). We consider different windows around the switch: [-2,2], [-3,3], and [-4,4].[3] Finally, we partition the sample based on whether the switch occurs before or after 2019, and estimate the specification separately for early and late adopters. This allows us to test whether the post-switch change in AUM is larger for early switchers, consistent with a first-mover advantage or declining marginal benefits as disclosure becomes more widespread.

[2]While 13F filers also report position values directly, there are inconsistencies over time for the same investor, which create jumps in reported AUM that are not due to actual asset changes but to data entry errors. For instance, effective January 3, 2023, position values had to be reported in dollars rather than thousands. However, many institutional investors continued reporting values in thousands for several quarters, and some appear not to have made this change at all. While our approach might underestimate overall assets (e.g., some stocks do not match with CRSP), we believe it is less prone to errors.

[3]Standard errors are clustered by proxy season or by investor, depending on the specification.

Table IA.4. AUM around switching events

This table shows changes in AUM around the time that institutional investors become voting rationale disclosers (switchers), relative to a control group of non-disclosers from the same country with the closest AUM the year before the switch. Panel A shows the results for investors worldwide, and Panel B presents the results for the subsample of US investors. Column (1), (2) and (3) present the results of a ±2, ±3 and ±4 years around the switch, respectively, with standard errors clustered at the proxy season level. Column (4) presents the results for the ±4 window, clustering standard errors at the investor level. In columns (5) and (6) we split the sample for early-switchers (those that started disclosing before 2019) and late switchers (started disclosing from 2019), clustering standard errors at the investor level. All columns include proxy season fixed effects. t-statistics appear in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively.

Panel A. All institutional investors

Dep. Variable:	*ln_AUM*					
	(1)	(2)	(3)	(4)	(5)	(6)
Post × Switchers	0.202	0.250	0.320**	0.320	0.893***	-0.112
	(0.721)	(1.181)	(2.265)	(1.543)	(2.890)	(-0.500)
Post	-0.648*	-0.968***	-1.109***	-1.109***	-0.118	-0.296
	(-2.113)	(-4.297)	(-6.683)	(-3.363)	(-0.206)	(-0.593)
Switchers	-0.008	-0.036	-0.020	-0.020	-0.480	0.267
	(-0.046)	(-0.299)	(-0.227)	(-0.038)	(-0.865)	(0.377)
Observations	381	515	623	623	256	367
Adjusted R^2	0.129	0.114	0.102	0.102	-0.025	-0.008
Window	[-2,2]	[-3,3]	[-4,4]	[-4,4]	[-4,4]	[-4,4]
Cluster SE	Proxy Season	Proxy Season	Proxy Season	Investor	Investor	Investor
Year Switch	All	All	All	All	Before 2019	After 2019

Panel B. US institutional investors

Dep. Variable:	*ln_AUM*					
	(1)	(2)	(3)	(4)	(5)	(6)
Post × Switchers	0.193	0.282**	0.320*	0.320	0.676*	0.059
	(1.557)	(2.406)	(1.884)	(1.078)	(1.808)	(0.220)
Post	-0.688	-1.213***	-1.455***	-1.455***	-0.151	-0.493
	(-1.251)	(-3.155)	(-4.925)	(-3.193)	(-0.228)	(-0.624)
Switchers	0.195***	0.209***	0.238***	0.238	0.173	0.259
	(3.545)	(4.664)	(8.333)	(0.304)	(0.254)	(0.225)
Observations	225	302	365	365	162	203
Adjusted R^2	0.206	0.185	0.177	0.177	-0.044	0.005
Window	[-2,2]	[-3,3]	[-4,4]	[-4,4]	[-4,4]	[-4,4]
Cluster SE	Proxy Season	Proxy Season	Proxy Season	Investor	Investor	Investor
Year Switch	All	All	All	All	Before 2019	After 2019

E. Robustness to: Is Disclosure of Voting Rationales Necessary?

In this section, we use an alternative machine learning method, Gradient Boosting implemented via XGBoost, to predict institutional investors votes (Table IA.5) and to evaluate whether the actual vote deviates from the expected ones (Table IA.6).

Table IA.5. Machine-learning analysis of directors election vote: Robustness using XGBoost

This table reports classification performance for 652 institutional investors using Gradient Boosting implemented via XGBoost. The explanatory variables include those included in the previous table plus additional board, director, and CEO characteristics (*Dir_Indep*, *Dir_busy*, *Dir_tenure*, *CEO*, *AvTenure*, *Per_Independent*, *AvBusy*, *CEO_Duality*, *Per_female*, *AC_Chair*, *NC_Chair*, *CC_Chair*, *AC_Member*, *NC_Member*, *CC_Member*, *Board_Chair*, *LED*, *Female*, *Director_Age*, *CEO_tenure*, *ab_comp*). We performed a 5-fold cross-validation to evaluate the performance of each model. In addition to accuracy, we report precision, recall, and F1-scores as weighted averages across the classes, and also broken down by class (vote = 0 (against) vs. 1 (for)).

	Mean	SD	Min	P25	Median	P75	Max
Accuracy	0.99	0.03	0.80	0.99	1.00	1.00	1.00
Weighted average							
Precision	0.98	0.03	0.80	0.98	1.00	1.00	1.00
Recall	0.99	0.03	0.80	0.99	1.00	1.00	1.00
F1-score	0.98	0.03	0.78	0.98	1.00	1.00	1.00
Support	5,838	9,284	28	666	1,769	5,629	39,863
By Class: 0							
Precision	0.80	0.32	0.00	0.81	0.93	1.00	1.00
Recall	0.71	0.34	0.00	0.55	0.85	0.99	1.00
F1-score	0.74	0.33	0.00	0.67	0.88	0.98	1.00
Support	398	1,183	0.00	12	49	217	15,436
By Class: 1							
Precision	0.99	0.02	0.76	0.99	1.00	1.00	1.00
Recall	0.99	0.01	0.89	0.99	1.00	1.00	1.00
F1-score	0.99	0.02	0.83	0.99	1.00	1.00	1.00
Support	5,439	8,662	20	625	1,659	5,321	38,999

Table IA.6. Is disclosure of voting rationales necessary?: Robustness using XGBoost

This table reports linear probability model regressions examining the likelihood that an institutional investor provides a voting rationale when the vote is incorrectly predicted by the model (XGBoost). The dependent variable is an indicator equal to one if the vote is accompanied by a rationale, and zero otherwise. Columns (1) to (4) present the results when the actual vote is for, and columns (5) to (8) show the results when the actual vote is against. Columns (1), (2), (5) and (6) consider all rationales, while columns (3), (4), (7) and (8) exclude boilerplate rationales. Columns (1), (3), (5), and (7) include Investor × Proxy Season fixed effects. Columns (2), (4), (6), and (8) include Investor × Meeting fixed effects. t-statistics are shown in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively.

	Voting Rationale Disclosure							
	Votes For				Votes Against			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Incorrect	0.066*	0.055**	0.068*	0.055**	0.012	-0.004**	0.011	-0.014
	(1.905)	(2.253)	(1.971)	(2.238)	(1.012)	(-2.038)	(0.821)	(-1.384)
Constant	0.075***	0.075***	0.022***	0.022***	0.705***	0.711***	0.692***	0.696***
	(188.327)	(284.208)	(55.939)	(81.502)	(259.236)	(2,026.320)	(225.471)	(428.038)
Observations	544,150	536,819	544,150	536,819	58,275	44,929	58,275	44,929
Boilerplate included?	Y	Y	N	N	Y	Y	N	N
Investor × Proxy Season FE	Y	N	Y	N	Y	N	Y	N
Investor × Meeting FE	N	Y	N	Y	N	Y	N	Y

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