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Proxies for Politics

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ECGI Working Paper Series in Law

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Abstract

The shareholder proposal process is being reconsidered. Critics argue that the process has been captured by a small group of activist proponents at the expense of shareholder value. Regulators have implemented various reforms, and further changes may follow. Defenders of proposals, for their part, have characterized these reforms as attacks on shareholder rights. To help inform the path forward, we offer a textured picture of how the shareholder proposal process works in practice. We focus on shareholder proposals requesting disclosure of corporate political activity – proposals that have drawn consistent shareholder support but have been the subject of limited study. Our research methodology combines empirical analysis and qualitative methods to offer new insights into the shareholder proposal process, including the nature of the proponents, the role of governance entrepreneurs, the targeting of issuers and the consequences of the proposal process, including the substantial role of proposals that are settled and withdrawn. Our bottom line is that political disclosure proposals reflect a multi-year initiative involving a diverse array of investors, often working in tandem, and that they target issuers for varying but plausibly rational reasons. While these actors often frame their rationale in terms of material financial risk, our analysis suggests that multiple motives are at play. Although we cannot demonstrate causation, the consistent use of political disclosure proposals during the period of our study is correlated with increased political transparency by issuers. The normative implications of our findings are unclear. Current empirical research fails to establish a relationship between political transparency and economic value. At the same time, our study demonstrates that, at least with respect to political disclosure, shareholder proposals seem to be effective in changing issuer behavior. Our findings offer important insights about the role of these proposals in the corporate governance landscape.

Keywords: shareholder rights, shareholder voting process, corporate law, corporate governance, governance entrepreneurs, corporate political activity, shareholder proposal rule, firms, Securities and Exchange Commission, SEC

JEL Classifications: D22, K20, K22, K23, L22

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PROXIES FOR POLITICS

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Dec. 9, 2025 draft

ABSTRACT

The shareholder proposal process is being reconsidered. Critics argue that the process has been captured by a small group of activist proponents at the expense of shareholder value. Regulators have implemented various reforms, and further changes may follow. Defenders of proposals, for their part, have characterized these reforms as attacks on shareholder rights.

To help inform the path forward, we offer a textured picture of how the shareholder proposal process works in practice. We focus on shareholder proposals requesting disclosure of corporate political activity – proposals that have drawn consistent shareholder support but have been the subject of limited study. Our research methodology combines empirical analysis and qualitative methods to offer new insights into the shareholder proposal process, including the nature of the proponents, the role of governance entrepreneurs, the targeting of issuers and the consequences of the proposal process, including the substantial role of proposals that are settled and withdrawn.

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The normative implications of our findings are unclear. Current empirical research fails to establish a relationship between political transparency and economic value. At the same time, our study demonstrates that, at least with respect to political disclosure, shareholder proposals seem to be effective in changing issuer behavior. Our findings offer important insights about the role of these proposals in the corporate governance landscape.

INTRODUCTION

The shareholder proposal process is currently being reconsidered. [1] In 2024, Exxon sued two of its shareholders for submitting a proposal that, according to Exxon, was "in service of special interests that are not shared with other shareholders." [2] Critics maintain that corporations are forced to expend substantial resources fighting shareholder proposals that are not economically relevant. [3]

These concerns have led the Securities and Exchange Commission (SEC) to curtail the use of shareholder proposals. In 2020, the SEC heightened the criteria that a shareholder must meet to submit a proposal and increased the level of support a proposal must receive to be eligible for inclusion at a future meeting. [4] In 2025, the SEC staff revised its guidance on when an issuer may properly exclude a shareholder proposal, rescinding an approach that had focused on the social policy implications of the proposal in favor of an analysis that focuses on firm-specific economic materiality. [5] In a public speech on October 9, 2025, [6] SEC Chairman Paul Atkins noted the existence of a debate about whether precatory shareholder proposals are a proper subject under Delaware state law. [7] If they are not, he noted, it would follow that issuers are free to exclude these proposals under the federal securities laws. [8]

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[1] Shareholder proposals are governed by Rule 14a-8 of the federal proxy rules, 17 C.F.R. § 240.14a-8. See Part IA, infra (describing the rule).

[2] Complaint, Exxon Mobil Corp. v. Arjuna Cap., LLC, No. 4:24-cv-00069-O (N.D. Tex. Jan. 21, 2024), at 14, ¶¶ 57-58.

[3] See, e.g., House Press Release, https://financialservices.house.gov/news/documentsingle.aspx?DocumentID=410866. The SEC has stated that an issuer may spend up to $150,000 to respond to a shareholder proposal. Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8, Exchange Act Release No. 34-89964, 85 FR 70240 (Sept. 23, 2020), https://www.sec.gov/files/rules/final/2020/34-89964.pdf.

[4] Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8, Sec, Exch. Rel. No. 89964, Sept. 23, 2020, https://www.sec.gov/files/rules/final/2020/34-89964.pdf.

[5] SEC Staff Legal Bulletin No. 14M, Division of Corporate Finance (Feb. 12, 2025), https://www.sec.gov/about/shareholder-proposals-staff-legal-bulletin-no-14m-cf?.

[6] SEC Chairman Paul S. Atkins, Keynote Address at the John L. Weinberg Center for Corporate Governance's 25th Anniversary Gala, Oct. 9, 2025, https://www.sec.gov/newsroom/speeches-statements/atkins-10092025-keynote-address-john-l-weinberg-center-corporate-governances-25th-anniversary-gala.

[7] Chairman Atkins cited a forthcoming law review article by a law firm partner, Kyle Pinder, The Non-Binding Bind: Reframing Precatory Stockholder Proposals under Delaware Law, 15 Mich. Bus. & Entrepreneurial L. Rev. __ (forthcoming), available at https://papers.ssrn.com/sol3/Delivery.cfm/5418534.pdf?abstractid=5418534&mirid=1&type=2, as authority for this proposition.

[8] Atkins, supra note 6 ("Pulling all of this together, if there is no fundamental right under Delaware law for a company's shareholders to vote on precatory proposals—and the

The SEC has signaled that further reforms to the shareholder proposal rule as under consideration by including "Shareholder Proposal Modernization" as a new item on its 2025 rulemaking agenda.[9] In addition, in the summer of 2025, Texas, in its effort to compete with Delaware in attracting incorporations, adopted legislation that allows nationally listed corporations incorporated in Texas to limit the submission of proposals to shareholders who own at least $1 million in market value or 3% of the company's outstanding shares.[10]

Evaluating the impact of initiatives that could pare back the use of shareholder proposals requires a better understanding of the shareholder proposal ecosystem. Using a research methodology that combines empirical analysis and qualitative methods, we offer new insights into the shareholder proposal process. We focus our analysis on a discrete topic – shareholder proposals asking corporations to disclose their attempts to influence the political process through political expenditures and lobbying, and proposals seeking information on the extent to which those efforts align with the corporation's publicly stated positions. We refer to these collectively as *political disclosure proposals*.

There are four reasons for our choice. First, political transparency is among the most frequent subject targeted by shareholder proposals. As one commentator explains, "Over the past decade, shareholder proposals focused on political activity transparency have consistently ranked the highest in volume among proposals submitted at U.S. companies, outpacing all other environmental and social categories, including those related to climate change and human capital management."[11] Second, political disclosure proposals have received consistently substantial levels of support

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company has not created that right through its governing documents—then one could make an argument that a precatory shareholder proposal submitted to a Delaware company is excludable under paragraph (i)(1) of Rule 14a-8. If a company makes this argument and seeks the SEC staff's views, and the company obtains an opinion of counsel that the proposal is not a 'proper subject' for shareholder action under Delaware law, this argument should prevail, at least for that company. I have high confidence that the SEC staff will honor this position.").

[9] See Securities and Exchange Commission Agency Rule List – Spring 2025, available at https://www.reginfo.gov/public/do/eAgendaMain?operation=OPERATION_GET_AGENCY_RULE_LIST&currentPub=true&agencyCode=&showStage=active&agencyCd=3235.

[10] Texas Senate Bill 1057, available at https://legiscan.com/TX/text/SB1057/2025. SEC Chair Atkins expressed his view that corporations opting into the Texas law could validly exclude proposals that did not meet this ownership threshold. Atkins, supra note 6.

[11] Subodh Mishra, *Corporate Political Activity Disclosures: A Continued Priority for Investors and Companies*, Harv. L. Sch. For. on Corp. Gov., Nov. 12, 2024, https://corpgov.law.harvard.edu/2024/11/12/corporate-political-activity-disclosures-a-continued-priority-for-investors-and-companies/.

despite apparently lacking both the economic significance of votes on mergers and proxy contests and the political salience of votes on climate change and diversity. As such, they present a puzzle for many of the debates around the shareholder proposal process.

Third, political disclosure proposals respond directly to the Supreme Court's observation in *Citizens United*[12] that, although Congress could not prohibit corporations from making political expenditures, shareholders could use the tools of corporate governance to address corporate political expenditures with which they disagreed.[13] The Court's observation depends, in part, on the extent to which shareholders can do so through the proposal process. Finally, despite their prominence in the proxy ecosystem, political disclosure proposals have received limited academic attention.[14]

Our analysis is aided by the fact that the disclosures that are the subject of these proposals are relatively objective and transparent. In contrast to the challenges posed by evaluating the results of shareholder proposals on many other issues,[15] it is relatively straightforward to evaluate a corporation's disclosure of its political activity and to determine the extent to which a corporation has responded to a shareholder request for greater transparency.

Our empirical analysis is based on data on all political disclosure proposals submitted over the nine-year period from 2014 to 2023.[16] We collect

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[12] Citizens United v. FEC, 558 U.S. 310 (2009).

[13] Id. at 370 (explaining that shareholder objections to corporate political expenditures can be "raised through the procedures of corporate democracy").

[14] Cf. Geeyoung Min & Hye Young You, *Active Firms and Active Shareholders: Corporate Political Activity and Shareholder Proposals*, 48 J. Legal Stud. 81 (2019) (reporting that politically active shareholders are more likely to submit proposals and that differences between the political preferences of firms and their shareholders are associated with the submission of shareholder proposals on environmental and social issues); Bobo Zhang & Zhou Zhang. *Shining light on corporate political spending: Evidence from shareholder engagements*, 70 Int'l J. L. & Econ. 1 (2022) (reporting that proposals target firms that have a corporate political action committee and that what they define as successful engagements are correlated with improvements in the targeted firms' scores on the CPA-Zicklin index and higher stock prices); Reilly S. Steel, *Corporate Political Spending and the Size Effect*, 118 COLUM. L. REV. ONLINE 1 (2017) (finding that that the collective action problem faced by proponents of political disclosure proposals is larger in larger firms).

[15] See Jill E. Fisch & Adriana Z. Robertson, *Shareholder Proposals and the Debate over Sustainability Disclosure* in BOARD-SHAREHOLDER DIALOGUE: POLICY DEBATE, LEGAL CONSTRAINTS AND BEST PRACTICES (Cambridge Univ. Press 2024) (reporting mixed results based on ad hoc review of impact of shareholder proposals requesting diversity and climate-related disclosures).

[16] The regulation of political disclosure proposals, the nature of corporate political engagement and its efficacy all continue to evolve under the Trump Administration. See, e.g., Eric Petry, *Uncovering Conflicts of Interest and Self-Dealing in the Executive Branch*, Expert Brief, Brennan Center for Justice, Feb. 19, 2025,

proposals submitted and outcomes, including the identity of the proponents as well as voting results, withdrawn and omitted proposals. In addition to quantitative information, we collect and analyze the full text of the proposals and supporting statements, as well as management's response. We supplement this with issuer-specific information to explore the factors that influence both the introduction of a proposal and the outcome.[17]

We refined and supplemented our empirical analysis through a series of unstructured conversations with participants in the proxy voting process.[18] These participants included representatives of issuers, large asset managers, public pension funds, hedge funds, faith investors,[19] and researchers. We also spoke to both liberal and conservative groups and to retail investors who sponsor shareholder proposals, as well as intermediaries and policy entrepreneurs who assist investors in targeting issuers, submitting proposals and engaging with management. These conversations provided novel insights into the dynamics of political disclosure proposals and helped us to understand the process. We focused in particular on identifying relevant factors that investors consider in connection with their decisions both to introduce a proposal and how to vote on it as well as the relationship of proposals to informal engagement between investors and issuers.

Throughout our empirical analysis, our goal is to let the data speak for themselves. To that end, we eschew complex analyses with batteries of controls. To be sure, these analyses have their place, and we present a few regressions where we think that they clarify more than they obscure. But wherever possible, we stick to descriptive statistics and simple averages.

Our analysis further highlights the significant impact of one policy entrepreneur, the Center for Political Accountability (CPA), which we describe in further detail below.[20] The CPA both maintains the highly influential Zicklin index, which measures several components of issuer political transparency and assists investors in navigating one category of

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https://www.brennancenter.org/our-work/research-reports/uncovering-conflicts-interest-and-self-dealing-executive-branch (characterizing 2024 Trump Administration's relationship with corporate donors as distinctively transactional). Our study examines the time period before these developments.

[17] In separate work we draw upon the same data to focus on voted-on proposals and analyze more deeply the voting behavior of different types of institutional investors. See Jill Fisch & Adriana Z. Robertson, *Disclosure Divides: Institutional Votes on Political Spending Transparency* (working paper).

[18] We spoke to thirty participants during a period from April 2024 to July 2025.

[19] We use the term faith investors as developed by Amelia Miazad in her pathbreaking work*, Faith Investors*, __ Minn. L. Rev. __ (forthcoming 2025).

[20] See infra notes 101 through 108 and accompanying text.

political disclosure proposals.[21] We find that CPA-associated proposals target companies with weaker disclosure and that companies appear to increase their disclosures after they are targeted. We also identify key differences between proponents who work with the CPA and those that do not. The latter group appears less focused on the CPA index and is, instead, more likely to target issuers with high levels of political giving.

Finally, we analyze participants' stated rationales for how issuers are targeted. Informed by our conversations with participants in the ecosystem, we code and categorize the reasons proponents provide in the proxy materials for targeting a particular issuer. Our empirical results reveal, in particular, that the articulated rationale for seeking political transparency has evolved over time. While in the early part of our sample, proponents focused primarily on disclosure gaps or disclosure practices that were out of sync with an issuers' peers, more recent efforts have focused on the significance of political activity as an economic risk. This trend is consistent with an attempt to distinguish political disclosure proposals from the social policy proposals targeted by Exxon and the SEC.

We also analyze issuers' statements in opposition to political disclosure proposals. While issuers offer a variety of responses, including in almost every case, that their current disclosure policy is sufficient, one response stands out in particular: that political engagement serves the firm's business goals. Although increased transparency need not curtail a firm's political engagement, we highlight the potential for it to do so as an unexplored risk of the shareholder proposal process. Alternatively, the prospect of disclosure may cause issuers to examine their political expenditures more carefully or otherwise alter their spending practices.

Our findings can help to inform the current debate about the shareholder proposal rule. While not all statements should be interpreted at face value, our empirical results suggest that many proponents act in ways that are consistent with the rationales articulated by participants in the ecosystem. Our work also underscores the importance of placing voted-on proposals within a broader context in which many requests for increased transparency are resolved through private engagement or through a proposal that is submitted and subsequently withdrawn.[22] Consequently, looking to voted-

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[21] We identify a similar coordinating role played by "a loose partnership between the American Federation of State, County and Municipal Employees (AFSCME) and Boston Trust Walden, [and the] ICCR [Interfaith Center for Corporate Responsibility]. Proxy Preview, Corporate Political Influence, June 3, 2024, https://www.proxypreview.org/2024/report-blog/social-issues/corporate-political-influence.

[22] See also Sarah C. Haan, *Shareholder Proposal Settlements and the Private Ordering of Public Elections*, 126 YALE L.J. 262 (2016) (analyzing private documents reflecting 42

on proposals understates potential investor support for increased political transparency. And the fact that disclosures by targeted firms subsequently improve suggests that corporate managers are responsive to investors' stated desires. At the same time, the effectiveness of the proposal process may be a double-edged sword if shareholders are using proposals to interfere with a valuable component of issuer operations.

We proceed as follows. Part I provides a brief overview of the shareholder proposal rule. Part II describes the landscape of political disclosure proposals, including descriptive statistics on the introduction and outcomes of these proposals and who sponsors them. Part III dives into a more detailed analysis, looking for clues as to which companies tend to receive political disclosure proposals, some of the factors that influence whether a proposal is omitted, withdrawn or submitted for a vote, and whether these proposals are correlated with future issuer behavior. Part IV considers the implications of our analysis for the current debate over the appropriate role of shareholder proposals.

I. SHAREHOLDER PROPOSALS AND INSTITUTIONAL VOTING

Over the last half century, institutional investors have increasingly engaged in corporate governance. These efforts have included private engagement with officers and directors of their portfolio companies[23] as well as using the "proxy process to pressure boards and managers to achieve business

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settlement agreements of shareholder proposals submitted during the 2009-2015 proxy seasons); Fisch & Robertson, supra note 15 (reporting, in study of ESG shareholder proposals during the 2021 and 2022 proxy seasons that 41% and 36% were withdrawn respectively).

[23] Shareholder voting should be understood as a tool within the broader context of shareholder engagement. Today institutional investors regularly meet with officers and directors of their portfolio companies, communicate their views, and identify areas of concern. The effectiveness of engagement in generating issuer responsiveness depends on the ability of investors to use their voting power to discipline unresponsive directors. At the same time, the prevalence of engagement means that a substantial proportion of investor concerns are resolved outside the formal voting process. See, e.g., Matteo Gatti, Giovanni Strampelli & Matteo Tonello, *How Does Board-Shareholder Engagement Really Work? Evidence from a Survey of Corporate Officers and from Disclosure Data*, in BOARD-SHAREHOLDER DIALOGUE: POLICY DEBATE, LEGAL CONSTRAINTS AND BEST PRACTICES (Luca Enriques & Giovanni Strampelli eds., forthcoming) (reporting, based on survey data, that investors frequently are successful in obtaining change through pre-season engagement rather than formal shareholder votes). See also Craig Doidge, Alexander Dyck, Hamed Mahmudi, and Aazam Virani, *Collective Action and Governance Activism*, 23 Rev. Fin. 893, 927 (2019) (exploring engagement by the Canadian Coalition for Good Governance (CCGG), an investor coalition, and finding that the CCGG's engagement "has an impact . . . on firms' governance policies such as majority voting, say-on-pay, compensation practices, and on incentive pay.").

policy and strategy change."[24] Although historically shareholder voting was of little practical importance, in the last two decades, it "has come roaring back as a key part of American corporate governance." [25] Some commentators have championed these developments as a tool for increasing management accountability, facilitating board-shareholder collaboration, and, in some cases, increasing the responsiveness of corporate behavior to broader societal demands.[26] Others criticize shareholder empowerment as a distraction or worse.[27]

Within this literature, shareholder proposals have received particular criticism. Rule 14a-8, the shareholder proposal rule, allows qualifying shareholders to submit a proposal for inclusion in an issuer's proxy statement and to have that proposal voted on by their fellow shareholders at the issuer's annual meeting.[28] The SEC adopted the initial version of rule 14a-8 in 1942 and, for most of the rule's history, shareholder proposals almost never received majority voting support. [29] So-called corporate gadflies introduced most shareholder proposals. [30] Many commentators

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[24] Akio Otsuka, T*he Global Progress of Stewardship and Corporate Governance by Passive Investors*, 30 Transnat'l L. & Contemp. Probs. 205, 211 (2021).
[25] Paul H. Edelman, Randall S. Thomas & Robert B. Thompson, *Shareholder Voting in an Age of Intermediary Capitalism*, 87 S. Cal. L. Rev. 1359, 1359 (2014).
[26] *See, e.g.*, Lucian Arye Bebchuk, *The Case for Increasing Shareholder Power*, 118 Harv. L. Rev. 833, 836 (2005) (proposing changes that would increase the scope of shareholder voting power).
[27] See, e.g., William W. Bratton & Michael L. Wachter, *The Case Against Shareholder Empowerment*, 158 U. Pa. L. Rev. 653 (2010); Stephen M. Bainbridge, *Response to Increasing Shareholder Power: Director Primacy and Shareholder Disempowerment*, 119 Harv. L. Rev. 1735, 1750 (2006) ("shareholder voting is properly understood not as a primary component of the corporate decisionmaking structure, but rather as an accountability device of last resort, to be used sparingly, at most.").
[28] 17 C.F.R. § 240.14a-8. The rule requires that a submitting shareholder own a specified quantity of stock and have held that stock for a minimum time period. As a result of amendments adopted in 2020, the current rule applies a tiered concept in which the required ownership period is reduced as shareholder's ownership level increases. Procedural Requirements and Resubmission Thresholds Under Exchange Act Rule 14a-8, Exchange Act Release No. 34-89964, 87 FR 70240 (Nov. 4, 2020); Brian V. Breheny, Marc S. Gerber & Richard J. Grossman, *SEC Adopts Amendments to Shareholder Proposal Rules*, Skadden Insights, Sept. 25, 2020, https://www.skadden.com/insights/publications/2020/09/sec-adopts-amendments. In addition, the rule sets out limits on the length of a shareholder proposal, the date by which a proposal must be submitted, and the permissible subject matter and increases the limits on resubmission of a previously-submitted proposal. See id.
[29] See, e.g., Jill E. Fisch, *The Transamerica Case*, in THE ICONIC CASES IN CORPORATE LAW 46, 59 (Jonathan R. Macey ed., 2008) (reporting that, until 1988 when CalPERS sponsored a shareholder proposal at Gillette to prohibit the payment of greenmail, "virtually no shareholder proposals had ever received majority approval").
[30] See, e.g. Kobi Kastiel & Yaron Nili, *The Giant Shadow of Corporate Gadflies*, 94 S. Cal. L. Rev. 569, 589-91 (2021) (describing history of the submission of shareholder proposals by corporate gadflies and finding that "gadflies submitted 27.3% of all 6,827 shareholder proposals submitted among the S&P 1500 between 2005 and 2018."), Stephen M.

characterized the rule as inefficient and wasteful.[31] Others, however, defended the rule as providing investors with the ability to influence management decisions[32] and to communicate more generally on matters that they consider important.[33] The vast majority of shareholder proposals are precatory, meaning that they are not binding on management.[34] Studies suggest, however, that proposals commanding substantial shareholder support are likely to influence the board of directors.[35]

Several factors contributed to the rule achieving increased importance.[36] First, as noted above, institutional investors began to engage seriously with their portfolio companies, engagement that included voting their shares.[37]

Bainbridge, *Revitalizing SEC Rule 14a-8's Ordinary Business Exclusion: Preventing Shareholder Micromanagement by Proposal*, 85 Fordham L. Rev. 705, 709 (2016) ("In the three or four decades following the Shareholder Proposal Rule's adoption, the Rule was a tool mainly of gadflies and social activists.").

[31] See, e.g., Susan W. Liebeler, *A Proposal to Rescind the Shareholder Proposal Rule*, 18 Ga. L. Rev. 425, 443 (1984) (arguing "that rule 14a-8 is inappropriate as well as inefficient and exceeds the Commission's rulemaking authority."); George W. Dent, Jr., *SEC Rule 14a-8: A Study in Regulatory Failure*, 30 N.Y.L. Sch. L. Rev. 1, 2 (1985) ("Close analysis reveals that the rule imposes substantial costs on issuers and the Commission while its benefits, if any, are highly speculative and not appropriate to the regulatory mission of the SEC.").

[32] See, e.g., Donald E. Schwartz & Elliott J. Weiss, *An Assessment of the SEC Shareholder Proposal Rule*, 65 Geo. L.J. 635, 636-37 (1977).

[33] See, e.g., James D. Cox & Randall S. Thomas, *The SEC's Shareholder Proposal Rule: Creating a Corporate Public Square*, 2021 COLUM. BUS L. REV. 1147, 1197 (describing shareholder proposal rule as creating a mechanism for public company directors to collect information about societal beliefs).

[34] Sarah C. Haan, *Shareholder Proposal Settlements and the Private Ordering of Public Elections*, 126 YALE L.J. 262, 273 (2016) ("most shareholder proposals - and virtually all social and economic proposals - are precatory, which means that they are recommendations and are not binding on management"); Jason M. Loring & C. Keith Taylor, *Shareholder Activism: Directorial Responses to Investors' Attempts to Change the Corporate Governance Landscape*, 41 WAKE FOREST L. REV. 321, 322 (2006) ("after a proposal receives a simple majority from the shareholders, the decision rests with the board to either reject or implement the proposal."). But see Pinder, supra note 7 (arguing that Delaware law does not authorize shareholders to make precatory proposals).

[35] Jill E. Fisch, *Purpose Proposals*, 1 U. Chi. Bus. L. Rev. 113, 122 (2022) ("Even precatory proposals, however, increasingly lead to board action when they command the support of a majority of the shareholders")

[36] Kastiel & Nili, supra note 30, at 578 ("The once 'largely inconsequential' role of shareholder voting has evolved into one of power and influence.").

[37] The Council of Institutional Investors was formed in 1985 to facilitate institutional investors in overcoming collective action problems and "us[ing] their burgeoning proxy power to hold companies accountable". Council of Institutional Investors, About CII, https://www.cii.org/about. The engagement of mutual funds and pension funds was spurred, in part, by Department of Labor and SEC requirements that fiduciaries vote their proxies and adopt voting policies to ensure that they were voting in the best interest of their beneficiaries. See, e.g., Ann M. Lipton, *Family Loyalty: Mutual Fund Voting and Fiduciary Obligation*, 19 Tenn. J. Bus. L. 175, 184-85 (2017) (describing these rules). As Lipton explains, the agencies appeared to be motivated by "by concerns that investment

This engagement coincided with an increased attention to corporate governance, and institutional voting campaigns frequently coalesced around governance issues such as director independence, staggered boards of directors, and enhancing shareholder voting rights.[38] Institutional investors developed internal governance teams who were tasked with meeting privately with issuers.[39] This private engagement communicated support for proposals and the policies reflected therein, even in the absence of a formal vote. In addition, many investors, including unions, faith investors, and public pension funds, identified a wider range of issues that could be addressed through the shareholder proposal rule and sought to use the rule as leverage to implement such changes.[40]

Rule 14a-8 limits what constitutes a proper subject for a shareholder proposal.[41] If an issuer believes that a proposal can properly be excluded, the rule requires the issuer to notify the SEC and the proponent, specifying the grounds for exclusion.[42] If the SEC staff agrees with the issuer, it issues a no-action letter stating that the SEC will not take enforcement action against the issuer for failing to include the proposal in its proxy statement. Either the issuer or the proponent can challenge the SEC's decision in court, although such challenges are rare.[43]

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advisers were voting shares in their own self interest, often to please corporate management that could direct banking or pension-related business to the adviser." Id. at 185.

[38] See, e.g., *121 Companies Agreed to Move Towards Annual Election*, Harv. S'holder Rts. Projects, 2019, http://www.srp.law.harvard.edu/companies-entering-into-agreements.shtml (describing how Harvard SRP clinic partnered with institutional investors to persuade 121 companies to switch from staggered boards to annual election of directors).

[39] See, e.g., BlackRock, Investment Stewardship Annual Report, January 1 – December 31, 2023, https://www.blackrock.com/corporate/literature/publication/annual-stewardship-report-2023.pdf, 67 (describing BlackRock's engagement with its portfolio companies, which it defines as "a constructive, ongoing dialogue with a company's board and management.") BlackRock reported that it engaged with 75% of its clients' equity assets during 2023. *Id.*

[40] See, e.g., Harwell Wells, *Shareholder Meetings and Freedom Rides: The Story of Peck v. Greyhound*, 45 Seattle U. L. Rev. 1 (2021) (describing effort by civil rights activists to use shareholder proposal rule to desegregate Greyhound buses). See also Todd A. Gormley, Vishal K. Gupta, David A. Matsa, Sandra C. Mortal & Lukai Yang, *The Big Three and board gender diversity: The effectiveness of shareholder voice*, 149 J. Fin. Econ. 323 (2023) (documenting impact of the Big Three mutual fund companies on increasing the diversity of boards of directors).

[41] 17 CFR §240.14a–8(i).

[42] 17 CFR §240.14a–8(j).

[43] For one such challenge see Trinity Wall St. v. Wal-Mart Stores, Inc., 792 F.3d 323, 337 (3rd Cir. 2015) ("A shareholder dissatisfied with the [SEC] staff's response [to its request to exclude the proposal] can, as Trinity did here, pursue its rights against the company in federal court.").

The SEC has amended rule 14a-8 a number of times to modify or clarify the bases on which a proposal may be excluded.[44] In addition to formal rule changes, the SEC staff has periodically issued staff legal bulletins (SLB) and informal guidance, neither of which is legally binding.[45] During the period of our study, the SEC staff took a relatively liberal approach to allowing political disclosure proposals.[46] This approach ended when, on November 29, 2024, the SEC allowed Air Products to exclude a lobbying disclosure proposal on the ground that it sought to micromanage the company.[47] On February 12, 2025, the staff formalized its new approach, issuing new guidance that took a more restrictive view to shareholder proposals and expanding the grounds for exclusion.[48] Since that time, a

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[44] See, e.g., Amendments to Rules on Shareholder Proposals, Exchange Act Release No. 40,018, 63 Fed. Reg. 29,106 (1998) (to be codified at 17 C.F.R. pt. 240) (adopting amendments to reverse the SEC's position reflected in its *Cracker Barrel* decision). The 2020 amendments for example, raised the required ownership and holding periods for submission of a proposal as well as the levels of support a proposal must receive to be eligible for resubmission. Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8, Exchange Act Release No. 89, 964, 84 Fed. Reg. 70,240, 70,245 (Nov. 4, 2020) (to be codified at 17 C.F.R. pt. 240).

[45] See, e.g., Chair Gary Gensler, Statement Regarding Shareholder Proposals: Staff Legal Bulletin No. 14L, U.S. SEC. & Exch. Comm'n (Nov. 3, 2021), https://www.sec.gov/news/statement/genslerstatement-shareholder-proposals-14l? ("Staff legal bulletins, like all staff statements, have no legal force or effect: they do not alter or amend applicable law, and they create no new or additional obligations for any person."). One area that has seen ongoing evolution is the extent to which shareholder proposals that deal with substantial policy issues can be excluded under Rule 14a-8(i)(7), the ordinary business exclusion. Compare Shareholder Proposals, Staff Legal Bulletin No. 14L (CF) (Nov. 3, 2021) providing that the SEC staff would no longer require a proponent to show that a proposal with significant social policy implications raised an issue of significance for the issuer that was the subject of the proposal) with Shareholder Proposals: Staff Legal Bulletin No. 14M (CF) (Feb. 12, 2025) (rescinding Staff Legal Bulletin No. 14L and requiring that the proposal have a "sufficient nexus" to the particular company).

[46] See, e.g., Shareholder Proposals, Staff Legal Bulletin No. 14L (CF) (Nov. 3, 2021) providing that the SEC staff would no longer require a proponent to show that a proposal with significant social policy implications raised an issue of significance for the issuer that was the subject of the proposal); John Keenan, *New SEC Rules Undermine Lobbying Disclosure Proposals*, Proxy Preview, Apr. 2, 2025, https://www.proxypreview.org/all-contributor-articles/new-sec-rules-undermine-lobbying-disclosure-proposals (explaining that proponents filed over 600 proposals requesting lobbying disclosure since 2011 and over 400 went to a vote).

[47] Air Products and Chemicals, Inc. (avail. Nov. 29, 2024).

[48] SEC Staff Legal Bulletin No. 14M, Division of Corporate Finance (Feb. 12, 2025), https://www.sec.gov/about/shareholder-proposals-staff-legal-bulletin-no-14m-cf?; C. Alex Bahn, *SEC Staff Issues New Guidance on Shareholder Proposals and Rescinds Staff Legal Bulletin No. 14L,* WILMERHALE (Feb. 14, 2025) https://www.wilmerhale.com/en/insights/blogs/keeping-current-disclosure-and-governance-developments/20250214-sec-staff-issues-new-guidance-on-shareholder-proposals-and-rescinds-staff-legal-bulletin-no-14l; Sanford Lewis, *2025 Update on SEC Rules for Shareholder Proposals*, Proxy Preview, Apr. 2, 2025, https://www.proxypreview.org/all-contributor-articles/2025-update-sec-rules-shareholder-proposals (summarizing these developments).

number of other issuers have successfully excluded lobbying disclosure proposals.[49]

A pending congressional bill, The Stop Woke Investing Act, would require the SEC to go further in restricting the inclusion of shareholder proposals in proxy statements.[50] And in 2024, Exxon sued two of its shareholders for submitting a shareholder proposal.[51] One commentator recently argued that the rule "should be repealed entirely or, at a minimum, reformed to align with its original purpose while restoring balance to corporate governance."[52] These initiatives are based, in part, on a number of studies criticizing both the submission of shareholder proposals [53] and how institutional investors vote on them.[54] We focus, in this article, on the first issue—the submission of shareholder proposals. In a second project, we collect actual votes by a variety of institutional investors on political

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[49] Keenan, supra note 46.

[50] H.R.52 - Stop Woke Investing Act, 119th Congress (2025-2026).

[51] Exxon Complaint, supra note 2.

[52] Stephen M. Bainbridge, *Rethinking Rule 14a-8: A Case for Repeal or Meaningful Reform of the Shareholder Proposal Rule*, Feb. 16, 2025, https://www.professorbainbridge.com/professorbainbridgecom/2025/02/rethinking-rule-14a-8-a-case-for-repeal-or-meaningful-reform-of-the-shareholder-proposal-rule.html.

[53] Lucian Bebchuk and Scott Hirst argue that the big asset managers fail to undertake sufficient efforts to maximize the value of their portfolio companies because they have "completely refrained" from introducing shareholder proposals. Lucian Bebchuk & Scott Hirst, *Index Funds and the Future of Corporate Governance: Theory, Evidence, and Policy*, 119 Colum. L. Rev. 2029, 2040 (2019). Kobi Kastiel & Yaron Nili have challenged the deference of institutional investors to the corporate governance agenda set by individual gadflies, who largely control the shareholder proposal mechanism. Kastiel & Nili, *supra* note 30, at 577.

[54] In one of the most influential critiques, Roberta Romano challenged institutional investors for supporting proposals that were not directed to maximizing the value of portfolio firms. Roberta Romano, *Less is More: Making Institutional Investor Activism a Valuable Mechanism of Corporate Governance*, 18 Yale J. on Reg. 174 (2001). She therefore urged the SEC to modify the shareholder proposal rule either to enable individual issuers to opt out or to require proponents of proposals that do not receive substantial voting support to bear the costs of the proposal. Id. at 180. Dorothy Lund raised similar concerns, arguing that institutions adopt "blanket, one-size-fits-all governance solutions, promulgated in the form of low-cost voting guidelines" and "outsource a substantial fraction of the voting decisions to proxy advisors. Dorothy S. Lund, *In Search of Good Corporate Governance*, 131 Yale L.J. F. 854, 859, 864 (2022). Other research suggests that institutional voting may be more nuanced. See, e.g., Ryan Bubb & Emiliano Catan, *The Party Structure of Mutual Funds*, 35 Rev. Fin. Stud. 2839 (2022) (finding that large asset managers neither vote in lockstep with the major proxy advisory firms nor defer excessively to management with respect to issues affecting fundamental shareholder rights or on proxy contests); Patrick Bolton, Tao Li, Enrichetta Ravina & Howard Rosenthal, *Investor Ideology* 137 J. FIN. ECON. 320 (2020) (mapping investors onto a two-dimensional axis: left versus right (with "money-conscious" investors appearing on the right) and pro-management versus "traditional governance.").

disclosure proposals and, using that data, address critiques of their voting behavior.[55]

II. POLITICAL DISCLOSURE PROPOSALS

A. The Landscape of Political Disclosure Proposals

We begin by sketching out the landscape of political disclosure proposals. Investors can use shareholder proposals to seek several different types of information about the political activity of their portfolio companies: political expenditures, lobbying activity and the alignment between a corporation's policies and its political engagement. We describe these collectively as political disclosure proposals, for reasons that we explain further below.

Political expenditure proposals seek disclosure of the money that a corporation spends with respect to various forms of political activity. These expenditures may include campaign contributions[56] and contributions to political parties as well as coordinated and independent expenditures.[57] In *Citizens United,*[58] the Supreme Court invalidated legislation that prohibited corporations "from using their general treasury funds to make independent expenditures for speech defined as an 'electioneering communication' or for speech expressly advocating the election or defeat of a candidate."[59] Many of these expenditures take the form of funding political advertisements.[60] Because a corporation has to disclose its identity as the direct sponsor of an advertisement, many shareholder proposals focus on

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[55] Fisch & Robertson, *supra* note17.

[56] Federal law does not permit corporations to make direct contributions to political candidates. Buckley v. Valeo, 424 U.S. 1 (1976) (per curiam).

[57] Corporations are prohibited from contributing directly to federal political candidates, but they can make contributions through a variety of indirect means including political action committees. They may also "spend unlimited sums of money from their general treasuries to advocate for issues and candidates so long as they do not coordinate with the candidates' campaigns." Tim Bakken, *Constitutional Rights and Political Power of Corporations After Citizens United: The Decline of Citizens and the Rise of Foreign Corporations and Super PACs*, 12 Cardozo Pub. L. Pol'y & Ethics J. 119, 128 (2013).

[58] Citizens United v. FEC, 558 U.S. 310, 364 (2010) ("The First Amendment does not permit Congress to make these categorical distinctions based on the corporate identity of the speaker and the content of the political speech.").

[59] Id. at 318-19.

[60] See, e.g., Tilman Klumpp, Hugo M. Mialon & Michael A. Williams, *The Business of American Democracy: Citizens United, Independent Spending, and Elections*, 59 J. Law & Econ. 1, 7 (2016) ("The content of political ads can be divided into three categories: express advocacy, which calls for the election or defeat of candidates; electioneering communications, which mention a candidate by name shortly before an election but stop short of express advocacy; and issue advocacy, which promotes or attacks a political cause instead of a candidate.").

expenditures made indirectly [61] through corporate contributions to organizations that include political parties, trade groups, and Super-PACs.[62] Notably, many such organizations, so-called "dark money" groups need not disclose the identities of their donors.[63]

Lobbying disclosure proposals seek disclosure of corporate lobbying as well as indirect lobbying through corporate contributions to trade groups and 501(c)(4) organizations like the Chamber of Commerce. [64] The Lobbying Disclosure Act requires most corporations to disclose the amount they spend on lobbying federal government officials and the subjects of that lobbying.[65] Commentators have termed the lobbying disclosure regulations as "reflect[ing] a relative lack of transparency and traceability."[66] States have separate disclosure requirements and, in most cases, require little or no lobbying disclosure.[67]

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[61] A corporation's political expenditures are distinct from expenditures made by its Political Action Committee or PAC. Federal law allows corporations to establish political action committees or PACs, which are funded through contributions by individual employees rather than the corporate treasury but which, once funded, are largely controlled by the corporation. See, e.g., Amanda Shanor, Mary-Hunter McDonnell &Timothy Werner, *Corporate Political Power: The Politics of Reputation and Traceability*, 71 Emory L.J. 153, 174 (2021) ("the PAC, once funded, takes on the corporate organizational identity, and PAC officers who are determined by the firm have full control over which candidates and party organizations receive its contributions."). The Federal Election Campaign Act of 1971 and its 1976 Amendments require disclosure both of contributions to corporate PACs and of the expenditures and contributions made by the PACs. Fed. Election Campaign Act of 1971, Pub. L. No. 92-225, 86 Stat. § 302 (1972); Fed. Election Campaign Act Amendments of 1976, Pub. L. No. 94-283, 90 Stat. 486 § 112 (1976).

[62] See id. at 7-8 (describing these organizations and the disclosure requirements to which they are subject).

[63] See, e.g., See As You Sow, *Vote Yes on "Dark Money" Transparency at Pinnacle West*, 2016, https://archive.asyousow.org/wp-content/uploads/2016/04/Pinnacle-West-Capital-2016-Proxy-Memo.pdf, at 1 ("'Dark Money' refers to political spending in which capital is funneled into "politically active nonprofits" that execute political activity for their benefactors."); W.C. Bunting, *Against Corporate Activism: Examining the Use of Corporate Speech to Promote Corporate Social Responsibility*, 74 Okla. L. Rev. 245, 262 n. 64 (2022) (explaining that dark money groups include "501(c)(4) (social welfare), 501(c)(5) (unions), and 501(c)(6) (trade association) nonprofit organizations" and that, "501(c) groups, with a few limited exceptions," need not disclose their donors).

[64] See, e.g., Elizabeth Warren, *Forward*, 13 Harv. L. & Pol'y Rev. 357, 365 (2019) ("Today, the national Chamber of Commerce spends tens of millions of dollars to block policies that threaten the profits of a handful of America's richest corporations.").

[65] Lobbying Disclosure Act of 1995, Pub. L. No. 104-65 109 Stat. 691 § 4.

[66] Shanor, et al., supra note 61, at 174.

[67] See, e.g., Robin Young & Heidi Welsh, *The Corporate State Lobbying Black Hole*, Sustainable Investments Institute, Dec. 2023, at 4 (reporting that "almost no major U.S. companies provide their investors with information about how much they spent to lobby state governments"); id. at 5 (describing state law lobbying disclosure mandates as a "black hole").

Finally, alignment proposals request that a company explicitly explain or analyze the alignment between its political expenditures and its public statements or political positions.[68] Alignment proposals have resulted from the view that, in some cases, that a corporation's political activities differed from its public statements.[69]

To be sure, many corporations voluntarily disclose information about their political activity beyond what is legally required, but the nature and extent of those disclosures vary substantially.[70] AT&T, for example, provides a semi-annual report documenting its contributions to state political candidates, its contributions to political parties and other groups, and its PAC contributions.[71] Its report for July-December 2023 was 58 pages long.[72] Boeing's disclosure states that it does not make political contributions except through its PAC which is funded by employees, but it provides detailed information on its lobbying activity and its engagement with third-party organizations.[73] In contrast, a small number of household names including Berkshire Hathaway and Tesla provide no information about their political expenditures.[74]

Shareholder objectives in seeking increased political transparency vary. *Citizens United* suggested that shareholders could use corporate governance to limit political speech with which they disagreed.[75] Because corporate

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[68] In some cases, alignment proposals will focus on a particular subject such as ESG, climate or voting rights. In addition, some proposals seek "substantive restrictions on the company, such as prohibiting it from contributing to candidates who voted for certain anti-ESG bills or asking the company to provide metrics on how it weighs ESG issues when making contributions or working with trade associations." https://www.skadden.com/insights/publications/2022/01/2022-insights/regulation-enforcement-and-investigations/companies-face-new-pressure-from-shareholders.

[69] Lisa Fairfax has observed that such contributions are frequently cited as examples of "corporate hypocrisy." Lisa M. Fairfax, *For Corporate Hypocrisy*, 50 J. Corp. L. 287, 289 (2025).

[70] Lucian A. Bebchuk, Robert J. Jackson Jr., James D. Nelson & Roberto Tallarita, *The Untenable Case for Keeping Investors in the Dark*, 10 Harv. Bus. L. Rev. 1, 24-26 (2020) (describing growth in voluntary disclosures since 2005).

[71] AT&T Inc. Political Engagement Report July-December 2023, https://sustainability.att.com/ViewFile?fileGuid=28f1d156-f1b4-4c27-8a2e-2dc86b914c40.

[72] Id.

[73] The Boeing Company Advocacy Report, 2024, https://www.boeing.com/content/dam/boeing/boeingdotcom/company/key_orgs/pdf/Boeing_Advocacy_Report.pdf.

[74] Patrick Temple-West, *Berkshire and Tesla resist making political spending disclosures*, Fin. Times, Oct. 11, 2022, https://www.ft.com/content/4613bad1-27a0-4a23-87f6-a364350258c7.

[75] Citizens United, 558 U.S. at 370 (explaining that shareholder objections to corporate political expenditures can be "raised through the procedures of corporate democracy"). For a challenge to this claim see Jonathan R. Macey & Leo E. Strine Jr., Citizens United as Bad Corporate Law, Harvard Law School John M. Olin Discussion Paper Series (972)

political activity is a business decision, both corporate law and the scope of the shareholder proposal rule place the authority to control that activity in the hands of the board of directors and prevent shareholders from interfering directly with the board's decisions.[76] Disclosure may provide an alternative.[77] Disclosure may reduce the ability of corporate officials to use corporate spending to further their personal political objectives, thereby reducing agency costs.[78] Corporate political spending may also subject a corporation to reputational risk or political backlash.[79] In conversation, many participants in this ecosystem emphasized the value of transparency, particularly transparency into the structure by which a corporation evaluates and manages the risk of its political engagement as a component of good governance.[80] Still other shareholders object to the increasing role of money

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(2018), at 63, avail. at http://www.law.harvard.edu/programs/olin_center/papers/pdf/Strine_972.pdf ("For stockholders therefore to be viewed as effective in checking the use of corporate funds for political spending, requires assuming away long accepted realities held by most corporate law commentators, especially those coming at the question from a conservative perspective.").

[76] See, e.g., *Citizens United*, 558 U.S. at 477 (Stevens, J., concurring in part and dissenting in part) ("many corporate lawyers will tell you that 'these rights are so limited as to be almost nonexistent,' given the internal authority wielded by boards and managers and the expansive protections afforded by the business judgment rule"); Min & You, supra note 14, at 82-83 (explaining that management unliterally determines whether to engage in corporate political activity and that shareholders do not have voting rights to approve or reject such activity).

[77] But see The Clean Yield, Memo to EQT Shareholders, Mar. 22, 2013, https://www.sec.gov/Archives/edgar/data/33213/000121465913001614/c3125133px14a6g.htm (describing proposal "request[ing] that the board of directors study the feasibility of adopting a policy prohibiting the use of treasury funds for any direct or indirect political contributions intended to influence the outcome of an election or referendum, and report to shareholders on its findings by May 2014.").

[78] See, e.g., Pamela Karlan, *Me Inc.*, Boston Rev. (July 1, 2011), http://www.bostonreview.net/pamela-karlan-corporate-personhood ("That corporate managers might spend corporate funds not to maximize the shareholders' welfare but to maximize their own is a very real danger.").

[79] See, e.g., Jacqueline DeMarco, *1 in 4 Americans Are Currently Boycotting a Product or Company*, Lending Tree, May 11, 2022, https://www.lendingtree.com/credit-cards/study/boycott-product-company/ (describing survey results indicating that 1 in 4 Americans are currently boycotting a company and that the number one reported reason is "not approving of specific corporate political donations); J. W. Verrett, *The Securities Exchange Act is a Material Girl, Living in a Material World*, 3 Harv. Bus. L. Rev. 453, 468-69 (2013) (describing boycott against Target in connection with the disclosure of its donation to Minnesota Forward, an intermediary, that ultimately supported a political candidate opposed to gay marriage).

[80] Wang and Zhang find that political transparency is correlated with other measures of what are common described as good corporate governance including director independence. Jing Wang & Huilan Zhang, *Political transparency, corporate governance and economic significance*, 19 Int'l J. Dis. & Gov. 49, 62 (2022). See also Omari Scott Simmons, *Political Risk Management*, 64 Wm. & Mary L. Rev. 707 (2023) (arguing that corporations should engage in greater oversight of political risk).

in politics and hope that disclosure requirements will chill those expenditures.

Shareholder proposals are only one possible tool for achieving these objectives. Some commentators have argued that, because corporate political activity differs from other business decisions, it should be subject to special corporate governance rules.[81] In 2011, Jack Bogle, the founder of Vanguard, published a letter in the New York Times arguing that institutional investors should respond to the Citizens United decision by demanding the right to vote on the political contributions of their portfolio companies.[82] UK company law explicitly requires shareholder approval of corporate political expenditures.[83] Following the *Citizens United* decision, a group of academics urged the SEC to adopt rules requiring the disclosure of corporate political activity.[84] Congress has repeatedly passed riders to the Appropriations bills that prohibit the SEC from doing so.[85]

Another option would be for shareholders to seek disclosure of corporate political activity through the exercise of their statutory inspection rights.[86]

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[81] See, e.g., Lucian A. Bebchuk & Robert J. Jackson, Jr., Corporate Political Speech: Who Decides?, 124 Harv. L. Rev. 83, 89-90 (2010) (identifying the weaknesses in existing corporate law's ability to deal with corporate political activity and advocating the adoption of special corporate governance rules to address the issue).

[82] John C. Bogle, *The Supreme Court Had Its Say. Now Let Shareholders Decide*, N.Y. Times, May 14, 2011. See The Home Depot, Inc., SEC No-Action Letter, 2011 WL 291324 (Mar. 25, 2011) (declining to exclude proposal seeking to allow advisory shareholder vote on company's political spending policy). See also Accountable Capitalism Act, S.3348 — 115th Congress (2017-2018) §8(b) (proposing requirement that corporate political expenditures be subject to approval by 75% of the directors and 75% of the shareholders).

[83] David Thorneloe, Political activities, donations, and expenditure of UK companies, Pinsent Masons Out-Law Guide, May 17, 2024, https://www.pinsentmasons.com/out-law/guides/political-activities-donations-expenditure-uk-companies.

[84] Letter from Comm. on Disclosure of Corporate Political Spending to Elizabeth M. Murphy, Sec'y, U.S. Sec. & Exch. Comm'n (Aug. 3, 2011), available at http://perma.cc/P75P-BAF5. See also Michael D. Guttentag, *On Requiring Public Companies to Disclose Political Spending*, 2014 Colum. Bus. L. Rev. 593, 661 (arguing that "a rule requiring public companies to disclose political spending would seem to offer a reasonable, albeit imperfect, solution.").

[85] See, e.g., Bebchuk, et al., supra note 70, at 5 ("since 2013 the SEC has avoided, and has subsequently been precluded from, making a decision on [political spending transparency"); https://rollcall.com/2021/12/02/more-companies-disclose-political-spending-after-jan-6-attack/; Cydney Posner, *What's Happening with Corporate Political Spending Disclosure?*, Cooley, Apr. 5, 2022, https://www.politicalaccountability.net/wp-content/uploads/2024/11/Cooley-LLP-Whats-Happening-with-Corporate-Political-Spending-Disclosure.pdf#:~:text=Congress%20has%20once%20again%20prohibited%20the%20SEC,point%20for%20disclosure%20of%20corporate%20political%20contributions (quoting prohibition in the 2022 budget bill).

[86] See, e.g., Gabrielle Palmer, *Stockholder Inspection Rights and an "Incredible" Basis: Seeking Disclosure Related to Corporate Social Responsibility*, 92 Denv. U.L. Rev. Online

Section 220 of the Delaware Corporation Law, for example, affords shareholders the right to inspect a corporation's books and records for a "proper purpose" reasonably related to their interests as shareholders.[87] In 2012, the New York State Common Retirement Fund made a 220 demand against Qualcomm and, when Qualcomm refused to make the requested disclosures, filed suit.[88] The complaint explicitly cited the need for this material in light of the *Citizens United* decision.[89] Commentators described the suit as "novel" and predicted that it was likely to be unsuccessful.[90] The legal claims were never tested as the parties settled with Qualcomm agreeing to make disclosures that it described as "industry-leading."[91] Subsequent developments, such as the Delaware Chancery Court's *Disney* decision[92] and the 2025 amendments to section 220,[93] cast further doubt on the viability of obtaining political disclosure through a 220 request, and the Qualcomm litigation highlights the cost of a tool that, even if successful, required litigation to deploy. Shareholder proposals are an alternative—and much less costly—mechanism for seeking this disclosure. The costs come largely in the form of ensuring that the proposal conforms to the SEC's rules, making the costs to an experienced proponent de minimis.

Although our three types of political proposals seek different types of information, corporations can use varying tools to engage with the political process. Different types of political activity may serve as both complements and substitutes.[94] In 2002, for example, the CEO of BP announced that the

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125 (2015) (evaluating the availability of inspection rights, under Delaware law, to obtain materials relating to a corporation's social responsibility).

[87] DEL. CODE ANN. tit. 8, § 220.

[88] Complaint, New York State Common Retirement Fund v. Qualcomm, Inc., Del. Ch. Ct., Jan. 2, 2013, https://ncnewsline.com/wp-content/uploads/2013/01/nypensionfundvqualcomm.pdf.

[89] Id. ¶¶ 2-4.

[90] See, e.g., Max Stendahl, *Qualcomm Investor's Political Spending Suit May Be Long Shot*, Law360, Jan. 3, 2013 ("Section 220 - an intriguing new legal avenue for shareholders demanding transparency after Citizens United - may turn out to be a dead end.").

[91] Ning Chiu, *NY State Withdraws Political Spending Lawsuit Against Qualcomm After Company Agrees to Disclosure*, Davis Polk Client Alert, Feb. 25, 2013, https://www.davispolk.com/insights/client-update/ny-state-withdraws-political-spending-lawsuit-against-qualcomm-after-company.

[92] Simeone v. Walt Disney Co,.302 A.3d 956, 969-70 (Del. Ch. 2023) (explaining that a shareholder cannot obtain corporate books and records simply because he disagrees with a board's business decision).

[93] See, e.g., Daniel Meyer, *Blunting the "Tools at Hand": Recent Developments in Delaware Books-and- Records Demand Law*, 33 U. Miami Bus. L. Rev. 387, 397-402 (2025) (analyzing 2025 legislative changes to section 220).

[94] Id. at 105 ("explaining that lobbying and campaign finance "frequently interact and reinforce each other, with individuals, organizations, and interest groups deploying both lobbyists and campaign money to advance their goals."); In Song Kim, Jan Stuckatz & Lukas Wolters Freiheyt, *Systemic and Sequential Links between Campaign Donations and Lobbying*, 2023, https://web.mit.edu/insong/www/pdf/campaign-lobby.pdf (empirically

company would stop making political contributions worldwide; the company simply shifted its political activity to lobbying.[95]

B.The Data and its Limitations

As noted above, we collect data on all political disclosure proposals submitted at S&P 500 companies over the nine-year period from 2014 to 2023.[96] Our data include proposals submitted, proponents and outcomes, as well as, for voted proposals, the text of the proposals and supporting statements and management's response. Our primary data source is Institutional Shareholder Services (ISS), which we obtain through the Wharton Research Data Service.[97] We identify all proposals that ISS indicates were either voted, withdrawn, or omitted.[98] Rather than rely on the categorization of a proposal by ISS, we manually investigate each of the voted and omitted proposals by obtaining the proxy statement for the relevant shareholder meeting[99] or the no action letter, respectively. We use this "ground truth" to confirm that the proposal really addressed political disclosure.

We analyze and interpret the empirical data in the context of informal conversations with thirty participants in the political disclosure process, including proponents, issuers, advisors and intermediaries. These conversations revealed a deep and ongoing conversation among issuers, sponsors of shareholder proposals, and other investors. Many sponsors of shareholder proposals are repeat players who interact with other investors

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demonstrating a strong link between campaign donations and lobbying); but see Alexander C. Furnas, Timothy M. LaPira & Clare Brock, *Conflating Lobbying and PACs: The Surprisingly Low Overlap in Organizational Lobbying and Campaign Expenditures*, Political Science & Politics 1 (2025) (finding that "most politically active organizations focus exclusively on either lobbying or making campaign contributions").

[95] Jill E. Fisch, *How Do Corporations Play Politics?: The FedEx Story*, 58 Vand. L. Rev. 1495, 1560-61 (2005).

[96] The regulation of political disclosure proposals, the nature of corporate political engagement and its efficacy all continue to evolve under the Trump Administration. See, e.g., Eric Petry, Uncovering Conflicts of Interest and Self-Dealing in the Executive Branch, Expert Brief, Brennan Center for Justice, Feb. 19, 2025, https://www.brennancenter.org/our-work/research-reports/uncovering-conflicts-interest-and-self-dealing-executive-branch (characterizing 2024 Trump Administration's relationship with corporate donors as distinctively transactional). Our study examines the time period before these developments.

[97] For our initial sample, we keep all proposals coded by ISS as "Political Contributions Disclosure," "Political Activities and Action" (both of which we categorize as political), "Political Lobbying Disclosure" (which we categorize as lobbying), "Climate Change Lobbying" (which we categorize as climate lobbying), and "Political Spending Congruency" (which we categorize as alignment).

[98] Most of the remaining proposals were marked "not in proxy," a sufficiently ambiguous description that we could not draw any useful conclusions from it.

[99] Specifically, we download the relevant form DEF 14A from EDGAR.

and report the status of their proposals on their websites. Investors are aided by a variety of networks and intermediaries.[100]

Many of the experts we spoke with identified the Center for Political Accountability (CPA) as a key player in shareholder efforts to obtain political transparency. The CPA is a non-profit advocacy organization that has been working with institutional investors since 2003 to promote transparency in corporate political spending.[101] We obtain from the CPA two additional sources of data. One is companies' scores on the CPA-Zicklin index (the "Zicklin index"), which the CPA develops, calculates and publishes, together with the Zicklin Center for Business Ethics Research at the University of Pennsylvania's Wharton School of the CPA-Zicklin index (the Zicklin index). [102] The Zicklin index measures the performance of the S&P 500 companies "in three areas, disclosure, company political spending decision-making policies, and board oversight and accountability policies."[103] The CPA publicly discloses both the methodology used to calculate the index and the raw data applicable to individual corporations.[104]

The CPA has also been collecting data on corporate giving to 527 organizations since the 2012 election cycle. 527 organizations are political nonprofit organizations, organized pursuant to section 527 of the Internal Revenue Code for the purpose of influencing elections, candidates or political outcomes. 527 organizations can spend unlimited money to support political parties and candidates for public office. Corporations need not disclose their donations to 527 organizations, but 527 organizations must publicly disclose their donors. The CPA collects data on donations to six 527 organizations which are among the largest, and we obtain that data from them.[105]

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[100] See, e.g., Luca Enriques & Alessandro Romano, *Institutional Investor Voting Behavior: A Network Theory Perspective*, 2019 Ill. L. Rev. 223, 263 (explaining how network theory "shed[s] light on institutional investor voting behavior [and] "might increase the incentives of institutional investors to cast informed votes at portfolio companies"). Our findings are consistent with the predictions in this article.

[101] Center for Political Accountability, *The Green Canary: Alerting Shareholders and Protecting their Investments*, 2005, 2, https://www.politicalaccountability.net/wp-content/uploads/2022/10/GreenCanary.pdf.

[102] Center for Political Accountability, CPA-Zicklin Index: A Focus on Transparency, https://www.politicalaccountability.net/cpa-zicklin-index/.

[103] Id.

[104] The raw data contain information on corporate disclosures about a wide range of political activity including donations to trade associations, super-PACs, and soft money donations by both corporations and senior corporate executives.

[105] Those organizations are the Democratic Governors Association, the Democratic Legislative Campaign Committee, the Democratic Attorneys General Association, the Republican Governors Association, the Republican State Leadership Committee, and the Republican Attorneys General Association. Center for Political Accountability, The Barbara & Morris Pearl 527 Interactive Database,

In addition to collecting data and publishing the Zicklin index, the CPA has, for many years, drafted a model shareholder proposal seeking increased political transparency and worked with investors to identify issuer targets.[106] The ICCR and AFSCME perform a similar coordinating function with respect to lobbying proposals.[107] Like the CPA, they have drafted a model proposal, and they provide research to shareholders about potential targets. A substantial majority of the proponents of political disclosures are members of the ICCR, whose membership includes, in addition to faith investors, foundations, asset managers, public pension funds and unions.[108]

Many proponents of political disclosure proposals are members of the Council of Institutional Investors, the International Corporate Governance Network[109] and the ICCR which serve as mechanisms for gathering and sharing information on firm disclosure policies and levels of political engagement, sharing investors' voting policies, and facilitating coordination among investors with respect to filing and engaging on political disclosure proposals.[110] In addition, a variety of consultants provide institutional investors with advice on corporate engagement and voting strategies.[111] In many cases, this engagement is a multi-year process.[112] Participants in the ecosystem further stressed the importance of

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https://www.politicalaccountability.net/527-database-spending/ (last visited May 26, 2025).

[106] See Center for Political Accountability, supra note 101, at 2 ("In 2004 proxy season, a CPA model resolution received substantial support from shareholders of 23 public companies, including Citigroup, Verizon, Textron, BellSouth, Wachovia, ChevronTexaco, Morgan Stanley, Harrah's Entertainment and IBM").

[107] See Proxy Preview, supra note 21 (describing this as a "loose partnership").

[108] See ICCR Member Director, https://www.iccr.org/member-directory/ (listing current members).

[109] See, e.g., International Corporate Governance Network, ICGN Political Lobbying and Donations, 15 (2017), https://www.icgn.org/sites/default/files/2021-06/ICGN%20Political%20Lobbying%20%26%20Donations%202017.pdf (explaining that companies should disclose their policies and procedures for political donations and lobbying).

[110] See, e.g., Emmanuel Tamrat, *Governance Guide: Proxy Voting*, Council of Institutional Investors, 23-25 (July 2024), https://www.cii.org/Files/publications/governance_guides/Goverance-Guide-Proxy-Voting-July-2024.pdf (reporting on political disclosure voting policies by several large CII members).

[111] See, e.g., Segal Marco Advisors, Investment Research, https://www.segalmarco.com/investment-research (describing Segal Marco's corporate engagement and proxy voting services).

[112] See, e.g., Vanguard Investment Stewardship, Shareholder proposals regarding lobbying activities and political expenditures at Charter Communications, Inc., July 2024, https://corporate.vanguard.com/content/dam/corp/advocate/investment-stewardship/pdf/perspectives-and-commentary/charter_insights.pdf (reporting that Charter Communications received shareholder proposals requesting additional disclosure

investor-issuer engagement, observing that investor concerns about an issuer's political transparency can often be addressed without ever giving rise to the submission of a shareholder proposal.

As we observed in prior work, a challenge in studying shareholder proposals is that there is no requirement that a shareholder file a proposal with the SEC upon submitting it to the company.[113] Accordingly, there is no official database or any way to determine the entire universe of submitted proposals. If a proposal is submitted to a shareholder vote, it appears in the issuer's proxy statement. If an issuer submits a no-action request to the SEC, that request appears in the SEC's files. If, however, a proposal is withdrawn, the only evidence of its submission or the reason for its withdrawal is information voluntarily disclosed by the proponent (or the issuer).[114] At least with respect to political disclosure proposals, many of the experts we spoke to indicated that a substantial percentage of the withdrawals occur in connection with the issuer's commitment to provide at least some of the disclosure requested.[115] These statements find support from other participants in the proxy process.[116] As a result we supplemented the ISS data with data provided by the Sustainable Investments Institute (Si2), a not-for-profit organization that "conduct[s] impartial research and publish[es] reports on organized efforts to influence corporate behavior on social and environmental issues."[117] As noted below, this process enabled us to identify a substantial number of withdrawn proposals that were not included in the ISS data. We cannot determine the extent of proposals that we have been unable to identify.

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of the company's lobbying and political expenditures over four years from 2021-2024 and finally, in January 2024 enhanced its disclosure.)

[113] Fisch & Robertson, supra note 15.

[114] For an example of this voluntary disclosure see State Comptroller DiNapoli Details Progress on Corporate Political Spending Disclosure, Press Release, NY State Comptroller, Aug. 12, 2024, https://www.osc.ny.gov/press/releases/2024/08/state-comptroller-dinapoli-details-progress-corporate-political-spending-disclosure.

[115] One noted that virtually all political proposals submitted by public pension fund investors, for example, were subsequently settled and withdrawn. See also See Matteo Gatti, Giovanni Strampelli, & Matteo Tonello, *How Does Board-Shareholder Engagement Really Work? Evidence from a Survey of Corporate Officers and from Disclosure Data,* BOARD-SHAREHOLDER DIALOGUE: POLICY DEBATE, LEGAL CONSTRAINTS AND BEST PRACTICES (Luca Enriques & Giovanni Strampelli eds., 2024,)See also Gatti et al., supra note 23 (reporting that during the 2022 proxy season institutional investor "engagement resulted in the withdrawal of a shareholder proposal for 44.3 percent of companies in the whole sample, for 41 percent of Russell 3000 companies, and for 44.3 percent of S&P 500 companies").

[116] See, e.g., Mishra, supra note 11 ("A significant portion of requests have been withdrawn by proponents, signaling successful engagements with proponents and potential commitments made by companies.").

[117] Sustainable Investments Institute, About Us, https://siinstitute.org/aboutus.html (last visited May 27. 2025).

We collect information on proposals, proponents and outcomes (withdrawn, omitted, voting results) for ten years from 2014 to 2023 at S&P 500 issuers, yielding a total of 826 proposals. We present summary statistics in Table 1.

Table 1: Number of Proposals

	Raw ISS Data	Cleaned Data
All	782	826
Panel A: Category		
Political	390	409
Lobbying	361	372
Alignment	16	27
Climate Lobbying	15	18
Panel B: Outcome		
Voted	479	486
Withdrawn	208	286
Omitted	42	54
Other	53	0

As expected, the withdrawn and omitted proposals make up the vast majority of the difference between the left and right columns indicating the importance of supplementing ISS with data from Si2. The results confirm that the ISS data does indeed represent a significant undercount of withdrawn and omitted proposals.[118] Researchers should take this into consideration when interpreting results that rely on ISS data. In the remainder of the paper, we use the cleaned data.

In Table 2, we identify the investors who bring these proposals. We focus on lobbying and political proposals (columns 2 and 3, respectively) because they represent the overwhelming majority of the proposals in our sample. The task of identifying proponents was complicated by the fact that the federal proxy rules do not require issuers to identify the proponent of a shareholder proposal.[119] During the time period of our sample, although

[118] See Fisch & Robertson, supra note 15.

[119] Rule 14a-8(l) requires an issuer to include the name and address of the sponsor in its proxy statement. 17 C.F.R. § 240.14a-8(l). However, an issuer has the option to instead include a statement that it will provide the sponsor's identity to shareholders upon request. Erin Stutz, *What's in a Name: Rule 14a-8(L) and the Identification of Shareholder Proponents*, 94 Denv. L. Rev. Online 373, 377 (2017) ("Under subsection (l), the decision to disclose the identity of the proponent or provide the information upon request rests exclusively with the issuer.").

most proxy statements identified the proposing shareholder, more than ten percent did not. In many cases, either ISS or Si2 identified a proponent even when the issuer has not disclosed its identity, presumably because they contacted the company or had contact with the proponent. Some of the investor representatives that we spoke to observed that the identity of the proponent was a factor in their decisions deciding how to vote.[120] In 2022, Glass Lewis adopted a new policy "to generally recommend against the chair of the governance committee if a company does not disclose the identity of the shareholder proposal proponent in its proxy statement."[121] This practice is thought to have led issuers to generally disclose the identity of proponents.

We classify the proponents in our sample into 12 groups, which are listed in Table 2. Just as bills in Congress can be co-sponsored, many of the proposals in our sample had more than one proponent.[122] If the co-sponsors of a proposal fit into more than category, we count that proposal in each of the relevant categories. This means that the total number of proponents listed in Table 2 exceeds the number of proposals in our sample. For example, shareholders at JPMorgan Chase & Co. voted on a proposal related to lobbying disclosures at its 2015 annual meeting.[123] That proposal was introduced by the Sisters of St. Francis of Philadelphia, and co-sponsored by Walden Asset Management, Sisters of St. Joseph of Boston, The First Parish in Cambridge, The Community Church of New York, Manhattan Country School, The Needmor Fund, and New Economy Project.[124] In our data, this proposal is recorded under each of ESG manager, faith, foundation, and other.

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[120] See also Erin Gordon, *Should You Disclose the Identity of a Shareholder Proponent in Your Proxy?,* Perkins Coie, June 29, 2022, https://perkinscoie.com/insights/blog/should-you-disclose-identity-shareholder-proponent-your-proxy (describing "pension fund representatives call[ing] on companies to provide this information"

[121] Rajeev Kumar, *ISS and Glass Lewis 2023 US Policy Updates*, Georgeson, Dec. 20, 2022, https://www.georgeson.com/us/insights/proxy/iss-glass-lewis-2023-policy-updates#:~:text=GL%20has%20adopted%20a%20new%20policy%20to%20generally%20recommend%20against,useful%20for%20its%20investor%20clients.

[122] The industry participants we spoke to suggested several reasons why proposals are co-sponsored. An individual shareholder might partner with an organization that has greater experience navigating the shareholder proposal process. Co-sponsors might broaden the appeal of a proposal to different investor groups. And investors might seek to join forces with a repeat player to enhance their impact or benefit from the repeat player's reputation. Cf. Kasey Wang, *Why Institutional Investors Support ESG Issues*, 22 U.C. Davis Bus. L.J. 129, 133 (2021) (arguing "that institutional investors support ESG issues in order to cater to the people who matter to them.").

[123] JPMorgan Chase & Co., Schedule 14A, Apr. 8, 2015, https://www.sec.gov/Archives/edgar/data/19617/000001961715000296/jpmc2015defproxystatement.htm#sF8237B73985B995D493F923BD45F4AED

[124] Id.

As noted above, although the CPA does not itself submit shareholder proposals, it drafts a model proposal and facilitates the coordination of submissions among proponents. Accordingly, we further identify the proposals that were submitted in cooperation with the Center for Political Accountability. We note that the CPA does not address lobbying, so these proposals represent a subset of those in the third column.

Table 2: Proponents By Proposal Type

	All	Lobbying	Political	CPA
ESG Manager	229	87	130	39
Public Pension Fund	163	113	47	90
Faith	142	37	98	22
Union	87	26	61	16
Chevedden / McRitchie	79	57	18	33
Foundation	66	41	22	11
Shareholder Advocacy	37	21	11	10
Individual	36	18	11	1
Conservative	26	9	10	0
Undisclosed	9	5	4	4
Not Listed	99	38	57	32
Other Sponsor	18	4	12	0

ESG managers, that is, asset managers of ESG funds, make up the largest group of proponents, followed by public pension funds, faith-based investors, and unions.[125] These ESG managers come in a variety of forms, including Boston Trust Walden (an employee-owned company),[126] Zevin Asset Management (a B-Corp that is also employee-owned),[127] and Friends Fiduciary Corporation (an asset manager that invests based on Quaker principles).[128] The public pension funds are also diverse. New York State is the most prolific (either directly or as the New York State Comptroller), with other frequent participants including the City of Philadelphia Public Employees Retirement System and the American Federation of State, County and Municipal Employees. Among the unions, the major players are, predictably, the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), the Teamsters, and the Service Employees

[125] This is consistent with the work of Min & You, *supra* note 14 and Zhang & Zhang, *supra* note 14.
[126] Boston Trust Walden, https://www.bostontrustwalden.com/about/ (last visited Oct. 19, 2024).
[127] Zevin Asset Management, https://www.zevin.com/ (last visited Oct. 19, 2024).
[128] Friends Fiduciary, https://friendsfiduciary.org/ (last visited Oct. 19, 2024).

International Union (SEIU).[129] Religious orders—typically nuns—make up the bulk of the faith investors.

We also have 79 proposals by two well-known individual proponents: John Chevedden and Jim McRitchie.[130] Chevedden and McRitchie are both retail investors who have made a name for themselves as active participants in the shareholder proposal space. As such, they are prime examples of what Professors Kastiel and Nili call corporate gadflies.[131] Next we have a group we call foundations, which includes entities like the Nathan Cummings Foundation, the Needmor Fund, and Tara Health Foundation. Shareholder Advocacy refers to governance entrepreneurs that also serve as proponents, typically partnering with another shareholder. The two most important such groups are As You Sow and Investor Voice, and both have developed an infrastructure to support the use of the shareholder proposal process.[132] Individual investors (other than Chevedden and McRitchie) who are not represented by either a shareholder advocacy organization or an asset manager are classified as such. We also have several proposals from two conservative groups, the National Legal and Policy Center (NLPC) and the National Center for Public Policy Research (NCPPR). Shareholder proposals from conservative groups (sometimes called "anti-ESG proposals") have received a substantial amount of attention in recent years. Because they are distinct from other proponent groups, we classify them separately. The NLPC brought a total of 5 proposals, all of which related to lobbying. The NCPPR brought the balance.

Table 3 provides summary information about the number of proposals and distribution of outcomes by year. As the table demonstrates, the number of political disclosure proposals ranges between 69 (2021) and 121 (2015) and has hovered between 90 and 95 in three of the last 5 years of our sample. Among the subset of proposals that go to a vote, the average level of voting support ranges between 23% (in 2016) and 38% (2021). Compared to the

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[129] Interestingly, while unions sponsor a significant number of proposals requesting disclosure of political spending and lobbying activities, they do not appear to provide similar disclosure of their own political and lobbying activities. For example, we were able to find no such information on websites of the Teamsters, the AFL-CIO, or the SEIU. This is despite the fact that these websites contained information touting "campaigns," political or lobbying campaigns, or other advocacy *see* https://aflcio.org/what-unions-do/social-economic-justice/advocacy; https://www.seiu.org/about#campaigns; https://teamster.org/political-legislative-action.

[130] We include proposals from McRitchie's wife Myra Young in this group.

[131] Kastiel & Nili, supra note 30.

[132] As You Sow is a nonprofit, but unlike the CPA, it owns shares in the portfolio companies with which it engages. As a result, As You Sow is itself a frequent sponsor or co-sponsor of shareholder proposals. Neither as You Sow nor Investor Voice limits its efforts to political disclosure proposals.

typical shareholder proposal, this level of support is fairly high.[133] A few proposals receive majority support – one notable example is Exxon, where in 2021, shareholder proposals seeking an annual report on lobbying and a report on lobbying alignment both received majority support.[134] Following the vote, in 2022, Exxon published a comprehensive report on its lobbying activity.[135] Another example is the GEO Group, where 66% of shareholders voted in favor of a proposal requesting greater lobbying disclosure at the annual meeting.[136] GEO subsequently stated that, as a result of this shareholder feedback, it had "enhanced its report to provide additional, more detailed information with respect to GEO's lobbying activities and political contributions made at the corporate level and through its political action committee."[137]

Existing academic literature has focused largely on shareholder proposals that receive majority voting support,[138] but according to several of the participants in the ecosystem that we spoke to, majority voting support is not necessary for the board to pay attention; rather, levels of 30-35% represent substantial shareholder concern, and boards take this concern seriously. This view is consistent with Glass Lewis's voting guidelines In 2025, Glass Lewis adopted a new policy on board responsiveness to shareholder proposals identifying as part of its voting guidelines.[139] The policy identifies 30% as "significant support" that warrants board engagement with shareholders on the issue.[140] Moreover, we note the significant number of proposals that are withdrawn each year, which ranges between 21 (in 2018) and 45 (in 2015). At least 30 proposals were

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[133] Compare Atkins Speech, supra note 6**Error! Bookmark not defined.** n. 3 (reporting support levels ranging from 12.9 to 28.5 % for environmental and social proposals and 22.9 to 32.4% for governance proposals for the past four proxy seasons).

[134] https://www.skadden.com/insights/publications/2021/06/the-informed-board/what-the-exxon-mobil-shareholder-votes-mean

[135] https://www.iccr.org/response-shareholder-proposal-exxonmobil-publishes-comprehensive-report-its-lobbying-activities-and/

[136] The GEO Group, Inc., Form 8-K, Apr. 28,, 2021, at 5, https://content.edgar-online.com/ExternalLink/EDGAR/0001193125-21-150222.html?hash=369e48c392220e6704e4c27e1941da9af72d5576a4d48c7725261c65ca2cdb02&dest=d178751dex101_htm#d178751dex101_htm.

[137] The GEO Group, Inc. Schedule 14A, Mar. 14, 2023, at 20, https://investors.geogroup.com/node/16761/html.

[138] See, e.g., Yonca Ertimur, Fabrizio Ferri & David Oesch, *Board of Directors' Responsiveness to Shareholders: Evidence from Shareholder Proposals*, 16 J. Corp. Fin. 53 (2010).

[139] ISS and Glass Lewis Policy Updates for 2025, Covington Alert, Dec. 23, 2024, https://www.cov.com/en/news-and-insights/insights/2024/12/iss-and-glass-lewis-policy-updates-for-2025

[140] Brian V. Breheny, Raquel Fox & Page Griffin, *The 2025 Annual Meeting and Reporting Season: Annual Meeting and Corporate Governance Trends*, Harv. Gov. Blog, Jan. 7, 2025, https://corpgov.law.harvard.edu/2025/01/07/the-2025-annual-meeting-and-reporting-season-annual-meeting-and-corporate-governance-trends.

withdrawn in four of the last five years of our sample. Since withdrawals typically reflect some sort of settlement with the proponent, many of these withdrawals likely reflect at least a partial win for the proponents.

Table 3: Annual Number of Proposals

Year	Total Proposals	Voted Proposals	Omitted Proposals	Withdrawn Proposals	Average Voting Support
2015	121	71	5	45	25%
2016	109	73	5	31	23%
2017	102	59	17	26	25%
2018	72	48	3	21	28%
2019	90	51	5	34	33%
2020	78	47	4	27	33%
2021	69	36	3	30	38%
2022	90	49	5	36	31%
2023	95	52	7	36	26%

Importantly, these averages mask the fact that not all political disclosure proposals receive the same level of support. On the contrary, support levels vary substantially from proposals that receive virtually no votes in favor to proposals that receive a majority of votes cast.[141] They further mask the fact that many proposals are settled and withdrawn that might otherwise receive high levels of support.

III. Analysis of Political Disclosure Proposals

A. Which Issuers Receive Political Proposals?

Our conversations with participants in this ecosystem revealed a broad range of views about the extent to which they view lobbying and political expenditure proposals as dealing with separate subjects. Because of the significant influence and history of the CPA, which does not focus on lobbying proposals at all, and because the Zicklin index, described below,

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[141] For example, in 2021, a political proposal brought by John Chevedden received 68% support at United Airlines. United Airlines 2021 Proxy Statement and Notice of Annual Meeting, Apr. 15, 2021, https://www.sec.gov/Archives/edgar/data/100517/000110465921050803/tm212376-3_def14a.htm#tPN7S; United Airlines Holdings, Inc., Form 8-K, May 26, 2201, https://www.sec.gov/ix?doc=/Archives/edgar/data/100517/000110465921073549/tm2117454d1_8k.htm. On the other hand, a political proposal brought by the New York State Common Retirement Fund at Dish Networks in 2022 received only about 4% of the votes. Dish Network Corp., Schedule 14A, Mar. 18, 2022, https://www.sec.gov/Archives/edgar/data/1001082/000110465922035588/tm223326d1_def14a.htm; Dish Network Corp. Form 8-K, May 3, 2022, https://www.sec.gov/ix?doc=/Archives/edgar/data/1001082/000100108222000017/dish-20220429x8k.htm .

does not incorporate lobbying disclosure, we narrow our analysis at this point to focus exclusively on political expenditure proposals. Informed by our background conversations about how firms are targeted, we test empirically whether issuers are targeted based on their existing levels of political disclosure, their levels of engagement in politics, or their economic performance.[142]

Rather than coming up with our own ad hoc measure of political disclosure, we rely on the Zicklin index. Because of the timeline for filing proposals, we use Zicklin data from the year before each proposal. This should capture the level (and, if relevant, the changes) in political disclosure available to shareholders at the time that they are making the decision about whether and where to bring a proposal. For each year, we identify leaders (defined as the top 25%) and laggards (defined as the bottom 25%) by Zicklin score in each industry. We define the measures this way rather than relying on absolute Zicklin scores both because political engagement levels vary based on industry and because many of the participants we spoke with described the importance of company disclosure practices compared to its "peers." We also calculate the change in Zicklin score in the year leading up to the relevant year to identify improvement or slippage. Specifically, we ask whether existing levels of political disclosure predict whether an issuer receives a political disclosure proposal. For example, we might expect proponents to target companies that are laggards relative to their peers, or to refrain from bringing proposals at companies that have recently improved on their own. Because of the timing of the shareholder proposal process, this effectively means that we look at changes between the Zicklin score *two years* before the relevant meeting to the *year before* the meeting.[143]

As noted above, we obtain data on corporate giving to 527 organizations from the CPA. Because there is no single source of all corporate political donations and expenditures, we use 527 giving as a proxy for corporate

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[142] We note that many of the representatives of proponents that we spoke to stressed the additional importance of firm-specific factors – events, scandals, and the like. See infra note 151 and accompanying text (describing First Energy corruption scandal). While we recognize the importance of such information, our data do not allow us to test this factor.

[143] In other words, tor proposals in year t, we identify leaders and laggards in year t-1, and changes from year t-2 to t-1. Accordingly, we use Zicklin data beginning in 2013. For a discussion of the timeline for annual meeting preparation, see Scott Hirst & Adriana Z. Robertson, *Hidden Agendas in Shareholder Voting*, 39 YALE J. ON REG. 1218, 1233-5 (2022). This time lag introduces a complexity in our analysis. The coverage of the Zicklin index gradually expanded over time. In 2013, it covered about 200 companies, increasing to about 300 in 2014. Beginning in 2015, it covered all but a handful of the companies in the S&P 500. To ensure that the relatively thin coverage in the first part of the sample period does not bias our results, we start with the 2015 Zicklin data, which means our analysis starts with proposals voted on in 2017.

political engagement.[144] Our 527 giving data is organized by electoral cycle. We define the relevant 527 giving as relating to the most recently completed election cycle. Accordingly, in both 2017 and 2018, we refer to giving in the 2016 cycle. We divide companies into quintiles by their total 527 spending in the relevant cycle. We treat companies that have no 527 giving at all in the relevant cycle as the omitted category.

Finally, we calculate the one-factor CAPM alpha of each company in the S&P 500. We estimate this using monthly data, with the CRSP value weighted portfolio as the proxy for the market.[145] We divide companies into quintiles in each year. For parsimony, we include only the top quintile and bottom quintiles in our analysis, leaving the middle three quintiles as the omitted category.

We use these variables to estimate a series of very simple regressions. The dependent variable is an indicator equal to one if the company receives one or more political disclosure proposal in a particular year, regardless of whether the proposal was voted, omitted or withdrawn. To better understand the role of the CPA in targeting proposals, in Table 4, we focus exclusively on CPA political proposals. In all specifications, we include sector x year fixed effects and cluster our standard errors by issuer.

We introduce the different possible contributors one by one. We begin in column 1 with the measures of firm performance. Accordingly, the point estimates compare top and bottom quintile firms (based on alpha in the prior year) to those that were in the middle of the pack. The results suggest that there may be a weak relationship between poor firm performance and receiving a CPA proposal, but the statistical significance of the coefficient is marginal, and the pattern is not monotonic.

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[144] Some scholarship has focused on a single dimension of corporate political activity such as political expenditures or PAC contributions. See, e.g. Andreas G.F. Hoepner & Ming-Tsung Lin, *Do shareholder views affect corporate political activities*?, 84 Int. Rev. Fin. Anal. (2022) (focusing on corporate donations to the two main political parties). As noted above, however, we view various types of political activity as potential substitutes. Accordingly, we do not claim that the 527 contributions constitute an accurate measure of corporate political activity but rather a proxy. Because these contributions are both less transparent than some other forms of engagement and have been identified as a potential source of substantial influence, they offer a possible red flag into political involvement that may not be known to shareholders. See Andrew Ross Sorkin, *A Company Backs a Cause. It Funds a Politician Who Doesn't. What Gives?* DealBook, N.Y. Times, July 21, 2020 (identifying examples of corporate hypocrisy through funding of 527 groups).

[145] We obtain risk-free rate data from Kenneth French's website. We do not rely on the rest of French's factor data for the reasons discussed elsewhere. *See* Adriana Z. Robertson, Pat Akey & Mikhail Simutin, *Noisy Factors in Law*, 92 U. CHI. L. REV. (forthcoming 2025); Pat Akey, Adriana Z. Robertson & Mikhail Simutin, *Noisy Factors? The Retroactive Impact of Methodological Changes on the Fama-French Factors* (working paper 2024).

In column 2, we include indicator variables for whether the company is a leader and whether it is a laggard. Again, the point estimates compare leaders and laggards to companies in the middle in a particular year. The results indicate that leaders are less likely to receive a CPA political proposal, while laggards may be more likely to receive one. This relationship is strong: the point estimate on leaders (-4.3) is strongly statistically significant and is slightly larger than the mean value of the dependent variable (4.2). This confirms that companies with better disclosure are considerably less likely to receive a CPA proposal than other companies. While the point estimates for laggards are only marginally statistically significant, the positive sign is directionally consistent with this story as well.

Table 4: Targeting of CPA Political Proposals

	(1)	(2)	(3)	(4)	(5)
Bottom Quintile Alpha	1.82+				1.32
	(1.70)				(1.25)
Top Quintile Alpha	0.44				0.03
	(0.44)				(0.03)
Zicklin Leader		-4.29***	-4.81***		-5.71***
		(-5.75)	(-5.46)		(-5.95)
Zicklin Laggard		2.26+	2.11		3.31*
		(1.92)	(1.55)		(2.48)
+Δ Zicklin			0.00		0.01
			(0.08)		(0.38)
-Δ Zicklin			0.03		0.02
			(0.44)		(0.37)
Bottom Quintile 527 Giving				0.82	3.24+
				(0.48)	(1.69)
Second Quintile 527 Giving				6.87*	7.61**
				(2.36)	(2.63)
Third Quintile 527 Giving				8.03***	9.45***
				(3.35)	(3.87)
Fourth Quintile 527 Giving				3.18	5.20*
				(1.50)	(2.30)
Top Quintile 527 Giving				4.17+	6.44**
				(1.82)	(2.68)
Sector x Year FE	YES	YES	YES	YES	YES
N	3275	3464	3089	3464	3088

Standard errors clustered by issuer. t-statistics in parentheses.
+ p<.1, * p<.05, ** p<.01, *** p<.001

In column 3, we add variables representing the change in the company's Zicklin score. Recognizing that increases and decreases may not be symmetric, we split the change variable into increases and decreases,

leaving no change as the omitted category.[146] We find no relationship between either variable and the likelihood of receiving a CPA proposal.

In column 4, we turn to 527 giving. We find no consistent relationship between the level of 527 giving in the prior cycle and the likelihood of receiving a CPA proposal. The relationship is non-monotonic, with by far the largest point estimate in the third quintile. To the extent that this is consistent with a relationship between 527 spending and receiving a CPA proposal, this suggests that it is, at best, a complex one. This is not necessarily surprising: the CPA is concerned with disclosure, not necessarily with giving. Accordingly, the CPA might be more focused on transparency than they are on the level of political spending.[147]

Finally, in column 5, we include all variables. The results are largely consistent with what we saw in columns 1 through 4. After including the other variables, the coefficients on the performance variables become even smaller and even less statistically significant. This confirms that, controlling for disclosure and political giving, financial performance does not predict receipt of a CPA proposal. In contrast, the coefficients on the Zicklin Leader and Laggards variables become larger and more statistically significant, while the changes in the variables remain insignificant. This suggests that the targeting of CPA proposals is strongly related to the level of political disclosure, as measured by a company's Zicklin score relative to its peers. Finally, the 527 giving variables remain monotonic, although they tend to increase modestly in magnitude and significance.

Proponents' reliance on the Zicklin index suggests that proposals are rationally tied to a company's political transparency. But there is a twist. As noted above, the CPA designs, calculates and publishes the Zicklin index, but it also plays a major role in working with investors to target companies for disclosure proposals. As a result, it is perhaps not surprising that those

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[146] The omitted category ("no change") represents over a quarter of the sample. In other words, on average, about a quarter of the companies in the sample don't have a change in their Zicklin score from one year to the next.

[147] Some of participants in the ecosystem that we spoke to articulated a more cynical perspective on the CPA's approach to targeting and settlement. It is well known that the CPA was involved in the design of the Zicklin index and has been active in publicizing it. Because of the design of the index, the companies with the lowest scores have the greatest scope for improvement. In particular, the ways that they can improve are least intrusive and/or difficult for the issuer. In other words, for a typical company, it is much easier to go from a score of 0 to a score of 20 than it is to go from a score of 80 to a score of 100. Consequently, if they target a company with a very low score, they are much more likely to get concessions that will show up in the company's score the following year than they would be if they targeted a company with a higher score. This improvement—as reflected in the change in Zicklin scores of targeted companies—makes the CPA look effective.

investors working with the CPA targeted those issuers that score lowest on the Zicklin index.

Accordingly, we run the same regression on non-CPA associated proposals and present the results in Table 5. We make four observations from these regressions. First, as with the CPA political proposals, economic performance is not predictive of receiving a non-CPA political proposal. Second, Zicklin leader and laggard status is not at all predictive of receiving a non-CPA political proposal. Third, however, we find that companies that have recently improved their Zicklin scores are less likely to receive a non-CPA proposal. These two results represent a sharp contrast to what we observed for CPA proposals.

Finally, 527 giving is strongly predictive of receiving a non-CPA proposal. The relationship between 527 giving and the likelihood of receiving such a proposal increases sharply with the relative amount of such giving: companies in the third quintile are significantly more likely to receive a proposal that companies that do no giving (the omitted category). Those in the fourth and fifth quintiles are even more likely to, with the coefficients increasingly monotonically from the third to the fifth quintile. The point estimates are also substantial given that the mean value of the dependent variable is only 3.5.

Table 5: Targeting of Non-CPA Political Proposals

	(1)	(2)	(3)	(4)	(5)
Bottom Quintile	1.24				1.37
Alpha	(1.12)				(1.23)
Top Quintile Alpha	1.04				0.97
	(1.11)				(1.01)
Zicklin Leader		0.83	0.59		-0.64
		(0.84)	(0.58)		(-0.63)
Zicklin Laggard		0.22	-0.48		0.65
		(0.25)	(-0.48)		(0.73)
+Δ Zicklin			-0.06***		-0.05**
			(-3.52)		(-2.86)
-Δ Zicklin			0.06		0.05
			(1.43)		(1.15)
Bottom Quintile 527				1.47	1.34
Giving				(1.05)	(0.97)
Second Quintile 527				0.98	1.25
Giving				(0.80)	(1.00)
Third Quintile 527				5.50**	5.72**
Giving				(2.99)	(3.18)
Fourth Quintile 527				6.61**	6.75**
Giving				(3.17)	(3.04)
Top Quintile 527				12.01***	11.86***
Giving				(5.50)	(5.29)
Sector x Year FE	YES	YES	YES	YES	YES
N	3275	3464	3089	3464	3088

Standard errors clustered by issuer. t-statistics in parentheses.

+ p<.1, * p<.05, ** p<.01, *** p<.001

The results in Tables 3 and 4 indicate that proponents who work with the CPA target issuers differently than those who act independently. Broadly speaking, the CPA proposals appear to target issuers with low Zicklin scores, while proponents who do not partner with the CPA do not appear to consider the level of disclosure (at least as captured by an issuer's Zicklin score). At the same time, the proponents that work with the CPA seem largely indifferent to 527 spending, while those who proceed independently are not.[148]

Critically, our regressions can, at best, incorporate only some of the factors that influence proponents' decisions to target a particular issuer. Our empirical analyses rely on data that is available across the range of issuers in our sample, but that imperfectly capture both the extent of an individual firm's political activity as well as its political risk.[149] Indeed, the two are likely to be related. As Hassan et al. report, "firms facing higher political risk tend to subsequently donate more to political campaigns, forge links to politicians, and invest in lobbying activities"[150] Some of the representatives of proponents that we spoke to stressed the importance of firm-specific political risk, as well as the fact that secret political engagements have a particular potential for corruption. For example, several cited the case of First Energy company, which agreed to pay a $100 million civil penalty when faced with charges of political corruption for payments that it made to a 501(c)(4) organization.[151] Their view was that disclosure provided prophylactic protection against that sort of behavior.

B. The Phenomenon of Repeated Proposals

A curious feature of our data is the prevalence of repeated proposals. To get a handle on this phenomenon, we plot a simple histogram of the total number of proposals—across all types in our sample—received by each of

[148] In untabulated results, we find evidence that lobbying proposals are also somewhat sensitive to 527 giving. Companies in the third through fifth quintiles of 527 giving receive significantly more lobbying proposals than those that give less, where the relationship is weakly monotonically increasing. While the estimated coefficients are strongly statistically significant, the point estimates are more than an order of magnitude smaller, indicating that this relationship is much weaker.

[149] See, e.g., Tarek A. Hassan, Stephan Hollander, Laurence Van Lent & Ahmed Tahoun, *Firm-level political risk: Measurement and effects*, 134 Q. J. of Econ. 2135 (2022) (finding that political risk is firm-specific).

[150] Id.

[151] US Sec. & Exch. Comm'n, SEC Charges FirstEnergy Corp. with Fraud in Connection with Political Corruption Scheme, Press Release, Sept. 12, 2024, https://www.sec.gov/enforcement-litigation/administrative-proceedings/33-11302-s. Contributions to 501(c)(4) organizations are "dark money" whose disclosure is not required by law.

the issuers in our dataset. The results are presented in Figure 1. The minimum number of proposals is 1 because our sample only includes companies that received at least one proposal. Our sample covers a 9 year period, so receiving 10 or more proposals implies that the company received an average of more than one proposal per year.

Figure 1: Number of Proposals Per Issuer

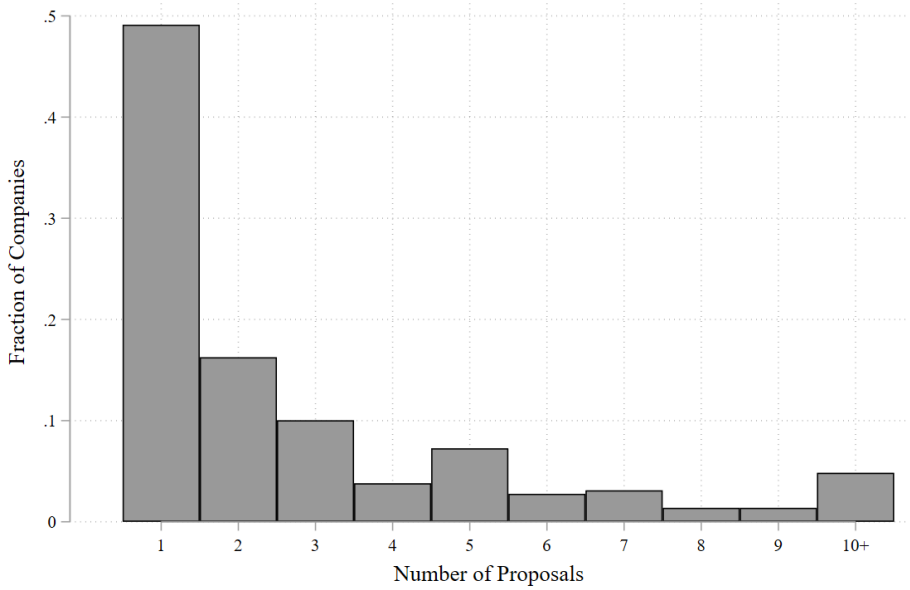

Figure 1 makes clear that while the modal company received only one proposal, a significant number of companies received multiple proposals over our sample period. Interestingly, the 14 companies that received 10 or more proposals tend to be clustered in a few categories: energy companies (Chevron, Devon Energy, Duke Energy, and Exxon Mobil), pharmaceutical companies (AbbVie, Eli Lilly, and Pfizer) and companies that are prominent household names (AT&T, Alphabet (Google's parent company), FedEx, McDonald's, Boeing, Walt Disney, and United Parcel Service (i.e., UPS)).

One hypothesis is that these companies are repeatedly targeted because they have particularly bad disclosure practices. Interestingly, there is no support for this in our data. Specifically, we can compare the average Zicklin scores of these 14 companies over our sample period to those of the companies that get many fewer proposals. If anything, the repeated targets have *better* disclosure practices: the average Zicklin score of the companies that received 10 or more proposals over our sample period is 73.4, compared to

59.6 for the ones that received 1.[152] On a 100 point scale, this average difference of 13.8 points is meaningful. We also find that these companies did not increase their Zicklin scores more: the difference in the average *change* in Zicklin scores was not statistically distinguishable at conventional levels.[153]

While this comparison is suggestive, it is not dispositive. After all, the proposals in our sample include both lobbying and alignment, and the Zicklin index focuses solely on political disclosure. Nevertheless, the data do not support the idea that these companies are being targeted because they have especially bad disclosures.

To get more color on this phenomenon, we drill down into the types of proposals. Of the 214 companies that received at least one political proposal during our sample period, 81 (38%) received more than one. For lobbying proposals, repetitions are even more prevalent: of the 141 companies that received at least one, almost half (68, or 48%) received more than one.

These repeated proposals could be evidence of intransigence on the part of the issuer. Alternatively, these could be companies that, as a result of their business, their size, or their public visibility, face distinctive political risks. As noted, we are unable to measure political risk directly.[154] We note, however, that the companies and industries represented above have been involved in a variety of high profile public controversies, including those involving environmental issues, workers' rights, aircraft safety and so forth. For the reasons discussed in Part IV below, it may be true both that shareholders are appropriately targeting issuers that warrant greater disclosure and that these issuers face distinctive costs to increasing their levels of transparency.

We further investigate the prevalence of repeated proposals in consecutive years. Our results suggest that consecutive proposals are the norm. Of the 81 companies that received more than one proposal, almost all (75, or 93%) received proposals in at least two consecutive years. For lobbying, the number is only slightly lower: 62 (or 91%) of the 68 companies that received more than one lobbying proposal received proposals in at least two consecutive years. This suggests that we can break companies into two broad groups: those that receive "one-off" proposals, and repeated targets.

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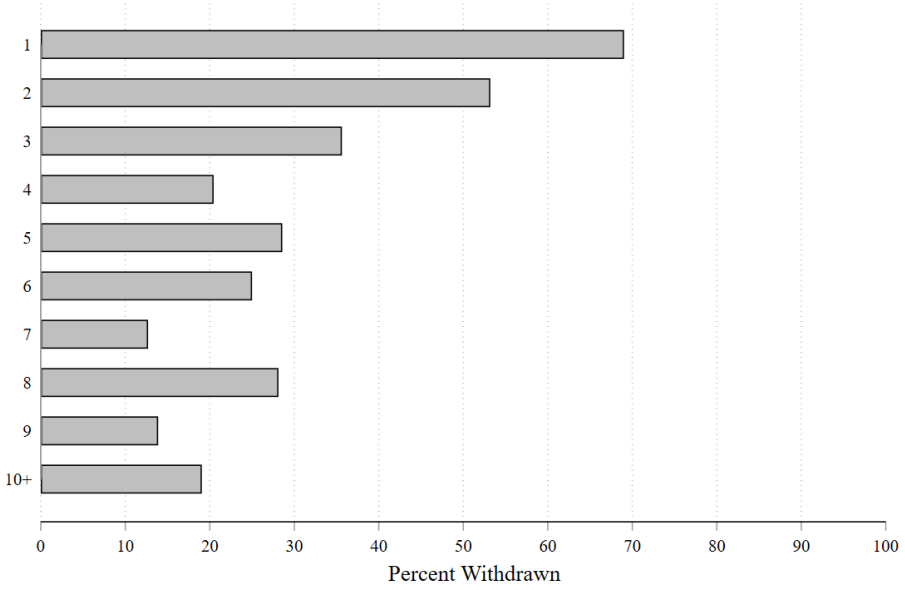
[152] A two-sided t-test confirms that this difference is statistically significant at the 99% level (t= 6.1).

[153] Companies that received 10 proposals increased their scores by an average of 24.9 points, compared to 29.3 points. A two-sided t-test returns a p-value of 0.55 (t= 0.61).

[154] See Hassan, et al., supra note 149 (attempting to measure firm-specific political risk through references to political activity in earnings calls).

The companies that receive one-off proposals are much more likely to settle with proponents than those that are repeated targets. Figure 2 depicts the average withdrawal rate for proponents in each of the ten categories.

Figure 2: Average Withdrawal Rate, By Total Number of Proposals



Companies that received only one proposal are much more likely to settle with proponents or otherwise end up with a withdrawal than companies that receive many proposals. In particular, once a company gets more than three political, lobbying, or related proposals over the sample period, the withdrawal rate drops to below 30% from nearly 70%. One interpretation of these findings is that repeated proposals reflect an ongoing disagreement between proponents and issuers about the optimal amount of disclosure.

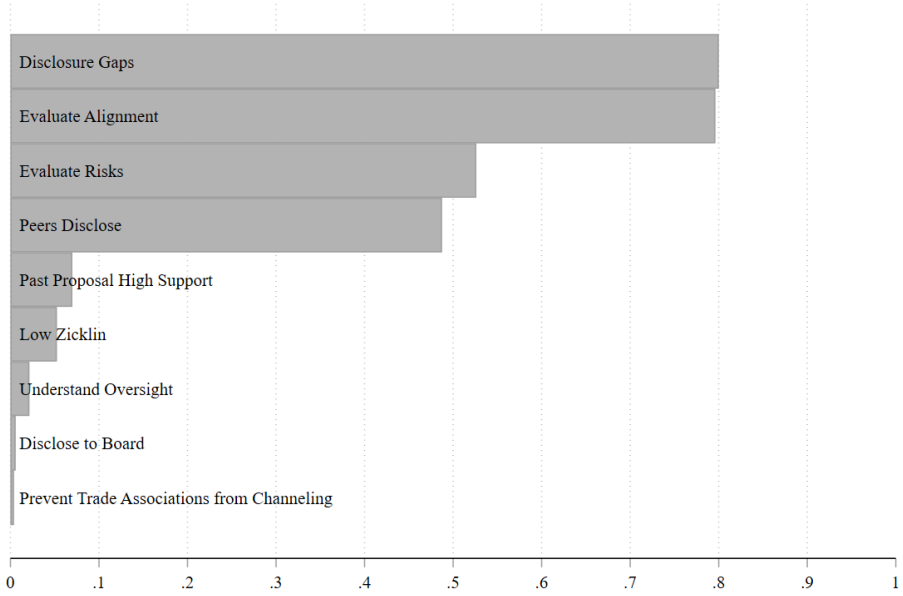
C. The Messaging of Political Transparency

Our conversations identified a variety of bases on which proponents identify targets for political disclosure proposals as well as the rationales issuers offer for resisting those requests. We draw on our analysis of proxy statements to provide a broader perspective. Importantly, this data is more limited in that we only have proxy statements when a proposal goes to a vote. We also caution that these results reflect proponents' and issuers' stated rationales, and we have no way to evaluate the sincerity of those statements.

Starting with the rationales identified through our conversations, we code and categorize the reasons proponents provide in the proxy materials for targeting a particular issuer. Figure 3 presents our overall results. The argument that disclosure is inadequate or incomplete and that shareholders

need comprehensive disclosure to fully evaluate the use of corporate assets and whether the use aligns with firm values/strategy/policies (including claims for congruency) are the two most common reasons offered by proponents (about 80% of the time). Shareholders also frequently point to the idea that the information is necessary to evaluate risks associated with political use of corporate assets and that the issuer's disclosure lags that of its peers (around 50% of the time).

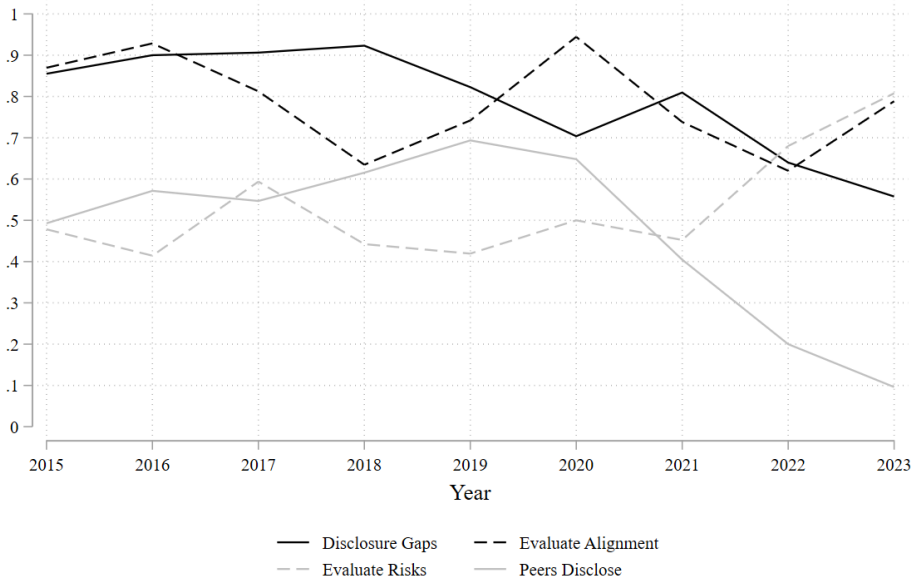
Figure 3: Arguments by Proponents



We are wary of placing too much weight in aggregated results. In particular, our interlocutors explained that both issuer disclosure policies and the reasons for targeting an issuer have evolved over time. Accordingly, we disaggregate our results by year, focusing on the four most commonly used classes of arguments.[155] The results are shown in Figure 4. Most notably, Figure 4 reveals a marked shift in proponents' explanations for targeting. Although in the early years, proponents frequently cited disclosure gaps and poor disclosure relative to peers, these explanations collapsed over time and, in recent years, the focus has been on justifying political disclosure as a way for investors to evaluate the issuers' risks (80%). This is consistent the emerging effort to restrict social policy proposals that do not relate sufficiently to economic value.

[155] We omit the time trends for the other five classes of arguments to keep the graph from getting too cluttered. No particular time trends stand out in the use of these arguments.

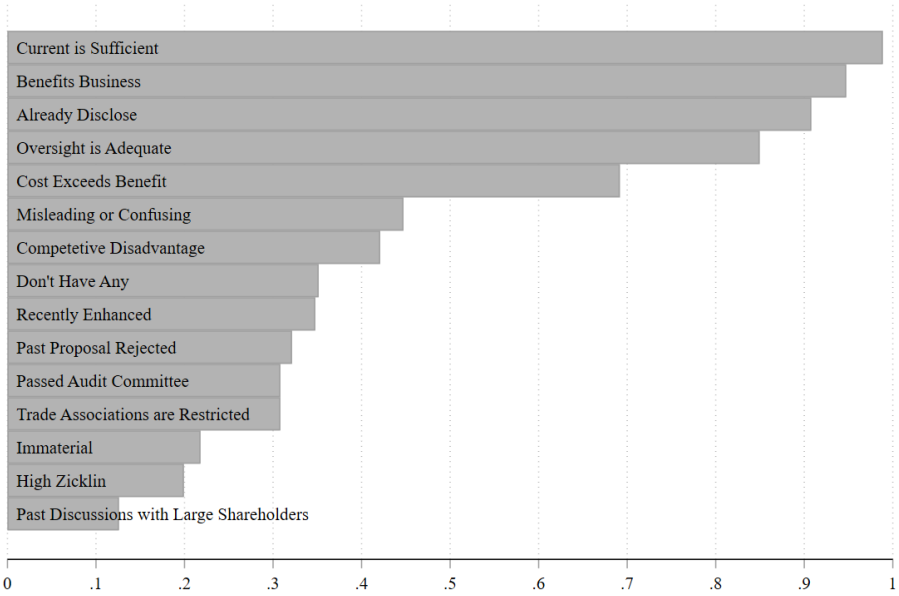
Figure 4: Arguments by Proponents, by Year



More significantly, our empirical results demonstrate that the articulated rationale for seeking political transparency has evolved over time. While early proponents focused primarily on disclosure gaps or disclosure practices that were out of sync with an issuer's peers, more recent efforts have emphasized the significance of political activity as an economic risk. This trend is consistent with an attempt to distinguish political disclosure proposals from the social policy proposals targeted by Exxon and the SEC. The propensity to point to the disclosure of the issuer's peers has also fallen dramatically over the course of our sample period.

We also analyze issuers' statements in opposition to political disclosure proposals, which we present in Figure 5. While issuers offer a variety of responses, including in almost every case, that their current disclosure policy is sufficient, and that they already disclose the requested information, issuers also consistently (95%) cite the fact that political engagement serves the firm's business goals.

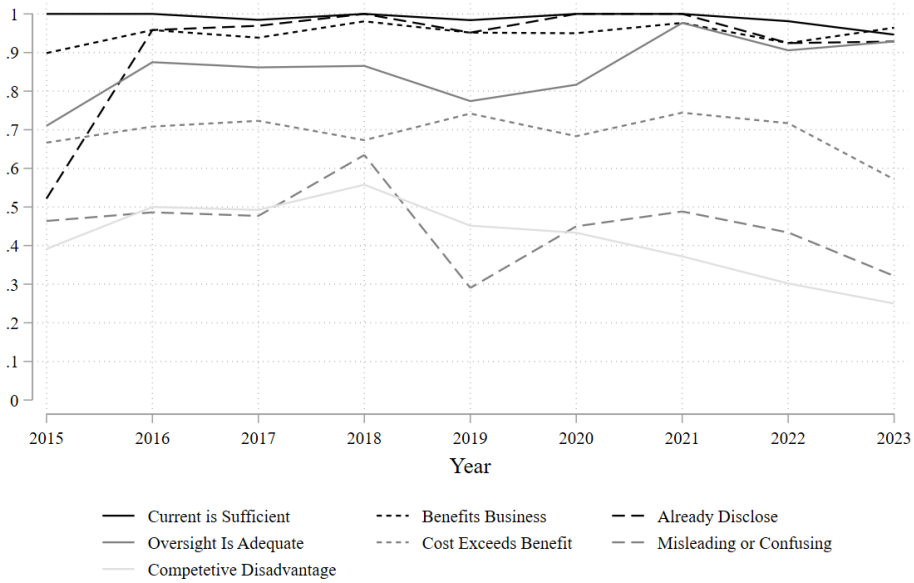
Figure 5: Arguments by Issuers



These same three reasons remain dominant when we break out the six most commonly used issuer responses by year in Figure 6 below. We flag as particularly significant the issuers' argument that political activity benefits the firm's business, an issue we will return to in Part IV.

At the same time, we note that the rationale that has declined most is that increased disclosure will put the issuer at a competitive disadvantage. This result is consistent with both the empirical data and the sense among the experts we spoke to that issuer disclosure quality has improved over the time period of our study and that an increasing percentage of issuers are adhering to best practices regarding political transparency. In that environment, it is less likely that an issuer would be disadvantaged relative to its peers.

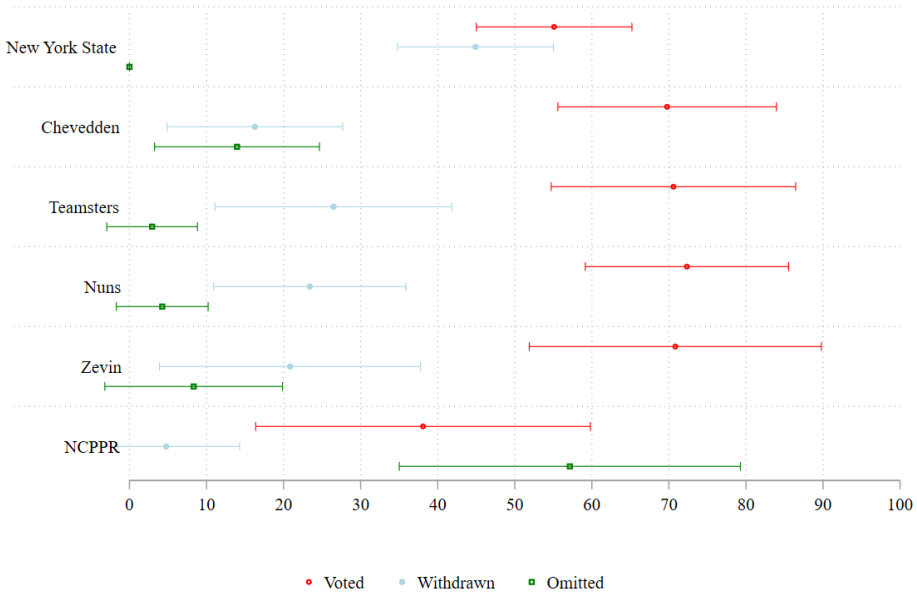
Figure 6: Arguments by Issuers, by Year



D. Voting, Withdrawal and Omission

Next, we investigate the outcomes of these proposals. At this point, we face a difficult challenge. To present the results across all the proponents in our sample would overwhelm the reader, and aggregating proponents into the categories presented in Table 2 would risk collapsing very different behavior into one group. Our solution is to focus on a manageable number of prominent proponents. Figure 7 presents the percentage of proposals that are voted on (in red), withdrawn (in blue) and omitted (in green) by five significant proponents (or, in the case of nuns, group of proponents), as well as the 95% confidence intervals for these percentages.

Figure 7: Rate of Voting, Withdrawal and Omission, Selected Proponents



We note a few patterns in Figure 7. First, there is substantial variation across these six proponents. While our data do not permit us to conduct formal causal inference, there are plausible reasons to think that these differences may be of interest. For example, the New York State Common Retirement Fund has a much higher rate of withdrawals (about 45%) than any of the other proponents. Firms may take proposals by the NYSCRF seriously because of the size of its ownership stake, the NYSCRF may be more reasonable than other proponents in its demands, or the NYSCRF may be an effective negotiator by virtue of being a repeat player. In contrast, John Chevedden has a low withdrawal rate. If we deduct from the denominator his proposals that are omitted, this withdrawal rate falls even further.

We also note the extraordinarily high omission rate for proposals brought by the National Center for Public Policy Research, a so-called "anti-ESG" proponent. The next highest omission rate—for John Chevedden—is so much lower that the (very wide) 95% confidence intervals do not overlap. There could be several reasons for the omission rate, including the possibility that the NCPPR has less experience in submitting proposals, which could lead to its making minor technical errors in the submission

process.[156] Companies might also be more aggressive about asking the SEC for permission to omit these proposals.[157]

As discussed above, it appears that a substantial percentage of withdrawn proposals are the result of negotiated settlements. Notwithstanding this, there are several factors that may be related to the likelihood of a withdrawal, including the perceived level of support for the proposal among other investors, as well as the identity of the issuer and the proponent. Some of the participants in this ecosystem suggested that some shareholder proponents are interested in making a public statement by way of their proposals. Such proponents were perceived as being less receptive to settlement negotiations. Similarly, it was suggested to us that some issuers are more willing to agree to increased disclosure than others. The latter observation is supported by the number of issuers that remain as laggards on the Zicklin scale despite receiving repeated proposals seeking increased disclosure.

E. Do Political Proposals Matter?

The entire proposal process might be for naught if nothing comes of these proposals. While we cannot formally test causality, there are plausible reasons to believe that a change in issuer behavior following a withdrawal or a vote might be related to the vote—or, more generally, to the investor sentiment that it represents.

Since withdrawals represent settlements between proponents and issuers, it stands to reason that proponents should get at least some of what they want after a withdrawal. We therefore check whether the level of political disclosure, again measured using the Zicklin index, increases after a political proposal is withdrawn. To do so, we estimate a series of OLS

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[156] For example, their 2023 proposal at Bank of America was excluded because the proof of continuous ownership they submitted with their proposal (as required by the SEC's rules) contained procedural deficiencies. The exchanges between the NCPPR, the SEC, and Bank of America's counsel at the law firm Gibson Dunn is attached to the no action letter provided by the SEC. Bank of America Corp., Jan. 23, 2023, https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2023/ncpprbao012323-14a8.pdf

[157] It is worth noting that omitted proposals increased dramatically in 2025 (beyond our sample), likely due to the changes in SEC guidance described infra at note 48 and accompanying text. See Subodh Mishra, *2025 U.S. Proxy Season: Midseason Review Finds Sharp Drop in Shareholder Resolutions on Ballot*, Harv. L. Sch. Forum on Corp. Gov., May 26, 2025, https://corpgov.law.harvard.edu/2025/05/26/2025-u-s-proxy-season-midseason-review-finds-sharp-drop-in-shareholder-resolutions-on-ballot/ ("shareholder proposals related to lobbying and political contributions, traditionally high in volume, decreased to 8 and 14, respectively, compared to 21 and 23 last year. This is due in part to a spike in omitted proposals, with 20 proposals on lobbying and political contributions omitted from the ballot in the first half of 2025 compared to just three such proposals omitted during the same period in 2024.")

regressions where the dependent variable is the change in issuer's Zicklin score over the course of the year following the proposal. We present the results in Table 6. We continue to include sector-year fixed effects and to cluster standard errors by issuer.[158]

In column 1 and 2, the independent variable is an indicator equal to one if at least one CPA political proposal or non-CPA political proposal (respectively) was withdrawn at the company in a particular year, and zero if it did not receive any such proposals.[159] The results in column 1 indicate that the withdrawal of a CPA political proposal predicts an improved Zicklin score the following year. The average Zicklin score in the sample is about 48.5, so a point estimate of 6.4 indicates that having a withdrawn proposal the prior year is associated with an increase of roughly 13% of the mean. In contrast, we find no relationship between with withdrawal of a non-CPA political proposal and subsequent changes in Zicklin score. This is consistent with the targeting that we observe in Tables 4 and 5: Table 5 indicated that the non-CPA proposals were not targeted at companies with lower Zicklin scores to begin with. It may well be, therefore, that the proponents bringing these proposals are focused on features that are not captured by the Zicklin index.

Table 6: Change in Zicklin Index After a Political Proposal

	(1)	(2)	(3)	(4)
Withdrawn CPA Proposal	6.446*			
	(2.18)			
Withdrawn Non-CPA Proposal		-0.555		
		(-0.30)		
Voted CPA Proposal			5.898***	
			(4.18)	
Voted Non-CPA Proposal				2.142*
				(2.16)
Sector x Year FE	YES	YES	YES	YES
N	3233	3233	3355	3355

In contrast, the results in Table 4 indicate that CPA proposals appear to be targeted at companies with lower Zicklin scores. It stands to reason, then, that settlements regarding these proposals are more likely to involve improvements in this score. This is even more plausible given that the CPA produces the Zicklin index. Presumably, it believes that the index captures important features of a company's political disclosure, and it stands to

[158] This time, we include proposals spanning 2015 to 2022.
[159] We omit companies which only had proposals that were not withdrawn.

reason that proponents that are working with the CPA would be particularly focused on the sorts of disclosures that are reflected in that index.

In columns 3 and 4, we repeat the analysis using as the independent variable an indicator equal to one if the company *voted* received at least one CPA (column 3) or non-CPA (column 4) political proposal in a particular year, and zero if it did not receive any proposals.[160] The point estimates in column 3 is similar to the one in column 1, suggesting that issuers respond similarly to a CPA proposal whether it is withdrawn or voted. In contrast, in column 4 we find evidence that companies where a non-CPA proposal went to a vote also tend to improve their disclosure, as measured by the Zicklin index. Of course, the point estimate in column 4 is less than half the size of the one in column 3, indicating that the relationship is considerably weaker.

Because we do not have an objective measure of lobbying disclosure over time, we cannot perform an equivalent version of this analysis for lobbying proposals. But we can still look at a snapshot. Specifically, we collect lobbying disclosures of all S&P 500 companies as of the summer of 2024. We then compare the disclosures of companies that received a lobbying proposal in one of the prior years (2022 or 2023) to those that did not. While this is by no means perfect, it provides us with suggestive evidence.

The results are striking. Among the 35 companies that received at least one lobbying proposal in that time, 31 (88.6%) provided a disclosure that at least mentioned lobbying (or trade associations engaged in lobbying), compared to 50.5% of the 465 companies that did not.[161] 28 of these (80%) provided some substantive lobbying disclosure, compared to 41% of the companies that did not.[162] Even within this group, there was wide variation in the quality and coverage of these disclosures. At a minimum, it could consist of a list of the trade associations engaged in lobbying of which the company is a member. More fulsome disclosures consisted of detailed lists of all lobbying activities at both the state and federal level.

Of course, the fact that this analysis is based on a snapshot means that it does not allow us to assess whether the amount of disclosure changed after the proposal. And as with the political disclosures, it does not establish the reason for this difference between groups. But it does at least corroborate the analysis of political proposals and provides additional suggestive evidence that companies do provide something in the way of lobbying disclosure after shareholders request it.

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[160] We omit companies which only had proposals that were not voted.
[161] This difference is highly statistically significant (p-value of Fisher's exact test = 0.000).
[162] This difference is highly statistically significant (p-value of Fisher's exact test = 0.000).

IV. IMPLICATIONS

As noted above, the shareholder proposal rule is currently being reconsidered. In evaluating potential amendments, the ecosystem of political disclosure proposals offers valuable information for policymakers. On the one hand, the consistent submission of a substantial number of political disclosure proposals, as well as the substantial levels of support for those proposals, suggest that political transparency is important for a sizeable number of investors.[163] We further note that publicly reported statistics on support levels may be skewed by the exclusion of negotiated withdrawals and the inclusion of outlier proposals, issuers and proponents.[164] Our data and background conversations support the claim that proponent targeting is, at least to a degree, rational and informed, albeit not necessarily motivated entirely by concerns about maximizing shareholder value.

The system also appears to be correlated with an increase in political transparency. Since *Citizens United*, corporate scores on the Zicklin index have increased,[165] and many of those increases reflect disclosures that are not mandated such as contributions to so-called "dark money" groups.[166] Some of the people we spoke to expressed the view that a majority of large companies have adopted and adhere to best practices.[167] ISS STOXX

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[163] We note that shareholder support for political disclosure proposals appears to have continued beyond the timeframe of our study. See, e.g., Corporate Political Disclosure Shareholder Proposals Draw Surprising Support, Covington Alert, Aug. 28, 2025, https://www.cov.com/en/news-and-insights/insights/2025/08/corporate-political-disclosure-shareholder-proposals-draw-surprising-support (reporting that such proposals "drew 42 percent support on average" in 2025).

[164] The problem is heightened by the proposals that do not appear in the standard dataset compiled by ISS and used to study shareholder proposals. We note that a key source of additional information to us, the Sustainable Investments Institute is, as of the end of 2024, no longer in operation. Sustainable Investments Institute, About US, https://siinstitute.org/aboutus.html.

[165] See, e.g., Dan Carroll, David Pahlic & Bruce Freed, *2024 CPA-Zicklin Index of Corporate Political Disclosure and Accountability*, Harv. L. Sch. Forum on Corp. Gov., Nov. 6, 2024, https://corpgov.law.harvard.edu/2024/11/06/2024-cpa-zicklin-index-of-corporate-political-disclosure-and-accountability/ (reporting improvements in issuer's Zicklin scores from 2016 and 2020 to 2024); Center for Political Accountability, The 2016 CPA-Zicklin Index of Corporate Political Disclosure and Accountability, 11 (2016), https://www.politicalaccountability.net/wp-content/uploads/2022/06/2016-CPA-Zicklin-Index-Report.pdf (reporting that the Zicklin index has documented improvement in corporate political transparency since its inception in 2011).

[166] See, e.g., Center for Political Accountability, Our Impact: Making Disclosure the Norm A Distinguished Record of Effectiveness, https://www.politicalaccountability.net/our-impact/ (last visited May 27, 2025) (reporting that "One third of the S&P 500 companies are disclosing and/or restricting their dark money payments to trade associations and 501(c)(4) nonprofit groups.").

[167] Center for Political Accountability, 2024 CPA-Zicklin Index of Corporate Political Disclosure and Accountability, Oct. 25, 2024, at 9,

reports that "[a]bout 70% of S&P 500 companies voluntarily provide details on their political contributions or state that they do not engage in such payments."[168] About 43% voluntarily report on their lobbying.[169] The Zicklin data also demonstrate that corporate decisionmakers are adopting guardrails to oversee their decisions to engage in political activity and to assess the risks of those decisions. Anecdotal evidence is consistent with the proposition that issuers take disclosure proposals seriously, particularly when they receive substantial support. For example, Fluor, an engineering company, was one of a handful of companies at which a political disclosure proposal received a majority of votes cast in 2016. That same year, its Zicklin score was 42.9 (out of a possible 100). Two years later, its score had jumped to 87.1.

Both our empirical results and our background conversations also challenge the popular narrative that shareholder proposals are the product of atomistic actors – often those with small shareholdings.[170] Rather, shareholder proposals arise through the operation of a complex ecosystem consisting of participants who often share information and coordinate their efforts.[171]

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https://www.politicalaccountability.net/wp-content/uploads/2025/01/2024-CPA-Zicklin-Index.pdf. ("The Index's data reflect leading companies holding firm overall to established norms of political disclosure and accountability").

[168] Subodh Mishra, *Corporate Political Activity Disclosures: A Continued Priority for Investors and Companies*, Harv. L. Sch. Forum on Corp. Gov., Nov. 12, 2024, https://corpgov.law.harvard.edu/2024/11/12/corporate-political-activity-disclosures-a-continued-priority-for-investors-and-companies/.

[169] Id. The situation is different for smaller companies. See, e.g., Cydney Posner, *Political spending transparency from Russell 1000 companies? Not so much*, CooleyPub.com, Nov. 14, 2022, https://cooleypubco.com/2022/11/14/2022-cpa-zicklin-index/ ("The difference in the levels of transparency between the S&P 500 and the Russell 1000 (excluding companies in the S&P 500) is dramatic.").

[170] There is evidence of similar coordination with respect to other types of shareholder proposals. Harvard's Shareholder Rights Project served a similar function to the CPA with respect to shareholder proposals asking firms to eliminate their staggered boards. See Lucian Bebchuk, Scott Hirst & June Rhee, T*owards the Declassification of S&P 500 Boards*, 3 Harv. Bus. L. Rev. 157 (2013) (describing the functioning of the SRP and providing data on the outcomes of its engagement efforts). Scott Stringer, the NYC Comptroller, launched the Boardroom Accountability Project in 2014 which first sought to encourage firms to adopt proxy access and subsequently advocating for increased board diversity. NYC Comptroller Brad Lander, Boardroom Accountability Project, https://comptroller.nyc.gov/services/financial-matters/boardroom-accountability-project/overview/ (last visited July 21, 2025). The United Brotherhood of Teamsters Union "filed shareholder proposals at over seven hundred companies successfully advocating for the adoption of majority voting rules." Kastiel & Nili, supra note 30, at 587.

[171] The ecosystem may be seen as an example of Elinor Ostrom's concept of polycentric governance. E.g., Elinor Ostrom, *Beyond Markets and States: Polycentric Governance of Complex Economic Systems*, 100 Am. Econ. Rev. 1 (2010). We thank Amelia Miazad for this observation.

The CPA is a prime example. The CPA plays many roles: as a facilitator, source of data and perhaps indicator of credibility with respect to political disclosure proposals. As discussed in more detail in Section III.A, we find empirical support for the fact that CPA involvement has an impact -- the proposals in which the CPA plays a role are meaningfully different from those where it does not. Our background conversations made clear that the CPA is not the only governance intermediary in this space. As discussed above, the ICCR and AFSCME perform similar functions with respect to lobbying proposals. Notably, we see coordination even between these intermediaries. The ICCR and its members focus on lobbying.

We further find that individual proponents work together, sometimes co-sponsoring a proposal, sometimes taking turns to avoid duplicating efforts. This coordination reduces the burden of sponsorship on any individual proponent even as it may obscure the details of who stands behind a particular proposal. An individual retail investor, such as John Cheveddan, may not be working on his own but may instead have the backing of the ICCR, the CPA or As You Sow, a backing that is influenced, in part, by the priorities of other investors. To the contrary, combined with the voting power of the institutional investor members of these networks, some of the behavior looks more like wolfpack activism than a lone "gadfly."[172]

What these results tell us about the normative value of political disclosure proposals is more challenging. It is easy to see why political engagement may be beneficial for firms and, by extension, their shareholders. As ISS observed in its 2025 voting guidelines, "Businesses are affected by legislation at the federal, state, and local level; barring political contributions can put the company at a competitive disadvantage."[173] To the extent that political spending gives companies access to elected officials and their staff, it stands to reason that this access could be valuable.[174] The same

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[172] In addition, proponents mobilize the support of institutional investors through a variety of formal and informal networks such as the Council for Institutional Investors and the International Corporate Governance Network. See Enriques & Romano, supra note 100 (describing the importance of these networks). They make use of professional consultants and advisors (beyond ISS and Glass Lewis). These networks enable investors to debate and develop engagement and voting policies.

[173] Institutional Shareholder Services, U.S. Proxy Voting Guidelines Benchmark Policy Recommendations, Feb. 25, 2025, at 79, https://www.issgovernance.com/file/policy/active/americas/US-Voting-Guidelines.pdf.

[174] In 2024, for example, Trillium Asset Management filed a shareholder proposal asking Verizon to publish a third-party report examining the impact of eliminating its political donations. Clara Hudson, *Verizon Shareholders Reject Call to End All Political Spending*, Bloomberg Law, May 9, 2024, https://www.bloomberglaw.com/bloomberglawnews/esg/XDAH8700000000?bna_news_filter=esg#jcite. Verizon's management responded by defending its political contributions as "a critical aspect of Verizon's advocacy for its business interests." Id. 6.4% of votes

goes for lobbying: it is straightforward to see how companies could benefit from the ability to articulate their concerns to decisionmakers and potentially affect regulatory policy.[175] As noted above, this perspective is consistently reflected in management responses to political disclosure proposals.[176] At the same time, a variety of empirical studies have examined the relationship between corporate political spending and economic value, and their results are mixed.[177]

The value of corporate political engagement may also be firm-specific. As one of us has written, for some firms, political engagement may be a core component of their business model or a necessary mechanism to eliminate existing regulatory barriers.[178] Corporations in regulated industries or those subject to substantial political uncertainty may face a more compelling need to engage in the political process. On the other hand, if firm political activity is correlated with firm-specific economic risk, it is also plausible that political engagement contributes to that risk.[179] Particularly in an

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were cast in favor of the proposal. https://www.verizon.com/about/investors/2024-annual-meeting-voting-results,

[175] See, e.g., Matthew D. Hill, G. Wayne Kelly, G. Brandon Lockhart & and Robert A. Van Ness, *Determinants and Effects of Corporate Lobbying*, 42 Fin. Mgmt. 931, 954 (2013) (finding "strong evidence that shareholders' value lobbying activity by the firm's management"). Fisch, supra note 95, at 1506 (describing FedEx's extensive lobbying activities and its success in obtaining favorable legislative changes to enable its business model). A firm's lobbying success may depend, in part, on its willingness to pay for access by making political expenditures. See, e.g., Renae Merle, *Mulvaney discloses 'hierarchy' for meeting lobbyists, saying some would be seen only if they paid*, WASH. POST (Apr. 25, 2018), https://www.washingtonpost.com/news/business/wp/2018/04/25/mick-mulvaney-faces-backlash-after-telling-bankers-if-you-were-a-lobbyist-who-never-gave-us-money-i-didnt-talk-to-you.

[176] See infra notes __ through __ and accompanying text.

[177] See, e.g., Michael Hadani, Jean-Philippe Bonardi & Nicholas M. Dahan, *Corporate political activity, public policy uncertainty, and firm outcomes: A meta-analysis*, 15 Strat. Org. 338 357 (2017) (conducting meta analysis of empirical research in management and finding "only weak evidence to support the view that [corporate political activity] either indirectly (or even directly) impacts firms' bottom lines."); Jay B. Kesten, *Shareholder Political Primacy*, 10 Va. L. & Bus. Rev. 161, 177-81 (2016) (summarizing results of empirical research). But see Saumya Prabhat & David M. Primo, *Risky business: Do disclosure and shareholder approval of corporate political contributions affect firm performance?,* 21 Bus. & Pol. 205 (2019) https://www.sas.rochester.edu/psc/primo/PrabhatPrimoRiskyBusiness.pdf (finding that UK's passage of the passage of the United Kingdom's Political Parties, Elections, and Referendums Act 2000 requiring shareholder approval of certain political expenditures reduced the economic value of politically active corporations).

[178] Fisch, supra note 95.

[179] The CPA released a report warning that corporations face increasing economic risk from their political activity. See CPA, Corporate Political Spending: What are the Real Risks?, May 2025, https://www.politicalaccountability.net/wp-content/uploads/2025/06/Real-Risks.pdf.

increasingly politically polarized environment, firms may do well simply to keep their heads down.[180]

The economic value of political transparency is a distinct issue from the value of corporate political engagement. One commentator observed that "some disclosures may present business and other risks."[181] To the extent that political engagement is a business strategy, transparency can undercut the effectiveness of that strategy by revealing it to the firm's competitors. Transparency may increase the risk of backlash by those stakeholders who disagree with the firm's policies or dislike the recipients of its expenditures. Transparency may also have the effect of ratcheting up the price of political engagement. On the other hand, at least one paper reports that corporate political transparency can be "economically significant."[182] Wang and Zhang find that "greater political transparency is associated with better operating performance, lower future equity risk, lower information asymmetry, and better firm valuation."[183] While it is difficult to posit a causal relationship, political transparency may, as some participants in the ecosystem suggested to us, be a reflection of high quality corporate governance.

Our analysis cannot resolve the question whether greater corporate political transparency is normatively desirable. Nor do we think that should be the central question in evaluating the shareholder proposal rule. Rather, questions about the potential impact of political engagement and transparency on a firm's economic value, and whether shareholders or directors are in a better position to evaluate that impact, rekindle a longstanding debate over shareholder empowerment.

As we noted at the outset of this Article, corporate governance scholars and policymakers have engaged in a longstanding debate over shareholder empowerment. Scholars such as Lucian Bebchuk have argued for many years that shareholders should have greater legal authority to intervene in management decisions.[184] Other scholars disagree. Stephen Bainbridge responded to Bebchuk by arguing that shareholder empowerment is

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[180] Cf. Jill E. Fisch & Jeff Schwartz, How Did Corporations Get Stuck in Politics and Can They Escape? 3 U. Chi. Bus. L. Rev. 325, 343 (2024) (observing that political statements by corporations subject them to "significant and unpredictable risks").
[181] Corporate Political Disclosure, supra note 163.
[182] Jing Wang & Huilan Zhang, *Political transparency, corporate governance and economic significance*, 19 Int'l J. Dis. & Gov. 49, 62 (2022).
[183] Id.
[184] See, e.g., Bebchuk, supra note 26, at 914 ("Increasing shareholder power would much benefit shareholders and improve corporate governance"); Bebchuk & Hirst, supra note 53 (arguing that, because of agency costs, index funds engage in less than the optimal level of stewardship to maximize firm economic value).

inefficient.[185] The mere fact that the free market has not produced a system in which shareholder exercise greater power demonstrates, in Bainbridge's view, investors "have a revealed preference for director primacy."[186] Bainbridge further argues that information and collective action problems limit the ability of shareholders to increase value. Thus when shareholders intervene, they are less likely than managers to make decisions that maximize firm value. Bratton and Wachter argue that shareholder empowerment introduces its own set of agency costs and that shareholder empowerment unduly focuses corporate decisionmaking on short term stock prices which can introduce excessive risk taking at the expense of long term fundamental value.[187]

Other scholars have argued that, whether or not shareholders should have the authority to supplant board decisions, their engagement can play a valuable role in making those decisions more informed.[188] Shareholder proposals arguably occupy a middle ground in the debate over shareholder empowerment. They allow shareholders to raise concerns to the board but, to the extent they remain precatory, the board is not required to act on the requests. At the end of the day, they retain for the board the role of making a final determination as to the costs and benefits both of the corporation's political activity and of disclosing that activity. With respect to political disclosures, the fact that so many are settled and withdrawn is consistent with the characterization of the shareholder proposal process as a corporate "public square" in which shareholders are able to reduce director insularity by communicating their perspective.[189] That issuers are receptive to this communication by increasing disclosure and that proponents withdraw their proposals upon the promise of increased disclosure supports this perspective. Whether those settlements are in the interest of shareholders as a whole or represent capitulation to a noisy minority is harder to say.

Regardless of the outcome of this debate, it may be the case that the genie of shareholder empowerment is out of the bottle. Today's investors have devoted significant resources to engaging with their portfolio companies, and curtailing the scope of the shareholder proposal rule may have knock-on consequences. As they currently stand, shareholder proposals offer investors a low stakes outlet to articulate their concerns. It is possible that, in the absence of such an outlet, disgruntled shareholders might turn to

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[185] Bainbridge, supra note 27.
[186] Id. at 1744.
[187] Bratton & Wachter, supra note 27.
[188] Jill E. Fisch & Simone M. Sepe, *Shareholder Collaboration*, 98 Tex. L. Rev. 863 (2020); Wendy Gerwick Couture, *Reviving Shareholder Voice by Redefining Pre-Suit Demand*, 31 Ford. J. Corp & Fin. L. 181 (2025) (defending the ability of shareholders to use voice to identify corporate problems and request corrective action).
[189] Cox & Thomas, supra note 33, at 1147.

withhold campaigns on director votes, legal action, grassroots campaigns and other means of expressing their concerns.

CONCLUSION

Combining empirical analysis and qualitative research, we offer new insights into the shareholder voting process. Our research focuses on shareholder proposals requesting increased disclosure of corporate political activity. We find that a diverse array of investors sponsor political disclosure proposals, the proposals tend to be relatively successful, and disclosures tended to improve in subsequent years. On average, both the targeting and voting appear to reflect rational firm characteristics. We also uncover important institutional details about the shareholder proposal process that should inform future research on the value of the shareholder proposal process as a tool of private ordering. Our findings should cause both supporters and critics of the shareholder proposal rule to examine its costs and benefits more carefully.

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