

CORPORATE POLITICAL DISCLOSURE AND SHAREHOLDER VOTING

JILL E. FISCH & ADRIANA Z. ROBERTSON*

Preliminary Draft dated May 29, 2025

Note to commentators – the current draft presents some preliminary results and discussion that will likely appear in a second paper.

ABSTRACT

We combine empirical analysis and qualitative research to offer new insights into the shareholder voting process. Our research focuses on shareholder proposals requesting increased disclosure of corporate political activity. These proposals are notable for three reasons. First, they are among the most enduring categories of shareholder proposals and have consistently received substantial amounts of support from shareholders. Second, because political disclosure proposals tend to be relatively low salience, they shed light on the dynamics of the proposal process when it is least likely to attract outside attention. Finally, the Supreme Court in Citizens United placed corporate political influence squarely in the realm of corporate governance. Studying political disclosure proposals sheds light on the effectiveness of this mechanism in providing transparency about corporate political activity.

We analyze the basis on which issuers are targeted with political disclosure proposals, the result of such targeting, and the targeted firms' subsequent disclosure practices. In sum, we find that a diverse array of investors sponsored the political disclosure proposals in our sample (2015-2023), the proposals tended to be relatively successful, and disclosures tended to improve in subsequent years. On average, both the targeting and voting

* Jill E. Fisch is the Saul A. Fox Distinguished Professor of Business Law at the University of Pennsylvania Carey Law School and is an ECGI Fellow. Adriana Z. Robertson is Donald N. Pritzker Professor of Business Law at the University of Chicago Law School and is an ECGI Research Member. We thank [] and participants at workshops at []. We thank Heidi Welsh at the Sustainable Investments Institute for sharing data on shareholder proposals, and Bruce Freed at the Center for Political Accountability for assistance with the CPA-Zicklin Index of Corporate Political Disclosure and Accountability and for sharing data on corporate contributions to 527 organizations. We also thank fourteen anonymous industry participants for sharing their insights into the factors that affect the introduction and voting on political disclosure proposals. Robertson gratefully acknowledges the support of the Douglas Clark & Ruth Ann McNees Faculty Research Fund. Jonah Willard and Eric Drees provided exceptional research assistance.

appear to reflect existing disclosure practices and political contributions rather than firm performance.

We also uncover important institutional details of the shareholder proposal process. Roughly a third of political disclosure proposals are settled and withdrawn, meaning that studies that rely exclusively on voting results convey an incomplete picture. At the same time, the absence of an authoritative source of all shareholder proposals complicates the analysis. We also document the involvement of a critical governance entrepreneur – the Center for Political Accountability – and demonstrate its central role in the submission and apparent success of political disclosure proposals.

[We also study voting support across various institutional investors. Here we uncover high levels of investor engagement but levels of support that vary across investors and investor types. Even among those investors who support such proposals, we find strikingly low correlation among individual voting decisions. We further identify factors that appear to influence specific investor voting decisions.]

INTRODUCTION

Shareholder voting has long been a focal point of corporate law.¹ Delaware corporate law relies heavily on shareholder voting to legitimize corporate decisions, particularly those that involve potential conflicts of interest.² Some of the highest-profile recent corporate decisions have been the subject of a shareholder vote, including Tesla's decision to reincorporate in Texas³ and Disney's successful defense against a proxy contest launched by Nelson Peltz's Trian Fund Management.⁴

Yet shareholder voting, especially voting by institutional investors, has been heavily criticized. Commentators argue that shareholders do not execute informed votes – they defer excessively to management, vote in lockstep with their peers,⁵ adopt one-size-fits-all voting policies⁶ or rely unduly on proxy advisor recommendations.⁷ Academics have sought to evaluate the merits of these challenges empirically, looking for example, at the influence of proxy advisors,⁸ the extent to which investors support management,⁹ and whether institutions that advertise themselves as focused

¹ *Blasius Indus., Inc. v. Atlas Corp.*, 564 A.2d 651, 659 (Del. Ch. 1988) (describing the shareholder franchise as “the ideological underpinning upon which the legitimacy of directorial power rests.”).

² See, e.g., *In re Match Grp., Inc. Derivative Litig.*, 315 A.3d 446 (Del. Sup. 2024); *Kahn v. M & F Worldwide Corp.*, 88 A.3d 635 (Del. 2014).

³ See, e.g., Seth Goldstein, *Tesla: Shareholders Vote for CEO Musk's 2018 Compensation Package and Reincorporation in Texas*, Morningstar, June 14, 2024, <https://www.morningstar.com/company-reports/1229617-tesla-shareholders-vote-for-ceo-musks-2018-compensation-package-and-reincorporation-in-texas>.

⁴ Martha McGarry, Andrew Noreuil, & Camila Panama, *Disney's Victory in 2024 Proxy Contest: Lessons for Boards and Practitioners*, Harv. L. Sch. Forum on Corp. Gov., July 5, 2024, <https://corpgov.law.harvard.edu/2024/07/05/disneys-victory-in-2024-proxy-contest-lessons-for-boards-and-practitioners/>.

⁵ See, e.g., Gregor Matvos & Michael Ostrovsky, *Heterogeneity and peer effects in mutual fund proxy voting*, 98 J. Fin. Econ. 90 (2010) (reporting evidence of peer effects in mutual fund voting).

⁶ See, e.g., Suren Gomtsian, *Voting Engagement by Large Institutional Investors*, 45 J. Corp. L. 101, 156 (2020) (“Very often, large investment fund stewardship is based on one-size-fits-all approach where the manager’s voting guidelines are applied automatically to every portfolio company without considering detailed company-specific information”).

⁷ Jamie Dimon, Chairman and CEO Letter to Shareholders, JPMorgan Chase Annual Report 2023, Apr. 8, 2024 (stating that the majority of asset managers rely excessively on the advice of proxy advisors).

⁸ See, e.g., Stephen Choi, Jill Fisch & Marcel Kahan, *The Power of Proxy Advisors: Myth or Reality?*, 59 Emory L.J. 869 (2010); Stephen Choi, Jill Fisch & Marcel Kahan, *Who Calls the Shots? How Mutual Funds Vote on Director Elections*, 3 Harv. Bus. L. Rev. 35 (2013).

⁹ Ryan Bubb & Emiliano Catan, *The Party Structure of Mutual Funds*, 35 Rev. Fin. Stud. 2839 (2022).

on environmental, social and governance (ESG) issues vote different from those that do not.¹⁰

We analyze shareholder voting in the context of 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*. Since 2010, shareholders have filed more than 1500 such proposals, making political disclosure the second most frequent environmental or social proposal topic after climate change.¹¹ Yet political disclosure proposals have received limited academic attention.¹²

Political disclosure proposals are distinctive for several reasons. First, they seem to lack both the economic significance of votes on mergers and proxy contests and the political salience of votes on climate change and diversity. As such, both the number of political disclosure proposals and the consistent levels of voting support they enjoy present a puzzle for many of the theoretical attacks on the shareholder proposal process or shareholder voting more generally. And, to the extent that we find evidence of rational, informed behavior by proponents and investors, this presents a particularly strong challenge to the consensus view.

Second, despite the seeming obscurity of these proposals, at least some actors seem to believe that they can play an important role. When the Supreme Court invalidated restrictions on corporate political expenditures in *Citizens United*,¹³ it observed that shareholders could use tools of corporate governance to address corporate political expenditures with which they disagreed.¹⁴ Even since, a chorus of critics has bemoaned the toxic impact of money—and particularly corporate money—in politics.¹⁵

¹⁰ Quinn Curtis, Jill Fisch & Adriana Z. Robertson, *Do ESG Mutual Funds Deliver on Their Promises?*, 120 MICH. L. REV. 393, 395 (2021).

¹¹ Robin Young, Social (Corporate Political Influence), Sustainable Investments Institute, at 2 (2024).

¹² Cf. Geeyoung Min & Hye Young You, *Active Firms and Active Shareholders: Corporate Political Activity and Shareholder Proposals*, 48 J. Legal Stud. 81 (2019); Bobo Zhang & Zhou Zhang, *Shining light on corporate political spending: Evidence from shareholder engagements*, 70 Int’l J. L. & Econ. 1 (2022); Rilley S. Steel, *Corporate Political Spending and the Size Effect*, 118 COLUM. L. REV. ONLINE 1 (2017).

¹³ *Citizens United v. FEC*, 558 U.S. 310 (2009).

¹⁴ *Id.* at 370 (explaining that shareholder objections to corporate political expenditures can be “raised through the procedures of corporate democracy”).

¹⁵ Although corporations may spend money through direct political donations and independent expenditures, a substantial amount of corporate spending takes place through donations to so-called super PACs. Andrew Winston, *Corporate Money in Politics Faces a Reckoning*, MIT Sloan Mgmt Rev., Feb. 2, 2021,

One such critic, the Center for Political Accountability (CPA) which we describe in further detail below, has leveraged the shareholder proposal process in an attempt to address this concern.

Third, 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,¹⁶ it is relatively straightforward to evaluate a corporation's disclosure of its political activities and to determine the extent to which a corporation has responded to a shareholder request for greater transparency.

We relied on a series of unstructured conversations with participants in the proxy voting process to guide our analysis.¹⁷ These participants included representatives of large asset managers, public pension funds, faith investors, and researchers. We also spoke to conservative groups and retail investors who frequently sponsor shareholder proposals, as well as representatives of outside groups with varying degrees of involvement in the ecosystem. These conversations helped us to understand the dynamics of political disclosure proposals and to identify relevant factors that investors consider in connection with their decisions both to introduce a proposal and how to vote on it.

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 simple averages. Our analysis is based on data on all political disclosure proposals submitted over the nine-year period from the 2014 to 2023.¹⁸ In addition to quantitative information, we collect the full text of the proposals and supporting statements, as well as management's response. We drill down further to explore the factors that influence both the introduction and overall levels of voting support. We highlight the key role of the CPA with respect to one category of political disclosure proposals and focusing on that category, we explore the relationship between these proposals and political disclosure at companies

<https://sloanreview.mit.edu/article/corporate-money-in-politics-faces-a-reckoning/> ; Taylor Giorno & Tobias Burns, *Citizens United anniversary marks expensive start to 2024 election*, the Hill, Jan. 18, 2024, <https://thehill.com/business/4413959-citizens-united-anniversary-kicks-off-expensive-start-to-2024-election/>.

¹⁶ 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).

¹⁷ We spoke to fourteen participants during a period from April 2024 to Feb. 2025.

¹⁸ The 2024 votes by institutional investors were not available at the time of this writing.

that were the targets of these proposals in prior years. We find that CPA-associated proposals target companies with weaker disclosure more frequently and that companies appear to increase their disclosures after they are targeted.

[We then collect and compare the votes of 18 large institutional investors—9 mutual funds, and 9 public pension funds—on these political proposals. While there are certainly correlations across investors, they are much lower than the standard narrative would suggest. Even on these fairly low salience proposals, our results show that investors are not just copying each other (or some third party). The high degree of dispersion in votes suggests that investors have different views about political disclosure proposals, and that their votes are not solely the product of either herding or the recommendations of proxy advisors. We also find evidence of intriguing patterns among these investors with very different structures and investment mandates. For example, while the public pension funds in our sample tend to be substantially more supportive of these proposals than mutual funds, neither group is monolithic.]

Our findings are in tension with common challenges to institutional investor voting. Proponents appear to target firms with poor disclosure practices or that are active in making political donations rationally. Similarly, the level of voting support is correlated (inversely) with the quality of a firm's existing disclosure. And finally, the fact that disclosures improve after the votes suggests that corporate managers are responsive to investors' stated desires. Overall, these results challenge the popular narratives that shareholder proposals are ineffective and that institutional investors take a one-size-fits-all approach to voting. And we find all of this in a context of proposals that are relatively low salience, both from an economic and a non-economic "culture war" perspective.

We proceed as follows. Part I provides a brief overview of shareholder voting in general, and political disclosure proposals in particular. Part II describes the landscape of these proposals, including descriptive statistics on the introduction, voting outcomes and settlement of disclosure 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, what predicts investor votes, and whether these proposals are correlated with future issuer behavior. Part IV, which will likely be spun off into a separate paper, analyzes the voting behavior by 18 large institutional investors on the proposals in our dataset. Part V considers the implications of our analysis for the role and effectiveness of shareholder voting.

I. ABOUT POLITICAL DISCLOSURE PROPOSALS

A. Shareholder Proposals and Institutional Voting

Corporate law vests the board of directors with primary authority to operate the corporation.¹⁹ Shareholders have limited rights, namely the right to vote, to sell their shares, and to sue.²⁰ 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.”²¹ Some commentators have championed this development as a tool for increasing management accountability and, in some cases, increasing the responsiveness of corporate behavior to broader societal demands.²² Others criticize shareholder empowerment as a distraction or worse.²³

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 the issuer’s proxy statement and to have that proposal voted on by their fellow shareholders at the issuer’s annual meeting.²⁴ The SEC adopted the initial version of rule

¹⁹ See, i.e., Stephen M. Bainbridge, *Director Primacy: The Means and Ends of Corporate Governance*, 97 NW. U. L. REV. 547, 550 (2003) (“Neither shareholders nor managers control corporations - boards of directors do.”).

²⁰ See, e.g., Randall S. Thomas & Patrick C. Tricker, *Contested Director Elections and Management Proposals: A Review of the Empirical Literature*, 70 OKLA. L. REV. 9, 11 (2017) (shareholders “can sell their shares, vote them where allowed, or sue the company and its management to enforce its officers and directors’ fiduciary duties.”).

²¹ 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).

²² 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).

²³ 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.”).

²⁴ 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.*

14a-8 in 1942 and, for most of its history, shareholder proposals almost never received majority voting support.²⁵ So-called corporate gadflies introduced most shareholder proposals,²⁶ and many commentators characterized the rule as inefficient and wasteful.²⁷ Others, however, defended the rule as providing investors with the ability to influence management decisions²⁸ and to communicate more generally on matters that they consider important.²⁹ The vast majority of shareholder proposals are precatory, meaning that they are not binding on management.³⁰ Studies suggest, however, that proposals commanding substantial shareholder support are likely to influence the board of directors.³¹

Several factors contributed to the rule achieving increased importance.³² First, as noted above, institutional investors began to engage seriously with

²⁵ 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”).

²⁶ 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. 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.”).

²⁷ See, e.g., Susan W. Liebler, *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.”). 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>.

²⁸ 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).

²⁹ 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).

³⁰ 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”).

³¹ 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”).

³² Kastiel & Nili, *supra* note 26, at 578 (“The once ‘largely inconsequential’ role of shareholder voting has evolved into one of power and influence.”).

their portfolio companies, engagement that included voting their shares.³³ This engagement correlated 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.³⁴ Institutional investors developed internal governance teams who were tasked with meeting privately with issuers.³⁵ 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.³⁶

Rule 14a-8 imposes various limitations on what constitutes a proper subject for a shareholder proposal, and the SEC staff oversees the shareholder proposal process. If an issuer believes that a proposal can properly be excluded, the issuer is required to notify the SEC and the proponent, specifying the grounds for exclusion. If the SEC staff agrees with the issuer, it will issue 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

³³ This engagement 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 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.

³⁴ See, e.g., *121 Companies Agreed to Move Towards Annual Election*, Harv. S’holder Rts. Projects, <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).

³⁵ 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.

³⁶ 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).

statement. Either the issuer or the proponent can challenge the SEC's decision in court, although such challenges are rare.³⁷

The SEC has amended rule 14a-8 a number of times to modify or clarify the bases on which a proposal may be excluded.³⁸ 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.³⁹

Many studies have critiqued both the submission of shareholder proposals and how institutional investors vote on them. 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.⁴⁰ She found that “for a very large proportion of the governance structures that are the focus of shareholder activism, such as independent boards of directors, limits on executive compensation, and confidential proxy voting, there is a paucity or utter absence of data that demonstrate that such devices improve performance.”⁴¹ Romano 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.

³⁷ 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.”).

³⁸ 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.

³⁹ 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).

⁴⁰ Roberta Romano, *Less is More: Making Institutional Investor Activism a Valuable Mechanism of Corporate Governance*, 18 Yale J. on Reg. 174 (2001).

⁴¹ *Id.* at 180.

Dorothy Lund raised similar concerns. In one article she argued that index fund managers lack adequate incentives to become sufficiently informed to exercise their voting power.⁴² She therefore recommended that the SEC adopt a rule prohibiting such funds from voting in order to “reduce the risk of governance distortion.”⁴³ Lund subsequently expanded her criticism from passive funds to large institutional blockholders.⁴⁴ She argued that such institutions adopt “blanket, one-size-fits-all governance solutions, promulgated in the form of low-cost voting guidelines.”⁴⁵ She similarly complained that “they outsource a substantial fraction of the voting decisions to proxy advisors, who are also forced to adopt blanket policies on common governance issues.”⁴⁶ These concerns, in her view, have led to a failure in private ordering at large public companies.⁴⁷

Lucian Bebchuk and Scott Hirst have taken the opposite approach to Romano and Lund, criticizing institutional investors for engaging too little in stewardship.⁴⁸ In particular, Bebchuk and 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. Although Bebchuk and Hirst concede that the large asset managers frequently support proposals submitted by others advocating governance changes,⁴⁹ they observe that many portfolio companies maintain “governance arrangements that are inconsistent with the Big Three’s governance principles, and attribute the Big Three’s failure to introduce such proposals to agency costs.”⁵⁰

Lund’s criticism of institutional investor reliance on proxy advisory firms is shared by many other commentators.⁵¹ David Larcker et al. studied “say on pay” votes and found that proxy advisors led institutional investors to

⁴² Dorothy S. Lund, *The Case Against Passive Shareholder Voting*, 43 J. Corp. L. 493, 494 (2018).

⁴³ Id. at 535.

⁴⁴ Dorothy S. Lund, *In Search of Good Corporate Governance*, 131 Yale L.J. F. 854, 865 (2022).

⁴⁵ Id. at 859.

⁴⁶ Id. at 864.

⁴⁷ Id. at 863.

⁴⁸ Lucian Bebchuk & Scott Hirst, *Index Funds and the Future of Corporate Governance: Theory, Evidence, and Policy*, 119 Colum. L. Rev. 2029, 2040 (2019)

⁴⁹ Id. at 2104.

⁵⁰ Id. at 2105.

⁵¹ Other research suggests that institutional voting may be more nuanced. See, e.g., Bubb & Catan, *supra* note 9 (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.”).

vote in ways that decreased shareholder value.⁵² Similarly Paul Rose criticized institutional investors for “‘robovoting,’ whereby institutional investors mechanically follow a proxy advisor’s voting guidance without any independent review.”⁵³ Indeed, concern that institutions were both relying unduly on proxy advisors and that the proxy advisor recommendations were not reasonably calculated to maximize shareholder value, have led to a variety of regulatory and legislative initiatives.⁵⁴

B. Citizens United and Corporate Political Disclosure

The implications of shareholder voting are particularly significant after the Supreme Court’s decision in *Citizens United*.⁵⁵ In that case, the Supreme Court invalidated Section 203 of the Bipartisan Campaign Reform Act of 2002 (BCRA) as impermissibly interfering with a corporation’s First Amendment right to engage in political speech.⁵⁶ In so doing, the Court overturned its prior decisions in *McConnell* and *Austin* and held that political speech could not be regulated based on the speaker’s identity as a corporation.⁵⁷ To the extent that shareholders of a corporation wished to limit its political speech, the Court explained that they could do so by using corporate governance.⁵⁸

⁵² David F. Larcker, Allan L. McCall & Gaizka Ormazabal, *Outsourcing Shareholder Voting to Proxy Advisory Firms*, 58 U. L. & Econ. 173 (2015). See also James R. Copland, David F. Larcker & Brian Tayan, *Proxy Advisory Firms: Empirical Evidence and the Case for Reform*, Manhattan Institute (MI), May 2018, <https://media4.manhattan-institute.org/sites/default/files/R-JC-0518-v2.pdf> (arguing that institutional investor voting is dominated by proxy advisory firms).

⁵³ Paul Rose, *Proxy Advisor and Market Power: A Review of Institutional Investor Robovoting*, April 2021, <https://media4.manhattan-institute.org/sites/default/files/proxy-advisors-market-power-review-investor-robovoting-PR.pdf>, at 4.

⁵⁴ See Paul Rose, *Proxy Advisors and Market Power: A Review of Institutional Investor Robovoting*, Harv. L. Sch. For. on Corp. Gov., May 27, 2021, <https://corpgov.law.harvard.edu/2021/05/27/proxy-advisors-and-market-power-a-review-of-institutional-investor-robovoting/#1> (describing SEC and congressional initiatives aimed at reducing the influence of proxy advisors).

⁵⁵ *Citizens United v. FEC*, 558 U.S. 310 (2010).

⁵⁶ *Id.* at 364 (“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.”). As Justice Stevens wrote, the BCRA was not the first congressional effort to regulate corporate political activity, such regulation extended for almost a century. See Stevens, J., concurring in part and dissenting in part, 558 U.S. at 433 (“the express distinction between corporate and individual political spending on elections stretches back to 1907, when Congress passed the Tillman Act, ch. 420, 34 Stat. 864, banning all corporate contributions to candidates”).

⁵⁷ Two months later, the DC Circuit invalidated contribution limits as applied to independent political organizations, facilitating the growth of Super-PACs. *SpeechNow.org v. FEC*, 599 F.3d 686 (D.C. Cir. 2010).

⁵⁸ *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)

As Justice Stevens observed in his separate opinion in the case, the *Citizens United* decision reflects a tortured view of corporate governance.⁵⁹ Commentators agree.⁶⁰ In practice, corporate law does not give shareholders the power to limit corporate political speech because a corporation's decisions to speak and to make political donations and expenditures are business decisions, and such decisions are within the authority of the board of directors.⁶¹ In addition, shareholder proposals seeking to control corporate political activity directly would likely be excludable as impermissibly interfering with a corporation's ordinary business operations.⁶²

The relationship between corporate political activity and shareholder value is ambiguous. Empirical studies of the relationship between corporate

(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.”).

⁵⁹ *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”)

⁶⁰ 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).

⁶¹ Geeyoung Min & Hye Young You, *Active Firms and Active Firms and Active Shareholders: Corporate Political Activity and Shareholder Proposals*, 48 J. Leg. Stud. 81, 82-83 (2019) (explaining that management unilaterally determines whether to engage in corporate political activity and that shareholders do not have voting rights to approve or reject such activity). Furthermore, institutional ownership complicates the ability of ordinary citizens, even indirectly to constrain the political activities of corporations in which they invest. In contrast, UK company law requires shareholder approval of corporate political expenditures. 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>.

⁶² Cf. *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). The SEC has allowed a proposal asking the board to study the feasibility of adopting a policy to ban political expenditures. 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.”).

political spending and economic value have yielded mixed results.⁶³ On the one hand, to the extent that political spending buys access to politicians, it stands to reason that this access could be valuable.⁶⁴ The same goes for lobbying: it is straightforward to see how companies could benefit from the ability to articulate their concerns to decisionmakers.⁶⁵ On the other hand, Pam Karlan has observed that corporate political expenditures may be motivated by managers' efforts to further their personal political interests rather than serving the interests of the corporation.⁶⁶ Corporate political spending may also subject a corporation to reputational risk or political backlash.⁶⁷ And even more basically, a corporation's political activity may be inconsistent with its shareholders' personal political views. Such investors may be unhappy that "their" money is being used to support causes with which they disagree.⁶⁸

Seeking disclosure is an alternative way for shareholders to attempt to exercise some control over operational decisions.⁶⁹ Shareholder proposals

⁶³ Jay B. Kesten, *Shareholder Political Primacy*, 10 Va. L. & Bus. Rev. 161, 177-81 (2016) (summarizing results of empirical research).

⁶⁴ 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 were cast in favor of the proposal. <https://www.verizon.com/about/investors/2024-annual-meeting-voting-results>,

⁶⁵ See, e.g., Jill E. Fisch, *How Do Corporations Play Politics?: The Fedex Story*, 58 Vand. L. Rev. 1495, 1506 (2005) (describing FedEx's extensive lobbying activities and its success in obtaining favorable legislative changes to enable its business model). See also *See 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-ever-gave-us-money-i-didnt-talk-to-you/?utm_term=.0175bbfb3108 [<https://perma.cc/Q4M3-75U9>].

⁶⁶ Pamela Karlan, *Me Inc.*, Boston Rev. (July 1, 2011), <http://www.bostonreview.net/pamela-karlan-corporate-personhood>.

⁶⁷ See, e.g., 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).

⁶⁸ See Leo E. Strine, Jr. & Nicholas Walter, *Conservative Collision Course?: The Tension between Conservative Corporate Law Theory and Citizens United*, 100 Cornell L. Rev. 335, 370 (2015) ("There is now less reason to conclude that investors have any more ability to avoid subsidizing corporate speech they do not favor than workers have in subsidizing union speech.").

⁶⁹ See Response of the Office of Chief Counsel to the Home Depot dated Mar. 25, 2011, <https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2011/northstarasset032511-14a8.pdf> (concluding that shareholder proposal seeking disclosure of corporate political activity did not attempt to micromanage the company and therefore was not excludable as

seeking greater disclosure of political activity increased “markedly” after Citizens United.⁷⁰ Concededly, campaign finance law⁷¹ already mandates some disclosure of corporate political activity, but that disclosure is not located in a company’s securities filings.⁷² 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.⁷³ 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.⁷⁴ The Lobbying Disclosure Act requires most corporations to disclose the amount they spend on lobbying and the subjects of that lobbying.⁷⁵ In addition, corporations can make direct and indirect independent expenditures that fund various types of political advertisements.⁷⁶ Because a corporation would have to disclose its

relating to ordinary business operations); but see Response of the Office of Chief Counsel to Pfizer Inc. dated Jan. 26, 2017, <https://business.cch.com/srd/ncppr012617-14a8.pdf> (allowing exclusion of shareholder proposal asking company to “report to its shareholders, at a reasonable cost and omitting proprietary information, the Company’s assessment of the political activity stemming from its advertising expenditures placed with political outlets and the resultant risks therefrom.”).

⁷⁰ Min & You, *supra* note 12 at 86.

⁷¹ A full description of campaign finance law, including its contribution limits and disclosure requirements, is beyond the scope of this Article.

⁷² Although commentators have urged the SEC to require corporations to disclose political expenditures in their securities filings, Congress has repeatedly passed riders to the Appropriations bills that prohibit the SEC from doing so. See 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, 5 (2020) (“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/>. See also Sarah Haan, *Voter Primacy*, 83 Fordham L. Rev. 2655–2657–58 (2015) (explaining that, traditionally, campaign finance disclosure is targeted at voters, not shareholders).

⁷³ 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.”).

⁷⁴ 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).

⁷⁵ Lobbying Disclosure Act of 1995, [Pub. L. No. 104-65](#) [109 Stat. 691](#) § 4. Commentators have termed the lobbying disclosure regulations as “reflect[ing] a relative lack of transparency and traceability.” Shanor, et al., *supra* note 73, at 174.

⁷⁶ 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

identity as the direct sponsor of an advertisement, most corporate political expenditures are made indirectly through corporate contributions to organizations that include political parties, to trade groups, and Super-PACs.⁷⁷ Notably, many such organizations, so-called “dark money” groups need not disclose the identities of their donors.⁷⁸ States have separate disclosure requirements which vary substantially; in many cases, state level disclosure requirements are more limited than those at the federal level.⁷⁹

Many corporations voluntarily disclose information about their political activity beyond what is legally required, but the nature and extent of those disclosures vary substantially.⁸⁰ 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.⁸¹ Its report for July-December 2023 was 58 pages long.⁸² 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.⁸³ In contrast, a small number of household names

short of express advocacy; and issue advocacy, which promotes or attacks a political cause instead of a candidate.”).

⁷⁷ See *id.* at 7-8 (describing these organizations and the disclosure requirements to which they are subject).

⁷⁸ See, e.g., See As You Sow, Vote Yes on “Dark Money” Transparency at Pinnacle West, <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).

⁷⁹ 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”).

⁸⁰ Bebchuk, et al., *supra* note 72, at 24-26 (describing growth in voluntary disclosures since 2005).

⁸¹ AT&T Inc. Political Engagement Report July-December 2023, <https://sustainability.att.com/ViewFile?fileGuid=28f1d156-f1b4-4c27-8a2e-2dc86b914c40>

⁸² *Id.*

⁸³ The Boeing Company Advocacy Report, 2024, https://www.boeing.com/content/dam/boeing/boeingdotcom/company/key_orgs/pdf/Boeing_Advocacy_Report.pdf.

including Berkshire Hathaway and Tesla provide no information about their political expenditures.⁸⁴

The Center for Political Accountability (CPA) is a non-profit advocacy organization that has been working with institutional investors since 2003 to promote transparency in corporate political spending.⁸⁵ Among its efforts are the development, calculation and publication, 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).⁸⁶ 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.”⁸⁷ The CPA publicly discloses both the methodology used to calculate the index and the raw data applicable to individual corporations. 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. As we will see in our analysis, the Zicklin index plays a significant role in both the submission and support for political disclosure proposals.⁸⁸ Significantly, however, the Zicklin index focuses on political donations and expenditures and does not attempt to capture lobbying-related disclosures.⁸⁹ 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 seeking such transparency.⁹⁰

⁸⁴ 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>

⁸⁵ 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>.

⁸⁶ Center for Political Accountability, *CPA-Zicklin Index: A Focus on Transparency*, <https://www.politicalaccountability.net/cpa-zicklin-index/>.

⁸⁷ Id.

⁸⁸ OpenSecrets, another nonprofit, also collects information on corporate political activity from a variety of sources and aggregates that information into reports on individual corporations. <https://www.opensecrets.org/about>. In some cases, the information available through OpenSecrets offers a different picture of a corporation's political activity than that provided by its voluntary disclosures or its Zicklin score. See, e.g., Open Secrets, AT&T Inc., <https://www.opensecrets.org/orgs/at-t-inc/summary?id=d000000076> (last visited Oct. 19, 2024) (describing AT&T's lobbying activity in greater detail than that in ATT's own disclosures).

⁸⁹ Center for Political Accountability, *Statement on the CPA-Zicklin Index, What It Benchmarks and Its Purpose*, https://www.politicalaccountability.net/wp-content/uploads/2022/06/CPA-Zicklin-Index-Purpose-and-Misuse-Statement-6.27.22.pdf#new_tab (last visited Oct. 14, 2024) (“The Index ... does not cover company lobbying spending or activities.”).

⁹⁰ See Center for Political Accountability, *supra* note 85, at 2 (“In 2004 proxy season, a

C. Studies of Political Disclosure Proposals

Surprisingly few academics have studied shareholder proposals relating to corporate political activity. Geeyoung Min and Hye Young You focus on the submission of shareholder proposals and its relationship to political activity, as measured by lobbying and campaign contributions. They find 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. Reilly Steel also studied corporate political spending proposals through the lens of collective action problems, arguing that the collective action problem faced by proponents is larger in larger firms.⁹¹

In a study more closely related to ours, Bobo Zhang and Zhou Zhang study political disclosure proposals submitted from 2006 to 2016.⁹² Zhang and Zhang examine a variety of factors that they find correlate with the probability that a firm will be targeted with a political disclosure proposal. These include several governance variables, whether a firm has a corporate PAC, and the firm's disclosure quality on the CPA-Zicklin Index. They also identify the different types of proponents of shareholder proposals. They find that such proposals target firms that have a corporate PAC, perhaps somewhat irrationally given the fact that PACs reflect donations from corporate employees rather than money that is spent by a corporation directly.

Zhang and Zhang go on to analyze the impact of a successful engagement through a political disclosure proposal. They define successful engagements as "proposals that were passed in the shareholder meeting and proposals that were withdrawn after the company management reached an agreement with activist shareholders to increase the political transparency."⁹³ Within this group, 95% of the successful engagements are those that are withdrawn.

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").

⁹¹ Steel, *supra* note 14.

⁹² Zhang & Zhang, *supra* note 12.

⁹³ Id. at 6. We question the definition of success as a proposal that obtains majority support. Because these proposals are precatory, there is no legal significance to a proposal receiving majority support. See 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."). At the same time, studies suggest that management is responsive to proposals that receive substantial but less than majority support. 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).

They find that successful engagements are correlated with improvements in the targeted firms' scores on the CPA-Zicklin index as well as higher stock prices.

Our study [in the second paper], unlike Zhang and Zhang, focuses on specific types of institutional investors and the extent to which they vote in support of proposals, and the factors that influence differences in their voting behavior. We highlight, in particular, the differences among support for proposals by index fund managers, managers of socially responsible funds, and public pension funds. We also include, in our analysis, the role of Institutional Shareholder Services (ISS), the biggest proxy advisory firm. As a result, our analysis furthers a better understanding of the differing roles played by different types of institutions in voting the shares of their portfolio companies.

II. THE LANDSCAPE OF POLITICAL DISCLOSURE PROPOSALS

We begin by sketching out the landscape of political disclosure proposals. Shareholders can use shareholder proposals to seek several different types of information -- disclosure of corporate political expenditures, disclosure of lobbying activity and disclosure of 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.⁹⁴ 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 and contributions to political parties as well as coordinated and independent expenditures.⁹⁵

⁹⁴ Our focus here is on proposals seeking disclosure. Some proposals seek to give shareholders an affirmative role in approving corporate political spending. See, e.g. Letter from Gary S. Belliston, Special Counsel, SEC, to Stacy S. Ingram, Ass't Sec. & Gen. Couns., The Home Depot, dated Mar. 25, 2011, <https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2011/northstarasset032511-14a8.pdf> (describing shareholder proposal at Home Depot seeking a shareholder advisory vote on "electioneering contributions"). 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); 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).

⁹⁵ 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*

Many political expenditure proposals focus on indirect contributions to super-PACs or trade groups. 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.⁹⁶ Finally, alignment proposals request that a company explicitly explain or analyze the alignment of its political expenditures and its public statements or political positions.⁹⁷ Alignment proposals have resulted from the disclosure, in some cases, that a corporation's political activities differed from its public statements.⁹⁸

The objectives behind these proposals differ, and different types of political activity are also subject to different regulatory regimes.⁹⁹ At the same time, corporate political activity can take multiple forms, and different types of political activity may serve as both complements and substitutes.¹⁰⁰ In 2002, for example, the CEO of BP announced that the company would stop making political contributions worldwide; the company simply shifted its political activity to lobbying.¹⁰¹ Corporations can use different tools to engage with the political process, we collect proposals seeking disclosure of different types of political engagement.

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).

⁹⁶ 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.").

⁹⁷ 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>.

⁹⁸ See, e.g., Kathryn Kranhold, Some companies' political donations fuel voter suppression. Shareholders are pushing back, Fast Company, Aug. 25, 2022, <https://www.fastcompany.com/90781978/shareholders-pushing-back-corporate-political-donations-voter-suppression> (describing proposals at AT&T, Cigna and Home Depot prompted by corporate contributions to legislators who, among other things, supported bills raising concerns about voter suppression).

⁹⁹ See, e.g., Richard Briffault, *Lobbying and Campaign Finance: Separate and Together*, 19 Stan. L. & Pol. Rev. 105 (2008) (identifying different federal regulatory approaches for lobbying and political expenditures). Further differences exist between federal and state regulation and between the regulation of direct and indirect political activity.

¹⁰⁰ 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 Freiheit, *Systemic and Sequential Links between Campaign Donations and Lobbying*, 2023, <https://web.mit.edu/insong/www/pdf/campaign-lobby.pdf> (empirically demonstrating a strong link between campaign donations and lobbying).

¹⁰¹ Fisch *supra* note 65, at 1560-61.

In collecting shareholder proposals, our primary data source is Institutional Shareholder Services (ISS), which we obtain through the Wharton Research Data Service.¹⁰² We identify all proposals at S&P 500 companies that ISS indicates were either voted, withdrawn, or omitted.¹⁰³ We then manually investigate each of the voted and omitted proposals by obtaining the proxy statement for the relevant shareholder meeting¹⁰⁴ or the no action letter, respectively. We use this “ground truth” to confirm that the proposal really addressed political disclosure.

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.¹⁰⁵ 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). At least with respect to political disclosure proposals, our interviews indicated that a substantial percentage of the proposals are voluntarily withdrawn in connection with the issuer’s commitment to provide at least some of the disclosure requested.¹⁰⁶ 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.”¹⁰⁷ As noted below, this process enabled us to

¹⁰² 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).

¹⁰³ Most of the remaining proposals were marked “not in proxy,” a sufficiently ambiguous description that we could not draw any useful conclusions from it.

¹⁰⁴ Specifically, we download the relevant form DEF 14A from EDGAR.

¹⁰⁵ Fisch & Robertson, *supra* note 16.

¹⁰⁶ One interviewee stated that virtually all political proposals submitted by public pension fund investors, for example, were subsequently settled and withdrawn. See also Matteo Gatti, Giovanni Strampelli, & Matteo Tonello, *How Does Board-Shareholder Engagement Really Work? Evidence from a Survey of Corporate Officers and from Disclosure Data* (October 24, 2022). Board-Shareholder Dialogue: Policy Debate, Legal Constraints and Best Practices (Luca Enriques & Giovanni Strampelli eds., 2024.) (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”).

¹⁰⁷ Sustainable Investments Institute, About Us, <https://siinstitute.org/aboutus.html> (last visited May 27, 2025).

identify a substantial number of withdrawn proposals that were not included in the ISS data.

Another limitation of the public records is that the federal proxy rules do not require issuers to identify the proponent of a shareholder proposal.¹⁰⁸ Although most proxy statements identify the proposing shareholder, more than ten percent do not. In many cases, either ISS or Si2 has identified a proponent even when the issuer has not disclosed its identity, presumably because they have contacted the company or they have had contact with the proponent.

To better understand both the data and its limitations, we turned to our interviews. Our research revealed a deep and ongoing conversation among issuers, sponsors, and other investors. Many sponsors of shareholder proposals are repeat players who seek to engage with other investors and describe the status of their proposals on their websites. Investors are aided by a variety of networks and intermediaries. As noted above, the CPA drafts a model political expenditure proposal and works with investors to identify issuer targets. Many proponents are members of the Council of Institutional Investors which serves as a mechanism for sharing investors' voting policies with respect to political disclosure proposals.¹⁰⁹ In addition, a variety of consultants provide institutional investors with advice on corporate engagement and voting strategies.¹¹⁰

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.

¹⁰⁸ 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.").

¹⁰⁹ 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/Governance-Guide-Proxy-Voting-July-2024.pdf (reporting on political disclosure voting policies by several large CII members).

¹¹⁰ See, e.g., Segal Marco Advisors, Investment Research, <https://www.segalmarco.com/investment-research> (describing Segal Marco's corporate engagement and proxy voting services).

Table 1: Number of Proposals

	Raw ISS Data	Cleaned Data
All	782	826
<i>Panel A: Category</i>		
Political	390	409
Lobbying	361	372
Alignment	16	27
Climate Lobbying	15	18
<i>Panel B: Outcome</i>		
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.¹¹¹ 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 show who brings 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. Among the political proposals, we further identify the political proposals that were submitted in cooperation with the Center for Political Accountability. Accordingly, the numbers reported in the fourth column represent a subset of those in the third column. We discuss the CPA in more detail below.

Who are the corporate governance entrepreneurs behind these proposals? To answer this, we manually investigate each of the proponents in our cleaned sample.¹¹² We classify these proponents 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.¹¹³ If the co-sponsors

¹¹¹ See Fisch & Robertson, *supra* note 16.

¹¹² We were surprised to discover a large number of discrepancies between the proponent (called “sponsor” in the ISS data) listed in the ISS data and the proponent listed in the proxy statement. When there was a conflict, we relied on the proxy statement.

¹¹³ The industry participants we spoke to suggested several reasons for co-sponsors. An individual shareholder might partner with an organization that has greater experience

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.¹¹⁴ 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.¹¹⁵ In our data, this proposal is recorded under each of ESG manager, faith, foundation, and other.

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.¹¹⁶ These ESG managers come in a variety of forms, including Boston Trust Walden (an employee-owned company),¹¹⁷ Zevin

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.").

¹¹⁴

<https://www.sec.gov/Archives/edgar/data/19617/000001961715000296/jpmc2015defproxystatement.htm#sF8237B73985B995D493F923BD45F4AED>

¹¹⁵ Id.

¹¹⁶ This is consistent with work of Min & You, *supra* note 12 and Zhang & Zhang, *supra* note 12.

¹¹⁷ Boston Trust Walden, <https://www.bostontrustwalden.com/about/> (last visited Oct. 19, 2024).

Asset Management (a B-Corp that is also employee-owned),¹¹⁸ and Friends Fiduciary Corporation (an asset manager that invests based on Quaker principles).¹¹⁹ 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 substantial 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 International Union (SEIU).¹²⁰ 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.¹²¹ 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.¹²² 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 entities that assist investors in bringing proposals. In this case, the group typically brings the proposal on behalf of another shareholder. While they are not formally the proponents, we include them in the list of sponsors because they are repeat players in the space, which have developed both reputation and expertise. The two most important such groups are As You Sow and Investor Voice. 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 NCPPr brought the

¹¹⁸ Zevin Asset Management, <https://www.zevin.com/> (last visited Oct. 19, 2024).

¹¹⁹ Friends Fiduciary, <https://friendsfiduciary.org/> (last visited Oct. 19, 2024).

¹²⁰ 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>.

¹²¹ We include proposals from McRitchie’s wife Myra Young in this group.

¹²² Yaron Nili & Kobi Kastiel, *The Giant Shadow of Corporate Gadflies* 94 SO. CAL. L. REV. 569 (2021).

bulk of the conservative proposals in our sample: the NLPC brought a total of 5 proposals, all of which related to lobbying. The NCPPR brought the balance.

As Table 2 indicates, sponsors of political expenditure proposals frequently partner with the CPA. The CPA, which does not own shares, is not a co-sponsor of the proposal, but in addition to supplying language in the form of its model proposal, the CPA may help to identify potential issuer targets and provide guidance on settlement. The CPA lists these proposals on its website, along with the results. For certain categories of proponents, CPA-partnered proposals dominate, particularly for public pension funds. Significantly, the CPA focuses on political expenditure proposals; it is not involved in the submission of lobbying or alignment proposals. As the analysis in Part III demonstrates, the CPA's involvement appears to contribute substantially to both the targeting and outcomes of political expenditure proposals.

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). Academic scholarship suggests that this level of support is sufficient to generate attention by corporate boards.¹²³ 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 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.

¹²³ Indeed, Glass Lewis's 2025 voting policies identify 30% as "significant support" that warrants board engagement with shareholders on the issue. See 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>. (describing "Glass Lewis' revised policy on board responsiveness ... when shareholder proposals receive significant support").

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%

Naturally, not all political disclosure proposals receive the same level of support. Rather support levels vary substantially from proposals that receive virtually no votes in favor to proposals that receive a majority of votes cast. We analyze possible factors that contribute to differing support levels in Part III below.

III. ANALYSIS OF POLITICAL DISCLOSURE PROPOSALS

A. Which Issuers Receive Political Proposals?

Because of the significant role of the CPA, we first narrow our sample to focus exclusively on political expenditure proposals. We consider whether issuers are targeted based on their existing levels of political disclosure, their levels of engagement in politics, or their economic performance.

Rather than coming up with our own ad hoc measure of political disclosure, we rely on the Zicklin index.¹²⁴ 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 because many of the industry participants we spoke to discussed company disclosure practices compared to their “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

¹²⁴ As noted above, the Zicklin index focuses on the transparency of corporate political expenditures but does not cover disclosure of lobbying activity. To the extent lobbying and expenditures are partial substitutes, the index offers only a limited measure of corporate political transparency.

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.¹²⁵

We obtain data on corporate giving to 527 organizations from the CPA, which has been collecting it for each company in the S&P 500 since the 2012 electoral 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.¹²⁶

Because there is no single source of all corporate political donations and expenditures, we use 527 giving as a proxy for corporate political engagement.¹²⁷ Our 527 giving data is organized by electoral cycle. We

¹²⁵ In other words, for 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.

¹²⁶ 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, <https://www.politicalaccountability.net/527-database-spending/> (last visited May 26, 2025).

¹²⁷ 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*.

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.¹²⁸ 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.

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 (-4.25) 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

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).

¹²⁸ 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*, 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).

companies. While the point estimates for laggards is 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	1.82+				1.33
Alpha	(1.71)				(1.25)
Top Quintile Alpha	0.44				0.04
	(0.44)				(0.03)
Zicklin Leader		-4.25***	-4.74***		-5.71***
		(-5.68)	(-5.40)		(-5.95)
Zicklin Laggard		2.29+	2.16		3.31*
		(1.94)	(1.59)		(2.48)
+Δ Zicklin			-0.00		0.01
			(-0.03)		(0.38)
-Δ Zicklin			0.03		0.02
			(0.42)		(0.37)
Bottom Quintile				0.77	3.24+
527 Giving				(0.45)	(1.69)
Second Quintile				6.84*	7.61**
527 Giving				(2.34)	(2.63)
Third Quintile 527				8.00***	9.45***
Giving				(3.33)	(3.87)
Fourth Quintile 527				2.77	5.20*
Giving				(1.33)	(2.31)
Top Quintile 527				4.15+	6.44**
Giving				(1.81)	(2.68)
Sector x Year FE	YES	YES	YES	YES	YES
N	3276	3464	3089	3464	3089

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.¹²⁹ 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

¹²⁹ 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.

necessarily surprising: the CPA is concerned with disclosure, not necessarily with giving. Accordingly, the CPA might be largely indifferent to the level of political spending as long as a company is transparent about it.

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 even 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 investors working with the CPA targeted 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 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 than 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	1.25				1.37
Alpha	(1.13)				(1.23)
Top Quintile Alpha	1.05				0.97
	(1.11)				(1.01)
Zicklin Leader		0.80	0.59		-0.64
		(0.80)	(0.58)		(-0.63)
Zicklin Laggard		0.18	-0.48		0.65
		(0.21)	(-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				1.45	1.34
Giving				(1.03)	(0.97)
Second Quintile 527				0.97	1.25
Giving				(0.79)	(1.00)
Third Quintile 527				5.47**	5.72**
Giving				(2.97)	(3.18)
Fourth Quintile 527				6.62**	6.75**
Giving				(3.16)	(3.04)
Top Quintile 527				12.00***	11.86***
Giving				(5.50)	(5.29)
Sector x Year FE	YES	YES	YES	YES	YES
N	3276	3464	3089	3464	3089

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

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

The results in Tables 3 and 4 paint a picture of a sharp difference between the political proposals brought in cooperation with the CPA and those brought 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.¹³⁰

B. The Phenomenon of Repeated Proposals

A curious feature of our data is the prevalence of repeated 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,

¹³⁰ 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.

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, or they could be evidence of something else. To shed light on this, we investigate the prevalence of repeated proposals in consecutive years. Given the timeline of the proposal process, we believe that it will often be implausible for a company to meaningfully respond to a proposal before it is time for a proponent (or group of potential proponents) to decide whether to pursue a proposal in the subsequent year.

Notwithstanding this, 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.

We also find significant repetition in the text of the proposals. Importantly, this is the case *even outside of CPA political proposals*. While more work is needed to fully study the textual proposal data that we have collected, a simple example is illustrative. Specifically, among five companies whose names begin with the letter A (Allergan, Alaska Air Group, Aetna, AECOM, AbbVie, and Abbott Laboratories), we find virtually identical lobbying proposals. We emphasize that this analysis is intended for illustrative purposes, and that we do not expect there to be anything special about these particular companies whose names happen to begin with the letter A.

A few things stand out from Table 6. First, these virtually identical proposals are not the work of the same proponent, or even of an obvious proponent group. One was brought by a union, one by a “gadfly,” some were brought by an ESG manager, and others by faith groups. Second, the proposals were brought at companies in very different industries. Finally, Table 6 contains examples of repeated proposals in consecutive years as well as companies that received “one off” proposals.

Table 6: Example of Companies with Virtually Identical Lobbying
Proposals

Year	Issuer	Proponent
2016	Allergan	Trinity Health*
2020	Alaska Air Group	SEIU
2017	Aetna	Mercy Investment services
2018	Aetna	Daughters of Charity & Sisters of the Order of St. Dominic
2021	AECOM	John Chevedden
2016	AbbVie	Zevin Asset Management
2017	AbbVie	Zevin Asset Management
2018	AbbVie	Zevin Asset Management
2019	AbbVie	Zevin Asset Management
2020	AbbVie	Zevin Asset Management
2021	AbbVie	Zevin Asset Management
2023	AbbVie	Dana Investment Advisers & Dominican Sisters of Springfield Illinois
2020	Abbott Laboratories	Unitarian Universalist Association
2021	Abbott Laboratories	Unitarian Universalist Association
2022	Abbott Laboratories	Unitarian Universalist Association and “additional proponents”
2023	Abbott Laboratories	The Province of Saint Joseph of the Capuchin Order and Proxy Impact, on behalf of Hilary E. Van Dusen, as co-filer

*Proponent name not listed on the proxy.

C. What Factors Affect Outcomes?

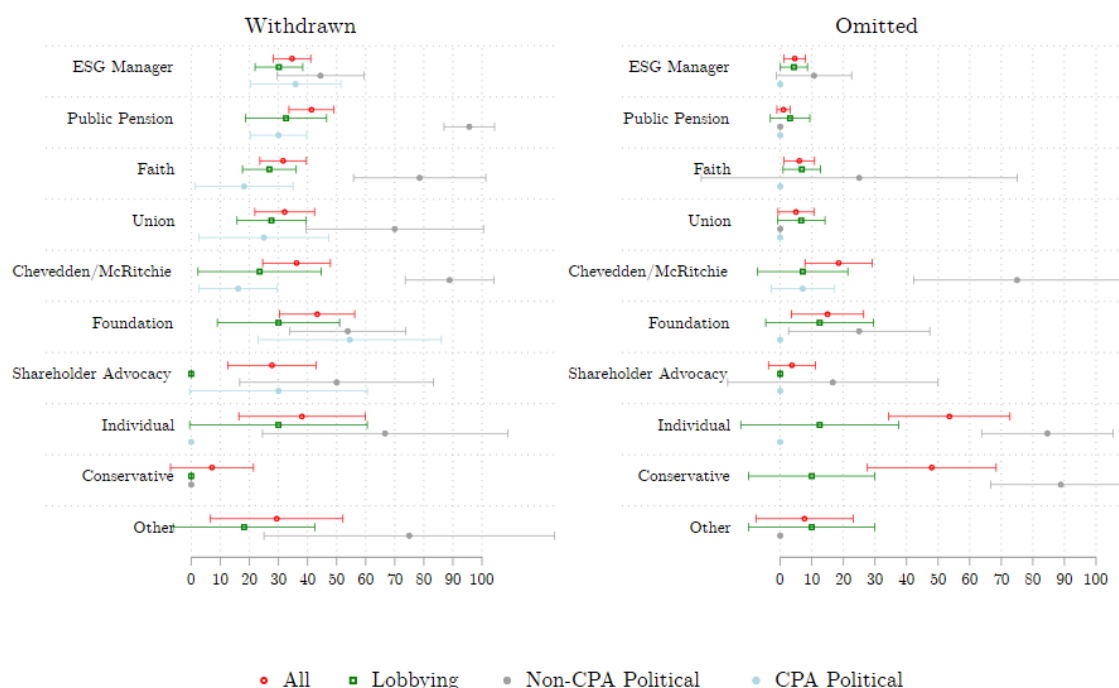
Next, we investigate the outcomes of these proposals. We begin by exploring the patterns of results by proponent type. Figure one presents the percentage of proposals that are withdrawn (left side) and omitted (right side) by the nine groups of proponents we identified, as well as the 95% confidence intervals for these percentages. We present the full sample first (in red), followed by three subsamples: lobbying proposals, non-CPA political proposals, and CPA political proposals.

We note a few patterns in Figure 1. First, there is substantial variation across proponent groups. 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, of the 23 non-CPA political proposals brought by public pension funds, all but one (96%) was withdrawn. We also see huge fractions of withdrawals for non-CPA proposals from unions, faith investors, and from John Chevedden and Jim McRitchie or his wife.

Turning to the omitted proposals, the most striking pattern is that three groups of proponents are disproportionately likely to have their proposals omitted: the conservative (so-called “anti-ESG”) proponents, John Cheveddan and Jim McRitchie, and other individual proponents. There could be several reasons for this, including less experience in submitting

proposals (at least for the first and third group), which could lead to minor technical violations of the rules. Companies might also be more aggressive about asking the SEC for permission to omit these proposals.¹³¹

Figure 1: Rate of Withdrawal and Omission by Proponent Type



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. Our interviews 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

¹³¹ It is worth noting that omitted proposals increased dramatically in 2025 (beyond our sample), likely due to changes in SEC guidance. 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.”)

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.

We turn to the proposals that did go to a vote in Table 7, which presents the results of a series of regressions where the dependent variable is the percentage voted in favor of the proposal. In addition to the variables that we used in the regressions reported in Tables 4 and 5, in columns 7 and 8 we include dummy variables for the recommendations of the two major proxy advisors, Glass Lewis and ISS, as imputed by Jonathon Zytznick.¹³² At the outset, we note the relatively small number of proposals, which makes statistical inference challenging. Nevertheless, we make a few suggestive observations.

The most striking result from Table 7 is the overwhelming predictive power of the Glass Lewis and ISS recommendations. Once those variables are included in the regression, very little else matters. Of course, to the extent that these proxy advisers take information related to financial performance, disclosure, or political giving into account, this does not mean that these factors are irrelevant.

Interestingly, even before recommendations are added, we find little relationship between a company's 527 giving and voting support (column 6). On the other hand, before recommendations are added, the results in columns 2 and 4 indicate that CPA proposals receive roughly 12 percentage points more voting support than non-CPA proposals. To investigate whether the votes on CPA proposals are different from non-CPA proposals, in column 4 we include interaction terms between Zicklin leader and laggard and whether the proposal is a CPA proposal. Doing so reveals an interesting pattern. While being in the top quartile of disclosure (i.e., being a Zicklin leader) is not predictive of voting results for non-CPA proposals, it is related to vote outcome for CPA proposals. On the flip side, being a laggard is predictive of voting results for non-CPA proposals, while there does not appear to be such a relationship for CPA proposals.

¹³² Jonathon Zytznick, *Imputing Proxy Advisor Recommendations*, Working Paper, 2024, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4878758.

Table 7: Relationship Between Firm and Proposal Characteristic and Voting Results
CPA and Non-CPA Political Proposals

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Bottom Quintile Alpha	-0.11 (-0.02)							-1.51 (-0.31)
Top Quintile Alpha	-5.04+ (-1.70)							-3.80 (-1.50)
CPA Proposal		11.97** (3.14)		11.55** (2.77)				-6.31 (-1.30)
Zicklin Leader			-13.77** (-3.25)	-6.07 (-1.35)	-13.41** (-2.94)			-4.04 (-1.18)
Zicklin Laggard			5.69+ (1.99)	16.12** (2.84)	4.17 (1.39)			-3.41 (-0.46)
Zicklin Leader x CPA				-12.72** (-2.81)				15.68* (2.41)
Zicklin Laggard x CPA				-14.29* (-2.16)				5.01 (0.63)
+Δ Zicklin					-0.09 (-0.67)			-0.04 (-0.59)
-Δ Zicklin					-0.53 (-1.44)			-0.01 (-0.02)
Bottom Quintile 527 Giving						-13.00+ (-1.93)		-0.13 (-0.03)
Second Quintile 527 Giving						-6.06 (-1.19)		-8.07* (-2.48)
Third Quintile 527 Giving						-9.82* (-2.06)		-7.34+ (-1.91)
Fourth Quintile 527 Giving						-9.35+ (-1.94)		-5.78+ (-1.73)
Top Quintile 527 Giving						-5.55 (-1.23)		-2.33 (-0.52)
Glass Lewis Recommendation							9.04** (2.82)	9.93** (2.67)
ISS Recommendation							20.78*** (7.06)	23.20*** (8.15)
Sector x Year FE	YES	YES	YES	YES	YES	YES	YES	YES
N	126	128	128	128	121	128	120	113

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

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

While the relationship between Zicklin scores and shareholder votes is complex, other evidence suggests that these results are not statistical anomalies. For example, our investor interviewees identified an issuer's Zicklin score as one of the factors that they consider in deciding how to vote on political disclosure proposals. In reviewing the proxy statements containing these proposals, we found that both shareholders and management frequently refer to the Zicklin index, albeit inconsistently. For example, the City of Philadelphia Public Employees Retirement System stated in support of its 2015 political disclosure proposal at Chesapeake Energy that "Indeed, the 2014 CPA-Zicklin Index of Corporate Political Disclosure and Accountability rated Chesapeake Energy near the bottom among the largest 300 companies in the S&P 500, giving it just 41 points

out of 100.”¹³³ Similarly in response to a political disclosure proposal by NorthStar Asset Management Intel stated in its 2017 proxy statement that “In 2016, Intel again received a top-five ranking in the CPA-Zicklin Index of Corporate Political Disclosure and Accountability, and was highlighted as one of the “trendsetter companies.”¹³⁴

D. 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 regressions. 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.¹³⁵ The dependent variable is the change in Zicklin index from that year. We continue to include sector-year fixed effects and to cluster standard errors by issuer.¹³⁶ We present the results in Table 8.

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 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.

¹³³ Chesapeake Energy Corp. Schedule 14A, Apr. 10, 2015, at 54, <https://www.sec.gov/Archives/edgar/data/895126/000119312515125220/d861000ddef14a.htm>

¹³⁴ Intel Corp., Schedule 14A, Apr. 16, 2017, at 84 https://www.sec.gov/Archives/edgar/data/50863/000119312517112133/d312067ddef14a.htm#toc312067_63

¹³⁵ We omit companies which only had proposals that were not withdrawn.

¹³⁶ This time, we include proposals spanning 2015 to 2022.

Table 8: Change in Zicklin Score After a Political Proposal

	(1)	(2)	(3)	(4)	(5)	(6)
Withdrawn CPA Proposal	6.446*					
	(2.18)					
Withdrawn Non-CPA Proposal		-0.563				
		(-0.31)				
Voted CPA Proposal			5.875***			
			(4.13)			
Voted Non-CPA Proposal				1.888+		
				(1.93)		
Vote Share, CPA Proposal					-0.139	
					(-0.46)	
Vote Share, Non-CPA Proposal						0.549*
						(2.30)
Sector x Year FE	YES	YES	YES	YES	YES	YES
N	3235	3235	3355	3355	64	28

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

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

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 in light of the fact that it is the CPA that produces the Zicklin index. Presumably, it believes that the index captures important features of a company's political disclosure, and it stands to 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.¹³⁷ 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 weak evidence that companies where a non-CPA proposal went to a vote also tend to improve their disclosure, as measured by the Zicklin index.

Finally, we repeat the analysis a third time, now with the vote share.¹³⁸ Here, we include only companies at which there was at least one voted CPA

¹³⁷ We omit companies which only had proposals that were not voted.

¹³⁸ If more than one political proposal is voted on at a company in a given year, we take the higher vote.

political proposal (column 5) or non-CPA proposal (column 6) in the regression, with substantially reduces the sample. Because of this very small sample, we interpret the results with caution. Notwithstanding this, we note the positive and statistically significant coefficient in column 6. This suggests that a higher vote share for a non-CPA political proposal is associated with an improvement in the company's Zicklin score the following year.

Because we do not have an objective measure that consistently reports 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.¹³⁹ 28 of these (80%) provided some substantive lobbying disclosure, compared to 41% of the companies that did not.¹⁴⁰ 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.

IV. PAPER TWO: HOW DO INVESTORS VOTE?

This paper analyzes the voting behavior of 18 major institutional investors on the proposals constituting our dataset. Our analysis is ongoing, but we present a few preliminary results here. Our primary findings are as follows:

¹³⁹ This difference is highly statistically significant (p-value of Fisher's exact test = 0.000).

¹⁴⁰ This difference is highly statistically significant (p-value of Fisher's exact test = 0.000).

We begin by simply summarizing the fraction of political disclosure proposals in our sample that each investor voted “for”¹⁴¹ in Figure 2. The average level of support is represented by the top (red) circle and confidence bars. The level of support for lobbying proposals, non-CPA political proposals, and CPA political proposals, are reported immediately below.

Right off the top, we see substantial variability in the percentage of “for” votes across investors. Some—like DFA, Vanguard, and BlackRock—are unlikely to support them, with support rates of .2%, 3%, and 5%, respectively. Indeed, for DFA, this translates to exactly one for vote in the nine-year period: an alignment proposal that Handlery Hotels, Inc. in partnership with Rhia Ventures brought at Charter Communications in 2022.¹⁴² For Vanguard and BlackRock, these numbers are 13 and 24, respectively. At the other extreme, some of the pension funds in the sample—like New York State Common, New York City Retirement, and CalPERS—supported the overwhelming majority of proposals, with “for” votes between 91% and 95% of the time. Calvert was also overwhelmingly likely to support them (97% of the time), while TIAA/Nuveen was more measured in its support (45%).

Overall, Figure 2 demonstrates enormous variability both within and across the groups of investors. While pension funds are far more likely to support political disclosure proposals than asset managers,¹⁴³ the range is a fairly wide 21 percentage points (from a low of 74% for Wisconsin to 95% for CalSTRS). Indeed, even within the states of California or New York, there is substantial variability in the overall level of support (18 percentage points and 14 percentage points, respectively). There is an even larger range across the largest asset managers (from a low of 3% for Vanguard to a high of 36% for Fidelity) and across the other more active managers in the sample (from

¹⁴¹ Because we treat abstentions as votes that are not for the proposal, implicitly we record them as no votes. This is consistent with the view that abstentions are polite no votes.

¹⁴² On Rhia’s role see <https://ir.spectrum.com/static-files/8a96d825-6d51-481f-8bfe-88723cc5a0f7>. Rhia is an impact VC fund. <https://rhiaventures.org/>. Charter appears to be a repeat target for political disclosure proposals, perhaps because it is one of the biggest political donors. See shareholder proposal, <https://rhiaventures.org/wp-content/uploads/2022/01/Charter-Communications-2022-Proposal-.pdf> (“Public data collected by OpenSecrets.org show that Charter Communications (“Charter”) and its employee PAC rank in the top 1% of political donors.”). See, e.g., <https://collaborate.unpri.org/group/25151/stream> (outside our sample). And see this - <https://arstechnica.com/tech-policy/2020/07/charters-donations-to-charities-and-lawmakers-may-help-it-impose-data-caps/>

¹⁴³ This may reflect an increased propensity of public pension funds to engage on the basis of values rather than focusing exclusively on economic value. See, e.g. Jill Fisch & Jeff Schwartz, *The Singular Role of Public Pension Funds in Corporate Governance*, Tex. L. Rev. (forthcoming 2025) (defending such engagement on the basis that public pension funds should be understood as principals authorized to pursue public values).

a low of .2% at DFA to a high of 24% for Schwab). As previously noted, the range for “ESG” managers is the largest of all (from 45% to 97%).

Figure 2: Average Voting Support, By Investor

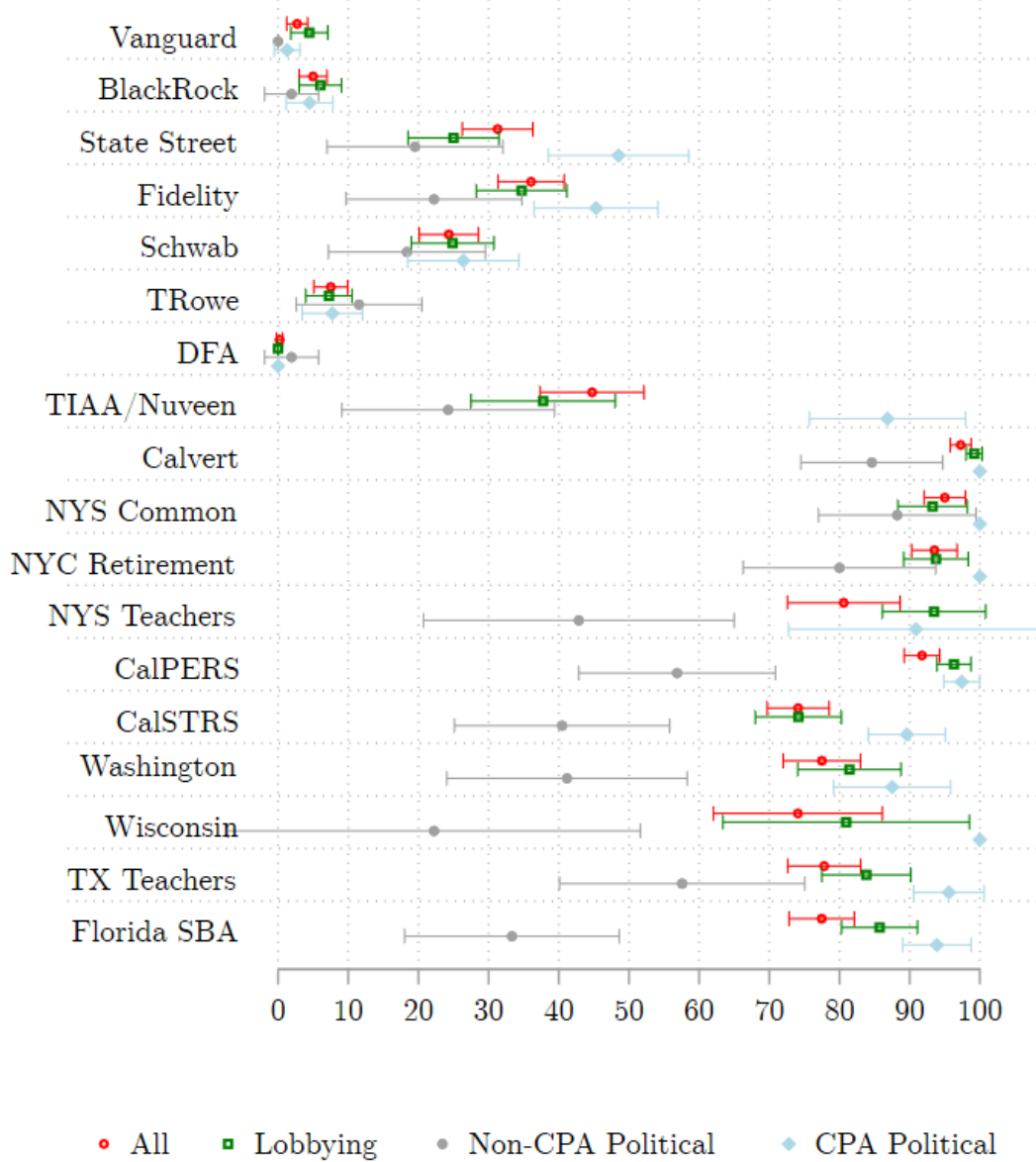


Figure 2 also further underscores the role of the CPA, particularly when it comes to voting my pension funds. Across the board, the pension funds in our sample were more likely to support CPA political proposals than non-CPA proposals. In contrast, the pattern for institutional investors is much more mixed. Among the mainline (i.e., non-ESG based) institutional

investors, Fidelity and State Street seem to be more favorably inclined towards CPA proposals, while the rest are not.

Of course, the fact that institutional investors differ in their *average* levels of voting support for political disclosure proposals does not tell us the extent to which they support the *same* proposals. For example, while BlackRock supports more of these proposals than Vanguard, is it the case that everything Vanguard supports is also supported by BlackRock? The answer is a clear no: BlackRock opposed almost a quarter of the proposals that Vanguard supported (3 out of 13). Zooming out to study all investors in the sample, in Table 9 we summarize the level of agreement across the asset managers (Panel A) and pension funds (Panel B) in our sample. In the upper triangle, we present the correlation between the relevant pair of investors. In the lower triangle, we present the percentage of votes at which the relevant pair of investors agreed. We also include the correlation between each of the investors in our sample and the ISS and Glass-Lewis recommendations

The results in Table 9 make clear that this is not just a BlackRock and Vanguard phenomenon: in fact, the correlation coefficient between the two asset managers is the largest across the nine asset managers in Panel A, at 55%. All the others are substantially lower, from a low of -1% (between BlackRock and DFA), with a modest average of 18%. This is particularly striking given that these are binary votes, where asset managers are exercising their judgement as fiduciaries about what is in the best interest of their investors. Accordingly, we would expect there to be some amount of agreement, even if they are making their decisions entirely independently. Using the alternative approach of calculating the percentage of the time when pairs of investors agree gives a different perspective. For example, using this method, BlackRock and Vanguard look much more similar: the percentage agreement between them is 96%. This, of course, stems from the fact that it is rare for either of them to support a proposal. Because the correlations and the percentage agreements capture different information, we present both to give as complete a picture as possible.

Other large asset managers like State Street and Fidelity vote even more differently. For example, Fidelity votes differently from each of BlackRock, Vanguard, State Street about a third of the time. This is despite the fact that State Street tends to support many more proposals than either of the other two. While this doesn't establish why these asset managers are voting the way they are, whatever they are doing, it clearly establishes that they aren't doing the same thing.

The comparisons to Glass Lewis and ISS recommendations are also instructive. Each of BlackRock and Vanguard vote in accordance with Glass-Lewis's recommendations only about half the time and typically

diverge from ISS's recommendation (with agreement rates of less than 20%). This further supports the interpretation that, whatever these asset managers are doing, they are engaging in independent decision making. The same holds for the other asset managers. The highest agreement rate across all the asset managers and the proxy advisers are Calvert (88% agreement with ISS), Fidelity (72% agreement with Glass Lewis), Schwab (71% agreement with Glass Lewis), and State Street (66% agreement with Glass Lewis). Again, given the binary nature of the decision, even a 70% agreement rate is not particularly high.

Table 9: Consistency in Voting Suppose Across Investors

<i>Panel A: Asset Managers</i>											
	Vanguard	BlackRock	State Street	Fidelity	Schwab	TRowe	DFA	TIAA/ Nuveen	Calvert	Glass Lewis	ISS
Vanguard		55%	16%	15%	21%	35%	-1%	18%	3%	10%	7%
BlackRock	96%		23%	22%	33%	30%	-1%	21%	4%	20%	6%
State Street	70%	72%		17%	33%	6%	9%	24%	10%	38%	21%
Fidelity	66%	67%	66%		38%	32%	7%	33%	9%	48%	31%
Schwab	77%	79%	72%	75%		19%	9%	35%	9%	47%	23%
TRowe	93%	92%	67%	70%	76%		16%	22%	5%	11%	12%
DFA	97%	94%	72%	63%	76%	92%		8%	1%	5%	2%
TIAA/ Nuveen	60%	61%	79%	75%	76%	62%	62%		12%	25%	39%
Calvert	5%	7%	34%	38%	27%	10%	3%	47%		16%	37%
Glass Lewis	50%	52%	66%	72%	71%	51%	49%	64%	55%		30%
ISS	17%	19%	43%	51%	40%	22%	15%	62%	88%	62%	
<i>Panel B: Pension Funds</i>											
	NYS Common	NYC Retirement	NYS Teachers	CalPERS	CalSTRS	WA	WI	TX Teachers	Florida SBA	Glass Lewis	ISS
NYS Common		68%	39%	45%	41%	38%	43%	25%	27%	27%	34%
NYC Retirement	99%		26%	52%	35%	34%	33%	22%	29%	32%	30%
NYS Teachers	96%	95%		54%	56%	64%	81%	48%	35%	38%	79%
CalPERS	94%	94%	88%		43%	41%	62%	42%	41%	28%	63%
CalSTRS	88%	87%	90%	81%		42%	51%	47%	49%	58%	47%
WA	91%	91%	96%	83%	86%		58%	32%	41%	64%	42%
WI	97%	96%	99%	88%	92%	97%		47%	32%	25%	100%
TX Teachers	88%	88%	91%	83%	86%	88%	93%		70%	34%	77%
Florida SBA	85%	85%	84%	83%	86%	87%	89%	93%		43%	57%
Glass Lewis	66%	68%	67%	59%	77%	82%	67%	70%	72%		30%
ISS	87%	86%	93%	92%	82%	82%	100%	92%	87%	62%	

While the correlations are a little higher in Panel B, we also see considerable variation across the pension funds. The average remains below half, at 44%. While the highest—at 81%—is quite high, it is somewhat surprising that it is between New York State Teachers and Wisconsin, rather than between two funds from the same state, or two funds that are otherwise facially similar. Unsurprisingly, of the five lowest correlations (all of which are under 30%), four are between the two red state funds and two of the New York funds (New York State Common and New York City Retirement).

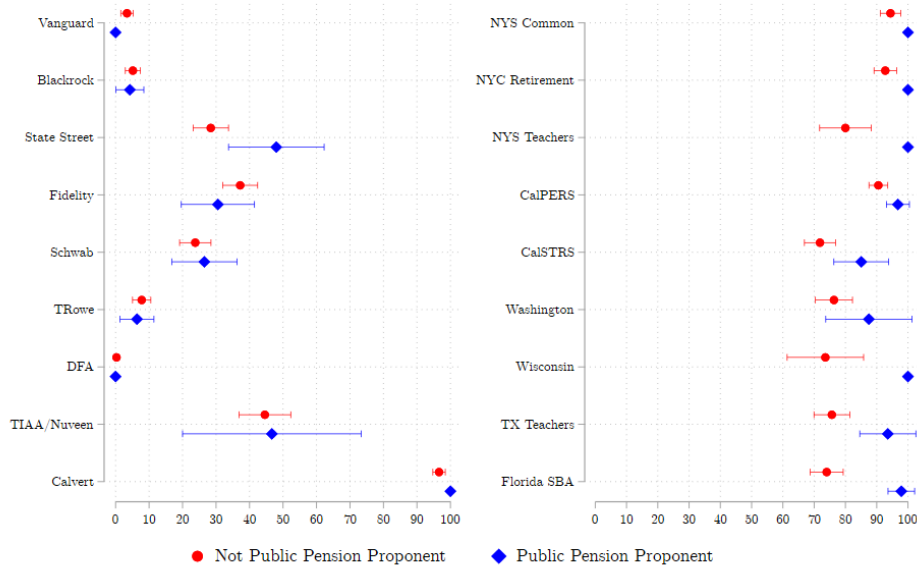
More surprisingly, the fifth is between two different New York funds (New York State Teachers and New York City Retirement).

Interestingly, the pension funds' votes are closer to the recommendations of the proxy advisers, particularly those by ISS. This is likely to reflect, at least in part, the sort of "ideology" effect identified by both Bubb & Catan and Bolton et al: ISS generally recommends in favor of these proposals and pension funds generally vote in favor of these proposals, which leads to a high degree of consistency between the recommendations and the votes. But of course, this does not necessarily mean that the pension funds are supporting these proposals because ISS recommends it. Rather, both the advisers and the funds may share a common perspective about the value of disclosure proposals, leading to similar (but not identical) outcomes. There is, however, one exception to this: Wisconsin, which voted exactly as ISS recommended for each proposal in our sample. While it is possible that this occurred because of independent analysis, it may also indicate that Wisconsin is relying extensively (perhaps exclusively) on proxy advisers (and specifically ISS) in its voting.

Our investor interviewees also identified the importance of identity of the proponent of a political disclosure proposal, observing that they viewed some proponents as more credibly committed to seeking increased transparency as well as taking more seriously proponents with substantial shareholdings. We note that this feature is in tension with the existing legal requirements that do not require an issuer to disclose proponent identity in the proxy statement. Nonetheless, this does not appear to present a significant obstacle for most institutional investors who are able through informal networks, consultants and proponents' websites to identify who is bringing the vast majority of disclosure proposals (as were we).

Figure 3 explores the significance of proponent identity and confirms the information provided by our interviewees, but only for pension fund investors. Specifically, we find that pension funds are much more likely to support proposals brought by pension funds. We do not find a similar pattern for asset managers.

Figure 3: Relationship between Voting Support and Public Pension Proponent



V. IMPLICATIONS

A. Political Transparency and Corporate Governance

The substantial number of political disclosure proposals that have been consistently submitted, as well as the high levels of support for those proposals, suggest that political transparency is an important area for a sizeable group of investors. Companies, moreover, appear to be responsive to these requests, increasing their disclosures in the wake of such proposals. While this does not necessarily mean that companies are providing complete disclosures, there is nothing to suggest that they are ignoring these requests. Accordingly, at the issuer level, our results support the claim in *Citizens United* that ordinary mechanisms of corporate governance can address concerns about political spending. Anecdotal evidence is consistent with the proposition that issuers take disclosure proposals seriously, particularly when those proposals 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.

At a market-wide level, we see meaningful amounts of corporate disclosure, including in ways—such as reports linked on the corporation’s investor relations webpage—that are far more accessible to shareholders than what is required by law. Since *Citizens United*, corporate scores on the Zicklin

index have increased,¹⁴⁴ and many of those increases reflect disclosures that are not mandated such as contributions to so-called “dark money” groups.¹⁴⁵ The Zicklin data also demonstrates that corporate decisionmakers are adopting guardrails to oversee their decisions to engage in political activity and to assess the risks of those decisions.

We also uncover evidence of distinctive patterns in the targeting of these proposals. Proponents of CPA proposals appear to be most focused on the existing quality of issuer disclosures. They are less likely to target issuers that are already disclosing more than their peers, and they appear to obtain increased disclosure from the issuers that they target.

A second group of proponents—the ones behind the non-CPA proposals—appears to focus on issuers’ political spending itself rather than the level of disclosure. This suggests that these proponents are focused on a different dimension of corporate political spending. Our interviews suggest that some proposals are directed to issuers whose political activity places them at an unusual degree of risk. The non-CPA proposals may be consistent with this set of concerns.

At the same time, caution is warranted in evaluating claims about the effectiveness of private ordering. In particular, the shareholder proposal process is an unwieldy tool. It requires an individual investor to take the initiative at each issuer separately. To the extent that there are differences of opinion about the risks and benefits of political and lobbying spending, the shareholders that tend to bring these proposals may not represent the majority view. This, coupled with agency problems in voting by asset managers and pension funds, can lead to value destroying outcomes. On the flip side, the precatory nature of shareholder proposals also means that management can ignore even proposals that receive majority support.

¹⁴⁴ 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).

¹⁴⁵ 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.”).

B. Assessing Corporate Political Activity and Transparency

To be sure, increasing the *disclosure* of corporate political activity is not the same as reducing corporate involvement in politics. While increased disclosure can lead to less of the activity in question, it need not necessarily. For investors and commentators who believe that there is too much money in politics, increased disclosure that is not associated with a decline in *spending* represents a failure of the disclosure based strategy. While it is impossible to know the counterfactual, the consensus view is that overall levels of political spending continue to increase.

But notwithstanding its social impact, political spending is ultimately a business decision. There are good reasons for this. To state the obvious, political spending can be beneficial for a corporation, and, by extension, its shareholders.¹⁴⁶ And even if an overall reduction of political spending might benefit all companies, unilateral disarmament may be a losing strategy for any individual company.

Recognizing these tradeoffs, some might conclude that disclosure is an appropriate middle ground in balancing director primacy with shareholder rights. The primary means through which public company shareholders exercise control over the companies that they own is through director elections. Apart from that, the ordinary mechanisms of corporate governance typically operate through transparency and effective governance mechanisms, not through shareholder micromanagement of corporate decisions.

But even this conclusion is not entirely obvious. After all, transparency may increase the risk of political engagement. As one commentator explains, “By increasing the risk of backlash, disclosure requirements may slow the river of corporate cash flowing into conservative campaign coffers.”¹⁴⁷ If political spending is a business necessity, chilling that spending because of concerns of adverse publicity is not in the firm’s best interest. Finally, transparency can also escalate demands for political contributions. Once a corporation discloses the level and recipients of its contributions, those disclosures provide a baseline for other demands, both from that issuer and its peers.

Taking all this together, it’s no surprise that different investors and institutions seem to come out very differently on the value of disclosures about corporate political activity. Some investors might conclude that thoughtful political spending increases shareholder value but might want to

¹⁴⁶ See, e.g. Fisch *supra* note 65 (documenting the value of political engagement for FedEx).

¹⁴⁷ Benjamin Edwards, *The Implications of Corporate Political Donations*, 48 Human Rights 22, 22 (2022).

understand the process through which the company makes these decisions. Others might be more concerned about potential agency problems and might want to see more disclosure about the recipients of this spending. Still others might believe that all corporate political activity is either unduly risky or simply morally wrong and seek to curb it as much as possible. And yet another group might think of this as a corporate decision, little different from the corporation's marketing decisions. This dispersion in plausible views is consistent with the dispersion in behavior that we observe in the data.

C. The Complex Ecosystem of Proposals

Finally, our paper sheds light on the complex ecosystem of shareholder proposals. We identify limitations of the standard dataset used to study shareholder proposals, including the universe of submitted proposals, the outcome of proposals that are withdrawn, and the identity of key players in this space, including the proponents of some shareholder proposals. We also identify the importance of the CPA as a facilitator, source of data and perhaps indicator of credibility with respect to political disclosure proposals.

Our interviews further indicate that the CPA is not unique. Institutional investors engage through a variety of formal and informal networks and the use of professional consultants and advisors (beyond ISS and Glass Lewis). The information they share likely makes investor engagement more informed and potentially more effective.

The depth of these networks likely explains both why we do not see a one-size-fits-all approach to voting on political disclosure proposals as well as the limits of regression analysis in capturing the reasons for variation in outcomes. That even passive investors demonstrate a level of firm-specific knowledge and context specificity provides at least a partial refutation of the standard characterization of their voting as uninformed.

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 sponsored the political disclosure proposals, the proposals tended to be relatively successful, and disclosures tended to improve in subsequent years. On average, both the targeting and voting appear to reflect existing disclosure practices and political contributions rather than firm performance. We also uncover important institutional details of the shareholder proposal process, including the role of the Center for Political Accountability and the importance of withdrawn proposals.

