

Investors' Climate Change Voting Records Face Scrutiny

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Companies who engage with their large institutional shareholders on environmental and social issues during the 2018 proxy season should keep in mind that these investors are facing pressure from other investors on their voting policies.

Large institutional investors are receiving shareholder proposals from a coalition of smaller investors, urging them to take a more engaged approach to environmental and social proposals. During the 2017 proxy season, investors including Vanguard, BlackRock, Bank of New York Mellon, T.Rowe Price, JP Morgan Chase & Co. and Fidelity Investments received shareholder proposals from investors including Walden Asset Management, requesting that management issue reports on their proxy voting policies and practices related to climate change.

Some of these proposals were withdrawn, based on vote changes, updated voting policies and greater disclosure, as reported by [BNA Bloomberg](#). However, Vanguard's November 15th annual meeting agenda will include Walden's proposal. This is Vanguard's first shareholder meeting since 2009 (Vanguard is not required to hold a meeting unless there is a proposal for a shareholder vote). In its [preliminary proxy filing](#), Vanguard opposes Walden's proposal, for reasons including that the report requested is duplicative of information that's already publicly available, and that direct, ongoing engagement with companies is often more effective than votes for shareholder proposals.

Vanguard and many other institutional investors have historically voted against climate change shareholder proposals, given the challenges of demonstrating a material business impact over a definitive time horizon. However, their positions have evolved over recent proxy seasons.¹ Earlier this year, Vanguard voted for shareholder proposals at Exxon Mobil and Occidental Petroleum Corp. requiring that the companies report on climate change. Vanguard had voted against a similar proposal at Exxon Mobil in 2016. These climate change proposals, and another one at PPL Corp., subsequently passed. More broadly, during the 2017 proxy season, shareholders submitted 144 environmental

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proposals. Of the 55 proposals voted on, support averaged 28.9% of votes cast, compared to 71 proposals that received 25.1% of votes cast in 2016.

¹Vanguard's updated proxy voting guidelines state that Vanguard will consider environmental and social proposals on their merits, and that it may support those proposals where there is a link to long-term shareholder value. According to Vanguard's proxy voting guidelines, some of the factors considered when evaluating these proposals include the materiality of the issue, the quality of current disclosures/business practices, and any progress by the company toward the adoption of best practices and/or industry norms. (See Liz Dunshee's [blog](#) for additional articulation of Vanguard's approach).