



Why Support for Political Activity Proposals is Declining

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Numbers don't lie, but they often don't tell the whole story. This certainly applies to the 2022 proxy season, where support for shareholder proposals addressing environmental and social topics is – somewhat unexpectedly – lower than last year. Yet, when looking behind the headlines, it becomes clear that several factors are driving the decline.

In an earlier [blog post](#), I explored the reasons for the decreasing support for environmental proposals. Now, I delve deeper into corporate political activity proposals and why support levels are lagging those of last year –[even as political activity by US corporations is increasingly fraught with risk](#).

First some general observations:

- **As predicted earlier this year, corporate political activity continues to be under intense scrutiny in 2022, and support for proposals on political contributions, traditional lobbying, and climate-related lobbying remains high** As of June 15 – when the most recent proxy voting results were filed – support for corporate political activity proposals averaged 33% and four proposals passed.
- **Proposals asking firms how their political expenditures align with their stated corporate values and policies continue to gain traction.** Thus far, six of such proposals have come to a vote, garnering 36% average support. And when excluding the one “anti-ESG” proposal, submitted at [Pfizer](#) by a group concerned with discrimination against white and male employees, average support for such proposals rises to 42%.
- **A new type of proposal, asking health care companies to explain how their lobbying efforts align with their policy positions and statements around public**

health, is also receiving high shareholder support. Such health-related lobbying proposals received an average support of 42%.

But if shareholders generally still support proposals addressing corporate political activity, then why has average support dropped from 42% in the first half of last year to 33% this year? The following three differences between the 2021 and 2022 proxy seasons appear to be playing a role here:

- **Nature of the proposals.** Traditionally, proposals that are overly restrictive or constrain management in pursuing strategies to create shareholder value do not fare well. Indeed, a new proposal asking the board to adopt a policy prohibiting the use of any corporate or PAC funds for direct or indirect contributions to candidates received only 4% support. Another new proposal asking companies to disclose expenditures and political activities outside of the U.S. also received low support, with companies indicating that their expenditures related to public policy and political influence outside the U.S. were limited or even non-existent.
- **Nature of the companies receiving the proposal.** This year saw an uptick in corporate political activity proposals filed with companies that either have a dual-class voting structure (including Alphabet, Meta Platforms, UPS, and Charter Communications) or that are family-controlled (Walmart). Naturally, these proposals receive low support. Additionally, a number of proposals garnering low levels of support this year were filed with companies that actually are doing a good job disclosing their political expenditures according to the [CPA-Zicklin Index of Corporate Political Accountability and Disclosure](#) (e.g., McDonald's and Coca-Cola).
- **Rationale behind the proposals.** This proxy season has seen a significant increase in proposals submitted by politically conservative groups, including on corporate political activity. While these proposals usually have similar “resolved” clauses as traditional proposals, they have supporting statements that result in lower levels of support.

If you adjust for these three factors, support for corporate political activity proposals is almost as high as last year.

If you'd like to conduct your own analysis of 2022 proxy season in real-time, I encourage you to sign up for a demo of the [ESG Advantage Shareholder Voting Benchmarking Tool](#). It lets you generate customized reports on shareholder and management proposals based on topic, proponent, outcome, and company from 2018 through the current proxy season in the full Russell 3000.

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