

# 2024 Proxy Season Review

**Most contested situations settled, but proxy fights favored companies during a season of Universal Proxy Card (UPC) “firsts”**

**Pressures on investors and proxy advisors created new complexity for companies**

**Support for shareholder proposals leveled off as proponents and companies used new tactics**

**Companies achieved near record levels of Say-on-Pay (SOP) support**

**Average director support remained high, though policy refinements continued to target committee chairs**

In the second year under UPC rules, traditional and non-traditional activists took novel approaches to campaigns and continued to gain board seats through settlements, but had limited success in proxy fights that went to a vote

Companies experienced greater uncertainty and reduced transparency in proxy voting and engagement as a result of changes made by investors and proxy advisors to address questions around their ownership levels and influence

In another record year for shareholder proposal submissions, support for governance-focused proposals increased while support for environmental and social proposals, including anti-ESG, slightly decreased

Median CEO pay increased by 13% from 2022 to 2023, yet support for SOP grew to near-record levels as pay and performance were better aligned and companies generally refrained from pay-related decisions that attract investor scrutiny

High support levels for directors suggest companies continued to align board refreshment and disclosure improvements with investor expectations even as voting policies drove down support for those in key committee chair roles

# What's Ahead for Boards and Management Teams

## DYNAMICS SHAPING THE LANDSCAPE

- > Strong market performance has been driven by relatively few companies over the past year, which will put focus on underperforming companies
  - > High level of C-suite turnover persists, with implications for executive compensation and long-term succession planning processes
  - > The shifting regulatory landscape and unprecedented global election year may exacerbate the already unpredictable dynamics for companies and investors
- > Activism risk will remain elevated as dissidents continue to seek board seats through settlements and explore how to leverage UPC to achieve their goals at underperforming and vulnerable companies
  - > Though investor emphasis on environmental and social matters continues to diverge, there is a renewed focus on board oversight and effectiveness, which will influence how investors approach engagement, proxy voting and evaluation of shareholder proposals
  - > Companies will continue to navigate public pressure around their ESG strategies, goals and disclosures, emphasizing the importance of understanding and communicating the ways in which ESG topics may be relevant to company strategy
  - > Despite strong headline support for SOP, investors and proxy advisors will continue to scrutinize pay-related decisions through a board oversight lens with focus on companies that grant outsized or misaligned awards due to succession, retention or following a period of underperformance
  - > While new N-PX rules will provide greater insight into the number of shares investors vote and expand the scope of investors required to disclose pay-related votes, proxy voting choice and pass-through voting programs may result in more opacity and less predictable outcomes for companies