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**For Immediate Release**

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## **Mutual Fund Support for Corporate Political Disclosure Surges**

### ***2018 PROXY SEASON ANALYSIS*** **NOVEMBER 27, 2018**

The largest mutual funds' support for the Center for Political Accountability's corporate political disclosure resolution jumped significantly in 2018, to 53 percent from 45 percent in 2017, according to analysis based on the Morningstar® Fund Votes Database.<sup>1</sup> This eight percentage point increase was the largest since CPA began tracking institutional investor votes on its resolution in 2008.

Of the 46 largest asset managers, 12 supported 100 percent of the political spending resolutions and 11 supported none. Twenty-five of the 46 groups increased their support from 2017 to 2018, while nine decreased support.

"This upswing reflects mutual fund recognition of the importance of companies adopting political disclosure and accountability to manage heightened risk," said CPA president Bruce Freed. "We are very pleased to see this trend."

"If there is one disappointment," Freed added, "it is that some of the largest institutional investors, Vanguard, Fidelity and BlackRock in particular, continue to refuse to recognize the importance of --and cast their proxies for --corporate political disclosure and accountability. Fortunately, this is not the case with other leading mutual funds."

Five groups—BNY Mellon, Janus Henderson, Eaton Vance, PIMCO and Lazard—increased their support by over 40 percentage points. Average shareholder support reached a record level in 2018, at 34 percent, up from slightly under 30 percent last year. Contrary to this upward trend, AMG and State Street decreased their support for the resolution.

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<sup>1</sup> Fund Votes Research was acquired by Morningstar® in October, 2018. The database of over 110 million proxy voting decisions by large financial institutions spans 15 years of mutual fund proxy voting disclosure. The data has been indexed to facilitate analysis of investment institutions' voting patterns on a wide range of issues proposed by shareholders

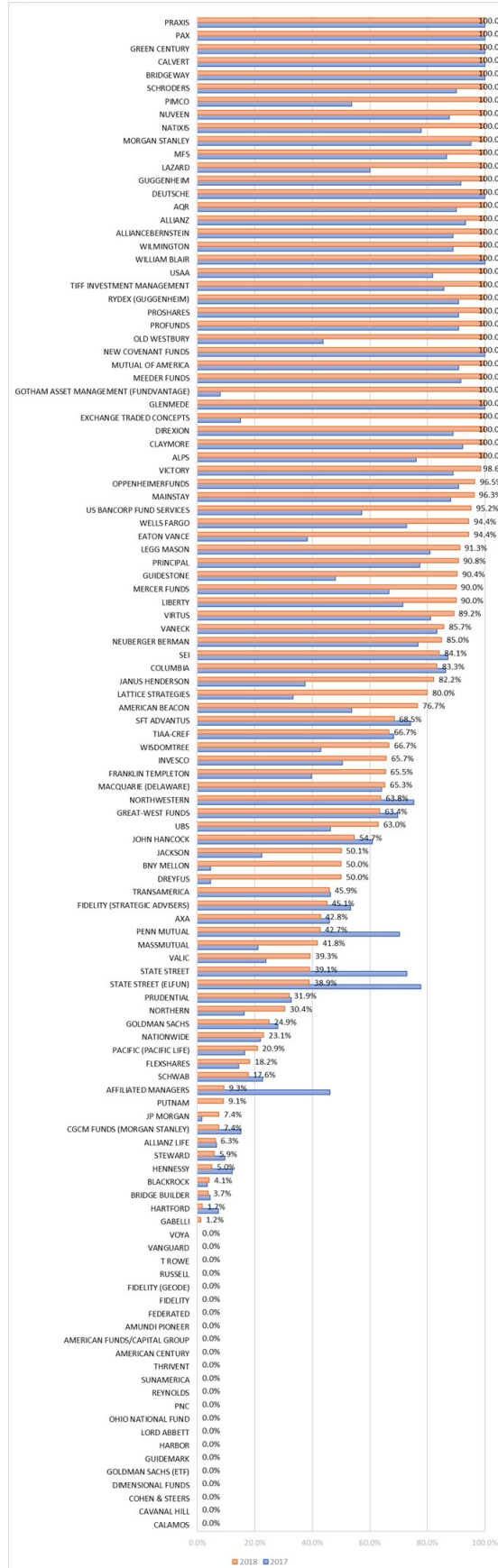
Fund Votes examined 115 fund groups' votes across the 2017 and 2018 proxy seasons. As in previous years, the study sought to profile the spectrum of voting patterns across a wide range of funds managed by large asset managers as well as by smaller, socially responsible investment-oriented managers.

The 115 fund groups identified were those indexed in the Fund Votes database that had cast votes on at least 5 resolutions in each of the two proxy seasons. Their total assets under management, according to Morningstar® fund data, amount to over \$14 trillion, of which almost \$5.5 trillion is invested in the U.S. securities market.

Other notable findings include the following:

- Of the 115 fund groups studied, 60 increased their support for political spending disclosure resolutions between 2017 and 2018, compared to only 23 fund groups that decreased such support. Among the 45 largest asset managers, 25 groups increased support while nine decreased such support.
- In 2018, 53 fund groups supported at least three-quarters of the resolutions voted upon, compared with 40 fund groups in 2017. Only 23 groups failed to support a single political spending disclosure resolution in 2018, compared with 25 in 2017.
- Thirty-four fund groups, mostly comprised of socially responsible investment asset managers, supported all election spending disclosure resolutions in 2018.

# Fund Family Votes on CPA Model Resolution: 2017-2018



This year's survey considered 10,505 votes cast by 115 fund groups on 18 shareholder-sponsored resolutions during the 2018 proxy season and 24,203 votes cast on 22 resolutions in the 2017 season.

The Appendix lists all shareholder proposals, based on the CPA model resolution, that came to a vote in the 2018 proxy season. A typical CPA model resolution asks companies to report on and semiannually update the following:

*1. Policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to (a) participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum.*

*2. Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including:*

- a. The identity of the recipient as well as the amount paid to each; and*
- b. The title(s) of the person(s) in the Company responsible for decision-making.*

Mutual funds looking to update their proxy voting policies with more specific guidance on disclosure and oversight of corporate election spending may draw on Appendix 2 of The Conference Board's [\*Handbook on Corporate Political Activity\*](#), in which sample proxy voting guidelines are provided.

In addition, CPA's one-page summary on the [key elements of meaningful corporate political disclosure](#) provides concise guidance to proxy voters as they try to determine where the gaps may exist in a company's policies and disclosure.

## APPENDIX

### Shareholder-Sponsored Resolutions Based on the CPA Model Resolution Voted Upon in 2018 (as of 11/27/2018)

Company	AGM	Shareholder Proponent	Support
Alliant Energy Corp.	May 17, 2018	Office of the New York City Comptroller	39.03%
Allstate Corp.	May 11, 2018	International Brotherhood of Teamsters	46.53%
American Water Works Company Inc.	May 11, 2018	Trillium Asset Management	39.78%
Ameriprise Financial Inc.	April 25, 2018	New York State Common Retirement Fund	38.80%
CarMax Inc.	June 26, 2018	International Brotherhood of Teamsters	29.17%
Charles Schwab Corp.	May 15, 2018	Corporate Governance	25.41%
CMS Energy Corp.	May 4, 2018	New York State Common Retirement Fund	45.16%
Emerson Electric Co.	February 6, 2018	Trillium Asset Management	39.40%
Equifax Inc.	May 3, 2018	New York State Common Retirement Fund	29.71%
Ford Motor Co.	May 10, 2018	Corporate Governance	17.42%
NextEra Energy Inc.	May 24, 2018	New York State Common Retirement Fund	43.24%
Northern Trust Corp.	April 17, 2018	Unitarian Universalist Association	23.97%
NRG Energy	April 26, 2018	Office of the New York City Comptroller	35.23%
PayPal Holdings Inc.	May 23, 2018	Corporate Governance	24.59%
Range Resources Corp.	May 16, 2018	Nathan Cummings Foundation	35.87%
Republic Services Inc.	May 11, 2018	International Brotherhood of Teamsters	29.11%
Western Union Co.	May 18, 2018	New York State Common Retirement Fund	32.00%
Wynn Resorts Ltd.	May 16, 2018	New York State Common Retirement Fund	36.65%