

How Do Retail Shareholders Vote?

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Retail shareholders own about 30% of public companies, a fairly consistent level over the past five years, but only about 28% of those shares are voted, according to the latest [issue of ProxyPulse](#) from Broadridge and PwC. In comparison, 91% of institutional shares vote.

During the 2018 proxy season, support for the 21,855 directors up for election was 96% from institutional investors and 95% from retail investors, on average. About 1,408 directors (6.4%) failed to receive at least 70% favorable votes, and another 416 directors (1.9%) did not obtain support from at least a majority of shareholders. These poor results increased from prior year 2017, as 11% more directors failed to receive majority support and 14% more directors failed to surpass 70% support.

Contrary to some expectations that retail shareholders tend to support companies more than institutions do, retail shareholders voted less favorably on say-on-pay, as 86% of retail investors supported executive compensation compared to 89% of institutions, which is a similar trend across the last five years.

Retail holders are more disinclined toward other types of proposals, however. Their support for environmental and social proposals hovered around 16% in 2018, a 3% increase from 2016 and 2017. Institutional investors backed these proposals more frequently, as 29% voted in favor, also a 3% increase from 2017 but a 10% increase from 2014.

The upward trend lines are similar for political spending proposals, as 29% of institutions endorsed them in 2018, compared to 21% in 2014. For retail investors, 21% voted in favor, compared to 14% in 2014.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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