How Well Do Voting Choice Policies Represent Public and Investor Preferences?

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Abstract

"Voting choice policies" allow investors in mutual funds and ETFs to express their preferences on how shares are voted in corporate proxy contests. We conduct an original survey to estimate the public's preferences on management and shareholder proposals. The survey allows us to measure how well the voting choice policies offered by asset managers agree with the preferences of survey respondents. Among the voting choice policies that are currently offered, the average U.S. adult can only achieve a maximum agreement score of 76.7 percent and the average stock owner is only slightly better at 77 percent. We then structurally estimate the ideological locations of the survey respondents and the voting choice policies. We find that in each of the dimensions a large share of respondents are poorly represented and that there are important differences across subgroups in the quality of representation.

JEL Classifications: M40, M41, M48

1   Introduction

Over the past 70 years, asset management institutions have grown to play a dominant role in U.S. public equity markets (Aguilar, 2013). This shift reflects increasing individual investor participation in equity markets through mutual funds and exchange traded funds (ETFs). Investment via mutual funds or ETFs typically requires the individual investor to completely delegate monitoring actions such as shareholder voting to the institutional asset manager. Securities and Exchange Commission (SEC) regulations require these institutions to govern their portfolio firms in a manner consistent with their clients' best interests, but there are growing regulatory concerns about the influence of institutional intermediaries on the shareholder voting process (Malenko and Malenko, 2023). These concerns are particularly salient around environmental, social, and governance (ESG) proposals, where implications for firm value are often uncertain and there is significant preference disagreement among the investing public (Haber et al., 2022). In this paper, we examine how well investment managers represent their clients by studying the ideological alignment between the two in the recent implementation of voting choice programs.

Against the backdrop of increased regulatory scrutiny of asset managers' stewardship, the "Big Three" asset managers (BlackRock, State Street Global Advisors, and Vanguard) recently introduced voting choice programs that give certain shareholders increased agency over how to vote their shares. Although introduced with the goal of empowering clients to express their views, these procedures do not permit shareholders to directly cast their votes in individual proxy contests. Instead, they allow shareholders to select from a menu of policies developed by the two dominant proxy advisory firms, Institutional Shareholder Services (ISS) and Glass Lewis (GL). These policies articulate a set of guiding principles and how the shares will be voted for hypothetical issues (Hart and Zingales, 2022). The asset manager then votes the shares according to the selected policy.

The development of voting choice policy platforms purportedly allows investors more autonomy in their shareholder voting. However, theories of corporate self-regulation offer conflicting predictions regarding the degree to which such policies will actually elicit investors' voices in

the shareholder voting process. On one hand, voting choice policies may represent a political strategy by asset managers to avoid more stringent public regulations (Malhotra et al., 2019). For this to be effective, the public and regulators must view the policies as satisfactorily achieving societal goals of increased investor autonomy. On the other hand, if there is ideological misalignment between investors and fund managers (Zytnick, 2023), asset managers may wish to constrain individual investors' voice. By offering a menu of voting choice policies that do not reflect actual client investor preferences, managers may convey the appearance of enfranchising investors while still effectively excluding their perspectives from the shareholder voting process.

The existing voting choice policies offer investors a variety of thematic approaches, such as those that emphasize sustainable business practices (ISS Sustainability Policy), climate risk mitigation (GL Climate Policy), Catholic faith-based guidelines (ISS/GL Catholic Faith-Based Policies), or simply maximizing returns (GL Investment Management Policy). However, it is unclear how much of individual investors' and the public's ideological space these policies cover and how well the available menu of voting choice policies represent their preferences. Moreover, each of the voting choice policies is a bundle of policy positions. For example, the GL Climate policy takes positions not only on environmental issues but also on more traditional governance issues, such as managerial compensation and dividend payouts. Because the set of voting choice policies imposes constraints on how an individual's preferences can be expressed in the proxy voting of their mutual funds and ETFs, investors are forced to trade off competing views in selecting a policy. Existing survey evidence of public opinion does not consider these tradeoffs and thus cannot provide insight to investor or public ideologies relative to the voting choice policies (Haber et al., 2022). For these reasons, how well existing voting choice policies match the preferences of the public remains an important unanswered empirical question.

We explore this question by conducting an original survey where 3,485 respondents express their opinions on 46 corporate policies that span environmental, social, and governance issues. Our survey respondents exhibit variation in gender, race, age, partisan affiliation, and intensity of equity ownership. We weight the survey responses to be representative of the U.S. adult population (Kolenikov, 2014). In addition to studying our full sample of respondents, we also

consider the subsample of respondents with non-zero equity ownership. Because equity ownership is a mutable characteristic, it is unclear how aligned are the views today's shareholders with potential future shareholders who may not currently own stock. Measuring the views of non-shareholders allows us to quantify any potential gap in views between shareholders and non-shareholders and assess the ability of voting choice policies to represent the opinions of these groups. In addition to our survey data, we manually review the proxy voting guidelines of each of the voting choice policies to determine how they would vote on the issues included in the survey. This allows us to compare the preferences of investors and the general public to those of each of the voting choice policies on the bundle of policy issues included in our survey.

Using this data, we first take a reduced form approach and simply calculate the percentage of agreement between survey respondents and each of the voting choice policies. This process generates an agreement score for each respondent-policy pair that ranges from 0 to 100. Consistent with ideological misalignment between asset managers and investors, the State Street Global Proxy Policy, the BlackRock US Proxy Policy, and the Vanguard US Proxy Policy are among the lowest in average agreement score across the menu of voting choice policies. Perhaps more surprising, the policy that exhibits the lowest average agreement score is the GL Corporate Governance policy which focuses on improving the governance of firms. The voting choice policy that represents the largest share of the public is the GL ESG Policy. We find that, for the average respondent, the maximum agreement score that can be achieved by selecting their most-aligned voting choice policy is 76.7 percent and that restricting our sample to respondents that report owning stocks leaves this essentially unchanged at 77 percent. Given that a random policy would be expected to generate an expected agreement score of 50 percent and we are assigning respondents to the policy that generates the maximum agreement score, we characterize these are relatively low agreement rates, representing an improvement of only 54 percent over the random baseline.

There are several competing explanations for the relatively low maximum agreement scores that we find. The scores may be low because individual preferences on corporate polices are noisy and idiosyncratic and lack an underlying ideological structure. If this is the case then ideologically-coherent voting choice policies will exhibit low levels of agreement with individual

preferences. Alternatively, individual preferences exhibit correlation across issues and have a coherent ideological structure, but many individuals' ideal policies are located in a region of the ideological space that is far from the locations of the voting choice policies. To distinguish between these possibilities, we use the individual survey responses and the voting choice policies to structurally estimate the preferences of the public and the voting choice policies in a low-dimensional ideological space. We use the Bayesian method of Clinton et al. (2004). As in standard discrete choice models, the method assumes that individuals (or voting choice policies) choose to support or oppose each proposal by selecting the alternative that yields greater utility. Each individual and voting choice policy has an "ideal point" (i.e., the peak of the investor's utility function) in the policy space and each alternative can be represented as a location in the policy space as well. Utility functions are the sum of a deterministic component, which captures how far the alternative is from the ideal point, and a normally distributed random error. Unlike the W-Nominate method used in Bolton et al. (2020), which assumes that the deterministic component of the utility function has a Gaussian functional form, the Clinton et al. (2004) method assumes that the deterministic component of the utility function is quadratic. Each investor or voting choice policy's utility function features three sets of estimable parameters: ideal points, the ideological locations of the alternatives, and a signal-to-noise ratio related to the stochastic component of utility.

The resulting ideal point estimates exhibit polarization by respondent partisanship, suggesting that general ideology and partisanship also manifest themselves in preferences over corporate policies. As further evidence of the validity of the joint scaling approach, thematically-similar voting choice policies are located with one another in clusters in the ideological space. However, we find that regions of the ideological space with large numbers of citizens do not have voting choice policies that well represent these preferences. Taken in conjunction with our reduced form results, these findings suggest that voting choice policies do not well align with investor ideologies.

A common concern raised in the debate on voting choice policies is that asset managers face substantial costs associated with collecting preferences from and voting on behalf of large body of investor clients. Thus, one plausible explanation for the agreement gaps that we observe

is that they are the result of asset managers' goal to accurately represent client's views while minimizing administrative costs. We examine whether it is possible to construct an alternative to the menu of voting choice policies that improve ideological alignment with investors (or the general public) without increasing the burden of implementation.

To do so, we construct a simple alternative policy that supports (opposes) any proposal in our survey that does (not) receive majority investor support. This policy alone generates an average agreement score of 78.1 percent, which is higher than the maximum agreement score investors enjoy under the existing menu of 14 voting choice policies. We also measure the maximum agreement score that each investor can achieve under two modifications the voting choice policy menu: first, adding this new policy to the original menu and second, replacing the lowest-agreement policy with this alternative policy (so as to not change the total number of menu options). We find that these modifications yield an average maximum agreement score of 83.7 percent. Compared to the baseline of 76.7 percent average maximum agreement generated by the current slate of voting choice policies, our results suggest that there is substantial room for improvement in ideological policy alignment without increasing the complexity of the menu of voting choice policies.

Our findings offer contributions across multiple literatures. First, we extend a nascent literature estimating ideologies over corporate policies. Bolton et al. (2020) and Bubb and Catan (2021) use discrete choice and item response methods to estimate the preferences of asset managers on corporate proxy voting in a low dimensional space. Bolton et al. (2020) report a two-dimensional mapping of institutional ideology while Bubb and Catan (2021) categorize institutions in three ideological clusters or "parties." We build on this work by fielding an original survey to measure individual investors' preferences on corporate policymaking. This allows us to measure the distance between the preferences of the public and institutional actors. We also measure how well the voting choice polices recently introduced by large asset managers represent the public's preferences on corporate policy issues.

Second, we provide new evidence of individual investors' views on environmental, social, and governance issues. These findings can help inform institutional agents who may be in the position of having to vote on behalf of their clients and have ambiguity regarding the

preferences of those clients. As such we extend initial evidence by Haber et al. (2022), who survey individual investors and households to measure general preferences on environmental, social, and governance issues. They report significant variation in preferences with respect to respondent age and investment manager choice. Relative to Haber et al. (2022), we study a broad set of ESG issues that reflect the current landscape of shareholder proposals and therefore the focus of voting choice policies. We also describe how preferences on these issues vary across respondent demographics such as political partisanship, stock ownership, and gender, in addition to age. Moreover, our analysis of ideal points allows us to quantify the extent of alignment between individual investors and the voting choice policies proposed by intermediary institutions.

Our evidence suggests that the current degree of alignment between individual investors and voting choice policies is low. This challenges the claim that voting choice policies enhance shareholder representation. However, our study is agnostic as to the sources of such misalignment. Information asymmetries where the asset manager does not fully understand the preferences of their investor clients are one possible source of misalignment. Alternatively, investor preferences over specific policies may be inconsistent with their broader investment objectives. In this scenario, even if the asset manager does understand the investor clients' preferences, asset managers have more complete information than their investor clients about how to achieve investment objectives and may choose to act in accordance with those objectives (and in opposition to preferences that contradict those objectives). We leave it to future research to examine the relative roles of such information asymmetries in inducing voting misalignment.

Our findings complement Zytnick (2023), who shows that the votes of mutual fund managers are not aligned with the votes of the individual investors in these funds. Zytnick (2023) uses individual investor voting decisions on real proxy votes to measure the divergence between individual owners and investment managers. In contrast, we focus on examining the alignment between investors and voting choice policies, which may or may not align with the ideologies of the investment managers themselves. Additionally, we examine a broader population of individuals, including individuals who do not vote in a particular proxy contest, individuals who

do not own shares in a particular company, and even the non-investing public. Estimating the preferences of investors, regardless of whether they vote in proxy contests, and non-investors is essential for understanding the political environment that elected federal and state regulators face when making policy on the appropriate role of ESG factors in investment manager's voting in corporate proxy contests.

In doing so, our study speaks directly to the ongoing regulatory debate around the role of large asset managers in the shareholder governance process. By assessing the degree of alignment between individual investors and their institutional agents, we can inform discussions about the appropriate degree of delegation of voting rights in corporate decision-making. The recent introduction of the INvestor Democracy is EXpected (INDEX) Act, which would require institutions to solicit voting instructions from clients, reflects the substantial public interest in this question. Malenko and Malenko (2023) present a theoretical model of voting choice that highlights a potential reduction of investor welfare from the introduction of such policies. Their model conservatively assumes that voting choice allows each investor the opportunity to perfectly express their ideological preferences if they choose not to delegate their votes. However, our evidence reveals that the current reality of voting choice deviates substantially from this assumption, further reinforcing the ambiguous welfare implications of voting choice policies.

Our findings are also relevant to financial institutions that are developing policy platforms to allow investors more input into their intermediary voting decisions (BlackRock, 2022; State Street Global Advisors, 2022; Vanguard, 2023). The juxtaposition of these pilot programs against the ongoing political discourse regarding institutional stewardship suggests that voting choice may be an example of corporate self-regulation. Whether these platforms improve perceptions that institutions are fulfilling their regulatory obligation to vote in clients' best interests depends critically on how closely the platforms align with the ideological preferences of the clients (Malhotra et al., 2019; Malenko and Malenko, 2023). Our finding that the maximum agreement score available to the average citizen is 76.7 percent suggests that introducing additional voting choice policies that take distinct issue positions from the current set of policies may be necessary to improve levels of representation to the average citizen and stockholder.

Moreover, we provide evidence that simple adjustments to the existing voting choice policy menu can materially improve ideological representation.

Finally, our study helps us understand how voting choice policies potentially pre-empt regulatory threats to asset managers' business model, as is the case with the INDEX Act and other similar proposals. The efficacy of voting choice policies as a form of self-regulation depends on how the policies satisfy regulators' objectives. Political theories of regulation argue that regulation and its enforcement depends not only upon legal mandates but also upon the preferences of voters. Most clearly, elected policymakers, such as most state attorneys general and treasurers, are concerned with the opinions of the voting public when making policy decisions. A vast literature documents differences in policy choices between elected and appointed regulators (Besley and Coate, 2003; Whalley, 2013; Hessami, 2018). Even appointed officials, through a career concern for re-appointment by an elected executive or legislature, may be influenced by public opinion under some circumstances. By documenting how well the policies reflect the views of both the general public and the investing public, our results can help managers assess the efficacy of voting choice policies as a form of self-regulation.

2   Related Literature and Institutional Background

Shareholder voting is a central component of corporate governance. It allows shareholders to express their "voice" to management, in contrast to tools like divestment or boycotting that involve some degree of "exiting" the firm (Broccardo et al., 2022). Sustained recent growth in passive investment has renewed interest in understanding governance by voice, since passive investment often precludes exit as truly passive funds are required to hold the complete set of equities included in the relevant index (Brav et al., 2022).

When investors own shares via a mutual fund or ETF, the right to vote those shares remains with the institution sponsoring the fund, rather than the client investor. This creates a dual-layered agency relationship, where institutions have an interest in monitoring their portfolio firms, but also are agents of their investor clients. Recognizing this, the SEC expressly instructs institutions to vote in accordance with the interests of their clients (U.S. Securities

and Exchange Commission, 2003). However, it is unclear how effective these regulations are and how they should be interpreted when there are differences in preferences across clients.

A substantial literature investigates the governance consequences of the dual-layered agency conflict arising from institutional ownership. Theoretical studies highlight the unique incentives that can exacerbate agency conflicts between the institution and client investor. For example, fund managers often have less direct interest (i.e. "skin in the game") in their portfolio holdings than their clients (Khorana et al., 2007). They are also largely compensated based on fund flows, which can encourage myopia (Goldman and Strobl, 2013; Burkart and Dasgupta, 2021). Both of these forces have the potential to exacerbate the agency conflict between institutions and their clients.

Empirical studies offer mixed evidence on the impact of institutional ownership on governance outcomes. For example, Heath et al. (2022) report that institutions are more likely to vote with management. This isn't necessarily evidence that proposals are against shareholder interests, since shareholder proposals may reflect minority views. Consistent with the latter view, Karpoff et al. (1996) reports no link between the passage of shareholder proposals and increases in firm value. More recent investigations of institutional ownership and governance focus on the growing influence of passive institutions but continue to lack consensus in conclusions (Appel et al., 2016; Schmidt and Fahlenbrach, 2017). Given the scope of passive funds' ownership, the costs of staying informed over each voting item are nontrivial. Thus, most passive (and even many active) funds now rely on proxy advisory firms to guide their voting decisions (Ertimur et al., 2013; Malenko and Shen, 2016). Rock (2018) notes that reliance on proxy advisory firms may also help firms mitigate the compliance risk arising from institutions' fiduciary duties, since the SEC has expressed a preference for more "guideline based voting."

The increasing prevalence of ESG shareholder proposals increases the complexity of the dual-layered agency conflict. Much of this complexity relates to an ongoing legal and academic debate about the scope of fiduciary duty. Friedman (1970) offers a perspective of fiduciary duty as being narrowly focused on profit or market value maximization. Schanzenbach and Sitkoff (2020) similarly suggest that the sole interest rule of trust fiduciary law requires asset managers to only consider ESG investing within the constrained optimization of maximizing

return while minimizing risk. On the other hand, Hart and Zingales (2017) argue that fiduciary duty requires maximizing shareholder welfare, rather than simply maximizing market value. Hart and Zingales (2022) further explain that imperfect competition and incomplete markets render the goal of maximizing market value insufficient as a tool for ensuring that managers uphold their fiduciary duty to act in investor's best interests. In accordance with this ongoing debate, Haber et al. (2022) survey individual investors and households to measure general preferences on environmental, social, and governance issues. They report significant variation in preferences with respect to respondent characteristics, particularly respondent age. This survey evidence suggests that ESG shareholder proposals are unlikely to garner uniform support across firms' investor bases. It further suggests that asset managers are more likely to face conflict in determining how to vote on ESG shareholder proposals.

Perhaps because of the ambiguity around what constitutes fiduciary duty, even funds marketed under environmental or social foci are not mandated to vote in accordance with a particular set of policies. While Dikolli et al. (2022) report that environmental and social (ES) funds are more likely to vote in favor of ES proposals, other analyses document repeated examples of funds contradicting these principles in their voting (Cook, 2019; Temple-West, 2019; Cook and Hale, 2020). As a partial reconciliation of these conflicting datapoints, Michaely et al. (2024) clarify that ES funds are less likely to support ES proposals when they are more likely to be pivotal voters or when the ES funds are owned by non-ES fund families (such as the "Big Three" asset managers).

The "Big Three" asset managers (BlackRock, State Street, and Vanguard) receive frequent criticism for their approach to corporate governance and environmental and social issues. BlackRock, for example, uses its default Investment Stewardship Policy to guide its proxy voting decisions but has recently begun to take a more active role in the decision-making of the firms whose stock its funds own. Beginning in 2012, BlackRock CEO Larry Fink began writing annual Dear CEO letters making recommendations on corporate policy issues. As Pawliczek et al. (2015) describe, the Dear CEO letters initially focused on governance issues, but over the course of the 2010s increasingly included discussion of environmental and social issues. Over the same period, BlackRock increasingly emphasized its ESG fund offerings in

its marketing. These initiatives have sparked a backlash from some policymakers. Some state treasurers and comptrollers have criticized BlackRock's management and divested from some BlackRock funds (Goldstein and Farrell, 2022). Policymakers have also developed policies, such as the INDEX Act, that would constrain asset managers' ability to vote in corporate proxy contests.

Against this backdrop, BlackRock, State Street, and Vanguard now offer voting choice programs that allow certain client investors to direct their proxy votes along pre-published policy guidelines. Currently, these programs rely on proxy advisory firms like Institutional Shareholder Services (ISS) or Glass Lewis to develop the platforms to which client investors can subscribe. For example, BlackRock began offering its voting choice option to select institutional clients in 2022. By the end of 2023, institutional clients with more than $598 billion in assets under management at BlackRock were participating in the program. Investors are permitted to select from a menu of 14 voting choice policies offered by ISS and Glass Lewis. After a small-scale pilot program, BlackRock began offering voting choice to all individual investors in its ETF with the largest assets under management, Shares Core S&P 500 ETF, in February 2024 (Pitcher, 2024). As of February 2024, the program allows individual investors to select the default BlackRock Investment Stewardship policy and a total of six ISS and Glass Lewis voting choice polices.[1] State Street and Vanguard similarly offer investors the option to pre-commit their votes to policies focused on sustainability, socially responsible investment, the Catholic faith, public/pension funds, AFL-CIO goals, board alignment, or a generic "benchmark" platform based on the proxy advisor's voting principles. The development of these policy platforms purportedly allows investors more autonomy in their shareholder voting. As a form of self-regulation, it also potentially forestalls future legislative, legal, and regulatory actions that may constrain or harm their business. The latter benefit is most likely to accrue to asset managers if regulators perceive the program as effective in helping investors represent their views in shareholder elections.

In Table 1 we list the 14 policies offered across the Big Three voting choice programs

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[1]The offerings are the ISS Socially Responsible Investment Policy, the Catholic Faith-Based Policy, and Global Board-Aligned Policy and the Glass Lewis Benchmark Policy, Climate Policy, and Corporate Governance-Focused Policy.

and provide brief excerpts from the voting choice policy guidelines that describe each policy's mandate. These policies cover a wide variety of thematic approaches to proxy voting. The Glass Lewis Investment Management and ISS Global Board-Aligned policies typically vote in a way that allows management to operate with minimal constraints in an effort to maximize financial returns. Each proxy advisor offers Climate-focused policies that support disclosing information on the firm's environmental impact and taking actions to reduce the firm's carbon emissions. The Glass Lewis and ISS Catholic Values policies support social policy positions, such as protecting labor and human rights, and also take environmental policy positions, such as reducing the firm's emissions. We note that while there are several instances of thematic overlap in the policies constructed by ISS and GL, there are important differences in the specific preferences they outline. For example, the GL Catholic Values policy does not indicate a position on disclosure or prohibition of corporate lobbying activities. In contrast, the ISS Catholic Values policy supports lobbying disclosure and opposes lobbying prohibition.

The stated goal of voting choice programs is to increase investor representation in shareholder voting, but they could also fail to resolve voting misalignment if the voting choice policies do not reflect actual client investor preferences. This could naturally arise from information asymmetries where the asset manager does not fully understand the preferences of their investor clients. Additionally, it may reflect asset managers' competing ideological goals. In concurrent work, Zytnick (2023) reports nontrivial ideological misalignment between mutual fund managers and shareholders that elect to vote in proxy contests. However, there are several unique features of this study that limit its generalizability to our research question. First, Zytnick (2023) employs both an instrumental variable strategy, relying on the excluded instrument of whether an individual receives a physical mail ballot, and inverse propensity weighting in an effort to make the sample of individuals who participate in proxy votes representative of the broader investment population. The IV approach estimates a local average treatment effect where the relevant treatment effect is defined for compliers who could be induced to participate in a proxy vote due to receipt of the mail ballot. The inverse propensity weighting relies on individual-level observable characteristics and is subject to the concern that important variables that affect voting participation are omitted from the specification and may

induce bias in the resulting estimates. Second, individuals who perceive that their preferences are closely aligned with investment managers have an incentive to abstain from participating in these elections because they believe that investment managers are already faithfully representing their preferences. These features of the research design and setting make it difficult to extrapolate to the preferences of individuals who do not cast ballots or who exclusively own shares through mutual funds. This population is often quite larger than the set of individuals who directly own shares and choose to vote. Third, the purpose of voting choice programs is to offer investors voting options that do not align with what the investment manager is already doing; hence, it is not immediately obvious that misalignment between managers and investors translates into misalignment between the voting choice policies and investors.

The structure of voting choice policies also introduces potential for the polices to not reflect actual client investor preferences. The voting choice policies impose constraints on the ability of investors to express their opinions on individual policy issues. Both the Glass Lewis and ISS Climate policies support the adoption of net zero carbon emissions target by 2050, an unsurprising view for a voting choice policy that is marketed as "designed for clients with a strong focus on environmental risk mitigation as well as those who look to promote enhanced climate disclosure and climate-related risk mitigation strategies" (Lewis, 2023). But these environmental policy positions are bundled with other positions on non-environmental policy issues. For example, the Glass Lewis Climate Policy supports disclosing information on firm-wide pay gaps by gender. The ISS Climate Policy, in contrast to the analogous Glass Lewis voting choice policy, does not support disclosing information on gender pay gaps nor providing paid sick and maternity leave. The bundling of issues requires investors to trade off preferences across proposal themes and increases the likelihood that these voting choice policies do not match the preferences of the general or investor public.

3   Research Design

We design a survey instrument to capture environmental, social, and governance issues that are frequently contested in corporate proxy fights. We ask respondents for their opinion on

hypothetical corporate proxy issues such as whether the board chair should be independent, whether the firm should adopt a net zero carbon emissions target by 2050, or be prohibited from lobbying government officials. The survey includes 46 total items; eight of the items are on environmental issues, 13 on governance issues, and the remaining 25 on social issues. In the Appendix, we include the full set and precise wording of each item. To slightly reduce the length of the survey and avoid repetition, questions with a quantitative component were not assigned to all individuals. For example, we construct four versions of a question regarding opposition of a director already holding multiple board positions. We then ask 25 percent of respondents whether they would oppose the appointment of a board member who is currently serving on three additional boards. We ask three additional groups of 25 percent whether they would oppose the appointment of a board member who is currently serving on four, five, and six additional boards, respectively. Thus, each respondent answers 37 items out of the 46 unique items in the survey.

We use the Prolific survey marketplace to recruit 3,485 respondents to participate in our survey on Dec. 8, 2023. Our target population is U.S. non-institutionalized residents above age 18. We collect basic demographic information, such as state of residence, age, political party affiliation, and race. In addition, we ask respondents to self-report whether or not they own mutual funds and individual equities, through a retirement fund or individual brokerage account, and, if so, the approximate magnitude of these holdings. This demographic and asset ownership information allows us to quantify the magnitude of the variation in preferences over corporate policies across sub-populations of the United States and determine whether there is variation in how well voting choice policies represent particular sub-populations. In addition to sub-population analysis, we also use these demographic variables to construct survey weights to reweight the survey sample to be nationally representative of the adult U.S. population. We calculate raked survey weights based on the marginal distribution of the U.S. population on gender, race, age, and education and use these weights in our analysis.

We manually review the 2023 documentation for each of the 14 voting choice policies, which are available to select BlackRock institutional clients, offered by Glass Lewis and Institutional Shareholder Services. Each voting choice policy provides extensive documentation, with an

average length of 57 pages. This documentation includes specific descriptions of how the policy would vote on potential issues in a proxy contest. We use these descriptions of the voting choice policies to infer how each of the policies would vote on each of the items in our survey. For each voting choice policy, if the description does not specifically mention of a proxy issue, we assume the policy would oppose the issue proposal.

Using these inferred positions, we simultaneously measure the preferences of the general and investor public as well as each of the voting choice policies on each of the issues in our survey. We then calculate the agreement score between each survey respondent and each of the voting choice policies. For each respondent we identify the policy that generates the maximum level of agreement, since voting choice policies allow investors to select the policy that best represents their preferences on corporate proxy votes. We then examine how the maximum agreement scores differ across subpopulations of interest. We use item response techniques to estimate jointly the preferences of the general and investor public and the voting choice policies in a low-dimensional policy space.[2] We examine differences in preferences and representation across a core set of demographic comparisons using partisanship, age, gender, and whether the individual owns equities.

4   Empirical Results

4.1   General and Investor Public Preferences on Corporate Policies

We begin by describing net support for each of the 46 policy issues in the survey. We measure net support by coding each supporter as a 1 and each opponent as a -1. We then calculate the weighted mean across the respondents and use the survey weights to construct a nationally-representative sample. Figure 1 plots the levels of net support by issue. There is a great deal of variation in levels of average support across the issues. The most unpopular issue is

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[2]Our approach follows the framework that Bafumi and Herron (2010) develop. They survey members of the public for their opinion on a particular piece of legislation that received a roll call vote in the U.S. Congress. Using this data in conjunction with the vote choices of members of Congress and the public on multiple bills can then be directly observed and their preferences can be jointly estimated.

prohibiting the sale of contraception at the corporation's retail stores while the most popular is disclosing the corporation's animal testing policies. Policies that mandate the disclosure of information about the corporation's operations are generally more popular than policies that constrain the behavior of the corporation.

These average levels of support mask considerable variation in opinions across demographic groups. In Figure 2 we report separate levels of support for Democrats, Republicans, and independents. We follow Petrocik (2009) in including respondents who lean toward a particular party as members of that party. Our results indicate that the level of partisan polarization varies considerably across issues. Some issues, such as prohibiting the sale of contraception or requiring the disclosure of philanthropic contributions, exhibit relatively small variation in support across Democrats and Republicans. In contrast, issues on the gender and racial composition of the board of directors are highly polarized across partisan lines. Democrats are much more willing than Republicans to reject board nominees when the board is insufficiently diverse.

We next examine the level of knowledge, as measured by a willingness to express a preference, among the respondents across the three thematic areas. In Figure 3 we plot the probability that a respondent expresses no opinion on the average policy issue in each of the three thematic areas of environmental, social, and governance policies.[3] We also separately report the average for stock holders and respondents who do not own stock. As shown in the figure, the levels of willingness to express a preference are relatively similar for both the environmental and social issues. However, the governance issues show much higher levels of respondent uncertainty. Interestingly, stock holders are more willing to express an opinion in all three areas than non-stock holders. The differential is particularly large in the case of governance issues.

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[3]In Figure A.1 in the Appendix, we report the probability that a respondent reports not sure on each of the individual policy issues.

4.2   Analysis of Voting Choice Policies

We now turn to an assessment of how well the menu of voting choice policies represents the preferences of the general and invesor public. We first present a reduced form analysis that calculates raw agreement scores between the voting choice policies and survey respondents and then move to a more structural approach that jointly scales the preferences of citizens and the voting choice policies in a low-dimensional ideological space. For each of the 14 voting choice policies, we calculate the agreement score between the voting choice policy and the respondent for each of the 46 issues. We then calculate the (weighted by survey weights) average across the respondents sample to estimate the mean agreement score for each voting choice policy. We report the estimates in Figure 4. There is considerable variation across the voting choice policies. The Glass Lewis Corporate Governance policy achieves the lowest mean agreement score of 28 percent while the Glass Lewis ESG policy achieves the highest score of 71.5 percent.

Of course, the most relevant quantity for an individual choosing from a menu of voting choice policies is not the distribution of agreement scores over all options but instead the maximum agreement score that can be achieved from the menu. We calculate the highest level of agreement for each of the respondents and then examine the distribution of this maximum agreement score across respondents. Figure 5 presents the kernel density plot for the maximum agreement score across respondents. The vast majority of respondents have a voting choice policy available that achieves more than a 50 percent agreement score. Most respondents have a voting choice policy available to them in the 60-80 percent range. However, as figure 12 illustrates, replacing the lowest choice policy with our simple majority preference policy leads to substantial improvements.

Our results reveal relatively modest variation across respondents and subgroups in the maximum agreement score that respondents can attain from the menu of voting choice policies. In Figure 6 we examine the differences in the maximum agreement across subgroups defined by partisanship, stock ownership, age, and gender. The figure displays the separately plotted kernel density plot for each relevant subgroup, along with the weighted sample means for each subgroup. The differences are not dramatic across subgroups. The largest difference, well relatively modest, is that between Democrats and Republicans., with Democrats having a

higher mean levels of maximum agreement of 77.5 percent versus Republicans at 74.3 percent and there are substantially more Republicans with maximum agreement rates below 70 percent and fewer with maximum agreement rates above 80 percent. The next largest gap between subgroups is the 1.6 percentage point difference between those aged 65+ (77.3 percent) and those in the 18-39 age range (75.7 percent). Additionally, males have a modestly higher mean maximum agreement score of 77.1 percent versus 76.2 percent for females.

The distribution of maximum agreement rates for stock owners and non-stock owners are almost identical. . This suggests that the policies were not particularly targeted to the preferences of stock owners. In Figure 7 we investigate whether there are differences in maximum agreement scores across levels of stock ownership. We find a essentially no gradient with respect to stock ownership amounts. This suggests that asset managers do not focus more on aligning voting choice policies with preferences of larger stock owners.

We can also use the survey responses and voting choice policy guidelines to determine which of the voting choice policies achieve the highest agreement scores. Figure 8 reports the share of respondents whose maximum level of agreement is with a particular voting choice policy. The GL ESG voting choice policy has by a substantial amount the highest share of respondents whose maximum agreement is with this policy. The Glass Lewis Taft-Hartley, Glass Lewis Climate, ISS Socially Responsible Investing, and ISS Catholic make up the remainder of the top five voting choice policies by this maximum agreement score metric.

4.3   Ideal Point Estimates

As an alternative approach to calculating the similarity between the general and investor public's preferences and the voting choice policies, we use the survey responses to estimate the locations of the survey respondents and the voting choice policies in a common ideological space. We use the Clinton et al. (2004) Bayesian method to jointly scale the ideal policies of the respondents and the voting choice policies. The approach assumes that each issue can be represented in Euclidean space and that each respondent has an ideal point within the space. The respondent's utility function is the sum of a deterministic component, which is quadratic in the distance between the policy and the respondent's ideal point, and a normally distributed

random error. For our main results, we estimate a three-dimensional version of the model. In Figure 9 we report the probability that a respondent's choice on the policy issue is predicted correctly for one-, two-, and three dimensional models. The three-dimensional model explains a great deal of the variation in the survey responses, with the model predicting more than 0.6 of the votes on all of the 46 issues and more than 0.8 on 35 of the issues. The three-dimensional model offers improvements in prediction accuracy over the one-dimensional model.

A useful feature of the ideal point estimation is that it reduces the richness of the individual responses to each of the policy items to a low dimensional space that can be interpreted to have substantive meaning. In order to understand each dimension of the estimated ideal points we examine how much variation in the individual-level responses to each of the policy items is explained by the relevant dimension. For each policy item, we regress the respondent choice on their estimated ideal policy in the first dimension. We then repeat this exercise for each of the second and third dimensions and report the results in Figures A.14-A.16. The first dimension largely corresponds to general left-right policy differences with attitudes on emissions targets, firearms, and gender and race, including both pay gaps and board representation. We interpret the second dimension as corresponding to the respondent's willingness to implement socially conservative policies that constrain the firm's managers. The second dimension explains the most variation in respondents' attitudes on whether to prohibit the sale of contraception, pornographic magazines, and casino gambling. The third dimension explains the most variation in attitudes toward governmental influence activities, lobbying and campaign finance, and gender and racial diversity on the board of directors.

In Figure 10 we plot the estimated first and second dimension of the individual respondents and the voting choice policies. To visualize the partisan differences in proximity to the voting choice policies, we separately plot the estimated ideal policies of Democrats, Republicans, and independents. We label each of the voting choice policies with the relevant policy's name.[4] Even though respondent partisanship (nor any other demographic characteristics) are used to estimate the model, clear partisan differences in estimated ideal policies emerge in each of the

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[4]In Figure A.9 in the Appendix we report univariate kernel density plots of each dimension of the estimated ideal policies for Democrats and Republicans. The density plots reveal clear partisan differences in ideal policies.

dimensions.

Several striking findings emerge from the plot. First, the voting choice policies generally cluster together and range over only a small portion of the policy space. Many of the survey respondents, particularly the often Democratic respondents toward the left of the first dimension of the policy space are quite far from the estimated locations of the voting choice policies. There are also clear clusters of voting choice policies that emerge in the two-dimensional space. In particular, the Corporate Governance, Global Board Aligned, and Investment Management voting choice policies are located closely to one another in the far right of the first dimension of the policy space and are close to one another in the second dimension as well.[5] These funds emphasis on maximizing financial returns over environmental and societal considerations clearly reveals itself in the policy space. This thematic clustering provides additional validation for the estimates.

In Figure 11 we continue with the comparison of survey respondent ideal points and voting choice polices by examining the other dimensions. The top panel plots the first and third dimensions against one another and the boottom panel plots the second and third dimensions. The plots reveal that, on the third dimension, Republicans, disproportionately located toward the bottom of the dimension are poorly represented by the voting choice policies.

Our collective evidence indicates that voting choice policies are not well aligned with the views of investors or the general public. However, it is unclear whether this misalignment is due to intentional ideological positioning by asset managers or is simply the result of a constrained optimization problem. In particular, a common refrain in the debate around asset manager stewardship is that asset managers face substantial costs associated with collecting preferences from and voting on behalf of large body of investor clients. Even if asset managers aspire to accurately represent client's views, they must also be mindful to avoid excessive administrative costs that threaten their competitive position in setting management fees.

To explore the role of implementation costs in the agreement gaps that we observe, we examine whether it is possible to construct an alternative to the menu of voting choice policies

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[5]In addition, to the VCP policies, we also plot the positions of the overall voting policies for Vanguard, BlackRock and State Street and find they are similar clustered with Global Board Aligned.

that improve ideological alignment with investors (or the general public) without increasing the burden of implementation. To do so, we construct a simple alternative policy that supports (opposes) any proposal in our survey that does (not) receive majority investor support. We refer to this as the "Majority Preferences Policy." Figure 12 presents the kernel density plot of maximum agreement scores under the Majority Preferences Policy. It reveals that the Majority Preferences Policy generates an average agreement score of 78.1 percent, which is on its own is higher than the maximum agreement score investors enjoy under the existing menu of voting choice policies. We also measure the maximum agreement score that each investor can achieve if asset managers were to add this new policy to the original menu. We find that these modifications yield an average maximum agreement score of 83.7 percent. One may object to this modification on the grounds that it adds another option to the policy menu and thus increases implementation costs. In untabulated analyses, we further consider whether replacing the highest-agreement policy (namely, the GL ESG Policy) with this alternative policy changes our inferences. This alternative does not change the total number of menu options and thus should not alter implementation costs for the asset manager nor decision costs for the investor. Nonetheless, we continue to observe increased levels of average maximum agreement scores even when substituting the Majority Preferences Policy for the highest-agreement original policy. Compared to the baseline of 76.7 percent average maximum agreement generated by the current slate of voting choice policies, our results suggest that there is substantial room for improvement in ideological policy alignment without increasing the complexity of the menu of voting choice policies.

We also examine how these results change when we shift our population of interest from U.S. adults to respondents weighted by their stock ownership. As investors' votes are weighted by the number of shares they own, this target population is closer to the individual voting population in real-world corporate proxy contests than weighting to the population target of all U.S. adults. In Figure A.10 we report these results. We see that, compared to weighting to the U.S. adult population target, the stock-weighted mean maximum agreement score is basically unchanged at 77 percent and the maximum agreement scores are slightly lower for the Majority Preferences Policy at 74.3 percent and adding the Majority Preferences Policy to

the menu at 82.7 percent. Even when examining the stock ownership weighted population of investors, the maximum agreement score available from the status quo voting choice policies is relatively low and the level of alignment can be increased with straightforward additions to the menu of voting choice policies.

5   Conclusion

The ongoing growth of institutional ownership in U.S. equity markets creates a dual-layered agency relationship wherein institutions hold shares and vote on behalf of their clients, the ultimate beneficial owners of firms. While institutions can help resolve information asymmetries that limit individual shareholders from making optimal governance decisions, they may also introduce new conflicts due to incentive misalignment. Such conflicts are increasingly likely as more firms face ESG shareholder proposals about which there may be substantial investor disagreement. Recognizing these challenges, there is an active regulatory debate over policy proposals to encourage or require large asset managers to reassign voting rights back to investors.

Against this backdrop, the Big Three asset managers are all piloting programs that offer a limited menu of voting choice policies to their clients. The efficacy of these policies depends on the extent to which the voting choice policies span investors' ideological preferences. However, the inherent conflicts in the dual-layered agency relationship make it unclear how effective the voting choice policies are in accomplishing this goal. Using a broad survey of the general and investor public's views on corporate policies, we examine the extent to which the current menu of voting choice policies represent citizen's preferences.

Our survey covers 46 policy issues across environmental, social, and governance topics. Our results reveal several new insights about investors' preferences over corporate policies. First, we find that policies that mandate the disclosure of information about the corporation's operations are generally more popular than policies that constrain the behavior of the corporation. Second, we observe varying degrees of partisan polarization across ESG issues. Some issues, such as prohibiting the sale of contraception or requiring the disclosure of philanthropic

contributions, exhibit relatively small variation in support across Democrats and Republicans. In contrast, issues on the gender and racial composition of the board of directors are highly polarized across partisan lines with Democrats much more willing to reject board nominees when the board is insufficiently diverse than Republicans. Third, we find that the levels of willingness to express a preference are relatively similar for both the environmental and social issues. However, the governance issues show much higher levels of respondent uncertainty. Across all three topics, stock holders are more willing to express an opinion than non-stock holders.

Next, we turn our attention to the degree of alignment between the menu of voting choice policies and public preferences. The current voting choice programs require investors to choose from one of fourteen policy platforms. We use descriptions of these policies to infer how each of the policies would vote on each of the items in our survey, and then compare this to the survey responses to infer the degree of alignment. Our findings reveal that overall agreement between the policies and investor preferences is low. While a majority of citizens have a voting choice policy available that achieves more than a 50 percent agreement score, relatively few citizens have a voting choice policy available that can yield an agreement score above 75 percent. Moreover, there are not dramatic differences in maximum agreement across groups based on political party, gender, or stock ownership.

Our findings should inform asset managers evaluating pass-through voting programs as well as regulators interested in policies to resolve agency conflicts between firms, asset managers, and investors. Our results reveal that the current menu of voting choice policies leaves a substantial portion of the investing and general public ideologically unrepresented. Unlike the case of candidates for political office, there is no technological constraint for why delegating corporate proxy votes cannot be done on an issue by issue basis. Our analysis illustrates the potential value of offering a richer menu of options for investors and the public to express their preferences on corporate proxy votes.

One potential limitation of our analyses is that we do not estimate the elasticity of investors' preferences to new information on the tradeoffs between implementing a policy and a firm's future financial performance. Under some circumstances, novel information can affect policy

preferences. For example, Kuziemko et al. (2015) implement a survey experiment to find that providing information on inequality and the incidence of the estate tax has a large positive effect on support for the estate tax and these effects are persistent over time. However, the effects on the desired top marginal tax rate, support for an income tax surcharge on income over $1 million, and increasing the minimum wage are very small. In a joint scaling setting similar to our own, Hill and Huber (2019) show that providing information on, for example, the proportion of partisan members of Congress who support a bill affects survey respondents' attitudes toward the bill. Hill and Huber (2019) show that informational treatment effects in policy areas where the respondent is more confident are much smaller. Following on their findings, our study suggests (but does not directly show) that technical issues where respondents have weak priors are likely to be the most malleable to new information. In contrast, issues that align more closely with core political beliefs, such as whether or not the corporation should sell firearms, are less likely to be responsive to this information.

Nonetheless, our analysis has important implications for the political incentives of government officials to regulate the voting behavior of investment managers. Politicians have recently battled with each other and the investment management industry over appropriate voting behavior on corporate policies. Measuring, for example, state-level variation in public opinion on these policies is important for understanding why some state attorneys general have challenged the voting practices of investment managers while others have supported these practices.

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Table 1: Descriptions of Voting Choice Policies

Voting Choice Policy	Description
GL Catholic Policy	"The Catholic Policy was designed for religious investor clients or as a supplemental voting policy for funds designed for religious institutions. This policy is also ideal for investors who would like to vote in a stakeholder-focused and progressive manner."
GL Climate	"The Climate Policy was designed for clients with a strong focus on environmental risk mitigation as well as those who look to promote enhanced climate disclosure and climate-related risk mitigation strategies."
GL Corporate Governance	"The Corporate Governance Focused Policy is designed to ensure compliance with the fiduciary responsibility to drive long-term, economic shareholder value with additional emphasis on widely accepted components of corporate governance."
GL ESG	"The ESG Policy was designed for clients with a strong focus on environmental and social issues or as a supplemental voting policy for ESG-focused funds."
GL Investment Management	"The Glass Lewis Investment Manager Guidelines are designed to maximize returns for investment managers by voting in a manner consistent with such managers' active investment decision-making."
GL Public Pension	"The Public Pension Policy is designed to ensure compliance with the special fiduciary responsibilities of public pension plan sponsors in voting proxies on behalf of public employees. The guidelines are designed for investors with extremely long-term investment horizons."
GL Taft-Hartley	"The guidelines are designed for plan trustees who have elected to follow the AFL-CIO proxy voting guidelines and investment managers who vote proxies for plans with guidelines based on the AFL-CIO proxy voting guidelines and its annual Key Vote Survey."
ISS Catholic	"ISS' Catholic Advisory Services division recognizes that faith-based and other socially responsible investors have dual objectives: financial and social. Religious and socially responsible investors invest for economic gain, as do all investors, but they also require that companies in which they invest conduct their business in a socially and environmentally responsible manner."
ISS Climate	"In response to investor demand to be able to address climate change-related concerns through voting, ISS has developed a climate-focused specialty proxy voting policy (Climate Policy)."
ISS Global Board-Aligned	"ISS' Global Board-Aligned Policy is designed to enable subscribing investors to vote in a manner that upholds foundational corporate governance principles as a means of protecting and maximizing their investments, whilst generally aligning with issuers' board recommendations for voting on environmental and social matters."
ISS Public Fund	"These proxy voting guidelines are designed to help ensure that public funds fulfill all statutory and common law obligations governing proxy voting, with the intent of maximizing the long-term economic benefits of its plan participants, beneficiaries, and citizens of the state in which the fund resides."
ISS Socially Responsible Investing	"Social Advisory Services has, therefore, developed proxy voting guidelines that are consistent with the dual objectives of socially responsible shareholders."
ISS Sustainability	"ISS has, therefore, developed proxy voting guidelines that are consistent with the objectives of sustainability-minded investors and fiduciaries. "
ISS Taft-Hartley	"Taft-Hartley Advisory Services will vote the proxies of its clients solely in the interest of their participants and beneficiaries and for the exclusive purpose of providing benefits to them."

Figure 1: Net support by issue

This figure presents point estimates and 95 percent confidence intervals for the net support for each issue. Issues are sorted by their level of net support.
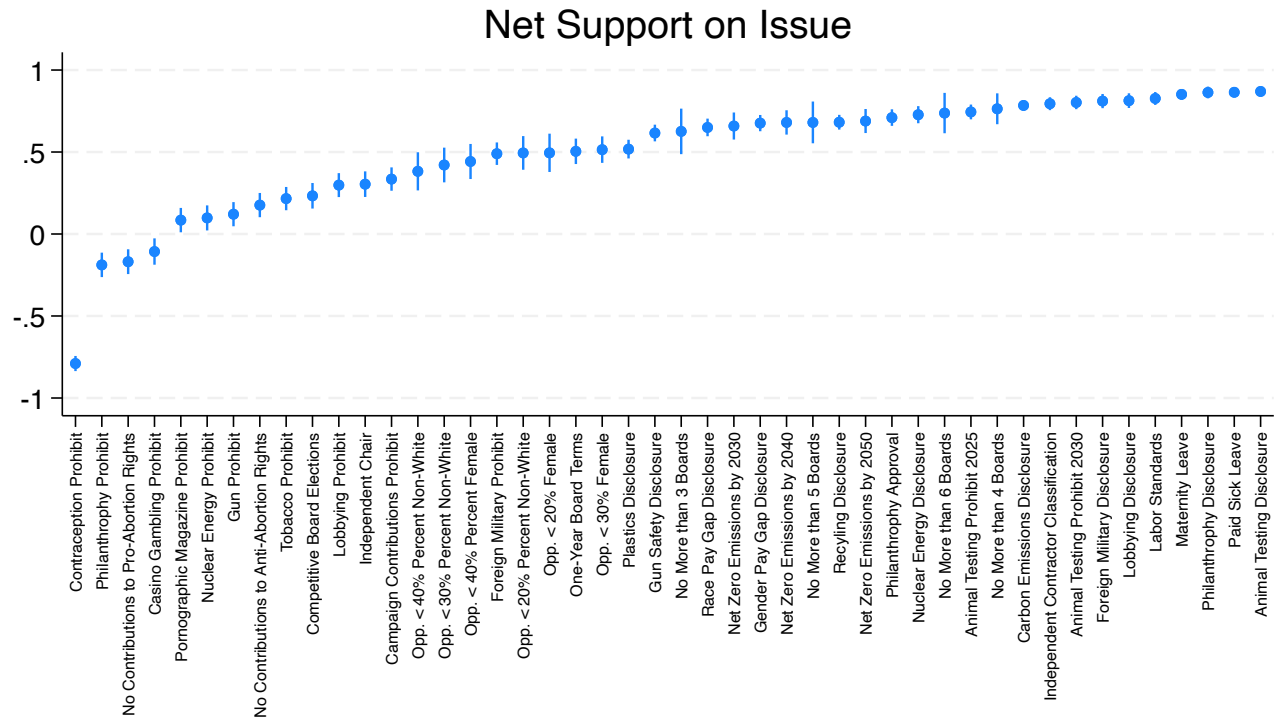

Net Support on Issue

This figure presents point estimates and 95 percent confidence intervals for the net support for each issue by respondent partisanship. Issues are sorted by their level of net support, using the weighted sample mean for the full sample of respondents.
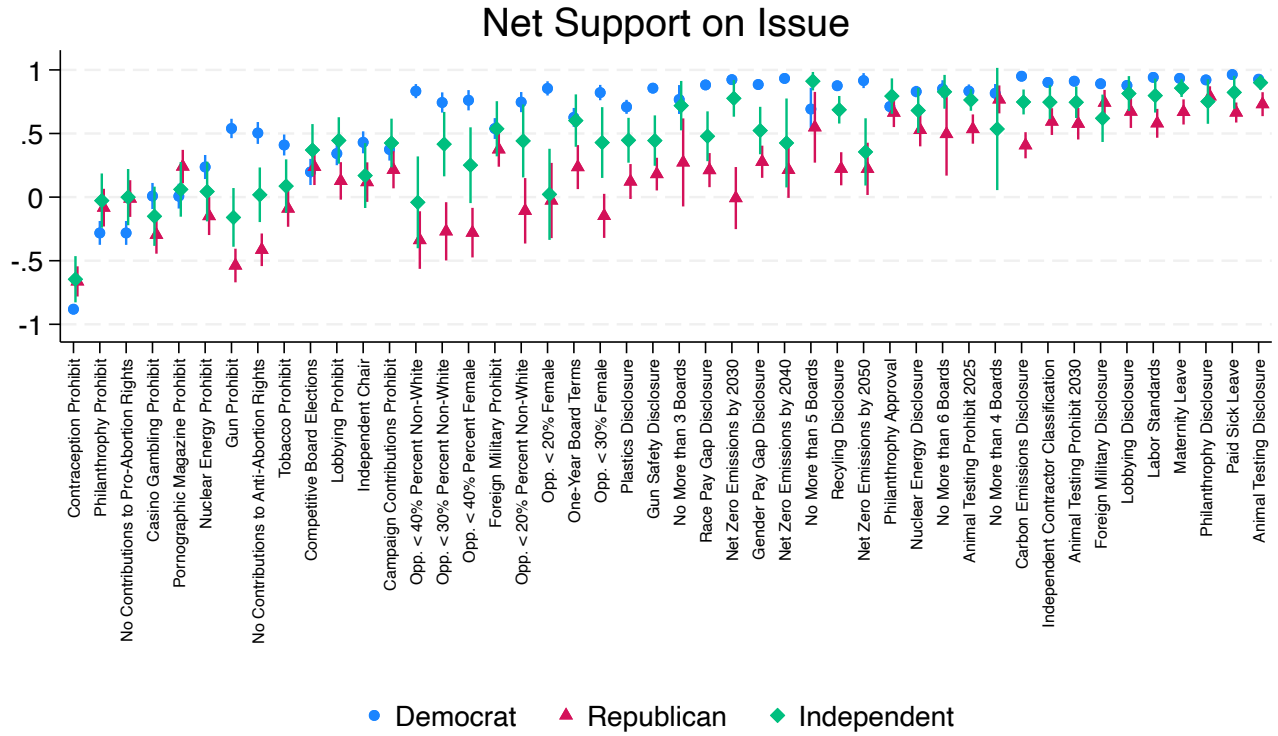

Net Support on Issue

This figure presents point estimates and 95 percent confidence intervals for the probability that a respondent is not sure whether or not they support or oppose a proposal in each of the environmental, social, and governance issue areas. The estimates are reported separately for all respondents, respondents who report no stock ownership, and those who report stock ownership.

31
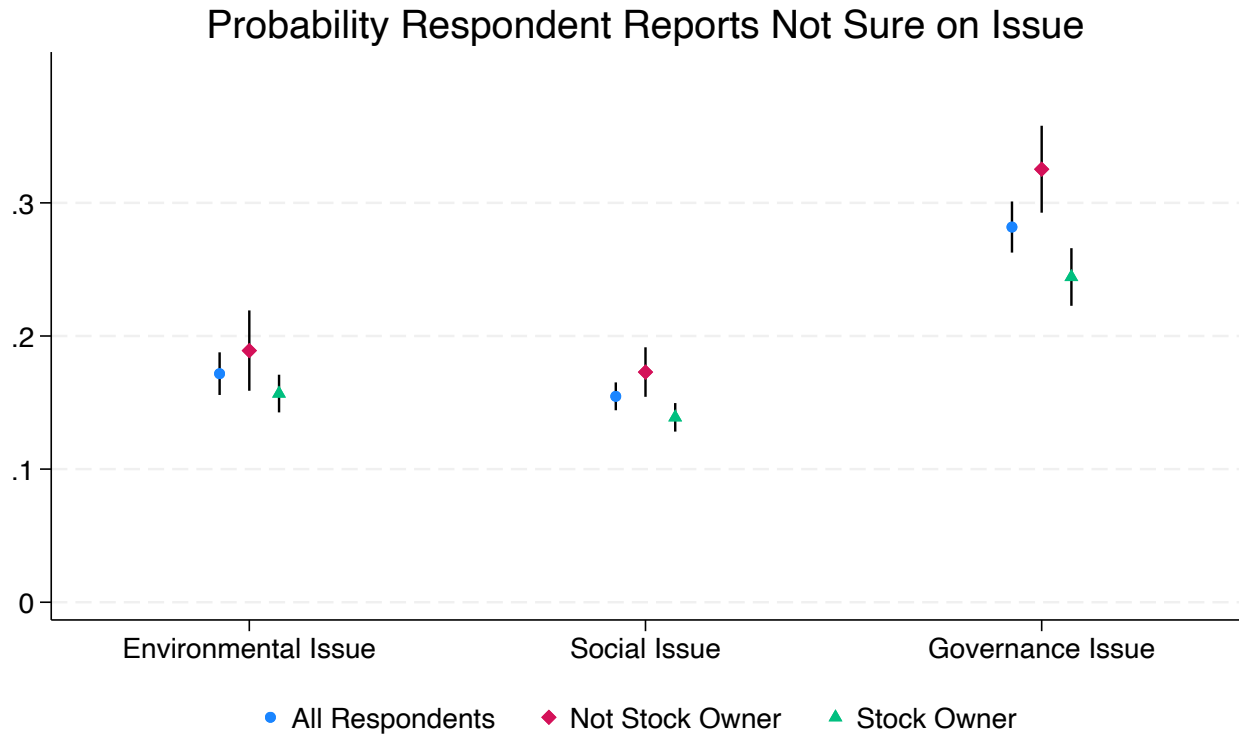
Figure 4: Mean agreement scores across existing voting choice policies

This figure presents point estimates and 95 percent confidence intervals for the mean agreement for the policy given on the horizontal axis. The point estimates are weighted using the raked survey weights in order to be representative of the U.S. adult population.
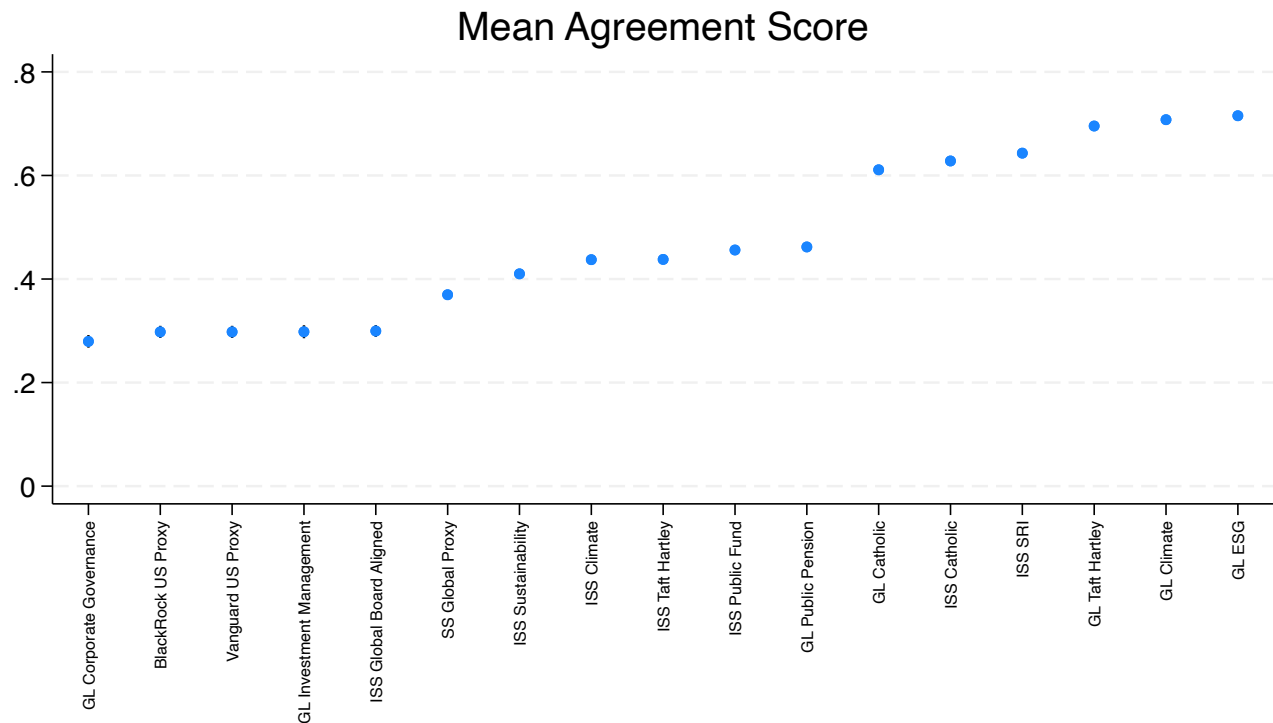
Figure 5: Density of maximum agreement scores

This figure presents a density plot of the maximum agreement score across survey respondents. The density is weighted using the raked survey weights in order to be representative of the U.S. adult population.
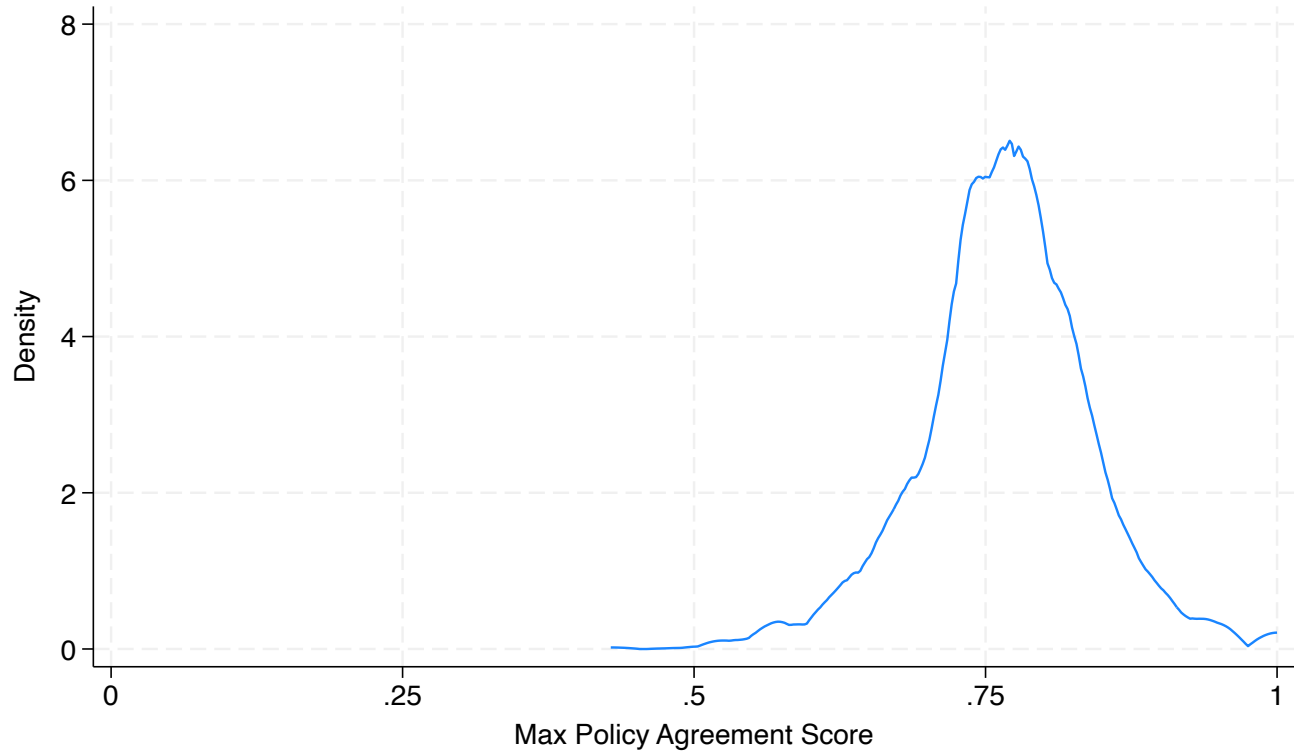
Figure 6: Density plots for the maximum agreement by subgroups

The upper left panel reports separate densities for Democrats and Republicans, the upper right panel for stock owners and non-stock owners, the lower left panel for the three age groups, and the lower right panel by gender. Each density is weighted using the raked survey weights in order to be representative of the U.S. adult population.
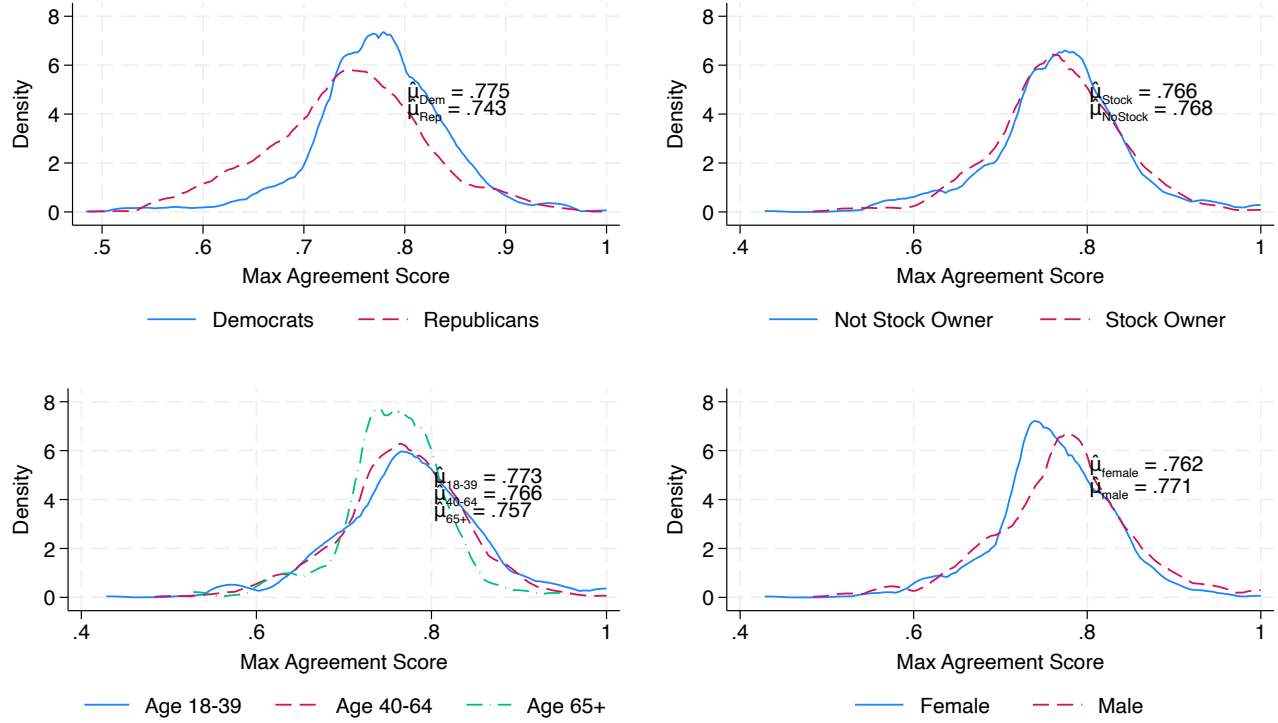
Figure 7: Mean maximum agreement score by dollar amount invested in stocks

This figure presents point estimates and 95 percent confidence intervals for the average maximum agreement score across the menu of available voting choice policies across stock ownership levels.

Mean Maximum Agreement Score By Stock Ownership Amount
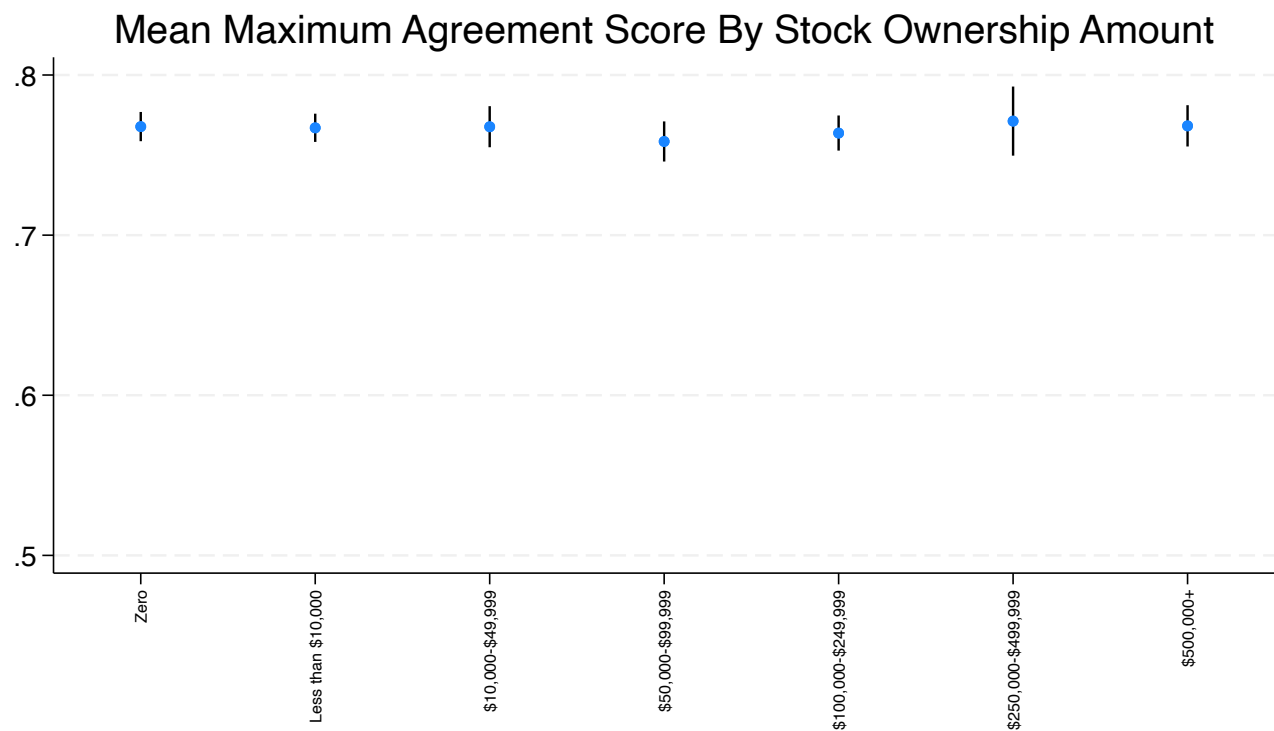
Figure 8: Maximum average agreement scores for existing voting choice policies

This figure presents point estimates and 95 percent confidence intervals for the proportion of respondents who most prefer the voting choice policy given on the horizontal axis. The point estimates are weighted using the raked survey weights in order to be representative of the U.S. adult population.

Share of Respondents With Highest Agreement Score
for Given Voting Choice Policy
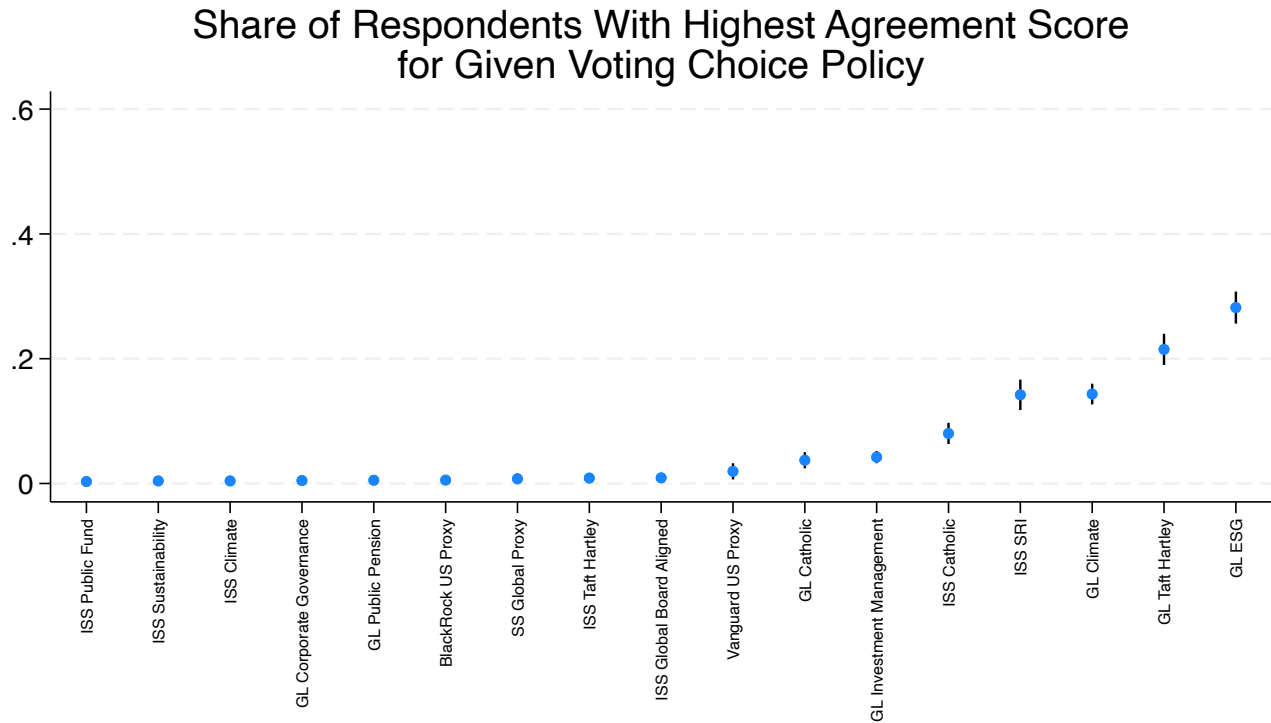
This table presents point estimates and 95 percent confidence intervals for the probability that a response on a given policy question is predicted correctly using one-, two-, and three-dimensional Clinton Jackman Rivers estimation method.

Probability Response is Predicted Correctly
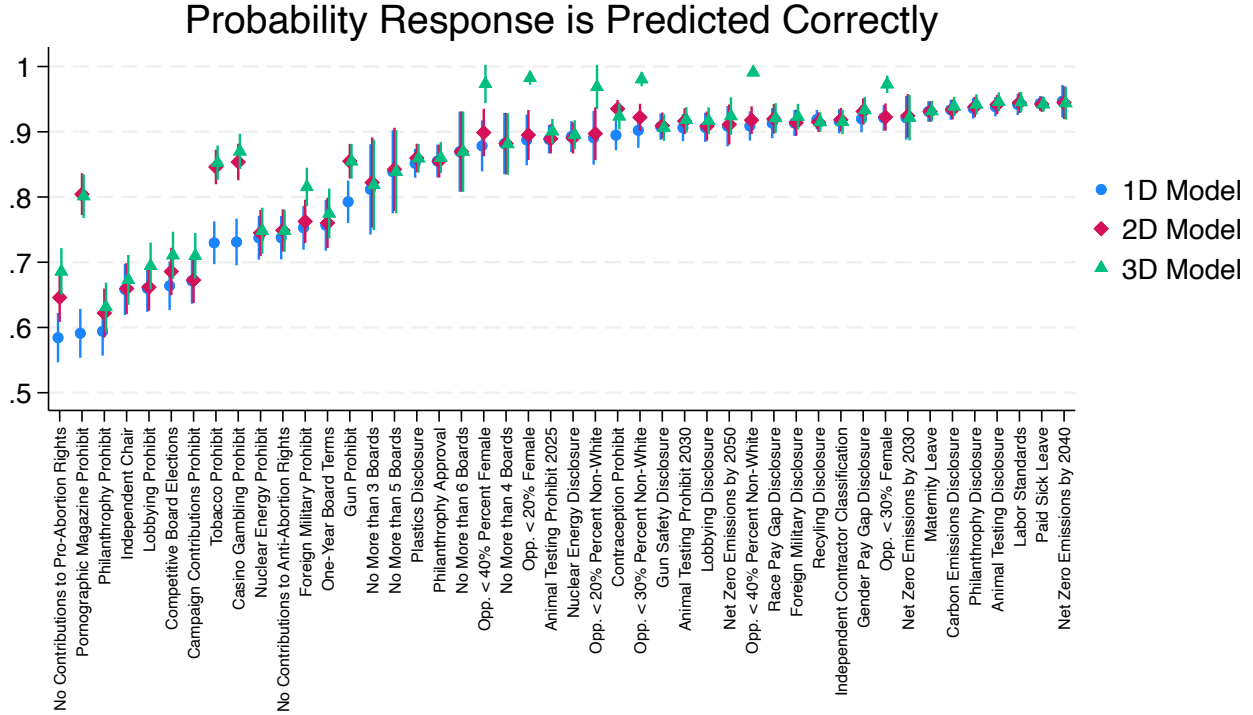
Figure 10: Individual ideal policies in two dimensions

This figure presents a scatter plot of first dimension of individual ideal policies against the second dimension. Democrats, Republicans, and independents are reported with separate markers. The Glass Lewis voting choice policies are plotted with diamond markers and the ISS policies are plotted with triangular markers.
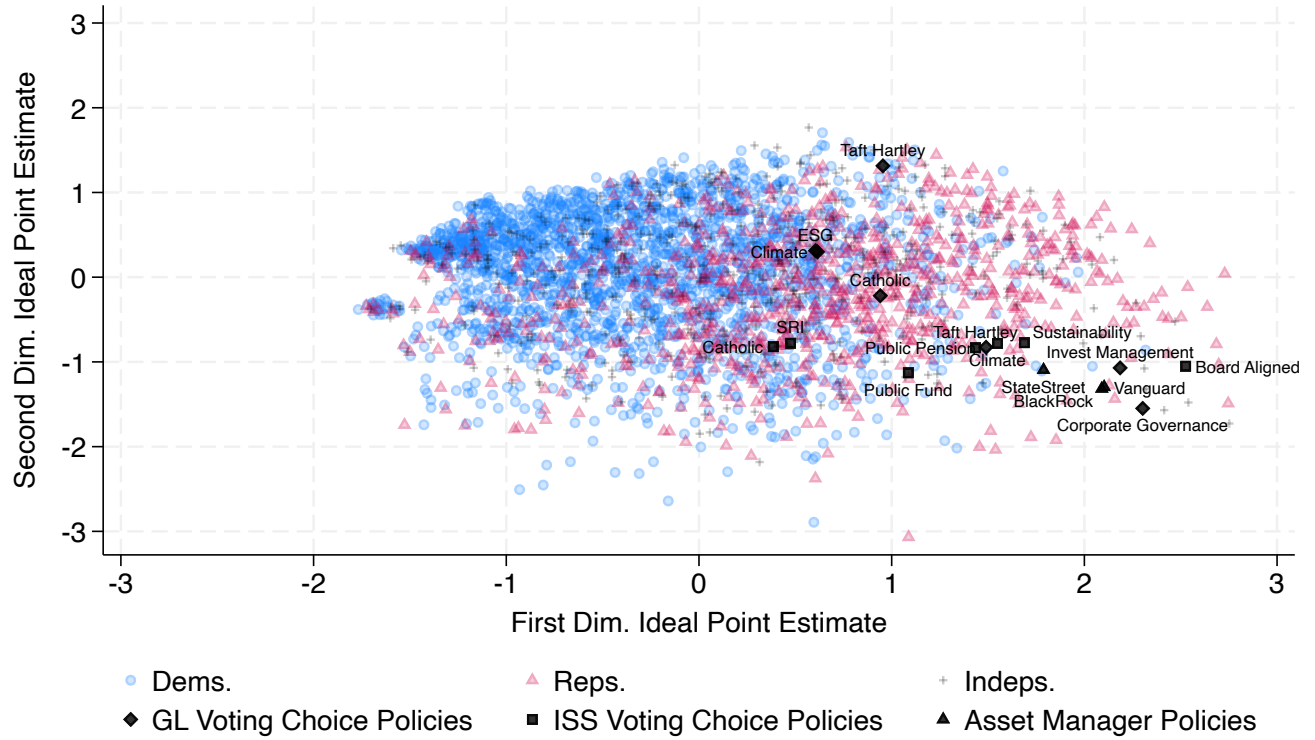
Figure 11: Individual ideal policies in three dimensions

The top panel displays the scatter plot of the first dimension of individual ideal policies against the third dimension and the bottom panel displays the second dimension against the third dimension. Democrats, Republicans, and independents are reported with separate markers. The Glass Lewis voting choice policies are plotted with diamond markers, the ISS policies are plotted with square markers, and the asset manager policies with
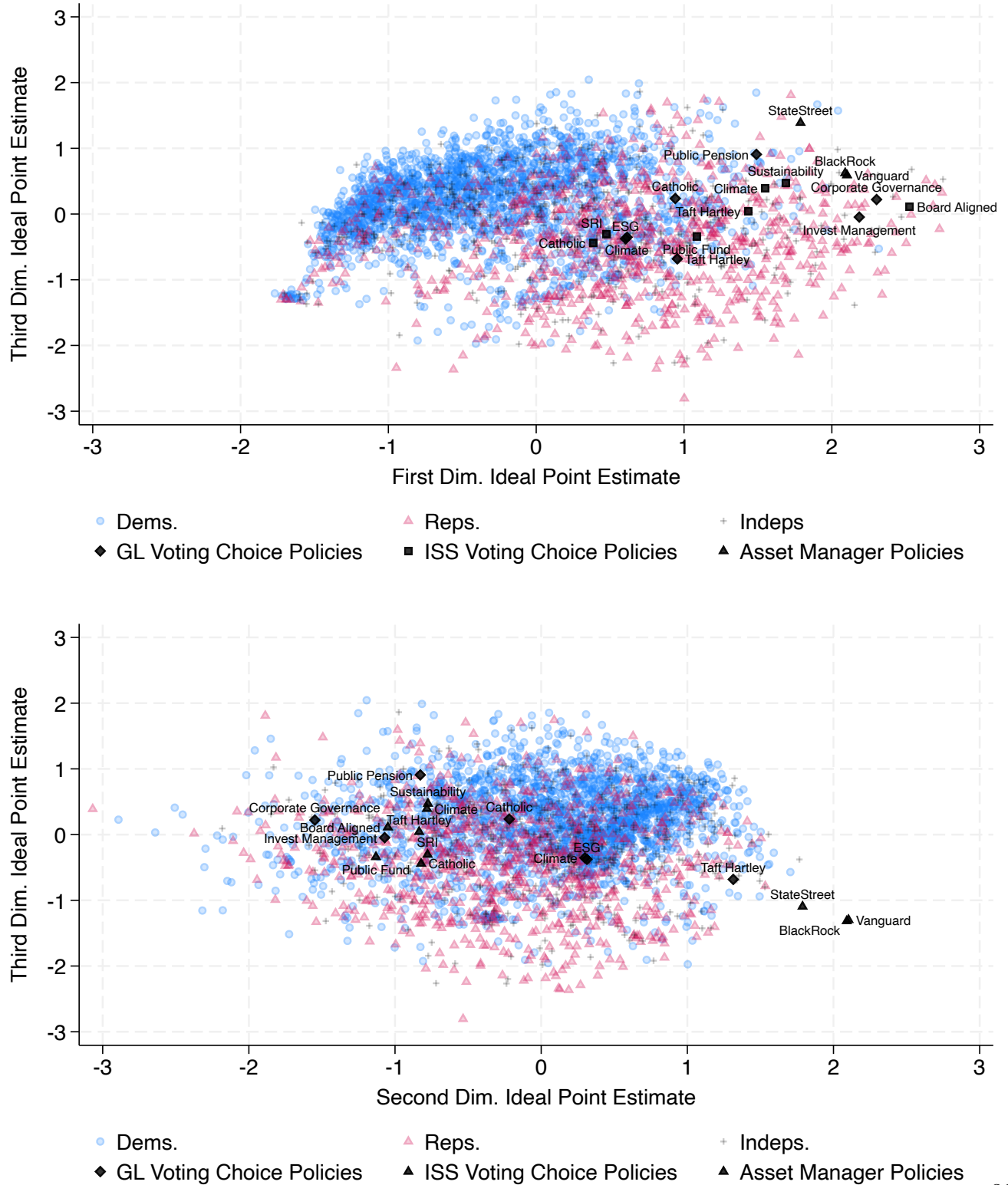
Figure 12: Density of maximum agreement scores with policy alternatives

This figure presents a density plot of the maximum agreement score across survey respondents under three scenarios. In the "Voting Choice Policies" scenario (blue solid line), respondents can choose from the existing menu of voting choice policies. In the "Majority Prefs" scenario (green dotted line), respondents only have a single policy based on the majority views of survey respondents. In the "Add Majority Prefs. to VCPs" scenario (red dotted line), respondents can choose from either the existing menu of voting choice policies or the alternative policy based on respondent majority views. Across all three scenarios, the density is weighted using the raked survey weights in order to be representative of the U.S. adult population.

A   Appendix

A.1   ESG Survey Items

Respondents were provided a brief description of proxy voting, informed that they were considering voting for a hypothetical conglomerate called the XYZ Company, and were instructed to vote as if they were a shareholder of the company. The respondents were then presented with the following policy issues and the option to respond support, oppose, or not sure. The ordering of the support and oppose options was randomized across respondents.

1. Do you support or oppose requiring the XYZ Company to disclose all of its lobbying activities?

2. Do you support or oppose banning the use of the company's financial resources to lobby government officials?

3. Do you support or oppose banning the company and its related entities from making campaign contributions to politicians running for election?

4. Do you support or oppose requiring the XYZ Company to disclose the amount and recipients of all its charitable donations?

5. Do you support or oppose requiring shareholder approval before the company can make charitable donations to particular organizations?

6. Do you support or oppose prohibiting the company from making charitable donations to causes and organizations?

7. Do you support or oppose requiring the XYZ Company to disclose its animal care policies and its use of animals for product testing?

8. Do you support or oppose the company completely phasing out the use of animals in product testing by 2030?

9. Do you support or oppose the company completely banning the use of animals in product testing within two years?

10. Do you support or oppose requiring the XYZ Company to disclose its annual carbon emissions?

11. Do you support or oppose requiring the company to report its usage of single-use plastic packaging in its products?

12. Do you support or oppose prohibiting the company from employing single-use plastic packaging in the company's products?

13. Do you support or oppose requiring the XYZ Company to disclose all sales to foreign militaries?

14. Do you support or oppose halting all of the company's sales to foreign militaries?

15. Do you support or oppose requiring the company to disclose its use of nuclear energy?

16. Do you support or oppose the company completely phasing out the production of nuclear energy by 2030?

17. Do you support or oppose requiring the XYZ Company to disclose pay gaps across gender amongst its employees?

18. Do you support or oppose requiring the company to disclose pay gaps across race amongst its employees?

19. Do you support or oppose requiring the company to offer two weeks per year of employer paid sick leave to all employees?

20. Do you support or oppose requiring the company to produce a report on its human rights practices and labor standards around the world?

21. Do you support or oppose requiring the company to produce a report on the risks associated with misclassifying employees as independent contractors?

22. Do you support or oppose requiring the XYZ Company to issue a report on the company's gun safety measures?

23. Do you support or oppose requiring the company to cease the sale of firearms by 2030?

24. Do you support or oppose that the company adopts a policy forbidding political campaign contributions to politicians who oppose abortion?

25. Do you support or oppose that the company adopts a policy forbidding political campaign contributions to politicians who support abortion rights?

26. Do you support or oppose the company implementing three months of paid maternity leave after an employee gives birth?

27. Do you support or oppose requiring the company to sell off its casino gambling operations by 2030?

28. Do you support or oppose requiring the company to stop selling tobacco products at its retail stores by 2030?

29. Do you support or oppose requiring the company to stop selling pornographic magazines at its retail stores by 2030?

30. Do you support or oppose requiring the company to stop selling contraception at its retail stores by 2030?

31. Do you support or oppose requiring the company to reduce its carbon emission to achieve net-zero carbon emissions, meaning all of the company's carbon emissions are balanced by activities that remove or eliminate an equivalent amount of these emissions from the atmosphere, by the year [2030, 2040, or 2050] or sooner?

32. Do you support or oppose requiring the board chairperson to be independent, an outsider who is not a full-time employee of the company?

33. Do you support or oppose requiring the election of every board member of the board to serve one-year terms and be up for election each year versus the current practice of having board members serve two-year terms and having half of the board up for election each year?

34. Do you support or oppose requiring that the company nominate more candidates for board positions than there are currently board seats so that at least one candidate must lose?

35. Do you support or oppose prohibiting nominees for the Board of Directors from serving on more than [3, 4, 5, or 6] outside boards?

36. Do you support requiring that a woman be added to the Board of Directors if fewer than [20, 30, or 40] percent of the members of the Board of Directors are female?

37. Do you support requiring that a non-white individual be added to the Board of Directors if fewer than [20, 30, or 40] percent of the members of the Board of Directors are members of racial minority groups?

A.2 Additional Results

Figure A.1: Uncertainty probabilities by issue

This figure presents point estimates and 95 percent confidence intervals for the probability that a respondent is not sure whether or not they support or oppose a proposal in each of the issues.

Probability Respondent Reports Not Sure on Issue
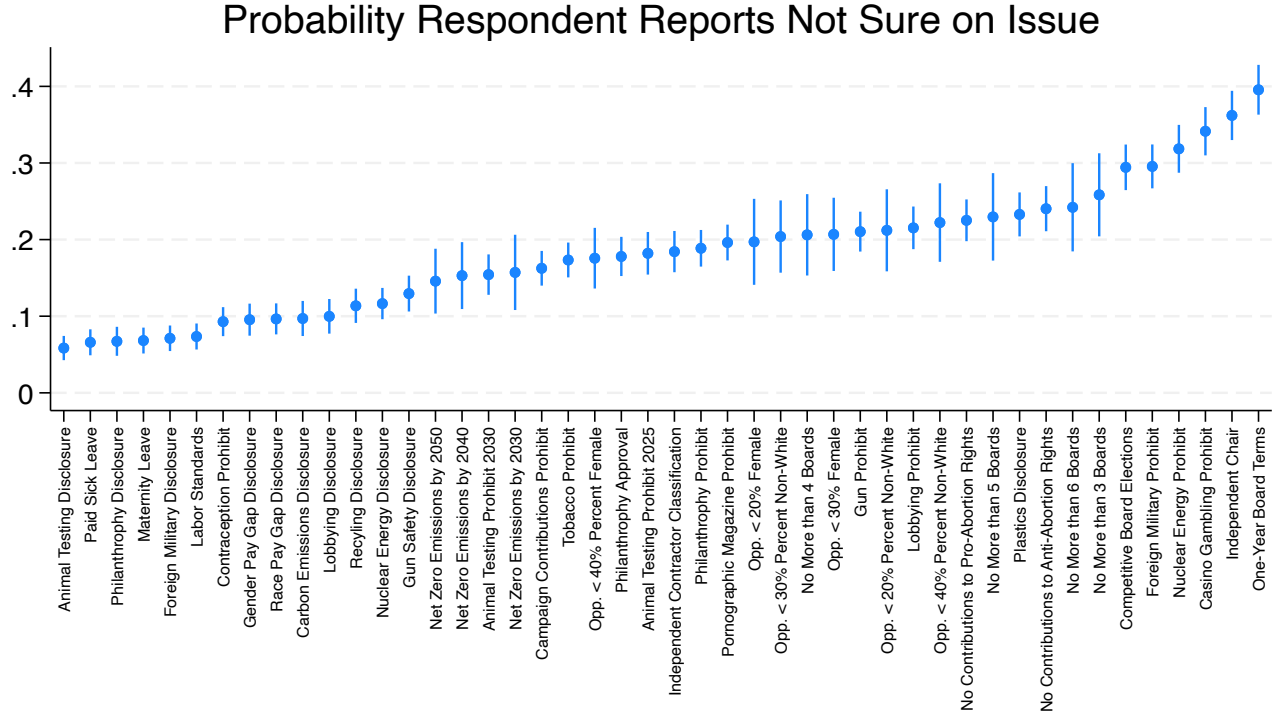
Figure A.2: Uncertainty probabilities by issue type and respondent partisanship

This figure presents point estimates and 95 percent confidence intervals for the probability that a respondent is not sure whether or not they support or oppose a proposal in each of the environmental, social, and governance issue areas. The estimates are reported separately by partisanship.
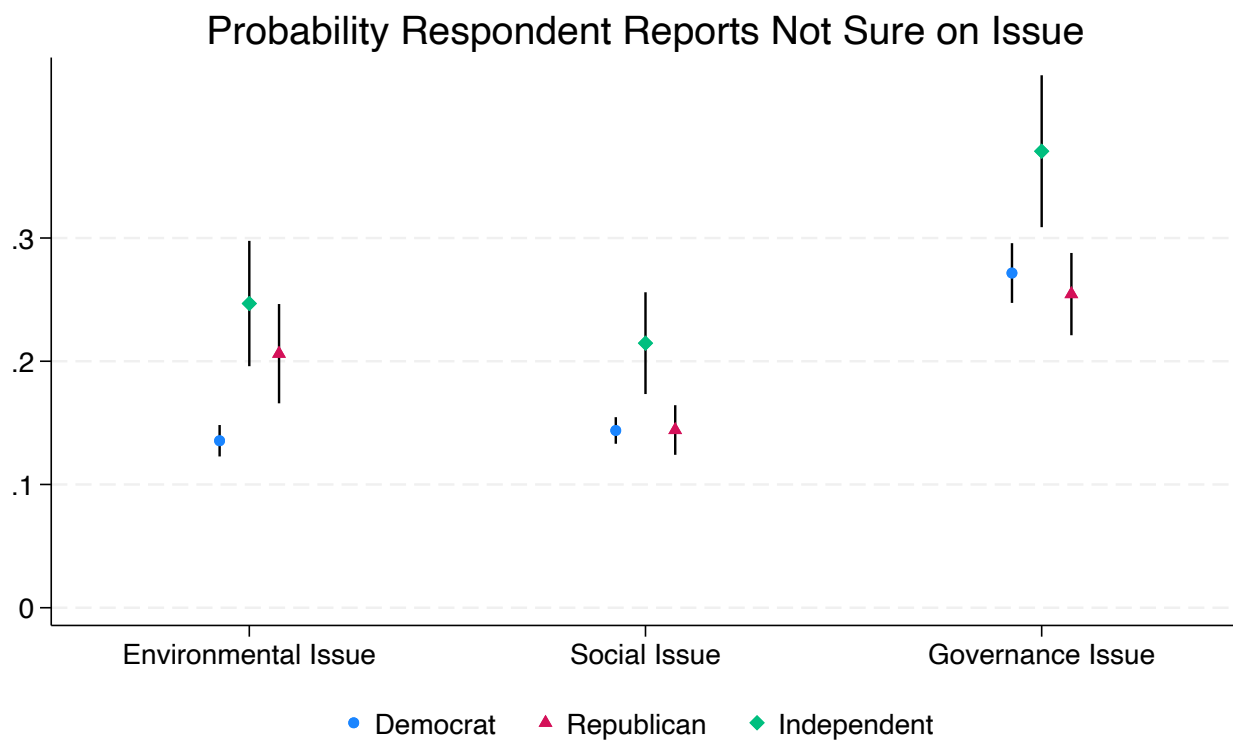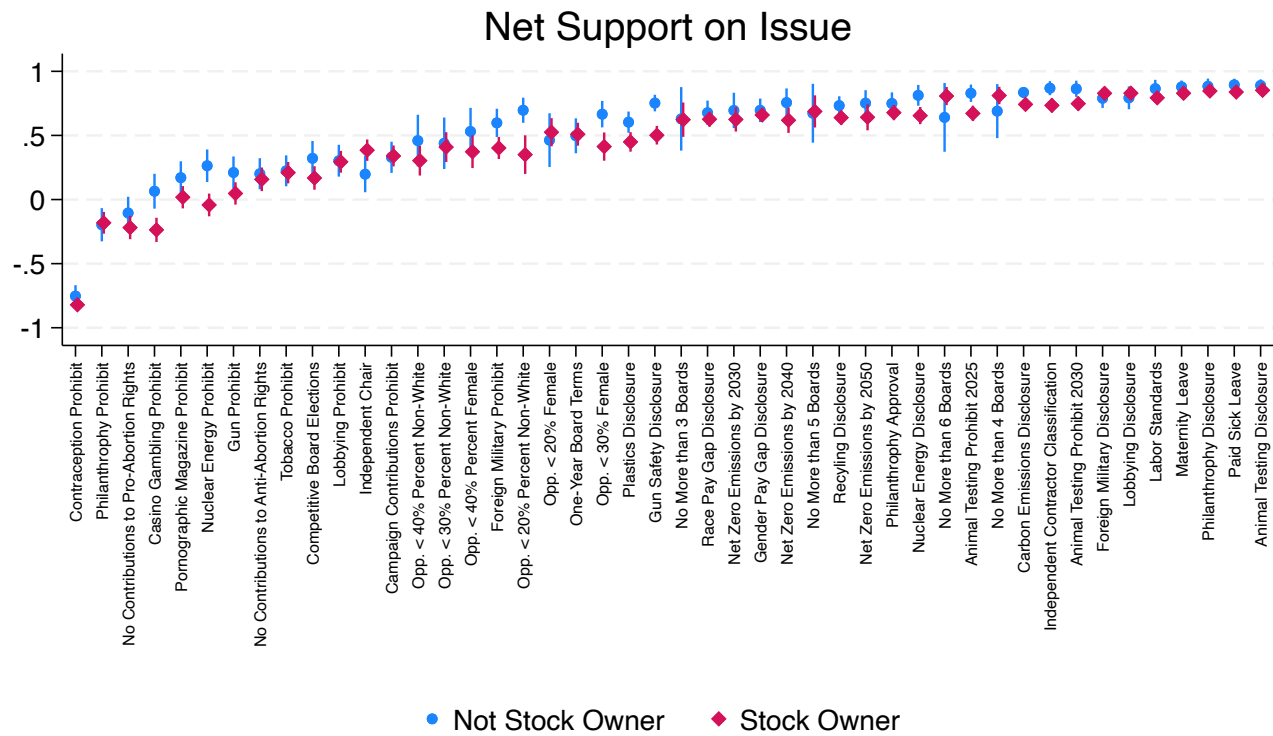
Figure A.3: Uncertainty probabilities by issue type and respondent age

This figure presents point estimates and 95 percent confidence intervals for the probability that a respondent is not sure whether or not they support or oppose a proposal in each of the environmental, social, and governance issue areas. The estimates are reported separately by age.

Probability Respondent Reports Not Sure on Issue
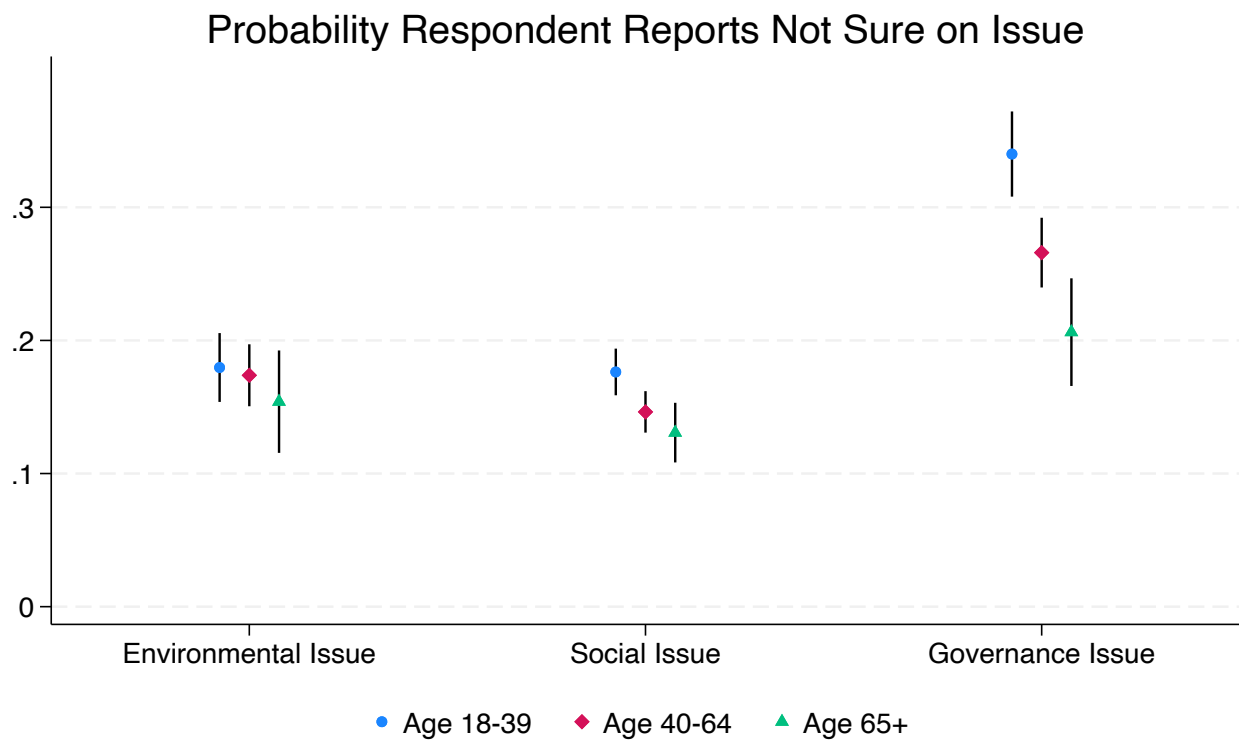
Figure A.4: Uncertainty probabilities by issue type and respondent gender

This figure presents point estimates and 95 percent confidence intervals for the probability that a respondent is not sure whether or not they support or oppose a proposal in each of the environmental, social, and governance issue areas. The estimates are reported separately by gender.

Probability Respondent Reports Not Sure on Issue
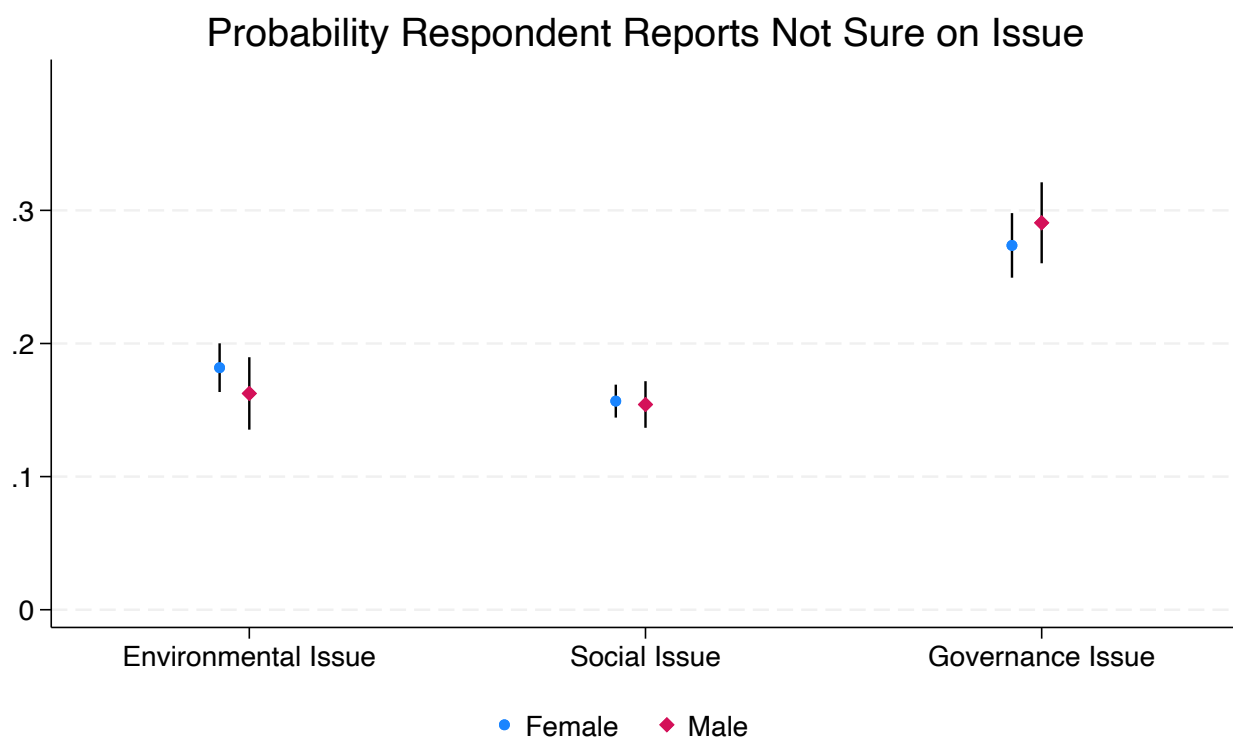
Figure A.5: Net support by issue and stock ownership

This figure presents point estimates and 95 percent confidence intervals for the net support for each issue separately for respondents that do and do not own stock.

Figure A.6: Net support by issue and respondent age

This figure presents point estimates and 95 percent confidence intervals for the net support for each issue. The estimates are reported separately by respondent age group.

Net Support on Issue
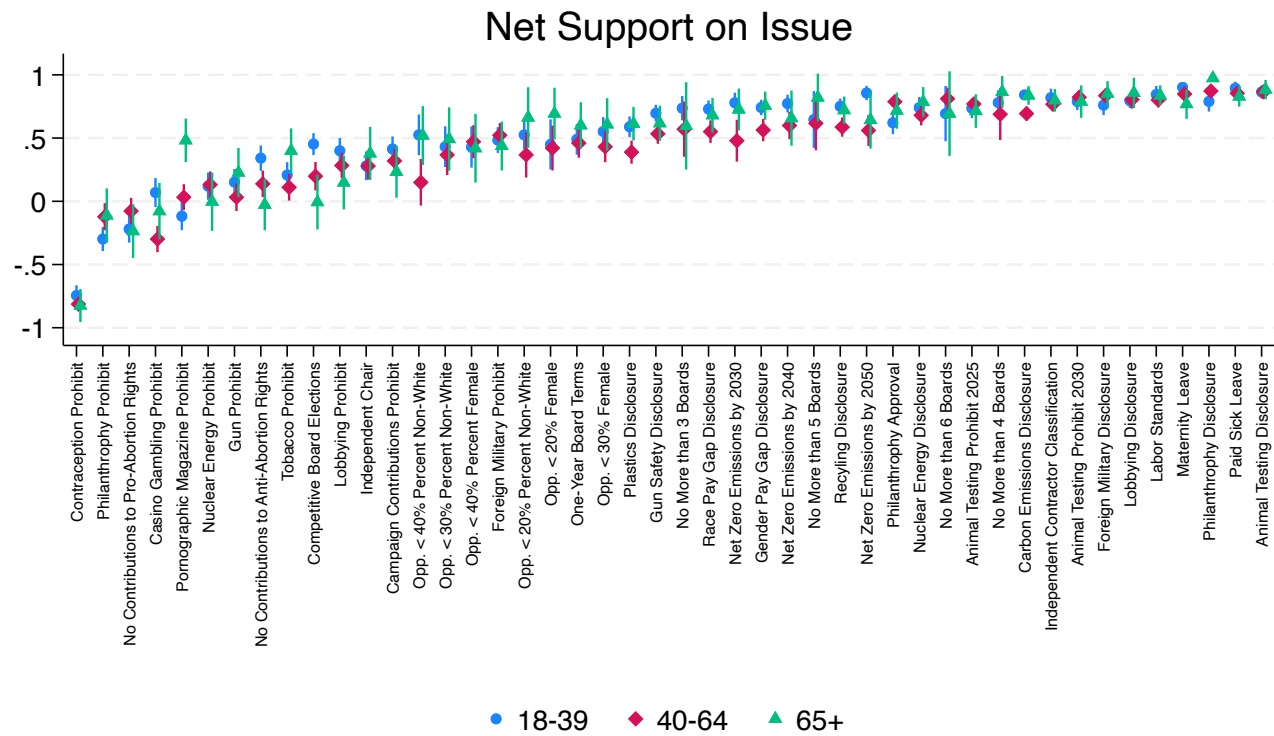
Figure A.7: Net support by issue and respondent gender

This figure presents point estimates and 95 percent confidence intervals for the net support for each issue. The estimates are reported separately by respondent gender.
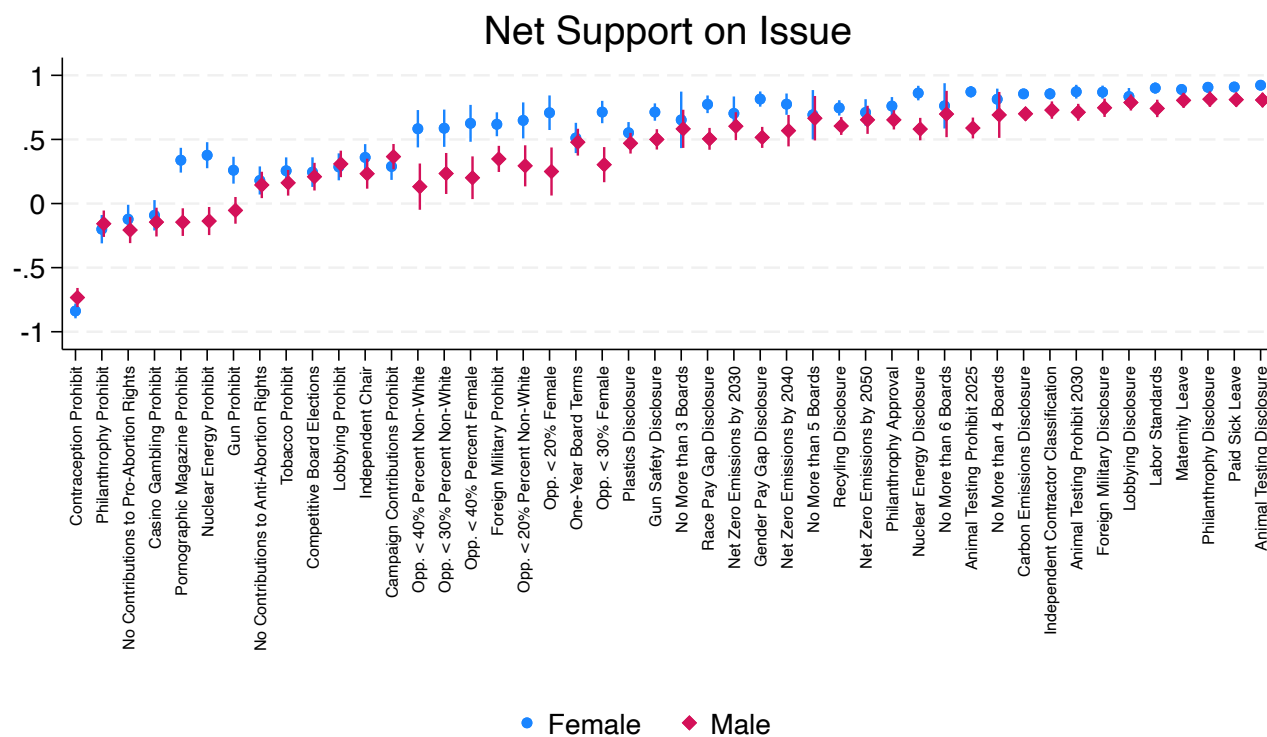
Figure A.8: Density of first-dimension ideal point estimates by stock ownership, age, and gender

This figure presents the density of first dimension of ideal point estimates separately plotted by stock ownership in the upper left panel, age in the upper right panel, and gender in the lower left panel.
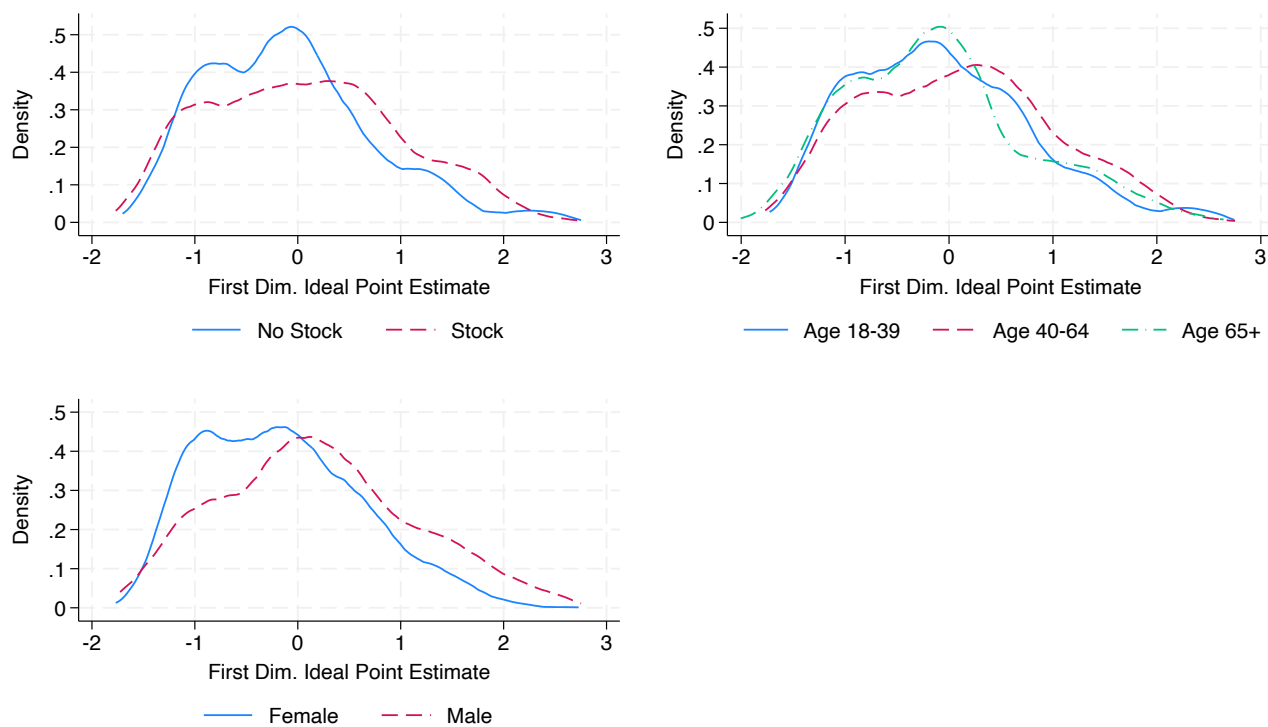
Figure A.9: Density of ideal point estimates by partisanship

This figure presents the density of first, second, and third dimension of ideal point estimates separately plotted for Democrats and Republicans. The rug plot at the bottom of each density plot displays the estimated locations of the voting choice policies.
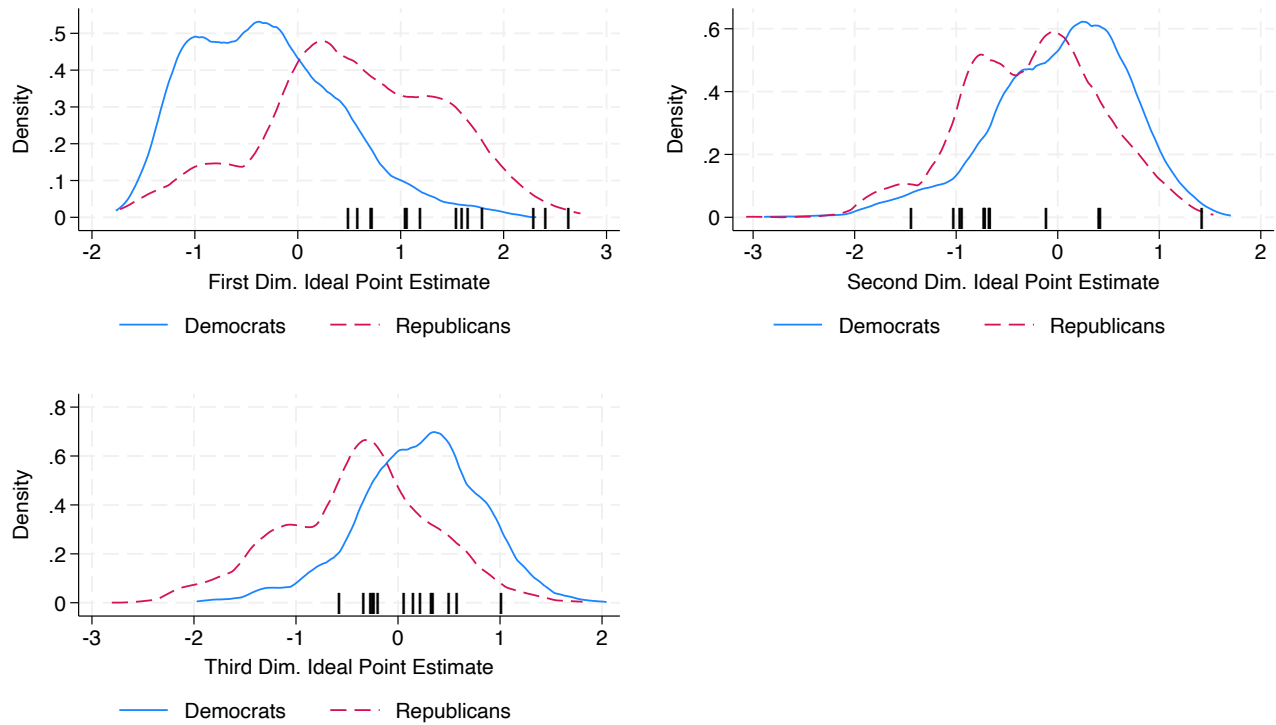
Figure A.10: Density of maximum agreement scores with policy alternatives weighted by stock ownership

This figure presents a density plot of the maximum agreement score across survey respondents under three scenarios. In the "Voting Choice Policies" scenario (blue solid line), respondents can choose from the existing menu of voting choice policies. In the "Majority Prefs" scenario (green dotted line), respondents only have a single policy based on the majority views of survey respondents. In the "Add Majority Prefs. to VCPs" scenario (red dotted line), respondents can choose from either the existing menu of voting choice policies or the alternative policy based on respondent majority views. Across all three scenarios, the density is weighted using the dollar amount of stock that the respondent owns. The survey responses give stock ownership amounts in coarse bins so we calculate the weights using the midpoint of each bin. For respondents who select the top-coded category of ownership above $500,000, we use $750,000 as the weight.
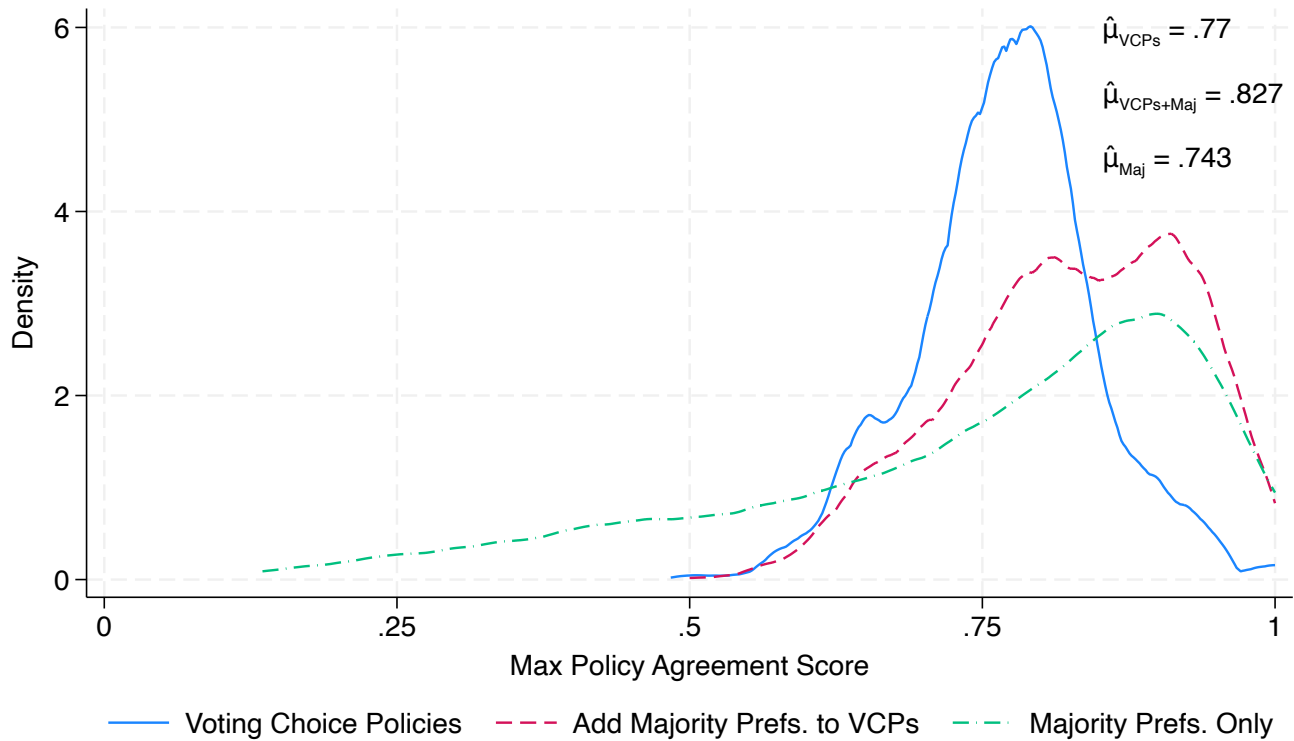
Figure A.11: Mean agreement scores of voting choice policies on environmental issues

This figure presents point estimates and 95 percent confidence intervals for the mean agreement, only estimated on the set of environmental issues, for the voting choice policy given on the horizontal axis. The point estimates are weighted using the raked survey weights in order to be representative of the U.S. adult population.
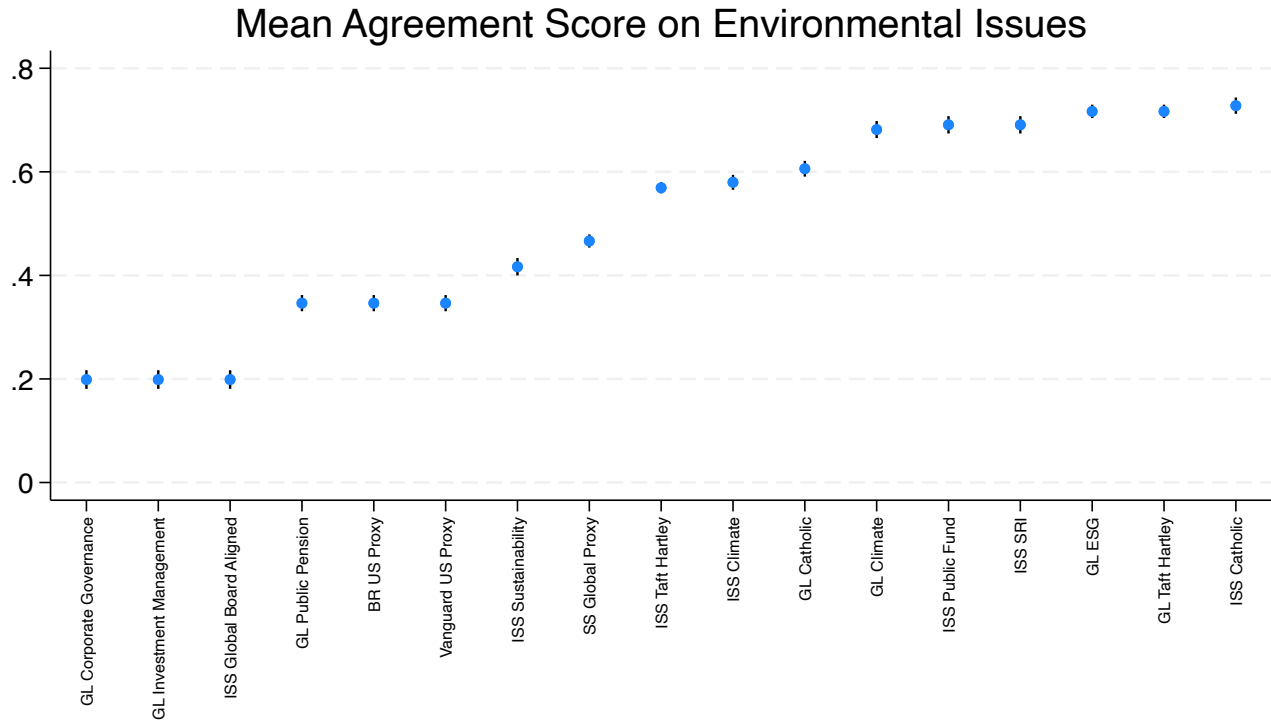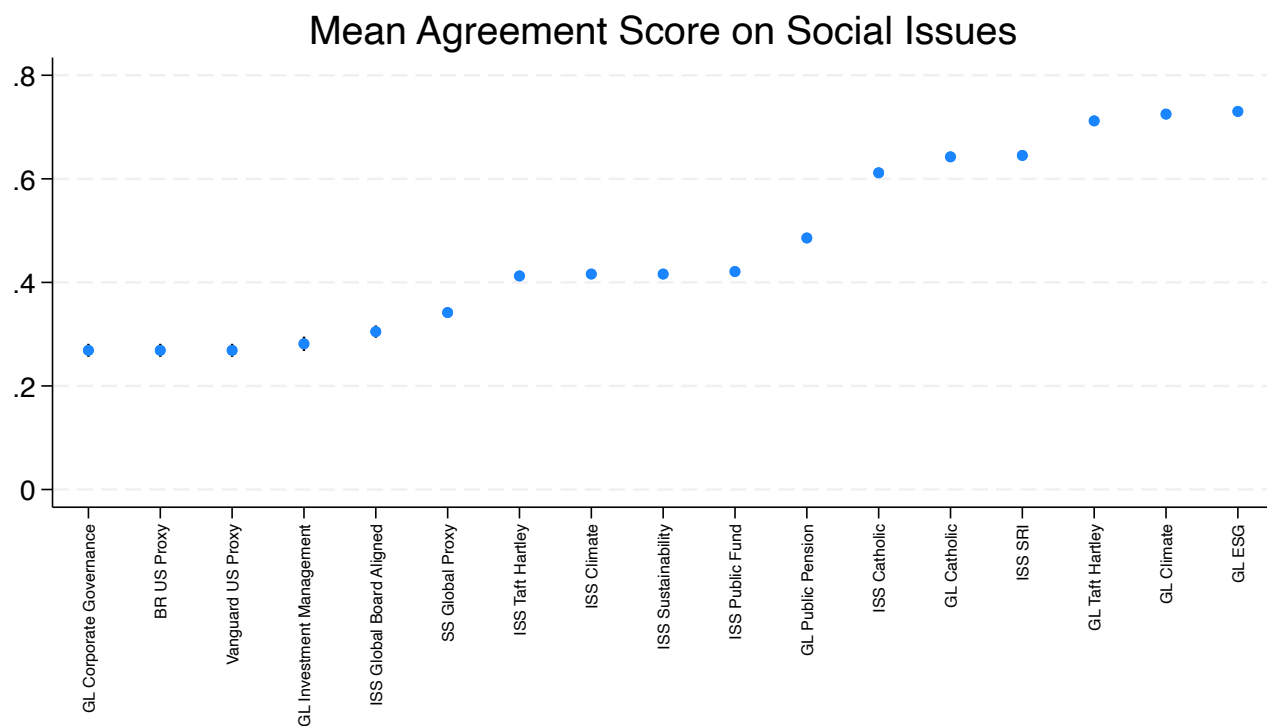

Mean Agreement Score on Environmental Issues

Figure A.12: Mean agreement scores of voting choice policies on social issues

This figure presents point estimates and 95 percent confidence intervals for the mean agreement, only estimated on the set of social issues, for the voting choice policy given on the horizontal axis. The point estimates are weighted using the raked survey weights in order to be representative of the U.S. adult population.

Mean Agreement Score on Social Issues

Figure A.13: Mean agreement scores of voting choice policies on governance issues

This figure presents point estimates and 95 percent confidence intervals for the mean agreement, only estimated on the set of governance issues, for the voting choice policy given on the horizontal axis. The point estimates are weighted using the raked survey weights in order to be representative of the U.S. adult population.
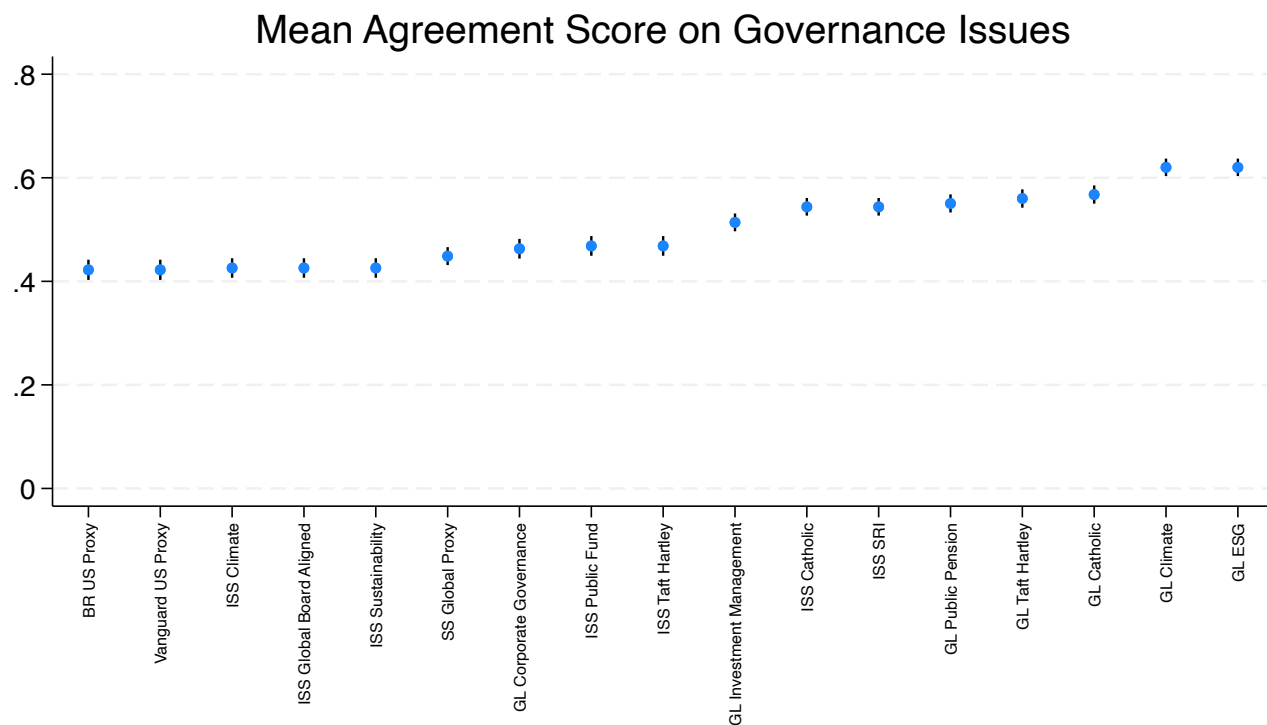

Mean Agreement Score on Governance Issues

Figure A.14: R-squared from the regression of policy opinion on first dimension estimated ideal point.
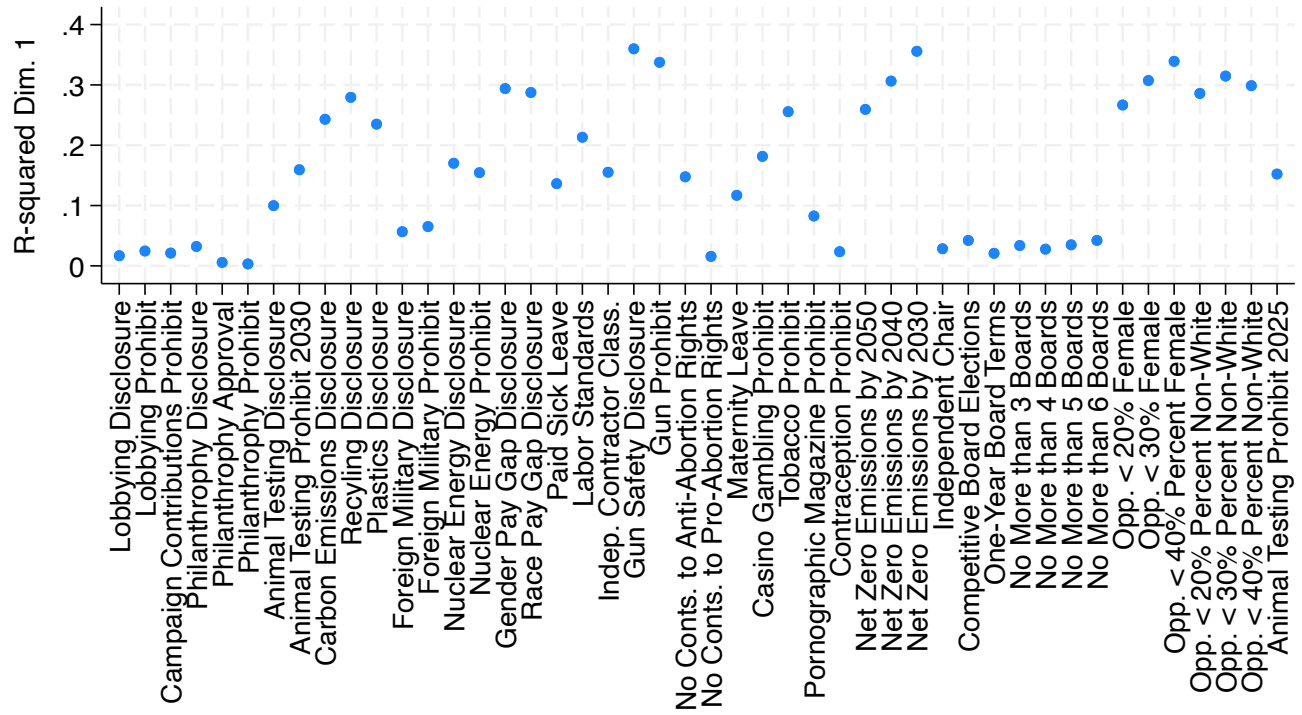
Figure A.15: R-squared from the regression of policy opinion on second dimension estimated ideal point.
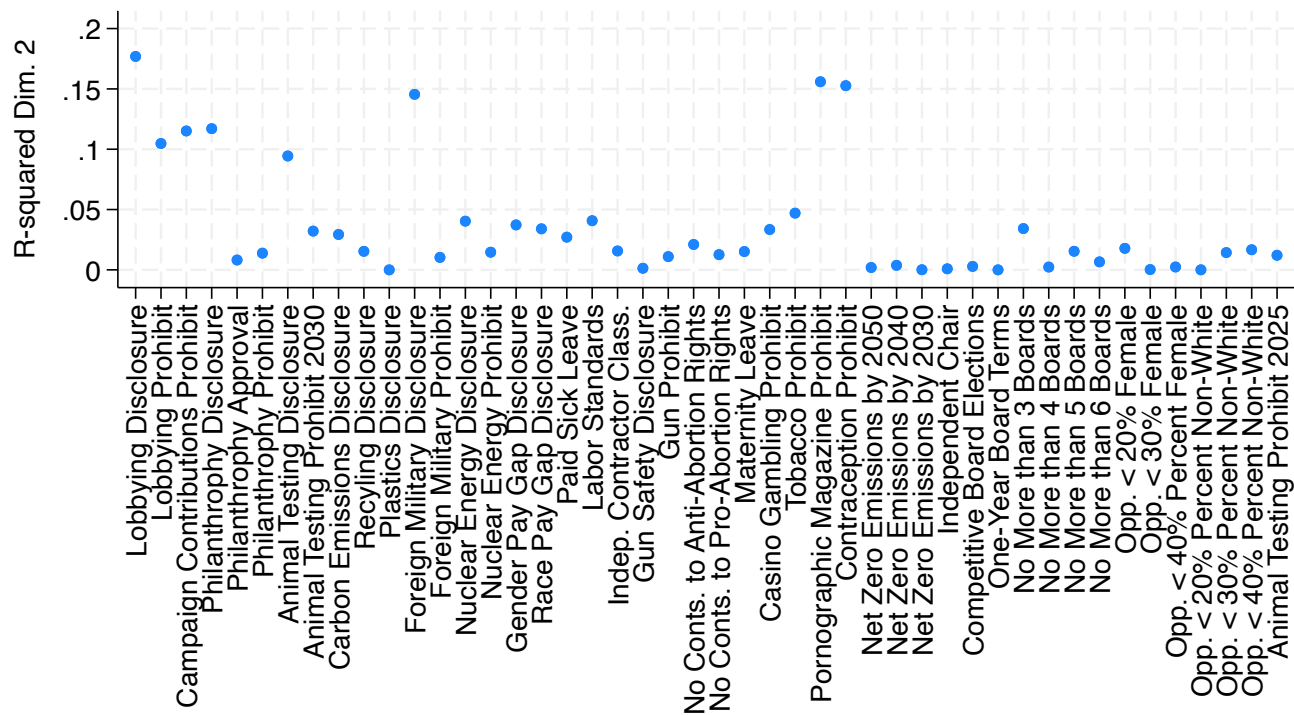
Figure A.16: R-squared from the regression of policy opinion on third dimension estimated ideal point.