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Company Policies on Sharing Interim Voting Results and Seeking Board Diversity

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Two companies recently adopted interesting governance changes in response to shareholders. Verizon posted on its **website** a new policy regarding providing shareholders with access to interim voting information. If a qualifying shareholder, namely one that is conducting an exempt solicitation, makes a request in writing, the company will authorize and direct Broadridge to provide non-public interim voting tallies to that shareholder with respect to the matter that is the subject of the exempt solicitation, consistent with Broadridge's historical practice that became the subject of controversy in 2013. Verizon argues in a **no-action letter** that this policy substantially implements the primary objective of a shareholder proposal asking the board to enact a policy on "confidential voting," which seeks to restrict management and board access to "running tallies" of vote results. The company alternatively urges the SEC staff to find the proposal vague and misleading.

Reuters reports that several companies have received the same proposal this season, which won 42% support at CenturyLink in 2013. The surprisingly high vote on a novel subject at CenturyLink may have been caused by the title of the proposal, which focuses on "confidential voting. Shareholders may have assumed that it was similar to traditional confidential voting proposals that sought to keep individual votes private. Many institutional investors have governance voting policies that support this type of secrecy, and many companies, including Verizon, already have policies addressing the privacy of shareholder votes.

According to a **Bloomberg report**, Apple amended its nominating committee charter to state that "[t]he Committee is committed to actively seeking out highly qualified women and individuals from minority groups to include in the pool from which Board nominees are chosen," after actively engaging in several meetings with two shareholders who wanted a diversity proposal on the 2014 ballot. They agreed to withdraw in light of the company's charter change. Apple previously included a similar statement in its proxy statement.

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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