

Trends in Shareholder Proposals for the 2014 Season, So Far

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We recently discussed early 2014 proxy season governance [trends](#). With respect to shareholder proposals, the total number filed in 2014 is expected to exceed the prior year's total, according to ISS. As of early April, ISS was tracking approximately 830 resolutions, compared to 840 for all of 2013.

More than half of the proposals filed focus on environmental and social issues, a 6% increase from 2013, with about a quarter of those seeking more information about companies' lobbying and political contributions activities. Some election-related proposals seek a direct prohibition of political donations or seek policies linking corporate giving and company values. While none has passed so far, support has been as high as 47% in favor. 67 proposals seek an independent chair of the board, which is the second most prevalent topic after disclosure of political and lobbying activities, consistent with prior years.

The most prolific filer across all proposals is again John Chevedden, with 101 proposals representing 12% of the total. Calvert Investments and Trillium Asset Management are the most common proponents among socially responsible funds, while the New York State Common Retirement System, United Brotherhood of Carpenters and Mercy Investments submitted the most resolutions out of the group of public pension funds, labor funds and religious investors, respectively.

Only about half of the proposals submitted to companies are expected to be voted on after negotiations and SEC rulings permitting exclusion. SEC staff decisions account for the dismissal of about 17% of proposal submitted, which interestingly is generally the same as prior periods although every year there are no-action letters covering new resolution topics or novel arguments. Several companies were able to exclude proposals seeking a prohibition on companies' abilities to access interim vote tallies in uncontested elections on the grounds of vagueness. That proposal won over 40% proposal when voted on at Whole Foods. The company did not write a letter to the SEC.

According to Proxy Monitor's [tracking](#) of both management and shareholder proposals at Fortune 250 companies, only two shareholder proposals have passed this season so far, related to simple majority vote in governance documents (Costco) and the right to call special meetings (Applied Materials). Some resolutions on narrow social issues, such as GMO labeling, have received less than 10% support. As the bulk of meetings take place in the coming weeks, we will see if the results end up following these and prior year trends..

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.

Ning Chiu

+1 212 450 4908

ning.chiu@davispolk.com

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