

# Top Five Considerations for Improved Proxy Disclosure from Investors' Perspectives

December 22, 2014 | Client Update | 2-minute read

[RR Donnelley's survey](#) from last year on how investors view proxy statements continues to be worth considering now, as companies begin preparing their public disclosure documents for the 2015 proxy season. The survey results show that a mix of presentation and substantive issues are compelling for investors, and boil down to five key points.

*Impressive online appearance.* A key consideration, often overlooked, is to recognize that major institutional investors are using online platforms to review proxy statements. Many companies have spent vast amounts of resources to make their documents more readable, but the focus has continued to be on the visual effect of hard copies. Companies should also work on ensuring that their proxy statement is just as effective when viewed online, whether through third-party voting platforms, the company website or even the SEC Edgar version.

*Detailed table of contents.* Many investors also skip around instead of reading an entire proxy statement from beginning to end, which makes having a linked table of contents, preferably with details, crucial.

*Simple graphic presentations.* Companies have been urged to use graphs and charts to break up lengthy narratives and as a better way to explain pay decisions, but survey respondents also complained about "over-engineered" graphs. If a graph is complicated, not labeled clearly or hard to follow, investors may assume the company is deliberately trying to be obscure. One investor advised that graphs should follow a "five second look" rule, in that the purpose should be easily understood in a brief amount of time. In addition, warning bells should go off if an excessive number of footnotes are needed to explain a graph.

*Clear executive compensation disclosure.* While the executive summary and CD&A are often the first places investors go, the investors surveyed by Donnelley continue to be critical of the perceived lack of quality and clarity around executive pay disclosure.

*Focus on critical components, and keep it short.* Investors selected information about directors, pay for performance alignment and performance measures to be the most critical elements in their proxy voting decision making. Additional proxy disclosure related to corporate social responsibility or company opposition statements to shareholder proposals ranked much lower. Investors also expressed a preference for "more concise" proxy statements, at around 60 pages or less.

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](mailto:ning.chiu@davispolk.com)

---

*This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.*