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In-House Corner: Shareholder Proposals

Recently, we started a new feature of this blog – where our in-house readers share tips, anecdotes and thoughts about things that come up in their daily practice. The [last pair of blogs focused on Section 16 compliance reminders](#). This particular batch of thoughts is about the practice of dealing with shareholder proposals [we will be blogging Part 2 on this topic soon; feel free to ping me and share your thoughts – they will be posted anonymously or with attribution, whichever you desire]: 1. "Due to COVID-19/remote work, make sure that the mailroom / individuals who check the mail at the corporate headquarters are checking the mail and will let you know if/when a proposal comes in. Especially for companies with proposal deadlines around the holidays, this could help prevent something slipping through the cracks." – Raj Dave

2. "You may want to allow the proposal to be included, even though there may be a technical reason to exclude. Always consider the big picture." – Celine Doe

3. "When I first went in-house, I detested working on shareholder proposals. But over time, I have come to appreciate them. Perhaps like an attachment to an old, crusty pair of slippers." – Willy Doe

4. "An important step is making sure that you know that you have received a proposal. Especially with so many people working remotely, it's helpful to alert the CEO's office, the mail room (yes, they still exist), IR team, the GC's office, and other places in your company where emails or hard copy letters from proponents might land. That increases the chances that they will recognize and promptly forward to you." – Cedric Doe

5. "Do the technical stuff. If you do, you just might win a TKO: Check the holding period. Compare the name on the account with the name of the submitter. And so on. If you find a technical flaw, it doesn't mean you won't engage with the shareholder. It just means that you have a bit more leverage – and possibly the basis for a no-action request." – Bertie Doe

6. "Contact the proponent. Let them know you are open to discussion. Do that even if the proponent won't - or doesn't - engage. If you end up having to include the proposal in your proxy statement, you can say that you reached out and the proponent would not engage." – Ted Doe

7. "If the proponent is open to it and most are, please do engage. Be an active listener. Listen to learn. Then, put the company's best case forward. If the proponent's goal aligns with your company's, see if you can't work something out and negotiate a withdrawal." – Kenny Doe

8. "With some experience, I've come to realize that certain proponents are worth taking the time to negotiate with. They can be very reasonable. And then you'll find some for which negotiations won't work. You should be able to discern which proponents fall into that camp pretty quickly." – Cara Lee Doe

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