

Via E-Mail

November 8, 2018

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street NE.,
Washington, DC 20549-1090

*Re: File Number 4-725 Roundtable on the Proxy Process
File Number S7-24-16 (Universal Proxy)*

Dear Mr. Secretary:

I am writing in response to the Securities and Exchange Commission's (SEC or Commission) solicitation of comments on the proxy process and related SEC rules in connection with the announced staff roundtable on November 15, 2018 (Roundtable).¹

The Council of Institutional Investors (CII) is a nonprofit, nonpartisan association of public, corporate and union employee benefit funds, other employee benefit plans, state and local entities charged with investing public assets, and foundations and endowments with combined assets under management exceeding \$4 trillion. Our member funds include major long-term shareowners with a duty to protect the retirement savings of millions of workers and their families. Our associate members include a range of asset managers with more than \$25 trillion in assets under management.²

We appreciate the opportunity to provide our views in response to the Commission's solicitation of comment on various aspects of the proxy process and rules. We thank you for your invitation to our Executive Director to participate at the Roundtable.

We generally support the Commission's review of this complex system and believe that it is particularly timely given changes in technology that have occurred in recent years. We offer the following views in response to the three areas of focus identified in the Roundtable press release: proxy voting mechanics, shareholder proposals and proxy advisory services.

¹ [Press Release](#), Securities and Exchange Commission, "SEC Staff to Host Nov. 15 Roundtable on the Proxy Process" (Sept. 21, 2018).

² For more information about the Council of Institutional Investors ("CII"), including its members, please visit CII's website at <http://www.cii.org/members>. We note that the two largest U.S. proxy advisory firms, Glass Lewis & Co. and Institutional Shareholder Services Inc. (ISS), are non-voting associate members of CII, paying an aggregate of \$24,000 in annual dues—less than 1% of CII's membership revenues. In addition, CII is a client of ISS, paying approximately \$19,600 annually to ISS for its proxy research.

I. Proxy Voting Mechanics and Technology

We believe that proxy voting infrastructure is, without question, the most important topic under consideration at this Roundtable. In our view, the SEC should both (1) consider fundamental longer-term improvement in proxy infrastructure, and (2) provide certain key short-term fixes in the current system.

Shareholder voting at corporate annual and special meetings is a core and essential element of corporate governance. Exercise of shareholder voting rights, including in the election of directors, underpins the legitimacy of public company governance.³ Therefore, equity investors have a keen interest in a reliable, transparent and cost-effective system for voting proxies.⁴

The current system of proxy voting is built around old technological conceptions, and what have been called “nested layers of intermediation” or a “daisy-chained system of share ownership” prone to breakdown.⁵ The system is fraught with inefficiencies and carries a too-large margin for error.⁶ New technologies appear to offer the promise for a more stable, more reliable, less complex

³ See George S. Geis, “[Traceable Shares and Corporate Law](#),” *Northwestern University Law Review*, Vol 113, No. 2, 2018, (“A healthy system of shareholder voting is crucial for any regime of corporate law. The proper allocation of governance power is subject to debate, of course, but the fitness of the underlying mechanism used to stuff the ballot boxes should concern everyone. Proponents of shareholder power, for instance, cannot argue for greater control if the legitimacy of the resulting tallies is suspect. And those who advocate for board deference do so on the bedrock of authority that reliable shareholder elections supposedly confer.”)

⁴ Ken Bertsch, Executive Director, Council of Institutional Investors, [Remarks to the SEC Investor Advisory Committee](#) (Sept. 13, 2018).

⁵ See [Geis](#) and Delaware Vice Chancellor J. Travis Laster, “[The Block Chain Plunger: Using Technology to Clean Up Proxy Plumbing and Take Back the Vote](#),” speech to CII, Sept. 29, 2016.

⁶ Problems in the current system are well described by:

- [Laster](#) (“the current system works poorly and harms shareholders;” “the voting and stockholder infrastructure is complicated. The costs of that complexity fall on stockholders. One type of cost is uncertainty as to voting outcomes, which management uses to its advantage. Another type of cost is financial. Stockholders pay for the system. The folks who run the system are not affected by the election results and are generating profits in a non-competitive environment.”)
- David Yermack, “[Corporate Governance and Blockchains](#),” *Review of Finance*, 2017, 7-31, (“the archaic corporate proxy voting system...has endured for hundreds of years with surprisingly few concessions to modern technology;” “the imprecision of vote tabulation under currently used procedures implies a high degree of inaccuracy in the outcome of close corporate elections.”)
- [Geis](#) (“the underlying problems are systemic, not episodic. Our stock clearing system is a kludge;” “[T]he financial services industry seems to have cobbled together a functioning settlement and clearing system that is a stark improvement over paper-based trading. But corporate law has paid a price from the resulting complexity. The mechanisms for managing and tallying shareholder votes encompass layers of intermediaries that do not inspire confidence in accurate outcomes.”)
- Marcel Kahan and Edward Rock, “[The Hanging Chads of Corporate Voting](#),” *The Georgetown Law Journal*, Vol. 96, 2008, (the “incredibly complicated system of U.S. corporate voting” is “noisy, imprecise, and disturbingly opaque,” “far more complex and fragile than the one anticipated by the Delaware legal structure,” and “an accident waiting to happen;” “no one designing a system today from the ground up would (or, in fact, does) adopt this structure.”) Kahan and Rock quote prominent Delaware attorney Gilchrist Sparks III as estimating that in a contest closer than 55% to 45%, “there is no verifiable answer to the question ‘who won?’”. [CII comment: Mr. Sparks’ remark from at least 10 years ago may overstate the range of uncertainty, but as an example of the continuing problem, we clearly do not know the actual winner of a 2017 proxy contest at Procter & Gamble.]

system that reduces the need for many compromises that we have grown inured to since the United States adopted a policy of “share immobilization” five decades ago.

Fundamental change, however, will take study and time, and potentially challenge entrenched interests. Therefore, we believe it is also important for the SEC to make some relatively easy near-term reforms that would improve proxy mechanics in the current system.⁷

Time to Look Seriously at Systemic Change

The current system, created in the wake of the Wall Street paper crisis of the late 1960s, is based on the idea of “immobilized” “fungible” shares.⁸ We believe that technological change creates the potential to construct a better system of share ownership and clearing that is based on traceable shares. As George S. Geis, professor of law at the University of Virginia School of Law wrote earlier this year, “The rise of distributed ledgers and blockchain technology is poised to allow for specific share identification and precise records of share provenance.”⁹

As CII’s asset owner members originally affirmed in a 2010 policy statement, investors seek a proxy voting system that is timely, accurate, transparent (including through routine end-to-end vote confirmation) and efficient.¹⁰ At CII’s general membership meeting last month, our members updated this policy statement urging best use of technology to improve the proxy voting process.¹¹ The enhanced policy suggests that our members believe it is time to look seriously at the use of

⁷ Sometimes in the past, capital market participants have portrayed this as a choice between undertaking fundamental proxy infrastructure reform and incrementally changing the current system. CII itself has suggested that such an “either/or” choice. In 2010, CII published a white paper, “[The OBO/NOBO Distinction in Beneficial Ownership: Implications for Shareowner Communications and Voting](#),” prepared by Alan L. Beller and Janet L. Fisher, partners at Cleary Gottlieb Steen & Hamilton. The paper, with a narrower focus than the comments in this letter, favored an approach of incremental improvement over ambitious, systemic change. We believe the current moment is different – that technological innovation makes it worthwhile now to consider fundamental reform, even while we make continued efforts at short-term improvements to the present system.

⁸ See [Laster](#) (“Under Congressional direction, the SEC responded by implementing a national policy of ‘share immobilization’. To end the physical movement of securities, banks and brokers would place into depositories ‘jumbo certificates’ representing tens or hundreds of thousands of shares. These jumbo certificates would be issued in the name of the depository. This was a top-down, governmental solution, and it used 1970s era technology – the freezing of shares.... DTC [the Depository Trust Company, owned by banks and brokerage firms] holds the shares of its custodians in fungible bulk, meaning that it does not subdivide its shares into the separate accounts of the custodians’ customers.... The federal solution of share immobilization was like Alexander cutting the Gordian Knot. It solved the immediate problem, but it created a lot of loose ends. One of those ends was state corporate law. Delaware corporate law is not built to accommodate the nominee system. It assumes that stockholders own shares directly and treats any deviation from direct ownership as a voluntary choice by the stockholder, but it isn’t.”)

⁹ See [Geis](#). See also, Anne Lafarre and Christoph Van der Elst, “[Blockchain Technology for Corporate Governance and Shareholder Activism](#),” European Corporate Governance Institute Working Paper Series in Law, March 2018; and CSD Working Group on DLT, “General Meeting Proxy Voting on Distributed Ledger, Product Requirements v. 2.1.”

¹⁰ CII, Statement on Principles for an Effective and Efficient Proxy Voting System (adopted Apr. 13, 2010) (on file with CII).

¹¹ CII, “[Effective and Efficient Proxy Voting](#)” (updated Oct. 24, 2018) (“Technology should be used to improve the proxy voting process, including through the adoption of private blockchains operated by trusted third parties that promote each of the above five objectives [timeliness, accessibility, accuracy, certainty and cost-effectiveness] while safeguarding the identities, holdings and voting decisions of individual shareholders.”)

distributed ledger technology, system-wide, to promote the goals articulated earlier, while safeguarding the identities, holdings and vote decisions of individual shareholders.

We believe that a reconceptualization of the system should look first to key principles, and remain open to various alternatives, including a central-ledger book-entry system as described by Marcel Kahan and Edward Rock of New York University in their landmark 2008 paper.¹² As discussed below, however, our sense now is that an approach based on a private, permissioned blockchain – controlled by a central gatekeeper – may prove to be the best approach, and should receive substantial attention.

We believe reform should be based on the following principles:

- **Maximizing accuracy and reliability**, with the understanding that beneficial owners (not intermediaries like brokers and banks) are the shareholders whose voting intent is critical to the legitimacy of the system.
 - For example, the current system continues to permit overvoting, which normally is examined only when a broker or bank seeks to cast more than 100% of its allotment of shares. In our understanding, brokers and banks appear to disregard inaccuracies in vote counts at the beneficial owner level, as long as the total vote cast by a given broker or bank is less than 100% of their total Depository Trust Corporation position. In this and some other aspects of the system, brokers and banks seem to act as if the vote belongs to them, rather than the beneficial owners. True “ownership” of the vote needs to be with the beneficial owner, who actually owns the stock, and has the interest in maximizing shareholder value.
- **Minimizing compromises** that cloud the validity of voting
 - For example, the early record date system is vital to making the current system work, but gives rise to substantial anomalies and disconnects between voting rights and ownership. At best, there can be significant variation in shares owned by particular shareholders on the meeting date compared to the record date. At worst, the time lag provides opportunities for gamesmanship and certain forms of empty voting.
- **Carefully considering the perceived need for confidentiality** of share positions.
 - A distributed ledger solution might do away with the NOBO/OBO system that is an important factor in the current system’s complexity, but we believe this solution can be structured in a way that preserves confidentiality of share positions.
- **Establishing and maintaining an even playing field** on contested matters between a company and dissidents.
- **Clarifying what proxy infrastructure functions lend themselves to natural monopoly**, and what elements are better suited for competitive markets, with appropriate oversight.

¹² [Kahan and Rock](#).

- The SEC should develop effective regulation of utility functions that are natural monopolies and act to ensure competition in other areas.
- **Achieving cost-effectiveness in the long-term.**
 - Exploration of systemic change is likely to be time-consuming and require resources, but it offers the potential for reduced cost, and much greater reliability, long-term.

We do not wish to be overly prescriptive at this stage on how a new system should look, and we believe the SEC should explore multiple alternatives. That said, we would prioritize the exploration of distributed ledger technology based-voting involving the following components:

1. **Construction of the Blockchain:** An intermediary, acting as a gatekeeper, creates a blockchain for the company and its shareholders. This blockchain would be permissioned, meaning only the trusted gatekeeper can enter its content. Neither the company nor other shareholders would be able to see the identities or holdings of any individual shareholder. The blockchain would record each of the company's beneficial owners and their holdings as of a predetermined record date, ideally much closer to the meeting than allowed presently (and ideally closer even than the minimum currently allowed under Delaware law of 10 days). This determines each shareholder's entitlements, for example their voting rights, right to view proxy materials, or right to submit a shareholder proposal subject to ownership thresholds.
2. **Dissemination of Proxy Materials:** As a meeting of shareholders approaches, the gatekeeper can upload the company's proxy materials on the blockchain for shareholders to view. Due to the nature of the blockchain, once information is entered, it cannot be changed or removed—only added. This promotes transparent, far less expensive record-keeping and ensures that all eligible shareholders can access the materials instantaneously and simultaneously.
3. **Vote Allocation and Authentication:** Based on shareholders' equity holdings as of the predetermined record date before a meeting, the gatekeeper allocates votes subject to the company's capital structure and voting rights. Shareholders will know precisely how many votes they control before casting them. Before the meeting, whoever plans to execute the votes—which could be an individual shareholder or a designated proxy—must authenticate his or her identity with the gatekeeper outside of the blockchain (e.g. by presenting legal identification). The gatekeeper will record proof of authentication in the blockchain and create a digital ID for each shareholder or proxy, akin to login credentials.
4. **Vote Execution and Tabulation:** During a predetermined voting period, shareholders or their proxies will execute their instructions over the blockchain, casting their allotted votes in each proposal. The blockchain will relay the voting instructions and verification that the votes are counted back to each shareholder, providing immediate and accurate end-to-end confirmation.¹³ Neither the company nor other shareholders will be able to see how any

¹³ See, e.g., [Letter from Jonathan Gabel](#), Chief Investment Officer, Los Angeles County Employees Retirement Association to Mr. Brent Fields, Secretary, Securities and Exchange Commission 2 (Oct. 30, 2018) (“New technologies may present opportunities for cost-effective methods to better facilitate stakeholder collaboration and vote confirmation”).

individual shareholder voted. Tabulation would occur in real time. Once the voting period ends, the blockchain can immediately report the aggregate results to the company and its shareholders simultaneously. Again, due to the nature of the blockchain, once votes are entered, they cannot be removed or altered, ensuring that the final tally reflects a certain and complete result of the vote.¹⁴

If deployed properly, distributed ledger technology-based proxy voting could protect investor privacy while enhancing:

- **Timeliness**—The dissemination of materials, process of voting, and reporting of results occurs immediately and simultaneously when conducted on the blockchain.
- **Accessibility**— The blockchain represents a technological advancement that improves the accessibility of the proxy voting process to all shareholders, large and small, potentially improving participation rates.
- **Accuracy**— The blockchain utilizes a gatekeeper to allocate and authenticate votes, and the technology itself immutably tabulates votes as they are cast.
- **Certainty**— Shareholders can achieve end-to-end confirmation on the blockchain since it records the executed voting instructions.
- **Cost-effectiveness**—The blockchain-based system in the long run can substantially reduce costs associated with the current system by eliminating certain delays, frictions and opacities.¹⁵

While this Roundtable is focused on the proxy process, a system of traceable shares actually addresses broader matters of share custody and transfer. We believe traceable shares could substantially improve areas of corporation law that require share identification, including Section 11 claims and appraisal rights.¹⁶ In theory, Delaware could fix the clear misconception in Delaware law that direct ownership is a voluntary choice under the current system. But in our view, it makes more sense to fix this important federal/state disconnect at the federal level, given the clumsiness of immobilized shares and technology that enables a better alternative.

The prospect of systemic change will likely encounter opposition from interests that benefit from inefficiencies endemic to the current arcane system, which is to be expected. In addition, we suspect that various parties worried about a “slippery slope” toward one or another feared outcome also may try to kill reform at the starting gate. CII understands the attraction of a “just-say-no” approach. For example, we have members highly concerned about the privacy of their holdings, and opening up the possibility of systemic change will raise questions on moving beyond the

¹⁴ [Bertsch remarks](#) at 3.

¹⁵ CII, [Effective and Efficient Proxy Voting](#).

¹⁶ See [Geis](#) (on Section 11 claims and arbitration) and [Laster](#) (on arbitration) for excellent discussions of these issues.

OBO/NOBO system that could endanger, from this perspective, the confidentiality of positions. We believe it is possible to construct a system of traceable shares that retains the same level of confidentiality as today, however, and would not want a consideration of fundamental reform to stall based on the fear that a new door has opened that in theory could diminish confidentiality. Another example: we believe that proponents of “tenure voting” (that is, voting rights that are greater the longer the ownership period) must see reform of the current system for tenure voting to be practicable. We strongly oppose tenure voting. However, we think that debate should focus on the wisdom of unequal voting rights – and we should not rely on defending an archaic system to prevent the possibility of advocates of tenure voting winning the argument on the merits.

Near Term Improvements

As indicated, systemic change to the proxy voting process will require substantial focus, resources and time. In light of this, it is important also to improve functionality of the current system.

We respectfully request the SEC to consider taking the following two steps in the near-term. It also may be useful to consider taking certain other action items contemplated in the SEC’s 2010 “Concept Release on the U.S. Proxy System.” For example, we suspect it would be of value to require “pre-reconciliation” and other best practices in account reconciliation used by broker-dealers to address “imbalances” from differing recorded share positions, which often relates to share lending. The goal should be to minimize broker-dealer interventions to “allocate” votes of beneficial owners.

1. Adopt a Final Rule on Universal Proxy

CII and many of our member funds¹⁷ believe the SEC should promptly adopt the final rule largely consistent with the 2016 SEC proposal on Universal Proxy (2016 Proposal),¹⁸ and fix a major long-standing problem that affects the most consequential and contested proxy votes.¹⁹

Under the existing bona fide nominee rule,²⁰ one party in a proxy contest may not include the other party’s nominees for corporate director on its proxy card unless the other party’s nominees consent.²¹ For a variety of reasons, consent is rarely granted.²² As a result, shareowners usually have no practical ability through proxy voting to “split their ticket” and vote for the combination of dissident and management nominees that they believe best serve their economic interests.²³

¹⁷ See, e.g., [Letter from Jonathan Grabel](#) at 2 (“LACERA recommends that the Commission take action on proposed amendments to federal proxy rules to require use of universal proxy ballots in contested elections”).

¹⁸ Universal Proxy, Exchange Act Release No. 79,164, Investment Company Act Release No. 32,339, [81 Fed. Reg. 79,122](#) (proposed rule Oct. 2016).

¹⁹ See, e.g., Tom Buerkle, “[Proxy Plumbing Is Bigger Problem Than Adviser](#)”, Reuters, Oct. 2, 2018 (“Regulator’s would do better to focus on creaky proxy mechanics, starting with the ballot.”).

²⁰ [Requirements as to Proxy, 17 CFR 240.14a-4\(d\)\(1\) \(2010\)](#).

²¹ See 81 Fed. Reg. at 79,124.

²² *Id.* (describing the reasons why consent is “rarely provided”).

²³ See *id.* at 79,160.

Investors frequently have an interest in splitting their tickets, and there is no good reason they should be required to attend meetings to do so. A shareholder voting by proxy should have the same voting options as a shareholder who votes in person.

We believe adopting a final rule generally consistent with the 2016 Proposal would reduce confusion among both institutional and individual investors that results from current multiple and incomplete ballots.

CII submitted extensive comments in response to the 2016 Proposal (Comment Letter).²⁴ We have provided additional comments on several occasions since then, most recently in our July 19, 2018, letter on the SEC's 2018-2022 Strategic Plan.²⁵

Since the issuance of CII's Comment Letter, SEC Chairman Jay Clayton and SEC Director of Division of Corporation William Hinman shared with CII staff a few legitimate concerns about some issues raised by the 2016 Proposal, but we believe those issues are easily addressed. More recently, it was reported that Starboard Value CEO Jeffrey Smith raised a concern about the 2016 Proposal.²⁶ As described below, it is our understanding that Mr. Smith's concern is fundamentally at odds with the purpose of a universal proxy.

Chairman Clayton' Concerns

The two issues raised by Chairman Clayton at CII's 2018 spring conference were: (1) the solicitation threshold that would trigger requirement of a universal proxy; and (2) the circumstance when the election of a dissident results in an incumbent board member refusing to serve.²⁷

On the first issue, the 2016 Proposal would require that a dissident solicit at least a majority of shares for the universal proxy rule to kick in.²⁸ CII agreed with that threshold, but in light of the Chairman's concern, we would support moving to a higher threshold in the final rule that would (1) increase minimum solicitation requirement to 75%; and (2) require that total number of persons solicited exceeds 10.²⁹

On the second issue, we suggest, consistent with our response in the Comment Letter,³⁰ that the final rule require a registrant to disclose in its proxy statement: (1) if a party's nominees will not

²⁴ [Letter from Ken Bertsch](#), Executive Director, Council of Institutional Investors, to Brent J. Fields, Secretary, Securities and Exchange Commission 3 (Dec. 28, 2017) ("With minor enhancements, the proposed framework will provide for a constructive universal proxy regime that gives greater effect to existing shareholder rights.").

²⁵ See, e.g., [Letter from Jeffrey P. Mahoney](#), General Counsel, Council of Institutional Investors to Nicole Puccio, Branch Chief, Securities and Exchange Commission 3-12 (July 19, 2018).

²⁶ ActivistInsight, Business, "[Starboard CEO Jeff Smith's Stand to Fix Universal Ballot Contests](#)," WV, Oct. 2018.

²⁷ See, e.g., [Letter from Jeffrey P. Mahoney](#) at 8.

²⁸ See 81 Fed. Reg. at 79,175.

²⁹ See, e.g., [Letter from Jeffrey P. Mahoney](#) at 10.

³⁰ [Letter from Ken Bertsch](#) at 8 ("We believe it would be beneficial to adopt an amendment requiring disclosure if a party's nominees "will not" serve if elected with any of the opposing party's nominees. . . . Disclosure describing how the resulting vacancy will be filled under the registrant's governing documents and applicable state law should also be required in order to fully equip shareholders with the information required to make an informed decision.")

serve if elected with any of the opposing party's nominees; and (2) how the resulting vacancy will be filled under the registrant's governing documents and applicable state law.³¹ Such disclosure would ensure that shareowners have full information before casting their votes and that companies will undergo smooth transitions following proxy contests.

Director Hinman's Concern

Director Hinman indicated to CII staff at a September 24, 2018, meeting that he is concerned about the proposed penalty if a dissident fails to fulfill the minimum solicitation and related requirements provided for in the 2016 Proposal.

In response to Director Hinman's concern, we suggested, consistent with our response in the Comment Letter,³² that the final rule provide that such conduct by the dissident be considered a violation of the proxy rules, with the same consequences as other such violations, and that the dissident be required to compensate the registrant for expenses incurred in connection with the dissident's actions.³³

Mr. Smith's Concern

Jeffrey Smith, the Managing Member, CEO and CIO of Starboard Value, L.P. an activist investor, raised a concern at Schulte Roth & Zabel's October 2018 shareholder activism conference. Mr. Smith noted that under the 2016 Proposal, every single board nominee in a proxy contest involving a dissident short slate could receive more than 50% of the vote, with none of the dissidents seated.³⁴ In Mr. Smith's hypothetical example, there are eight director seats up for election, a full slate of eight management candidates, and a short slate of five dissident candidates.³⁵ Mr. Smith illustrates that it is possible that the five dissident candidates could each receive 51% of the vote and each of the eight management candidates could receive more than 51% of the votes.³⁶ Mr. Smith's proposed solution is to "divide the universal ballot into two sections – one featuring an equal number of candidates for contested elections, and the other containing the uncontested nominees."³⁷

In response, we note that under a plurality voting standard, which is the appropriate standard in a contested election according to CII's member-approved policies, the nominees who receive the

³¹ [Letter from Jeffrey P. Mahoney](#) at 11-12.

³² [Letter from Ken Bertsch](#) at 32 ("Such conduct should be considered a violation of the proxy rules, with the same consequences as other such violations . . . [and] [i]n addition, the dissident could be required to compensate the registrant for its expenses incurred in connection with the dissident's actions.").

³³ Email from Jeff Mahoney, General Counsel, Council of Institutional Investors to Julie Z. Davis, Senior Special Counsel to the Director, Division of Corporation Finance, U.S. Securities and Exchange Commission, (Attachment Sept. 28, 2018) (on file with CII).

³⁴ [ActivistInsight](#) at 3 (Describing the issue as "[i]n a fight involving a short slate against a full one, there are enough possible outcomes for every single candidate to receive over 50% of the shares.").

³⁵ See *id.* (see link to "SRSStarBoardSides.pdf" at 1).

³⁶ See *id.* (see link to "SRSStarBoardSides.pdf" at 5).

³⁷ *Id.* (see link to "SRSStarBoardSides.pdf" at 6).

most “for” votes are elected to the board until all board seats are filled.³⁸ Therefore, we believe the outcome Mr. Smith describes is the appropriate one given the stated facts.

Mr. Smith’s proposed solution is excessively complex, in our view, and his approach would appear to limit the degree of choice afforded to shareholders from a universal proxy and systematically increase the likelihood of success for the dissident’s slate.³⁹ For these reasons, we believe the Commission should reject Mr. Smith’s proposed solution.⁴⁰ We believe that it is the dissident’s responsibility to communicate to other shareholders why its nominees are superior to incumbent nominees, and to persuade investors to withhold support from particular incumbent nominees so as to gain plurality voting support for their short slate, should a dissident decide to take a short slate approach.

2. Provide Guidance to Assure Vote Confirmation

Between the complexity of intermediary chains and challenges around fungible shares, many of our members continue to lack confidence that their shares are always fully and accurately voted. Institutional investors generally vote on electronic platforms and should routinely and promptly see vote confirmations of how (and how many) shares in each account were voted on each voting item.

Since 2010, market intermediaries have worked on a system to provide vote confirmation on request. Broadridge and various transfer agents appear to have developed a protocol to provide vote confirmation in most cases. Broadridge itself offers transfer agent services, but no other transfer agents appear to be cooperating on vote confirmation. We believe the SEC should mandate that all intermediaries transmit the necessary information to enable vote confirmation for all votes.⁴¹

To be clear, we are not convinced that the protocol worked out by Broadridge and transfer agents will provide complete assurance to investors in all cases. But if a protocol along the lines that Broadridge worked on for years with transfer agents is implemented widely, we believe there would be significantly more awareness of specific problems in voting, and confidence in votes being cast fully and accurately where that is the case.

³⁸ *Id.*

³⁹ [ActivistInsight](#) at 3 (Commenting that “[o]ne objection [to Mr. Smith’s proposed solution] might be that it would limit the degree of choice afforded by the universal ballot - perhaps its chief appeal”).

⁴⁰ [Letter from Ken Bertsch](#) at 3 (“We did not propose a universal proxy card because we thought it would increase the likelihood of success for a dissident, and we do not believe it will, . . . [w]e proposed a universal proxy card to facilitate shareholder voting rights.”).

⁴¹ See [Letter from Jonathan Gabel](#) at 2 (“LACERA recommends that the Commission assess options to efficiently facilitate end-to-end vote conformation”); [Letter from Carine Smith Ibenacho](#), Chief Corporate Governance Officer, and Severine Neervoort, Senior Analyst, Policy Development, Norges Bank Investment Management, to Securities and Exchange Commission 1-2 (Nov. 11, 2018) (“we respectfully submit that introducing a mandatory requirement for all intermediaries to transmit the necessary information throughout the voting chain, to provide transparency to shareholders on how their votes have been cast, would help address this issue”).

II. Shareholder Proposals and Effective Shareholder Engagement

CII and its members have a deep interest in ensuring that Rule 14a-8,⁴² the federal rule that governs shareholder proposals, is a fair and workable standard for shareowners and companies.⁴³ The rule provides an orderly means to mediate differences between managers and owners.

Shareholders can actively engage with company boards and management along a spectrum, from letter writing and meetings, to shareholder proposals, to full-scale proxy fights or legal action. Shareholder proposals permit investors to express their voice collectively on issues of concern to them, without the cost and disruption of waging proxy fights. One-on-one engagement is not a substitute for collective expression of views permitted by shareholder proposal, and proxy fights are simply inappropriate for pursuing many issues of concern to various shareholders.

We are mindful that many improvements in U.S. corporate governance practices would not have occurred without a robust shareowner proposal process in place.⁴⁴ For example:

- Shareholder proposals gave impetus to behind the practice—now largely mandated by major U.S. stock exchanges’ listing standards—that independent directors constitute at least a majority of the board, and that all the members of the following board committees are independent: audit, compensation, nominating and corporate governance. Similarly, investors pressed for independent board leadership, now prevalent at U.S. companies through independent lead directors or independent chairs, primarily through shareholder proposals in the 1990s.⁴⁵

⁴² [17 CFR 240.14a-8](#) (Sept. 16, 2010).

⁴³ See [“Examining the U.S. Proxy Voting System: Is it Working for Everyone,”](#) Corporate Governance Roundtable, hosted by Rep. Scott Garrett, 114th Cong (Nov. 16, 2015) (Statement of Amy Borrus, Interim Executive Director, Council of Institutional Investors at 7). See generally [“Joint Statement on Defending Fundamental Shareowner Rights”](#) (June 2, 2017) (commenting that **“ability of shareowners to file shareholder proposals is a fundamental investor right first established by the federal government in 1942 for reasons that remain vital today,”** and signed by Comptrollers, Controllers, and/or Treasurers of the City of New York, and states of California, Connecticut, Illinois, Massachusetts, Oregon, Pennsylvania and Rhode Island).

⁴⁴ See [Letter from Jonathan Grabel](#) at 3 (“many governance practices now considered standard practice have emerged from shareholder resolutions and spread across the market, absent market regulation or legislation”); letter from Thomas P. DiNapoli, State Comptroller, State of New York, Office of the State Comptroller, to the Honorable Jeb Hensarling, Chairman, Committee on Financial Services, United States House of Representatives 1 (Apr. 26, 2017) (“It has been my experience over the past 10 years as Comptroller that shareholder resolutions are an effective means to voice concerns and propose changes in order to protect Fund investments and encourage sustainable, robust corporate practices at our portfolio companies.”); [Statement of New York City Comptroller Scott M. Stringer on the April 19th Discussion Draft of the Financial CHOICE Act of 2017 \(Act\) 3](#) (Apr. 25, 2017) (describing some of the many achievements “made possible because of the NYC Pension Funds’ long-standing right and ability to file shareholder proposals—a right and ability that would be pointlessly eviscerated by the passage of the Act”).

⁴⁵ [“Joint Statement on Defending Fundamental Shareowner Rights”](#) at 2 (commenting on advancements in U.S. corporate governance practices that has resulted from *“Independent Directors”* shareowner proposals); Ceres et al., [“The Business Case for the Current SEC Shareholder Proposal Process”](#) at 6 (Apr. 2017); IRRC Corporate Governance Bulletin, “Independence of Directors Emerges as Major 1993 Issue,” IRRC (Nov./Dec. 1992) (on file with CII).

- In 1987, an average of 16% of shares were voted in favor of shareholder proposals to declassify boards so that directors stand for election annually. In 2012, these proposals enjoyed an 81% average level of support. Ten years ago, less than 40% of S&P 500 companies held annual director elections compared to more than two-thirds of these companies today.⁴⁶
- Electing directors in uncontested elections by a majority—rather than plurality—vote was considered a radical idea 15 years ago when advocated by shareholders through proposals filed with numerous companies. Today, 90% of large-cap U.S. companies elect directors by majority vote, largely as a result of robust shareholder support for majority voting proposals.⁴⁷
- Proxy access proposals built momentum even more rapidly and influenced the practices of hundreds of companies in the last few years. Resolutions filed by the New York City Comptroller and other pension funds to allow shareholders meeting certain eligibility requirements to nominate directors on the company’s proxy ballot achieved majority votes at numerous companies. As a result, since 2015, more than 400 public companies have adopted proxy access bylaws.⁴⁸

Benefits to Companies

The cost to public companies of the existing shareholder proposal process is generally low and the process often results in benefits to companies.⁴⁹ It is important to note that most companies receive few, if any, shareholder proposals.⁵⁰

The average Russell 3000 company can expect to receive a proposal every 7.7 years.⁵¹ Proposals are typically filed with larger companies (i.e., S&P 500) that have the resources to address such shareholder input.⁵²

⁴⁶ “[Joint Statement on Defending Fundamental Shareowner Rights](#)” at 2 (commenting on advancements in U.S. corporate governance practices that has resulted from “*Annual Election of Directors*” shareholder proposals); [Ceres et al.](#) at 6.

⁴⁷ “[Joint Statement on Defending Fundamental Shareowner Rights](#)” at 2 (commenting on advancements in U.S. corporate governance practices that has resulted from “*Majority Voting for Election of Directors*” shareholder proposals); [Ceres et al.](#) at 6.

⁴⁸ “[Joint Statement on Defending Fundamental Shareowner Rights](#)” at 2 (commenting on advancements in U.S. corporate governance practices that has resulted from “*Shareowner Access to the Proxy*” shareholder proposals); [Ceres et al.](#) at 6.

⁴⁹ See [Ceres et al.](#) at 11-12 (providing an analysis of the potential range of company costs).

⁵⁰ According to the ISS Voting Analytics database of Russell 3000 companies on file with CII, shareholders submitted an average of 836 proposals at 386 companies per year between 2004 and 2017. The number of submitted proposals fluctuated between approximately 800-1000 proposals per year, except for a dip to 603 proposals in 2011 and 673 proposals in 2012 after the SEC’s adoption of say-on-pay vote requirements. According to Gibson Dunn, “shareholders submitted 788 proposals during the 2018 proxy season, down 5% from 827 in 2017 and down 14% from 916 in 2016.” Gibson Dunn, [Shareholder Proposal Developments During the 2018 Proxy Season](#) 3 (July 12, 2018).

⁵¹ ISS Voting Analytics database (on file with CII).

⁵² See [Ceres et al.](#) at 12 (discussion of frequency of shareholder proposals at public companies).

For companies that do receive a proposal, the median number of proposals is one per year.⁵³ When shareholders file proposals, companies often agree to act on the request made in the proposal. In this respect, an average of 37.5% of shareholder proposals broadly related to climate change during the 2012-2016 proxy seasons were withdrawn by filers in response to the company agreeing to the request in some manner.⁵⁴

The withdrawal rates for several other topics are much higher.⁵⁵ This outcome suggests that many companies find benefits from committing to act on shareholder proposals prior to a vote.

Additionally, there are a number of bases upon which a company may rely to exclude shareholder proposals, including the provision of Rule 14a-8 that governs the resubmission of such proposals.⁵⁶ Pursuant to this provision, if the proposal addresses substantially the same subject matter as another proposal that has been previously included in the company's proxy materials within the prior five (5) calendar years, the company may exclude the proposal for any shareholder meeting held within three (3) calendar years of the last submission if the proposal received: less than (i) 3% of the vote on its first submission; (ii) 6% on the second; or (iii) 10% on the third and subsequent submissions.⁵⁷

Some critics of Rule 14a-8 suggest that the current resubmission levels should be raised to reduce the number of proposals filed repeatedly for a number of years.⁵⁸ The data often referenced to support those claims is, at best, selective and without context.⁵⁹

To provide a basis for a more informed discussion on this topic, the Council of Institutional Investors Research and Education Fund has analyzed the more than 3,600 shareholder proposals that went to votes at Russell 3000 companies between 2011 and 2018. We are submitting the resulting report, entitled "Clearing the Bar: Shareholder Proposals and Resubmission Thresholds," with this letter.⁶⁰

The shareholder proposal process has proven a key mechanism for effective shareholder engagement over half a century. Shareholder proposals should not be further restricted without first

⁵³ *Id.*

⁵⁴ Data compiled by Ceres (on file with CII).

⁵⁵ See [Ceres et al.](#) at 11 ("The New York City Comptroller's Office withdrew 80 percent of the 45 proxy access resolutions it filed during the 2016 and 2017 proxy seasons due to commitments by 36 companies.").

⁵⁶ 17 CFR 240.14a-8(i)(12); see [SEC SLB No. 14J, Shareholder Proposals](#) (Oct. 23, 2018) (providing more guidance, including the further expansion of certain other exclusions provided under Rule 14a-8).

⁵⁷ 17 CFR 240.14a-8(i)(12)

⁵⁸ See, e.g., [Letter from Chris Natram](#), Vice President, Tax and Domestic Economic Policy, to Brent J. Fields, Securities and Exchange Commission 7 (Oct. 30, 2018) ("NAM urges the SEC to . . . implement increased resubmission thresholds").

⁵⁹ *Id.* (referencing data indicating that "nearly 30 percent of all proposals had been submitted three or more times" but failing to reference data regarding the percentage support for those proposals or the percentage of those proposals that obtain majority support or result in companies engaging with proponents to reach a mutually agreeable solution).

⁶⁰ Brandon Whitehill, "[Clearing the Bar: Shareholder Proposals and Resubmission Thresholds](#)," CII, November 2018.

conducting a thorough fact-based analysis that includes a consideration of the benefits of the current shareholder proposal rule to companies, investors and the capital markets generally. That analysis should also include an evaluation of how greater restrictions on shareholder proposals may lead investors to express their views through other means such as opposing director nominees.⁶¹

III. The Role and Regulation of Proxy Advisory Firms

Many CII members and other institutional investors voluntarily contract with proxy advisory firms to obtain cost-effective independent research to help inform their proxy voting and engagement decisions, and to execute votes based on funds' own proxy voting guidelines. The Commission has long recognized that proxy research firms "serve an important role in the shareholder voting process."⁶²

Proxy voting is a critical means by which shareowners hold corporate executives and boards to account and is a hallmark of shareholder ownership and accountability. The system of corporate governance in the United States relies on the accountability of corporate officers and boards of directors alike to shareowners, and ensuring unencumbered shareholder access to independent research is a crucial underpinning of effective corporate governance.

The responsibility for appropriate use of proxy advisory firms rests with investors – the users of the research and services. In 2014, the SEC staff wisely issued guidance, in Staff Legal Bulletin No. 20 (SLB 20), reaffirming that investment advisors have an ongoing duty to maintain oversight of proxy research firms and other third-party voting agents.⁶³ Importantly, that duty includes:

[A]scertain[ing], among other things, whether the proxy advisory firm has the *capacity and competency* to adequately analyze proxy issues. In this regard, investment advisers could consider, among other things: the adequacy and quality of the proxy advisory firm's staffing and personnel; the *robustness of its policies and procedures* regarding its ability to (i) *ensure that its proxy voting recommendations are based on current and accurate information* and (ii) *identify and address any conflicts of interest* and any other considerations that the investment adviser believes would be appropriate in considering the nature and quality of the services provided by the proxy advisory firm.⁶⁴

⁶¹ See, e.g., ["ONPOINT/A Legal Update from Dechert's Corporate Governance Practice, Shareholder Proposal Reform under the Financial CHOICE Act of 2017: A Welcome Development for Companies or a Trojan Horse?"](#) 2 (May 2017) ("If that outlet for complaints is removed, aggrieved shareholders may have no choice but to resort to more direct, blunt action, such as binding bylaw proposals, withhold vote for director campaigns, or even the ouster of company directors via proxy access or in a conventional contest.").

⁶² See, e.g., Commissioner Robert J. Jackson, Jr., ["Statement on Shareholder Voting"](#) at 1 (Sept. 14, 2018) (referring to Proxy Voting by Investment Advisers, Investment Adviser Act Release No. 2,106, 68 Fed. Reg. 6,585 (final rule Feb. 7, 2003)).

⁶³ [SEC Staff Legal Bulletin No. 20](#) at 2-3 (June 30, 2014) (describing the investment adviser's ongoing duty to oversee a proxy advisory firm that it retains).

⁶⁴ *Id.* at 2-3 (emphasis added & footnotes omitted).

CII and many institutional investors publicly supported the 2014 guidance.⁶⁵ We are unaware of any compelling evidence indicating that the guidance is not being followed or that more regulation of proxy research firms is necessary or in the best interests of investors, companies, or the capital markets generally.⁶⁶

Most large institutional investors are not “robo-voting” the proxy research firms’ recommendations, just as most no longer automatically “robo-vote” in line with all management recommendations. Rather, most large institutions vote their proxies according to their own guidelines.⁶⁷ While many large institutional investors rely on proxy advisors to help them manage the analysis of myriad issues presented in the proxy statements accompanying thousands of shareholder meetings annually,⁶⁸ and to help administer proxy voting, these services do not constitute an abdication of responsibility for their own voting decisions.⁶⁹

The independence that shareowners exercise when voting their proxies is evident in the statistics related to “say on pay” proposals and director elections. Although Institutional Shareholder Services Inc. (ISS), the largest proxy research firm, recommended voting against say-on-pay proposals at 12.3% of Russell 3000 companies through Nov. 1, 2018, only 1.4% of those proposals received less than majority support from shareowners.⁷⁰ Similarly and for the same period, although ISS recommended voting against or withholding votes from the election of 11.6% of uncontested director-nominees, just 0.2% failed to obtain majority support.⁷¹

More regulation of proxy research firms could increase costs for pension plans and other institutional investors, with no clear benefits. Higher regulatory costs risk reducing competition among an already limited number of proxy research firms in the U.S. market and impose new barriers for entry.⁷² This would ill-serve asset managers and their ultimate beneficiaries, and would damage companies by weakening an important tool used by investors in exercising their

⁶⁵ See [Letter from Jeff Mahoney](#), General Counsel, CII to The Honorable Scott Garrett, Chairman, Subcommittee on Capital Markets and Government Sponsored Enterprises, Committee on Financial Services et al. 5 (July 23, 2014) (“Consistent with our recommendation, the Guidance clarifies that investment advisers are not required to vote every proxy.”).

⁶⁶ See, e.g., [Jackson](#) at 2 (Sept. 14, 2018) (“Rigorous review of the evidence shows . . . no basis for . . . policy changes” regarding proxy research firms); see generally, [Myth v. Fact, Protect the Voice of Shareholders](#) (last visited Nov. 4, 2018) (ISS & CII website responding to myths raised by some critics of proxy research firms).

⁶⁷ See, e.g., [Letter from Jonathan Grabel](#) (“LACERA votes proxies according to its *Corporate Governance Principles*.”).

⁶⁸ See, e.g., U.S. Department of the Treasury, “[A Financial System That Creates Economic Opportunities, Capital Markets](#)” at 31 (Oct. 2017) (“institutional investors, who pay for proxy advice and are responsible for voting decisions, find the services valuable, especially in sorting through the lengthy and significant disclosures contained in proxy statements”).

⁶⁹ See, e.g., Stephen J. Choi et al., “[The Power of Proxy Advisors: Myth or Reality?](#)”, 59 *Emory L.J.* 869, 869 (2010) (distinguishing correlation from causality and concluding that the impact of Institutional Shareholder Services recommendations on shareholder votes is “substantially overstate[d]”).

⁷⁰ ISS Voting Analytics Database (Nov. 2, 2018) (on file with CII).

⁷¹ *Id.*

⁷² Karen Barr, “[Letter to Editor: Don’t Disparage or Restrict Proxy Advisors](#),” *Wall St. J.*, Sept. 24, 2018 (“Given the utility of proxy advisory services, policy makers should refrain from measures that would restrict their use or make those services more expensive to advisers and their clients, or further raise barriers to entry for new proxy advisory firms.”).

franchise, which is key to corporate accountability. We believe voting decisions will be worse, not better, if one or more proxy advisory firms are driven out of business, and new entrants fail to enter the market due to prohibitive regulatory costs.

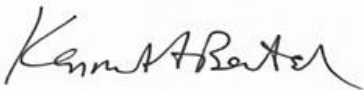
The bottom line: excessive regulation of proxy research firms could impair the ability of institutional investors to promote good corporate governance and accountability at the companies in which they own stock. Proxy research firms, while imperfect, play an important and useful role in enabling effective and cost-efficient independent research, analysis and informed proxy voting advice for large institutional shareholders, particularly since many funds hold shares of thousands of companies in their investment portfolios.

The entities that are in the best position to make assessments about whether proxy research firms are adhering to contractual terms negotiated with clients are the clients themselves. Institutional investors that choose to purchase these services are sophisticated consumers who are fully capable of making prudent choices based on free-market principles. The consumers are generally not requesting more regulation of proxy research firms. Moreover, as SLB 20 makes clear, the SEC appropriately regulates reliance on proxy advisory firms through oversight of investment advisors. There is no need to pile on an additional regulatory regime.

The urgent need is to fix proxy infrastructure, not to impose new regulatory burdens on proxy advisory firms. We are pleased that the Commission will examine proxy infrastructure issues in the November 15 Roundtable, but are distressed that the Commission proposes to spend equal time on considering new proxy advisory firm regulation – a solution in search of a problem.⁷³

We would be more than happy to discuss any of these issues, and look forward to participating in the Roundtable. If you have any questions or need additional information, please contact Ken Bertsch or Jeff Mahoney at [REDACTED] ([REDACTED]; [REDACTED]).

Sincerely,



Kenneth A. Bertsch
Executive Director



Jeffrey P. Mahoney
General Counsel

Attachment

⁷³ See Tom Buerkle, “Don’t Shoot the Messenger”, Reuters, Oct. 2, 2018 (“the SEC has options that would achieve much more than undermining proxy advisers”); see also [Jackson](#) at 2 (“I am worried that the Roundtable’s consideration of contentious issues like this one [proxy advisory firms] will distract from the urgent need to fix the basic mechanics of modern corporate democracy.”).



CII Research and Education Fund®
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November 2018

CLEARING THE BAR

Shareholder Proposals and Resubmission Thresholds

Prepared By CII Research Analyst Brandon Whitehill

Over the past few years, some financial market participants have questioned the currently required support thresholds for resubmitting shareholder proposals to be voted at the annual and special meetings of U.S. public companies. To provide a basis for informed discussion about this issue, the Council of Institutional Investors Research and Education Fund (CII-REF) has analyzed the more than 3,600 shareholder proposals that went to a vote at Russell 3000 companies between 2011 and 2018. This report discusses the findings.

The Council of Institutional Investors established the CII Research and Education Fund (CII-REF) in 2012 as a nonpartisan, tax-exempt organization to support and publish research and reports on a wide range of topics of interest to long-term investors. CII-REF focuses on educating the public, investors, corporations, other financial market participants and policymakers about topical issues, including corporate governance, shareholder rights, investment, capital markets, accounting standards and securities litigation.

Executive Summary

The shareholder proposal process—when a public investor submits a proposal, the board of directors considers the issue and the company’s shareholders vote on the proposal—is a leading conduit for engagement and dialogue between investors and issuers in the U.S. public capital markets. Between 2011 and 2018, more than 3,600 shareholder proposals went to a vote at Russell 3000 companies, and many more were submitted but not voted.¹

One-third of the proposals voted over this period went to a vote two or more times at the same company. But to be eligible for resubmission, a proposal must meet a minimum threshold of support in previous attempts. This analysis uses a dataset of the voted shareholder proposals between 2011 and 2018 at Russell 3000 companies to determine the impact of the current resubmission thresholds as well as the potential impact of proposals to raise them.²

The key findings of this analysis include:

- The vast majority of shareholder proposals satisfy the current resubmission thresholds of 3%, 6% and 10%. About 95% of proposals are eligible for resubmission after the first attempt, 90% after the second and third attempts and nearly all proposals that clear those thresholds and are submitted again remain eligible in subsequent submissions.
- About 20% of proposals win majority shareholder support on the first attempt. Less than 5% of proposals that fail to win majority support the first time go on to pass in a subsequent attempt. Even so, proponents can often successfully engage companies if their proposals win substantial, but less than majority, support.
- Looking at environmental, social and governance classifications (ESG), governance issues comprise the most common proposal subject matter and win the highest levels of support. About 97% of governance proposals, 92% of environmental proposals and 87% of social proposals satisfy the current resubmission thresholds during this period.

¹ All data for the 2011–2018 dataset used in this analysis come from ISS Link, SEC Filings and CII analysis. Download the dataset at <https://www.ciiref.org/resubmission-thresholds>.

² No analysis of shareholder proposals and resubmission thresholds is perfect, including this one. The dataset used here relies on the descriptions of shareholder proposals assigned by ISS Link, which does not always comport with what the SEC or courts might judge as a proposal on “substantially the same subject matter.” For example, ISS classifies a proposal to reduce a supermajority voting threshold differently from one eliminating a supermajority threshold, when in reality the proposals could be the same or substantially similar. The dataset for this analysis does, however, take into account the five-year lookback on resubmission thresholds. For example, if a proposal was voted in 2011 and resubmitted in 2016, the 2016 attempt is coded to correspond with the first-year threshold.

- Raising the resubmission thresholds will necessarily exclude more proposals. A modest increase to 5%, 10% and 15% would roughly double the number of ineligible proposals. A more substantial increase to 6%, 15% and 30%, as included in the Financial CHOICE Act and advocated by certain management-oriented groups, would triple the number. Doubling the current thresholds to 6%, 12% and 20% would have an impact that falls between these two scenarios.
- The 6/15/30 scenario could render more than half of environmental and social proposal ineligible for resubmission, particularly after the third attempt. Under the 5/10/15 and 6/12/20 scenarios, about 90% of governance proposals and 70% of environmental and social proposals would remain eligible for resubmission.
- Of the proposals that were eligible under existing rules but would fail to satisfy the increased thresholds, only about one-third were actually resubmitted between 2011 and 2018, and those that were gained two to four percentage points in support on average. Raising the resubmission thresholds could, however, exclude anywhere from seven to 38 proposals that went on to win substantially higher support when resubmitted, depending on the scenario (see Box 1).

Box 1—Impact of Raised Resubmission Threshold Scenarios

This analysis considers three proposals to raise the resubmission thresholds: a modest 5/10/15, a doubling 6/12/20 and a substantial 6/15/30 increase scenario. The table below shows the impact of each scenario based on the dataset of 3,620 shareholder proposals voted at Russell 3000 companies between 2011 and 2018. For more detail, see Table 11 on page 19.

Excludable proposals shows the number of proposals eligible for resubmission under the current 3/6/10 thresholds that would be excludable in each scenario. *Resubmitted* is the number of proposals that were actually resubmitted. *Higher support* refers to the number of proposals that went on to win substantially higher support in a subsequent attempt that would be excludable in each scenario. And *change in support* is the average percentage point change in support in the next attempt for those proposals that were resubmitted.

Scenario	Excludable Proposals	Resubmitted	Higher Support	Change in Support
Modest (5/10/15)	240	73	7	+2.7%
Doubling (6/12/20)	348	122	15	+3.9%
1997/CHOICE (6/15/30)	457	180	38	+2.8%

The Shareholder Proposal Process

The shareholder proposal process is governed by the Securities and Exchange Commission (SEC) pursuant to Rule 14a-8 of the Securities Exchange Act of 1934. Upon entering into force in 1942, some observers called rule 14a-8 the “shareholders’ Bill of Rights.”

Subject to share ownership and procedural requirements, a shareholder may submit a proposal to be voted at an annual or special meeting. The company generally may exclude a properly submitted shareholder proposal only under specific circumstances, including the failure of a proposal to win sufficient support in a previous attempt.³

The current resubmission thresholds allow a company to exclude a shareholder proposal from its proxy statement if it deals with “substantially the same subject matter” as another proposal that failed to receive 3% support if voted once in the last five years, 6% support if voted twice in the last five years and 10% support if voted three or more times in the last five years. These thresholds apply irrespective of who the proponent is, even if the proponent or the approach of a substantially similar proposal has changed between attempts.

To guide the shareholder proposal process in its nascent years,⁴ the SEC in 1948 created the first resubmission threshold allowing companies to exclude a substantially similar proposal to one that failed to earn at least 3% support at the previous annual meeting.⁵ In 1954, the SEC added two additional thresholds for resubmission: 6% after the second attempt and 10% after the third and in subsequent attempts within five years.⁶ In 1997, the SEC proposed a rule raising the resubmission thresholds to 6%, 15% and 30%, but it declined to finalize the rule in response to opposition from the proponent community.⁷

³ [“17 CFR 240.14a-8 - Shareholder proposals.”](#) Legal Information Institute, Cornell Law School.

⁴ See Susan W. Liebler, *A Proposal to Rescind the Shareholder Proposal Rule*, 18 Ga. L. Rev. 425 (1984): “The first official reference to shareholder proposals appeared in the 1940 amendments to the proxy rules, in which the Commission required management to give stockholders an opportunity to vote on nonmanagement proposals on the proxy card. Two years later, the shareholder proposal mechanism was codified in rule 14a-7.”

⁵ Securities Exchange Act Release No. 4185, 12 Fed. Reg. 6678, 6679 (Nov. 5, 1948).

⁶ In 1953, the SEC proposed to set the thresholds at 3%, 7% and 10%. Owing to pushback from shareholder proponents, the SEC slightly modified the thresholds and set them at 3%, 6% and 10% in 1954. The commission again endorsed these thresholds in its 1976 amendments to the shareholder proposal process. In 1983, the SEC raised the thresholds to 5%, 8% and 10%, but a federal court found that the commission violated the Administrative Procedures Act in making the resubmission changes and the thresholds returned to 3%, 6% and 10% in 1985.

⁷ See [Securities Exchange Act Release No. 34-40018](#), 63 Fed. Reg. 29 (May 21, 1998): “Many commenters from the shareholder community expressed serious concerns about this proposal. We have decided not to adopt the proposal, and to leave the thresholds at their current levels.”

When the SEC first adopted the thresholds, between one-half and three-quarters of proposals failed to win sufficient support for resubmission.⁸ But as the resubmission thresholds remained fixed over time and institutional investors more actively participated in shareholder voting, the proportion of proposals ineligible for resubmission dropped substantially to just 5% after the first attempt. Data from the Investor Responsibility Research Center (IRRC) show a precipitous increase in the proportion of even social proposals receiving at least 3% support from the 1970s—when as few as 17% of proposals won sufficient support—to the 1980s and 1990s—when the proportion rose as high as 95% of social proposals.⁹

Shareholder Proposals and Resubmission Thresholds

At annual and special meetings between 2011 and 2018, 3,620 shareholder proposals went to votes at 677 Russell 3000 companies.¹⁰ As Table 1 shows, two-thirds of those votes were on proposals submitted for the first time, while one-third were proposals submitted in a second or subsequent attempt.

As the resubmission thresholds increase over the first three attempts, the proportion of proposals with support falling under the thresholds also increased. After the third attempt, as the threshold remains fixed, the proportion of proposals falling under 10% decreased, as did the number of proposals continually resubmitted. 50 proposals were submitted six or more times, and none of them failed to satisfy the resubmission threshold.

Table 1—Shareholder Proposals Voted and Under the Resubmission Thresholds

Attempt	Proposals Voted	Proposals Under the Threshold	% of Proposals Under the Threshold
First (3%)	2,306	121	5.2%
Second (6%)	735	65	8.8%
Third (10%)	298	27	9.1%
Fourth (10%)	147	5	3.4%
Fifth (10%)	84	4	4.8%
Sixth (10%)	33	0	0.0%
Seventh (10%)	13	0	0.0%
Eighth (10%)	4	0	0.0%

Two-thirds of the proposals winning at least 3% support in the first attempt were never resubmitted despite being eligible. The proportion of eligible proposals resubmitted

⁸ Lewis D. Gilbert, *Dividends and Democracy*, Larchmont: American Research Council, 1956, 108.

⁹ “How Institutions Voted on Social Policy Shareholder Resolutions In the 1992 Proxy Season,” IRRC, October 1992.

¹⁰ Data current as of 8/28/2018. According to available data, shareholders submitted proposals to a total of 953 Russell 3000 companies between 2011 and 2018, but only those at 677 companies went to votes.

increased in the third, fourth and fifth attempts and then declined in the sixth and subsequent attempts, as Table 2 shows.

Table 2—Eligible Shareholder Proposals Resubmitted

Attempt	Proposals Eligible for Resubmission	Proposals Resubmitted	% of Proposals Resubmitted
Second	2,185	735	33.6%
Third	670	298	44.5%
Fourth	271	147	54.2%
Fifth	142	84	58.5%
Subsequent	126	50	39.5%

On average, the proposals voted between 2011 and 2018 received support from one-third of shares voted on the first attempt as shown in Table 3. Support varied modestly in subsequent attempts but exceeded the resubmission thresholds across all attempts. The median levels of support closely tracked the average levels, generally suggesting the data are not biased by a limited number of proposals that received either extremely low or high levels of support.

Table 3—Average and Median Support for Shareholder Proposals

Attempt	Average % Support	Median % Support
First	33.6%	30.3%
Second	29.2%	28.6%
Third	31.8%	30.4%
Fourth	33.9%	33.2%
Fifth	32.3%	31.5%
Subsequent	30.9%	29.0%

In submitting shareholder proposals, proponents most often seek to engage management and the board of directors to facilitate change on the issue at hand. If a proposal receives substantial support—especially after repeated attempts and even if not majority supported—companies will often engage proponents to reach a mutually agreeable solution. Proponents most often then normally refrain from resubmitting the proposal or withdraw it before it goes to a shareholder vote.

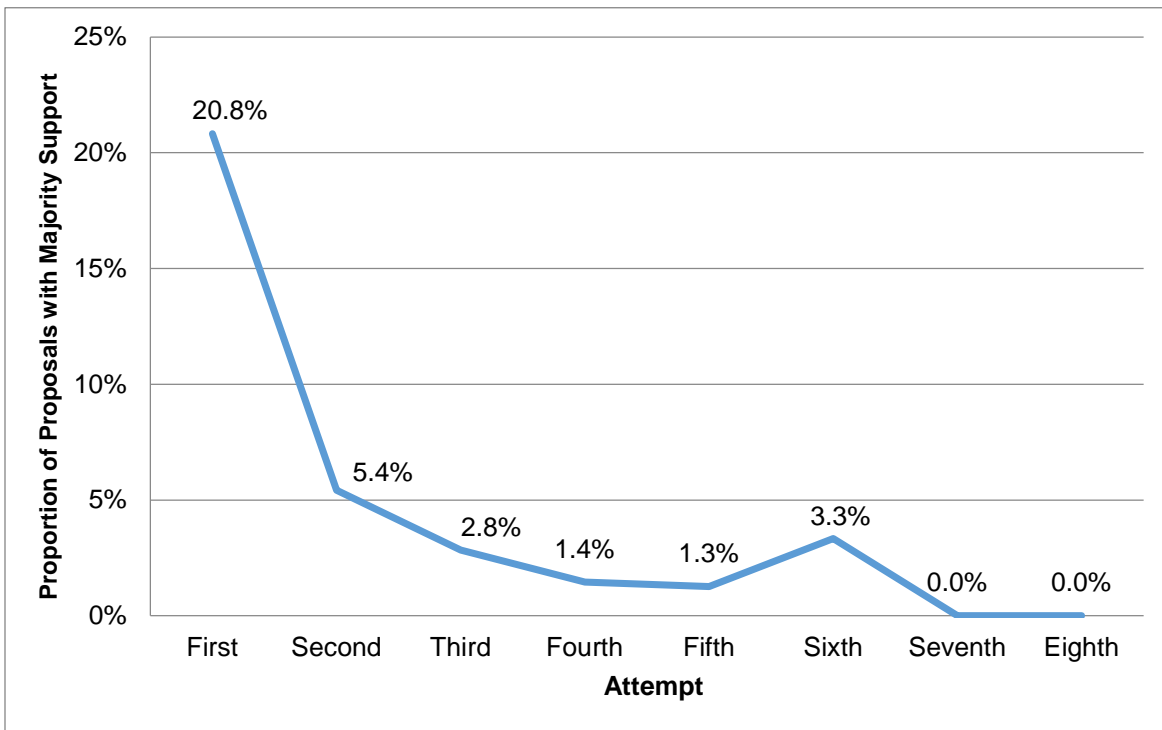
At less responsive companies or with particularly pressing issues, winning a majority of shares voted may prove necessary to attract the board’s attention. Table 4 shows the proportion of proposals that won majority shareholder support in each attempt. One-fifth of proposals received at least 50% of shares voted in the first attempt, but the incidence of winning majority support diminished in subsequent attempts. Overall, one-sixth of shareholder proposals received a majority of votes cast.

Table 4—Shareholder Proposals Winning Majority Support

Attempt	Proposals Voted	Proposals with Majority Support	% of Proposals with Majority Support
First	2,306	480	20.8%
Second	735	72	9.8%
Third	298	24	8.1%
Fourth	147	11	7.5%
Fifth	84	5	6.0%
Subsequent	50	4	8.2%
Total	3,620	596	16.5%

Since most shareholder proposals are precatory, meaning the requested action is non-binding on the company, boards sometimes ignore majority votes for proposals, prompting proponents at times to resubmit proposals even after they won majority support. The figures in Table 4 therefore include some proposals that won majority support multiple times. Counting each majority-supported proposal only once, Figure 1 reveals that the incidence of proposals winning majority support after failing to reach 50% the first time was very low and diminished to zero in subsequent attempts. For many proponents, however, reaching 30% support provides sufficient impetus for engagement with boards and for companies to take action (see Box 2). Roughly half of proposals across all attempts reached 30% support.

Figure 1—Shareholder Proposals Winning Majority Support for the First Time

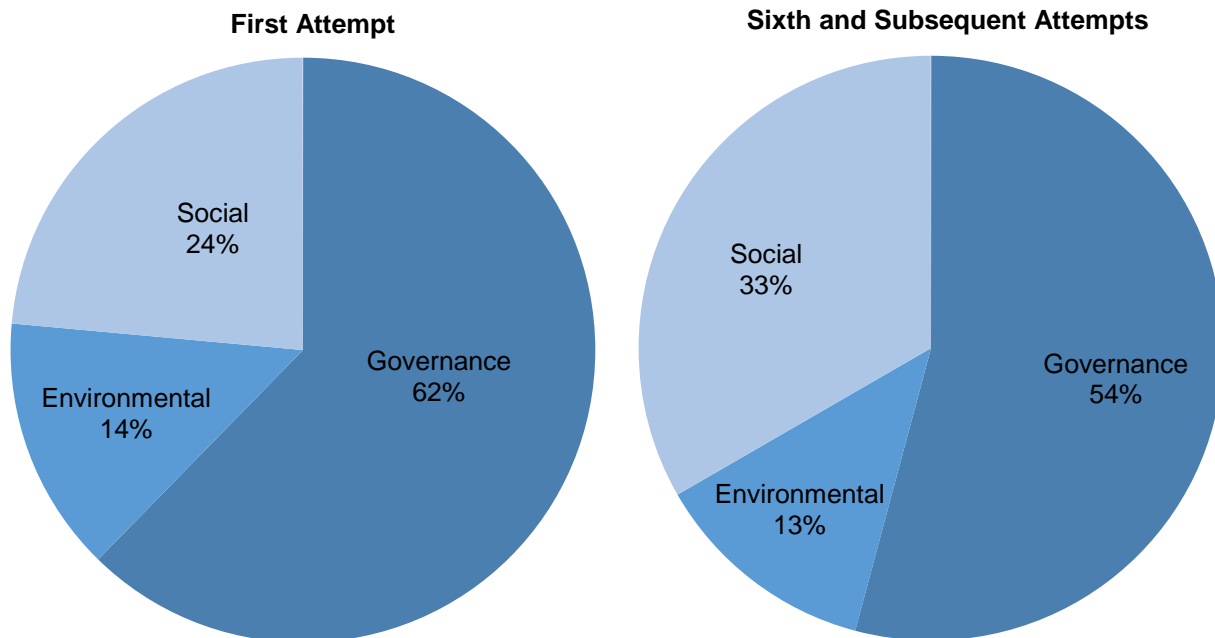


Shareholder Proposals and Proposal Subject Matter

Shareholder proposals address issues that are commonly divided into three categories: environmental, social and governance, together abbreviated as ESG. A proposal requesting that the company appoint an independent board chair, for example, is a governance issue. Proposals requesting the company to report on sustainability practices or disclose political contributions are common examples of environmental and social issues respectively.¹¹

Proponents submitted E, S and G proposals with varying levels of frequency and success. Figure 2 shows the portion of proposals voted that fell in each category in the first attempt and after six or more submissions. Governance proposals comprised a majority across all attempts, but a higher percentage of social proposals were resubmitted, growing their share from one-quarter of proposals voted in the first attempt to one-third in the sixth and subsequent attempts. Environmental issues consistently accounted for about one-seventh of proposals voted.

Figure 2—Shareholder Proposals Voted by ESG Category



While the ESG labels provide a helpful barometer of a proposal’s general subject matter, there is significant variance within them. Between 2011 and 2018, shareholders submitted 297 unique proposals. Many proposals involve idiosyncratic issues at single companies or those within a specific sector, such as asking oil companies to report on

¹¹ The ESG categorization is imperfect since some proposals could actually receive more than one designation.

oil spill mitigation or fast food companies to report on obesity risks from their products. Other proposals implicate general corporate governance issues and went to a vote at hundreds of companies. Table 5 lists the five most common proposals voted in each of the E, S and G categories.

Table 5—Top Five Shareholder Proposals Voted by ESG Category

Category	Proposal	Companies
Environmental	Report on Sustainability	50
	Adopt Quantitative Goals on Greenhouse Gas Emissions	36
	Incorporate Sustainability Metrics in Compensation	20
	Assess Portfolio Impacts of the 2 Degree Scenario	19
	Report on Methane Emissions	17
Social	Report on Political Contributions	106
	Report on Lobbying Payments and Policies	97
	Adopt the Holy Land Principles	19
	Report on the Gender Pay Gap	15
	Report on Human Rights Risks	14
Governance	Adopt Proxy Access	182
	Require an Independent Board Chair	173
	Declassify the Board of Directors (Hold Annual Elections)	115
	Adopt Majority Voting in Director Elections	109
	Provide a Right to Act by Written Consent	93

E, S and G proposals garnered varying levels of support and fell under the resubmission thresholds at different rates. Governance proposals on average received more than double the support that environmental and social proposals received on the first attempt. E and S proposals underperformed the average support levels (see Table 3) but saw modestly increased support in subsequent attempts. The greatest proportion of social proposals fell under the resubmission thresholds, joined by environmental proposals after the third attempt, as Table 6 shows.

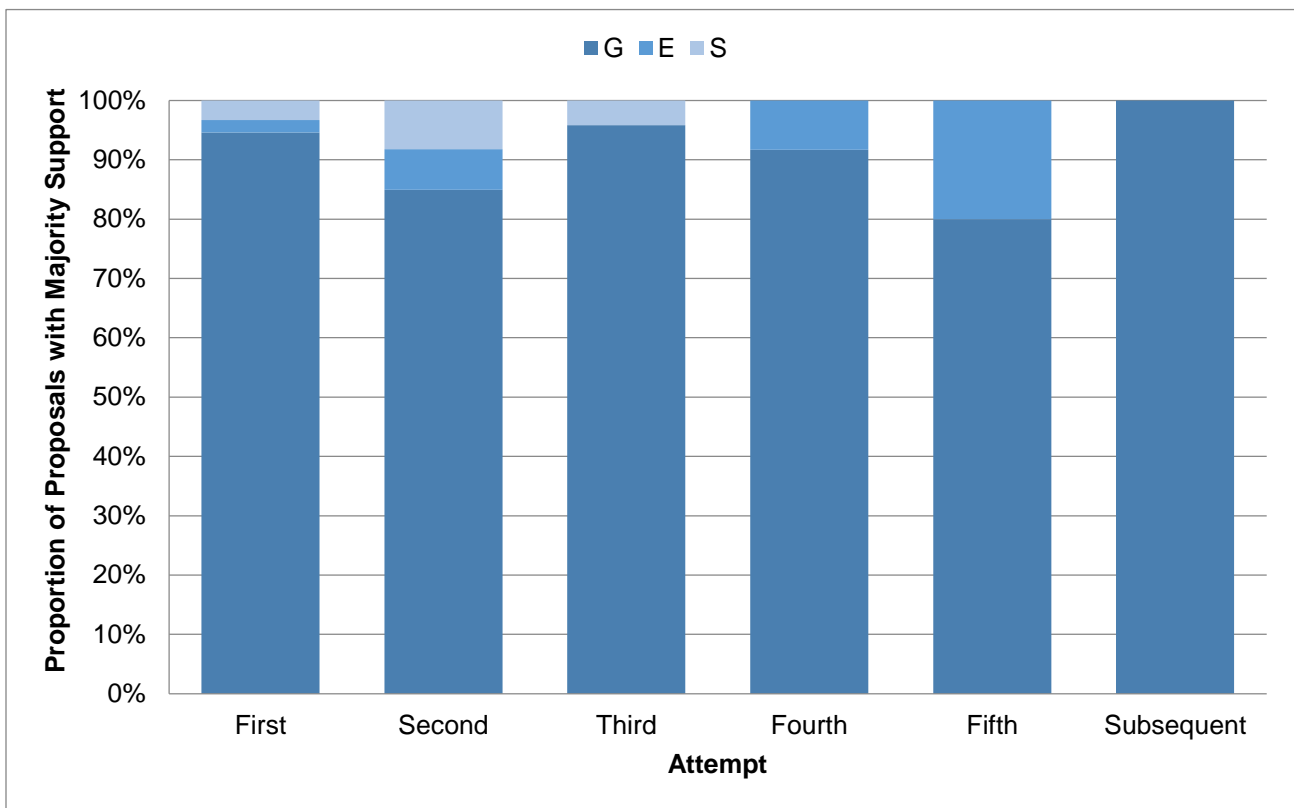
Table 6—Shareholder Proposal Support by ESG Category

Attempt		Environmental	Social	Governance
First	Average Support	21.0%	17.8%	42.3%
	Under 3%	6.8%	12.7%	2.1%
Second	Average Support	22.4%	21.8%	35.5%
	Under 6%	7.5%	17.2%	4.6%
Third	Average Support	25.5%	25.5%	36.8%
	Under 10%	18.4%	14.8%	3.7%
Overall	Average Support	22.2%	20.5%	40.0%
	Under Threshold	8.0%	13.2%	2.6%

The support a shareholder proposal earns depends primarily on the nature of the requested action and whether it is appropriate for the company in question. Some proposals gain traction over time with multiple resubmissions, while others experience a decline in support. Ultimately, very few proposals became ineligible for resubmission as 97% of governance proposals, 92% of environmental proposals and 87% of social proposals won the requisite levels of support.

Figure 3 shows the dominance of governance proposals among those receiving majority shareholder support. Governance issues comprised between 80–100% of majority-supported shareholder proposals in each attempt. Comparatively few environmental and social proposals won majority support.

Figure 3—Shareholder Proposals Winning Majority Support by ESG Category

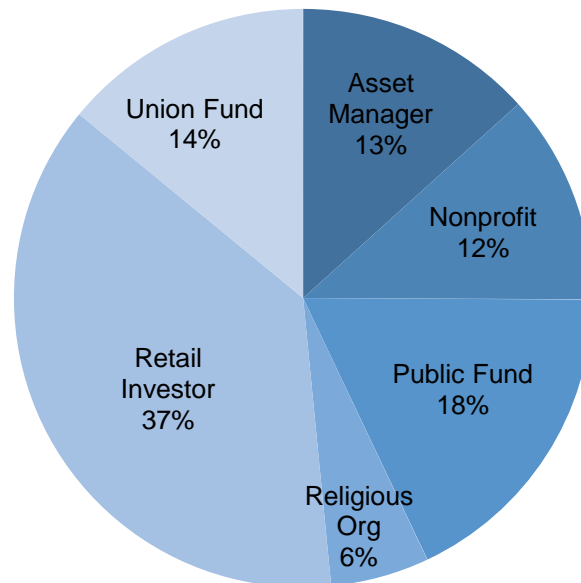


Resubmission Thresholds and Shareholder Proponents

The proponents of shareholder proposals range across a number of investor types. For the 2011–2018 dataset, we organized proponents into six categories: asset managers, nonprofits, public funds, religious organizations, retail investors and union funds.¹² The “nonprofit” category is the broadest, encompassing many advocacy organizations (some on single issues), foundations and endowments.

Figure 4 shows the portion of proposals submitted by each proponent in the first attempt. Proposals with retail investor proponents commanded a plurality, followed by public funds. Retail investors, led by a number of prolific filers,¹³ largely focus on common governance proposals, like written consent or independent board leadership, that these individuals submit at hundreds of public companies. Public funds have similarly taken the lead on certain issues like proxy access, the most common governance proposal.¹⁴ Unions generally submit a mix of governance and social proposals, often aimed at idiosyncratic issues at specific companies. Proposals filed by asset managers, nonprofits and religious organizations each comprised the smallest portion of proposals and tend to skew toward environmental and social issues.

Figure 4—Shareholder Proposals Voted by Proponent Category



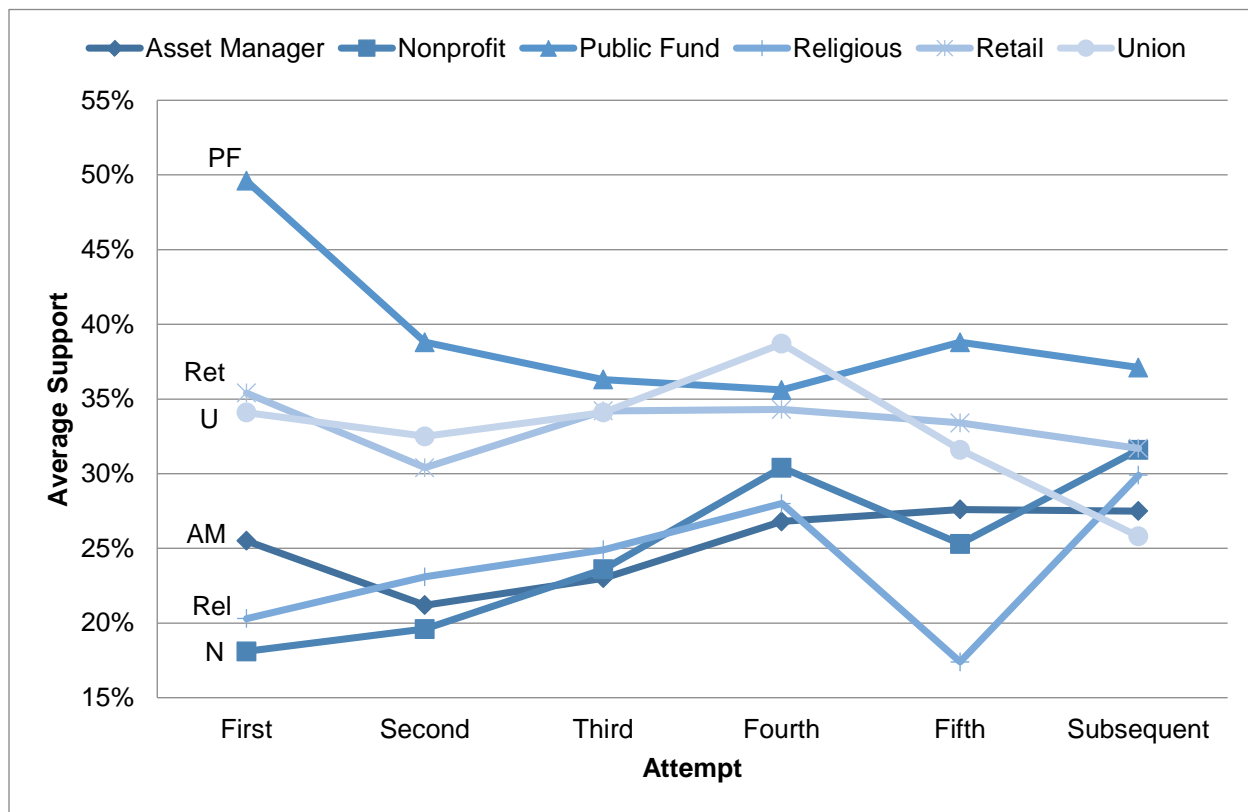
¹² The proponents of about one-third of shareholder proposals voted in the first attempt are CII members.

¹³ See Vipal Monga, [“Small Group Behind Most Shareholder Proposals.”](#) *Wall Street Journal*, December 9, 2014.

¹⁴ While most public fund proposals focused on governance issues, a segment of public fund proponents have increasingly taken interest in E and S issues as well, including the disclosure of political contributions and enhancing board diversity.

Owing to the types of proposals that each proponent tends to submit, each category attracts varying levels of support. As Figure 5 shows, the largest disparity in support occurred in the first attempt as public funds achieved nearly 50% support, followed by retail and union proposals around 35%, and then religious, asset manager and nonprofit proposals. After multiple resubmissions, levels of support converged around the upper 20% to low 30% range, with nonprofit and asset manager proposals gaining ground and public fund and union proposals slipping. Notably, the average levels of support earned by each proponent category across all attempts exceeded all resubmission thresholds.

Figure 5—Support for Shareholder Proposals by Proponent Category



As with proposals involving E, S and G issues, those with different categories of proponents fall below the resubmission thresholds at different rates. Table 7 shows the incidence of each proponent failing to earn sufficient support to resubmit their proposals. Public funds, retail investors and union funds were virtually uninhibited by the thresholds as the vast majority of their proposals earned sufficient support in every attempt. Proposals from religious organizations, primarily focusing on social issues, fared well in the first and second attempts. Asset manager and nonprofit-sponsored proposals had the highest rate of falling under the thresholds, but even there, roughly 75–85% of proposals consistently won sufficient support.

Table 7—Shareholder Proposals Under Resubmission Thresholds by Proponent Category

Attempt	Asset Manager	Nonprofit	Public Fund	Religious Organization	Retail Investor	Union Fund
First (3%)	4.3%	19.0%	0.7%	5.6%	5.0%	1.2%
Second (6%)	12.8%	17.7%	2.1%	7.1%	10.3%	5.2%
Third (10%)	18.7%	29.6%	5.8%	20.8%	3.2%	1.9%
Fourth	9.1%	10.0%	5.7%	0.0%	1.8%	0.0%
Fifth	12.5%	20.0%	0.0%	40.0%	0.0%	0.0%
Subsequent	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Raising the Resubmission Thresholds

Set 64 years ago, the 3%, 6% and 10% resubmission thresholds preclude a much smaller proportion of shareholder proposals today than in the past. Accordingly, many in the business community have called for raising the thresholds to reflect the reality that shareholder support for proposals has strengthened with time. In 1997, the SEC declined to implement a proposed rule that would allow companies to exclude proposals that failed to receive 6% support if voted once in the last five calendar years, 15% if voted twice and 30% if voted three or more times.¹⁵ In 2017, the House of Representatives passed the Financial CHOICE Act, which would enact the 1997 proposal with regard to resubmission thresholds (and go well beyond the 1997 proposal in limiting shareholder proposals in other respects). While certain groups representing company management continue to publicly support those increases, many investors regard them as too restrictive.¹⁶

This analysis considers three scenarios for raising the resubmission thresholds based on the dataset of 3,620 shareholder proposals voted between 2011 and 2018 at Russell 3000 companies:

- Modest Increase Scenario: 5%, 10% and 15%
- Doubling Scenario: 6%, 12% and 20%¹⁷
- 1997 and CHOICE Act Scenario: 6%, 15% and 30%

¹⁵ See note 7.

¹⁶ See [“Shareholder Proposal Reform.”](#) Center for Capital Markets Competitiveness, U.S. Chamber of Commerce, Summer 2017; [“An Investor Response to the U.S. Chamber’s Proposal to Revise SEC Rule 14a-8.”](#) Ceres, Interfaith Center on Corporate Responsibility, and U.S. Forum for Sustainable and Responsible Investment, November 2017.

¹⁷ The doubling scenario is a proposal that has been floated by the current chair of the SEC’s [Investor Advisory Committee](#), Anne Sheehan.

Tables 8, 9 and 10 show the number and proportion of proposals voted between 2011 and 2018 that fall below the resubmission thresholds in each scenario. Table 8 shows that increasing the first-attempt threshold from 3% to 5% more than doubles the number of proposals with insufficient support, and a 6% threshold almost triples the number. The proportion of proposals with insufficient support for resubmission would increase from one in 20 to about one in seven or eight. Table 9 shows a similar effect with the second-attempt threshold as increasing it from 6% to 10% more than doubles the number of excludable proposals. Increasing it to 15% almost triples the number, and 12% offers a midpoint in between.

Table 8—Effect of Increased First Attempt Resubmission Threshold

Threshold	Proposals Under the Threshold	% of Proposals Under the Threshold
3%	121	5.2%
5%	279	12.1%
6%	348	15.1%

Table 9—Effect of Increased Second Attempt Resubmission Threshold

Threshold	Proposals Under the Threshold	% of Proposals Under the Threshold
6%	65	8.8%
10%	131	17.8%
12%	155	21.1%
15%	178	24.3%

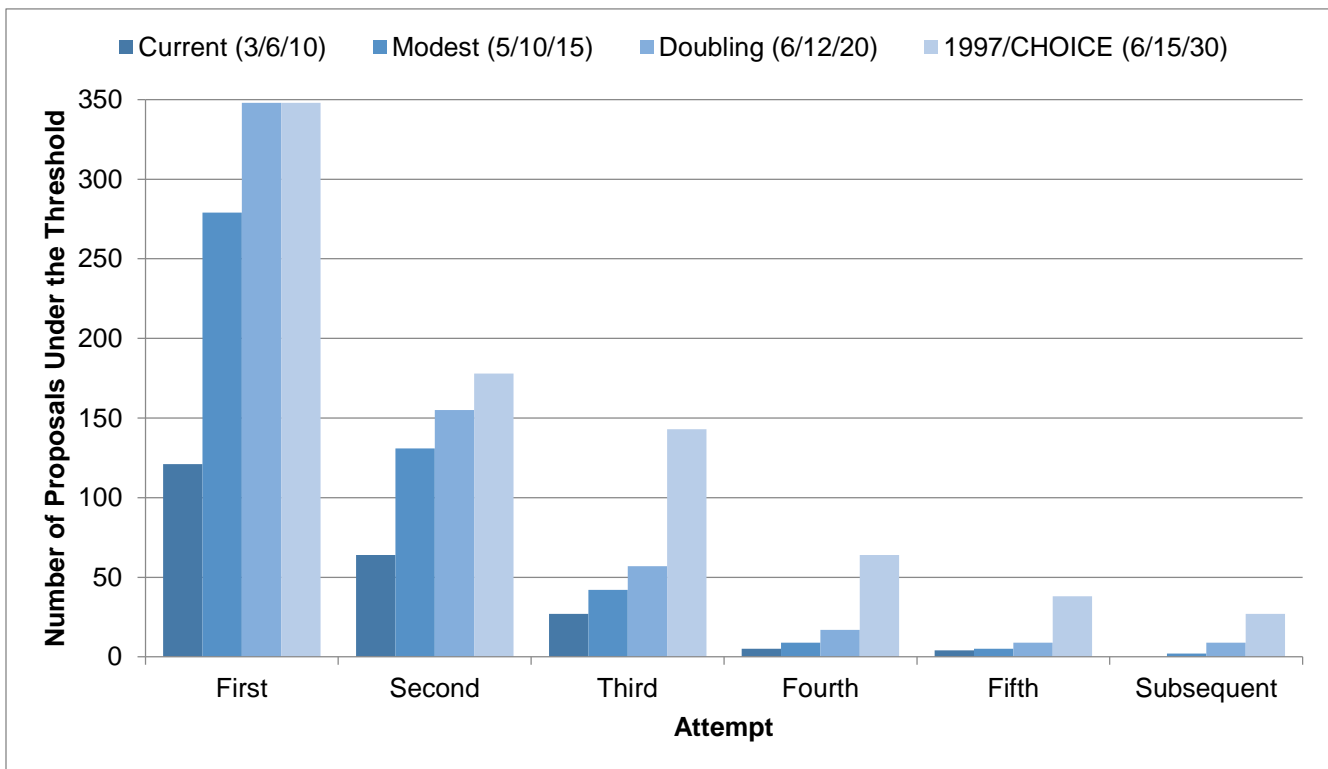
Table 10—Effect of Increased Third Attempt Resubmission Threshold

Threshold	Proposals Under the Threshold	% of Proposals Under the Threshold
10%	27	9.1%
15%	42	14.1%
20%	57	19.1%
30%	143	48.0%

Table 10 shows that raising the third-attempt threshold to 15% or 20% would correspond with proportionate levels of excludable proposals—about 15% of proposals fall under a 15% threshold and 20% of proposals fall under a 20% threshold. A 30% threshold, conversely, has a disproportionate impact owing to the large number of proposals that garner between 20% and 30% of shares voted. At 30%, the third-attempt threshold could lead to the exclusion of one in every two proposals in subsequent attempts for five years.

Figure 6 visualizes the impact of each scenario. Three insights emerge: First, there is a particularly stark difference between raising the first-attempt resubmission threshold to 5% versus 6%, as about 70 proposals fell within that 1% margin. Second, the 30% threshold in the 1997/CHOICE scenario becomes an outlier compared to the current, modest and doubling scenarios in the third and subsequent attempts. The median level of support for shareholder proposals on the third and subsequent attempts is about 30% (see Table 3), so a 30% resubmission threshold necessarily excludes half of the proposals voted.

Figure 6—Shareholder Proposals Excludable Under Increased Resubmission Threshold Scenarios



Third, the current resubmission thresholds exclude so few proposals that overall, moderate and even substantial increases to the thresholds still render most shareholder proposals eligible for resubmission. As Tables 8, 9 and 10 and Figure 6 show, the current thresholds leave no less than 90% of proposals eligible for resubmission. Not a single proposal submitted six or more times fell under the current 10% threshold. The modest 5/10/15 and the doubling 6/12/20 scenarios still leave no less than 80% of proposals eligible for resubmission while filtering out those with perpetually low levels of support. The 1997/CHOICE 6/15/30 scenario still leaves a majority of proposals eligible for resubmission, but the 30% threshold is notably restrictive.

Box 2—Shareholder Engagement on Substantially Supported Proposals

Even though proposals often do not win majority support after failing the first time (see Figure 1), proponents often have success engaging companies if their proposals win substantial enough support in one or more attempts. The level of support that qualifies as “substantial” varies by proposal and company, but 86 proposals in the dataset won between 20% and 30% support in the third attempt. A 30% threshold for repeated attempts could therefore disrupt proponents’ efforts to engage companies on a number of issues.

For example, although proposals asking companies to disclose political contributions rarely win majority support and garner 20–30% of shares voted, “more S&P 500 companies have voluntarily disclosed at least some of the information related to political spending without a proxy vote,” according to a *Pension & Investments* [report](#). As of 2017, “295 companies disclosed at least some election-related spending.” The Center for Political Accountability also [tracks](#) the actions companies take even in the absence of a majority-supported shareholder proposal.

Impact of Raised Thresholds on Subject Matter

Given the figures in Table 6 (showing the rates of ESG proposals failing to earn sufficient support), raising the resubmission thresholds would predictably affect environmental and social proposals more than governance proposals. Figures 7, 8 and 9 show the proportion of E, S and G proposals voted that fall below the resubmission thresholds in each scenario.

Figure 7—Environmental Proposals Excludable Under Increased Resubmission Threshold Scenarios

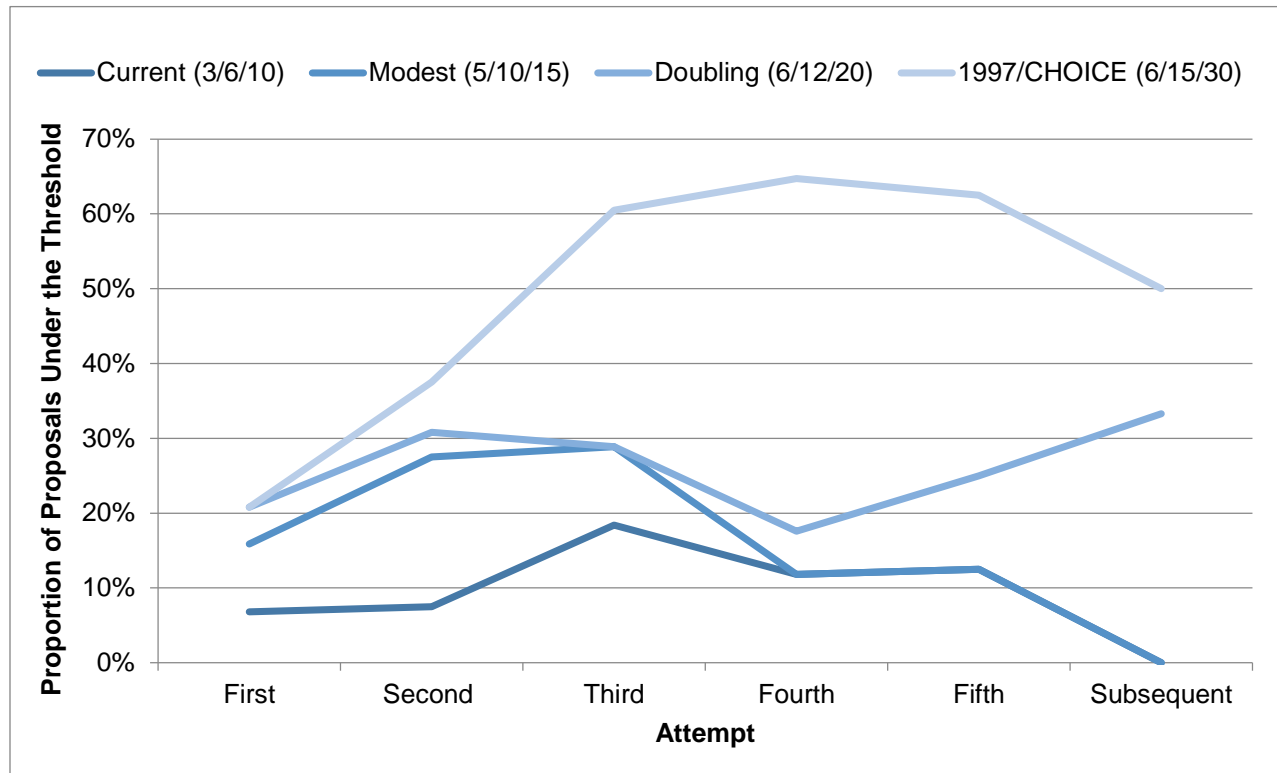


Figure 8—Social Proposals Excludable Under Increased Resubmission Threshold Scenarios

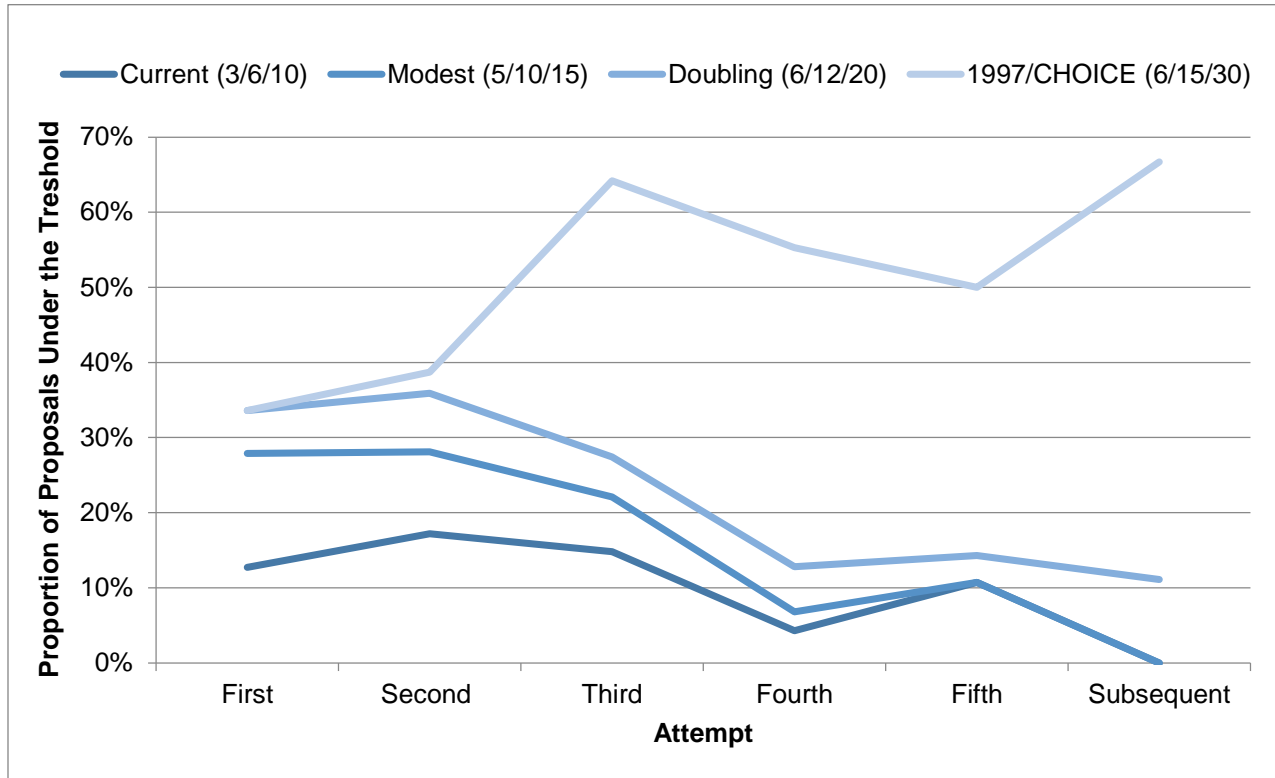
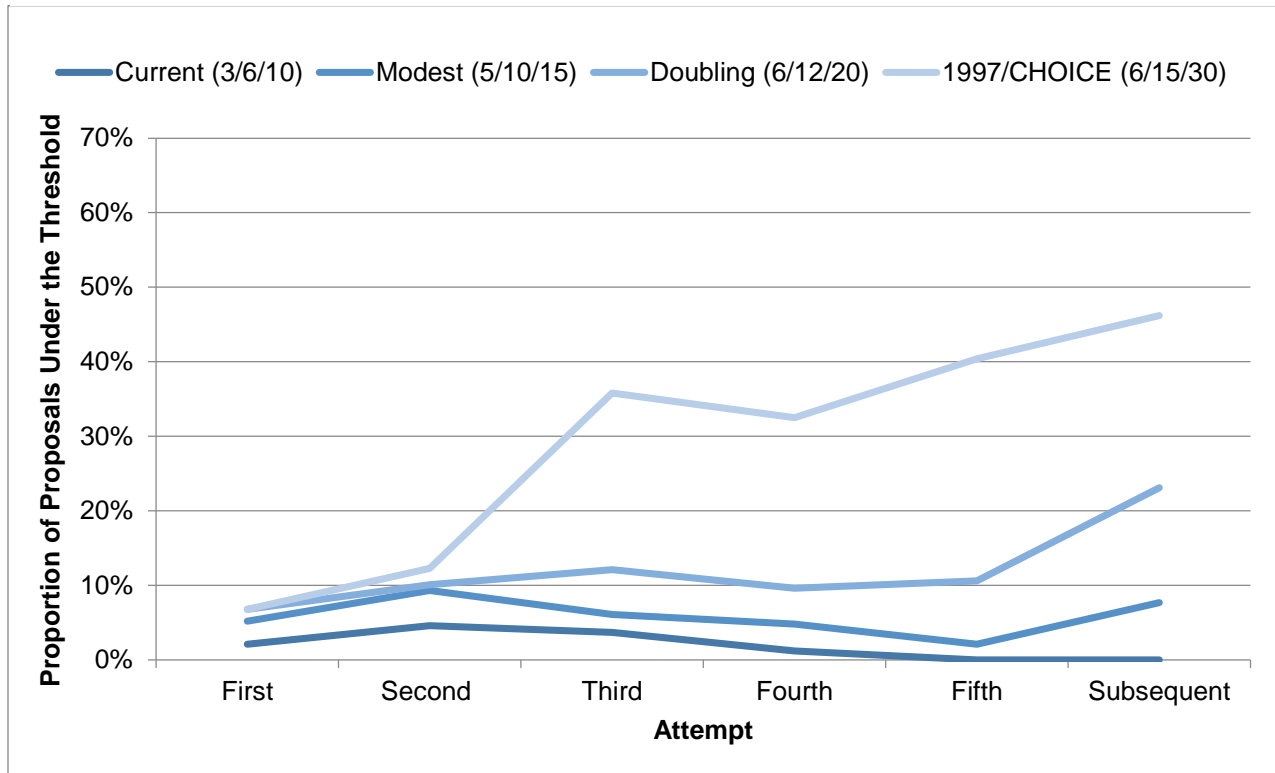


Figure 9—Governance Proposals Excludable Under Increased Resubmission Threshold Scenarios



As each figure makes clear, the 1997/CHOICE scenario, especially the 30% threshold, is an outlier compared to other scenarios that could render a majority of environmental and social proposals excludable in certain attempts. The modest and doubling scenarios more steadily increase the proportion of excludable proposals relative to the current thresholds. In some cases, the increased and current threshold scenarios closely track one another. Overall under the modest or doubling scenario, about 90% of governance proposals and 70% of environmental and social proposals would remain eligible for resubmission.¹⁸

Putting Scenarios Together

Using the data on specific proposals listed in Tables 12, 13 and 14 on the following pages, Table 11 summarizes the impact of each scenario put together in the first three attempts. *Excludable Proposals* refers to the number of proposals that satisfy the current thresholds but would no longer be eligible for resubmission under the given scenario. *Resubmitted* refers to the number of proposals that proponents actually resubmitted between 2011 and 2018 that the given scenario would have precluded. *Higher Support* refers to the number of proposals that went on to win substantially higher support (see page 21) in the next attempt but would have been excludable under the given scenario. And *Change in Support* is the proposal's average percentage point change in support in the next attempt.

Table 11—Characteristics of Raised Resubmission Threshold Scenarios

Scenario	Excludable Proposals	Resubmitted	Higher Support	Change in Support
Modest (5/10/15)	240	73	7	+2.7%
Doubling (6/12/20)	348	122	15	+3.9%
1997/CHOICE (6/15/30)	457	180	38	+2.8%

Overall, roughly one-third of proposals that would no longer satisfy the thresholds in each scenario were actually resubmitted under the current thresholds. When resubmitted, the average proposal gained two to four percentage points in support. The modest, doubling and 1997/CHOICE scenarios would respectively affect 240, 348 and 457 proposals out of more than 3,600 voted in the 2011–2018 dataset. Given these facts, raising the resubmission thresholds would, on the whole, have a modest impact on the shareholder proposal process.

¹⁸ A similar analysis could apply to the six categories of proponents as well. Based on Figure 5 and Table 7, raising the resubmission thresholds would affect nonprofits, religious organizations and asset managers more than public funds, retail investors and unions. Overall under the modest or doubling scenarios, about 94% of proposals from public funds, 93% from unions, 88% from retail investors, 79% from religious organizations, 75% from asset managers and 62% from nonprofits would remain eligible for resubmission.

Under the raised resubmission threshold scenarios, however, companies could have excluded anywhere from seven to 38 proposals that won substantially higher support in a subsequent attempt. The 1997/CHOICE scenario again stands out as disproportionately restrictive, potentially excluding 38 proposals that failed to satisfy the threshold but quickly gained traction. Any proposal to raise the resubmission thresholds will therefore have to balance the interests of companies—precluding proposals that receive perpetually low levels of support—and their shareholders—using the shareholder proposal process to build support for issues they consider important.

Impact of Raised Resubmission Thresholds on Specific Proposals

Tables 12, 13 and 14 show the specific proposals that were eligible for resubmission under the existing 3/6/10 thresholds but would fail to satisfy increased thresholds under the scenarios. The tables list the company, proposal, ESG classification, proponent type, the year of the attempt and support level and, if resubmitted, the year of the next attempt and support level. Among those proposals resubmitted, most received the same level of support or even lost support, but several went on to receive substantially higher levels of support.

For the purpose of defining proposals that received “substantially higher support” in a subsequent attempt, Tables 12, 13 and 14 highlight in dark blue any proposal that either (1) received at least double the level of support in the next attempt or (2) increased in support to at least 25% of shares voted in the next attempt. Note that if two attempts are more than five years apart, the second attempt is treated as if it is the first attempt under rule 14a-8(c)(12).

Certain shareholder proposals receive perpetually limited support due to the company’s multi-class capital structure. In these companies, insiders have superior voting rights in excess of their economic holdings, granting them disproportionate influence in shareholder votes. A majority or even supermajority of outside shareholders may vote for a proposal, but with all super-voting shares cast against, the proposal ends up with low levels of support. Multi-class companies in Tables 12, 13 and 14 are denoted with an asterisk (*).

Table 12 lists the specific proposals voted between 2011 and 2018 that would not satisfy the first-attempt resubmission threshold if it were raised to 5% or 6%. In this period, 158 proposals received between 3.0% and 4.9% of shares voted on the first attempt, and 69 additional proposals received between 5.0% and 5.9%. Of these, 74 (33%) were resubmitted at least once—66 received similar levels of support or lost support in the second attempt, but eight went on to receive substantially higher support.

Table 12—Specific Proposals Excludable Under Increased First Attempt Resubmission Threshold

Company	Proposal	ESG	Proponent	Attempt 1 Year	Attempt 1 Support	Attempt 2 Year	Attempt 2 Support
<i>Proposals Excludable Under a 5% and 6% Threshold:</i>							
Kohl's Corporation	Adopt Animal Cruelty Prevention Policy	S	Nonprofit	2012	3.3%	2013	3.0%
Philip Morris International Inc.	Adopt Anti-Forced Labor Policy	S	Religious	2015	3.1%		

Biglari Holdings, Inc.	Adopt Cage-Free Eggs Policy	E	Nonprofit	2012	4.3%		
Abbott Laboratories	Adopt Drug Price Policy	S	Religious	2011	3.0%		
Bristol-Myers Squibb Co.	Adopt Drug Price Policy	S	Religious	2011	3.6%		
Johnson & Johnson	Adopt Drug Price Policy	S	Religious	2011	3.6%		
The Boeing Company	Adopt Holy Land Principles	S	Nonprofit	2017	3.0%		
General Electric Company	Adopt Holy Land Principles	S	Nonprofit	2015	3.1%	2016	3.6%
Xerox Corporation	Adopt Holy Land Principles	S	Nonprofit	2017	3.1%		
Intel Corporation	Adopt Holy Land Principles	S	Nonprofit	2015	3.2%	2016	3.9%
Lockheed Martin Corporation	Adopt Holy Land Principles	S	Nonprofit	2017	3.5%		
McDonald's Corporation	Adopt Holy Land Principles	S	Nonprofit	2016	3.7%	2017	2.8%
PepsiCo, Inc.	Adopt Holy Land Principles	S	Nonprofit	2016	3.9%	2017	3.1%
3M Company	Adopt Holy Land Principles	S	Nonprofit	2017	4.6%		
Target Corporation	Adopt Neutral Employment Policy	S	Retail	2014	3.5%	2015	3.4%
DISH Network Corporation*	Adopt One Share, One Vote	G	Union	2011	4.3%		
Viacom Inc.*	Adopt One Share, One Vote	G	Religious	2016	4.4%		
Barnes Group Inc.	Adopt Policy of Buybacks Over Dividends	G	Retail	2016	3.0%		
Ingles Markets, Incorporated*	Adopt Policy on Bonus Banking	G	Retail	2013	3.8%		
Costco Wholesale Corporation	Adopt Prison Labor Supply Chain Policy	S	AM	2018	4.8%		
Berkshire Hathaway Inc.*	Adopt Policy on Succession Planning	G	Union	2012	4.6%		
The Home Depot, Inc.	Adopt Policy on Water Quality Stewardship	E	Retail	2012	3.6%	2013	4.4%
Apple Inc.	Adopt Proxy Access	G	Retail	2014	4.3%	2015	39.2%
Netflix, Inc.	Adopt Proxy Access	G	Public	2013	4.4%	2015	71.0%
Oracle Corporation	Adopt Quantitative Goals on Emissions	E	AM	2015	4.5%		
Symantec Corporation	Adopt Retention Ratio for Executives	G	Retail	2017	3.7%		
Apple Inc.	Advisory Vote on Director Pay	G	Retail	2012	3.6%		
Starbucks Corporation	Allow Employees to Participate in Politics	S	Nonprofit	2016	4.0%		
JPMorgan Chase & Co.	Amend Clawback Policy	G	Retail	2016	4.1%	2017	3.9%

Citigroup Inc.	Amend Clawback Policy	G	Retail	2016	4.1%		
Citigroup Inc.	Appoint Stockholder Value Committee	G	Retail	2016	3.6%	2017	2.6%
Acuity Brands, Inc.	Approve Dividend Increase	G	Retail	2017	3.6%		
Bank of America Corporation	Cap Number of Directors	G	Retail	2013	4.3%		
General Electric Company	Cease all Stock Options and Bonuses	G	Retail	2013	4.4%	2014	3.7%
Philip Morris International Inc.	Cease Tobacco Advertising	S	Religious	2012	3.5%		
Devon Energy Corporation	Cease Using Oil Reserves in Comp Metrics	E	Nonprofit	2016	3.8%	2017	6.9%
Chesapeake Energy Corporation	Cease Using Oil Reserves in Comp Metrics	E	Nonprofit	2016	4.7%		
Sprint Corporation	Commit to Network Neutrality	S	Nonprofit	2012	3.4%		
CVS Health Corporation	Confidential Voting on Executive Pay	G	Retail	2018	4.2%		
Cisco Systems, Inc.	Disclose EEO Data	S	Nonprofit	2016	4.1%		
Citigroup Inc.	Disclose Prior Government Service	G	Retail	2012	3.7%		
Bank of America Corporation	Disclose Prior Government Service	G	Retail	2011	4.6%	2013	4.7%
The Goldman Sachs Group	Double Trigger on Equity Plans	G	Union	2016	4.9%		
McDonald's Corporation	Educate Public on GMO Benefits	S	Nonprofit	2015	4.8%		
Johnson & Johnson	End of Unnecessary Animal Testing	S	Nonprofit	2011	4.8%	2012	4.4%
Microsoft Corporation	Establish Committee on Sustainability	G	AM	2011	3.6%		
Starbucks Corporation	Establish Committee on Sustainability	E	Retail	2012	4.1%	2015	4.7%
PepsiCo, Inc.	Establish Committee on Sustainability	E	AM	2015	4.9%	2016	6.5%
The Coca-Cola Company*	Establish Human Rights Board Committee	S	AM	2013	3.6%		
Philip Morris International Inc.	Establish Human Rights Board Committee	S	Religious	2017	3.6%		
HP Inc.	Establish Human Rights Board Committee	S	AM	2013	3.9%	2014	4.3%
The Goldman Sachs Group	Establish Human Rights Board Committee	S	Retail	2013	4.0%		

Cisco Systems, Inc.	Establish Public Policy Board Committee	S	Retail	2014	3.4%		
Symantec Corporation	Establish Public Policy Board Committee	S	Retail	2015	3.6%		
NetApp, Inc.	Establish Public Policy Board Committee	G	Retail	2014	4.9%		
PepsiCo, Inc.	Establish Risk Oversight Committee	G	Nonprofit	2012	3.9%		
Chesapeake Energy Corp	Establish Risk Oversight Committee	G	Public	2013	4.0%	2015	2.7%
Hormel Foods Corporation	Exclude Abstentions in Vote Counting	G	AM	2017	3.2%		
Morgan Stanley	Exclude Abstentions in Vote Counting	G	Nonprofit	2015	4.6%	2016	6.1%
The Charles Schwab Corp	Exclude Abstentions in Vote Counting	G	Nonprofit	2015	4.9%	2017	7.2%
Twitter, Inc.	Exit to Democratic User Ownership	S	Retail	2017	4.7%		
The Goldman Sachs Group	Incorporate Social Criteria in Comp	S	Nonprofit	2011	4.3%		
JPMorgan Chase & Co.	Incorporate Social Criteria in Comp	S	Retail	2016	4.9%		
PNM Resources, Inc.	Incorporate Sustainability in Comp	E	AM	2016	3.4%		
Equity Residential	Incorporate Sustainability in Comp	E	Union	2011	3.7%		
Lowe's Companies, Inc.	Incorporate Sustainability in Comp	E	Union	2011	4.4%		
Caterpillar Inc.	Incorporate Sustainability in Comp	E	Nonprofit	2017	4.6%		
Range Resources Corporation	Incorporate Sustainability in Comp	E	Union	2012	4.8%		
Amazon.com, Inc.	Incorporate Sustainability in Comp	E	AM	2017	4.9%		
Dominion Energy, Inc.	Incorporate Sustainability in Comp	E	Nonprofit	2015	4.9%		
Exxon Mobil Corporation	Increase Females on Board	S	Retail	2015	4.3%		
Chevron Corporation	Increase Return of Capital for Climate Change	E	Nonprofit	2015	3.2%	2016	3.5%
Exxon Mobil Corporation	Increase Return of Capital for Climate Change	E	AM	2016	4.1%	2017	3.8%
Altria Group, Inc.	Inform on Consequences of Tobacco	S	Religious	2014	3.7%	2015	4.7%
Abbott Laboratories	Label GMO Ingredients	E	Nonprofit	2013	3.2%	2014	6.2%
The Kraft Heinz Company	Label GMO Ingredients	S	Nonprofit	2013	4.9%		
Johnson & Johnson	Limit Director Overboarding	G	Retail	2015	3.8%		
Exxon Mobil Corporation	Limit Director Overboarding	G	Retail	2014	4.8%		

Amgen Inc.	Limit Outside Board Seats for CEO	G	Retail	2012	3.7%		
Dominion Energy, Inc.	Minimize Spent Fuel Waste Storage	E	Public	2013	4.8%		
NextEra Energy, Inc.	Minimize Spent Fuel Waste Storage	E	Public	2013	4.9%		
PG&E Corporation	No Corporate Spending for Charity	S	Retail	2017	3.3%	2018	1.0%
Chevron Corporation	No Corporate Spending in Elections	S	AM	2013	3.4%	2015	3.6%
Starbucks Corporation	No Corporate Spending in Elections	S	AM	2013	3.8%	2014	2.2%
Archer-Daniels-Midland Co	No Corporate Spending in Elections	S	Retail	2011	3.8%		
Bank of America Corporation	No Corporate Spending in Elections	S	AM	2012	4.8%	2013	4.6%
Johnson & Johnson	No Discrimination based on Health Status	S	Nonprofit	2011	4.4%		
BlackRock, Inc.	No Investment in Firms Contributing to Genocide	S	Nonprofit	2015	3.5%		
Voya Financial, Inc.	No Investment in Firms Contributing to Genocide	S	Nonprofit	2015	4.7%	2016	7.7%
Rite Aid Corporation	No Related Party Transactions	G	Retail	2012	3.2%	2013	3.9%
Bank of America Corporation	Non-Core Banking Operations	G	Retail	2015	4.1%	2017	3.0%
McDonald's Corporation	Phase in Humane Chicken Slaughter	S	Nonprofit	2011	4.0%		
Entergy Corporation	Phase Out Nuclear Facilities	E	Retail	2014	3.1%		
Pfizer Inc.	Prohibit Tax Gross-Ups	G	Retail	2016	4.2%		
Celgene Corporation	Provide for Confidential Voting	G	Retail	2017	4.3%		
Pfizer Inc.	Publish Political Contributions in News	S	Retail	2011	4.6%	2012	4.1%
ITT Inc.	Reincorporate to DE	G	Retail	2012	3.4%		
OGE Energy Corp.	Reincorporate to DE	G	Retail	2013	3.9%		
PG&E Corporation	Remain Neutral on Marriage Definition	S	Retail	2011	3.2%		
Pfizer Inc.	Report on Animal Testing	S	Nonprofit	2011	4.5%		
Eli Lilly and Company	Report on Animal Testing	S	Nonprofit	2012	4.9%	2018	3.2%
Boston Scientific Corporation	Report on Animal Testing	S	Nonprofit	2014	4.9%	2015	3.7%
Altria Group, Inc.	Report on Anti-Tobacco Funding	S	Religious	2018	4.1%		
McDonald's Corporation	Report on Charitable Contributions	S	AM	2017	3.7%	2018	3.2%

General Electric Company	Report on Charitable Contributions	S	Nonprofit	2017	4.7%		
Philip Morris International Inc.	Report on Cigarette Marketing	S	Religious	2011	3.8%		
General Electric Company	Report on Climate Change Finance Risk	E	Nonprofit	2011	4.7%		
Target Corporation	Report on Country Selection Guidelines	S	Nonprofit	2016	3.9%		
Domino's Pizza, Inc.	Report on Crate-Free Pork Policy	S	Nonprofit	2012	4.2%		
Vertex Pharmaceuticals Inc.	Report on Drug Price Risks	S	Union	2015	3.4%	2018	5.1%
Dominion Energy, Inc.	Report on Financial Impact of Permit Denial	E	Retail	2016	4.3%		
Dean Foods Company	Report on Genetic Engineering Risk	E	AM	2015	3.5%		
Universal Corporation	Report on Human Rights Risks	S	Union	2016	4.5%		
DowDuPont Inc.	Report on Impact of Chemical Explosion	E	Public	2018	4.8%		
JPMorgan Chase & Co.	Report on Loan Modifications	S	Religious	2012	4.7%		
Merck & Co., Inc.	Report on Lobbying Payments & Policies	S	Nonprofit	2013	4.2%		
The Hershey Company*	Report on Nanomaterial Product Safety	E	Nonprofit	2016	3.8%		
FedEx Corporation	Report on Nondiscrimination Policies	S	AM	2016	4.6%	2017	2.6%
Dominion Energy, Inc.	Report on Nuclear Plant Risk	E	Public	2011	4.1%	2012	17.6%
Keurig Dr Pepper, Inc.	Report on Obesity Risks	S	Religious	2018	4.2%		
SL Green Realty Corp.	Report on Pay Disparity	S	AM	2017	3.7%		
United Natural Foods, Inc.	Report on Pay Disparity	S	Retail	2014	3.9%		
The Chemours Company	Report on Pay Disparity	S	Union	2017	4.1%		
Merck & Co., Inc.	Report on Political Contributions	S	Retail	2012	4.1%	2013	3.7%
Ford Motor Company*	Report on Political Contributions	S	Retail	2011	4.2%	2018	17.4%
Seaboard Corporation	Report on Political Contributions	S	Nonprofit	2013	4.3%	2014	2.8%
Pfizer Inc.	Report on Political Contributions	S	AM	2011	4.6%		
Praxair, Inc.	Report on Political Contributions	S	AM	2013	4.6%		
Ecolab Inc.	Report on Political Contributions	S	AM	2013	4.9%		
BlackRock, Inc.	Report on Proxy Voting and Comp	G	Nonprofit	2016	4.4%	2017	2.7%
Pfizer Inc.	Report on Public Policy Advocacy	S	Nonprofit	2011	3.8%		

General Electric Company	Report on Public Policy Advocacy	S	Nonprofit	2011	4.7%		
Career Education Corporation	Report on Student Loan Repayment	S	Public	2013	4.4%		
Hasbro, Inc.	Report on Sustainability	E	Public	2013	3.1%		
Sears Holdings Corporation	Report on Sustainability	E	Nonprofit	2014	4.3%		
Dean Foods Company	Report on Sustainability	E	Religious	2014	4.7%		
Deere & Company	Report on Values and Political Donations	S	Nonprofit	2016	3.1%		
The Western Union Company	Report on Values and Political Donations	S	AM	2013	4.1%		
FedEx Corporation	Report on Values and Political Donations	S	AM	2013	4.2%	2015	4.0%
The Kraft Heinz Company	Report on Values and Political Donations	S	Retail	2014	4.4%		
Tyson Foods, Inc.*	Report on Working Conditions	G	Nonprofit	2016	4.7%		
Caterpillar Inc.	Require Director Human Rights Experience	S	Nonprofit	2018	4.9%		
Seaboard Corporation	Require Independent Board Chair	G	Nonprofit	2016	4.7%		
General Electric Company	Require More Nominees than Directors	G	Retail	2013	3.8%	2014	3.2%
Chesapeake Lodging Trust	Restrict Severance Agreements	G	Union	2015	3.4%		
Simon Property Group, Inc.	Restrict Severance Agreements	G	Union	2018	4.5%		
Franklin Resources	Review Advocacy on Climate Change	E	AM	2016	4.5%	2017	4.5%
Franklin Resources	Review Advocacy on Executive Comp	S	Nonprofit	2017	3.5%		
Citigroup Inc.	Review Director Indemnification Policy	G	AM	2013	3.3%	2014	2.4%
General Electric Company	Select One Director from Retirees	G	Retail	2015	3.2%		
PepsiCo, Inc.	Shareholder Approval of Contributions	S	Retail	2014	3.6%		
The Western Union Company	Shareholder Approval of Contributions	S	AM	2012	3.7%		
Pfizer Inc.	Shareholder Approval of Contributions	S	Retail	2014	3.7%		
Johnson & Johnson	Shareholder Approval of Contributions	S	Retail	2012	4.7%		
Ecolab Inc.	Shareholder Approval of Contributions	S	AM	2012	4.8%		
Praxair, Inc.	Shareholder Approval of Contributions	S	AM	2012	4.8%		
The Coca-Cola Company*	Shareholders Approve Unvested Stock Release	G	Retail	2015	3.8%		

Waste Management, Inc.	Shareholders May Call Special Meeting	G	Retail	2012	4.5%		
Additional Proposals Excludable Under a 6% Threshold:							
Illinois Tool Works Inc.	Adjust Comp Metrics for Buybacks	G	Union	2016	5.3%		
3M Company	Adjust Comp Metrics for Buybacks	G	Union	2016	5.8%		
Apple Inc.	Adopt a Policy on Board Diversity	S	AM	2016	5.1%	2017	4.9%
Continental Resources, Inc.	Adopt a Policy on Board Diversity	S	AM	2016	5.4%	2017	10.4%
Altria Group, Inc.	Adopt Anti-Forced Labor Policy	S	Religious	2015	5.0%		
Ingles Markets, Incorporated*	Adopt One Share, One Vote	G	Retail	2011	5.0%	2017	12.4%
1-800-FLOWERS.COM, Inc.*	Adopt One Share, One Vote	G	Retail	2017	5.9%		
The Goldman Sachs Group	Adopt Proxy Access	G	Retail	2013	5.3%	2014	3.2%
Cisco Systems, Inc.	Adopt Proxy Access	G	Retail	2014	5.4%	2015	64.7%
Citigroup Inc.	Adopt Proxy Access	G	Retail	2014	5.5%	2015	86.9%
Dominion Energy, Inc.	Adopt Renewable Energy Goal	E	Retail	2011	5.1%	2012	5.8%
U.S. Bancorp	Adopt Retention Ratio for Executives	G	Union	2016	5.7%		
Archer-Daniels-Midland Co	Adopt Sustainable Palm Oil Policy	E	Nonprofit	2011	5.8%		
Wells Fargo & Company	Advisory Vote on Director Pay	G	Retail	2011	5.1%		
The Allstate Corporation	Appoint Independent Lead Director	G	Retail	2017	5.6%		
Abercrombie and Fitch	Award Performance Stock Options	G	Public	2014	5.4%		
Exxon Mobil Corporation	Cap Number of Directors	G	Retail	2013	5.8%		
ConocoPhillips	Cease Using Oil Reserves in Comp Metrics	E	Religious	2015	5.8%	2016	6.9%
Citigroup Inc.	Clawback for Restatements	G	Retail	2015	5.0%	2017	3.0%
AT&T Inc.	Commit to Network Neutrality	S	Nonprofit	2012	5.9%		
Alexion Pharmaceuticals, Inc.	Confidential Voting on Executive Pay	G	Retail	2017	5.0%		
Exxon Mobil Corporation	Disclose Female Compensation	S	Retail	2015	5.8%	2016	8.5%
Cisco Systems, Inc.	Establish Committee on Sustainability	E	AM	2011	5.9%		
Chevron Corporation	Establish Human Rights Board Committee	S	Retail	2011	5.3%		

Apple Inc.	Establish Human Rights Board Committee	S	AM	2013	5.6%	2014	5.7%
International Business Machines	Establish Public Policy Board Committee	S	Retail	2015	5.0%		
Textron Inc.	Establish Tenure Limit for Directors	G	Retail	2018	5.5%		
General Electric Company	Establish Tenure Limit for Directors	G	Retail	2013	5.7%		
The Goldman Sachs Group, Inc.	Exclude Abstentions in Vote Counting	G	Nonprofit	2015	5.5%		
Amgen Inc.	Exclude Abstentions in Vote Counting	G	Retail	2015	5.8%	2017	6.2%
Motorola Solutions, Inc.	Improve Human Rights Policies	S	Religious	2011	5.0%	2014	6.3%
Citigroup Inc.	Improve Human Rights Policies	S	AM	2018	5.8%		
PayPal Holdings, Inc.	Improve Human Rights Policies	S	Retail	2018	5.9%		
The TJX Companies, Inc.	Incorporate Social Criteria in Comp	S	AM	2016	5.0%	2017	4.7%
Chevron Corporation	Incorporate Sustainability in Comp	E	Union	2011	5.6%		
Walgreens Boots Alliance, Inc.	Incorporate Sustainability in Comp	E	AM	2015	5.7%	2017	23.1%
Energy Corporation	Minimize Spent Fuel Waste Storage	E	Public	2013	5.9%		
3M Company	No Corporate Spending in Elections	S	AM	2012	5.2%	2013	6.2%
Target Corporation	No Corporate Spending in Elections	S	AM	2012	5.4%		
Exxon Mobil Corporation	No Corporate Spending in Elections	S	AM	2013	5.7%		
Vector Group Ltd.	Participate in OECD Human Rights Program	S	Union	2017	5.1%		
Philip Morris International Inc.	Participate in OECD Human Rights Program	S	Union	2016	5.2%	2017	4.5%
Altria Group, Inc.	Participate in OECD Human Rights Program	S	Union	2016	5.9%		
DTE Energy Company	Phase Out Nuclear Facilities	E	Retail	2018	5.8%		
The Goldman Sachs Group	Proxy Voting Tabulation	G	Nonprofit	2016	5.0%		
Tapestry, Inc.	Report on Animal Fur Risk	S	Nonprofit	2017	5.2%		
Bristol-Myers Squibb Co.	Report on Animal Testing	S	Nonprofit	2012	5.6%		

Chevron Corporation	Report on Charitable Contributions	S	Retail	2014	5.0%	2015	4.5%
Laboratory Corporation	Report on Controls for Zika Virus	E	Nonprofit	2016	5.3%	2017	4.1%
Continental Resources, Inc.	Report on Effects of Fracking	E	Religious	2016	5.6%		
Altria Group, Inc.	Report on Green Tobacco Sickness	S	Union	2015	5.5%		
Ecolab Inc.	Report on Human Right of Water	S	AM	2011	5.1%		
Amazon.com, Inc.	Report on Human Rights Risks	S	Nonprofit	2015	5.1%	2016	25.2%
Continental Resources, Inc.	Report on Methane Emissions	E	Public	2016	5.6%		
The TJX Companies, Inc.	Report on Pay Disparity	S	Religious	2016	5.3%	2017	4.5%
Mondelez International, Inc.	Report on Plant Closures	S	Union	2017	5.2%	2018	6.1%
The Home Depot, Inc.	Report on Political Contributions	S	AM	2011	5.0%	2017	5.8%
Sears Holdings Corporation	Report on Political Contributions	S	Public	2011	5.6%		
Merck & Co., Inc.	Report on Prescription Disposal	S	Nonprofit	2016	5.7%		
T. Rowe Price Group, Inc.	Report on Proxy Voting and Comp	G	Nonprofit	2017	5.2%		
Exxon Mobil Corporation	Report on Reserve Replacement in BTUs	E	Nonprofit	2016	5.6%		
First Solar, Inc.	Report on Business Risks in Conflict Areas	S	Nonprofit	2018	5.6%		
Chevron Corporation	Report on Business Risks in Conflict Areas	S	AM	2017	5.7%	2018	7.3%
General Electric Company	Report on Stock Buybacks	G	Retail	2018	5.6%		
Facebook, Inc.*	Report on Sustainability	E	Public	2014	5.9%	2015	8.4%
The Procter & Gamble Company	Report on Unrecyclable Packaging	E	Nonprofit	2012	5.8%	2014	24.9%
Newfield Exploration Company	Require Director Environmental Experience	E	Public	2013	5.1%		
Occidental Petroleum Corp	Require Director Environmental Experience	E	Public	2011	5.3%	2012	4.6%
ConocoPhillips	Use GAAP for Compensation Metrics	G	Union	2018	5.2%		

Table 13 lists the specific proposals voted between 2011 and 2018 that would not satisfy the second-attempt resubmission threshold if it were raised to 10%, 12% or 15%. In this period, 67 proposals received at least 3.0% on the first attempt and between 6.0% and 9.9% on the second attempt. An additional 24 proposals received between 10.0% and 11.9%, and 23 more received between 12.0% and 14.9%. Of these, 42 (37%) were submitted a third time—38 received similar levels of support or lost support in the third attempt, but four went on to receive substantially higher support, highlighted in dark blue.

Table 13—Specific Proposals Excludable Under Increased Second Attempt Resubmission Threshold

Company	Proposal	ESG	Proponent	Attempt 2 Year	Attempt 2 Support	Attempt 3 Year	Attempt 3 Support
Proposals Excludable Under a 10%, 12%, and 15% Threshold:							
ConocoPhillips	Address Coastal Environmental Impacts	E	Religious	2012	6.3%		
Pilgrim's Pride Corporation	Adopt Policy on Water Quality Stewardship	E	AM	2018	6.6%		
Bank of America Corporation	Adopt Proxy Access	G	AM	2014	6.5%		
Universal Health Services*	Adopt Proxy Access	G	Public	2017	8.3%	2018	8.4%
Chevron Corporation	Adopt Quantitative Goals on Emissions	E	Religious	2016	7.9%		
Berkshire Hathaway Inc.*	Adopt Quantitative Goals on Emissions	E	Nonprofit	2013	8.8%	2014	8.1%
Bank of America Corporation	Amend Clawback Policy	G	Retail	2016	6.4%	2017	5.8%
Wells Fargo & Company	Audit Oversight of Loan Policies	G	Public	2012	6.4%		
Devon Energy Corporation	Cease Using Oil Reserves in Comp Metrics	E	Nonprofit	2017	6.9%		
ConocoPhillips	Cease Using Oil Reserves in Comp Metrics	E	Religious	2016	6.9%		
T-Mobile US, Inc.	Clawback Incentive Payments	G	Union	2017	7.8%		
Tapestry, Inc.	Create Plan for Zero Emissions	E	AM	2017	8.3%		
Exxon Mobil Corporation	Disclose Female Compensation	S	Retail	2016	8.5%	2017	7.9%
PepsiCo, Inc.	Establish Committee on Sustainability	E	AM	2016	6.5%		
Morgan Stanley	Exclude Abstentions in Vote Counting	G	Nonprofit	2016	6.1%	2017	7.6%
The Charles Schwab Corp	Exclude Abstentions in Vote Counting	G	Nonprofit	2017	7.2%		

Amgen Inc.	Exclude Abstentions in Vote Counting	G	Retail	2017	6.2%		
Amazon.com, Inc.	Exclude Abstentions in Vote Counting	G	Retail	2018	7.8%		
FedEx Corporation	Exclude Abstentions in Vote Counting	G	Nonprofit	2014	8.1%	2016	5.9%
JPMorgan Chase & Co.	Exclude Abstentions in Vote Counting	G	Nonprofit	2016	7.8%	2017	8.5%
Oracle Corporation	Exclude Abstentions in Vote Counting	G	Nonprofit	2014	8.5%		
McDonald's Corporation	Exclude Abstentions in Vote Counting	G	Nonprofit	2017	9.4%		
Motorola Solutions, Inc.	Improve Human Rights Policies	S	Religious	2014	6.3%		
ITT Inc.	Improve Human Rights Policies	S	Religious	2012	7.3%		
Sempra Energy	Incorporate Sustainability in Comp	E	Union	2012	6.1%		
Abbott Laboratories	Label GMO Ingredients	E	Nonprofit	2014	6.2%	2015	6.0%
PepsiCo, Inc.	Minimize Pesticides' Impact on Pollinators	E	AM	2016	8.9%	2017	9.2%
3M Company	No Corporate Spending in Elections	S	AM	2013	6.2%		
Voya Financial, Inc.	No Investment in Firms Contributing to Genocide	S	Nonprofit	2016	7.7%		
Franklin Resources	No Investment in Firms Contributing to Genocide	S	Nonprofit	2014	6.0%		
JPMorgan Chase & Co.	Provide for Cumulative Voting	G	Retail	2018	8.7%		
Chevron Corporation	Report on Climate Change Finance Risk	E	Public	2013	7.6%		
Bank of America Corporation	Report on Climate Change Finance Risk	E	Religious	2015	8.8%		
The Bank of New York Mellon	Report on Climate Change Policies	E	Retail	2018	6.8%		
T. Rowe Price Group, Inc.	Report on Climate Change Policies	E	AM	2017	9.0%		
MGE Energy, Inc.	Report on Electrification of Transportation	E	Retail	2018	9.9%		
Target Corporation	Report on Electronics Recycling	E	Nonprofit	2012	8.6%	2013	9.7%
McDonald's Corporation	Report on Fast Food and Child Health	E	AM	2012	8.5%	2013	8.2%
Facebook, Inc.*	Report on Gender Pay Gap	S	AM	2017	7.4%	2018	10.0%
CVS Health Corporation	Report on Gender Pay Gap	S	AM	2017	7.4%		
Walmart Inc.	Report on Incentive Compensation Plans	G	Retail	2016	9.6%		
Facebook, Inc.*	Report on Lobbying Payments & Policies	S	Religious	2016	8.3%	2017	9.4%

The Goldman Sachs Group	Report on Lobbying Payments & Policies	S	Religious	2013	6.3%	2018	9.0%
Alphabet Inc.*	Report on Lobbying Payments & Policies	S	AM	2015	9.6%	2016	12.2%
Lockheed Martin Corporation	Report on Lobbying Payments & Policies	S	Religious	2015	6.5%		
JPMorgan Chase & Co.	Report on Lobbying Payments & Policies	S	Religious	2014	7.6%	2015	6.7%
International Business Machines	Report on Lobbying Payments & Policies	S	AM	2012	9.8%	2013	24.5%
The Procter & Gamble Company	Report on Nondiscrimination Policies	S	AM	2017	8.7%		
Chevron Corporation	Report on Offshore Oil Spill Mitigation	E	Retail	2013	7.3%		
Mondelez International, Inc.	Report on Plant Closures	S	Union	2018	6.1%		
Intel Corporation	Report on Political Contributions	S	AM	2018	6.9%		
Occidental Petroleum Corp	Report on Political Contributions	S	Public	2017	7.9%		
International Business Machines	Report on Political Contributions	S	AM	2012	9.7%		
Dominion Energy, Inc.	Report on Reducing Coal Risk	E	Nonprofit	2012	9.5%	2013	6.9%
Chevron Corporation	Report on Business Risks in Conflict Areas	S	AM	2018	7.3%		
Facebook, Inc.*	Report on Sustainability	E	Public	2015	8.4%	2016	8.9%
Motorola Solutions, Inc.	Report on Sustainability	E	Public	2013	6.1%		
RPC, Inc.	Report on Sustainability	E	AM	2015	6.8%		
Chevron Corporation	Report on Transition to Low Carbon Model	E	AM	2018	8.1%		
CVS Health Corporation	Report on Values and Political Donations	S	AM	2016	6.5%		
The Procter & Gamble Co.	Report on Values and Political Donations	S	AM	2016	7.3%		
McDonald's Corporation	Report on Values and Political Donations	S	AM	2016	6.4%		
Dean Foods Company	Require Independent Board Chair	G	Union	2013	8.9%		
The Procter & Gamble Co.	Shareholder Approval of Contributions	S	AM	2012	7.8%		
Verizon Communications, Inc.	Stock Retention/Holding Period	G	Union	2016	7.3%	2017	30.8%
JPMorgan Chase & Co.	Stock Retention/Holding Period	G	Retail	2013	8.3%		

<i>Additional Proposals Excludable Under a 12% and 15% Threshold:</i>							
Continental Resources, Inc.	Adopt a Policy on Board Diversity	S	AM	2017	10.4%		
Lennar Corporation*	Adopt Quantitative Goals on Emissions	E	Nonprofit	2012	11.3%		
Consolidated Edison, Inc.	Disclose Compensation over \$500,000	G	Retail	2012	10.6%		
Verizon Communications, Inc.	Disclose Prior Government Service	S	Retail	2012	10.5%		
Intel Corporation	Exclude Abstentions in Vote Counting	G	Retail	2017	10.1%		
JPMorgan Chase & Co.	No Investment in Firms Contributing to Genocide	S	Nonprofit	2012	10.7%	2013	9.6%
T-Mobile US, Inc.	Pro-Rata Vesting of Equity Awards	G	Union	2017	11.6%	2018	12.7%
Kohl's Corporation	Provide Right to Act by Written Consent	G	Retail	2018	11.7%		
Skechers U.S.A., Inc.*	Report on Board Diversity	S	Public	2016	11.3%	2017	11.3%
Ameren Corporation	Report on Coal Combustion Waste	E	Nonprofit	2012	10.8%	2017	46.4%
Aqua America, Inc.	Report on Human Right of Water	S	AM	2013	10.1%	2014	11.2%
Dominion Energy, Inc.	Report on Lobbying Payments & Policies	S	Public	2016	11.3%	2017	7.1%
The Allstate Corporation	Report on Lobbying Payments & Policies	S	Union	2014	10.3%		
Tyson Foods, Inc.*	Report on Lobbying Payments & Policies	S	Religious	2017	11.9%	2018	12.0%
United Parcel Service, Inc.*	Report on Lobbying Payments & Policies	S	AM	2013	11.7%	2014	16.8%
Wells Fargo & Company	Report on Lobbying Payments & Policies	S	AM	2016	11.0%	2017	8.4%
JPMorgan Chase & Co.	Report on Political Contributions	S	Retail	2012	10.6%		
Alphabet Inc.*	Report on Political Contributions	S	AM	2017	10.2%		
Citigroup Inc.	Report on Political Contributions	S	Public	2012	10.2%		
Caterpillar Inc.	Report on Political Contributions	S	Public	2012	10.4%		
The Allstate Corporation	Report on Political Contributions	S	Public	2012	11.6%	2014	11.1%
FirstEnergy Corp.	Report on Reducing Coal Risk	E	Nonprofit	2012	11.4%		
Ameren Corporation	Report on Renewable Energy	E	Public	2013	11.1%	2016	11.2%
<i>Additional Proposals Excludable Under a 15% Threshold:</i>							
Ingles Markets, Incorporated*	Adopt One Share, One Vote	G	Retail	2017	12.4%	2018	12.2%
Marathon Petroleum Corp	Adopt Quantitative Goals on Emissions	E	Religious	2015	12.7%	2016	14.8%

Tyson Foods, Inc.*	Adopt Policy on Water Quality Stewardship	E	Religious	2016	12.1%	2017	14.7%
PNM Resources, Inc.	Assess Impact of 2 Degree Scenario	E	Nonprofit	2018	14.5%		
Citigroup Inc.	Audit Oversight of Loan Policies	G	Public	2012	14.3%		
Walmart Inc.	Disclose Senior Executive Recoupment	G	Union	2014	14.7%	2015	15.6%
The Western Union Company	Establish Human Rights Board Committee	S	AM	2015	12.0%	2016	3.2%
Baker Hughes, GE Company	Exclude Abstentions in Vote Counting	G	Nonprofit	2017	14.6%		
Conagra Brands, Inc.	Exclude Abstentions in Vote Counting	G	Nonprofit	2014	12.6%		
Darden Restaurants, Inc.	Phase Out Non-Therapeutic Antibiotics	E	AM	2017	12.8%		
DaVita Inc.	Provide Right to Act by Written Consent	G	Retail	2016	14.1%		
The Kraft Heinz Company	Reduce Deforestation in Supply Chain	E	Religious	2017	13.1%		
The Kroger Co.	Report on Extended Producer Responsibility	G	Nonprofit	2013	12.5%	2014	12.7%
Alphabet Inc.*	Report on Gender Pay Gap	S	AM	2017	12.7%	2018	15.7%
Motorola Solutions, Inc.	Report on Human Rights in Supply Chain	S	Religious	2018	13.1%		
Anthem, Inc.	Report on Lobbying Payments & Policies	S	AM	2013	13.4%	2016	9.3%
Expedia Group, Inc.*	Report on Political Contributions	S	Public	2017	13.8%		
CNX Resources Corporation	Report on Political Contributions	S	Public	2014	14.0%	2017	21.6%
Duke Energy Corporation	Report on Reducing Coal Risk	E	Nonprofit	2012	12.0%		
Avon Products, Inc.	Report on Substitutes for Ingredients	E	AM	2014	14.3%		
The Kraft Heinz Company	Report on Unrecyclable Packaging	E	Nonprofit	2017	13.1%	2018	13.5%
Alphabet Inc.*	Require Independent Board Chair	G	Union	2016	13.4%		
PNM Resources, Inc.	Require Independent Board Chair	G	Retail	2018	12.8%		
UMB Financial Corporation	Require Independent Board Chair	G	AM	2014	14.9%	2015	24.8%

Table 14 lists the specific proposals voted between 2011 and 2018 that would not satisfy the third-attempt resubmission threshold if it were raised to 15%, 20% or 30%. In this period, 15 proposals received between at least 3.0% first attempt, 6.0% on the second attempt, and between 10.0% and 14.9% on the third attempt. An additional 15 proposals received between 15.0% and 19.9%, and 86 more received between 20.0% and 29.9%. Of these, 64 (55%) were submitted a fourth time—38 received similar levels of support or lost support in the fourth attempt, **but 26 went on to receive substantially higher support, highlighted in dark blue.** The vast majority of proposals that went on to receive substantially higher support would only be excludable under the onerous 30% threshold, not the 15% or 20% scenarios.

Table 14—Specific Proposals Excludable Under Increased Third Attempt Resubmission Threshold

Company	Proposal	ESG	Proponent	Attempt 3 Year	Attempt 3 Support	Attempt 4 Year	Attempt 4 Support
<i>Proposals Excludable Under a 15%, 20%, and 30% Threshold:</i>							
Ingles Markets, Incorporated*	Adopt One Share, One Vote	G	Retail	2018	12.2%		
Tyson Foods, Inc.*	Adopt Policy on Water Quality Stewardship	E	Religious	2017	14.7%	2018	15.8%
Marathon Petroleum Corp	Adopt Quantitative Goals on Emissions	E	Religious	2016	14.8%		
T-Mobile US, Inc.	Pro-Rata Vesting of Equity Awards	G	Union	2018	12.7%		
Skechers U.S.A., Inc.*	Report on Board Diversity	S	Public	2017	11.3%		
The Kroger Co.	Report on Extended Producer Responsibility	G	Nonprofit	2014	12.7%		
Facebook, Inc.*	Report on Gender Pay Gap	S	AM	2018	10.0%		
Aqua America, Inc.	Report on Human Right of Water	S	AM	2014	11.2%	2015	7.5%
Alphabet Inc.*	Report on Lobbying Payments & Policies	S	AM	2016	12.2%	2017	12.7%
Tyson Foods, Inc.*	Report on Lobbying Payments & Policies	S	Religious	2018	12.0%		
Wynn Resorts, Limited	Report on Political Contributions	S	Public	2016	14.6%	2017	29.7%
The Allstate Corporation	Report on Political Contributions	S	Public	2014	11.1%	2016	25.0%
Ameren Corporation	Report on Renewable Energy	E	Public	2016	11.2%	2017	9.2%
The Kraft Heinz Company	Report on Unrecyclable Packaging	E	Nonprofit	2018	13.5%		

General Dynamics Corp	Require Independent Board Chair	G	Retail	2015	14.0%		
Additional Proposals Excludable Under a 20% and 30% Threshold:							
Exxon Mobil Corporation	Adopt Anti-Bias Sexual Orientation Policy	S	Public	2013	19.8%	2014	19.5%
Facebook, Inc.*	Adopt One Share, One Vote	G	Union	2016	16.0%	2017	20.2%
T-Mobile US, Inc.	Adopt Proxy Access	G	AM	2017	19.9%	2018	22.8%
Walmart Inc.	Disclose Senior Executive Recoupment	G	Union	2015	15.6%		
Alphabet Inc.*	Report on Gender Pay Gap	S	AM	2018	15.7%		
Comcast Corporation*	Report on Lobbying Payments & Policies	S	Religious	2016	16.7%	2017	16.6%
United Parcel Service, Inc.*	Report on Lobbying Payments & Policies	S	AM	2014	16.8%	2015	15.9%
Republic Services, Inc.	Report on Political Contributions	S	Public	2014	18.9%	2018	29.1%
Walmart Inc.	Require Independent Board Chair	G	Union	2015	16.2%	2016	15.1%
American Express Company	Require Independent Board Chair	G	Retail	2015	15.8%	2016	37.0%
U.S. Bancorp	Require Independent Board Chair	G	Retail	2015	16.3%	2016	16.8%
Zions Bancorporation	Require Independent Board Chair	G	Retail	2015	15.8%	2016	13.1%
Sempra Energy	Require Independent Board Chair	G	Retail	2015	16.3%		
Ford Motor Company*	Shareholders May Call Special Meeting	G	Retail	2013	19.6%	2014	22.0%
Walgreens Boots Alliance, Inc.	Stock Retention/Holding Period	G	Retail	2015	17.8%		
Additional Proposals Excludable Under a 30% Threshold:							
Oracle Corporation	Adjust Comp Metrics for Performance	G	Public	2014	27.1%		
Alphabet Inc.*	Adopt Majority Voting for Directors	G	Public	2016	28.5%		
Alphabet Inc.*	Adopt One Share, One Vote	G	Retail	2014	23.7%	2015	25.8%
United Parcel Service, Inc.*	Adopt One Share, One Vote	G	Retail	2015	24.9%	2016	27.9%
First Citizens BancShares, Inc.	Adopt One Share, One Vote	G	Retail	2015	20.2%	2016	20.7%
Telephone and Data Systems*	Adopt One Share, One Vote	G	Retail	2016	29.8%	2017	36.1%
Urban Outfitters, Inc.	Adopt Proxy Access	G	Public	2013	27.9%	2014	33.4%
Walgreens Boots Alliance, Inc.	Adopt Proxy Access	G	AM	2017	25.4%		
Exxon Mobil Corporation	Adopt Quantitative Goals on Emissions	E	Religious	2013	26.7%	2014	22.0%
ConocoPhillips	Adopt Quantitative Goals on Emissions	E	Religious	2013	29.4%	2014	25.8%

The Home Depot, Inc.	Disclose EEO Data	S	AM	2013	26.0%		
Caterpillar Inc.	Improve Human Rights Policies	S	Religious	2013	26.8%	2014	26.3%
Aetna Inc.	Policy to Disclose Organization Payments	S	Public	2016	25.5%		
Occidental Petroleum Corp	Policy to Disclose Organization Payments	S	AM	2016	27.9%		
Morgan Stanley	Pro-Rata Vesting of Equity Awards	G	Union	2018	20.0%		
Comcast Corporation*	Pro-Rata Vesting of Equity Awards	G	Union	2015	26.0%	2016	27.0%
JPMorgan Chase & Co.	Pro-Rata Vesting of Equity Awards	G	Union	2018	29.3%		
McKesson Corporation	Pro-Rata Vesting of Equity Awards	G	Union	2015	25.5%	2016	27.6%
TEGNA, Inc.	Pro-Rata Vesting of Equity Awards	G	Union	2015	25.8%		
General Electric Company	Provide for Cumulative Voting	G	Retail	2014	26.3%	2015	11.3%
Edwards Lifesciences Corp	Provide Right to Act by Written Consent	G	Retail	2018	23.8%		
General Electric Company	Provide Right to Act by Written Consent	G	Retail	2014	21.0%	2015	12.6%
Dominion Energy, Inc.	Report on Climate Change Finance Risk	E	Retail	2015	23.6%	2016	22.8%
Chevron Corporation	Report on Country Selection Guidelines	S	Union	2013	22.0%	2014	23.1%
The Charles Schwab Corp	Report on Employment Diversity	S	Public	2016	24.3%	2017	25.9%
American Express Company	Report on Employment Diversity	S	Public	2016	24.3%		
Omnicom Group Inc.	Report on Employment Diversity	S	Public	2015	27.5%	2016	29.2%
Citigroup Inc.	Report on Lobbying Payments & Policies	S	Union	2014	25.8%	2015	34.2%
International Business Machines	Report on Lobbying Payments & Policies	S	AM	2013	24.5%	2014	24.2%
BlackRock, Inc.	Report on Lobbying Payments & Policies	S	Union	2018	21.0%		
Darden Restaurants, Inc.	Report on Lobbying Payments & Policies	S	Union	2015	23.7%		
The Boeing Company	Report on Lobbying Payments & Policies	S	Public	2016	20.6%	2017	20.6%
Chevron Corporation	Report on Lobbying Payments & Policies	S	Union	2014	24.1%	2015	27.9%
Exxon Mobil Corporation	Report on Lobbying Payments & Policies	S	Union	2013	24.9%	2014	21.1%
General Electric Company	Report on Lobbying Payments & Policies	S	Public	2018	21.2%		
The Charles Schwab Corp	Report on Lobbying Payments & Policies	S	Union	2017	24.2%		
ConocoPhillips	Report on Lobbying Payments & Policies	S	AM	2013	26.1%	2014	25.3%

Verizon Communications, Inc.	Report on Lobbying Payments & Policies	S	Public	2014	26.6%	2016	34.6%
AbbVie Inc.	Report on Lobbying Payments & Policies	S	AM	2018	24.3%		
UnitedHealth Group Inc.	Report on Lobbying Payments & Policies	S	Public	2014	24.2%	2017	25.1%
Devon Energy Corporation	Report on Lobbying Payments & Policies	S	Public	2014	27.3%	2015	30.8%
FedEx Corporation	Report on Lobbying Payments & Policies	S	AM	2017	25.0%		
Dominion Energy, Inc.	Report on Methane Emissions	E	Nonprofit	2017	23.7%		
Energen Corporation	Report on Methane Emissions	E	Public	2016	28.9%		
Verizon Communications, Inc.	Report on Net Neutrality	S	Nonprofit	2015	23.2%		
American Express Company	Report on Oversight of Data and Privacy	G	AM	2016	22.0%		
AutoNation, Inc.	Report on Political Contributions	S	Public	2014	27.6%		
NIKE, Inc.*	Report on Political Contributions	S	Public	2015	27.2%	2016	28.5%
CarMax, Inc.	Report on Political Contributions	S	Union	2018	29.2%		
Amazon.com, Inc.	Report on Political Contributions	S	Nonprofit	2014	22.9%	2015	20.3%
FedEx Corporation	Report on Political Contributions	S	Public	2013	25.4%	2014	27.9%
CNX Resources Corporation	Report on Political Contributions	S	Public	2017	21.6%		
Anadarko Petroleum Corp	Report on Political Contributions	S	Public	2013	20.3%	2014	21.2%
Express Scripts Holding Co	Report on Political Contributions	S	Public	2015	29.8%	2016	30.5%
Northern Trust Corporation	Report on Political Contributions	S	Union	2018	24.0%		
The Charles Schwab Corp	Report on Political Contributions	S	Public	2013	25.3%	2014	26.6%
AT&T Inc.	Report on Political Contributions	S	Religious	2013	25.4%	2014	24.6%
The J. M. Smucker Company	Report on Renewable Energy	E	AM	2017	27.5%		
The Ensign Group, Inc.	Report on Sustainability	E	AM	2017	25.2%		
Mondelez International, Inc.	Report on Unrecyclable Packaging	E	Nonprofit	2015	27.9%	2016	26.7%
The Kroger Co.	Report on Unrecyclable Packaging	E	Nonprofit	2017	24.0%	2018	29.4%
Chevron Corporation	Require Director Environmental Experience	E	Public	2013	21.7%	2014	21.4%
Freeport-McMoRan Inc.	Require Director Environmental Experience	E	Public	2013	29.6%	2014	6.7%

AutoNation, Inc.	Require Independent Board Chair	G	Retail	2016	23.8%	2018	28.5%
Comcast Corporation*	Require Independent Board Chair	G	Union	2016	23.3%		
The Kroger Co.	Require Independent Board Chair	G	Retail	2018	27.1%		
General Electric Company	Require Independent Board Chair	G	Retail	2016	23.3%	2017	24.3%
Xcel Energy Inc.	Require Independent Board Chair	G	Retail	2014	22.1%	2015	19.9%
Wells Fargo & Company	Require Independent Board Chair	G	Retail	2013	22.0%	2014	16.4%
Caterpillar Inc.	Require Independent Board Chair	G	Retail	2017	26.3%		
FedEx Corporation	Require Independent Board Chair	G	Union	2013	28.6%	2015	27.7%
Chevron Corporation	Require Independent Board Chair	G	Union	2015	21.5%	2017	38.7%
Reliance Steel & Aluminum Co.	Require Independent Board Chair	G	Retail	2015	24.6%		
Northrop Grumman Corp.	Require Independent Board Chair	G	Retail	2014	22.8%	2015	24.6%
AT&T Inc.	Require Independent Board Chair	G	Retail	2016	23.8%	2018	38.0%
The Wendy's Corporation	Require Independent Board Chair	G	Retail	2017	27.4%		
Baxter International Inc.	Require Independent Board Chair	G	Retail	2018	25.6%		
UMB Financial Corporation	Require Independent Board Chair	G	AM	2015	24.8%	2016	21.3%
Aetna Inc.	Require Independent Board Chair	G	Public	2014	26.4%		
KeyCorp	Require Independent Board Chair	G	Retail	2015	23.7%	2016	26.3%
Devon Energy Corporation	Review Advocacy on Climate Change	E	Religious	2017	26.6%		
McKesson Corporation	Stock Retention/Holding Period	G	Nonprofit	2013	27.0%		
Union Pacific Corporation	Stock Retention/Holding Period	G	Retail	2015	24.4%	2016	4.9%
The Allstate Corporation	Stock Retention/Holding Period	G	Retail	2015	29.4%		
Raytheon Company	Submit Poison Pill to Shareholder Vote	G	Union	2013	28.6%		