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In-House Corner: Shareholder Proposals – Part 4

This feature of our blog is where our in-house readers share tips, anecdotes and thoughts about things that come up in their daily practice. We received so much feedback on the [first blog](#), [second blog](#) and [third blog](#) about the practice of dealing with shareholder proposals that we now have this Part 4, which is a checklist of 14 items to consider when you receive a proposal: 1. Acknowledge receipt to the shareholder proponent. 2. Check 14a-8 procedural requirements to see if it's a valid submission and, if so, whether there is a reasonable basis to seek a no-action request. Outside counsel input is very valuable at this stage. 3. If the submission has a procedural deficiency, send the required letter to the shareholder proponent. 4. Be sure deadlines for handling the proposal are included in the annual meeting calendar. 5. Circulate the proposal within the company as needed and add the topic to the next Board and/or Governance Committee meeting, and also consider whether a copy should be shared with the Board immediately. 6. Gather information internally on whether any of the requested actions are underway or already substantially implemented. 7. Request a call with the shareholder to discuss the proposal, convey any information on mitigation actions already underway and see if there is a desire to negotiate a withdrawal. There's no downside here, other than a little bit of your time. 8. Research the proposal and review other statements in opposition at other companies that received the same type of proposal. 9. Research whether peers have received the proposal and, if so, the outcome. 10. Reach out to your proxy solicitor to get their thoughts on the likely outcome. Consider whether you will need a vote projection to share with management and the board. 11. Start drafting the statement in opposition, even if you are planning to seek no-action relief. Sharing the draft statement in opposition with the board early in the process can be very helpful in the board's deliberation. 12. If the proposal is going to be included in the proxy statement, share a copy of the statement in opposition with the proponent in accordance with the Rule 14a-8 deadline. 13. Communicate with the shareholder proponent prior to the meeting on logistics for presenting the proposal and getting into the annual meeting. 14. If the meeting is in person, reserve a seat near the microphone for the proponent or their representative and assign a person to sit next to them to serve as their guide throughout the meeting and answer any questions. If possible, introduce the proponent to key members of management. Kindness goes a long way.

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