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America's Business Leaders Offer Solutions to Fix Shareholder Proposal Process

Washington — [Business Roundtable](#) today issued a new report that proposes specific solutions to improve the outdated shareholder proposal process.

In *Responsible Shareholder Engagement and Long-Term Value Creation: Modernizing the Shareholder Proposal Process*, America's top CEOs detail how the system has fallen out of step with corporate decision-making and capital markets today. The increased misuse of the process by political activist investors has strained the focus of senior management on creating long-term value, high-quality jobs and innovative products and services for shareholders, workers and consumers.

"The broken process has been misused by a small number of individuals — with small stakes in companies — who file many common proposals that do not promote the creation of long-term value," said John Hayes, Chairman, President and Chief Executive Officer, Ball Corporation, and Chair of the Business Roundtable Corporate Governance Committee.

"Consequently, U.S. business leaders are distracted from advancing the economic interests of the United States and the overall economic climate in which our companies operate. In particular, we strive to create long-term value, good-paying jobs and innovative products and services for shareholders, workers and consumers that, in turn, lead to demand creation for our products and services. It is past time to fix this decades-old system."

In 2015, nearly 480 proposals were filed by various shareholders that had origins tied not to issues that an informed investor would consider material to make an investment decision in such companies, but rather to social, environmental and political issues – a five-year high. Meanwhile, 89 percent of all non-management proposals submitted last year were voted down by a majority of shareholders. As the report illustrates, during the last four years, only three shareholders and their families accounted for more than 70 percent of all proposals submitted by individuals to Fortune 250 companies.


To improve the system for both corporations and investors, Business Roundtable CEOs propose:


- **Updating the eligibility requirements** for submitting a proposal based on a sliding scale related to a company's size;
- **Increasing the length of the holding requirement** to three years, which would mirror the standard frequently used for proxy access;
- **Requiring proponents of shareholder proposals to provide increased disclosure**, such as indicating their intentions, economic interests and holdings in the target company; and
- **Raising the resubmission threshold** for proposals that have been rejected in previous years.


The full report, along with the complete set of pragmatic solutions proposed by America's CEOs, is available [here](#).

Earlier this year, Business Roundtable released a plan for accelerating stronger economic growth and job creation. For more information on the plan, visit BRT.org/growth.

Business Roundtable CEO members lead companies with more than \$6 trillion in annual revenues and nearly 15 million employees. The combined market capitalization of Business Roundtable member companies is the equivalent of nearly one-quarter of total U.S. stock market capitalization, and Business Roundtable members invest \$103 billion annually in research and development – equal to 30 percent of U.S. private R&D spending. Our companies pay \$226 billion in dividends to shareholders and generate \$412 billion in revenues for small and medium-sized businesses annually. Business Roundtable companies also make more than \$7 billion a year in charitable contributions. Learn more at BRT.org

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