



Shareholder Engagement

What is it?

Companies let members of the general public buy pieces of their company because they need money to grow. These pieces are called shares or stock, and someone who owns a share is a shareholder. Any shareholder with at least \$2,000 worth of stock can create and vote on **resolutions** that influence the company, from anti-discrimination policies to paying workers living wages. Through shareholder engagement strategies, as explained below, shareholders can place pressure on corporate decision-makers and enact tangible change.

One of the benefits of shareholder engagement is that it produces direct results within the company. Think of it this way: if your school divests and sells all of the shares of a corporation it finds morally objectionable, someone else who doesn't care will buy them. The practice you were calling out would not necessarily change. For certain issues, the symbolic value of divestment is enough, especially if the issue is big enough to gain widespread support. For others, shareholder engagement strategies are more effective.

How can I implement it?

For any of the strategies below to be realized on your campus, you will need the support and commitment of your school's investment committee. They have the responsibility of managing shares and dealing with companies. If your school has a Committee on Investor Responsibility, they can be a great resource if you mobilize their support and utilize them accordingly. If you choose to pursue any of these strategies, REC staff can guide you throughout the process.

Proxy Voting Guidelines

- When a resolution is introduced, shareholders can vote on it. A proxy vote is when a shareholder transfers their voting power to someone who will vote in their place. If your school is invested in a co-mingled fund, for example, a representative from the co-mingled fund votes instead of a representative from the school.
- Instead of keeping track of and deciding on every resolution that is introduced, committees on investor responsibility often create proxy voting guidelines. These guidelines indicate how the institution would like their proxy to vote. For example, if a policy were introduced that asked the company to disclose its political spending, and the institution had a guideline that said the company must be transparent, then the proxy voter would vote in favor of the resolution.

Proxy Votes as Allyship

- A shareholder can give their voting right to an individual or organization as an act of allyship. If the shareholder doesn't have particular interest in a resolution, but another group does, the shareholder can allow them to attend the shareholder meeting and vote on their behalf.
- If the shareholder does have interest in a particular resolution, they can choose someone better suited than they to talk. For example, this would give representatives of communities who are directly impacted by corporate practices to speak at shareholder meetings. In the past, REC has provided proxies for the Coalition of Immokalee Workers (CIW) to attend Wendy's shareholder meeting in June 2013. They were able to demand the company's participation in the Fair Food Program, which ensures fair working standards among tomato pickers in Florida.

Write a Letter to the Company

- When major shareholders, such as colleges and universities, write to express concern about particular corporate practices, the company's management pays attention. Often, if companies receive the same feedback from multiple shareholders, they arrange a phone call or a face-to-face meeting. Shareholders can arrange for community members to attend a meeting and negotiate with the company around their specific requests.
- Writing letters in support of resolutions augments the pressure placed on the company. Letters can introduce a new problem, and don't have to overlap with a particular resolution - though that does make it stronger.
- In addition to targeting a specific company, you could target an organization that governs corporate practice, like the Securities and Exchange Commission (SEC). For example, in 2012, the New School Advisory Committee on Investor Responsibility wrote a letter to the SEC (4-637) on behalf of a petition that demanded publicly-traded companies must disclose political spending at all levels.



Attend a Shareholder Meeting

- Every company has an annual shareholder meeting, typically held in the spring to early summer. Shareholders receive annual proxy statements, available online, which also serve as invitations to the yearly shareholders' meeting.
- At these meetings, resolutions are presented and voted on. If you attend as a shareholder, you are also given the opportunity to ask questions and dialogue with executives. If you're not a shareholder, the meeting can be a strategic event to place pressure on the company from the outside (via a peaceful protest, vigil, or sit-in, for example).
- Compared to letter-writing campaigns and resolution-writing, shareholder meetings tend to receive much more media attention, and are a good way to exert public pressure on the company.

*REC, in collaboration with many other organizations, attended a shareholder meeting at **Sallie Mae**, the nation's largest private student loan agency, in May 2013. By bringing over 250 students and community members and twenty-two shareholders, they successfully demanded transparency behind lobbying expenditures and student meetings with the CEO. In September 2013, **Sallie Mae officially withdrew from ALEC**, an organization that pushes legislation specifically targeting the financial futures and voting rights of college students.*

Co-file a Resolution

- Co-filing a resolution means that you endorse an already written resolution. This is done by putting the investor's name (aka, your school's name) behind the lead filer's.
- Most resolutions are filed in the fall and voted on during the shareholder's meeting in the spring. Resolutions not only raise the issue to management and bring the issue to a vote, but can help mobilize support from other shareholders.
- There are online databases, such as ICCR and Si2, that compile all filed resolutions and make them available for shareholders.

File a Resolution

- Any shareholder that has owned more than \$2,000 worth of shares for a year before the annual meeting has the right to create a resolution. Whoever writes the resolution is the lead filer.

*With REC's help, Bard College's Socially Responsible Investing Committee lead-filed a resolution at **McDonald's** in 2009 requesting the company to explore options to reduce pesticide use in its supply chain. The resolution was later successfully withdrawn after the management initiated a dialogue with shareholders and agreed to policy changes.*