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## SHAREHOLDER PROPOSALS IN THE 2024 PROXY SEASON

*The proxy “season” that coincides each year with annual shareholder meetings for the majority of calendar year-end public companies often features new developments and trends with regard to shareholder proposals. Reviewing these can assist companies in responding to significant developments and may provide a preview of what to expect in the upcoming year. This article examines these developments from the 2024 proxy season.*

By Ryan J. Adams \*

At a general level, the 2024 proxy season reflected a continuation of many trends that began in the 2022 proxy season and continued into 2023. In this regard, shareholder proposal submissions overall increased, but investor support for proposals voted on continued to decrease. Companies also continued to find better success than in recent years with respect to no-action requests submitted to the U.S. Securities and Exchange Commission’s Division of Corporation Finance (the “Staff”) to exclude shareholder proposals, though proponents explored novel ways to promote their agendas. These and other subjects are discussed in more detail below.

### SHAREHOLDER PROPOSALS – SUBMISSIONS AND VOTING TRENDS

Overall, the number of shareholder proposals submitted to companies for inclusion in their proxy statements in the 2024 proxy season increased slightly from the prior year. With over 900 submissions, shareholders submitted the highest number of proposals in nearly a decade. This follows a recent trend of increased shareholder engagement with companies, specifically through the submission of shareholder proposals.

Similarly, consistent with recent trends, while the number of proposals that ultimately made it onto companies’ ballots increased, voting support was low. Average support across all shareholder proposals voted on was about 23%, roughly level with average support in 2023 and representing a continued trend downward.

Regarding the types of proposals that were submitted, they can broadly be categorized as relating to governance, environmental, and social (“ESG”) matters. Proposals focusing on governance matters increased by about 13% from 2023. These numbers are skewed, however, by the presence of a wide-ranging campaign from the United Brotherhood of Carpenters union, which submitted nearly 40 proposals seeking mandatory director resignation policies for directors failing to receive majority support in an election.<sup>1</sup> Average support for governance proposals voted on increased to 42% from 31% in 2023. These results may have been influenced, however, by high support for proposals requesting companies eliminate supermajority voting

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<sup>1</sup> Notably, a significant number of companies incorporated in Delaware were able to successfully exclude these proposals by arguing to the Staff that the proposals would violate state law.

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