

The logo for the Corporate Reform Coalition features the text "Corporate Reform Coalition" in a bold, yellow, sans-serif font. The text is centered over a background image of several US dollar bills, with one bill prominently showing the number "100".

Corporate Reform Coalition

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SEC Must Protect and Expand Shareholder Democracy

Note: Today the U.S. Securities and Exchange Commission (SEC) is holding a roundtable on the proxy process as a follow-up to a 2010 concept release examining the same issue. The SEC has sought public comment on whether the U.S. proxy system operates with the accuracy, reliability, transparency and integrity that shareholders and companies expect. In their role as shareholders and concerned citizens, members of the [Corporate Reform Coalition](#) have been holding companies accountable for risky, undisclosed political activity for almost a decade.

The current rules and practices governing the way shareholders file proposals and vote in corporate elections are democratic ones, as they allow shareholders to engage with their companies about important issues and hold corporate managers accountable. The SEC should use today's roundtable to focus on strengthening the proxy process with the goal that every retail shareholder vote managed by an intermediary should be counted in corporate elections, that all investors should have full access to the proposal process and that they can see the information they need.

The public agenda for the roundtable suggests that the agency intends to focus on proxy advisory firms, which are independent entities that offer recommendations to shareholders about how to vote in corporate elections. This focus on proxy advisors is a distraction being pushed by corporate and narrow interests that do not want to see shareholder rights expanded through increased disclosure or more equitable access to the shareholder proposal process. It's hard to see how firms that provide shareholders with more information about their companies could be harmful.

Going forward we call for the SEC to instead focus on ways to expand shareholders' access to material information, including environmental, social and governance (ESG) risks.

“The SEC must protect and expand shareholder democracy, not pander to corporate lobbyists’ pet concerns, and this roundtable is a perfect opportunity to move in that direction. It’s past time for Chairman Clayton and the rest of the Commission to prove their commitment to retail investors, particularly those invested through their retirement accounts, and reform the proxy process to truly capture retail investors’ interests. The agency should seize this opportunity to genuinely evaluate the outdated proxy voting process and maintain a focus on expanding shareholder rights and providing long-demanded disclosures.”

- Lisa Gilbert, vice president of legislative affairs, Public Citizen

“Chairman Clayton is right to look at ways to promote corporate long termism and make our markets work for “Mr. and Mrs. 401(k),” but unfortunately too much of the staff proxy round table focuses on

politically-driven attacks on proxy advisory firms that provide independent, fact-driven information that investors freely choose to use how they wish. Instead, the SEC should take bipartisan action to promote transparency and accountability, especially through enhanced provision of clear, consistent, and robust environmental, social and governance information and through protecting and promoting the ability of shareholders to use that information to drive long-term outcomes that are good for investors, workers, and the public interest.”

- Andy Green, Managing Director, Economic Policy, Center for American Progress