



SHAREHOLDER PROPOSALS DELIVER RESULTS WHILE UNDER ATTACK

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For decades, the shareholder proposal process has served as one of the capital markets' most practical accountability tools. Under [Rule 14a-8](#), investors can raise concerns about governance, disclosure, and emerging risks directly with the companies they own. While proposals are typically nonbinding, their value lies in surfacing issues early and often well before they escalate into crises that require regulatory intervention.

Now, U.S. Securities and Exchange Commission Chair Paul Atkins is threatening to change the rule to restrict shareholder engagement and we are seeing a growing number of states introduce legislation targeting proxy advisors. And a growing number of voices are pushing back.

Research increasingly supports what many investors have long observed about the financial value of shareholder proposals. A recent academic study analyzing nearly 10,000 shareholder proposals at S&P Composite 1500 firms [found](#) that board responsiveness to proposals can enhance firm value under certain conditions. The findings reinforce an important point: shareholder proposals are not just symbolic. They can improve corporate decision-making by prompting boards to evaluate risks and governance practices more carefully.

Some of the most widely accepted governance standards today [emerged](#) from shareholder proposals and engagement. Majority voting for directors, annual elections for boards, and advisory votes on executive compensation were all initially advanced through shareholder proposals before becoming mainstream governance practices. These reforms strengthened board accountability and improved alignment between executives and long-term shareholders without requiring sweeping regulatory mandates.

Shareholder engagement has also played a role in pushing technology companies to address risks related to online safety, particularly for young users. Over the past decade, investors have [filed](#) proposals and engaged companies on issues such as harmful content exposure, platform design risks for minors, and transparency around safety practices. While major technology companies have introduced new policies and transparency measures, ongoing litigation and recent congressional hearings involving technology executives underscore that the challenge is far from resolved. But shareholder proposals have served as an important mechanism for surfacing these risks early and pressing companies to strengthen oversight before problems escalate into even broader legal and regulatory crises.

Today, proposals often focus on emerging risks that are still evolving. Investors have asked companies to improve disclosure around supply chains, cybersecurity, climate risk, and biodiversity dependencies. In many cases, companies respond through dialogue before proposals even reach a shareholder vote. The 2025 proxy season saw a notable [increase](#) in proposal withdrawals, reflecting successful pre-vote engagement between companies and investors.

In addition to the SEC actions, 13 states have introduced model legislation entitled the "Proxy Advisor Transparency Act." These bills seek to redefine who provides a proxy advisor service (related to companies headquartered in their state) to be inclusive of any individual or entity that performs research or analysis on proxy proposals. If the recommendation differs from that of company management, the law requires multiple disclosures and a written financial analysis by the "proxy advisor." The legislation also allows a private right of action, where any shareholder of a company subject to the proxy advisor service can sue the entity for not disclosing properly or providing a written financial analysis. Due to the broad definition of who provides a proxy advisor service in the legislation, non-profits, law firms, professors, and even asset owners could be open to legal liability for opposing a company's management position. Investor organizations, faith-based investors, and conservative groups have pushed back against the legislation, calling for amendments to exempt nonprofits and remove the private right of action.

In practice, shareholder proposals rarely dictate outcomes. Instead, they facilitate dialogue between companies and their owners, helping markets adapt to evolving risks. That dialogue has helped to shape governance reforms, strengthen risk oversight, and improve transparency across corporate America, and is a basic tenet of our free market.

Much like we believe that investors should have the freedom to invest, we also believe that they should have the freedom to engage with the companies they own. Healthy capital markets depend on this feedback loop between investors and companies, and it is a crucial process that leads to meaningful improvements and benefits. Preserving shareholder proposals ensures that investors retain a constructive mechanism to raise concerns before they become crises.