



Wesleyan Committee for Investor Responsibility

How to File a Shareholder Resolution (And not lose!)

What You Will Need

1. Calendar of Due Dates
 - a. Refer to the SEC regulations
2. Network of Resources
 - a. Look into finding another school to co-file
 - b. Contact REC, SRIS, etc.
 - c. Consulting faculty members and alumni of CIR
3. Proof of Ownership
 - a. Check the date
 - b. Follow up with Investment Office, Broker, etc.
 - c. Make sure you've had holding for at least continuous 12 months
4. The Resolution
 - a. Post-mark on time
 - b. Use clear, concise arguments
 - c. Perform extensive research to utilize concrete facts and examples
 - d. Look at SRIS database for previously filed resolution for template and ideas on wording
5. Legal Advice
 - a. If shareholder resolution is challenged, you will need official legal advice to respond

Resources/People

- **Dan Apfel (Executive Director, Responsible Endowments Coalition)**
dan@endowmentethics.org
 - Dan is a great resource. He has a lot of connections with other people who may be able to offer advice (such as attorneys or other investors who have filed resolutions). He is also fairly familiar with the process of filing a resolution and can give advice on how to handle potential problems. If you have a question that you need answered he is probably the best person to go to. If he doesn't have an answer, he can direct you to someone who does.
- **Rob Berridge (Senior Manager, Investor Programs, Ceres)**
berridge@ceres.org
 - Rob is a very good resource for connecting you to other filers and proxy recommendation services (i.e. ISS and Glass Lewis) to help gain support for your resolution once it receives SEC approval. You should contact Rob in the fall to help establish a connection with him and make sure that you

are included on emails to lead filers so that you are informed about phone calls with these groups to defend your resolution.

- **Beth Young (Adjunct Professor, Fordham University School of Law)**
bethmyoung@verizon.net
 - Beth is a pretty good legal contact. She reviewed our resolution and offered good suggestions. She has experience filing resolutions. She wasn't able to answer all of our questions and was not always immediately responsive. Additionally, had we needed legal counsel with the SEC, I believe she was willing to provide it. You might want to contact Dan first to see if he has a lawyer you can contact and he might mention Beth or possibly suggest someone else.
- **Harvard Shareholder Rights Project**
<http://www.law.harvard.edu/academics/clinical/clinics/srp.html>
 - We have never contacted them before, but it could be useful to contact them in the fall and see what they are all about and if they would possibly be willing to offer legal support at some point.
- **The CIR Dropbox Folder**
 - Check out the shareholder engagement folder. But really, you probably should have already thought to do this by now.

Possible Difficulties and How to Overcome Them

Proof of Ownership Challenge

You may be challenged to prove sufficient ownership of shares. This typically requires continuous ownership of shares worth above a certain figure over a set period of time (i.e. continuous ownership over \$1000 for one full year prior to the date of submission). If challenged on these grounds, the bank which acts as the custodian of your shares needs to send a simple letter stating that you meet the continuous ownership requirement for the full period of time. Be sure to check the dates on this letter before sending it on.

Changes within the Company

Companies are changing all the time. Though research should start months before filing, it helps to keep up to date with the company's policies and structures, adjusting your goals and strategy as you go along. Make sure to stay informed with their annual reports, check their website regularly, and, if need be, call the company and see what information you can discern.

Challenge to Exclude submitted to the SEC

The company will likely submit a challenge to the Securities and Exchange Commission (SEC) on either technical or substantive grounds (or both), seeking to exclude your resolution. You will have a very brief time to respond (don't bet on more than a week) and try to convince the SEC to reject the challenge.

A Game of Telephone

Filing a shareholder resolution often involves extensive communication between numerous separate parties, and can often result in chain communications. To avoid inaccuracies and other problems resulting from these games of Telephone, it is best to involve yourself in as many steps of the process as possible, review all documents before they are passed on and double-checking for even minor inaccuracies that may devastate your resolution's chances.

Timeline

Overview: Most shareholder meetings are in the spring, which means that the deadline for submission is sometime in December or January. Given the importance of getting the logistical details of this right, it would be best to begin this process about a year ahead, ideal in the spring the year *before* you would like to file, so that a draft of the resolution can be completed by the fall, and the proof of ownership letter signed and ready.

- Get updated list of direct holdings from Investment Office **(One year out)**
- Come up with a company and issue to file on. **(One year out)**
 - Check previous resolutions on Ceres website. (their resolution text can be used) (around 9 months out)
 - Come up with a “resolved clause”. What are you asking for the company to do?
 - Check for “substantial implementation”. Have they already done it? Or come close?
 - Check the filing deadline for this company. This should be written somewhere in the annual report.
- Draft a resolution, or copy one that has previously been used. (this is an acceptable practice in the shareholder advocacy world). If you write it yourself, make sure it doesn't cover “ordinary business”, “substantial implementation”, or any other SEC regulation. Ask Rob to check it over. **(Try to have this done several months before filing deadline)**
- Get a Proof of Ownership Letter from the bank that holds our shares. **(As early as possible once you have decided to file)**
- Contact Dan and Rob about potential Co-Filers. Co-Filing Helps. **(Once draft is complete)**
- File resolution. Follow instructions on annual report.
- Contact Rob about talking to proxy recommendation services. We have to convince them that our resolution is valid. **(As soon as you have text of resolution and have started filing process)**