New investment rules would limit shareholder advocacy attempts to influence company stance on GMOs, climate change

The U.S. Security and Exchange Commission formally proposed a new rule on [November 6] that could make it harder for shareholders to submit proposals dealing with social issues like executive pay and climate change.

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The proposed rule …. would hike re-submission thresholds for shareholder resolutions, or recommendations that ordinary retail investors can make to a company's board.

Investors who own at least 1% or $2,000 worth of a company's stock can file shareholder resolutions and add their input to various board decisions. The SEC proposed changing that eligibility requirement.

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According to shareholder advocacy groups …. higher re-submission thresholds can help quash awareness around social issues that take time to prove financially material to the company's operations.

In 2013, for example, As You Sow filed a shareholder proposal that would require Abbott Laboratories to stop using genetically modified crops until long-term studies show that GMOs are not harmful to humans. While only 3.2% of Abbott shareholders supported the resolution, As You Sow filed similar resolutions until 2015, where 6% of Abbott shareholders supported it. Despite the thin support, Abbott Labs eventually released a non-GMO baby formula to meet consumer demand.

Read full, original article: Shareholders would have tougher time submitting resolutions under SEC's proposed rule