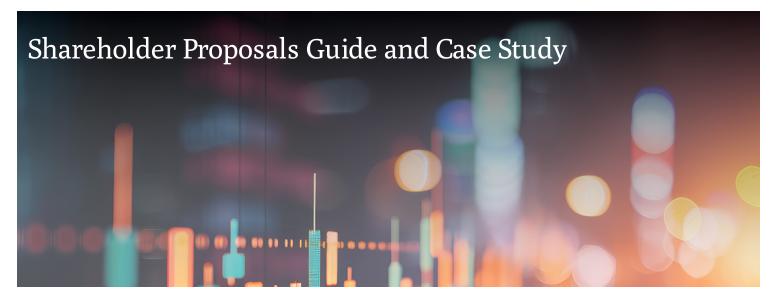


CLIENT ALERT



AUGUST 2024

Rule 14a-8 under the Securities Exchange Act of 1934 governs the process by which a shareholder may include a proposal along with management's proposals in a company's proxy materials. Shareholders who submit shareholder proposals are known as "proponents."

Companies that receive shareholder proposals can seek to prevent them from being included in their proxy materials if they believe that the proponents did not meet the requirements specified in Rule 14a-8. Companies intending to omit a proposal pursuant to this provision must notify the Securities and Exchange Commission (the SEC) of their intention to do so and send a copy of that correspondence to the proponent. This process requires the filing of a "no-action" request with the Office of Chief Counsel of the Division of Corporation Finance (the Staff). The Staff then considers the request—along with any rebuttal provided by the proponents—and issues a response indicating its views with respect to the company's intention to omit the proposal. The proposal may or may not be included in the company's proxy depending on how the Staff responds to the no-action request, and either the company or the proponent can rebut or appeal the decision.

In our guide, we review the shareholder proposal process in more detail and review the efforts of ExxonMobil Corporation (Exxon) during the 2024 proxy season to avoid inclusion of certain shareholder proposals and the outcome of those efforts.

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