

## Shareholder Activism Grows During Latest Proxy Season

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SAN FRANCISCO, United States — Socially responsible investment is again in the spotlight this week, with the release of a new report detailing the latest crop of shareholder resolutions aimed at improving companies' social and environmental performance.

Nearly 400 environmental and social shareholder resolutions were filed in the latest proxy season for issues ranging from labor and human rights to supply chain impacts and recycling, according to [Proxy Preview 2011](#). The seventh annual report was published by [As You Sow](#), the [Sustainable Investments Institute](#) and [Proxy Impact](#).

"I think the critical difference proxy voting makes is to signal to companies that these issues are important to significant institutional investors," said Leslie Lowe, an attorney and senior program strategist to As You Sow.

During a webinar launching the report on Wednesday, Lowe described how the coal industry is facing "unprecedented risk" from several factors, including regulatory uncertainty, increasing prices for coal compared to cheaper natural gas, and concerns over the retrofitting old power plants.

The resolutions are filed as the regulatory landscape shifts in the U.S., explained Heidi Welsh, executive director of the Sustainable Investments Institute. The shareholder voting system is under review, while disclosure is expanding through new requirements from the U.S. Securities and Exchange Commission and the Dodd-Frank Wall Street Reform and Consumer Protection Act. The U.S. Environmental Protection Agency has also mandated the reporting of greenhouse gas emissions for large carbon-intensive facilities.

At the same time, shareholder activism has grown in recent years with more mainstream institutional investors joining the movement.

"The overall number of filings has risen about 55 percent in last decade," Welsh said.

As [noted last week](#), shareholder resolutions soared roughly 50 percent during the 2011 proxy season for companies in the energy sector. The investor coalition [Ceres](#) pegged the number of overall energy and climate change resolutions for companies in the energy sector and beyond at nearly 100.

In addition to many of the energy and climate change resolutions cited by Ceres, Proxy Preview 2011 also includes environmental resolutions related to natural resource management and toxics. There are new proposals for Bisphenol A filed for Yum Brands and Dentsply International, as well as an electronics waste resolution pending at Target.

Proxy Preview 2011 also includes a snapshot of shareholder requests that fall outside the environmental realm, such as those related to health care, foreclosures, diversity, and political spending, particularly in light of the U.S. Supreme Court Citizens United decision that lifts the limit of corporate contributions in candidate elections.

Shareholders have responded with resolutions that focus on trade groups, such as the U.S. Chamber of Commerce, whose political lobbying to defeat climate change legislation and repeal health care reform runs counter to the positions of some companies, according to Tim Smith of [Walden Asset Management](#).

"Investors are worried about the chamber and its role," Smith said. "Over 50 investors have come together to write to companies on the board of the Chamber of Commerce to urge them to take their responsibilities as board members seriously instead of being passive board members."

Such resolutions are pending at IBM and Pepsi, according to the report.