

Meet the Companies in the Hot Seat This Year

By Alyce Lomax | February 25, 2011

Shareholder proposals in corporate proxy statements were once a footnote that many investors breezily brushed aside. Now that climate has changed, as shareholders warm to an environment in which companies should be held accountable. This year, eco-friendliness has become a particularly hot topic on their agendas.

The heat is on

[Proxy Preview 2011](#), a collaborative report published earlier this week by [As You Sow](#), Sustainable Investments Institute, and Proxy Impact, has laid out a detailed overview of shareholder proposals headed for votes at major companies' annual meetings this year. Sustainability and climate change appears to be the hottest topic on the agenda this year.

One-fourth of all proposals filed deal with environmental issues; 41 focus on climate change, 44 deal with natural resource management, and nine concern toxic ingredients in products. Another 37 relate to sustainability more generally.

You might think that the stocks you own aren't subject to such scrutiny, but you could be wrong. The list of companies being targeted for environmental proposals this year runs the gamut from the usual suspects in oil, gas, and utilities, to less expected companies in the technology and consumer sectors.

Here are just a few of the companies and proposals the report singles out:

- **Amazon.com** (Nasdaq: [AMZN](#)): Report on climate change assessment.
- **Berkshire Hathaway** (NYSE: [BRK-B](#)): Adoption of goals to reduce greenhouse gas emissions at Berkshire's utilities arm.
- **CSX** (NYSE: [CSX](#)): Develop fuel cells for its locomotives.
- **Dominion Resources** (NYSE: [D](#)): Use of renewable energy.
- **Goldman Sachs** (NYSE: [GS](#)): Report on climate change science and risks.
- **Duke Energy** (NYSE: [DUK](#)): Report on climate change lobbying.

Meanwhile, shareholders have a slew of proposals at a wide range of companies regarding issues such as coal pollution, [hydraulic fracturing](#), water use, nuclear power, and recycling.

It may be tempting to assume that these proposals won't get too far when it all comes down to a vote, but don't be too hasty. Overall average votes on social and environmental proposals climbed to 18% in 2010; that may not sound like much, but it's about double the support such proposals received in 2001. The Proxy Preview report also pointed out that while only five proposals received more than 20% of the vote in 2001, 82 achieved that benchmark last year.

Furthermore, in a few cases, environmentally geared proposals gained the support of the majority of shareholders -- a huge upset to convention. **Massey Energy** (NYSE: [MEE](#)) shareholders supported calls for climate-change assessment reports by 53.1% last year; a whopping 60.3% of **Layne Christensen** (Nasdaq: [LAYN](#)) shareholders supported a proposal demanding it publish a report on sustainability including climate change.

Addressing risks before it's too late

It's possible that 2011 could be a [great year](#) for shareholder votes on important corporate issues. After all the media attention paid to "say on pay" disputes like year, and the widely covered shareholder votes that challenged pay poli-

cies at companies like Motorola and Occidental Petroleum, shareholder activism has earned a prominent place in the national spotlight.

No longer an afterthought in the back pages of corporate proxy statements, shareholder proposals now draw welcome attention to behavior that could increase companies' future risks, including compensation, board diversity, [animal welfare](#), human rights, and [political contributions](#).

As the hottest days of spring's annual meeting season draw closer, shareholder proposals should be on all investors' required reading lists. You have your votes. How will you use them?