

## Proxy Resolutions, Shareholder Engagement, and Buggy Whips

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***The TakeAway:* Proxy resolutions continue to influence corporate behavior on social policy and corporate governance, but proponents need to explore additional forms of engagement, including social media and other digital means.**

It's the day after the Oscars, and whatever you think of the award winners or even the show itself, the [event was marked](#) by "[two-screen viewing](#)"—that is, simultaneous use of television and social media to [enhance](#) the experience. As more and more people communicate in real time, networks and advertisers are trying to figure out how to capitalize on the phenomenon, which inserts a hyper-fast element into slower-paced programming, something about which Oscar viewers on Twitter repeatedly wrote. Oscar producers, take note: better make it more snappy next year, or run the risk of losing your audience whose expectations have been raised for better performance via social media.

Moving from Hollywood to Wall Street, a similar message could be directed to corporate accountability and sustainability advocates. Like check-writing in an electronic banking world, or cassette tapes versus MP3 technology, the use of shareholder resolutions to change corporate behavior now seems slow and musty—particularly with other modes of activism toppling political regimes, from Tunisia to Tripoli. Yet shareholder democracy – which requires participation, accountability, and representation – is essential to keeping markets honest and efficient, as governance guru [Nell Mi-now](#) (also known as "[Movie Mom](#)") [wrote](#) last week in [bnet.com](#).

So how can proxy proponents and others calling for better company / shareholder engagement, like their Oscar telecast brethren, keep up in the digital age as they press for improved corporate accountability and performance—now backed by new laws and regulations requiring both?

That's what came to mind last week while listening to a pair of well-produced webinars on shareholder engagement and proxy voting. On Wednesday, the "[Proxy Preview 2011](#)" [webinar](#) hosted by [As You Sow™](#) and Sustainable Investments Institute ([SI2](#)) featured a panel of prominent researchers and advocates. A day earlier, on February 22<sup>nd</sup>, the [IRRC Institute](#) and Institutional Shareholder Services ([ISS](#)) presented findings from a first-ever benchmarking analysis of the meaning and practice of "engagement" between companies and shareowners. Both occurred within a U.S. policy and regulatory environment seeking greater [board / shareholder engagement](#); the right of shareholders to nominate board candidates (so-called "[proxy access](#)"); and [revamping](#) of the [proxy voting apparatus](#) (so-called "[proxy plumbing](#)"), now dominated by a handful of private sector proxy advisors.

Long on issue knowledge and expertise, neither webinar addressed the role of technology or social media—a glaring oversight against a backdrop of Arab youth [gathering on Facebook and Twitter](#) to seek regime change and, at a hugely different level, recent interest among board directors and corporate secretaries in [social media networking](#). (On Thursday February 24<sup>th</sup> the [Society of Corporate Secretaries and Governance Professionals](#) joined Twitter – [@SocietyCorpSec](#) – and [Facebook](#).) Yet, the resources and conditions surrounding corporate accountability and shareholder engagement are ripe for incorporating digital tools for specific purposes, ranging from "almost-real time" disclosure of hyper-specific metrics, to organizing broad-based campaigns for constructive change, to collaborative [engagement](#), [dialogue](#), and problem-solving.

Here's Part One of a Two Part overview of what was presented—and what was missing.

**Shareholder Activism |** The 90-minute Proxy Preview session provided a rich overview of what's in store this proxy season, as well as in-depth analysis of issues high on the agenda, including [hydraulic fracturing](#), [political contributions](#),

[financial risks of coal](#), and [say-on-pay](#). The panel also reflected on last year's [record-breaking support](#) for resolutions on political spending, sexual orientation discrimination, and climate change.

The webinar marked the 7<sup>th</sup> release of the annual [Proxy Preview](#) workbook, an impressive compendium of shareholder proxies and related material. (Both a recording and slide deck can be [downloaded](#).) Co-authored by [Michael Passoff](#), a consultant to [As You Sow](#), author of previous versions of the report and now CEO of a new advisory firm called [Proxy Impact](#), and [Heidi Welsh](#), Co-Founder and Executive Director of Si2. In addition to descriptions of company proposals, proponents, and meeting dates, the report now includes expert commentary, case studies of previous campaign successes, and a comprehensive resource guide. Both *Proxy Preview 2011* and another source book, the [2011 Proxy Resolutions Book](#) published by the Interfaith Center on Corporate Responsibility ([ICCR](#)), are must-reads for anyone interested in what shareowners are doing to bring about corporate accountability, sustainable prosperity, and justice.

Among the *Proxy Preview 2011* findings:

- **Corporate shareholder activism in the U.S. [this year](#) promises to be even more lively than last**, with 360 social and environmental proxy resolutions filed by February 14<sup>th</sup>. Major filers include socially responsible investors, public pension funds, foundations, [religious](#), labor and other institutional investors. Even though 360 have been filed, not all will make it to a vote; a substantial numbers of proposals are withdrawn because proponents and management reach an agreement, or omitted by the Securities and Exchange Commission (SEC) because they did not conform to its Shareholder Proposal Rule ([Rule 14a-8](#)), said Heidi Welsh of Si2.
- **[Climate, energy, and environmental](#) proposals lead the way**, followed by ones on [political contributions](#); **diversity** (including sexual orientation non-discrimination policies, minority advertising, and board diversity); **labor and human rights**; **health care**; **Global Reporting Initiative (GRI) sustainability reporting**; [animal welfare](#), and the [fore-closure crisis](#). Popular governance proposals include those for [executive compensation](#) (“say-on-pay”), [board diversity](#), and [linking pay to sustainability criteria](#). (Speaking of board diversity, we Yanks could take a cue from last Thursday’s U.K. release of the ground-breaking [Women on Boards](#) report, calling for up to 25 percent female membership on corporate boards by 2013-2015.)
- While historically the focus is on specific companies, in recent years shareowner activism has broadened to include **sector campaigns** involving climate change risk and impact assessment, directed to coal, oil, and food companies. [Calvert Investments](#) started using a sector-based approach in 2008, says [Stu Dalheim](#), Calvert’s Director of Shareholder Advocacy in *Proxy Preview 2011*; this year [Calvert’s concentrating](#) on smaller oil and gas companies, asking companies to use the GRI sustainability reporting framework.