

A Historic Win for Green Shareholders

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Sometimes, history is made quietly.

For decades, shareholder activists have filed dozens, if not hundreds, of resolutions with public companies asking them to improve their environmental policies and practices. Not one passed -- until this year.

The **breakthrough vote** came in May at [IdaCorp.](#), a \$988-million a year utility company and independent power producer based in Boise, Idaho. Despite the usual opposition from management, the owners of 51.2 percent of IdaCorp.'s shares voted to ask the company to adopt greenhouse gas reduction goals.

Hardly anyone noticed at the time because, well, it was Idaho and not even the shareholder activists expected a victory. "I expected a vote of about 25 percent," said [Michael Passoff of As You Sow](#), a nonprofit group that organized the investor vote.

Since then, **the company responded**. Legally, it didn't have to act because, as you may know, most shareholder votes are "precatory," a fancy legal term meaning that management can ignore even a majority of the company's owners. In any event, IdaCorp. agreed to adopt goals for curbing the heat-trapping gases that cause global warming, issued its first request for a proposal for a wind farm and submitted a "smart grid" proposal, hoping to tap into the federal government's stimulus money to upgrade the grid.

"The company was stuck in its ways," Passoff said, "and I think the shareholder vote woke them up. To their credit, they've been very responsive. We seem to be developing a good working relationship with them."

The IdaCorp. vote was the highlight of [a very good year of investor engagement](#) with companies, according to a recap from [Ceres](#), a coalition of institutional investors and environmental groups that works to get companies to become more sustainable.

"There's growing investor concern about climate risk, and there's a growing corporate response," said Rob Berridge, manager of investor programs at Ceres, when we spoke by phone. "We're very pleased with the agreements that investors were able to get from companies."

Among the 2009 highlights:

Chevron agreed to develop and disclose a business plan setting an annual GHG emissions reduction target for its operations, and to track emissions from its products

Citigroup agreed to establish a due diligence process loans related to mountain top removal (MTR) coal mining and to consider shareholder input in the development of that process

Pulte, the nation's largest homebuilder, agreed to establish quantitative emissions reduction goals for its operations.

Of the 68 climate-related shareholder resolutions filed by investors in 2009, 31 were withdrawn after the companies agreed to take positive steps, according to Ceres.

Why the encouraging news?

Partly because Ceres has clout. It leads an alliance of 80 investors, called the Investor Network on Climate Risk, with assets of more than \$7 trillion. Big funds like CalSTRS, the New York City and state of Connecticut pension fund are active members.

Congressional action on climate regulation also came into play, we can assume. With the government moving to regulate GHG emissions, companies need to pay attention to climate-related risks.

What's more, as Ceres notes, financial analysts who advise shareholders are taking the climate issue seriously. [RiskMetrics Group](#) (parent company of the powerful Institutional Shareholder Services proxy advisor) supported at least 21 resolutions, well over half of those that went to a vote.

Finally, as the climate crisis gets more attention, particularly from smart and influential companies like GE and DuPont, few companies want to be seen as laggards.

In that regard, the most surprising vote of the 2009 shareholder season may have been one at coal company Massey Energy, where a climate-change resolution got 45.6 percent support.

This can't have been welcome news to Massey's CEO Don Blankenship. He's the CEO who said last year that "I don't believe climate change is real" and that "the greeniacs are taking over the world." (If only.) Of Al Gore, Nancy Pelosi and Harry Reid, Blankenship said: "They're totally wrong. What they do is nonsense....They're all crazy." (You can watch his [amazing You Tube video here](#).)

It's safe to assume that Massey, with a CEO like Blankenship, has a conservative investor base. So that 45 percent vote tells you that times are changing.

For more details on company agreements, see the Highlights from the 2009 Climate Change Proxy Season at the [Ceres website](#).

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