



DAILY ENVIRONMENT



NUMBER 9

REPORT

THURSDAY, JANUARY 15, 2009

Corporate Responsibility

Increase Expected in Shareholder Resolutions Urging Disclosure of Nanomaterials, Policies

Socially responsible investment firms and advocacy organizations will increasingly file shareholder resolutions urging companies to disclose the presence of nanomaterials in their personal care and food products and to describe their policies for dealing with nanomaterials, an official with a corporate responsibility advocacy group told BNA Jan. 13.

“In general, ‘product safety’ resolutions have been increasing over the last four years, and a virtually unregulated new technology such as nanotech will be sure to get increased shareholder attention,” said Michael Passoff, associate director for the As You Sow Foundation’s Corporate Social Responsibility Program. **Founded in 1992, the foundation describes its mission as working to increase corporate accountability.**

In 2009, shareholder groups are targeting companies that make personal care products that consumers apply directly to their bodies, and food companies that make products people eat, Passoff said.

Shareholder groups will not target uses of nanomaterials in products such as automobiles, he said. “We’re looking at direct contact with human beings,” Passoff said.

The goal, he said, is to encourage companies to be more cautious about the materials they are making and using. While companies say they are being careful, he argued: **“No one is being very cautious.”**

Passoff’s comments came on the heels of an Environmental Protection Agency report that found few toxicity, environmental fate, or exposure studies were submitted under a voluntary Nanoscale Materials Stewardship Program sponsored by the agency (8 DEN A-3, 1/14/09).

Avon, McDonald’s Among Companies Targeted.

Shareholder resolutions addressing nanomaterials have been filed for the 2009 annual meetings of four corporations, according to information posted Jan. 9 by the Investor Environmental Health Network. The network describes itself as a collaborative partnership of investment managers, advised by nongovernmental organizations, which are concerned about the financial and public health risks associated with corporate toxic chemicals policies.

The four shareholder resolutions targeted Avon Products Inc., the Kellogg Co., Kraft Foods Inc., and McDonald’s Corp.

The shareholder resolution filed by Bethesda, Md.-based Calvert Investments for Kellogg’s annual meeting has been withdrawn because the company agreed to address the request in its next corporate social responsibility report, according to the Environmental Health Network and Kellogg.

The resolution requested that Kellogg publish a report for shareholders describing its products and/or packages that contain nanomaterials and explaining the company’s policies on the use of nanomaterials. Shareholder resolutions filed with Avon and Kraft requested similar information. The Avon resolution was filed by Calvert Investments, the As You Sow Foundation, and Domini Social Investments. The Kraft resolution was filed by the As You Sow Foundation.

The resolution filed for McDonald’s claims that the company uses nanomaterials in some of its products and packages. The resolution was filed by the As You Sow Foundation, Green Century Capital Management, and the Sisters of St. Joseph.

A spokesperson from McDonald’s was not immediately available for comment.

Last year three shareholder resolutions were filed for Avon, Colgate-Palmolive Co., and Wal-Mart, Passoff told BNA.

Striving to See What Works.

The advocacy groups are striving to get a sense of what types of resolutions have promise and which do not, so that they can better target their efforts, he said.

The Securities and Exchange Commission allowed Wal-Mart to dismiss a 2008 shareholder's resolution requesting information on its policies for nanomaterial product safety, because the SEC concluded that such resolutions were more appropriate for product manufacturers than retailers, Passoff said.

However, a 2008 resolution for Avon, which requested the same type of information as this year's does, received a favorable vote of 25.4 percent, according to the Investor Environmental Health Network.

That is considered a very high success rate, Passoff said, explaining that a 5 percent to 6 percent favorable vote is typically considered a victory for these types of shareholder resolutions.

Caution Urged.

Rich Liroff, executive director of the Investor Environmental Health Network, told BNA: "It's really important that companies think long and hard about if and how they're going to be involved with nanomaterials, especially since the health and environmental impacts of nanomaterials have scarcely been explored."

"Some of the studies that have been done have raised critical concerns, and if they're not careful, companies will harm themselves and their shareholders," Liroff said Jan. 14. The network voiced similar concerns in *Toxic Stock Syndrome*, a report it released in April 2008 (78 DEN A-10, 4/23/08).

Passoff said the shareholder resolutions are "indicative of how ineffective the regulatory agencies have become in that they are often the last to act on these issues."

BY PAT RIZZUTO

Information about shareholder resolutions filed concerning nanomaterials and other topics is available at <http://www.iehn.org/resolutions.shareholder.php>.

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