

Political Spending, Climate Change Dominate Shareholder Proposals

Andrew Behar | March 8, 2013

As proxy season takes shape in this post-election year, investors are urgently seeking transformation of corporate environmental, social, and governance policies. It looks to be a year of growing intensity as leading companies are more open to working cooperatively with shareholder advocates, while laggard companies are creating polarization and reaction from investors.

Super storms, gun violence, and the most expensive election ever are all part of the zeitgeist that shapes critical issues for investors. One example of the contradiction of extremes is that, for the first time ever, company dialogues are more numerous than resolutions and many companies have heeded shareholder calls by adopting policies on sexual orientation, Say on Pay, and sustainability reporting. Yet at the same time some investors are throwing up their arms in frustration and divesting their holdings in fossil fuels and arms manufacturers.

In 2012, political spending resolutions dominated the landscape leading up to the election and now, in a non-election year, attention has shifted even more towards political lobbying, with shareholders demanding transparency by companies that use their power and resources to manipulate policy. Climate change is naturally intertwined with political clout; both have been on investors' minds and debated hotly for some time. Today, after Superstorm Sandy put Wall Street literally under water and drought has consumed the Midwest, strategies to shift corporate policy on climate have broadened and intensified. Investor advocates are sending a strong message that there is powerful resolve to take on big issues that affect our survival.

Already in 2013 we have seen a surge in activism on college campuses, on the streets, and from investors. After last year's civil disobedience led to over a thousand arrests, climate change activists rallied in DC and across the nation. Students demanding divestment of coal on a few campuses a year ago have intensified the call for divestment of all fossil fuels and the movement is sweeping across the nation's colleges and universities.

These pressures challenge trustees to consider forging a more sustainable energy future without fossil fuels and to look more closely at not only proxy voting but also broader sustainable investment strategies. After all, their endowments should align with their mission of creating a better future for their students. This call to reinvest in a clean energy future is spreading rapidly to hospitals, faith-based organizations, and civil society at large. Proxy Preview remains dedicated to shareholder advocacy and corporate engagement that aligns values and investment.

The notion of divestment is counter-intuitive, as without shares there can be no engagement; yet, it is an escalation by some shareholders who feel that corporate policymakers refuse to address critical issues. Simultaneously, shareholders have deepened their commitment to engagement and have expanded climate change resolutions to include the looming carbon bubble, methane emissions from hydraulic fracturing and waste, biomass, and flaring, while continuing the steady drumbeat for greenhouse gas reduction, carbon footprint tracking, climate risk transparency, and sustainability reporting that also covers critical human rights problems in vast global supply chains.

This proxy season looks to be extreme and dynamic as issues that have been simmering over the past few years come to a full boil. Extreme weather and extreme politics are spawning extreme advocacy, while at the same time more and more companies are sitting down with their investors and finding common ground on the critical issues of our

time.

Learn more about the issues investors have raised with their companies this proxy season in Proxy Preview 2013, a report **As You Sow** publishes annually with the Sustainable Investments Institute and Proxy Impact.