



## Press Release

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### FOR IMMEDIATE RELEASE

#### 2013 SEASON POISED TO BREAK RECORDS IN FILINGS, SUPPORT LEVELS FOR ENVIRONMENTAL AND SOCIAL POLICY SHAREHOLDER RESOLUTIONS

#### NEW REPORT FINDS GROWING INVESTOR SUPPORT FOR BOARD AND WORKPLACE DIVERSITY, SUSTAINABILITY REPORTING AND POLITICAL SPENDING DISCLOSURE

**WASHINGTON, DC, August 20, 2013**—Investors are filing more environmental and social policy resolutions in the United States than ever before, and more shares are supporting them, new research from the Sustainable Investments Institute (Si2) finds. To date, 401 sustainability-related shareholder proposals have been filed at U.S. companies in 2013, already above last year's total of 393. In addition, average support levels have increased from 18.4 percent in 2012 to 21.3 percent this year and will likely surpass the previous all-time record of 20.1 percent in 2011. The number of high votes above 20 percent also is on the rise, nearing 100 this year, up from 79 in 2012 and 91 in 2013. Only a decade ago, average votes hovered around 10 percent and fewer than 30 votes exceeded 20 percent backing.

“The proxy season results this year show a critical mass of investors think companies need to tell more about how they manage sustainability risks and what they are spending in elections and efforts to influence lawmakers and regulators. It's also very clear that board diversity and equal employment are top investor priorities,” said Si2 Executive Director Heidi Welsh. “Companies can't ignore these votes and the growing number of negotiated agreements shows they increasingly are listening to their investors. This trend puts more pressure on firms that don't pay attention to these initiatives,” she added.

Resolutions on board and workplace diversity, sustainability reporting and political spending disclosure have led the pack this year. These three topics have earned all the top 10 votes so far and continue to post the strongest support levels. Calls for disclosure of political spending, however, trumped all in the numbers of filings, accounting for nearly a third of the total.

**Highest scoring proposals:** Four of the resolutions have earned majority votes in 2013. Three were at fertilizer maker **CF Industries Holdings**—concerning board diversity (50.7 percent), political spending (66.0 percent) and sustainability reporting (67.0 percent, the highest ever social vote). The other was at aerospace and defense firm **Alliant Techsystems** on lobbying disclosure

(64.8 percent). Eleven proposals opposed by management have gotten more than 50 percent since 2010, in a new era of high votes and increased stakeholder negotiation about social and environmental issues.

**Record support:** Investor support for dissident resolutions on sustainability issues has increased to its highest level ever in 2013, after dipping a little in 2012. *(See Figure 1.)* Votes have been on an inexorable climb for the last 10 years, illustrating growing traction among many mainstream investors for more disclosure and action. *(Figure 2 illustrates the trend.)* More than half of all the 175 votes so far this year—98, or 56 percent of the total voted—were above 20 percent, up from 45 percent of the total voted on last year at this time. *(Figure 3 lists the 18 earning more than 40 percent.)*

**Negotiated agreements:** Investor advocates withdraw more than one-third of all proposals they file, in proportions that recently have been growing. Si2's analysis of filing trends and results shows that proposals earning high levels of investor support are the most likely subjects for negotiation. In the last three years, proposals about diversity (on boards and in the workplace) and sustainability reporting have had the highest average vote levels and withdrawal rates. *(See Figure 4.)*

**Omissions:** Companies have been less successful in their attempts at the SEC to keep resolutions off proxy statements in 2013, with just 12 percent of the proposals excluded under provisions of the shareholder proposal rule compared with 16 percent last year. "This could mean proponents have gotten better at framing their proposals, but it also may mean the SEC is taking a more expansive view of what shareholders should consider," Welsh said.

**Most common sponsors:** The most prolific sponsors of shareholder proposals are social investment firms, pension funds and faith-based investors, according to Si2's analysis of 1,600 proposals filed since 2010. Individuals, unions and single-issue groups are important proponents, but they don't file as many resolutions. *(See Figure 5.)*

**Championing diversity:** Shareholder proponents continued to press companies on equal rights in the workplace for lesbian, gay, bisexual and transgender (LGBT) employees, in a long-running campaign with a well-established history of high votes. Also in this area, efforts to encourage greater action on board diversity have grown. Filers cemented a record number of withdrawal agreements with companies this year, aiming to address longstanding disparities in gender and racial composition of U.S. boards. All told, diversity proposals have had the highest average support levels in 2013 and in the last three years. *(See Figure 4.)*

**Demanding sustainability reporting:** Calls for companies and their suppliers to publish sustainability reports produced the second highest level of support from investors. Most requests pointed to the Global Reporting Initiative (GRI) guidelines as the preferred reporting format. Many companies agreed to extend monitoring and reporting into their global supply chains—a key objective of the proponents was made all the more pointed by events like the April factory collapse at a garment factory in Bangladesh.

**Calling for disclosure of political spending:** Investor interest in the disclosure of all corporate efforts to influence elections, laws and regulators ballooned further in 2013. Just under one-third of all the environmental and social proposals filed pushed for reports on governance and contributions regarding political campaigns, as well as lobbying that takes place outside of elections. Lobbying transparency requests increased, with 60 proposals. Half of the 18 proposals earning more than 40 percent dealt with these concerns, while proponents racked up 28 withdrawals after reaching accords with management in nearly every instance. Simmering in the background is a continuing push for a new SEC rule that would require all public companies to disclose what they spend during elections. “The crunch issue is how much companies are willing to say about their indirect spending—what they give to trade associations and non-profits who try to influence politics,” Welsh observed.

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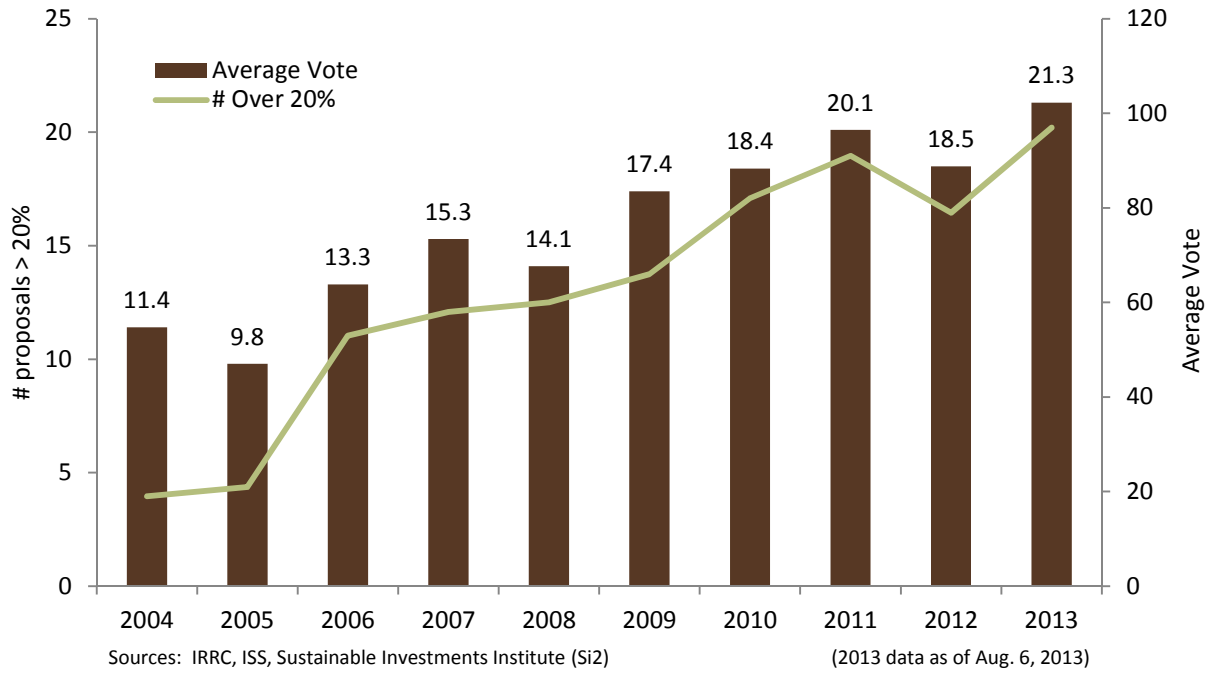
**About Si2:** The Sustainable Investments Institute (Si2) provides institutional investors with in-depth, impartial analysis of environmental and social policy shareholder resolutions filed at U.S. companies. It also is an incubator for empirical research on emerging sustainability topics and corporate and investor responsibility issues. More about Si2 is at [www.siinstitute.org](http://www.siinstitute.org).

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**Figures 1 - 5**

<b>Figure 1: Proposals Pending for Late Season Votes</b>			
<b>Company</b>	<b>Proposal</b>	<b>Proponent</b>	<b>Meeting Date</b>
Cardinal Health	Review/report on political spending	Teamsters	Nov. 2
Cisco Systems	Review/report on political spending	Newground Soc. Inv.	Nov. 15
ConAgra Foods	Label GMO products	Basilian Fathers	Sept. (9/12/12)
Cree	Adopt board diversity policy	Trillium Asset Mgt	Oct. 13
Darden Restaurants	Report on EEO-1 data	AFL-CIO	Sept. 18
	Report on lobbying	AFSCME	
	Review/report on political spending	United Assn (Pipefitters)	
Devry	Disclose student debt metrics	NYC pension funds	Nov. 6
Estee Lauder	Adopt palm oil policy	Srs. of St. Francis	Nov. (11/9/12)
FedEx	Review/report on political spending	NYC pension funds	Sept. 24
General Mills	Adopt EPR policy	As You Sow	Sept. 13
Linear Technology	Adopt board diversity policy	CALSTRS	Nov. (11/7/12)
Microsoft	Adopt/expand human rights policy	United Church Fndn	Nov. (11/28/12)
NIKE	Require supplier sustainability reports	NYC pension funds	Sept. 19
	Review/report on political spending	NC Retirement System	
Source: Si2			

**Figure 2: Support Trends for U.S. Environmental & Social Shareholder Proposals, 2004-2013**



**Figure 3: 2013 Resolutions With More than 40 Percent Support**

Company	Proposal	Proponent	Vote (%)*
CF Industries Holdings	Publish sustainability report	Presbyterian Ch.(USA)	67.0
CF Industries Holdings	Review/report on political spending	NYSCRF	66.0
Alliant Techsystems	Report on lobbying	Midwest Capuchins	64.8
CF Industries Holdings	Adopt board diversity policy	NYC pension funds	50.7
Universal Forest Products	Adopt sexual orientation/gender ID policy	NYSCRF	49.1
McKesson	Review/report on political spending	Miami Firefighters	46.8
Equity Lifestyle Properties	Report on political spending and lobbying	Reinvestment Partners	46.3
Hess	Review/report on political spending	Trillium Asset Mgt	46.0
Cleco	Publish sustainability report	Calvert Investment Mgt	45.6
Lorillard	Report on lobbying	Midwest Capuchins	44.2
Leggett & Platt	Adopt sexual orientation/gender ID policy	NYC pension funds	43.9
Valero Energy	Amend policy on indirect political spending	Nathan Cummings Fndn	42.9
Peabody Energy	Report on lobbying	AFL-CIO	42.7
Marathon Oil	Report on lobbying	NYSCRF	42.2
Equity Residential	Publish sustainability report	NYC pension funds	42.0
Pioneer Natural Resources	Report on hydraulic fracturing/shale gas	Calvert Investment Mgt	41.7
BB&T	Report on political spending and lobbying	Mass. Laborers' Pension	41.7
AGL Resources	Adopt gender identity anti-bias policy	Clean Yield Asset Mgt.	41.0

\*Percentages presented as shares cast for divided by shares cast for and against. All proposals listed are advisory and majority votes do not legally require management action. Official passage can require other vote calculations including the consideration of shares cast as abstentions or total shares outstanding.

Source: Si2

**Figure 4: Voting Result Trends, 2011-2013**

Topic	# Votes	3-Year Average Support (%)	Omitted (% of all filed)	Withdrawn (% of all filed)
Diversity	41	29.2%	4%	66%
Sustainability	40	27.4%	6%	60%
Political Spending	221	23.5%	9%	25%
Environment	136	17.3%	13%	40%
Labor/Human Rights	57	16.7%	18%	27%
Animals	27	4.2%	18%	34%
Conservative	10	3.0%	65%	6%
All Others	28	10.7%	42%	26%
All social/environmental shareholder resolutions	560	19.8%	15%	38%

Source: Si2 (2013 data as of Aug. 6, 2013)

