



Record Number of Climate and Corporate Political Spending Resolutions Dominate 2016 Shareholder Votes

As Election Shifts Into High Gear, Political Activity of Companies Is a Major Focus; Report is Joint Effort of As You Sow, Sustainable Investments Institute, and Proxy Impact

OAKLAND, CA. – March 8, 2016 – With the international climate summit recently concluded and the 2016 U.S. election process now well underway, “Paris and politics” will frame much of this year’s proxy season, according to *Proxy Preview 2016*, a report released today by As You Sow, the Sustainable Investments Institute (Si2), and Proxy Impact. The 198 climate/energy and political activity resolutions together account for more than half of this year’s 370 shareholder resolutions.

Available online at www.proxypreview.org, the report concludes:

- More 2016 shareholder proposals than ever before address **climate change** -- 94 compared with 82 in 2015. Of the resolutions, 22 ask energy extractors and suppliers to detail how the warming planet will affect their operations and how they will respond if governments follow through with commitments made in the Paris climate treaty in December to keep fossil fuel assets in the ground to prevent damaging temperature increases. A further 18 resolutions focus on the risks from using hydraulic fracturing to extract energy from shale deposits, including 12 seeking methane reduction targets. Nineteen resolutions ask companies to set greenhouse gas emission reduction targets. The climate slate is rounded out by another 11 proposals that include a push to change energy reserves accounting at two companies and one suggesting executive bonuses should be linked to fossil fuel reserves accounting changes.
- **Political activity** accounts for another 99 resolutions, including some drawing connections between government inaction on climate change and corporations’ lobbying and election spending. Proposals on lobbying (55) exceed those about election spending (40). Nine companies face resolutions seeking oversight and disclosure of *both* election and lobbying expenditures.

As You Sow CEO Andrew Behar said: “**In this Paris-meets-politics year, the growing integration of issues for shareholder advocacy is apparent like never before. We see political spending intertwined with climate change and sustainability directly linked to CEO pay. Investors want companies to take a broad, systemic look at their policies and how they affect responsible action in the broader economy.**”

Michael Passoff, CEO, Proxy Impact; and co-author of *Proxy Preview 2016*, said: “**Shareholders are saying what politicians won’t: We must transform the energy sector, but money in politics is preventing that. Shareholders are stepping in where Congress fears to tread -- demanding that companies prepare for climate change and come clean on political spending**”

Heidi Welsh, executive director, Si2 and co-author of *Proxy Preview 2016*, said: “**This year also highlights the increasingly clear connections between human rights problems and climate change disruption, and how companies can avoid obvious risks in conflict zones and global supply chains.**”

Other key *Proxy Preview 2016* report findings include the following:

- At first glance, it may appear that shareholder activists have filed fewer resolutions in 2016—370 as of February 15, down from the record 433 filed at this point last year and 417 in 2014. But when 72 sustainability resolutions from the New York City pension funds asking for “proxy access” are counted, the total holds steady



with earlier years. (The NYC resolutions seek the right to nominate investor-picked directors, at companies with heavy carbon footprints, low board diversity and low investor support for executive pay.)

- Companies have lodged many fewer challenges seeking to omit proposals at the Securities and Exchange Commission (SEC) this year -- 71 compared with 113 at this time in 2015. As of mid-February, the SEC had rejected 14 omission requests, leaving just 33 outstanding, half the number at this time last year (62).
- Together, environmental and sustainable governance resolutions make up 40 percent of the 2016 total, up from 39 percent in 2015. This includes two dozen resolutions about renewable energy use by utilities, with 13 seeking targets to speed the transition away from carbon-based fuels. Eleven proposals ask companies to tie executive pay to climate change or diversity metrics, underscoring the convergence between governance and broadly framed sustainability.
- How to do business in conflict zones and respect human rights is the key theme of human rights proposals, with 11 proposals inspired by the conflict between Israel and the Palestinians. Another 16 ask for more general policies and risk assessments, with four saying truckers should be lookouts for human trafficking.
- The intense focus continues about who makes company decisions, emphasizing board composition and oversight. Last year's proxy access campaign from the New York City Comptroller persuaded 70 companies to allow shareholders to nominate and run board candidates. Another 59 companies the comptroller is targeting now may join those ranks. Proponents contend democratization of the nominating process will help change companies and how they address environmental, social and governance risks. Whether this actually happens will become apparent when shareholders exercise their new rights.

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As You Sow is a nonprofit organization that promotes environmental and social corporate responsibility through shareholder advocacy, coalition building, and innovative legal strategies. www.asyousow.org

Proxy Impact provides proxy voting and shareholder engagement services that promote sustainable and responsible business practices. www.proxyimpact.com

The Sustainable Investments Institute (Si2) provides impartial analysis to help institutions make informed, independent choices on social and environmental shareholder proposals. It also conducts related, in-depth research on key corporate sustainability topics. www.siinstitute.org



EDITOR'S NOTE: A streaming version of the Webinar will be available at www.proxypreview.org as of 4:00 p.m. PST on March 8.