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Proxy Season 2017 To Highlight Big Gaps Between Investor Expectations and New Administration Goals

Post-Election Proxy Season Sees Big Boost in Requests on Diversity and Equal Pay But Climate Change and Corporate Political Transparency Still Top the Agenda

OAKLAND, CA. – March 8, 2017 – With a new administration in the White House and major national policy shifts underway, shareholder proponents are focused on preserving key gains they have won in their shareholder resolutions this spring. Investors will consider a near-record number of proposals filed on environmental, social and sustainable governance issues for consideration at corporate annual meetings. *Proxy Preview 2017*, released today by *As You Sow*, the Sustainable Investments Institute (Si2), and Proxy Impact, lists the specific shareholder resolutions filed this year and lays out major themes, including corporate political influence, climate change and economic inequality.

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

- **Political spending:** As government responsibility for key issues like health care and environmental protection is being kicked from Washington to state capitols, shareholders want companies to disclose what they spend to influence government at all levels — before and after elections in lobbying. Close to 100 resolutions ask about both subjects, with more on lobbying.
- **Climate change and energy:** Big investors remain focused on climate risk and how their companies will respond, and they want companies to say more about their strategies, including efforts to curb methane leaks. This critical issue is also woven throughout upcoming annual meeting agendas with other resolutions on sustainability reporting, executive compensation and board oversight and composition (separately covered in the report).
- **Diversity and equal pay:** Resolutions seek equal employment opportunity — and pay equity — for women, minorities and others on the bottom rungs at leading U.S. companies, with a surge in some 40 proposals which emphasize the financial sector. Shareholders also continue to press for LGBTQ non-discrimination policies that already are de rigueur in corporate America. Yet anti-gay rights laws in some states have key investors concerned and resolutions seek commitments for action.

As You Sow CEO Andrew Behar said: “The key is in the markets. Coal is not going to make a comeback from magical thinking when renewables offer a cheaper, cleaner way to produce electricity. Investors looking at corporate underperformance are still going to look at egregiously high CEO pay with skepticism because they want returns. And corporate sustainability leaders are not interested in becoming laggards. The best managers will continue to work with shareholders to make progress on ESG issues.”

Michael Passoff, CEO, Proxy Impact and co-author of *Proxy Preview 2017*, said: “Despite the divisive political climate, shareholders still expect their companies to focus on sustainable business practices. The Trump Administration may not believe in climate change, but it is happening and shareholders want to know how their company is preparing for it. Congress’ deregulation of environmental and



safety safeguards does nothing to actually eliminate those risks to the public or investors, and will inevitably result in more risky behavior by some companies.”

Heidi Welsh, executive director of Si2 and co-author of *Proxy Preview 2017*, said: “The big focus on lobbying continues, with investors asking for more disclosure of state corporate influence spending. Since companies voluntarily disclose almost nothing about this spending and major public policy change is coming in the states, these are key questions of broad public interest.”

Other key *Proxy Preview 2017* report findings include the following:

- Shareholders have filed far more resolutions in 2017 concerned solely with environmental and social issues at U.S. companies than at this point last year — a total of 430, up from 370 at this point in 2016.
- A total of 341 pending shareholder resolutions are covered in this report, alongside 41 omitted after challenge at the SEC and 61 withdrawn by proponents — often after company accords. The SEC still has to decide on 52 challenged proposals and more omissions are likely.
- Nearly 30 proposals either ask companies to adopt board diversity policies or to report on them — the highest number of the decade. Small-cap Midwestern industrial companies are a new set of targets for the UAW Retirees’ Medical Benefits Trust, a longtime proponent of board diversity.
- New this year are resolutions about indigenous peoples’ rights, inspired by the controversial Dakota Access Pipeline (DAPL) that was cancelled by President Obama and now about to start operating given President Trump’s approval of the project. New resolutions at banks ask about their related project finance policies; at oil and gas companies, proponents want more information about projects on indigenous peoples’ lands. All the banks have SEC challenges that have yet to be decided.

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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

